

ADAPTIVE MANAGEMENT IN PRACTICE: A MARKET SYSTEMS APPLICATION IN BANGLADESH

PRESENTATION/Q&A AUDIO TRANSCRIPT

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Kristin O'Planick:

Welcome, everyone, to this Microlinks webinar. I'm Kristin O'Planick from USAID's Bureau for Economic Growth, Education, and Environment. Today, we'll be sharing insights on adaptive management and practice from a market systems application in Bangladesh.

This webinar discusses the practical adaptations and operational and technical approaches implemented by USAID's Agricultural Value Chains activity in Bangladesh to support the application of market systems facilitation.

As we get started, I'd like to give a special shout-out to my colleague, Aniruddha Roy, who manages AVC within the USAID Bangladesh Mission. An exciting evolution of this activity was the joint management process between AVC and the Mission staff, and so they all deserve some great kudos for that. We're going to learn a lot from them.

Today, we will explore highlights from a forthcoming case study. I think we're going to be posting it shortly, and Margie said it is posted already, so we'll be able to access that pretty much right away, and we will also share it in the post-event resources.

This case study chronicles the adaptive management tactics used by AVC to shift from a linear value chain approach to an inclusive market systems approach. The hope is to demystify what this means and provide some practical suggestions on facilitation and adaptive management.

This has important learning for all market facilitation practice, regardless of sector, but especially for Feed the Future. As Feed the Future evolves under the [U.S. Government] Global Food Security Strategy, we'll see systems facilitation approaches gain more prominence. Given finite resources, the new strategy encourages more collaboration and facilitation of private sector engagement, rather than direct financing of beneficiaries.

So USAID and its implementing partners need to be in the business of partnering and leveraging others to catalyze systemic change and productivity growth. This kind of partnership and leverage means that our implementing partners do not become market actors themselves, but rather facilitate the work of others to make markets work better.

And you just can't facilitate without adaptive management. Bear in mind that today's webinar is just a taste of the story found in the full case document, and at the end of today's session, we will have a poll question to see if you'd like us to bring Mike and Margie back to do a deeper dive on particular topics, so be looking for that as we wrap up.

And if you have to exit early, I think Margie noted in the chat, please go ahead, and put in the chat box if there is something you would like to know more about, and we'll see what we can do.

As we go along, please type your questions into the chat box as you think of them. We may be able to answer some along the way, and we'll collect them for some dedicated Q&A in the latter half of our time together.

Now, I'll briefly introduce our speakers: Margie Brand is the founder and director of EcoVentures International, an organization specializing in learning and behavior change, relating to sustainable market systems development. Margie has developed market systems development, value chain enterprise, microfinance, entrepreneurship, and workforce development curricula and tools that have been translated into over 15 languages, and used in over 35 countries.

Mike Fields has over 25 years of designing, assessing, implementing, and training on leading-edge private sector development and enabling environment approaches. He is currently leading USAID's AVC project in Bangladesh. Other recent experience includes designing, advising, and training staff in Kenya, Nigeria, and Zimbabwe on applying systems concepts to private sector enabling environment challenges.

Okay, over to you, Margie.

Margie Brand:

Thank you, Kristin. And with that introduction, we sound way too old. Welcome, everyone. I'm excited to talk about this case study. We have been closely following some of the adaptations and changes that have taken place with the Agricultural Value Chains project in Bangladesh.

It was exciting for me to be part of writing this case study and researching it, because I was also at the same time involved in working with some of the staff in Bangladesh, so I was able to learn with them as they were testing new interventions and trying new approaches, so it was really exciting.

Today, we'll be talking a little bit about what the agricultural value chain activity is about, but we're not going to focus on digging very deep into many of the technical approaches. We're going to speak about what were some of the changes that took place when the project started in 2013, the first two years had much more of a direct approach, working with training farmers, giving grants to NGOs, and a lot of supported chief production improvements.

But after the first two years, the project, with support from the Mission, moved to more of a market systems approach, and so we're going to focus on what were some of the adaptations that took place to support that. We'll talk through what were the adaptations at the intervention design level, but a lot of the adaptations in the management of staff, and the operational management, and the monitoring and evaluation in both areas. And what are some of the critical success factors to make those work well.

A little bit on the screen. I'm not going to read everything that's on the screen each time; that's a lot _____ joining us with background info. But a bit on the Agricultural Value Chain activity, a five year project with the objective to improve food security in Bangladesh.

Very importantly, the project, the overall objective of the project is to support or impact at least 200,000 farmers in the Southern Delta region of Bangladesh, and we'll talk a little bit about how some of these results have been achieved from a market systems perspective.

I think most importantly, there's always this discussion, it seems, at program level, and even at proposal writing level, is what is this difference between a value chain approach and a market systems approach, and what does a move mean? I think really critical, what we saw in studying this project is that rather than dismissing a value chain approach, the project shifted to market systems approach, but continues to build from a value chain approach.

So, it's really looking at from a market systems approach understanding within the value chains that it's focusing on what are some of the underlying reasons, incentives, the biases, how and why businesses, people, and the networks, have not adapted to come up with solutions themselves. And really, understanding those reasons, understanding those biases, and working within that space, has been a really important part of what the project is focusing on.

Just as an aside, the eight value chains are potatoes, tomatoes, mangoes, ground nuts, pulses, which are lentils, and mung beans, and then an array of various summer vegetables, so it's really an agricultural focused initiative, obviously, because it's funded through Feed the Future, as well.

One of the key adaptations was the adaptation in the analysis that was done at the start of the project. Obviously, building on a basic value chain analysis, and then leading to market systems analysis. I'm going to turn to Mike Field here in a moment to ask Mike to explore a little bit around what were some of the reasons these various analyses were performed.

Because, Mike, when we studied this project, we realized that AVC still required basic benchmarking analysis for each value chain function to look at what were the performance gaps within those value chains. And it seemed like that was a really critical step, but then an important part was to do market systems analysis to try and understand some of these other areas.

And Mike, I'm wondering if you can talk briefly about what were some of the findings that came from the market systems analyses, or why was this a really important next step to undertake to understanding how to strengthen the market system more?

Michael Field:

Thanks, Margie, and hello, everybody. Let me just identify two—we did quite a few, but let me just identify two studies or analyses that we did that were in addition to the value chain analysis. One, we called a good disputes landscape analysis that was a combination of looking at disputes, but also looking at governance patterns around transactions, mostly between farmers and the series of traders that led to the terminal market that most of the crop goes through.

What we identified in that was really looking at the social, cultural, and political incentives, biases, that shape out of the way market actors interacted. First, we looked at disputes and in the disputes, we saw that there was a lot of unhappiness in transactions, but not a lot of what we call hot disputes, meaning that the disputes were raised to the part of going to some kind of legal adjudication.

So most of the disputes were handled by local mediators, or local elders, often the local elder, though was closely associated to the hierarchy related more to the traders, so in many cases, when we were talking about it, it seemed like the farmers weren't well-represented in any kind of mediation of disputes. But the farmers accepted it, because we realized there was a strong hierarchy component to how disputes and discussions was being held, which wasn't really in the market, but _____ cultural dynamics.

