Value Chains and Workforce Development: Adaptive Management in Haiti

Presentation Audio Transcript

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Kristin O'Planick: Okay. I think we're going to go ahead and get started. Welcome to this month's Microlinks seminar, "Value Chains and Workforce Development, Adaptive Management in Haiti." Thank you to those for inviting us here in D.C., as well as online from around the world. For those that are present here in the room, please take this opportunity to silence your phones. I'm Kristin O'Planick from USAID's Bureau for Economic Growth, Education and Environment.

Today we will explore how the local enterprise and value chain enhancement, or LEVE project, has used an adaptive management approach to meet ambitious goals while operating in an incredibly challenging environment. Designed to revise Haiti's food and economic security following the 2010 earthquake, the LEVE project was tasked with creating more inclusive and productive value chains supported by a productive labor pool with relevant skills and competencies in three sectors. Agribusiness, construction, and apparel, which those of you that know USAID know we don't do much in construction or apparel these days, so this is pretty unique.

It melded a value chain approach with deliberate workforce development objectives. I think it is critical to know that the facilitation approach that we promote as good practice in market systems development, essentially requires adaptive management. I had this conversation with somebody not long ago. Ultimately, I don't think it's possible to really facilitate change if you can't be responsive to what you learn as you test specific tactics to create that change, particularly in dynamic places.

I'm eager to hear what the Haiti experience can contribute to our understanding on that front. Now, let me introduce today's speaker who has been a longtime friend of Microlinks, and a proponent of market facilitation. Ken Smarzik with RTI International has extensive experience in private sector development in agribusiness, with almost 40 years of senior management positions, substantive long-term technical assistance assignments, and frequent short-term technical design, implementation, and assessment work.

Ken is no stranger to Haiti having lived and worked there from 1987 to 1994 helping to _____ financial institutions lending to micro, small, and medium enterprises. As LEVE's value chain advisor, Ken has been responsible for guiding and shaping LEVE's strategy and technical activities since the project was awarded in late 2013.

Ken Smarzik: It's good to – good to be back in Washington. I haven't been here for a while. Seems like a longer time actually, but as always, you see these changes growing, bustling, energetic. I'm going to introduce two – one other person, and possibly another person might be showing up. Robin Padberg is the chief of party of the LEVE project. Has been the Chief of Party at LEVE project since October of last year, September of last year. Isaac Michel, the COR, who's here on a fellowship for a couple months at the RRB, indicated he might join us, and if he does we'll just introduce him when he comes in.

I'm going to talk a little bit about LEVE. Is there a way of shutting down that feedback now? Okay, thanks a lot. Seems like somebody is second guessing me all the time. A little overview of LEVE, and note the topic is really about what we're doing to manage a project, so we're not talking so much about our successes and sort of preening our feathers. We're talking about a little bit how we juggle a whole bunch of tensions, either regulations, concepts, expectations to come out with something successful in the end. In an environment that it's constantly changing as well, so it's – things are being thrown at us from different directions, and we have to really adapt to them.

I'm going to talk a little bit about LEVE, just a couple of slides about giving you the notions, like the nice to know stuff. I'm going to talk a little bit about how we see adaptive management within the project, and the different components of it, and what we're trying to sort of juggle. I'm going to boost that up with some – support that with some examples. We will actually get into some of the meat of what we're actually doing. The examples are going to go back to really how we're dealing with all of these challenges, and all of this sort of sometimes conflicting messages and conflicting tensions that's often normal to a project.

Finally I'm going to follow up with some recommendations from this point in time, this perspective, and I think we'll continue sort of adding to those as we go along. I want to say that we've been able to do this because the mission has been a really great, and cooperative, and collaborative mission. I think without that we would not have been able to sort of get to the point that we've gotten. We still have a couple of areas of tension, which we'll talk about pretty openly. That's why I was hoping that at least Isaac would be there, somebody from the policy office, because there are some things within USAID that contribute to sort of at least a time lag that need to be addressed to help sort of make us more efficient.

I think Kristin was saying LEVE was designed in the aftermath of the earthquake, so the message was urgency, job creation, build back better. What attracted me particularly to this project, it was a first activity that was going back and working with the private sector, which has sort of been a forgotten piece of the Haitian landscape by USAID for several years, possibly as many as 15. It was where I started working in Haiti back in the '80s and stuff like that, and I felt that was always an important piece of getting this country sort of functioning like – in Creole people call it *pays normal* – sort of a normal country type thing.

