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MICROLINKS SEMINAR SERIES

Exploring Frontiers in Inclusive Market Development

IS MARKET SYSTEMS DEVELOPMENT INHERENTLY A RESILIENCE APPROACH?

AUDIO TRANSCRIPT

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PRESENTERS

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PRESENTATION

Kristin O'Planick:

I'd like to welcome everyone to today's Microlinks seminar. I'm Kristin O'Planick from USAID's Bureau for Economic Growth, Education, and the Environment. For those joining us in DC, please take a moment to silence your phones as to not interrupt the presentation. And a special welcome to those joining us online from around the world. We're looking forward to your participation in the chat room. Today, our speakers are going to help us think critically about an important question: Is market systems development inherently a resilience approach?

USAID released its resilience policy and program guidance at the end of 2012. Since then, programs have been in place in several places around the world that attempt to be this bridge between humanitarian assistance and longer-term development assistance. Naturally, functioning market systems are a key factor in resilience on multiple levels. Household, community. Recently, USAID's Leveraging Economic Opportunities project released a publication that you can find on Microlinks called Market Systems for Resilience which takes a look at the synergies and tensions between the two concepts backed by evidence where we have it.

Now there's some significant evidence gaps. I encourage you to take a look at the paper so that you can help us know what those are and help us to fill those. This makes sharing our learning in the field all the more important to fill those gaps. Mercy Corps is one of the current leaders in resilience programming, and they have kindly offered to share some of what they've discovered with us today. So let me briefly introduce our speakers. Their full bios are available on Microlinks. Eliot Levine is a senior technical advisor on Mercy Corps' environment, energy, and climate technical support unit. He serves as the focal point for climate change adaptation while playing a key role in the agency's global resilience initiative.

Eliot's work focuses on the development of a strategic resilience assessment approach for applying a resilience lens to strategy development and program design. That's a mouthful. Before joining Mercy Corps, he spent eight years at World Wildlife Fund working on climate adaptation across Asia, Africa, and Latin America. Sasha Muench is director of economic and market development for Mercy Corps where she provides institutional leadership and program support on all aspects of economic development for Mercy Corps globally. In particular, Sasha is driving the expansion of Mercy Corps' market driven programming and private sector engagement.

She has over 20 years of international development experience, including postings in Indonesia and Bosnia, and the areas of economic and market development, financial services provision, enterprise development, private sector engagement, and community revitalization and transitional environments. So, welcome.

Eliot Levine:

All right, well thanks everybody online who is attending around the world. We hear there's lots of people attending online, and for those of you in DC who are in the room with us this morning, thanks for coming and having breakfast with us and choosing to spend some of your morning with us. Sasha and I are both very excited to be here to talk to you all a little bit about our work on resilience and market systems development. Just to give you an idea of what we're going to talk about, I'm going to spend the first half of our presentation, roughly 15 minutes, talking about Mercy Corps' resilience approach, the way we conceptualize and think about resilience, and the way we operationalize that concept in our work.

And then Sasha is going to come in with some concrete case study examples from Nepal and Uganda about – that should help to ground that theory in particular context. So just to jump right in so we can move right along to the conversation at the end, there are four key messages we're hoping to get across to you guys in this presentation. The first is that although market systems development as an approach can contribute to increases in resilience, it's not inherent in the approach.

Second, resilience is more than just increased income and productivity. While those are important for well-being and can have important contributions to resilience, we need to consider broader set of capacities that communities need as well. Third, market systems development can support resilience efforts, but it has to be done in an intentional way, and the approach I'm going to go through that Mercy Corps has developed is one example of how to do that.

And fourth, market systems development and resilience share a set of common principles. I'm sure that in the beginning talk I'm going to give as well as what Sasha is going to talk about, you're going to recognize some approaches, some methodologies that sound familiar, and that's probably a good thing. So just to take a quick step back, why are we talking about resilience now? The concept of resilience has been around for quite some time, a couple decades at this point, but increasingly over the past three to five years, it seems it pops up in almost every single conversation we have in the development world now, right? What's changed?

The concept of resilience hasn't changed so much, but our world has been rapidly changing for sure. The frequency, magnitude, and severity of reoccurring shocks and stresses around the world have placed a new emphasis on this concept of resilience. We have examples – we have problems like reoccurring drought in the Horn of Africa, conflict across the Sahel region, rapid political and social changes in countries like Myanmar and increasing severe events like typhoons and hurricanes.

And what this has caused is this simple perfect world picture here to be far from the reality of what's true. I think this is something we'd all ideally like to see that over time and as we invest development dollars into a particular place, wellbeing increases at a steady pace, but this is not the case for almost any place that we work. It often looks much more like this where we see an increase in wellbeing over time as institutions like Mercy Corps and others invest in a place only for some shock or stress as indicated with these red dots to occur, and then we see some sort of a loss in wellbeing.

Right? And this – I think all of us in the room can probably think to a time and a place where this has happened. Not just once, but repeatedly, even in the face of us working in a place for quite some time. And this situation is exactly what resilience is trying to address, this constant up and down in terms of wellbeing, even in the face of large-scale development investments. So then what is resilience? We see large definitions about it, we hear lots of conversations about it. Well graphically, it might look something like this. Let's say Mercy Corps works in a particular place with a group of people to increase their wellbeing over time, but does so in a particular way that there's a focus on giving them the ability to manage shocks and stresses so that their wellbeing is not lost when they occur.

So in that case, when faced with that shock or stress, they would either take less of a hit in terms of wellbeing or recover more quickly than they would have previously, or ideally, continued to develop in the face of that shock or stress. What this also illustrates is that resilience is not something separate from our development goals. It's not something we're trying to achieve in addition to wellbeing or in addition to our food security goals. Resilience supports those ongoing goals.

