



MPEP SEMINAR SERIES

Exploring Frontiers in Inclusive Market Development

A New Effort to Embed Systems Thinking into USAID

Presentation Transcript

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Presenters

**Jeanne Downing
USAID/MPEP**

**Tjip Walker
USAID/PPL**

Sponsor

United States Agency for International Development

Female: Good morning, everyone! We're gonna get started shortly, um, so grab your coffee, grab a seat, and if you're online and you haven't introduced yourself, please go ahead, introduce yourself and name and organization, and then we can get started. Welcome for the, the seventh MPEP seminar.

Female: Uh, well Tjip has been a, a leader in our agency in terms of, uh, this bringing a systems approach to the kind of work we do. Um, and I just wanted to, uh, I wanted to start with talking about what I see as some of the challenges, uh, for us in our agency. Um, I think that we – what we have been doing as we've had a number of presentations in this room – in fact, Eric is here from IFC and he, he – the work that Cedars has been doing in the area of health systems also very interesting.

We've had a number of presentations on market systems and our practitioners, um, that impacted associates with, have been working in what they feel are mark – are systems for a long time. And, um, so I think that a, a key challenge is taking this systems theory and making it practical, bringing it down to implementation. And I remember when I heard Sarriot's presentation; I thought that is really interesting. I don't understand it, but it really did impress me. *[laughter]*

So how do we, how do we take this very theoretical thinking and sometimes, um, it, it seems very, uh, academic – how do we make it very practical? Um, I think that, uh, also asking, you know, making sure that systems thinking and systems approaches are not a solution looking for a problem, but we really make it clear why, why it's important and how it's important. And I would argue, and I think probably if you're here you would argue the same that we think that systems thinking can bring a lot to our programming and by improving the results that we get from what we do because I think most of us feel we've been working in systems for forever. We live in systems, and that we've just sort of ignored the complexity of it and the applications of that complexity.

Um, and finally I wanted to say that I think that we, to, to bring it down to some practical level, I think we need to think about how systems thinking affects the design of activities that we do, how it affects how we implement on the ground, and how it affects how we monitor and evaluate our results. So with that, I'd like to turn it over to Tjip.

Male: Well, good morning everybody! Um, both, uh, in here in person, and, uh, online. Uh, it's really, uh, uh, a pleasure, uh, to be here

this, this morning and, uh, talk to you a little bit about, uh, the work that we've been doing, uh, particularly around, uh, the release of, uh, a draft paper, uh, which I hope, uh, you've all had a chance to, to look at, um, this paper on, on Local Systems, A Framework for Supporting Sustained Development. Um, if you, uh, weren't aware, you can, uh, get a copy of it through a link, uh, on the event webpage.

Um, so, uh, what I want – what I really want to do today is, uh, to hear as much from you as you from me, um, I, uh, really do, uh, think that we have, uh, an opportunity, uh, here, uh, to really make some important progress on embedding, uh, systems thinking in the agency, and, I want to – you know, I've been working on this for quite some time as Jeanne has alluded to, uh, but I really see this as a really golden opportunity to make some significant progress. I'm gonna tell you why in a few minutes, um, but I just want to get the benefit from all of your experience and expertise about how we can make full best, uh, use of this, uh, sort of, uh, window of opportunity, um, because these things don't come along all that often.

So, to – but before we sort of open it up and have a, have a conversation about that, I think that I need to do two things for you – uh, to sort of help, uh, set the stage. One of them is that I need to flesh out a little bit about the context that we're working on in this – on this topic within the agency, and that includes, uh, what's in this paper, um, and so, you know, what I'm looking for in part is, you know, once you understand this is how can we, uh, strengthen this, uh, you know, how can we, uh – the comments can also include how can we strengthen the paper itself to make sure that we have the strongest possible platform, uh, in order to, uh, um, um, uh, move this agenda forward?

All right, and the second thing I'm going to do a little bit is to give you at least my own personal perspective, um, on what I think, uh, we need to do in terms of how to think about systems given some of the contextual issues, um, and to sort of help make it clear about what sort of the official line and then what's my own thinking, uh, that you'll see as we go through the slides a bit of a convention. If the slides have got white backgrounds, that means that this is sort of essentially what's in the paper right now is a sort of more, more or less official thinking on it. If it's got a gray background, then it's all about – this all my views, okay?

