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LEO YEAR II LEARNING EVENT SUMMARY



LEO
Leveraging Economic
Opportunities

REPORT #17

APRIL 2015

This publication was produced for review by the United States Agency for International Development. It was prepared by Nisha Singh of The SEEP Network for ACDI/VOCA with funding from USAID/E3's Leveraging Economic Opportunities (LEO) project.

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ATTENDEES

Name	Organization	Main Areas of LEO Work
Anna Garloch	ACDI/VOCA	Push/pull, labor markets
Ben Fowler	MSA	M&E, scaling models
Bernd Mueller	FAO	Labor markets
Caroline Fowler	EVI	Facilitation, learning
Dan White	ACDI/VOCA	Scaling models
Don Snodgrass	Independent	Multiplier effect
Elizabeth Dunn	Impact LLC	M&E
Erin Markel	MSA	Women's empowerment
Hayden Aaronson	ACDI/VOCA	Mission requests
Jim Yazmin	USAID	Nutrition, scaling models
Kristin O'Planick	USAID	All
Liz McGuinness	Independent	M&E
Lucho Osorio	SEEP	Facilitation
Margie Brand	EVI	Facilitation, learning, nutrition
Michelle Stern	ACDI/VOCA	Women's empowerment
Mike Field	FHI360	Facilitation, learning
Nisha Singh	SEEP	Push/pull, facilitation
Ruth Campbell	ACDI/VOCA	All
Will Vu	ACDI VOCA	Administrative support

EXECUTIVE SUMMARY

The Leveraging Economic Opportunities (LEO) project [learning agenda](#) incorporates interrelated and mutually informative research topics that respond to the objective of supporting missions and implementers in improving the performance of market systems to generate growth, and to structure that growth in such a way that it is inclusive and resilient.

Within the overarching goal of increased market systems performance, LEO's learning topics can be viewed through two lenses:

- ***Inclusivity***—the capacity of market systems to profitably engage and benefit women, the very poor, the food insecure and other vulnerable or marginalized groups; and
- ***Resilience***—the ability of market systems to adapt to the changing environment in ways that sustain and even increase benefits to a wide range of system actors.

The 2015 LEO Learning Event brought together the leaders of LEO's various research strands to take stock of what has been learned to date under LEO; cross-pollinate various streams of research that have areas of overlap and/or synergy; and discuss priorities for LEO research in the subsequent 9-12 months.

The event was held at the Carnegie Endowment for International Peace, Washington, DC, on March 5-6, 2015.

MEETING AGENDA OVERVIEW

Day 1 began with an overview of LEO activities and achievements to date. This was followed by presentations and discussions of key technical learning, debates and challenges that have emerged from each of LEO's key technical activity areas:

- ***Multiplier Effects:*** LEO is investigating how agricultural value chain development can promote and be supported by on- and off-farm employment creation and entrepreneurial activity
- ***Models for Reaching Scale:*** LEO is identifying models that link farmers to inputs, markets and services, and understanding the factors that enable them to succeed.
- ***Market Facilitation:*** LEO is sharing tools and practical examples of facilitation in the field, encouraging peer-to-peer learning, and documenting approaches to build transformational capacities such as trust and innovation.
- ***Private-Sector Engagement:*** LEO is providing recommendations for how to ensure the development impacts of engagement with local firms and multinational corporations.
- ***Nutrition Integration:*** LEO is collaborating with the SPRING project to identify strategies to ensuring positive impact on nutrition from market systems activities.
- ***Push/Pull & Labor Markets:*** LEO is learning from projects that use a set of diverse activities to create a pathway for the poor to profitable market engagement.
- ***Market Resilience:*** LEO is investigating how market systems can contribute to household resilience and can themselves be made resilient.

- ***Female Empowerment:*** LEO is supporting efforts to identify interventions that empower women through market development.
- ***Monitoring and Evaluation:*** LEO is addressing specific challenges associated with monitoring and evaluating market systems facilitation interventions.

Day 2 focused on the way forward for several of these learning areas (models for reaching scale, market facilitation, push/pull, labor markets, female empowerment and monitoring and evaluation). This was followed by in-depth technical assistance sessions to provide input into deliverables under development for market facilitation and labor. The remainder of day 2 focused on increasing collaboration internal to the LEO team, and externally with strategic partners; and on strengthening the LEO learning and dissemination strategy.

DAY I

INTRODUCTION

LEO seeks to support learning and practice to improve the performance of market systems to generate growth. The focus of the LEO activities is to stimulate markets that are competitive (growing, profitable, investing), inclusive (benefits to women, poor, youth), and resilient (they can recover from shocks, improve, and be sustainable). Within this framework, the LEO research agenda includes eight themes:

1. Multiplier effects
2. Female empowerment
3. Nutrition integration
4. Push/pull
5. Market resilience
6. Facilitation
7. Models for reaching scale
8. Systems approach to policy

In addition, LEO has cross-cutting themes that include:

- Monitoring and evaluation
- Collaboration, learning, and adaptation

This second learning meeting was an opportunity to look at the interconnectedness of the different elements of the LEO learning agenda, by bringing together the key technical leads and representatives from USAID.

The objectives of the learning event were articulated as follows:

- Provide an update on activities and progress to date under each learning area.
- Identify and discuss key research questions or areas of investigation that are contentious and/or challenging.
- Identify commonalities in learning agendas and expertise under each of the learning areas to identify synergies and the way forward.

Key achievements under LEO to date include the following:

- 12 reports, 6 briefs, 15 blog posts
- Facilitation toolkit, gender in value chain training curriculum
- Over 20 presentations, 10 webinars
- Half-day USAID Advanced Agriculture course
- One-day nutrition-integration roundtable
- Two regional peer learning events (Zambia, Ethiopia)
- Mission support: Afghanistan (facilitation, gender), Uganda (M&E), Malawi (finance), East Africa (trade policy), Cambodia (value chain analysis), DRC (value chain selection)

I. MULTIPLIER EFFECT

Current projections show that if population and agricultural productivity in sub-Saharan Africa (SSA) continue to grow at historic rates, by 2015 the region will be able to meet only 25 percent of its food supply needs. Some optimists feel economic growth has accelerated in the region, but the kind of structural change that normally occurs along with growth is not really happening. Since we are dealing with a region where a large percentage of the population depends on agriculture, agricultural development will continue to be important for food supply, as well as supporting growth in income, and providing linkages to other sectors of the economy.

LEO is investigating how agricultural value chain development can promote and be supported by on- and off-farm employment creation and entrepreneurial activity. The project is investigating the multiplier effect of agricultural development to understand its role in economic growth, and how that role may change as structural transformation begins to accelerate. The research involved a literature review of 74 studies.

The concept of the multiplier can be understood as an initial stimulus to income growth, which might come from an investment or a technological leap, which through a series of demand- or supply-side mechanisms ultimately raises income by some multiple of the value of the original stimulus. Empirical studies suggest that it is around 1.5 in SSA, which is a fairly weak multiplier. This implies that if additional income is generated in African agriculture, one third of it is spent on local goods and services, or products that are effectively non-tradable because of high cost of trade. This effect has declined over time, as trade has been opened up and infrastructure (transport and communication) in the region has improved. Supply-side mechanisms, such as linkages and spillovers, are usually more important in the long run than the demand-side mechanism.

Through this research, LEO has tried to assess the policy and program implications. The literature suggests that there is a high degree of variability in the agricultural environments in different parts of SSA. While there is an intense ongoing debate as to whether the Green Revolution can be replicated in SSA, one clear finding is that areas with greater agricultural potential are the ones that need emphasis in order to stimulate rural economic growth.

The kind of work USAID does to strengthen agricultural value chains is very important. Although there are challenges to an African Green Revolution, the alternatives (greater reliance on larger-scale commercial agriculture, and extensive transfer programs) are probably worse. Finally, agriculture is the most important sector currently, but cannot bring about structural transformation alone.