So Mercy Corps, like other institutions, has our own definition of resilience. Like others, it's pretty long and complex. It says that resilience is the capacity of communities in complex socio-ecological systems to learn, cope, adapt, and transform in the face of shocks and stresses. So that's a lot. There are three things that I think we can take a look at that I just want to hone in on in this definition.

The first is that we recognize that communities exist within complex socio-ecological systems. In that, we recognize that in order to build the resilience of communities, we need to understand the broader context, the ecological context, the political and social context, and the economic context that communities are an integral part of. That's the first one. The second is if there's an explicit reference to shocks and stresses that we're building resilience to, and that to build resilience, we need to focus on the third bit, which is the capacity of communities to manage for those shocks and stresses. So definitions are nice, but what does resilience mean in practice for Mercy Corps.

What does this actually look like in terms of operationalizing this on the ground on a day-to-day basis? Over the past three years through Mercy Corps' resilience initiative, working across our resilience hubs, in East and West Africa, and North and Southeast Asia, we've been piloting different approaches to designing resilience building programs, to running assessments, to monitoring the progress that we're making towards achieving our goals, and to building an evidence base for our approaches. And through all that work across all of our regions, we put together this process framework, which I'll walk you through now.

So like the definition I presented, there's a lot going on here graphically, and I'm going to now walk us through this from left to right, bit by bit, just really briefly, and then if there's questions, we can talk more about it during the discussion. So the first bit is the way we actually frame the entire resilience process, and this focuses on answering four resilience questions and three resilience capacities. Now the reason this is important is because if you don't put a framing on what you mean by resilience in a particular place for a particular set of people, resilience becomes about everything.

It becomes addressing all shocks and stresses for all people at all scales, which immediately becomes a problem for developing concrete, clear programming. So by answering these questions it's a helpful way to put a concrete understanding of what we mean by resilience in a place. So the first question we ask is resilience of what. This refers to what are the geographic boundaries of the place you're working in. Perhaps this is the delta region of Myanmar. Maybe it's the high communities in the high Himalaya region of Nepal. Perhaps it's an urban city in the Philippines or in Indonesia. You have to be explicit about the geographic context you're talking about.

Second, you also have to be able to understand what ecological, social, and economic systems are important that span across that geographic context. The second question to answer is resilience for whom. Vulnerability differs across the landscape and across different subgroups within any one given population. We know now from experience and from increasing evidence that women experience shocks and stresses different than men, youth experience shocks and stresses different than adults, and even different livelihood groups will experience disturbances in different ways. So it's important to be explicit about who we're trying to build resilience for.

Third is resilience to what. These are the disturbances or shocks and stresses that we're concerned about building resilience to. So these are things from an ecological side – this could be environmental degradation, things like deforestation. From an economic side, this could be something like the loss of an important export – international export market, the closing of an important border that controls imports and exports, it could be the steady rising prices of important inputs. The final question is resilience through what. This is what we're going to get to those three resilience capacities. We break down – resilience capacities refer to the ability or the capacity to be able to manage shocks and stresses, and Mercy Corps breaks this down into three different categories based on how Christophe Béné categorized them, and that is into absorptive capacity, adaptive capacity, and transformative capacity.

Absorptive refers to short-term ability to cope or absorb or manage in the short-term of shock or stress, adaptive capacity refers to medium term ability to be flexible or adaptive in the face of a shock or stress, and transformative refers to the role that institutions, both formal and informal, and policies have in terms of helping communities manage and increase their wellbeing even in the face of those shocks or stresses. So how do we apply that resilience thinking in terms of a process?

Well we start off with STRESS. STRESS stands for strategic resilience assessments. This is Mercy Corps' methodology for trying to understand – for understanding the complex social, ecological, and economic systems that communities are a part of. In doing so, we identify, prioritize, and understand the links between different shocks and stresses across those systems, and we identify those capacities that I just talked about that are needed by community members to be able to manage those shocks and stresses. We do these assessments not only – we do them at the program level, but we also do them at the country level to develop country level strategies. The output of this process are theories of change. Many of us know what theories of change are. They're a way of articulating what we hope our long-term impacts will be, and the conditions we need to achieve in order to be able to make that long-term impact a reality.

These are really important to develop. The output of the stress process or the strategic resilience assessment process. And at Mercy Corps, they're designed around building absorptive, adaptive, and transformative capacity. We designed these not only as – like – we developed these not only for individual programs, but at the country strategy level as well, and that's really important because it's important to articulate how our programs are going to achieve certain impact that we're hoping to have, but we also recognize that resilience requires pretty long-term

timeframes and multiple touch points that no one program is going to be able to address in a short period of time.

So what we need to understand is at a country scale, what's our strategy for achieving – for building resilience and having the overall wellbeing impact that we want, and how are each of our individual programs adding up to a portfolio of approaches that can help us to achieve that? And if we design these in clear and measurable ways, we're actually able to manage for program impact much more than we would be without. What I'm referring to here is the ability to actually engage adaptive management techniques to be able to learn through actual implementation on the ground.

The STRESS process that I mentioned earlier is an important step in understanding how the systems with communities function and how shocks and stresses manifest, but we recognize that we're never going to learn everything we can about these complex environments just through a single assessment, so we have to – so we recognize that through implementing our programs, we're going to learn a whole lot more, but we're only going to be able to learn a lot more is if we actually, one, instill in our programs a culture of learning, meaning that people are getting together and actually discussing what they're learning and reflecting on what our assumptions were in a particular place, but also if our M&E systems are set up in the right way to not just monitor, “are we ticking off the boxes that we told the donor we would do?”, but also, are our assumptions correct? Did these activities lead to the outcomes we expected, and are those outcomes actually having the impact that we would have hoped? If we're doing that, then we'll be able to over time build an evidence base for certain approaches that we can start to share out with not just the Mercy Corps audience, but with development practitioners around the world.