So, um, what I'd like to, to do to start with – oh that's – get rid of that – is to talk a little bit about the origins of this paper because

that's, in fact, uh, an important piece of the context, and, uh, for some of you this may be a little bit new. Others, I think maybe a little old hat. So, essentially the paper grew out of an effort – uh, a desire in the agency to explicitly address two issues; one of them is the aid effectiveness agenda. Um, uh, as many of you may know, about two years ago, uh, uh, the world gathered in Busan in South Korea, uh, to talk about, uh, aid effectiveness. This was the fourth in a long – in a series of conversations about it, uh, most famously the, the, uh, one of the early ones in Paris, re – released the Paris, uh, The Paris Declaration of Principles around Aid Effectiveness .

One of those principles was, uh, an explicit agreement on the part of both, uh, developing countries and those who are supporting them, uh, to promote, uh, uh, the use of country systems. And initially the definition of country systems meant explicit – work – I mean essentially they were using the system – the word system as a synonym for process. So, in other words, it was government processes primarily public – public financial management processes. So, the idea, the sort of the vision was, uh, donor countries would give increasing amounts of funding directly to governments, and they would use their own budget, uh, priority setting processes and budget execution processes, and internal audit procedures and so forth to essentially manage those results, uh, to achieve development objectives.

Um, obviously, one of the underlying rationales for doing this, um, was in part because of this commitment to sort of saying the countries better understand their own situation better than outsiders do, but also that this, you know, essentially using and strengthening and using these country systems was essentially a necessary step towards the sustainability of these processes. Now, as time has gone on in the, in the eight years since that, uh, Paris Declaration was issued, uh, there has been some rethinking about, about this. Um, and most notably at Busan was a very clear sort of adjustment in the basic orientation to become more inclusive and by inclusive what they meant was that ownership meant more than just simply ownership by the government.

It needed to be, if you will, more of a whole of society ownership. Similarly, this issue around systems really needed to be thought of as a broader set of, uh, relationships, uh, that exist not only within government but between government and other parts of society. So that was sort of the, uh, the vision that was sort of put out there, uh, in Busan. Um, I'm happy to say that the US Government both USAID and the State Department were very, uh, sort of essential parts of pushing this inclusivity emphasis at Busan, um, but part of

the challenge is, is that after the document, uh, was produced, it sort of has raised questions about sort of saying, okay, how do we move that agenda forward and actually, uh, even though its been two years very few donors, uh, have actually put out statements about how they really are going to embrace that inclusive part of the Busan agenda.

So in some sense, since we had been pushing for this, we felt it was really important to take full advantage of this opening and, uh, uh, it's emphasis on inclusivity, and write something that said, "This is how USAID understands the Busan agenda, and this is how we're gonna carry it out." Again, I, I just want to stress the emphasis here on sustainability. The other piece of it, um, a little bit closer to home had to do with USAID forward, which is probably most of you know where a set of reforms that, uh, the current administrator, Dr. Rajiv Shah, uh, initiated when he, uh, assumed, uh, that position, uh, in 2010.

And, again, part of the emphasis there is about improving USAID's ability to support sustainability and it incl – part of it includes improvements in the way that we plan and execute our programs, but part of it also is a renewed emphasis on providing funds directly to local actors, whether they are local governments or local civil society or local private sector, but it is sort of an understanding that that particular kind of direct support or what we've come to call localized aid, uh, is a necessary element in the toolbox along with other, uh, things that we have done.

However, we do really ever come up with a very good sort of well-grounded argument about why it was important, uh, for us to, uh, include more localized aid in this process. And, so, again, we may be a little late in this, but we felt it was important for us to also have a statement about how that particular kind of approach felt, uh, uh, fit into a larger agenda to support, uh, sustainability, uh, and, uh, the Paris – the Busan, uh, agenda.

However, I mean one of the things as we began to work on this you will notice is that the, was the word country and the, and then the word "system." And, as I said, initially it was not really used as, as a – in the real sense of system as a real, sort of, systemic kind of a concept. It was a synonym for processes, but there were some of us who thought, well, we have an opening here. We can meet more of this word "system" and really turn it into something meaningful and that was really the, uh, other thing. Oops, excuse me.