Three sectors; construction, agribusiness, and apparel. It works under – it basically responds to, or feeds USAID strategic objective one. That's a viable and economically vibrant Haiti. It was designed at a time when there was a lot of rich ideas, and I think the people that designed and conceived the project, drew in a lot of these ideas, which are helpful in some ways, but also create tension and conflicting messages in other ways. The RFP was released in 2011, and it was awarded in the end of 2013.

The nice to need details, which was a $33 million dollar, five-year project. It was extended this year to the end of 2018. We have about a $3.2 million dollar strategic investment fund. This is where we draw the fund activities, grants, STTA. That figure is actually probably closer to like $5 to $7 million by now, projected to be, so we've really sort of found a lot more room in our budget. I'll get back to this later, but this is also because of when you adopt a facilitation approach your burn rate really doesn't start up high, it starts off low and sort of then grows and stuff like that. We'll talk about that later.

We operate in three economic corridors. The north, Cap-Haitien along the coast, which is basically the tourist type zone. A lot of hotels and stuff, and Saint-Marc in agribusiness, and around the capital area of Port au Prince. We have a 25, 22 full time staff. We have two offices. One in Cap-Haitien, one in Port au Prince. We – it's an RTI-led consortium. RTI provides the technical leadership, and sort of the expertise in workforce development. J.E. Austin provides the technical expertise in the apparel sector. Tetra Tech provides the expertise in the construction and agribusiness sectors. Then a local consulting firm, Papyrus Consulting, is doing all of the capacity building for the indigenous organizations that we work with.

Timeline, very quickly. The contract was signed December 23rd, 2013. Is that correct Andrea? And so we basically started up in 2014. Most of 2014 took – most probably well into the first quarter of 2015, was all on sort of doing assessments, figuring out the landscape, and figuring out what type of activities we should be looking at. I'll talk a little about that later. Then we really started the activities in 2000, late 2014, early 2015.

Adaptive management is really about managing all of the types of things that we always incur on projects. In our case it's do no harm, sustainability, how do you balance off nice to activities versus need to activities. Things that really feel good, but maybe not give you that many results and indicators down the road. How do you change behavior? How do you manage expectations within various levels, within the clients, within USAID, within our own project?

It really – we've sort of broken it down into three areas. USAID, how do you manage this? Not only the COR, but how do you work with the various different functions within US? How do you help that COR sort of work through issues with the environmental office? Issues in contracts, RIG reports, RIG audits where we're trying to live a very adaptive, flexible contract through to its end, but the RIG reading to a contract is black and white. How do you help the mission sort of work through that – work through that tension?

In terms of the activities, all of these activities – the private sector is very dynamic, these sectors are very dynamic, the value chains we've selected are very dynamic, things change every day. You have to be sort of ready for those changes and adapt your activities to accommodate for those changes good or bad, because they can work both ways on you. We sort of set ourselves up to be able to really capitalize off the good changes in the markets, while at the same time trying to minimize the negative changes in the markets.

Politics in Haiti is an omnipresent issue. Something's always delayed, something's always not happening. You can't do this, you can't do that, it's not the right time. Sometimes the private sector actually falls into place and agrees with, and sometimes they don't, and we've got to sort of follow and help them do that. Then the time, just the amount of time that it takes to put some of these activities into place is always sort of working against us, and the tension there is really on producing results and indicators, responding to the indicators that the M&E team at USAID want to see every time.

Then within the project, how do you foster creativity, how do you break down sort of habits of people that have been working in development for a long time that want to be very charitable, they want to give – it's a feel good activity. How do you change that mindset, and how do you get them to really thinking about the problem, how to solve the problem, and how to help sort of beneficiary partners to solve that problem? How do you institutionalize learning? How do you – learning is probably – I found that learning is a lot easier with the folks that have less gray hair than those people that have more gray hair. Some of the habits get pretty ensconced the more gray that we have. Bob, you're nodding your head.

In rules, and how do you also work with HO. Some of the issues around procurement and following rules and regulations, these are heavy rules. They're not something that often the private sector is not used to, and so how do you work around those. That's a little about how we're looking at adaptive management.

Starting off, these are sort of the – some of the contractual clauses that came out of our contract. I know when you write to this as a proposal writer, you're always able to sort of mix and match everything in there, but when you deliver the proposal and you think now implement, and you start scratching you head and you go oh, this is the puzzle where all the pieces don't even fit type of thing. The number one starts off, the big indicator for LEVE was, or is, to create jobs, but then they make it – the system over time has made it harder.