But this is only possible if we start by analyzing systems, by designing measurable theories of change, by testing those theories of change, and learning from them in the field, and then building that evidence base over time. So I'm now going to turn this over to Sasha to help us move from all this theory and high-level stuff to more concrete programs on the ground.

Sasha Muench:

I'm going to very quickly touch on a couple of Mercy Corps examples of how we've been working to integrate market system development and resilience, and I'm just going to go through them briefly in the hope that we can have a deeper conversation afterwards. So yeah, I'm just going to very quickly touch on a case study from Uganda and one from Nepal. And to begin with Uganda, the revitalizing agriculture incomes and new markets in Uganda is a four-year USDA and Wal-Mart Foundation funded program working in Northern Uganda, and it was designed as a classic market system development program in the context of a post-conflict environment with a fragile ecosystem, but it was not designed with an overarching resilience objective.

But it did have dual goals of economic prosperity and food security. And this program was very successful, and looked at – it took the classic approach of we went in, we assessed key sectors that had potential for income growth within the target population, primarily agro-pastoralists. We looked at different crops that had high value, and one of the ones we highlighted was sesame. And then we did the classic market development approach, working on all levels of the integrated value chains, working on support systems, infrastructure, contract farming, input – linkages to input supplies, et cetera.

And about midway through the program, we did a detailed external midterm evaluation that looked into how we had achieved the program objectives so far. And one of the immediate things we found is that the focus on sesame had impact, and in this slide, *simsim* is the local word for sesame, but what had happened is that farmers were almost 40 percent of their agricultural production was now in sesame. So we found some significant positive impacts from this program, particularly this average 80 percent increase in farmer income, and all of the signs of market system improvement that we hope to see.

We introduce new lead firms into the region, both in input sales and contract farming. There was a nascent network growing, a lot of crowding in of new players. So everything you want to see at the midterm of a market system program. In the two years since this program was developed, Mercy Corps had really increased our knowledge of resilience, our understanding of the nuances, and so we also wanted to take a look at what we were doing to this population and whether their resilience had increased.

And so we dug in on some other questions. We did a bunch of focus groups, a lot of interviews, and found some unintended negative impacts. And in particular, what we found is that even though farmer income had increased greatly, and in fact, about 25 percent of the farmers had actually shifted from below the poverty line to above the poverty line, food and security had not declined in the region, and malnutrition was still a problem. This sort of turns on its head the underlying market assumption that if you increase farmers' incomes, they will just buy more food and be fine.

So we dug in deeper into this issue, and what we found was that even though farmers' incomes had increased greatly, they were not making the choice to spend that money on food. And what they were doing was instead, spending money on equipment and other hard assets, and they were not – they were reducing their production of some of the traditional crops that they had consumed and then sold the excess. So they were producing sesame, their incomes were increasing, but they were not making the choice to spend their cash on food, and so in fact, the long-term resilience of the household was declining in many cases.

The other thing we found was that most of this farmer increase in income was due to the global price of sesame, and there was a concern that in the long-term, we were increasing the farmer's vulnerabilities to a decline in sesame prices, and but they were much more vulnerable to a single global shock. So we stepped back and looked at this overall program, which was meeting all of its targets for its market system work, but looked at what did we need to do to actually increase the resilience of this population. And there's a few things we're working on now. One is that looking at a diversity of crops that have different influences.

So there's white sorghum, maize, chia seeds that have different markets, different influences. And in some cases, different climate impacts. Also looking at behavior change and messaging and how do we get deeper messaging out to the population about spending choices, looking at financial education, and we were doing a lot of work with radio information, which was great at a certain level, but we realized was not getting to the depth of behavior change we needed. And then we also looked at, how could we capitalize on the increase in income from sesame? And the fact is that farmers do have a significant amount of income now – they didn't.

But how could we help them use that money more wisely through better investments, through diversification of income, through financial safety nets like insurance, et cetera, to actually use that money to increase their resilience and not turn it into spending? So that just highlights one of the interesting things we've discovered, which is that there is not an automatic correlation between market system development and resilience, and just assuming that if we improve markets and markets are more efficient and more inclusive, the populations we care about will be more resilient. You have to be much more intentional about what that resilience is and how you're reaching it.

To turn this around to a very different example – so that was an example of putting resilience onto a market development program. In Nepal, we had a situation of decades of disaster risk reduction and disaster response programming, annual floods, and landslides, and basically this never-ending cycle of disasters, disaster response, and unsustainable disaster risk reduction programming. So we went in with a new program in 2012 funded by the Margaret A. Cargill Foundation with a theory that if we applied a market system approach to DRR, we could actually lead to resilience in the population, and what we did was basically combine this idea of looking at what the disaster risks were with appropriate market system interventions to combine the two.

So to give a simple example, sugarcane, what we did- the way we started this program was we went in first and looked at the shocks and stresses of this population, and this is in the mid-hills in the *terai*, the flatter lands of Nepal. And we looked at what were the major shocks and stresses they were facing, and then what were the key market systems that influenced that. So sugarcane is a crop that's a traditional crop in Nepal. It has a good local market. It's also been classified by the government of Nepal as a growth sector, so they're investing in it. Sugarcane has the added advantage that it can be grown in the silty riverbeds, which can reduce river cutting and flooding on the annual cycles and can actually convert silt into productive farmland. So basically, sugarcane was a clear market system that made sense from both an income perspective for the farmers and a disaster risk reduction.