So, it was a little bit of a stealth effort, um, to include this idea of saying we have this word “system”, let’s make the most of it. The other thing is – as you’ll notice is that we’ve also chosen to make a shift away from the conv – sort of conventional terminology in this arena of country system and focusing on local system. And part of the reason for doing that was because, uh, we – you know, the term country system has basically been captured by this idea that this is really only about governments, and, uh, we thought that we – rather than simply talk – you know, hyphenate it with inclusive country systems or some other locution, which wasn’t gonna work very well – we thought this word “local systems”, although itself – in and of itself has a problems, uh, about what you really mean by local in this case, um, we thought was a better term.

Now, why did we – so what are we hoping that we’re going to get out of embracing system in a more systemic way here? I mean I think, um, one of the real things – real arguments is that we really believe that it is the system that is really – needs to be the focus of our sustainability efforts. Um, we have had sustainability in USAID documents for quite some time. Now, one of the big arguments is what exactly are you trying to sustain? You know, is it the outputs? No. Is it the organizations? No. So we need something to talk about what we are sustaining, and in this case, um, we felt that, that foc – shifting the focus to a system, whether it’s a market system or a service delivery system, um, that is really what it is that we’re trying to sustain. And I think that that’s a helpful con – uh, addition, and, and clarifi – clarifying move.

The other thing I think that we really wanted to emphasize, and this is implicit in this idea of inclusively is the fact that none of these things that we care about, whether its improved healthcare, improvements in the environment, if its improvements in, um, uh, in maternal and child health, uh, none – or agriculture. None of these things happen by the actions of one organization or one, you know, government or, alone. This – these things generally are co-produced. They require the actions of lots of different actors working, um, uh, sometimes in competition, sometimes cooperatively with one another, uh, in order to produce these results.

And so the – how do you capture this idea of co-production? Well, I think this idea of systems is a useful mechanism to really emphasize, uh, that that is, in fact, what’s going on, and then the last – a – another, I think, important part of this is, is that at least in many systems thinking constructs is this idea of dynamism and adaptability. And one of the things I think that we really felt was

important, um, was to make sure that we were embracing a concept that really embraced adap – adaptation, and, and resilience as a sort of a core, as a core element because sustainability doesn't mean building it once and hoping that it persists. It's about creating a capability that has self-adjusting properties to it so that as the environment changes you can, in fact, have changes in the, uh, in the system itself. That's an essential part for sustainability.

So in that sense we felt that, that trying to bring in some systems thinking into the way that we were talking about this was an important – uh, was, was, was going to give us, uh, uh, some important leverage over the, over the problem. So, in that sense, what the paper tries to do is to address all of these things. Um, the aid effectiveness agenda, uh, USAID Forward as well as the systems thinking.

So, when we talk a little bit more about systems, and now we – you notice it's gray, um, I think that oftentimes when people come to this term of systems thinking, this is what they think of or something like it. In other words, it's a systems diagram, and one of the things I think – we've, we've tried efforts at USAID. We have tried to introduce ideas of systems diagrams. We have done training around it, and the reaction is usually, hmm, this is cool, but when they try to do it, this is is hard, and so they get turned off.

And frankly, you know, I think I've come to the realization is that what we're talking about here is not about a specific tool. It – we're not trying to say that the way, the way forward is we need to turn everybody into a systems mapper. That's not what the point is, and in this, you know, I – this think – sort of this sort of evolution in my own thinking about this, um, I really have to credit Bob Williams. I don't know how many of you know Bob Williams, but, uh, he has been, uh, he comes out of the evaluation field. Uh, he's based in New Zealand and has written a number of, of books on both evaluation and then also on, on systems thinking.

Um, I have a particular citations to a particularly good book, which I will get to in two slides, but, uh, anyway, uh, you know, this is sort of the way that, that he also talks about it. So its really not about this issue about a particular specific tool. Um, what he points out, and, I, he, he sort of pointed me in this direction, uh, believe it or not, there have been people out there for quite some time going out and mapping all of the various sort of antecedents to various types of systems thinking. And you end up with this, you know, explosion of lines like this.