This is not – we're not paying people to dig ditches, or to clean roads and counting that as a job. A job has to be 260 days long, okay. It has to be what they call a full time equivalent. It has to be direct, we can't count indirect jobs, so it's only the people we work with we can actually count, and you're facilitating, so if you go further down the road we want you to light touch market facilitation so that's, already then you've got some major sort of issues to work through. If you're not actually creating jobs yourself you're asking somebody else to create the jobs. How do you do that?

Some very positive things, the contract had a lot of flexibility. Three sectors, and value chains within those sectors. They didn't prescribe resources to any of these sectors or value chains, so they left us basically open to finding the best opportunities, i.e., those opportunities that would contribute the most towards the indicators and the targets.

Another positive sort of design element was working with lead firms, and this is sort of the market pole in the buzz word. It's working with the firms that are robust, that they're mostly large firms, they're out of the medium-sized firm range. They're able to integrate a lot of MSMEs, or even micro-small to medium firms underneath them. They have the financial capacity to do things. They have the access to markets. They can compete effectively for markets. This is really a change I think in a lot of design thinking.

When we work a smallholders we're really working from the bottom up, or we're working with lead firms we're working from the top down, and having access to markets from those big firms drawing as many sort of smallholders and medium sized firms as we can. One of the sort of constraints is economic corridors. This is something that the mission basically inherited, and you have to work in these economic corridors. As we all know economic growth doesn't happen within man-made corridors. Economic growth is pretty free. It moves across boundaries quite easily.

That has provided a bit of a constraint, particularly when we look at the Saint-Marc region, which is a coastal area. It has a lot of tourism, but we're not working in tourism. It sort of handicaps you a little bit, and it ends up with perpetual question what are you doing in the Saint-Marc region. I say well, what is there to do? There really isn't much activity in terms of what we can do. Environmentally friendly, EMMPs, anybody familiar with the EMMPs? Each of our activities has to either get, unless it's a training activity which is a buy, but every activity has to have an environmental report, and plan, done and – I'll get back to this, but this is one of the areas that still need a lot of work with the mission, and we're going to make a couple of suggestions as to how we can fix that.

USAID Forward was written in 2011. USAID Forward local solutions, big thing, a lot of thinking has changed in terms of USAID Forward, particularly at the mission. Some examples of how somebody comes hard lined into the contract, and sort of how we manage our self out of it. Seeking Synergies was very good. That was one that gave us a lot of quick winds where we can actually work with activities that had received some previous support, but not enough to really get them past the finish line. Just like a little bit of incremental push funding technical systems, whatever it took, and we were able to claim some quick results and indicators.

Conducting due diligence, need to do it in an environment like Haiti, no doubts about it, but it does take time. It takes time to know your partner, know your beneficiary, make sure that this the type of lead firm, if you will, that has a good reputation, and is sort of follow through on their commitment. Then you get the reality on the ground. This is a picture of one of the areas that they tried to build back after the earthquake, and it's become a free-for-all. Nothing's really changed. The build back better didn't happen. This is a couple sort of hills on the outside of Port au Prince on the way to the beaches for those of you who know Haiti.

The first thing that we had to manage was exactly what I'm just talking about. The time laps between when the project was designed, and when it was awarded. A lot of things changed, but the contract was hard written. That was sort of the first challenge that we hit. The sectors and value chains moved along. Value chains in Haiti can be – there's one or two that are well formed, that look like a value chain, like a classic value chain that we all know, but most of them do not. Just managing that concept, even talking about it sometimes hurts me because we're not really talking about value chains. We're talking about single operators, and that type of thing.

The targets were very ambitious, 18,000 jobs in five years. Of course that was set in 2011 with the project not being awarded, and it's the only project that was really creating jobs by the time it was awarded in 2014. First quarter report, how many jobs have you created? Well, we're doing assessments. How many jobs have you created? We're doing assessments. How many jobs have you created? We're doing assessments. The pressure's on. The expectations were very, very high.

One of our first jobs just to sort of manage and monitor those expectations, and tell people that really we're going to get there, but we have to do these things along the way type thing. Some of the indicators versus activities, again, M&E's always a – in the beginning it's easy to sort of set the – choose the indicators, but when we started implementing and looking at some of the things we're going to be implementing, we realized some of these indictors didn't fit at all, and we needed to change them. That has led – that's an ongoing discussion that we've had with the mission. Very positively lot of learning going on, but still ongoing. We've been very forceful in terms of changing indicators, modifying, stretching them out, and just hoping that – sort of hoping that the mission sort of accept those in the end and stuff like that. I'll talk about some of that tension later on.