And we then went in and did a classic market system approach. We promoted the production of sugarcane with additional bamboo fencing for flooding protection, we worked to connect them with input suppliers, we brought in buyers and promoted the production of sugarcane, and in fact eventually got a molasses mill that was operating nearby to move into the area because there was so much sugarcane production. And so the approach was a pretty classic market system approach, but in a sector that we knew had a significant disaster risk reduction impact.

The next example is a little bit more complex, and that is dairy. Up in the hills of Nepal, we realized dairy was a significant income source, but any of you who worked in dairy know that cattle have a very complex relationship with the environment, and they can cause significant degradation of natural resources. But it was a sector we couldn't ignore because it was so important to the population. So what we did was dug into the dairy sector looking not just at the constraints and opportunities for incomes, but also the constraints and opportunities around environmental protection.

And we zeroed in on the issue of fodder. And traditionally, what farmers were doing was just letting their cows graze the hillsides randomly, and that was leading to degradation of the ground cover, and then landslides in the rains. We worked with the farmers to increase planting of appropriate crops on the hillsides that could be fodder, but also helped maintain the hillside. And so that reduced erosion. We then worked with the farmers to change their practices, so rather than letting the cows just graze randomly, they started corralling them in certain areas so that they grazed in a more sustainable manner and reduced the degradation of the hillsides, but they also started doing more cutting of fodder from the hillsides and feeding them in the stables.

And what that meant was not just reduced degradation of the hillsides, but they had more control over the nutrition of the cows, and that led to a higher milk fat content and higher milk quality, which meant their incomes increased. So then we combined that push intervention of improving the quality of the milk and the fodder production with the classic pull approaches of linking into chillers and dairies, linking to some traditional dairy products that are more appropriate for remote environments. So then we worked up the value chain. But this illustrates a situation in which it wasn't picking the right sector. It was a matter of picking the right intervention within the sector to meet these twin goals of building resilience and improving the market.

And so the key here is just that you have to be very intentional about this. We went about – we had two overlapping systems, and we did a very complex set of analyses that Eliot and I can go into further to figure out what were the appropriate interventions in this context. Now I don't want to finish on a negative note, but one of the interesting things we discovered in these programs and others is some practical challenges around integrating market system development and resilience, and as we know and as AID pointed out in the resilience paper, both of these approaches have very long timeframes. One of the challenges with that in this environment in which we work, which is driven by donors, governments, other stakeholders' desires for quick wins, good numbers, lots of activities, is that there is – there can be pressure to shortcut one system or the other to achieve those initial results.

So in the case of Nepal, which was overarching a DRR program, we started off doing more direct training, direct work with the farmers than we would ideally like to under a market system approach because we wanted to show that DRR impact. The flip side is if you're trying to prove farmer income is increasing, you can shortcut, you can pick sectors that maybe don't have the same resilience impact because you need to show those numbers. And so it may be if we really want to integrate market system development and resilience, we need to look at shifting program timeframes, looking at different approaches, and different expectations for how do we actually get to impact and what do we see in the interim.

So that's a very quick rundown of a couple examples, and we're happy to talk further.

QUESTIONS AND ANSWERS

USAID Microlinks: Thank you to our presenters, Eliot and Sasha, for a wonderful presentation. We're going to move now into the Q&A portion of our seminar. We have about 50 minutes for this discussion. For those of you who are unfamiliar with the Microlinks seminar format, what we'll do is we'll take one question from here in the room. We have about 24 people here in DC, and then we'll take one question from the webinar room. We have 115 people from around the world joining us, and we'll switch back and forth. So we'll start with here in the room.

I'm going to ask that you say your name and your organization.

Audience: Hi, Dan Norell from World Vision. My question is around the food security indicators you use, especially for Uganda, but perhaps for the other projects. I mean did you look at stunting? Was it food diversity scores? What were you looking at, and after you made those changes, what needles moved on the indicators? So that would be helpful.

Sasha Muench: I am not the health and nutrition person, so I don't know those indicators, but we've got a midterm evaluation I can give you. I know it had some of the classic – we used some of the classic Food for Peace indicators. I don't know if stunting was – I'm guessing stunting was in there, and I think – so the midterm evaluation was done basically a year ago, and we've been shifting approaches. So my guess is we have probably not seen significant changes yet, but hopefully within the next year, but I can get you more details on this.

USAID Microlinks: Okay, so we'll switch to the webinar.

Jon Kurtz: Great. So there was a question on how does Mercy Corps as predominantly humanitarian and Food for Peace development partner really work on building long-term transformative capacity. There was a short response by Carrie Burn, the chief of party of our PRIME project in Ethiopia saying that PRIME example is of where we've worked on a major investment fund with private equity groups and working at the trader processor level, but Eliot and Sasha, other examples, Eliot, of how aid agencies essentially can work on a transformative capacity level?

Eliot Levine: Yeah, that's a great question. It's something that I think Mercy Corps and others tend to struggle with because it really scales up the types of interventions that we need to be working on. I think a good example of a place that we're – just to ground it in a particular place of where we're – where Mercy Corps is trying to build transformative capacity is through one of our programs called the ACCCRN, the Asian Cities Climate Change Resilience Network that's funded by Rockefeller. The reason I bring this up is because this work takes place in sort of the second cities of Jakarta, really large urban spaces, and the way it's operating is through bringing stakeholders across multiple agencies together to be able to plan for the impacts of climate change and things like sea level rise.