That gave us a lot of insight into some of the challenge we were having of trying to get traders and farmers to work together on a more even basis. It provided some other incentives to understand why farmers and others wouldn't engage in conversations with people they thought were higher than them. Even later, we realized this had to do with traders who wouldn't engage or actively seek markets outside of their more narrowly defined network, because of their perception that in their place in the hierarchy, they couldn't really reach up to another level or two in their perception of hierarchy.

Another one that was quite helpful to us was looking at this thing called mental models. We used a specialized, analytical tool to try to assess the mental models of farmers when they were at _____ to try to understand what was the sources of information, what was the lenses or frameworks they had in their head when they were taking information.

What we could tell from that was that retailers were by far the next in line after farmers, you'd say, in terms of trusted sources of information. They did not trust extension officers very much. They didn't really trust information coming from media or other sources like that.

So we realized when we were working with commercial firms, we had to focus in on marketing and sales strategies, and branding strategies that created word of mouth. That informed quite well a number of marketing tactics, like referral systems, referral structures, referral bonus programs, as well as loyalty programs that essentially fostered more word of mouth.

Those were two of the things that we used that were on top of the value chain analysis that got us more into the perceptions of incentives and biases.

Margie Brand:

Thank you, Mike. Those are really two very useful examples, and so many interesting things done through that research. I think what we continually saw with this case is that the project really focused on the biases, the incentives, continued looking at what was driving behavior, and how to influence, and work within that behavior-changed space.

And so, I think one of the key things that the project staff speak about the whole time is trying to understand how, rather than to fix technical issues, how do you change biases and incentives in that system?

And I think that focus was a key component in not necessarily doing direct farmer trainings, and interventions, and grant-giving, but focusing to work with other market actors. Mike, I was wondering if you could give an example of technical fixes that would still be useful to fix, but then how you can also move to changing some of the biases and incentives within the system?

Michael Field:

[Feedback, inaudible] One of your processes?

Margie Brand:

Sure, and there's a lot of feedback. I'm not sure where that's coming from. I was just talking about focusing on biases and incentives rather than clinical fixes, and if there's still a place for technical fixes, or whether—what kind of technical fixes are important to look at, and then what kind of biases and incentives were useful to look at, just an example of each?

Michael Field:

Sure, so when we look at technical fixes, we're not saying they're not important. We're trying to say how technical fixes come about is important. If there's a technical fix in terms of a farmer needing a new variety of seed in

ground nut, for example, which is a challenge we had, and that the way the policy works in Bangladesh, it was defined as an oil seed.

So the policy said any political research or publicly funded research had to increase oil in seeds. But the commercial sector wanted low oil ground nuts for snacks and things like that. There was no local variety of ground nut seed that was viable or useful for the farmers to grow the type of bean that would be demanded in the market, especially by large processing firms that were making a snack food, _____.

The technical fix was how to get the right ground nut seed into farmers' hands, so we could've gone and just bought that, and given it to them, and that would've been the technical fix. But our focus was on, while at the higher level systems, why can't—what is the disconnect between the commercial sector and the seed sector, such as the processing firms, can figure out how to get a feedback loop to the seed setter, so that if they want something specific, they would have some way of communicating to the seed sector and to the farmer so that they got the right seed, and there would be a feedback mechanism that drove ongoing innovation, was one, higher level bias problem we're running into, because they weren't talking to each other.

And the other was how does then a firm, a specific firm, identify the right seed, identify the right sources of seed, eventually learn to grow their own version of that seed, but also learn how to market a seed that's new to farmers that farmers aren't sure of.

So the process of building that kind of overall feedback loop between a person that's getting seed, organizing seed to farmers, and then getting it to the processor that decides if they want a different feature of that end product and variety, goes back to the seed, and you get this kind of cycle working that's more virtuous.

In there are bunches of technical fixes, but our main issue is trying to get the underlying system to work in a certain way that had a lot of bias problems keeping it from working that way.

Margie Brand:

Thank you, Mike, that's a great example. I think that really key to highlight is how this approach changes biases that have a long term impact versus the short term, technical quick fix. And I think that long and short term impact in terms of the market is a really critical piece to understand how some of the decisions are made on which areas to work on.

Ultimately, I think what the project is doing a lot of now is to focus on inclusive business practices, so how does it work with market actors; in other words, various businesses, whoever it might be, that have interest in changing their business so that they actually have more of a direct relationship with farmers in some way, and in a way that helps their businesses.

I wanted to speak a little bit about some of the contributing success factors, because it's something that we don't speak about often, and that's why we've put it at the front, which is that a key determinant of whether an activity operates effectively, an activity being the project in this case, is the nature of the donor team seeing it, and the actual people and relationships involved. This is a really critical piece, and spanned from the relationship and almost the culture at the mission level, as well as the individuals that were acting as points of contact for the project, and even back at headquarters in Washington, D.C.

And that was really critical. A lot of what we're seeing here is that continuous engagement with activities is really key. Remembering USAID speaks about their project as activities. When I'm saying activity, I don't mean specific interventions; I'm talking about the project overall. Having that continuous engagement was really key.

It was interesting, because often at USAID Mission level, there's a thought that heavy workloads are reason why USAID staff are often not able to engage with activities as much. I think that what we are seeing now is that from the USAID staffing side, it was really critical in implementing a market system's program, that there was enough bandwidth to actually engage with the project in a meaningful way.

Their openness to redirecting the project mid-stream, this project really did a 180 degree turn from where it had started, and I think that was a really

critical and needed mission support. Openness to new ideas and testing, and willingness to learn. A lot of what we're seeing in the market systems programs are small, time-bound activities to test what has traction in the market, and which market actors are actually able to test new things.

And having that ability to test and learn is really critical. Levels of trust with the Mission in terms of the project trying new things, and understanding approaches, frequent, open communication, and having the USAID counterparts being involved in the design and learning process, and being interested in wanting to learn. I think that was a really critical piece.

But Mike, I'm wondering if you could talk a little bit about this openness to testing new ideas and willingness to learn, and how that testing of ideas is really essential in your project.

Michael Field:

I think this comes out in a couple different ways that I think were quite interesting as a learning processing for me. A couple things that became more clear over time is that when you're running a market systems project and you're testing a lot of things, you're doing it in relationship to activity.

Say we're doing these studies, a lot of time we're doing small pieces of analysis, but the analysis is as much for the market actor, and is done in a way that doesn't necessarily always produce a perfectly defined piece of deliverable, if you want.

But USAID, as it's structured, often can get down into everything being ring-fenced to specific things. If I spend money on something I need to have a deliverable that looks exactly like a perfect deliverable. That opens up a market systems program to being attacked or get into trouble if, for example, it's doing a lot of small pieces of research, but doing it in a way that seems defined around getting the market actor to make some new decision points or take on new risk.

The deliverable for me in there is not necessarily some long-written document. It is the action I'm getting at the market actor. But that sometimes doesn't translate into the kind of reports I need to write or the analysis of did every dollar I spend get used on something that I can go back and show something of that.