I said before, the speed of partners and beneficiaries, you pick a good opportunity to work with, but that lead firm, that entity has to work – usually works at their own speed. We have to adapt to that speed, which again, effects all of your indicators, and results, and timing. That's just Haiti. I mean, it's a political environment that's constantly been changing. We've been running elections now, Robin, since two or three years, and constant sort of donor pressure, political pressure. Very – an environment where trust is very low, so when you're talking about value chains, you've got a negative tension against the development of value chain right off the bat.

Family enterprises are very strong, because trust within the family is still very strong. Getting out of the family doesn't work that well. Low governance. Laws don't work. Contracts sometimes don't work. Commitments don't work. Poor enabling environment that's – I think it's [number] 176 on the doing business report, or something like that. A lot of work to be done in that, and then of course, as we know with Matthew, prone to natural disasters.

Okay, so how does – this is the little bit of – we're getting into the how, and how we've – how we sort of set ourselves from the get go in terms of managing some of these tensions, and like I said, I have to underscore again, very successfully with the mission, so the mission's been a very good partner in this. They sat back, they've listened. They've come back and we understand their priorities and commitments, and they understand what we can do and stuff. We sort of found a way through in most areas except for maybe one or two.

The assessments, and these were written into the contract, was really key in allowing us to manage flexibly, so it allowed us to really sort of overcome this time laps, do the assessments and figure out what rarer the real sort of areas of opportunities to test that with the stakeholders, to figure out who the lead firms were, who the people we could work with, which ones we could work with and get the results and indictors very quickly, versus which ones we would have to work with on a more long term nature.

It gave us the opportunity to do USAID – to get USAID buy in. We did a lot of presentations, a lot of walking through. They assisted in the stakeholder meetings. They listened to the stakeholders in each of these sectors, and so they get a really good sense of where we were, and that we were starting from maybe a new starting point that was originally envisioned back in 2000, 2011.

We have revisited these assessments, I'm not going to say constantly, but pretty much. They were formally revisited – Gary Walker did the evaluation, the mid-term evaluation earlier this year, and they revisited a selection of the sectors and the value chains, and made some recommendations. The missions, looking at those now, and I think we're working through a couple modifications, which will open it up and allow us to add more sectors and value chains to those activities.

The assessments, again, they worked out really well. They allowed us to sort of set the foundation for the activities to come. The area that living work plan, I think if you want to manage a project, it's the only way to do it. You set about some activities at the beginning of the year. This is how we work, we put our work plan in. We basically write down everything that we have ongoing, or that we think that's going to happen. We project out the indicators and results for those things, so that we can always have an idea as to where we're going in terms of our targets.

But, over the course of the year, any day, if we decide something's not working we drop it, or we modify it. We formalize that in the quarterly report where we update the work plan. We basically say activity 1161 is dropped. Why? Because the entrepreneur is no longer in business. Because he doesn't want to do it. Because we can't get around some issues, but we basically explained to their mission why we don't do that, and they're okay with that. Part of that is because we've got good communication and messaging with them.

One of the interesting sort of habits that we ran into during the assessment phase is all the sector heads, we have our structure set up by sectors, three sectors, with workforce development, and capacity development sort of going across all three sectors. All of the sector heads wanted budgets. How much budget do I have to work with? How much money do I have to work with? My question to them is what's your problem? How many results you going to deliver me? I sort of played the policeman role at that point in time.

It forced them more to look for the opportunities and problems that they could solve with the objective of sort of creating jobs, which is the overriding sort of indicator. It took a long time to get them used to that, because everybody wants a budget to work with. Of course, we know that the activity will quickly consume the budget, but when I got the results, and you sort of – then you walk away from sort of facilitated management and stuff like that, their adaptive management. We have a extremely large number of activities. Right now we have about 200 discrete activities that we're managing. Team of about nine or ten people on the technical side. Why? Because we drop activities, and some of them take a long, long time to come to fruition, and I'll talk about some of those. Some of them happen very quickly.

We do not do any direct implementation. We've done a couple of studies. We were trying to stimulate the market to talk, and to convene, and out of that convening and discussion, we're hoping to pick up some new directions, and new activities to sort of put in place to address an issue. One of the studies we did, we looked at the linkages between professional training schools, TVETs we call them, and the market place and labor markets, and found that there were none. There are no linkages between – so I'm a training school, I'm basically pushing out graduates, but the graduates, I have no linkage with if I'm in the construction sector with five construction firms where I can place those masons, or I can place those electricians, or place those plumbers.