You know, this is an approach where it's not like Mercy Corps is going out, running an assessment on our own, and then developing some sort of interventions that we're then implementing on our own or with a small set of partners. We're really focusing on building the capacity of the city government of the various agencies that manage that government and have direct influence over the well-being of the inhabitants of that city to be able to flexibly adapt and plan for and prepare for different shocks and stresses related to climate and other things.

So I think that's an example of how transformative capacity can be built. By building the capacity of institutions, the policies, and the policies that they write and enforce.

USAID Microlinks: All right, thank you. And we'll take one from the room.

Audience: Hi, Laura Meissner from USAID's Office of U.S. Foreign Disaster Assistance. So you brought up some of the inherent issues around the resilience approach of the market systems approach in terms of timeframe. Another one I think that we've run into within our own work is also around the issue of subsidies and just kind of the approach because I think you see a lot of the quote unquote resilience work that tends to get funded is sort of the heavy food for work type stuff, very heavily subsidized issues, and we've run into it trying to do DRR and really talk about and

takes a long time. Is that something that you guys ran into as well, and maybe speaking to it or any sort of explanations or issues that you've run into?

Sasha Muench:

Yeah, and I definitely think that's one of the inherent tensions between market system development and resilience is that we often run into the challenge of who are we trying to help. And market system development can look at – or one of the assumptions about people who do market system development – is we work with this economically active group, and we often miss the bottom layer, and that is often a population that we want to target with resilience. We tested some things in rain, actually, around using targeted subsidies to bring that bottom group of the population into the market system, and we ran into some challenges. In other places, we've done it better, and so the short conclusion, but I think this is something that needs a lot more study within our industry, is yeah, there are ways you can do subsidies well.

They are – it's hard. It's not the easy way. Blanket subsidies don't work. There are ways to do very targeted subsidies. Ideally back up the chain where you're building people into the market system, but this is an inherent challenge, and yeah, there's an awful lot of use of subsidies that's undermining longer-term market system approaches, so we've got to get better at it.

USAID Microlinks:

And one from the webinar.

Jon Kurtz:

There's a few around the question on the links to nutrition and how that's incorporated in some of the assessment and measurements. I think the underlying idea is the links between production and better nutrition are tenuous at best, so in this case, Eliot, within a STRESS process, how would you go about doing that in a way that focuses on nutrition as an outcome as opposed to just say income or even food security in other forms?

Eliot Levine:

So the question there is how would an analysis process – trying to understand how systems function – support nutrition as opposed to just maybe like wellbeing generally.

Audience:

Yes.

Eliot Levine:

Okay. Well, the sort of end result of nutrition, wellbeing, food security might not change necessarily the way that the assessment is done. It would change maybe the factors that are included or the data that we collect and the data that we analyze. So the beginning step of any strategic resilience assessment process that we do starts off with a scoping phase, as we call it, where we try to identify in the very beginning amongst many other things what is the development problem or situation we're trying to solve.

That could be poverty, it could be malnutrition, it could be food insecurity. That sets the basis for how we understand what amount social, ecological, and economic systems are contributing to that problem of in this case maybe a lack of nutrition. And we would try to understand how various shocks and stresses are combining to equal that situation. So I'm not sure if that actually answers the question, Jon, but in terms of how within an assessment process, that's how I think we would handle it or address it.

Audience:

I'm Mayada El-Zoghbi with CGAP, so I want to hone in on the question you raised at the very end, Sasha, which is about this issue of the long-term nature of these kind of programs and the need to rethink maybe how projects are supported or funded or whatever. But I've been working with the donor community for the last six years, and I also noticed one thing, which is most of the funders that you mentioned were foundations, which I found curious.

So if there is something about bilaterals and multilaterals that you think might make this very difficult to make this shift, or what would you recommend for that particular segment, which are fundamentally the largest, still, funders in the world?

Sasha Muench:

Not to bite the hand that feeds Mercy Corps very well, you know, it's – and a lot of the resilience work we're doing is actually funded by USAID, and I know there's a lot of new emphasis on resilience within AID, a number of our Food for Peace programs now have a resilience focus. But I do think that what we find is some of the foundations are more able to fund experimental programs, and in some cases, we can work more flexibly with them to set up timeframes and expectations. I'm trying to unpack a bit why, and I'm thinking part of it in some foundations it's much more about a personal relationship with the grants officer, and they have a lot more leeway,

so in some ways, we can go in six months in and shift things significantly and it doesn't take layers of approvals and things.

So yeah, I do think in terms of experimenting in this area, some of the alternative donors may be a good way to pilot test things before we take them to large institutional donors. But the institutional donors are still very important.

Eliot Levine:

Just to add to that, donors like USAID and others as well are providing us with some unique opportunities to actually be able to do these types of assessment that we've been talking about off and on. Often times, we have write a proposal with pretty strict ideas about what we're going to do, and then we learn more than we – a ton of new information through implementation because we didn't have the time available to actually do the scale of the analysis we'd like to do upfront.

What we're seeing is an increase in opportunities to have inception phases where we can – before entering an inception phase, we can broadly say, "Here is what we think is needed, but we need a period of time to run some analysis, and then we'll get much more specific." That's been incredibly helpful for us in terms of our resilience building efforts, and it's really been key to this approach in general.

USAID Microlinks:

And another one from the webinar.

Jon Kurtz:

Yeah, there's a good exchange here on how RAIN, the program you highlighted from Uganda, is a market systems program versus a value chain program focused on sesame, and the program director there, Maluca, came in and said, "You highlighted the example of the sesame production, but the program has interventions around financial services, input, the broader market development program." But a follow up question asks what are the market systems goals, and then it's asking around does the market system need to become more resilient in order to support resilience at a community or household level. So the relationship there would be helpful for you to clarify.