Having that openness around how management even works in a market system program, what the deliverable I'm looking for is something that we needed to have lots of conversations about. The other thing I think is interesting about this is the process of change is more micro than you would think, so there's not a lot of massive decision points. There's a lot of micro-changes sometimes.

A lot of those micro-changes, sometimes, if I'm not communicating, or they're not being communicated all the time to USAID, you'll get down two months, and you're already pretty far down a different path, because we're tracking the momentum of specific market actors, or tracking momentum around a new market emerging, in terms of consumer demand, or diversification in this specific segment.

And we're helping a firm track that and test that that will give them more margin to invest more in their farmers. As that process is happening, and we're tracking where the momentum's going, if USAID's not aware, and then three months down the road, it looks different from what they're expecting, that can create some communication gaps, as well.

The communication is quite open, but the market systems program is substantially more different than how USAID is set up to manage, so the market—when you're running a market systems program, you're always vulnerable to being looked at through traditional lenses, and seen as if you're not doing certain things right, which essentially, then you have to work with USAID to understand why that doesn't look that way, and why you're doing something different, or why the deliverable looks different, and it actually is working in a certain way that is getting you value, but it doesn't fit the traditional parameters.

Margie Brand:

Great, thanks, Mike. That's a really useful example. We wanted to talk a little bit about some of the adaptations in the actual intervention design and implementation, without going into too many examples, as there are a lot of examples on the project website, avcbd.org.

But we did put this diagram up on the screen, and we call this the Agricultural Market Systems Change Wheel, and this is just a tool that was

developed by the project as a way to understand the different areas that the project was considering and working in.

And just this wheel actually expands out in levels; it's got three other levels around it, so it goes into a lot of detail. There's a link on the page there where you can find more information on that wheel. It is on Agrilinks, as well, if you Google that.

The tech team has just said if you wanted to expand your screen, you can use the four arrows at the top of the screen. Thank you for showing us where that is, tech team. But then you do lose the chat box, but if you did want to expand what we're looking at.

So what this change wheel was useful in doing was almost to provide a more holistic overview and an understanding of system change that was more than a linear results chain. If you look at the top two segments of the Change Wheel, they talk about core systems. On the one side, the orange, talks about supply chain management system and the other is the input distribution network system.

These were the core systems that the project was really working in in terms of agriculture, was working with big buyers to strengthen their supply chain management system down to the farmer level; ultimately, providing benefit to farmers, because more information is passing through, they're managing those farmers, they're able to select farmers that are better performers, and know where to invest in the system.

And then on the input distribution side, you've got your input supply network, and really expanding that through dealers, and through retailers, to be able to provide more support, capacity, information with farmers, and have farmers become more affiliated to specific input suppliers to actually be able to build trust, and to be open to trying new inputs and accessing more.

The core system's already a critical piece, and the little words on the outside of each of those segments speaks a little bit about some of those areas that are specific areas to work within each of those firms. At the bottom are a green, purple, and blue segment, and those really representing the behavior

change within other systems, and things that counterbalance and reinforce that change.

Whether it's your agricultural support services system, your business services systems, other interconnected systems, that reinforce the change that is happening in the core systems with the buyers and the input suppliers. That's a really critical piece.

This tool was actually used to say to project staff, "Which areas are you focusing on now?" and "Which areas are needed to reinforce and balance other areas?" And Chrissy has shared the link to that change wheel in the chat box, too.

Mike, do you want to speak a little bit about the real importance of not only focusing on working in core systems, but also in some of the counterbalancing and reinforcing systems with maybe an example? And you're still on mute.

Mike is on mute. Let's see if he unmutes; otherwise, I will talk through an example that we saw—

Michael Field: You went out for a second. Can you hear me?

Margie Brand: Yes, we can.

Michael Field: Can you repeat what you said? It went out here, I actually lost the thing that you were probably trying to transition to me, and I didn't hear what you said.

Margie Brand: That's perfect, Mike. I was asking if you could speak a little bit about the importance of not only working core systems, but also in these counterbalancing and reinforcing areas that support the work in the core systems, with maybe an example.

Michael Field: Sure. One of used quite extensively is marketing firms that would be under other business services. The issue we had is in the input distribution sim, it was really, it had evolved and self-organized as a trading system, not a retail system, and I'd make that distinction, meaning that each individual just

worried about selling to the one next to them; they didn't really focus in on where the product was going to the end market, and they didn't really make any effort to control for the value at the end market.

So when we were working with suppliers, what we needed to have them understand is what really a mass marketing strategy would mean, and what we mean by mass marketing strategy is a strategy that would take into account the fact that the product itself would move through multiple distribution networks, or multiple individual businesses before it got to the end market.

And then if a large firm wanted to sell a really high quality seed to millions of farmers in the southern part of Bangladesh, they would have to understand what a mass marketing strategy was, because up to then, they just picked two or three distributors, sold the seed to them, and then just turn their back, and rarely ever engage in trying to understand what the farmer, which was their end customer, thought of that seed.

So by de-using marketing firms, and a lot of case, helping the marketing firm understand, what we are trying to do is get the marketing firm to work with the big supply firm to develop these strategies; but by getting the marketing firm to do it, we would be able to give them the ability to sell their services to other firms so that we'd leave behind an in-built understanding of how mass marketing works in the agricultural and _____ retail system.

Margie Brand:

Excellent. Thank you, Mike. I think that this Change Wheel is something, as I mentioned, that we could dig deeper in, into an upcoming webinar if people are interested, so let us know if you are interested in talking more about this.

It was really interesting, because the project really spoke about how initially it was so over-focused on reaching specific targets, and initially the targets that were set as part of the project drove the intervention design. And it was interesting, because one of the interviews that I had with the project staff said recently that it's almost like you're driving a car, and you're always looking in your rear view mirror, and your rear view mirror is your target; it's always behind you, you know what you're trying to achieve, but it's not

in front of you. It's not what's driving the thing that you need to do, and the way you're going to design what you do.

What you're designing what to do is relevant to what market actors need to do to grow their businesses in a way that you know is inclusive. Mike, I'm wondering if you could speak a little bit about this transition from focusing on targets as a way to design interventions, although targets are always important, and maybe while talking about that, too, if the questions that have come up in the chat are linked to "Are we just trying to make the wealthy businesses rich?" And "What about these corrupt middle men along the chain?" This question that often comes up.

But maybe you can speak a little bit about targets and working with _____ in different ways.

Michael Field:

There's a couple things quickly on that. When we see the targets or targets are relative to indicators, and indicators are set universally across USAID. The indicators themselves, in a lot of cases, look at almost like a technical in a lot of ways, or they look at a point in time, which means that if you're trying to force a target to be met, the project itself can certainly try engage in direct delivery that will have no lasting impact.

And why is that is important is almost specifically related to this why it's important to not think that way from a systems perspective, specifically with this question of "If the system itself is filled with traders that are cheating, or people that are"—I assume when somebody says a rich guy, they are talking about somebody who is extractive, who acts in business ways that's not un—professional or even downright corrupt.