We've really avoided doing that, and that helps the team keep focused on just facilitating and just – literally wandering the market – wandering their markets, wandering their sectors, their value chains and looking for this upcoming opportunities, or helping people sort of get through what they're trying to do now. We've learned the plan for inevitable delays, and I'll talk about some of those delays, but these are procurement. These are Isaac, Isaac? Do you want to [foreign language]. So this is Isaac Michel. He's the USAID COR for LEVE in Haiti. He's currently enjoying a two month vacation in Washington. Both Robin and Isaac will sort of – will pitch in on answering questions, and you're getting USAID side right away too, which it's all in the same price.

All right. The one thing we do at the mission is a lot of communication. We started off with a weekly meetings. We have biweekly – we started off with bi-, biweekly activity lists, because we have so many activities. We basically gave him a list. Isaac gets a list every two – now he gets it about once a month. It's gotten big, but – so the mission's always aware of what we're doing, and where we're working. It's worked out to be a great tool. Lots of field visits, unlike some missions. This mission likes to get out. The M&E guys like to get out. The mission director likes to get out. The head of the EG office likes to get out, and so we're always there sort of helping them sort of. They get the opportunity to talk directly to the beneficiaries, to the partner, and really get a feel, then again, for the constraints that people are facing, and the impact of what those constraints are feeling.

We don't talk about success stories until actually we have a success, and we've got a couple ones that we've sort of embedded in the slide presentation here. A couple videos that you can go and look at once we're done. The one area that we still, and it's really key to CLA is M&E. This is one of the areas that we continue to struggle with. It – we were very – very tough on sort of looking at the indicators and how they fit, and like I'll go back again. Like I said before, when you're writing a proposal – when you're writing a design document you've got your head in a certain way, and your outlining indicators, and they get hard lined into the contract, and so then we put them in the M&E plan, and you start looking at them and you say they really don't fit. They really don't fit some of our activities, so how do we change those.

We start talking about that right away. It's open communication at the M&E team. In this case it's on several indicators. It's an ongoing discussion. It hasn't ended yet. We haven't come to resolution, but we're continuing to move forward. In certain areas like jobs, we've actually taken upon ourselves to look at one of the hard lines in the contract was direct jobs. We can't forget that there are indirect and induced jobs, and lots of work been done by the IFC on this kind of stuff.

We've actually – some labor economists from RTI are actually working on now a model, at least for the apparel sector, to see what the impact at least indirect is, and induced. The mission was very clear. Great, you do the study, we're interested because we need this information ourselves, but you can't count the jobs. We're okay with that. Because I think the more information we have, the more we'll come to an agreement that we really need to count those indirect jobs. It would be wrong for us not to look at those, or at least talk about them. At least talk about them.

Where this really came to head – has come to head is we went through a RIG audit, like most projects do, and of course the RIG people are black and white. They're looking at their contract black and white, and now there's a – you're not going to make these targets. The graph is really what we're doing. We're getting the targets, but it's not within the timeframe that was suggested. One of the things that we've done is we moved a lot of the targets out to the later years of the project to basically allow some of these activities to really take root and produce particularly jobs, or sales, or whatever the indicator might be.

This is not conventional thinking for M&E people. It's like I said, when the first quarter came up we had no jobs to report in the first year, because we really had no activities. That starts people questioning, and it sets expectations, and creates tension that you have to manage.

We're going to get into – excuse me. Now we're going to get into some examples. This is the export apparel value chain. This is the only one that really fits into a classic sort of value chain framework. It's evolving. The red boxes are some of the activities that we're working on with some of the firms. While this value chain has the potential to easily achieve the 18,000 jobs, it doesn't have the potential to involve MSMEs in Haiti until it fully diversifies itself. It gets deeper into just – right now what happens is cloth gets cut in the DR [Dominican Republic]. Gets shipped to Haiti, assembled as tee shirts, and shipped out. Very low value added, and it's all because of the HOPE-HELP legislation [the Haitian Hemispheric Opportunity through Partnership Encouragement Act of 2006 (HOPE), the Food Conservation and Energy Act of 2008 (HOPE II) and the Haiti Economic Lift Program of 2010 (HELP)] that U.S. government has negotiated with Haitian government.