Sasha Muench:

Yeah, and just to reiterate what Maluca said, RAIN is a very large comprehensive program with many facets, and I highlighted one that had a very clear resilience implication, but that's by no means all. We're doing a lot of work with inputs, we're doing a lot of work on financial services. We've brought in a number of regional buyers who are now doing contract farming. There's other elements to the program, too. But you highlighted an interesting subjective debate, which is resilience within the market system versus resilience of the population, and I think this is a really crucial point because as Eliot highlighted, the key is resilience for whom and to what. And that is the core of what we need to be focused on.

And yes, you need a resilient market system to enable that, and so there are a lot of important elements around multiple players in a market system, competition, good governance, et cetera to make sure that market system itself is resilient and can then enable the resilience of the people we care about. But you could develop a very resilient market system that was not getting at the resilience of the population you care about, and so you still have to understand who you care about, what their resilience is, what are the shocks and stresses they need to respond to, and how the system will support that. And if we jump too quickly back into our comfortable market systems framework, we could miss the overall goal entirely.

USAID Microlinks:

Alright. And we still have 30 minutes so lots more time for questions.

Audience:

Hi, my name is Diane De Bernardo. I'm a nutrition advisor in the Bureau for Food Security, and what struck me in the first example where dietary diversity may actually have declined, and then the income was being used more in equipment and other things. I was curious whether you might consider taking a more gendered approach and getting more income into the hands of women, so focusing on crops that women control because they are more likely to spend their money on food and healthcare and things like that, rather than equipment.

But that's also not to say that the equipment isn't also important.

Sasha Muench:

That brings up a very good point, and this is a very complicated situation, so I won't get into all the details, and I'm obviously not an expert on RAIN, so I don't want to say anything incorrect. But we do actually have a gender advisor on this program, and there is a gendered approach, and

we actually – some of those issues came up in the midterm evaluation, and so we've adjusted. But one of the interesting complexities we found here is who is doing the agriculture and who controls the money. And this is also an area with some societal breakdown. It was people were shifted – they were agro-pastoralists for a long time because of insecurity. They were living in camps.

Traditional livelihoods have broken down, and so what we found is the increase in incomes were just exacerbating issues in the household around control of money, around domestic violence. All sorts of – so yeah, there's a very complicated situation there around who is actually doing the work in agriculture, who is controlling the money, and how that is influencing household dynamics. And so we've been unpacking all of that and figuring out what the program needs to do specifically to address these issues. But it points out how complex each of these are, and it's not just a simple win/win.

You've got to really understand the dynamics in every context.

Jon Kurtz:

Good. Another stream is around measurement and the need to I think raise the comfort level of implementers and donors around fuzzy concepts, like market facilitation, resilience as an outcome. The question, though, is one I think is answerable, which is how do you measure the crowding in of others into the sesame market, and then maybe I would add there and then looking at so what, what are the effects if we're doing that well.

Sasha Muench:

And I think we've got some clear numbers that we measured crowding in by. We worked with a regional buyer who came into the area for the first time and set up a lot of contracts. But then we had other buyers come in independently because they saw the potential in the area. And what we've also seen is those players starting to interact with some of the other institutions we've been facilitating. So now, Gadco, which is this agriculture buyer has done relationships with Post Bank, which we have brought into the area around contract farming, so what we're seeing is nuanced relationships between the different institutions and the network that are increasing the overall sustainability.

So it's the direct indicators are other players coming in without our direct involvement, but then a secondary indicator is the other relationships being built. I don't know if that officially answers the question, Jon, or if you have anything to add.

Audience:

Paul Lundberg. Actually, I'm working for the Australian Aid Section out and on a new program in Indonesia that actually at least during the design phases all focused on adaptive learning and how to support a new law on village governance which will hopefully enhance the potential for rural and urban citizens to have greater impact on their own livelihoods. My question is you mentioned that the way you would scale up these micro-interventions is through building capacity of government to take the lead. I'm interested in how you would do that because taking Jakarta, Jakarta has a lot of capable people.

It also has a very complex political economy. Within the political realm between politicians and bureaucracy and with the very heavy influence of large-scale private sector investors. So how do you address these fuzzy concepts in a political – very complex political economy in order for them to understand and begin to integrate that into their own political policy thinking?

Eliot Levine:

I don't think anyone has a perfectly clear answer as to how to do that, obviously. Well, we're not doing it in –

Sasha Muench:

We're doing it in secondary –

Eliot Levine:

Secondary cities in Indonesia. So I can speak to the way that program is doing it. So that ACCCRN program is doing it, like I said, by bringing multiple interests, multiple stakeholders together across different agencies to plan. One of the process they're doing – and one of the ways in which they're building capacity is actually doing joint vulnerability assessments. So bringing different stakeholders into the process of understanding vulnerability and the needs and terms of building resilience, there's a key way for building the capacity to learn about what is in that case climate change adaptation or climate resilience mean for an urban area.

You know, there's also a lot of learning now and a lot of discussion around not just having to bring in government, but having to bring in private interests and well, recognizing that they have huge influence over these places. Not just urban areas, but rural areas as well. So I don't think it would be very wise to just focus purely on the government actors in any one place, but you'd have to bring in the private companies as well. They offer solutions as well as the ability to influence how investments are made.

Sasha Muench:

Speaking, being the market systems person, I think a lot of this gets back to the underlying concept of incentives, and what are the incentives of government, community groups, private sector to engage. What we see in Indonesia is local climate effects are having significant impact on cities, local flooding, pollution, et cetera, and so local governments are feeling the pressure from that. And what we did was help make the issues and the solutions very real through these vulnerability assessments, which then created a roadmap for how local government could address them.