To understand why a trader, who is just a person trying to make money, why they act in the way that would encourage them to steal or cheat, or manipulate metrics. For example, in a lot of cases was what we saw was that traders would manipulate either the size of the bag or the way machines themselves, as a way to get a little extra without paying for it from farmers.

At the same time, the farmers themselves were actively engaged in these wedding crops. They were actively engaged in increasing the weight of crop. It wasn't that farmers were less corrupt than the traders, what we saw, was

that the farmers didn't have the power to win the negotiation half the time. The traders had more leverage and could take advantage of or put farmers in the position from their weakness so that they could take advantage more often.

The issue, what we found was that the systems analysis gave us more insight into why the system itself organized around behaviors that were short-term, win-lose thinking. Zero sum is the term we used. By focusing on targets, we were specifically not getting at those issues. We were not getting at these difficult problems around how the systems self-organize, and people thought it was in their interest. It was a greater good for them to steal from a farmer today so that they could have money to take their kid to school, as a trader.

Getting in and understanding their mindset is quite critical, but you have to use different analytical tools. For us, when I first get in there, we had to take a little bit of a drastic step, and told the whole staff that they weren't allowed to mention targets, and weren't allowed to talk about targets anymore. We just needed to talk about the specific behaviors we wanted to see changed, and how could we get those changes, and test different ways to get at those changes, and those behaviors, as a way to quickly get people off the fear that they were feeling when I first got there about targets, about losing their jobs if they don't reach targets, and things like that.

To the idea that they could speak more openly and critically about what are they seeing in there. If, for example, a trader is being corrupt or perceived as not being open, and fair, and transparent, let's understand why they're doing it, and then understand what are the real issues around that. What are the incentives and biases driving that?

And if we're working with a large business that has made money in the past, we have to then look at them to say, "Why are they acting in a way that is not enriching all of their—what should be alliances with farmers, traders, transporters, and even customers that they're selling to?"

As we found large businesses that said, "It makes sense for us to change our business strategy, give up some of our margin so that we could grow our business," meaning make it much larger and much more valuable, maybe

not be as large a profit margin, and then that also generates more wealth for its farmers, and customers, and distributors that we could work with them to change their business strategy.

Margie Brand:

Thank you, Mike. That was such a critical piece, I think, for _____ staff, initially, who would come in and think working with big business is bad, or working with any business, or how do you bypass the middle man, and rather that the project was really focusing on how do you change those businesses' behavior and practice so that it actually becomes supportive of better, positive, inclusive change in the market?

That's a really critical mindset change that I think we saw that the project really had to work through. It was interesting, because also what we saw in this case study is that in terms of private sector engagement, from the market systems approach, the project really needed to interact with the core business strategy departments.

And so often, before the project was working more with CSR, Corporate Social Responsibility, to partner within firms, which wasn't actually changing any of the core business practice, that maybe a firm would get a grant from the project, and would be delivering training to farmers. But it wasn't because they really were changing the way their core business operated, which links back to some of the questions in the chat on why would you work with these businesses, anyway, if they carry on doing business as usual?

I think linking to core business strategy departments was a real challenge for this project, where people were continually sidelined, not only to CSR departments, which then isolated the activities from the core business of the firm, but also, very interestingly, in terms of the donor liaison department.

One of the things that was started in Bangladesh, and I know there are a lot of people from Bangladesh on this webinar, but also can be seen in some other countries, is that the business is not just international business, but the local, national businesses had developed very sophisticated departments that liaise with donors so that it's almost not a CSR department, but they know how to write proposals, they know how to write donor budgets, how to get donor funds.

It becomes a new business strategy for those firms. You're really not impacting any of the core business of those firms. Mike, could you speak a little bit about some of the challenges in being sidelined to the donor liaison department or the CSR department, and how critical it was to work with those core business strategy departments, and when the project started working with those departments, how it made a fundamental shift in the effectiveness of many of the activities.

Michael Field:

Sure. I think, and this even gets back to the last point I was making before about the traders or the businesses, and whether and why you work with them from a systems perspective. Bangladesh is a little bit of a unique case in that there is an international donor, industrial complex, you called—talked about, in terms of the range and sophistication of NGOs that receive international donor money, it seems so pervasive that a lot of the large businesses had started to create their own departments to essentially compete for that market, since it was large enough, and seemed lucrative enough for them, rather than sticking to their core business.

So when we were engaging them around the idea of what is their core business, and how do they act in the market, and do they act in a way that actually generates the returns that they want from growth or value addition, as we define it.

One of the things that are probably useful is to say we define inclusive business, we have some very specific metrics we look at, including the strategic orientation of businesses. Is it really short-term profit driven, of which then we would say we're not as focused on, or are they open to an orientation, and a strategic orientation, towards growth and value addition to their customers and their staff and their suppliers.

If they're looking at creating value in their business strategy, then they would often, if we talk to them for long enough, they would start to understand that this is a potential business strategy that needs to go—or conversation that needs to be held in their core business strategies.

As a few of the firms started to see and understand what we were talking about, and then started to test some of the suggestions we had together and

see what made sense for them, they started to see that there was this competitive opportunity for them to be more engaging with other actors, to be more aligned with other actors, even invest in other actors, as part of their core business strategy.

But that did not happen until after they realized that what we were talking to them about was not us hiring them to run a project, but about how they engaged in their market activity; how they engage in their business. That took quite a while for a number of businesses, and some of them, quite frankly, we never could crack, could never get through to them, because all they really wanted was to run a project for us as a consulting firm.

Branded as a business, but in the end, they weren't really interested in doing the things, changing their core business tactics.

Margie Brand:

Thanks, Mike. I think that that was really interesting, because it meant that—the project had to get some quick winds so that it got with businesses that weren't always starting with the biggest businesses; sometimes, you'd work with slightly smaller businesses to start showing that the project actually gained some credibility in the market in terms of what it was doing.

And also, starting maybe with even bigger subsidies, bigger areas that the project was paying for when testing the activities, and slowly decreasing that as new firms were coming on board. I think that we're seeing more recently is firms are actually contacting the project.

The core business strategy departments are saying, "We'd like to work with you, because we're hearing about, and seeing what you're doing, and we'd like to expand and grow our business," which is the ideal situation, where taking away projects, going to look for long-term partners that they're working with, and they're keeping the same partners throughout the life of the project, but rather having short-term arrangements with the firms.

And as they start changing their behavior to work in a more inclusive way that the project can see is actually going to be beneficial to the market and not have them play this mean, entrepreneurial trader space, to actually then invest more in them in helping them grow their strategies in that way. Really useful.

One of the interesting areas that the project was working on was really strengthening service providers for the private sector, and it was really interesting, we're not just talking about service providers as in the picture on the left, which are, in this case, spray service providers within the value chains.

Although that was a critical piece. So the project realized that to—if you want to introduce a new technology to a farmer, build up a lot of the informal service providers, tractor drivers, spray service providers, to take on and be able to take on new activities at a much more sophisticated level and be able to provide those services to small holders. That meant you could radically change the speed of uptake of technology that the smallholder was taking on.