That HOPE-HELP legislation provides a great market pool. As a result, now firms are lining up to come to Haiti, which is good for us in terms of job creation, but there's no factory shells. These are not firms that are going to come in and do real-estate business. A developer or anything. They want to come in. they want to rent a factory shell, and they want to start hiring workers and go at it. We're ready to help them do that, but if you don't have any factory shells you can't really can't move forward. The value chain has the greatest potential for job creation. It could really help relieve all of our tensions with the mission from an M&E perspective. It has some serious constraints that are really beyond us, so factory shell is 3 to 5 million dollars. We probably 20, 30 of those type things.

Now, actually, what's happening is the private sector is moving in with private industrial parks, but it's going to take a little bit of time for them to come to full maturity and have those shells ready. One of the things that we're doing in the diversification area to get them out of this low value added, is we've used a challenge grant mechanism to hire trained workers. You can call it a bit of a training subsidy, but it's really a challenge grant. If you hire this worker, I'll give you $50 bucks. If you hire ten workers, I'll give you $500 bucks. If you keep them, I'll give you another $25 bucks. We're trying to find some results for our indicators, but also trying to get them to speed up a little bit their process. Make something available to incentivize them.

We're really fulling the role of an investment promotion agency at this point in time. If you want to, you're going to look at it very critically, but it's working, it's working, except that we have to wait for the shells to get there before they actually try and train their workers. The other interesting area with challenge grants is diversification. Take that same example, the tee shirts coming into Haiti, the cloth coming into Haiti are assembled into tee shirts, they're shipped back to the DR for silk screen printing, and then shipped out of the DR, so Haiti's losing all the value add in the silk screen printing.

Now, the couple of people have come to us and say we want to set up a silk screen printing operation. Great. How many jobs you going to create? We can create 100 jobs. Okay, we'll give you 10,000 jobs for the first ten jobs you create, and so we allow them – let me – when you get into procurement regulations – if we were to give them a grant to procure the equipment, the best equipment to get is used equipment not new. Okay, so all of a sudden you can't buy them used equipment, you've got to buy new equipment.

You run into a bunch of procurement issues that you get around through the use of a challenge grant. You allow them to operate at their speed when already going, and they've created their jobs, and they've got their jobs for five to six months. I can't remember what the specific details on that one was, but basically that's when we pay out, and we count the jobs that we've created.

Think – I think I've – yeah, so next one. Tomato value chain. Haiti used to have a long history of tomato growing and processing. They had about four or five plants going back 20, 30 years ago. They have one plant remaining that processes tomato products from imported concentrate. The ability to grow tomatoes is there, still there. It's just the initiative somebody has to take.

Incredible impact on smallholders. We're talking this one operation could probably hit maybe four to five thousand smallholder farmers. Actually give them a cash crop in a season where they need a cash crop. The procurement delays that we incurred in here; building the green houses, getting them shipped into the country during political disturbances, shipping was delayed, build out was delayed from rains and winds, so we lost a whole planting season.

The one thing we were able to do, though, is the crops that we did put in last year was exported to DR, which marked the first time we ever exported – Haiti's ever exported agricultural, at least tomato crops, to the DR for processing in the DR. The byproduct of that is the DR operation is actually interested in contracting Haitian farmers to grow tomatoes for them to process in the DR because people don't want to grow tomatoes anymore, particularly on the labor side, in the DR. Even though we had some procurement delays and hiccups, and lost a whole season, which again, pushes back all of those indicators, all of those targets at least a year, there might be some other sort of positive things coming out of this in the end.

Now we're on to the second piece of that. We're actually working with the processing plant to upgrade the process plant, refurbish it, but we're getting a little bit delayed because of the environmental assessments. This is in our processing, we've tried to allow for this, the environmental, the time that it takes the environmental litigation plan approved, but it's still it is a tension between how fast a private sector works, and an institution wanting to make sure that everything is okay from an environmental perspective. We're not arguing against that, we just need to find a way of moving it through the system faster.

This is sort of a – it's a huge success story, number one. It's Caribbean Harvest. This is the largest hatchery in the Caribbean. Tilapia hatchery. It's all solar driven, solar power driven. Started off by a fellow from Cote d'Ivoire who came to Haiti on a rotary grant and stayed. He's a PhD agriculturist from Auburn University. He eventually set up this operation. The only problem we really had here was that the best equipment that he needs for fish farming comes out of China, so that's a non-935 country, so we have bit of – we're restricting where we can get the best equipment from. We found a way around it by structuring the grant in a different way.

What's happening in Haiti, which is really exciting, I didn't talk about it in the apparel sector, but there are several examples in the apparel sector as well. Social enterprises are moving in, and serious social enterprises with serious money behind them. Caribbean Harvest set up a foundation, and they collect money from the U.S., which allows them to put a kit together for smallholders. Small fisher farmers. It's a kit includes a cage, fingerlings, and feed for the first three months, and then Caribbean Harvest buy it back, the fish, and sells that on the market, and the fishermen then is in a constant cycle of production.