All – the point being is that, um, there are lots of different kinds of systems thinking. There are lots of ways at it. He actually has a little circle up in the corner that talks about the kind of approach that he has, so the, the point is, is that it, you know, we could spend an awful lot of time, time arguing about whether my tool is better than your tool, and whether yours is right or wrong, and I just think that that's probably not a very helpful way to, helpful way to go.

What he suggest and what I sort of have bought into is the idea that it's really about how to start thinking systematically, and to do that what he – what he suggests is that this idea of system is – to remember that this is really just simply a human construct, an, an idea that we impose on the world to help better – make better sense of it. And therefore, um, you know, and so in that sense there really isn't a system that you could – a tangible system that you can point to out there. It's really an, an idea that we carry around in our head and that the value of it is in terms of help – does it help us make sense of some very complicated and messy situations.

And one of the things that he offers is that thinking systemically, uh, again, can embrace all sorts of different tools that can help you make sense, but that these three ideas that he has here and talking about that would be a seminar in itself, boundaries in a relationship in perspectives, um, are essentially key elements, and, and he makes the argument, and I don't know whether, you know, I don't know if he's been able to sort of establish it. But if you go back to that messy picture, uh, that actually one thing that they all do share is that one way or the other they are concerned with these three topics of – but it's essentially a way of trying to make sense of what is going on out there. It's a construct, um, and that it, that it, uh, embraces a variety of different tools.

And then the other thing that he ult – he argues for is beyond thinking systemically is about how to be systemic, and he in this chapter that I've, that I've cited here, he comes up with a couple of ideas. One of the things that I took away from it though is that there's a fair amount of overlap between the six, uh, ideas that he has here, and the principles that we identify in the paper. So, in that sense, what I would argue is that what the paper is really arguing for is less about the choice of one particular tool or another. It's about how can we better embed both the thinking and the being systemic into the corporate culture and operations of USAID and through us, through our, excuse me, through our various partners.

So, back to the paper. So, what the paper actually talks about in terms of moving forward on this local systems, uh, uh agenda, uh, and how – you know, and making – beyond making the connection to sustainability sort of looks at these four areas of, uh, attention that we need to look at. And I'll just go through them. I'm gonna go through them, although I'm gonna spend a bit more time on the first one.

So the first one is essentially this idea of understanding these system and, again, this goes in part to assessment. It goes to this question about maybe tools that we would use to try to understand what's going on, although, um, it does indeed talk about mapping, but I want to make – be clear that mapping in this, in this way is not what we mean by necessarily going out and doing a systems diagram. It means essentially coming up with some sense of who are the actors that are involved in it, and what are the critical interrelationships that exist between them.

Now, one of the things that the paper puts forward as a way of under – so, first of all, again, that – its just important to reiterate that what we're talking about here is a constellation of actors. They may be governments. They may not be – you know, they may be private sector. They may be civil society. They may be individuals. They may be advocacy organizations. There are any number of different kinds of actors that may be involved here. Now, one of the things that the, that the paper puts forward, albeit a rather briefly, is a way of understanding these systems is by examining them in terms of these five "R"s, resources, roles, relationships, rules, and results.

Let me talk a little bit more about, about that. So essentially the way in which we came up with this was if you go back to a very simple open system diagram, normally it has on – basically, a couple of basic parts. One of them is that this is an open system, that if there, there – it's a, uh, a, a mechanism that translates inputs, transforms inputs into outputs. Now, what we've done – and there's a, there's an interaction however with an o – with an environment and a feedback capability, so the purple, uh, is the feedback, uh, into the, into the system, engaging with and interacting with an environment, and rather, however, rather than talk about inputs and outputs, we've just tried to change them into terms that meant more in our own language.

So, resources, we – I think is a easier for us to understand what we're talking about in the development context, and we have rather than outputs and outcomes those are really sort of the results that

we, that we care about. Another aspect of this has to do with rules, and rules, I think, we feel are really very important. Rules in this sense are important for essentially how our resources translated into an effect, what goes on in this transformation process and in the transformation into results, and then we have a set of, of, of actors who are assuming various kinds of roles, and again, uh, although there could be a lot more, I've got three colors up here to represent three different kinds of roles that may be played in a, in a system.