DISCUSSION

Though a lot of research has been done in the academic realm, there do not seem to be many examples of the multiplier effect being included in project-level M&E. We need to think beyond our direct project participants to recognize broader impact. Understanding the impact of the multiplier is a very important discussion within Feed the Future (FTF). The warning against primary reliance on commercial agriculture is worth taking note of, as a lot of projects seem to be focused on moving towards a commercial orientation. In the literature, there is a lot of publicity around land being bought by large-scale commercial farmers, but a larger amount of land has been bought by urban elites, and is greatly underutilized.

Sometimes the multiplier effect is dampened due to the competitive environment (e.g., market actors pushing down the high-performers). By analyzing factors influencing the multiplier effect, we can see how to intervene to increase the overall effect.

Often, the vast majority of smallholder farmers are looking for an opportunity to move out of agriculture and into another rural or urban income-generating activity. For example, in Malaysia, development projects in the 1960s and 1970s were focused on how to raise the income of rice and rubber producers. Several years later, after decades of economic growth averaging 7 percent a year, it was hard even to find rubber trees. We should look for a decline in the number of people involved in agriculture over the long run, but in the meantime build up agriculture.

But there is no consensus about what strategy to pursue at present in SSA. Some economists promote continued investment in smallholder agriculture, while others are saying that Africa is not mimicking Asia or the US, and that we need to move people out of agriculture much more quickly. If that is the case, and smallholder agriculture will not give us the rural growth we are looking for, what other sectors are there with this potential? What should we look at?

Smallholder agriculture is not the whole answer, but an important part of the answer. We need to look at agricultural development in the context of market systems transformation, and how it will drive the rural economic growth that will drive employment. We do not talk about employment enough in FTF.

II. MODELS FOR REACHING SCALE

Since April 2014, the team has been identifying and researching case studies from projects that had implemented market systems facilitation (MSF) approaches that had reached some scale. The focus is to understand how and to what extent MSF projects have achieved technology adoption and improved smallholder livelihoods at scale. The team announced a call for papers in April 2014, and received responses from about 40 projects. With some additional solicitation, the team ended up with a list of 50 cases from around the world. This initial list was reviewed using different lenses for scale—horizontal (number of people reached), outcomes for those people (improvements in livelihoods), sustainability (how long the outcomes were), and equity (populations reached). Based on the review, the team decided to look at 9-10 cases to examine the potential of the models in these cases to reach different kinds of scale. The results of the analysis of these models in terms of linking smallholders to inputs were documented in the report “Scaling Impact: Preliminary Findings on Extending Input Delivery at Scale to Smallholder Farmers.” This report has been presented to USAID and to practitioners through three events, and disseminated via a video and blog post. The second phase of desk research—on models connecting smallholders to output markets—is currently underway.

Beyond infrastructural constraints (which are generally beyond the ability of projects to address), social and institutional factors are key drivers of market failures. Even when infrastructure is improving, and technology is reducing transaction costs, many smallholders are unable to capitalize on these changes because of a lack of trust. For example, farmers often do not trust input suppliers (possibly due to wrong rates of application, counterfeiting, etc.), and buyers may feel like farmers are not legitimate market players, and cannot be treated as economic peers. To address these social issues, the team is seeking to identify ways in which programs have established transparency mechanisms to try to mitigate the perceived issues of trust and lack of capacity.

Assembling the existing evidence has been a challenge. While the team selected projects that were responsive, hoping they would be able to provide information easily, it proved difficult to identify what information the projects had and then get the right information—either because the projects were closed, the quality of the data was inconsistent, or the lag time in changes appearing meant that no measures were available.

During the research, questions have arisen concerning what scale means, and how useful it is as a measure of success.

It was observed that projects working with large companies were often able to affect large parts of the market system. However, there were issues with maintaining the interest of the company over the long term, especially if other opportunities arose which looked more lucrative. Projects focused on small firms, meanwhile, struggled to find sustainable mechanisms to provide necessary ongoing assistance, technical learning, financial support, etc.

Defining and measuring sustainability is problematic: sustainability does not necessarily mean the continuation of a given model. How have the interventions and activities of a project changed a system? Rarely do you find post-project reviews that focus on this.

NEXT STEPS

- Linking with the market facilitation learning area: Discussing putting together a complementary paper on scale and sustainability
- Linking with M&E: How to assemble evidence, as well as assessing systemic changes.
- Linking with resilience: how does greater integration into commercial input and output markets affect smallholders' resilience? How resilient are the new market relationships/models that are facilitated by projects?

DISCUSSION

How does integration into input and output markets contribute to resilience? How can we make market relationships resilient?

The potential for sustainability is vastly improved when working with firms that sit farther from the smallholder in size and position in the value chain (wholesale input supplier vs retail agro-dealer in village). Such firms tend to be much more able to adapt to unexpected problems, and have robustness and resilience to shocks. Smaller firms have less financial and managerial capacity for unexpected shocks, and typically have a higher failure rate, but smaller firms can be more innovative and more committed to working with smallholders. Larger firms may voluntarily walk away from the project to pursue a more lucrative opportunity elsewhere. Therefore we need to show that it is not just profitable, but more profitable than what they could be doing otherwise.

“Smallholders” also vary greatly in size. Some can be more dynamic or diversified. It might be better to reach scale through more dynamic farmers than across the whole breadth of what we call smallholder farmers. We need to take note of the fact that very few projects could even report clearly on who they were reaching, and they did not disaggregate men and women.

The tension we feel around this issue of scaling is very real: a lot of technologies have been developed that are not being adopted. There is a lot of pressure on projects to make adoption happen. How can we do this as facilitators of MSF projects? We first need to see where technology fits into the theory of change. We are not just pushing technologies for their own sake. What are the key challenges? Technologies may or may not play a role in resolving the main constraints. Also, the lack of technology might be a symptom of some other issues, such as input suppliers viewing smallholders as an unprofitable and unreliable customer base.

In successful examples of scaling, we can see the classic S curve for scaling. How can we identify the characteristics of the early adopters? Given the limited timeframe and number of crop cycles of a typical project, we are likely to only see the beginning of the curve. Instead of only looking at reaching numbers (taking shortcuts to enable counting), we need to look at the pressures in the system; the attitudes and actions of intermediaries; the pace and process of change.

III. MARKET FACILITATION ENGAGEMENT AREA

LEO is sharing tools and practical examples of facilitation in the field, encouraging peer-to-peer learning, and documenting approaches to build transformational capacities such as trust and innovation.

The research team has been attempting to test tools that promote systemic change leading to market growth. Not everyone has bought into facilitation and nonbelievers feel they cannot use facilitation techniques, as they need to achieve outreach targets quickly. There are different tools and ways to communicate with those who are not bought into the facilitation approach.

The focus in this phase is to test messages and tools with different audiences and project types. On the practitioner side, the team is seeing segmentation happening between people who are more sophisticated in their programming and are open to facilitation, and people who need practical tools and frameworks to better understand facilitation. Looking at a breadth of resources for these different types of audiences, it is clear that the sophisticated projects are the ones with the best evidence on how adaptive approaches can work. Those are the ones that spend more money trying to know exactly what effect they are having on the system. In the past, the focus has been to get everyone to buy into the idea of facilitation. By focusing on those projects that are already using facilitation approaches, we have a better evidence base to draw from.

There is need to develop guidance to support increased levels of sophistication in applying systems thinking and facilitation. Facilitation requires adaptive management strategies and tactics to be effective. Self-selection may provide a useful way to frame an adaptive management approach for applying facilitation principles. More examples of and templates for facilitation tactics and mechanisms are needed to help move the thinking forward. There is little guidance about how to allocate resources, when and for how long. We need to also equip people with decision-making principles and tools.

LEARNINGS AND OUTPUTS

There are various ways we are trying to get information to the people who need it, in a way they can absorb it. One of the challenges is that project leads may have good information, but have trouble disseminating this to frontline staff. Instead of a written document, we are trying to produce something more visual, with a narrative. We need to communicate through lots of methods: process flow, infographic, whiteboarding (animation of a sketch being drawn), cartoons, and simulations. We can triangulate messaging through multiple accessible learning methods targeted at different learning styles. Students will range from poor farmers to business leaders or local politicians. Simulations are often one of the best ways to do it.