Working at that level with service providers within specific value chains, for example, was really critical. But what the project also did, which I think was particularly interesting in this case, was to work with broader, cross-cutting national service providers. So instead of the project staff playing the role of helping a firm on how to brand, or how to do new marketing strategies to small holder farmers, it would work with groups or several different local marketing firms or local market research firms or branding firms.

And in working with them, slowly empower them to understand how to work in the agricultural sector, which is often new for them, and therefore, have that as a long-lasting service in the markets.

In both these cases, you're talking about providing, establishing service providers and building their capacity to really support and grow the agricultural sector way beyond the life of the project in strengthening that system. I think that was a particularly interesting strategy, which was able to leverage impact at a much bigger level.

Mike, do you want to speak a little bit about maybe an example of how that was useful from the project perspective?

Michael Field:

I mentioned the marketing firms before, but I'll mention one that seems a little bit different than what I've seen in other projects. We worked with

event management firms to help industries create a better connection and better feedback loop with customers.

In this case, we've helped some event firms develop consumer flower shows. The first one, I think, attracted about 11,000 or 12,000 people, the second one about 30,000 people. We're in the middle of doing similar types of things on the input side, especially for technology, so that farmers as customers will have better access on an ongoing basis to see new technologies in live events that are run by professional management firms.

There is a capacity or skill set of event management firms, we've noticed in Bangladesh, for consumer affairs and things like that. That group hadn't really been identified, and leveraged to see how that could be more effective in the agriculture sector. We focused in on that as one service area that could be quite effective at making sure, from the end consumer side to the actual farmer as consumer side, there's these live events that are constantly going out, explaining new technologies, giving access to them, letting them see it, touching it, as a larger marketing effort for an industry, as opposed to the specific firm marketing strategies that we were working with when we worked with marketing firms.

Margie Brand:

Thanks, Mike. I think it was interesting, because the consumer shows you spoke about started in the flower sector, now I think that's happening in some of the other value chains, too, so mung bean or whatever it might be, and having these even locally driven consumer fairs.

Another example that was interesting in this project was, I know we often talk about were these stakeholder meetings and stakeholder dialogues and I think that was when the project—it didn't take that as a starting point to every activity, but when the project found that that could be useful, having local facilitation firms coming in and actually being empowered to be able to do that kind of stakeholder facilitation for the industry that ultimately the industry would hire directly to have that kind of service provided. A lot of great examples there.

Another interesting area was really having the project promote this culture of innovation within private sector firms that it was working with, so almost showing market actors how to market themselves, so the project could assist

those market actors by learning how to market themselves better to bring more innovations to the fore.

Just some examples that I'll give quickly are machines that maybe more efficiently mill lentils, or peas, or coconut hair, pethcoi. Which then would be more broadly available for leasing by farmers or by processors, or solar powered units for mango storage that require less electricity and greatly reduce decomposition of the mangoes, but then would be more widely available to the sector overall.

So a lot of those types of innovations, which was really interesting. Mike, one of the questions in the chats is when you decided which kind of companies to work with or at least approached companies, which kind were more responsive, and maybe this is talking about how the project found that it was easier to work on the input side first, rather than the—sorry, someone's moving the slides—

To work on the input side first, rather than on the buyer side, and also maybe working with smaller companies first. Could you speak a little bit about the type of companies that were more—

Michael Field:

Sure. This has actually been a consistent thing across the last couple projects I've worked on. The input side tends to move faster, and the firms selling stuff tend to move faster, I think, for a couple of reasons.

One is because there's immediate feedback if we're helping them do promotional events, or they engage in improving their distribution networks. They see sales, and they react to them, so we start to have credibility, and they give us more latitude to help them test new strategies.

The buying from farmers' side, there's usually a long history, and it's represented in some of these questions, the bias you see, there's a long history of perceptions of cheating traders, or of lots of win-lose transactions, or tactics and negotiation towards transaction.

There's often not that many structured markets, essentially contract farming markets, structures in those markets. There's a lot of historical disputes, there's a lot of other things that mean for the supply. There's some

preconditions that need to be in there before large firms really are willing to take on substantial, strategic changes on the buying side.

After quite a bit of work we did on the buying side, we, through things like global gaps seminars, through market research that showed that consumers, if marketed properly, the end consumers, they would pay a 10 to 20 percent premium for properly managed crop that had a known origin, for example.

Then we started to see in the last six months large firms that are starting to invest in their supply chain. And that's been a substantial change, because there we had one for a while, and then another one crept in, but these were medium, smaller firms that were more supply chain managers sold up to larger firms.

And in the last number of months, two or three very large firms, including the substantial supermarkets in the country have come to us to ask about restructuring their supply chain management strategies, so that they could essentially control their supply chain, in line with things like global gaps for premium markets that we're also helping them develop, in terms of how to market, how to merchandise in stores, how to create premium value, how to create confidence in customers.

One of the things that was interesting in the conversation I had with them, from our analysis, what they kept on saying were the consumers are price-sensitive, and I was saying that our research is saying they're not price-sensitive, they're trust-sensitive. You have a trust problem with them, not a price problem with them.

And as they start to understand what that meant, they were consistently more interested in the strategies to build trust with their end consumers, which would often mean that they would be able to get premiums that would then allow them to cover the cost of building in the supply chain.

Margie Brand:

Thanks, Mike. I wanted to talk a little bit about one of the interesting areas of the project, was how to diversify the team, and restructure the team. What you have on the screen now is a quick overview of what it looked like in the initial few years, where there was a chief of party, the team was

structured into these different value chains: the food value chains, the non-food value chains.

Some of the cross-cutting areas, like nutrition, gender, environmental compliance, then the organizational capacity piece, M&E separately, outreach in terms of communication and the web specialist, and then the financing grants team.

I'm going to move on from this slide, which is really trying to reinforce how these areas were stovepiped, especially amongst the food chains and non-food value chains to what the structure looks like now.

What's on the screen right now is the current structure. I think the project recognizes that it's still not necessarily an ideal space, but they've been able to move with slow approval, continued approval from USAID at every level to move to restructure the team. Now more of a core systems team that makes up of various market systems team leaders.

Rather than doing food and non-food, or being divided by value chains—also, there's a knowledge management team, which is really critical. It's taking this M&E and knowledge management function and integrating those. And then also, looking at some of these interconnected systems more in terms of market and entrepreneurship, branding specialists, marketing and media specialists, private sector investment and access to finance specialists.

Behavior change in gender managers. Those were critical changes that happened. Part of this was recognizing that—the teams cut across all value chains in the agricultural sector, and although some value chains might have certain crop-specific issues or interventions, such as maybe mango or ground nut, for most, the same issues, the same challenges, the same opportunities, cut across all value chains.

And in practice, only very few farmers farm only one type of crop. And very few traders or buyers buy only one top of crop. And so it wasn't very efficient to have the team organized by specific crop and by these particular value chains, because it wasn't reflective of market realities.