Lastly, we have the relationships that exist between them, and, again, uh, there are three different kinds of relationships identified here, but by all means, they could be all sorts of different kinds of relationships that, that matter. So, what we're talking about then is essentially, uh, a transformation process that involves roles and relationships, um, engagements of various kinds of actors. Uh, we have rules that are important for determining how resources are deployed, how roles are defined, how relationships, uh, can – what's allowable and not allowable in terms of relationships, and ultimately influencing, uh, results.

So that's basically a little bit about what the five "R"s are, um, if, you know, I, if you have reactions to whether or not you think this is useful, that would also be, also be helpful.

The last thing that we have said though is that one of the important moves that we need to make, and this relates to the fourth point here, has to do with how we understand results. We have tended in our agency to focus results on both ones that are relatively short-term and that are quantified, and one of the – if they're basically the outputs of a process. And one of the things that we've said that is really important to do is that we really need to expand our definition of what our result is, that we need to be interested in the, in the system itself that produces those results and develop ways to measure whether or not the system itself is getting stronger, more resilient, more durable or not.

So, its, it is a shift in the way in which we – its not that we want to move away from our, our, our, uh, focus on what are we accomplishing in terms of outputs and, and outcomes, but ult – but rather that we need to expand what we include as a result.

So, another, another aspect that goes back to the paper itself talks about the proc – the process of, of, of projects and project design. Um, already, I think we, we're, we're sort of pushing beyond where the paper is on the basis of some of the comments to suggest

that it really isn't about design as a, as a discrete activity, but rather design as a process. And that inc – that begins even before you put pen to paper in terms of how do you begin to engage with that system, understand what its' boundaries are, understand what the perceptions are of various actors within it, uh, what their desires are, and then tries to encapsulate that in a design, and then extends on beyond that in terms of an ongoing engagement with the system through monitoring to maintain whether or not the various change, the various, uh, engage – the various interventions are actually having the desired effects.

And so there really needs to be this sort of ongoing and fairly continuous engagement with the system. Incidentally, as I mentioned, the paper has a series of principles, ten of them. Uh, the first four of them really relate very much to the, to the, uh, understanding of the system. The second six, uh, to the principles, uh, the second six principles to this design process. The third part of it, and this may seem a little bit sort of out of, out of kilter, uh, with this, but is this question around risk. And part of the reason that this is really important has been because, um, by virtue of our new – renewed interest in providing funding directly to local organizat – local, local actors, uh, it has sort of raised up this question about the reliability of their financial systems and so forth, but, so, and, and increase the tension to, to, fin – financial or fiduciary risks.

But as we have been doing that, we be – we, we sort of said, “Well, you know, really, there are lots of other kinds of risks we need to be paying attention to, and if we're gonna pay, uh, additional attention to fiduciary risks, let's talk about these other kinds, and let's do it in a comprehensive manner so that we're not only concerned about fiduciary risk, but we also understand as we think about engagements what does is that likely to do about, say, programmatic risk, which is the risk that the intervention is actually not going to accomplish what it is we expect it to do.

Um, so we need – so what we're arguing for is sort of essentially two things. We need to sort of take our various efforts at assessing different kinds of risks and bring them together in a kind of a comprehensive single examination. And the second thing that we're doing is that we need to have a bit more of a balanced, uh, discussion about what is it – you know, balancing risk and reward. So in other words in the private sector, it's not about minimizing all risk. It's sort of saying we're willing to assume some level of risk because we anticipated a substantially-improved reward. Um, we're not talking about turning USAID into venture capitalists, but

what we are talking about is sort of having a better understanding of what do we expect to be able to accomplish and obviously the sustainability of these results is a really important thing to be shooting for because, uh, uh, you know, that's the way in which, uh, we actually get the most, uh, sort of greatest effect over the longest period of time.

And the last one which I've already basically alluded to is this question about monitoring and evaluating for sustainability. So part of it is this issue that I raised before about expanding our definition of results, and then developing indicators, um, and those can be both quantitative or qualitative, about how do we understand the system and its health? You know, how do we – how do we measure whether, in fact, we are collectively making progress in terms of improving the functioning of a system, and the nature of those roles and relationships?