The key areas of debate or convergence include:

- Technical fixes vs. systemic approaches. There is still a lot of politics around development. We tend to think technical solutions are the best way to approach development.
- Political vs. development objectives (how results appear, when, etc.). What makes sense systemically does not necessarily make sense politically.

- We are seeing pockets of systems thinkers in USAID, and they are not always connected. It is hard to converge systems thinking and this limits our ability to communicate consistently.

DISCUSSION

There is the perception of tension between reaching scale and applying facilitation. We should revisit MSU/Reardon/Gereffi knowledge generated around consumer power. A lot of the work at FTF is in generic/commodity value chains, however, so there are no real end market specifications to translate back to create relationships that drive systemic change.

Segmenting the audience might not be a very helpful process. Knowledge may be far ahead, but often practice is not. We need approaches that are consistent and appropriate to the context. We need to be inclusive and identify people who are trying to implement facilitation in their projects, as this may help build the evidence base.

How can facilitation help understand the context of what is going on within the community, and enable projects to reach more vulnerable groups? How do you adapt and use some of the existing structures, understand some of the norms, and build around them through facilitation? Household dynamics can provide a barrier to growth, and need to be understood. One finding that came out in the East Africa workshops is that projects have started to recognize the challenges at the household levels, such as nutrition, literacy, lack of social capital. Literacy training, for example, is increasingly a key component of MSF projects trying to reach the poor.

One of the challenges is how to do learning within USAID and FTF broadly. We have multiple learning platforms and knowledge management systems: How can we come together around MSF projects? While this is a big challenge, we are seeing progress. In Uganda, USAID is leading the learning. When you have a mechanism led by one actor, it is a lot less effective than when a neutral partner like USAID comes in. More hierarchical relationships between missions and projects make it harder for implementers to be open about what they are struggling with.

IV. PRIVATE SECTOR ENGAGEMENT AREA

LEO is providing recommendations for how to ensure the development impacts of engagement with local firms and multinational corporations.

The research has been led by the Duke Center on Globalization, Governance and Competitiveness. The learning area is focused on approaches to engaging the private sector that achieved the developmental impact we are looking for, focusing on the PPP modality. The audience is mainly USAID staff. There has been a lot of push within USAID to figure out new alliances and models to leverage private-sector investment and private capital, both within FTF and more broadly in the agency. USAID implementing partners do a lot of this work on the ground, so they are also an audience.

The research is getting broad exposure. The Microlinks seminar was the highest attended by USAID staff, as far as we have data. It was picked up by Devex, and one of their journalists wrote an article on it last Friday that got us a lot more exposure. We recognize that there are specific needs, such what do you do next with the information? How do we translate the findings into practical guidance? This might be done in the future, although nothing is planned immediately.

The research involved three key areas based on cases of agricultural development. We examined each case for how partners were identified, how partnerships were formed, and the outcomes. The summary takeaways from the cases were:

- If we are trying to leverage private capital, what are we trying to leverage it for? It needs to solve a clearly defined problem.
- Going forward, are we identifying partners that will leverage investment to reach (or benefit) smallholders? Is that our objective? In some cases the partners were not in a position to do so.
- The incentive for the players is important, and is different depending on where they are positioned within the market system.

The author, Gary Gereffi, was able to draw upon his years of research to understand that the power dynamics are perpetually shifting as governance is changing. Industry-level platforms are essential to facilitate and sustain partnerships at scale. While there is typically positive impact on economic growth at the industry level, the fact that it does not automatically lead to smallholder or producer economic benefit is important to discuss. In most of the partnerships there is not a lot of purposeful thinking around that. One way to deal with power asymmetries is by building the innovation response capacity, or bargaining power of smallholders.

One of the bigger takeaways is thinking through the overall trends in value chain governance. How are those going to play into private-sector engagement generally? Over the last decade or so, multinationals have been trying to consolidate their supplier networks. Dealing with a lot of enterprises is challenging in terms of management capacity. Do we need increased focus on creating aggregation mechanisms?

Another issue is that the definition of partnership is very broad. It is hard to think about moving forward and see where the guidance might be most useful (it is not necessarily the formal “partnership” that is key). There are also issues with equating the poor with smallholders. There is a lack of data around this, but it is important to understand who we are targeting. These cases are very informative, but are not definitive by any means. Nothing is true across the board.

DISCUSSION

The cases were only global value chains, which is a potential limitation. The Duke team is known for its global value chain work, and they drew on prior, DFID-funded research, so they already had a depth of knowledge they were able to draw from. The team did look at a broad number of initial cases, and it was surprising for how many there was almost no data. Another issue was that a lot of the data that was collected was not specific to the partnership aspect. The partnership was always a piece of the initial outcome. You have to assume the partnerships contributed but do not always have the data to support this.

We have spent huge amounts of money on establishing and strengthening cooperatives. But we need better metrics to make sure that this assistance is effective and sustainable. Power asymmetry is still prevalent. We need to identify market actors with incentives to listen to smallholders’ voice—including brand owners and the media.

A fertile area of investigation is looking at PPPs and asking what is the systemic change required to attract private sector investment, and what investment drives systemic change? How can we attract investment without driving short-term results for investors? We need to understand firm growth, and the equity required for this growth to drive transformation. But investors are looking for immediate returns that can be extracted, rather than longer-term returns through firm growth linked to increased capacity.

V. NUTRITION INTEGRATION LEARNING AREA

LEO is collaborating with the SPRING project to identify strategies to ensure positive impact on nutrition from market systems activities.

The results framework for FTF starts with a definition of food security, which focuses on food availability, access, stability of market and supply, and utilization (health-side of consumption). This includes two high-level objectives—inclusive agriculture sector growth, and improved nutritional status—and eight intermediate results, which are used as the top-line measures of success for FTF.

Initially, FTF initiatives were focused on intermediate results related to value chains. Based on assessments, missions were asked to focus and reduce the number of value chains with an emphasis on increasing incomes. Later, there was a realization that this did not always contribute to improved nutrition and a reduction in stunting. The revised strategy in 2012-13 included working closely with the global health community.

In terms of defining how to implement the initiative, there has been a lot of good thinking that looks at programming money in terms of nutrition-specific versus nutrition-sensitive outcomes, with the former being those that address immediate determinants of fetal and child nutrition and development, and the latter being those that address underlying determinants of fetal and child nutrition and development.

Global health brings in the nutrition-sensitive side, which involves working with CBOs to identify the need for nutritional-specific support. The focus is on trying to balance sustainable market development with the need to drive market access and availability of food. FTF is also trying to engage those institutions that have been involved in Food for Peace programs to now focus on improved nutrition outcomes. There are identified pathways from investment in agriculture to children and mothers' nutrition outcomes. There are 3 key pathways within FTF that are in our manageable interests—food production, agricultural income and women's empowerment—that can impact stunting, which is a generational change.

In a Food for Peace program in Guatemala, it was observed that stunting rates went down around an intervention related to dairy goat milk, and they are showing within one generation rapid rates of decline around stunting. The team realized that we needed intermediate indicators to tell about changes in a 5-7 year project as well as identify indicators we can use to determine that we are making progress. Two indicators have been chosen: dietary diversity for mothers, and minimum acceptable diet for children under 5. We are coming to a global understanding of how we are going to measure the impact of these two approaches together. When we look at the indicators, we can see that there is 10 food groups, and 3 are animal sources. There is a resurgence of the importance of livestock.

In terms of program design, most of the principles came from the nutrition side. We have adopted the FAO basic design principles for good design of nutrition-sensitive programs. There is not a lot of specificity on who is going to do the work and drive these sustainable, impactful results. There are a lot of questions on how the interaction is going to work. In our vision, market systems need to be nutrition sensitive.

In market facilitation, there are questions about whether these principles are going to be sustainable, and if not, who will sustain the outcomes. There is a USAID nutrition strategy, which is available online. It brings together a lot of groups, WASH, global health, LEO, etc. It is where we can all meet and work together.