Also, there were the new structure paid more attention to some of this agromachinery and agro-technology areas by dedicating a team that was working on linking research, government, and private sector stakeholders, and disseminating knowledge and technology to support the commercial service provider industry, which may have been lost in another structural focus.

Also having the dedicated communications team promoted this constant communication between the technical and operations teams, and that also supported this cross-learning, the cooperation between what the operational team were doing and technical team. We'll speak in a few minutes about how some of that contracting changed, as well, to support that.

And the entrepreneurship, SME development team was an important addition to this restructuring, because it recognized that they were this middle tier of SMEs that was—someone referred to this earlier in the chat box as kind of the greedy middlemen. There was this last SME tier that was a significant challenge, but that really, instead of bypassing them, needed to be a focus. How do you change behavior within that space? That really helped, as well.

And to strengthen this CLA approach and the learning and adaptation cycle, the M&E team now not only included the data collection and the monitoring folks, but also this knowledge management and CLA function, with field monitoring offices.

I'll mention the last significant change was a really interesting one, because instead, what AVC did was instead of trying to have a very small headquarter staff and pushing everyone out to field offices, which it had done at the start of the project so that staff could really be entrenched in the field, what it did was to say, "Let's bring staff back to headquarters and reduce the size of the field offices so that we can actually not only have more learning within the staff and closer collaboration within the staff teams, technical teams, but also so that the focus became working through the project partners and the private sector firms to actually do the interventions at the field level."

That was a really important shift. Mike, I don't know if you want to speak through maybe just in terms of the most fundamental piece that you think

was beneficial. This isn't necessarily a reflection of a perfect scenario, but it's moving towards that.

Michael Field:

I think the big change was the reorganization was part of a larger shift in the focus of the program to not be project-specific or project-oriented and being market system change oriented. The changes all reflect in the organization structure how the team was going to be responsive to what the market system was telling us about what and where change is possible.

And making sure that we would be able to understand it, communicate it, and adjust effectively to whatever the opportunities the market system was presenting us for change.

In a lot of cases, the issues were the cross-cutting team before, as it was called, was really all project things that were required by USAID for USAID, and not really reflective of what the challenges we were seeing in the market system itself, including really poor understandings of marketing.

The overall agricultural system, as we are looking at it, and certainly most of the value chains we are looking at specifically, were as an industry or as a commercial sector was substantially more immature than the other sectors in Bangladesh, so you could see where there was these emerging, specialized services in marketing for—there's a ready-made garment sector, there's an emerging consumer electronic sector. Those were more sophisticated, and you were seeing how they were managing skill sets of more sophisticated—

And those skill sets needed to be in agriculture, and looking at marketing, ICT, we were looking at media, we were looking at issues about how entrepreneurship works in agriculture, which are key components to the way the overall market system needed to change.

We needed to adjust our organization structure to be able to adjust to what the market system was telling us, and how the system needed to change.

Margie Brand:

Thank you, Mike. That's super useful. It was really interesting in working with staff that there was also this constant need to improve staff's market facilitation skills, and I think one of the interesting challenges we heard about was the challenge for project team to learn that once a firm started to

change its behavior in a certain behavior, that would start being more inclusive and beneficial to the market system, it was time for the project to start working on a new area with that firm, or in another part of market system with other firms.

So rather than just say, "This is working, let's just roll this out in more areas, and take this across the country," we were saying, "This one has started to shift; where do we start shifting other areas?" I think that was a really interesting piece for the team.

It also had implication on freeing the team up to be able to feel confident; I think in the beginning, the team members felt there's this perfect answer out there, are we going to hold back and not do something until we get a specialist in or a technical person or a consultant in.

And that really was debilitating for the team, and I think a really critical change that everyone speaks about was when they felt they had the—they were empowered to be able to meet with market actors and make decisions during meetings and say, "Yes, let's try this for three months. Let's test this. We're starting with the smaller firms or smaller activities, that if they don't work well, that's okay. It's not going to radically shift that market system. It's not going to disrupt in a big way."

And having the freedom as staff to be able to start thinking about where can they try things and where can they test things and how can they interact with a firm was a really significant change space, rather than relying on outside experts.

The project really bolstered facilitation skills in many ways. There's a few pictures there on the screen, but constantly, the project was running training sessions. They started this transition process with week-long sessions for the staff. They had ongoing, online learning platforms that the staff were interacting with, they had ongoing four-week learning challenges with staff, they had market systems simulation trainings that staff were interacting with.

And just not only through these formalized spaces, but I think continually allowing staff to feel that they were in a learning environment, keeping

meetings with a large number of people, and focusing any of the annual, rather than having a performance review, they changed those into quarterly learning sessions so they'd have these quarterly learning meetings where they would talk about what are they learning, not just reporting back on what have we achieved, and what have we done, and how are we being successful, but rather, what are we learning, and how do we change, adapt, drop, or expand different areas that we are focused on so that each team was able to say, "What are the things that we've tried that we want to adapt? What are the things we want to drop? What are the things we want to expand?"

That was a really critical shift, too, to have staff be empowered to be part of those discussions, rather than simply a reporting discussion. And during those quarterly portfolio reviews or learning meetings, everyone had to identify, "What is one intervention that needs to be shifted? One that's not working? One that needs to be dropped, or one that needs to be expanded?"

Mike, I don't know if you want to say something, maybe just a minute on empowering staff in terms of this improving market facilitation skills—

Michael Field:

I think a couple different things. In the organizational chart, that didn't really say, but was a central component to it that led or is intertwined in all this, is we made it a lot flatter, and we made it a lot more team-oriented, and then even in the staff performance review process, we shifted that, and weighted a lot more things like leadership, team learning, team building skills, learning skills, as the key performance criteria which we were judging staff on their performance.

From actual staff performance to organization to even how we structured the office is open plan with couches around. There's an interesting white board/ping pong table so people could go in there and use a table for whiteboarding and even play ping pong at the same time.

The idea was to essentially start breaking up the culture of the project so that we would get more free flowing exchanges and be more open about the challenges and the opportunities that we would see.

We helped with the management to give them more freedom, even more decision making, they became more empowered during the conversations, and then during those conversations, say, "Let's go do it." Again, it's been this process of evolved change over time that included spaces, and metrics, and management strategies that over time continue to increase the capacity of the team to be substantially more efficient operationally, and a lot more effective with market actors.

Margie Brand:

Thanks, Mike. One of the questions in the chat from Bassem Nasir is saying, "Did you have to hire new people and change the kind of profile of people you're hiring, and even let some people go?" I think what the project had to do, there was a funding change towards the end of the project, so instead of wrapping up staff by the end, they just start a little bit earlier, so that was one process of the way staff were let go.

I think the project did start focusing on hiring people that had more private sector experience; often, some of the younger people were interesting, because they had to unlearn—it didn't take as long to unlearn some of the other practices, which was interesting.

Someone else has asked "How easy was it to recruit women? Especially in terms of women who could work with women farmers and entrepreneurs?" Mike, do you want to speak to that quickly, changing what kind of profile _____ with women?