Um, and I think that that's an important shift. We have been focusing – you know, we've done a lot of emphasis on sort of assessing individual capacity development. We've talked more about organizational capacity, but what we're really talking about here is system capacity. And then the last part, the last piece of it is how do we, you know, this is really sort of measuring whether we really are sustaining these results.

And maybe you have got other ways of doing it, but the one we came up with was moving more in the direction of ex post evaluations. So that basically means, uh, going back to a project, uh, three to five years after it's conclusion, and seeing what happened, seeing whether, in fact, the results that we, you know, that we were expecting have persisted over time, but I think one of the other things we also expect is that sometimes the greatest effects were not necessarily the planned ones, and so there may be other kinds of results that may be important to capture about it.

So to understand that process, but also we hope that if we – the, the part of the other part of it is sort of the proof of the pudding, that if we are able to engage more and more in these sys – in these systems over time, we would expect that our proc – our, uh, our performance in terms of sustainability would improve over time. Now, unfortunately it's gonna take us quite a while before we start seeing the results of that process, but even now I think we are – we've made a commitment in calendar 14 to start the first round of these ex post evaluations and so we will be, uh, at least establishing a bit of a baseline, um, as we move forward.

So, I'm almost done. Um, so essentially what I've tried to lay out is both what's in the paper, sort of the foundation that we're working for, some of my own orientations, and I just before we turn – open it up and sort of say how do we make the most of this? I, I wanted to sort of pick up on a point that Jean made at the end, which is that as we do this, we, uh, we have to be a little bit aware of the challenges that we're facing with our, our own agency and with those that we work with on this topic. I mean I think that one of the things I certainly under – I certainly agree with about, um, with, uh, Jean on is the fact that our agency has a relatively low tolerance for extraction and is very much practically-oriented.

So, the question then is how do we move in this direction? Now, the way in which this usually manifests itself is somebody comes up with an interesting idea and they say, "Where is the template?" Well, the fact of the matter is, is that moving in the direction of templates it seems to me is antithetical to what it is that we're talking about. So, the question is how do we make this practical, but encourage the kind of thoughtfulness and reflection and engagement that essentially is a necessary for, for doing this?

Um, the second part of it is, is that we have a relatively limited number of sort of, uh, committed – you know, people who are already sort of, um, committed to sort of pushing the systems agenda. Uh, we have a LISTSERV within the agency. You know, we've got 10,000 people around the world. The LISTSERV has got 60 names on it. So it's not – it's a start, but, uh, it's not a huge, uh, number to begin with. Um, another issue is, is that clearly, you know, we're talking about a change management strategy. I, I don't think anybody would, would disagree that this is going to take some time, but unfortunately the nature of the cycles both within the – within the bureaucracy that we have, you know, changing from administration to administration, uh, changing from priority to priority as time goes on means that sometimes our time horizons are pretty short.

So how do we try to sustain something like this, uh, over time? Another, you know, another, uh, issue that we face right now at the moment mentioned USAID Forward. With USAID Forward has come a last of new policies and procedures that are being all pushed out to the field and the reaction that we have gotten, um, in stereo from the field is enough is enough. We're, you know, we're having a hard – you know, we're exhausted with all of these changes. We're trying to do the best we can to make, uh, to, to, to carry forward on the ones that have come out already, uh, piling more on at this point just makes it more and more complicated and

we really – you know, what’s our attention span to these new things? Not to mention questions about limited training resources and finally a question around incentives.

You know, how do we, um, as we mentioned, we, we, we, we, we operate in an environment that privileges results in the short term that are – tend to be quantitative. How do we, uh, if that’s the focus of all along the line, how do we begin to shift that to allow, a, a, focus more on results that are probably not going to be visible for, for quite some time, and may not necessarily be captured in quantitative methods?

So at this point I’d just like to, to, to end in my part of it, and then open it up, but again what I’m really looking for, um, by all means any questions are fair game, but what I’m really most looking for is any thoughts you may have about how we can make the most of this opportunity, uh, and, uh, because I really do think that this is the – I mean not only is this I think the first time that USAID has gone on record in terms of making sort of this firm a statement about sustainability, but making this clear connection between systems and, and sustainability. And I think that, um, this really is a great, great opportunity, and I want to make the most of it.