Health, nutrition, and market systems facilitation communities of practice are collaborating, but we need to better leverage strengths and learning. We recently brought these communities together in a roundtable, and it will likely lead to more discussions in the future. We need more collaboration, especially at the mission level.

Outcome indicators are now being tested. There will then be a lot of evaluation as to whether we were successful.

DISCUSSION

How do you define malnutrition? Is it a supply-side problem, a demand-side problem, or an income problem? The specific definition of malnutrition is in terms of stunting rates on a population basis. On the household level it is often measured by wasting and underweighted. We came into the area of integrating the two with a vision that the issues would be availability and accessibility. But we are learning that for our target population, price is also important. Researchers are now saying that 80 percent of stunting may be due to aflatoxin. Since our target populations are net food buyers, so also have to stimulate employment.

The disconnect between market system practitioners and the nutrition experts is a major challenge, as the latter are focused on households and the former are much more focused on systems, of which the household is one part. Gender-related work in market systems faces similar challenges in getting people to think beyond the household. The gender team is looking at structural transformation within a system. In the framework they laid out some common subsystems. It is necessary to think seriously about the different levels and how they interact.

One way to address this within the inclusive market systems framework might be to emphasize that households are systems that are embedded within market systems, as well as in other social systems and communities. It might be important to emphasize this embeddedness.

Women's involvement in decision-making around nutrition is key, but there is some criticism from gender experts that too much of the responsibility around nutrition is placed on women, instead of challenging women's role in ensuring nutrition. In the Women's Empowerment in Agriculture Index, the time requirements make it almost impossible for women to score highly across the domains. Are we burdening women with too much responsibility in these households? Research on gender norms and pushing women into non-traditional roles through development programs has shown that there is a lot of failure. It might make sense to focus on smaller changes rather than a full shift.

It is also interesting to see the relationship between nutrition and WASH. Traditionally, WASH was separate, even in funding streams. There is a realignment of sectors, with more people wanting to provide water, and seeing the importance of water. All of these discussions are a good example of what has been illustrated in the inclusive market systems framework—i.e., how nutrition, WASH, gender, etc., systems are interrelated. We want to see how to use one system to impact another.

VI. PATHWAYS OUT OF POVERTY (POP)

The PoP learning track is focused on models and approaches that advance the inclusive and resilient objectives of market systems development, especially for the extremely poor (as opposed to women, for example). It has three sub-tracks:

- *Push/pull*—looking at a pathways-based framework for program design that has been applied in places like USAID's portfolio of programs in Ethiopia, and aims to transition people out of poverty through stronger linkages between programs targeting the extreme poor and those doing more traditional market development.
- *Labor*—exploring in particular the types of labor that the poorest rely on (mainly wage labor, on- or off-farm).

- *Market systems resilience*—which used to be its own track but has found its conceptual home here (although it is discussed separately for this set of presentations).

PUSH/PULL

Push/pull is a pathways-based framework to form linkages between the types of programs working with extremely poor households—through strategies such as asset building, income support and livelihoods diversification—and market development programs and interventions. It is a model that emerged roughly five years ago, based on work done in Ethiopia. It has grown organically since then. Under LEO, the team spent a lot of last year learning from donors and practitioners how they were defining and applying push/pull within individual projects. The team looked into the diversity of experiences and definitions, and how that impacted results.

It became evident that there was a need to define what was really meant by push/pull, key principles, strategies, challenges, cautionary notes, etc., to assist in putting a theoretical model into practice. We collected examples from projects on the ground through a call for examples. The framework paper, which summarizes much of this learning, was published a month ago.

There is recognition that poverty reduction is complex and that links have to be tested to understand why changes occur and how. Within LEO we are moving our focus from targeting push/pull within individual projects to focus on portfolios of projects at the mission level. It is interesting and encouraging to see honest, critical reflection at the mission level around whether or not within the structure created we are seeing the large numbers of people transitioning out of poverty that was expected at the design stage.

There is a need to explore what is missing in the theory of change. Despite the importance of causal logic behind the push/pull process, most projects are still agriculture-driven. We need a greater focus on the market system—which includes labor. There is also the debate around the sequencing of push and pull activities; as well as acknowledgement of the time lag in observing some household-level changes.

As a conceptual framework, push/pull is helpful. However there is a need to figure out the operational details, which are still very messy. The emphasis in our framework on the importance of the theory of change has been welcomed. Effective push/pull implementation requires heavy management investment, by both implementers as well as at the mission level. It is also important to manage expectations for pace and scale of progress.

LABOR

The second sub-theme that is being examined is the role of labor in promoting inclusion for the poorest. The initial terms of reference for the evidence stocktaking on this topic mapped out the research questions, and with support from an advisory committee comprising of a dozen experts, the results from the evidence review will help identify the next steps.

Wage labor has an important role to play in poverty reduction. Wage labor is prevalent in Africa but is often not formal. Poorer households tend to rely heavily on low wage, low skill employment. The data on the kind of labor is very unreliable, especially in the African context. Wage labor is systematically underreported and thus is hard to take into account while designing programs or interventions.

Another point is that context is key. Promoting smallholder agriculture has easier solutions since it is a smaller problem, but labor is bigger and more complex. How do we support better labor opportunities? It is important to have a strong understanding of the context to promote labor.

A big challenge in the context of labor is whether we should look at quantity or quality of work (more or better jobs)? How are they related and which is more important? How do we operationalize that? By not addressing the issue around labor in our work, we are leaving huge gaps. For example in rural development, we tend to focus on smallholder farming and miss outcomes for laborers, and for the poorest.

DISCUSSION

Education is important, but it is not too much of a requirement as many jobs are low skill. Education has a tightening effect on labor markets as it removes children from the workforce, and brings in more adults to replace them.

We need to avoid a mismatch between skills and labor demand: some Ethiopian youth were educated to the point where they did not want to take existing jobs. We should not dump money into creating low wage jobs (such as in agriculture) that have no real growth pattern. It will shrink labor demand, but will not achieve transformation.

The development of wage labor markets is an important part of a pathway out of poverty, and we can use our market systems perspective to think about labor markets. There are concerns about the unit of analysis—smallholder *or* wage laborer. Research has shown that more prosperous households have a diversity in income sources. The enterprises that are able to grow often have a wage laborer in the household thus providing a steady source of income for investment. Having the individual as the unit of analysis gives a false dichotomy.

Many projects assume there are only smallholder farmers and entrepreneurs, whether subsistence or opportunity entrepreneurs. We ignore the third path of wage labor because we are not clear on how to deal with it.

We have been looking for, but found very little, project activity at the interface between push and pull. Projects trying to do both push and pull were not necessarily as effective as we hoped, and not at any scale that would be impactful. For collaboration between push and pull projects, there needs to be indicators attached. It also requires a lot of management by USAID to ensure joint work planning, implementation, evaluation, etc.

VII. MARKET SYSTEMS AND RESILIENCE LEARNING AREA

LEO is investigating how market systems can contribute to household resilience and can themselves be made resilient. The initial paper started as a literature review and then became a stocktaking and framework on market systems resilience. Resilience is defined by USAID as “the ability of people, households, communities, countries, and systems to mitigate, adapt to, and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth.”

Engaging households in market systems increases their resilience in many ways including by:

- increasing incomes, which allows for greater asset accumulation, increased access to food, and consumption smoothing;
- increasing food availability by improving on-farm productivity, providing market incentives for increased production, and increasing market efficiency; and

- reducing risk by diversifying livelihood opportunities, facilitating access to financial services to enable upgrading, building and protecting assets, and smoothing consumption.