There's a video on this on Caribbean Harvest. The other think that Caribbean Harvest does is they give back 30 percent of their profits to the foundation, and the foundation uses those money to build houses and schools in the communities along the lakes where the fishermen are living. The video sort of explains it all.

Construction sector, this is the one where we kind of missed the boat in terms of the delay of time that it took to award the project. Probably a lot of opportunities that we sort of missed, but it's also one of those sectors where it's hard to find a point of entry. It's a big sector. I can see why it was chosen. It's dynamic. It has 175, 200,000 jobs. Hard to tell because a lot of them are in the informal sector. Most of those jobs are labor. Construction companies don't have 1,000 employees. They might have 40 or 50. Mostly engineers and technicians, but then the mass of the labor is – the mass of the workforce is the labor to put the buildings up.

The firms themselves, because everything is imported, and because the cost of equipment is so high, the only manageable cost they have is labor, so right then you've got a tension between trying to encourage firms to hire up and pay more money for labor when that's their only manageable cost. They're sort of not going to be really buying into that idea very quickly. It's going to take some time to do that, but the potential to create jobs, particularly improved jobs, which is one of our indicators, it's huge.

We could have sort of discounted this sector, but what we did is we did a few – we noted that the foreign donors were starting to set standards in their building codes, and the buildings that they're building. We noted TVETs, actually people doing the training of the skilled trades people, were not linked at all into firms, or construction sites, or job sites, and they had no material to actually train, or have their students use an – so an electrician had no wire, a mason had no blocks, had no cement, and so we realized there were areas, sort of basic fundamental areas the we needed to intervene if we're eventually get this sector to look a little bit more like a dynamic sector that could be producing not only mass jobs, but higher quality jobs.

The original point of entry was a trade fair. It was a huge success. It was the first time that sort of all these people got together. Some of these statistics are there on the summary sheet, but it allowed us then to find, or sort of map our way into a whole series of activities in the construction sector. This took probably a year and a half, and so for the work plan, the way it looked for a year and a half is you only had the trade fair up there. Now the work plan is getting populated, and it's particularly getting populated in the area of workforce. That's what I'll talk about in the next slide.

There's a MATCON video on YouTube, USAID, it's worth looking at, and it talks mostly about the Olympiad. About the skills of the Olympiad that was a pilot idea that now is sort of going to be moving on into – this is a picture of the mason competition at the first Olympiad that you're looking at. One of the tensions, and of course was in the whole workforce area, which 40 percent of our funding is from a workforce source, so we're looking at how do we sort of justify that we're using this money in a way that was originally intended.

First thing we had to do is we had to move the indicators and targets back, and actually drop some of the indicators. They didn't make any sense. When employers are actually recording the schools from which their employees are graduating and they don't know, then we know that measuring job satisfaction in terms of where they hire from is – we're at base zero for ground line zero, so we sort of had to start working on doing that ourselves, and put that in place. Took a couple of years to do that.

We did the workforce assessment, which told us a lot about this. The skills Olympiad now, it's going to be a second generation after the first one. It will happen early next year. Getting deeper and broader, more schools involved. There are only five or six schools initially involved. AmCham [the American Chamber of Commerce in Haiti] is a sponsoring partner, so we don't actually do that, we're helping AmCham do this with their corporate social responsibility arm. The schools had no outreach. No placement officers for instance, and so we did a small pilot in the north, and I took $25,000 dollars in each pilot, two pilots. Basically covering the cost of a few activities, and the placement officer's salary. The placement officers have now been working, for instance in the construction company we have been working in the north, DFS Construction, who have now taken 30 plumbers, or 12 plumbers and 30 masons out of the school directly.

They are bringing international standards back into the schools. It's a linkage that – it was a bit of a crap shoot, but it's worked. We will be – these are things we're going to be packaging together, and running an event early next year to sort of promote other people to start doing and thinking along the same lines.

Other couple of things that we're doing is there was another school that was looking at all the welders. Because of the earthquake a lot of the construction is now metal construction. You need welders. Most of the welders are foreign. They're Cuban, Puerto Rican, Dominican, and they all have certifications from their countries. A school was looking at that. Looked at a few of these enter operations and said wow, there's a demand here for welders. LEVE, how can you help us, and so we're helping them put together a training plan to produce certified welders using the Canadian Welding Bureau as a certifying body, and that's just sort of starting. We're doing a similar thing in the plumbing area.