And so I think it's making the constraints very clear, and then the incentives to address them.

Eliot Levine:

De-fuzzing the concepts.

Jon Kurtz:

Okay, we've got one here around evidence gaps. So if one of the key messages is that market systems development can build resilience, but not inherently, can you talk a little more about based on the learning from Nepal, Uganda, potentially elsewhere, where are the biggest gaps in terms of I guess what assumptions market development or economic development more broadly has around building resilience? So a few that come to mind for me would be around livelihoods, diversity. That was mentioned in the chat, and evidence that I'm aware of is mixed. Financial inclusion or financial services, another one.

I guess what for you all are the big knowledge gaps, and how are we working on those collectively?

Sasha Muench:

Yeah, certainly the obvious one is that increasing income in and of itself will fix many issues, and we know that already that income is not enough. But it seems like in every sector, we have to learn that again. And so recognizing that if you're increasing peoples' incomes, if you're increasing their economic participation, you may have to work on other issues as well, and both awareness, behavior change, et cetera, to deal with the other issues.

Eliot Levine:

Another gap might be – this is something that was mentioned in this recent USAID report on market systems for resilience is methods or practical ways of diversifying risk. Right? We can talk about diversifying livelihoods, livelihood strategies, diversifying crops being planted, things like that, but it's only as good as the risk we're diversifying as well, so methods for not only identifying what those risks are across systems is good, but then we have to come up with more proven abilities to actually diversify that risk as well.

Audience:

Hi, I'm Bronwyn Irwin from IRG/Engility, and I'm one of the authors of the LEO paper. So I actually wanted to talk a little bit about diversification of risk because for me, that was one of the more interesting kind of shifts in my thinking. I mean we all know that diversification of risk, that makes sense as a strategy when you're talking about improving resilience. But I think we often, particularly in the ag sector as I am an ag economist, we think about diversifying crops.

And that's really not sufficient because if your major risk factor for your community is volatility in rainfall or drought incidences or some kind of weather pattern, then really what's important is to look beyond agriculture and look at other aspects of income generation. And so one of the things that came out in this paper that we didn't follow up on in the paper was labor, and really looking at labor markets. So looking at the broader farming system and where are the other opportunities for gaining income, which is an important part of the solution. Again, not the only part of the solution. And so I was wondering if you had any examples of working to engage and strengthen access to labor markets or income from labor markets as part of a resilience strategy.

Sasha Muench:

That's a really good point, and we've got a couple of examples not where we've worked on it, but where we've seen the manifestations. So for example, in Niger, we found a lot of migration of labor because there just wasn't enough work. I would love to see more research in this area because I also have concerns. There seems to be a lot of emphasis on migration and remittances

as a way of diversifying income, and I'm not sure that that's always necessarily a good thing. And there's –if you want to talk about resilience of households and communities, migration for labor has all sorts of influences. So I think the whole issue of labor is – and labor markets is a really important one that we need to understand more. And they're probably offsetting influences there in terms of diversifying localized risk versus other impacts on peoples' resilience.

I don't have an answer, and I don't know how much Jon has got his hand – Jon is our researcher, so we'll see then.

Jon Kurtz:

I'll add a few bits of evidence that we're aware of. So there's a number of studies that look at the types of diversification that you mean within an ag sector or some kind of farm-based sector. Really especially in some of the bigger shocks, don't seem to stand up – it's not spreading risk across enough different profiles to be helpful. So we've kind of gone further and tried to look at independence of income sources. And so in the Philippines, for example, what we're looking at is the typhoon and looking at determinants of resilience there, trying to explore that question. Interestingly, I think this gets a little bit to the labor side, which is from what we're seeing, it doesn't require having multiple income sources that are independent prior to a shock, but being able to have access to, in the case of the Philippines, an off farm job in a local factory to be able to recover was certainly a predictor of greater at least resilience there.

So I think there's nuances in terms of both thresholds of the magnitude of a shock, you know, above which no amount of diversification is really going to help, and then thinking about is it something you're doing before to spread risk proactively or something that you can rely on afterwards.

Audience:

Morning, I'm Ryan Smedes for Food for the Hungry. Thank you very much for putting these ideas out there, answering these questions. Kind of an internal question for you guys as Mercy Corps. I really appreciate the clarity of the resilience thinking process framework. It shows real evidence of disciplined thinking, and I just wanted to know for you guys what are you doing internally to align concepts around the globe or in your country offices? That's a real struggle, I think, so it's something real important. Probably some people online, too, that might be able to answer some of that stuff.

Sasha Muench:

I like how you think it looks disciplined. A whole lot of chaos.

Eliot Levine:

If only you saw the last two to three years.

Sasha Muench:

There has been an awful lot of conversations grappling with first what do we mean, and then testing things in the field, and so the fact that it now looks clear is a huge achievement. Yeah. Graphics help. I know one thing is certainly we put a priority on this a couple years ago and put resources into having point people focusing on it. We've got regional point people now who are collecting evidence from the field and working back out. So that's part of it. But I'd say it's still an ongoing process.

Eliot Levine:

I would just add to that. I think Sasha is right, and making it an institutional priority, that was decided at a very senior level that we were going to invest in, not just for a short period of time, but for a longer period was key. And so in doing that, we not only set up how different individuals like myself and Sasha who sit on different teams within our technical support unit are going to come together and work together, but also how we're going to work together on a regular basis with people actually doing the work on the ground and the field.