All of these are interlinked, but these benefits will only be sustainable if the markets are themselves sustainable. Markets are vulnerable to a range of shocks

- *Economic shocks*—food price volatility, cash crop price volatility, and fuel price volatility
- *Social shocks*—political instability, unstable or ineffective governance, and trade policies
- *Environmental shocks*—natural resource degradation from floods, drought, erratic rainfall, soil fertility mining, etc.
- *Health shocks*—health crises such as Ebola, HIV/AIDS or the impact of aflatoxin on nutrition and wellbeing
- *Disaster response*—creation of parallel distribution systems, flooding markets with low-priced or free commodities or inputs, markets reorient to meet donor demand, become unresponsive to local demand

To promote resilient markets, it is important to understand the determinants of market resilience. The literature review revealed that there is very limited information of on market resilience *per se*, but there is a lot on household and supply chain resilience, as well as some from the business community for firms, and geographically bounded economies. Based on this, some of the key determinants are:

- diversity (products, market channels)
- redundancy (multiple players across the value chain)
- relationships (communication, trust)
- governance (transparency, fairness, consistency)

Some of these determinants are more likely to occur in specific contexts than others. At this point, we do not have a real sense of which of these is the most key to resilience to certain kinds of shocks. More research is required. The list does show some of the things we need to be working to strengthen in markets in order to increase their resilience to shocks. The list is not surprising, but has serious programming implications. It is also not easy to turn this into practice as some of it is in tension with other things we are trying to do such as promoting competitive advantage. A lot of market system projects do not encourage diversity or redundancy. Often governance is not considered in MSF projects.

Drawing from the work done on resilience in the context of environmental systems, which outlines different capacities—absorptive (stability), adaptive (some changes), transformative (big changes)—LEO has taken Bené’s framework and adapted it to the types of intervention we do in market systems development projects. The intention is to help projects think through in more detail the kinds of interventions appropriate to a particular type of shock. We have started to plot interventions that might be typical in market systems, in terms of what you can do to impact these three capacities.

No one has tried the framework yet, but we have some outstanding questions: does the adaptive management capacity translate to increased resilience? There is a tension between the areas of diversity and redundancy, as well as the government structures and how they handle different kinds of shocks. (Do you want a strong market leader, or a more flexible network?) The biggest question, which is addressed throughout the paper, is how can market systems and resilience programming be integrated?

DISCUSSION

The literature is mixed and you cannot say categorically there is always going to be tension between resilience and efficiency, but it depends. Some smallholders maximize resources by being very diverse, not just within agriculture but how they use their labor.

There was discussion of how much you balance and promote an immediate market opportunity, rather than hedging your bets and having multiple market channels and diversified areas in case of a disruption in one area, not just within a household, but in terms of a market system. This comes through in some of the business literature on how to make a supply chain robust. It does seem that at the business level that there is a potential for a tradeoff when you look more at the risk profile, how seriously to take it, and whether to forgo some immediate returns and efficiencies. This is like a practical action project in Peru where they worked with potatoes, of which there are thousands of varieties. The question of whether farmers should focus on 2 or 3 varieties, or protect the biodiversity of the context came up. They decided to focus on a couple of varieties, but made a seed bank to store the different varieties. In some cases it is more efficient to balance.

There is a window of vitality or viability—between resilience with no efficiency, and efficiency with no resilience. We are looking for that middle ground where there is resilience, but also still innovation.

There was very little information on market systems and resilience in the literature. There were a number of cases of business supply chains made resilient from a range of sectors, and a fair bit at the household level, but there is almost none at market systems level. In the Kaizan literature, there is discussion of how resilience allows you to overcome things more quickly and makes the general system more efficient. It shows how building resilience will build efficiency, because we are in an unstable world.

At the micro level, the assessment of the SME sector in Malawi has relevance. They found that most SME owners were operating a portfolio of businesses. They were not necessarily coming from a resilience perspective, but rather, resource optimization. However, they also wanted to keep multiple options open, and were hedging their bets.

It is very important that we highlight the idea of the boundary of the system, because that defines the levels of resilience. We are expanding the boundaries of the system we started with, and helping systems interact, collaborate and share information.

VIII. FEMALE EMPOWERMENT LEARNING AREA

LEO is supporting efforts to identify interventions that empower women through market development. Under this learning area some of the key accomplishments over the past year include completing a literature review, launching a new working group under the SEEP network, and collaborating with UN Women on a six-month learning series.

The women's economic empowerment (WEE) framework draws on the literature related to empowerment and market systems. The research team identified the overlap between these two areas of research to develop the framework. There is strong emerging evidence around the elements of empowerment—agency and access; which are linked to different types of interventions, categorized into bottom up change and structural transformation. These are influenced by rules, which include norms, laws, relationships and policies.

Most market systems programs are focused on access, and agency is often left out. Access is defined as access to resources, services and opportunities to help women improve their economic conditions. Agency is the increased capacity to make decision and act on opportunities and the ability to influence surroundings. The

emerging evidence shows that women's ability to be sustainably empowered means that they need to have both access and agency.

Structural transformation is defined as the process of changing institutions to enable greater access and agency. Bottom-up change is defined as processes by which individuals exploited by or excluded from market systems, interact to change the market systems.

Not all platforms for creating bottom-up change are effective. We want to know what networks/platforms most effectively promote the kind of collective action that continuously increases inclusiveness within a market system over time and at scale. We are also looking at how a facilitation approach can be used to catalyze bottom-up change, while using a light touch and respecting a group's decision-making autonomy. Additionally there is debate about which interventions to prioritize, as well as if there is a tradeoff between reaching women and reaching scale.

WOMEN'S EMPOWERMENT IN AGRICULTURE INDEX (WEAI) GUIDE

The Women's Empowerment in Agriculture Index (WEAI) was launched in February 2012 to measure, evaluate and learn about women's empowerment and inclusion in the agriculture sector. The LEO WEAI intervention guide will help practitioners select and design evidence-based interventions that are the most relevant to the domains of empowerment prioritized in the WEAI. In addition, the guide will help projects track and measure changes in WEAI domains of empowerment as a result of these interventions.

Typically WEAI is done at three times in a five-year project cycle (mostly for FTF projects). It was found that most projects were only measuring their impact on gender by disaggregation, which meant they were only looking at access, and not agency.

The guide is organized according to the five domains of empowerment used in the WEAI survey. Under each of the domains, there are 10-20 illustrative activities that would lead to improvement. The hope is that implementers will pick and adapt the activities based on their own gender analysis. Concepts are broadly applicable and proposed interventions can be adapted for any agricultural market systems development program. The guide is a reference and not a checklist. The first draft will be released in the spring for comment and feedback, and the second edition will be released in summer 2015.

The purpose of the guide was to include under each of the domains evidence of impact of interventions on empowerment. While there was a lot of existing research on the interventions, the focus was more on measuring impact in terms of access. There is very little empirical evidence linking typical activities to agency and women's empowerment. We did find some evidence and case studies linking such activities to agency and empowerment which are included, but the hope is to add to this research. We intended to draft theories of change for each domain, but it proved to be difficult. This has been put on hold and maybe this can be revisited after the consultations.

DISCUSSION

Structural change and bottom-up change usually work together to create empowerment, but a lot of the existing research looks at only measuring access or agency as a result of these interventions.

In terms of the WEAI guide, because it lays out the activities, is there a danger of people picking it up and trying to apply it in a "cookie-cutter" approach, or are there underlying principles to follow? The theories of change are supposed to help mitigate this, but for now it is a bit like a menu that people can pick and choose

from. In theory, projects have to do their own gender analysis and then work with the guide. Between WEAI results and gender analysis, we should see the gender constraints, adapt appropriately, and think through what makes sense.

Something that needs more discussion is what does systemic empowerment mean, what does it encapsulate and how is that measured?

IX. MONITORING AND EVALUATION (AND LEARNING)

LEO is addressing specific challenges associated with monitoring and evaluating MSF interventions. The monitoring and evaluation and learning area has three major thematic areas: an evaluation framework, systemic change and early change, and evidence on scale.

EVALUATION FRAMEWORK

The main audience is USAID missions, implementation experts, the evaluation community, LEO learning areas, and the BEAM Exchange. The scope is to provide an ME&L framework (principles and guidelines) for inclusive market system facilitation that cuts across evaluation areas, and create a set of guidelines for four different evaluation needs: adaptive management, monitoring for accountability, program performance evaluation, and impact evaluations. The principles are relevant for all the four areas, and from these flow specific guidelines for each of the four areas. The objective of the framework is to outline those principles. The current USAID monitoring framework is incongruent with market systems frameworks, and hopefully this will be helpful in transitioning.