Second last slide. This is one of those hard line things. We had a lot of capacity building written into the contract in 2011. Including targets, hard targets about how many firms to do organizational capacity assessments on, and how many firms we should be helping that were participating in the annual program. The APS programs that the mission launched. USAID thinking evolved a lot since 2011, 2014. Just after we got there USAID had already started making award, or talking award to one of our subcontractors, Papyrus, to actually do the capacity building.

Here's a situation where everything on the ground is changed. What we're told to do in capacity building, there's actually somebody else that can actually do that. We've collaborated with the mission, and of course our subcontractor makes it kind of easy to figure who's going to do what, and so we're able to respond to some of those issues and some of those targets in the contract, while at the same time allowing progress to happen with Papyrus.

This is a – Haiti natives is one of those ones where the APS went out. They were an interesting preselection, but when the funding came around they didn't have the funding. The mission told me that I'm funding, but we opened the doors to fund this activity, which sort of fit within our agribusiness sector, but really wasn't one of the selected value chains. We sort of made it fit because it was the right thing to do and it started helping in the collaboration with the mission.

Final recommendations. This is what we have so far. In terms of design, I think we really need to when we're designing is activities, keep the high level objectives and let the implementer sort of figure their path, and judge them on how logical that path is, and how logical sort of the outcomes would be. If you're going to put targets into a contract, or into a RFP, make sure they're well justified and well researched. That makes it a lot easier than – you just eliminated a lot of tension in terms of where did you get this figure from.

Try and build us with less flexibility. The fact that we had assessments. The fact that we had three sectors. The fact that we could select value chains. We had to come up with a selection criteria, but that gives us a lot of flexibility in terms of how to move forward in a way that's consistent with meeting the objectives of the project.

In terms of contracting, I mean, I think even the midterm assessment said this shouldn't have been a contract. It should have been a cooperative agreement. I think it could go either way, but I think contracting officers have to look at it seriously in terms of what they're asking the contractor to do. Is it really the right instrument to be using? If it is – if the contract is the right instrument then go back to the top, make sure it's flexible, make sure that it's not prescriptive. We had to work, we had legacy institutions put because when our project was designed we had legacy institutions put in there to work with that no longer existed by the time it was awarded. At least one of them.

There's a RIG audit, because you've got to write this up because you're not working with this institution. Yeah, but it doesn't exist anymore. Yeah, but you're not working with the institution, yeah, but, you know. That's a waste of time. It's all tax payer's money, and it's a waste of time.

In terms of implementation, building common objectives with the mission, with the stakeholders is key. I want to talk about the mission. Where we probably fell back in terms of building common objectives with the M&E and the environmental folks. We've got to bring them in and make sure they're part of the LEVE project, and they’re supporting the COR one hundred percent in terms of moving forward, and at the speed at which we require.

Living work plans, I swear by them now. I think it was basically Eric Derks here that introduced me to that concept when he was a much younger man. It’s really the way to manage and work through some of these activities. I don’t know how we get to flexible M&E, but I think we’ve got to try. I think we’ve got to be able to sort of at least agree upon initial set of indicators, probably smaller is better, add if needed, and then stretch out the targets. I think that’s what I would see for us right now to be the immediate solution. It may not work for all, but it would allow us to move forward and get beyond the discussion stages.

Something that RTI has is service level agreements, so RTI has many different business offices, so we have the back office, and the contracts and procurement, and grants, and they have service level agreements with us as implementers. If we put a grant in the system it has to be dealt within seven days. That’s their, if you will, their key performance indicator. I think having something like that with particularly the environmental office, and the M&E office within USAID are thinking along the same lines within the agency would help to bring those offices that tend to operate on their own, and their own timeframe, their own objectives. Sort of into the fold of why we’re there, and we’re there because of this project.

The biggest one, I know this contractor is going to wince at this, I think we’ve got to stop talking about burn rate. I think burn rate really has to be aligned to results, and burn rate has to sort of follow that curve that we’re talking about. It can’t start really high and just stay high. It really should be growing along with the achievement of results. I know we’ve got funding issues, Isaac, and stuff like that, but it – Isaac’s with “you’re burning too low, we’re going to lose the money.” Yeah, but we need the money. We’ve got to work and think about a better way of sort of managing that, and hopefully come to some sort of agreement. That’s it, I’m open for questions. Robin and Isaac are here to help me, thank you very much.

[End of Audio]