Michael Field:

Sure, interesting, over time, the project, we didn't remove very many people, because we weren't really allowed to remove people. But over time, the team got a lot younger, and a lot more women-friendly, you'd say, so there was a lot more women in the current staffing structure than there was at the beginning.

We didn't do that necessarily to deal with women farmers, because in a lot of ways, we weren't doing a lot of direct interaction with women farmers. We're dealing with gender in a little bit of a different way than just identifying women farmers and training them specifically.

What we're trying to do with them is find out where the commercial opportunities for women to engage and engage in a process that would

allow them to move up functionally, take on more functions, because some of the gender roles are not organized or more open.

And when we're working with the female staff, we've had and started something recently, Margie, you may want to talk about this also, because I've asked her for help. We have had discussions into the office that was specifically related to local cultural professional issues with women, and some of the concerns they had that we as a project could take on to make it easier for them to function.

And one of the issues that came up in that conversation I thought was really interesting was the difficulty of certain partners, because we empowered women to go engage partners directly and take leading client relationship roles, as we call them, with certain partners.

And some of those partners weren't being respectful of them, so we're in the process now of figuring out how to manage it so we don't remove women unless they want to be removed. We give them the tools to manage clients, but also the rules or the framework, so it'd be easier for women to deal with those things.

That in particular has been quite an interesting issue, but one that we've looked at quite a lot, because one of the issues that we say in gender is – and we've looked at this more from the system side is these gender rules and roles that can be particularly restrictive in parts of Bangladesh, essentially limit a fairly important human capacity from participating in the market, which essentially limits the market's ability to solve problems and be innovative.

We are trying to figure out how to do it, but we're trying to do it in a way that makes sense relative to the local context.

Margie Brand:

Thank you, Mike. I wanted to move on to talk a little bit about another particularly interesting part of this activity of the project was the grant process and the documentation requirements. USAID has been rolling out some interesting—I say tests in terms of how to do innovative procurement. One of those is called the broad agency announcements.

And what the AVC project did was to take that broad agency announcement as a procurement tool and adapt it for use at a project level, and they call it the blanket activity announcement. Within that, they also had what they call adaptive market actor agreements.

This was a substantial shift in the operation and grants management that supported more of a market systems approach, where the private sector becomes part of a co-creation process, and the core business units of the private sector become part of that process with the project.

They together are working on deciding on what are ways that the firm can grow and that the project finds would be more inclusive. So, what this did was it changed having a long-term contract with a private sector firm, and defining up front what all those activities would be, and rather introduce these much more time-bound, three month to six month agreements, where the firms would test, and try certain activities, and if they seem to gain momentum or work in a certain way, they'd maybe start exploring other areas.

This was really essential in being able to crowd in different market actors, rather than define specific partners up front. They try to make the process as un-cumbersome and much more collaborative and adaptive for the market actors that were being worked with, because often the market actors that the project wanted to work with were those that didn't actually know how to write the proposals or do contracting with donor projects. They wanted to be able to find those more innovative, thought-leading firms that were open to change or exploring things, working in a much more commercial way.

They needed a grant process that would support that. What was very interesting, in the beginning, there was a lot of challenges between the grants team and the operational team and the technical team, because the technical team could change their approach, but then the ops people would come and say, "Hang on, we still need this specific grant and this specific budget, and these deliverables," and whatever it was, which would be counter-intuitive to the way that the relationship had been positioned by the technical team with the private sector partners.

It was really key in talking through some of that staff facilitation that happened was that the operational teams were trained in market systems approaches as much as the technical team, so they could start working together to explore adaptations.

Mike, do you want to speak a little bit about how the adaptive market actor agreement and the blanket activity announcement were really critical?

Michael Field:

This might be an area that other people are interested in more detail, but I will give the objective of this was if people know the USAID grant making processes, if you have a large grant component or fund in your program, and if you're doing it traditional, the grant structures and bureaucracy around grant-making essentially forces you to make your grant your strategy.

Your tactical strategy or your technical strategy starts being overwhelmed by the bureaucratic structures in the way you have to issue solicitations and run them in a traditional way. We knew that when I was coming in, so we sat down with the operations person, Gwendolyn Armstrong-Tweed, what we did was coming up with a way, using a known mechanism, this broad agency announcement, that we could tweak, we could turn the operational, the mechanism through which we fund that interventions to be strategically so it would follow our strategy, the technical strategy, rather than it would over time start to outweigh the technical strategy.

By doing this, we could use—shift what we were looking for in the solicitation for example, as it's defined, to being more objective-driven. The market actor agreement essentially provides us the strategic framework on which we would run small grants, and each grant would run three to six months.

And the grant would have details, but details only relative to the strategic objectives outlined in the adaptive market agreements, and these would mostly be about growing the customer base, increasing productivity of farmers through the throughput in their supply chain, things like that. These were business objectives.

But through this process, the whole procurement process became additive to this strategy rather than something that either tears down the technical strategy or essentially makes the technical strategy very difficult to apply.

Margie Brand:

I wanted to move to talking a little bit about monitoring and evaluation. One of the questions from Sara Duran was what were the implications of this whole transition to M&E indicators and reporting.

One of the interesting areas that the project I was looking at was how to measure system health, how to measure and understand people and firm behaviors, and network structures, and qualities, and exchanges, and flows of resources and information between firms and between firms and small holders, etcetera.

Mike, I wonder if you can talk a little bit about some of that implication. I know we have Elizabeth Dunn on this webinar, too, and Elizabeth has been really instrumental in working with the project and the M&E team of the project in understanding more about measuring system health, and looking at what type of indicators are most appropriate, that are needed by USAID, and also really tell more of a story around the market systems approach?

Elizabeth, it does _____ really someone to get in touch with about this. But Mike, if you want to say a little bit more.

Michael Field:

There are three things I think would be useful to say. The first one is that the USAID reporting is kept separate and intact and had rigidities into it that we didn't really deal with in terms of the market systems health analysis. It didn't really affect that, although in the reporting, we certainly applied language and discussions around how systems change was happening and why it was happening, and how we understood it to be happening.

The second thing is, we tried some more formalized ways of understanding system change. We went in a direction of looking at sentinel indicators, or indicators to use as sensors. Sensing issues that were coming out or potential changes. We went and tried about five or six of them, the ones that seemed to be working are the ones where we can sense whether there's innovation in business practices coming out every regular, and the one where we're

seeing people having change in the balance of new to old relationships, interestingly enough, through some of our initial analysis on the disputes analysis, and some first goes on the system indicators.

We found that there was too much rigidity in the relationship, so in certain areas, traders didn't have reactions with anybody new in a full year, for example. That means the likelihood of innovation, the likelihood of new thinking, was very low. That also then adjusted a lot of our interventions to being substantially more focused on how do you bridge networks, how do you create or amplify the incentives for somebody to move in and look for a new relationship; how do you bring people together through stakeholder meetings so they can talk about joint issues that would then create connectivity so that they can talk about that stuff?

So that has been quite helpful. The third area that I thought is probably the area that we've gotten the best at is as we've opened up, we've had better discussions, we introduced new ideas, we talk about those new ideas. They become ingrained in the conversations, and something that becomes ingrained in the culture of what we're looking for that really the monitoring is integrated into the thinking of the staff, and we don't necessarily need a tool.