An additional objective is to help the evaluation community understand what facilitation is, and why inclusion and sustainability are important. In terms of learning, people that are already using facilitation and applying some level of complexity thinking to their work often say they cannot have a theory of change, as the situation is unpredictable. However a theory of change is important to round out an understanding of what we are trying to accomplish. This follows the same typology of results that was mentioned under the models for reaching scale learning track—outreach, outcomes, sustainability and equity.

SYSTEMIC CHANGE AND EARLY CHANGE

The audience is USAID and its partners, but the community in Europe (BEAM, SDC, DCED) is also on the frontier of this issue.

The LEO report “Evaluating Systems and Systemic Change” was published. We learned a lot about indicators for systemic change, including the fact that there is no convergence about what the indicators should be. We researched methods and tools for monitoring and measuring systemic change and early change and looked at tools that people are currently using, as well as those that could be used.

As part of the work done in Uganda, it was found that implementing partners use parallel monitoring systems: implementers have to respond to the USAID monitoring requirements but these are not helpful to the project in guiding daily choices and activities. There is some controversy as to whether we should use our theory-based models in order to predict or select indicators for systemic change, or if we should be more sensitive to the unexpected, or some combination of these two approaches. There is an active discussion on that on MaFI’s LinkedIn page.

There are a couple of different reasons for looking at these systemic indicators. Some of the advanced projects are explicit about wanting to focus on systemic change and so they need tools and indicators that can support this. Another motivation is that the kinds of traditional indicators that USAID is asking people to track have a lag effect. What are the early changes? USAID staff are understandably nervous when 12 or 18 months into implementation, there are no traditional outreach numbers. We need to be able to tell if we are moving in the right direction.

We have created a long list of methods and tools, but for the purpose of the recent MaFI webinar they list was simplified to seven tools.

EVIDENCE ON SCALE

The audience for this area is USAID missions and implementing partners. We have identified outreach, outcome, sustainability and equity as the measures. When looking at the outreach (how many target beneficiaries are reached by the projects), we found that there is great confusion and variety in how outreach is defined, which makes the analysis of the big picture very difficult. The team is therefore trying to introduce common definitions to support comparability. If we had the same language we could communicate with each other and begin to accumulate evidence.

Part of the confusion around outreach is due to the transition we have gone through—from an attribution approach to more of a facilitation approach. An intervention may be less effective with input suppliers, but we know how to count them. However, figuring out outreach to smallholder farmers from such an intervention is more difficult. Facilitation relies on the demonstration effect. Replication or crowding-in is not taken into account currently under FTF. There remains concern about how to audit such numbers.

DISCUSSION

In USAID projects, we are seeing a lot of confusion over who direct and indirect beneficiaries are, and we are trying to follow FTF guidance. Some projects count smallholders, but do not distinguish between primary and secondary contacts. Other donors adopt a different approach, with more of a focus on measuring firms, and it is not always clear that they are measuring smallholders.

The entry point is adaptive management. Organizational capacity to adapt quickly goes hand in hand with learning. We need to look at monitoring to know what is going on and learn. USAID is somewhat skewed in using M&E mainly for accountability purposes, so that the learning aspect and adaptive management issue is left out. Implementers are doing something above and beyond, in order to improve.

The use of monitoring as a tool to build the capacity of project partners is missing. Monitoring of relationship change between pairs of market actors has been used in Bangladesh to build the capacity of marginalized farmers. Input firms should invest more in understanding their customers, and should use monitoring for this purpose. By building the M&E capacity of market actors within the system, projects can help them see how the voice of customers is important for business decisions. This will provide the needed incentive to capture information. Projects can also use some of this information that is collected to feed back to the donor.

DAY 2

I. THE WAY FORWARD ON SCALING IMPACT

The research team is now finishing up phase 1 (desk research) and is in the beginning stages of phase 2. One of the biggest challenges we are facing is data quality and consistency across programs, so now we are going back to ask more specific questions and conduct field research. The first two projects selected for primary research are Cambodia MSME and Zambia PROFIT. The team will follow-up with input supply companies (Zambia) and agrovets (Cambodia) to see where they are several years after project close-out. One key challenge will be in determining attribution of results to project activities, rather than outside influences.

DISCUSSION

The team is looking at total market evolution over time, and is not saying that if the model failed, the project failed. The aim of most of the projects reviewed is to create sustainable change, but specific models come and go, and may serve the needs of the donor rather than creating systemic change. When we look at the influence of other donor projects on companies, there are often 4 or 5 generations of similar projects we can learn from. It would be interesting to map that on a timeline, and overlay changes in the model or the business' approach. It would be interesting to see whether or not there was consistency in messaging from donors, and if that impacted how the businesses learned.

There is a difference between presenting models and getting people to interact with the models. The models are useful not as standalone solutions, but as a way to mix and match pieces of multiple models, so it is actionable but not prescriptive. A lot of people do not know how to take just principles into action, so models can be useful to illustrate that. Customizing a model to your context should be a given. The more prescriptive you become, the coarser your recommendations become. But we need to balance sophisticated thinking and rich evidence with practical examples, tools, etc. Is there a way of presenting “models” without calling them models—which sound so static? “Business concepts,” perhaps.

There are some great resources on the Zambia case that we should tap into to look at the business concepts and see how they evolved. We also need to look at the capabilities, ownership and networks the market actors gained that enabled them to adapt the concepts. We need to ensure this research is gender-sensitive and measures inclusivity. This is partly an issue with understanding the customer base of the input suppliers and agrovets.

It would also be useful to look at what factors trigger copying and crowding in of other market actors. For example, in Zambia, it is fast, but in Uganda and Kenya it is much slower. One element seems to be how well the economic success of innovators is received, both firm-to-firm and person-to-person in the community.

II. MARKET FACILITATION THROUGH STORY TELLING

Projects often have limited understanding of market facilitation, because they do not have examples of concrete tactics and they struggle with the principles. The team is using storytelling as a tool to depict different possible approaches and tactics. Each story is based on real examples that represent a problem, and compares two ways of solving it—a market facilitation way and a typical way. The initial set has three stories, each depicting a goal that market facilitators are trying to achieve. The team is using stories because they want

actors to use them as an entry point to talk about the principles, without getting stuck in the realm of theory. In the past there was too much emphasis on principles without giving people the right tools to decide which tactics could be applied; or tactics were described in detail, and people were tempted to simply copy them.

The research team is seeking to determine if the current set of facilitation storyboards are useful, and if so, what organizations they should test them with further. Currently there are three stories on new technologies, building trust, and crowding in. Once those stories are completed, the team will open it up for more stories. Each story has three acts: an introduction, a solution, and scaling it up. The stories are mostly picture-based with a few paragraphs. By including cartoons, stories and infographics about the process flows, these tools can be used by a range of trainers, while ensuring some quality control.

Field testing of the materials will start with a select set of projects to create a basic framework of learning questions and to get initial feedback on tools. A process of soliciting examples (via SEEP, BEAM Exchange, etc.) from the field will follow this testing phase. The examples can be formatted and adapted and shared back through the same channels.

DISCUSSION

It would be interesting to look at examples of what tactics to employ when facilitation does not seem to work: What do you do next? This way we can show several different tactics being employed. The research team is looking at input markets, media and governance organized around five different scenarios focused on what the state of the market is in terms of getting to the behavior you want. These scenarios help the facilitator read the market, and decide which tactics might be most appropriate.

The purpose of using an adaptive approach is to try to implement a culture that is accepting of failure, and that asks, “What do you do if it fails?” Often projects think that in order to have credibility, implementation has to be perfect. Sometimes interventions can be great at what they do, but are not scalable. There is an overemphasis on what success should look like, and it can be difficult to find the evidence of what actually transpired.

The main users of these materials are trainers, and they will drive the evolution of the materials. At each stage in the cases you analyze according to ROI (criteria related to who has power in relationship, ownership, and investment). The storyboards will be adapted to different learning styles, and may be developed as role plays, an online “choose your own adventure,” posters, basic and more detailed threads, etc. A simple guide is needed for a project manager versus a trainer or practitioner, on how to use the materials.