And that we set up regional resilience hubs with resilience advisors based in those places. So they're in charge of actually helping to mainstream resilience thinking, resilience concepts in those places. So as we're working with these fuzzy concepts of different types of capacities and talking about shocks and stresses and systems approaches, they ground us in terms of what that actually looks like on the ground. They work with us to define those concepts. They put them into practice with us, and then we feedback, "Oh, that was good. This makes no sense. It made sense when you read it in the paper, and you're trying to operationalize it, but in reality, it doesn't work."

So really, bringing multiple people who kind of come to the table with a different perspective was absolutely key.

Sasha Muench: The other thing I would say is the agency put a real commitment into deepening our systems approaches across the board, and we've got a lot of field staff who have been trained in systems approaches and who are implementing at the ground level and experimenting in really innovative ways, and that's a lot of this has bubbled up from what our field teams are doing because of their personal commitment to systems approaches.

Eliot Levine: And then I'll just add one final thing, which is that we all got really sick of resilience just being rebranded as something else, and there was a really concerted effort for us – and I'm only mentioning this because you mentioned how the clarity of articulation of how we're using these words and things, but I think it's important to note that we've made a real effort to distinguish how resilience building efforts means that we have to do our work differently, and that it's not just a rebranding of the same approaches. We may do similar things, but we do them now maybe for potentially different reasons or more nuanced reasons.

And it's because we went through a process that we showed you there.

Jon Kurtz: So one of the differences that you both just mentioned is taking a systems approach, and there's quite a lot of head nodding online that facilitation and systems is the way to go in this situation. As market experts, I'm sure you all know intuitively what that means. Being outside of that group and speaking to some maybe that share this bewilderment, can you just clarify when we say a systems approach, what does that actually look like? How is that different than a non-systems approach, either to market development or resilience more broadly?

Eliot Levine: Yeah, that's a really big question. For me, I guess where I would start is that example if we're working in a particular place with a particular set of communities, we'd want at the very basis be able to understand the larger context that they're an integral part of. Communities use particular resources, are reliant upon policies and institutions, and are subject to market changes, all of which – and market conditions, all of which are outside of the boundaries of their particular place that they might be living or working or whatever.

And so what we quickly realized is that in order to build resilience in these places, we need to understand that context and not individually, not by doing a markets assessment and an ecological or climate assessment, but understanding how all those things kind of come together and fit together. So it's really about understanding the root causes behind some of the situations that Mercy Corps is trying to work with on the ground. Does that get at it, Jon?

Jon Kurtz: Works for me.

Audience: Hello, my name is Juan...I just came back from one year in Kinshasa. I was working at the U.S. Embassy there. Before that, I was working in South Africa in the townships of Johannesburg and Pretoria. One of the things that I noticed is that a lot of these local communities there, especially in the townships or on the outskirts of Kinshasa, the society there, the local communities are actually very resilient to change. But on a different level of activity. So I think that maybe it's – that the theoretical framework was very beautiful. It helped me a lot to understand the process in a systemic way, but maybe we can learn a lot from there because I think that from my observation personally from the developed western countries is not as resilient as some of the people there who have these tectonic changes on their daily life, so yeah, just a suggestion...

Sasha Muench: That's a very good point, and I absolutely agree with you, and I think all of this work has to be grounded in the capacities already of the population and the stakeholders and how we can build on those. I think one of the sort of meta challenges we're dealing with in the work we do is that you have populations who have great coping strategies and are very resilient, but now they're being faced with shifts, especially in terms of climate and other global issues that are beyond their capacity, and so that's what do we need to do now. How can we help them cope in this environment that's beyond anything they can deal with, possibly beyond what we can deal with?

Audience: So I had a question that goes back to the concepts of diversification of livelihood and risk issues. I just wanted to know how financial services links into this because obviously, savings and insurance are massive instruments of hedging against that, and I want to know how you think about that in this program.

Sasha Muench:

I appreciate you bringing that up because I think financial services is a really vital issue here because I think it's a crucial tool, and issues of savings, investment, insurance are really important tools for resilience. I hear – generally in discussions, I hear either them ignored entirely or seen as a resilient strategy, not a tool. And people get confused with insurance is a tool to get you to resilience in and of itself. Insurance doesn't make you resilient. So I think we need to find the appropriate role for financial services within this, and it taps into the bigger issue that the financial services world is facing, which is behavior change, financial education that – the true idea of financial inclusion, which is not just provision of services, but getting people to utilize them in ways that make their lives better, which is a complicated area. But absolutely, financial services is a vital tool to resilience, yeah.

USAID Microlinks:

Okay, so I think we're getting close to time. I want to thank the presenters, Eliot and Sasha for joining us today for a wonderful presentation. I also want to thank Jon Kurtz for helping with the webinar facilitation and asking some of the questions that came in online. For any of those who had to leave early or for anyone whose colleagues could not join today, please know that we'll send out an e-mail in about a week with some post-event resources, including a recording of this webinar and the presentation slides. And for anyone who is interested in joining our next Microlinks seminar, it's probably very relevant to many of you here. It's related to resilience, so it's going to look at the role of agricultural insurance in an integrated risk management approach to promote resilience and inclusive growth. It's going to include an example from Senegal from the Rural Resilience Initiative, or R4 project, and that's going to be on April 23rd. Okay?

Kristin O'Planick:

One additional thing just because somebody – or it was brought up, but on the question of labor and evidence around labor and what's happening with labor, LEO is wrapping up a new publication that is a stock taking of 300 different publications around labor and pulling it all together and what does that tell us. So you will be able to find that on Microlinks probably in the next couple weeks.

USAID Microlinks:

So thank you again to everyone joining us today both online and in person. We appreciate it.

[End of Audio]