There is one tool that we were trying out, which is essentially some metrics on whether a firm was becoming more inclusive, and we call it the market actor tracker, and we actually got to the point where we're almost about to put it on phones. But through the process of designing it, getting people to talk about it, and reporting in it, the staff became very focused on what it is, they understood it, and they were constantly looking for it. We almost didn't need to report on it, because it was a thread through all of our conversations.

That process of integrating, monitoring, not necessarily is a formal thing you need to write down or even capture necessarily, but as an understanding of what you need to be looking for, and talking about, and fostering, and change about. Sometimes, it ended up being quite more important than the more formal monitoring processes.

Margie Brand:

Thank you, Mike. _____ in the discussion has asked a little bit about how much did the project work with farmer organizations as something to encourage aggregation and bargaining power, and maybe just briefly on that, I think from what we saw in the case study, the project worked with farmer groups as much as it made sense for private sector firms to start working more with grouping farmers, not necessarily only as a production, but really from an input side, being able to bulk sales from a specific region or specific group of farmers makes sense in terms of how that company might start working more with farmers or maybe having them as part of a loyalty club or something.

And also from the supply chain buyer side, being able to have farmers be part of a group that you're able to identify who are high performing farmers and group them for that purpose as part of your supply chain management system to really interacting in that way.

I wanted to just close with an example. This photograph on the screen here, it looks a bit strange. That's actually a test marketing store that was set up, because one of the areas that the project is exploring is the area of safe food, so whether it's foods that are not covered in pesticides, and actually safer to eat.

Safe food value chain, both working with supermarkets at one end of the chain, and farmers down at the other who can produce this, and looking at setting up some of these consumer stores, and being able to test will consumers actually pay more even in a local, regional area, and do they actually even value different types of produce?

That's been another example of a lot of these small test spaces that the project works with through various local firms. It doesn't always have to be big firms, even smaller firms, to test how the market would react if certain things start being invested in more, which was super useful.

Mike, I thought maybe you could give a closing comment before Kristin wraps up on what you think is a particularly—on a personal level, Mike, you've been involved in so many projects in so many different countries, but maybe choose something that you think is particularly interesting, even if it hasn't quite been proven yet, for this project, but something that, on a

personal level for you, has been interesting to try and work through and explore in terms of market systems.

Michael Field:

I don't know that I have just one thing. Actually, if we could go back to something that Clara mentioned and you had talked about in terms of farmer organizations. What we did was we created metrics or conditions, we called self-selections, so if the market actor was acting in a certain way, we would continue to work with them, as long as they were acting in a way that was fair, transparent, and was really driving the system in a good way.

And that included a whole range of initial cooperatives. In the end, almost none of the cooperatives really followed through on those behavior patterns, so we ended up not really working with them. And in the end, it's been almost all private sector firms that have moved in that way, even social enterprises, when we started to work with them, local social enterprises, also fell off, because they really weren't that interested in acting in a way that was clear, fair, and transparent in a lot of ways, or they were just interested in getting our money, and not really delivering value for their operations.

But what we have found on the other side, related to how the farmers organize, is that as farmers see real opportunities, and as they're treated in ways that's fair and transparent, there's a self-organizing process that doesn't necessarily lead immediately to any cooperative that we would think about for bargaining power.

Because the nature of even that thinking about bargaining power assumes there's always an adversarial relationship. And as we get these larger firms in a lot of cases to see that they need to have allied relationships with the farmers, the need for bargaining power just to deal with adversarial expectations isn't as prevalent as the need to essentially perform in a certain way, act in a transparent way, on both sides.

The effectiveness of trying to understand self-selection has been, I think, a very powerful tool. As we started this, again, there's very few businesses that were really engaged with this. And now, firms do come with us, and there's even been more and more recently, how the firms are telling staff how great they are, and how good they are at business, and this is the best project they've had that really understands and helps them move with business.

There's just a whole credibility change that has been substantial in the two years of this project.

Margie Brand:

Thank you, Mike. Over to you, Kristin.

Kristin O'Planick:

Thank you both so much. This has been really interesting, and as we're seeing in the poll about topics to learn more about, it looks like we have interest on some deeper dives, so we'll be sure to follow up on that in the coming weeks and months.

Definitely, if you haven't voted on that yet, go ahead and please do so.

Just to tie up a few questions that we thought needed more of a USAID response, particularly around a few of the M&E things, yes, as some of you have rightly recognized that donor approaches tend to be target-oriented, which is a bit contradictory to the good practice that Mike is finding in the field.

Ultimately, that comes down to many things we see in development. You have to strike the right balance. Ultimately, USAID's requirement to report to Congress on certain types of things is never going to go away, or if it does, that means our money has gone away.

If we want to continue funding things, we need to have some sort of way to aggregate and report out. But it's a matter of being able to balance that story that we need to tell to Congress with the types of M&E and the approaches and the targets that are more meaningful to the actual, day-to-day project management and learning and effectiveness.

It's a delicate dance that we are still learning how to do, but projects like Mike's and others are helping to lead the way. I think we need to bear in mind that given, as the U.S. government, we have a high level of risk aversion, that it's going to take a number of test cases, like AVC and others, to really provide a strong proof of concept before all of our Mission staff will feel comfortable doing some of these things, which is part of why we encourage you that as you have interesting learning like this, and shifts in

approaches, and figuring out how to do flexible and adaptive management, you continue to share them out.

Because the more we can share that this is working in places, the more likely it will be that all of USAID staff will feel comfortable working in this modality. To Lisa's question about what type of contract this was, it's just a very vanilla, cost plus 60 contract, nothing too special in there.

But bearing in mind that we need the contract to the higher level goals, and not every detail of how to get to those goals, and then have those strong relationships, like Margie and Mike talked about in the beginning, between your contracting officer, the contracting officer representative, and your chief of party.

And then you can really do a lot of adaptive things if there is that trust and communication. One other point to note in terms of moving the staff from the field back into Dhaka to work with some of these firms, part of this was linked to Feed the Future's Zone of Influence issue, where it was originally interpreted to be quite rigid, that only work could be done inside the zone. And if the right firms were outside of the zone, there was an issue with that.

As we go into the new evolution of Feed the Future, the interpretation of the Zone of Influence has changed, which will resolve this problem going forward for everyone. It's more about the Zone of Influence defining where we want to see impact for the beneficiaries, that you're free to work with whomever you need to, wherever they may be, in order to have that impact.

And we definitely have groups inside USAID that are working very hard to try to find more adaptable ways to do design, contracting, and M&E, trying to pilot some things, trying to really build the case that this should be the default way of doing business going forward.

I just wanted to reassure people that it is on our radar, we are working on it, keep pushing learning at us, to keep us moving forward, and I hope you all really appreciated this webinar, and Mike and Margie's time, and we will bring them back to you again with some of these deeper dive topics, so stay tuned for that, and have a good rest of your day.

[End of Audio]