III. WOMEN’S ECONOMIC EMPOWERMENT

LEO’s WEE related work is broken into three phases: 1) information gathering and framing, 2) research into implementation practices, and 3) training. A cross-cutting theme of all three phases is learning dissemination through methods like the SEEP WEE Working Group.

The first phase has been wrapped up, and we are currently in the heart of phase two. The team is looking at institutional aspects of operationalizing WEE and case studies to focus on bottom-up change. We are also looking at the link between bottom up change and structural integration, and seeing if there are projects that do both.

The intervention guide provides guidance on interventions to address gaps in WEE identified through the WEAI. It will incorporate M&E in the second edition. LEO’s M&E work will look at systemic empowerment

for women. In phase 3, the plan is to prioritize key phase 2 deliverables and design trainings around them. We will put the information into a training packet that can be shared easily.

As a part of phase 2, we have identified some draft research questions and topics. There is interest in undertaking research into which platforms and networks are effective at addressing agency and access systemically through market facilitation. In addition, the research team is looking at WEE risks to women (such as overwork, exploitation, safety and underemployment), which are often ignored, likely because there is so much emphasis around building the case for WEE.

DISCUSSION

We need to go beyond just identifying the risks to focus on how they can be addressed. Does the existence of risks mean that we should not pursue an intervention, or is the implication that we should educate the entrepreneur about the risks? The MEDA project in Pakistan developed a sideline peer risk mitigation aspect where older women in the project would help younger ones deal with the domestic violence risk from being in the program. There is a need to look at things like a stepping stone approach and cultural awareness. There are also risks such as overwork. It is women's agency in choosing to take on different levels of work, versus family and home responsibilities. It is interesting to see how those two angles—agency and risk questions—support or fail to support each other.

Understanding agency and measuring it is important. In Ghana, as part of ACIDI/VOCA's project, women are being linked to rural banks and savings groups. In addition there is an element of sensitization around decision making in the household so that women can control the money themselves. Agency is often being addressed through collective action approaches.

Instead of looking at how to do market facilitation and tweak it to empower women, we should look for the intersection of what we know works for women, and what we know works in the marketplace, and incorporate that into our approach.

Rather than looking at targeted outcomes for a particular gender objective, we need to think through how broader strategies can contribute to positive gender outcomes. For example, in a project in Latin America, improved working conditions for men has led to a decrease in gender violence. So something not meant for gender had a positive gender outcome.

However, facilitation can be more deliberate—even heavy-handed—especially in a tougher environment, if it is aimed at systemic change. Being more disruptive can allow women more agency. A lot of MSF work is bringing the farmer into the system so the system has to react and meet their needs more effectively. It is probably similar in women's issues: we can identify agency, but call it something else—such as “consumer voice.” As consumers, women are forgotten and even less empowered than the men (who are not empowered either). We need to show why market actors should engage with them, and the advantages of empowerment.

Another issue is that projects often do not even know or talk about their WEE components or side effects. A lot of this comes back to M&E. We have projects where we have done great work with women, but we are not measuring it.

When you build the connection between access and agency, it is important from an M&E perspective to not only keep track of how much women are receiving or have access to, but how the things they are accessing

are changing their world. What we are looking for is a combination of access and agency in bottom-up change for a woman to have sustainable empowerment.

IV. WAGE AND LABOR MARKETS

The work on this topic began a few months ago with an evidence stock-taking exercise. The LEO team saw a lot of linkages between agriculture-based economies and pathways out of poverty. Conceptually, the links are clear, but we wanted to start off with a solid footing on what the evidence was telling us.

That most of the world's poorest people are subsistence farmers is often taken for granted as a fact, but is it? When we look closer, we see that more people than we thought are actually wage laborers, and wage labor is more crucial for poorer people. Wage laborers can be in pretty much any occupation. The fundamental difference is in motivation. Wage laborers do not own their means of production (the cart, the land, the goods they are selling), so things like subsidies, extension services, market access, etc., do not have a huge impact on them.

The data and information on wage labor out there is inadequate. Surveys often report much lower numbers than you find using case study evidence. There is systematic underreporting for a few reasons, like survey design (which may ask only for a 'main activity'), terminology, and negative connotations of certain types of labor. A survey in Malawi used the casual term for wage labor which everyone recognized, and the number went up to 82 percent. As a result of this underreporting, labor is often considered unimportant.

Wage labor is important for rural livelihood diversification, which can help households both for survival and for accumulation. The poorest households often rely heavily on casual work, even those who own land and classify themselves as smallholder farmers. Women are often laborers, and have a key role in some sectors like the flower and coffee sectors. There is also unpaid work in the household which is often not counted. This is especially an issue for female heads of household. Youth labor is another issue. By cutting down on child labor, you can both improve educational outcomes and reduce unemployment, as those jobs will be filled by adults and the job market will tighten.

Some wage workers face issues related to migration, such as poor quality or even dangerous housing. Wage workers are often the poorest in society, and often have less education and worse educational outcomes. We should not assume informal jobs are worse than formal jobs; and often the poor do not have access to the formal sector. The key difference between good and bad jobs lies in the relative context of poverty.

Structural transformation occurred in China where the rural population dropped significantly, and wages went up. Labor productivity went up as well. We have not seen this happen in Africa, where most people are still employed in agriculture. We still need structural transformation, as it is an important part of the development process.

Some people think that smallholder farming is the best route out of poverty, and others advocate urban solutions, but wage labor factors into either equation. There was an important study in Tanzania that looked at consumption in 1991 and then again 13 years on, and it found that those who moved out of agriculture had the most dramatic increase. A lot of men in Tanzania moved away from the farms, and women took their places there.

What is important in agriculture is the quantity and quality of seasonal distribution of work, increased wages, and access to social protection. Beyond that, it is more nuanced. We tried to come up with a categorization from the ODI poverty report, with the three elements of pathways out of poverty 1) addressing extreme

poverty, 2) stopping impoverishment, and 3) enabling and sustaining an escape from poverty. Education is more important for the less poor, but not so much for the very poor. On the macro level, larger firms typically have better conditions, as do firms that make high quality products.

Poverty reduction, resilience and food security must be linked with incomes and jobs. Just looking at supply side or production is not enough, as we will miss a huge chunk of the poorest. Whenever possible, we should include wage workers. Any project that has a labor market tightening impact will have a positive effect on wage labor.

In terms of next steps, the team will not move forward with all of these ideas. This is the brainstorming phase and the plan is to see how the results of the study fit in with the broader market systems framework. The main target audience for this research is USAID. We will keep working on our main topic areas and raise awareness on the issue. We are planning an infographic, as well as to work with the M&E team to collect the right data. The team would like to put together a guide or at least a brief to draw on evidence. We are working on targeted research briefs with the advisory team and are developing research questions.

DISCUSSION

There is a problem of social desirability bias: farming often has a better reputation, while wage labor has a bad connotation. A good source of information may come from financial diaries, because we can see where all the income is coming from, even cash in-kind. The Malawi financial diaries project documented all resources coming in and out of the household for 15 months, and found that most people self-identified as farmers, but most of their money came from somewhere else. Household income questions are often more revealing than identity questions. Another good source of information is the World Bank study on myths of African agriculture. The awareness around prevailing myths is very important, and we need to overcome the problem of one anecdote becoming prevailing wisdom.

How can you ensure that you are upgrading jobs in terms of higher quality impact? In a lot of countries there are horrible jobs during growth, and then the labor market tightens, but this does not happen in a project lifespan. We can contribute to make these “bad” but desirable jobs slightly safer, for example. A lot of data in the report suggests that there are fewer trade-offs than people generally assume.

USAID would recognize the impact measured by number of jobs created if we bring this issue to the fore, so we should look at wage labor in market systems development. The challenge is that the definition of a “job” is not usually the kind of labor that is being created. Sometimes it is defined as “full-time job equivalent” so you can measure relative increase in employment rather than just the number of jobs. But this may not be a very useful measure as currently reported—days are lumped together (but all of the work could be available only during a short season, which may be less beneficial than labor opportunities spread out over the year), and there is inconsistency in measurement so it is nearly impossible to compare projects. For example, DFID was struggling with this in a recent project and ended up saying “marginal increase in income of this much” and an economist translated that into the number of jobs.

It is important to also support governments in getting better data. There is growing awareness about how bad economic data is in Africa (e.g., “Poor Numbers: how we are misled by African development statistics and what to do about it” by Morten Jerven).

V. M&E: DIRECTIONS FORWARD

The three main areas that M&E is working on are systemic change and early evidence, evidence on scale, and the evaluation framework. The literature review had a section on **systemic change**, but we are now getting more in depth and proposing a framework. We are gathering tools, and had a SEEP webinar on them on March 10. We have been touch with USAID's Office of Learning, Evaluation and Research in the Bureau for Policy, Planning and Learning (USAID/PPL/LER) about their trials of complexity-aware M&E approaches. The two research initiatives are complementary: LEO team is focused on systemic change, while PPL is focused on complexity in general. Additionally, PPL's focus is on USAID activities, while the LEO team is drawing on lessons from a variety of projects. Finally, the LEO team is only focused on inclusive market facilitation. Heather Britt at the Learning Lab has a paper in which she suggested five tools to measure complexity. Those tools overlap with what the LEO review has listed. PPL is providing intensive support for the trial of the five tools. The trials look at the adoption of a new practice, imitation, copying/crowding-in, adaptation of a model to better suit needs, whether stakeholders are satisfied the with work done, and whether they begin to innovate. The indicators of systemic change usually fall into two main categories: imitation-type and investment/buy in. There is no wide consensus on the indicators, but they should be identified first, and from there you can capture them with standard tools.

An example of **evidence of scale** is looking at the farmers who are reached as secondary contacts, or target beneficiaries reached indirectly (such as through imitation). Unfortunately, this is difficult to measure. The plan is to interview 5-7 projects to understand better how they are measuring outreach to target beneficiaries with whom they do not work directly. The research team is planning to go to Tanzania to work with the NAFKA project and find a legitimate way to measure imitation by those in the target beneficiary group. The goal is to find a solution that is credible, but is not an overwhelming amount of work, and has relatively low associated costs.

DISCUSSION

The **evaluation framework** is the overall LEO framework for inclusive market system facilitation. The target audience is donors, the evaluation community, and implementers. The framework will describe what is special about evaluating market systems facilitation, and it will also explain why we need a separate framework. It will include general principles and recommendations for more specific contexts.

Labor—wage-labor and unpaid work—and women's role in labor should be included in an evaluation framework for market systems evaluations. It is important how that question is asked, as it can get a wide variety of responses. We also need to see if women are benefiting from the extra work, or if they are just working more. It is important not to assume that more work is always better.

It would also be helpful to disaggregate data and outcomes by the type of person that is benefitting (such as disaggregating the extreme poor and less poor, perhaps using Grameen's PPI, or proxies for poverty level). Smallholder farmers are not one homogenous group. Segmenting could theoretically help you see how an intervention helps people transition over time. FEWSNet has a Household Food Economy Analysis tool for this.

Another area for the evaluation framework is resilience in markets, though this is best analyzed at opportune moments, as you can not necessarily plan for the shock. For example, one particular project seemed to have low results, but it was during a recession and that sector had less job loss than other sectors.

VI. DISSEMINATION STRATEGIES

Whenever a team member develops a new LEO publication, they should send it to the rest of the team.

Lucho is involved in LEO, MaFi and BEAM with the main areas of building effective and accessible markets, capacity building, evidence, and collaboration. There are three spokes, which connect well to LEO. The first is around practitioner community and policy (and the influence of practitioners on policy). The second is M&E, both for BEAM and projects on the ground. The third spoke is research to answer longstanding practitioner questions. The research is both by academic researchers and practitioner-led research, which tends to be smaller, less academic and more informal. There is the potential of connecting very influential donors around market development. The BEAMaFILEO plan outlines possible synergies, including different degrees of collaboration, coordination and the sharing of learning. LEO also collaborate with DFID and BEAM at the donor and program manager level. On-the-ground collaboration is already happening in specific countries, for example in Nepal.

Other groups that MaFi could work with include CYES (though it is topically focused) or STEP UP (as activity levels will go up again soon). There are also WEE WG activities and the web page, though we want more connection, potentially using surveys. We could also use CGAP as a platform, as it is working in systemic change and market development, and also working with DFID to develop the financial sector as a system. We can look into what country project M&E groups and learning projects are doing, as they are not really tied in to LEO. DCED has working groups, and they have advertised LEO deliverables and events before.

VII. WRAP UP AND REFLECTIONS

What are you walking away with on a technical level? What is something you are excited about moving forward with LEO?

- Anna: I am walking away with a renewed realization that we are all a team despite our different focuses, and that I can and should reach out to people more to bounce ideas or share drafts.
- Elizabeth: It is good to be reminded we are all a team, and I am thinking about how I can bring all of this into the evaluation framework. I am glad that the LEO framework includes the household as a system, as it is a way to bring all these things back together.
- Liz: I am impressed with the breadth of what is going on. It is interesting to be in this group, looking back to previous projects. I am heartened by the focus on poor data— it is dismaying, but encouraging because there is work to be done and it is interesting work.
- Lucho: I appreciate the feeling of a team. I am excited/impressed with how LEO has grown into something really powerful that could have a lot of influence on how things happen on the ground, and that donors are looking at it that way too. I am taking away many technical things, such as multiplier effect, wage workers, and the issue of agency.
- Dan: It is good to have reinforcement of the awkward place we sit in, where we want to go out and share learning, but also operationalize it to provide practical solutions for programs. Some nuance is sacrificed, but we need to do this in all of our research streams.
- Don: I am struck by the potential of sub-Saharan Africa. I think we need to develop our understanding of how the problems we have discussed can be overcome, and how systems projects can contribute to that.

- Michelle: This could lead to a real change in the way development is done. I am hoping that gender can be more cross-cutting in some of these areas.
- Bernd: I am interested in the technical learning. I learned a lot about market systems. It is great to see a lot of the business sense and business thinking/terms. I am struck by how rich and progressive the debates were in their willingness to leave the usual structures behind. It was very refreshing.
- Mike: It was useful and reaffirming—it is essential to close the gap between practitioners and academics. The reality is that we are probably not doing what we should be. The crisis is that we are lagging. Some important learnings are missing—the cycle of learning is slow, and this is quite dangerous.
- Will: I was impressed by breadth of the discussions over past two days. It is exciting to learn about labor markets and boil them down to development and how it is catching the forefront of M&E.
- Hayden: I got a strong sense of teamwork. As a new person to LEO (since Jan), it was very helpful to get a good sense of where LEO is. It is come a long way from AMAP. I hope that LEO can be as influential as AMAP in the kinds of projects that USAID solicits. Some of the frustration is doing knowledge management with projects that do not quite fit. It will be interesting to see what future holds.
- Margie: I spent a lot of time these past two days thinking about cross-connection opportunities for LEO. Also working to reconnect—so much of this is about relationships. It will be interesting to see what is ahead for the next phase of LEO.
- Kristin: I do not often get a chance to step back and take in all that LEO is doing, so this two-day pause is very valuable, to keep reevaluating the framework for market systems. I'm really excited for this labor curveball that we are going to throw in there.
- Ruth: I am most privileged in that I know the different streams going on. It is really great that everything we are working on keeps linking back to the inclusive market systems framework. I am pleased that we see ourselves as a team, and hopefully we can find creative ways of increasing collaboration going forward.

ANNEX I: DAY I PRESENTATION SLIDES

See attached PowerPoint slides. <https://www.microlinks.org/library/leo-learning-day-year-2>

ANNEX 2: NOTE-TAKING HANDOUT

INSIGHTS & IMPLICATIONS

SUGGESTIONS

QUESTIONS

CONNECTIONS

LEO Learning Area:

LEO
Leveraging Economic Opportunities

U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov