Meeting the Challenges of Value Chain Development

A Learning Event

Learning and Evaluating Within Dynamic Systems
Welcome

Simplifying the complex
Measuring the dynamic
Adapting the approach
TED VIDEO

http://www.ted.com/talks/eric_berlow_how_complexity_leads_to_simplicity.html
Session Learning Objectives

• Discuss challenges & emerging approaches to learning, monitoring and evaluating dynamic, complex projects to ensure adaptive management and maximum development impact

• To explore the inter-dependent relationships and good practices among implementing, evaluating and learning related to value chain projects

• To review USAID’s emerging focus on learning, collaborating and adapting as critical components of the program cycle

• To share results thus far with respect to the effectiveness of the value chain approach in providing sustainable development impacts

• To discuss models, approaches and mechanisms for integrating learning at activity, project, program and Agency/organizational levels

• To strengthen stakeholder collaboration in the areas of evaluation, learning and adaptive management as related to value chain development and market facilitation
Session Learning Objectives

To find *a-ha moments*...
## Session Flow

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Session Roles

• Tour guide
• Thought leaders
• Facilitators
• *Participants*
And now

Let’s get started….
And now

Stacey Young

USAID
Meeting the Challenges of Value Chain Development

Learning, market facilitation, and aid effectiveness

February 7-8, 2012

Stacey Young, PhD
Senior Knowledge Management Advisor
USAID PPL/LER
Why learning? Why adapting?

And how do they fit together?
There is considerable skepticism among AID personnel regarding the usefulness of evaluation — skepticism stemming in part from the lack of a generally accepted, limited definition of evaluation; in part from an historical tendency to equate evaluation with fault-finding; in part because of the remote relationship in the past between evaluation and program planning and execution; [and] in part from the belief that AID's limited resources can be allocated more profitably to other activities.
Short Quiz: Date?

- 2008
- 2012
- 1995
- 1965
IMPROVING A.I.D. PROGRAM EVALUATION

October 1965
What to do?

- Evaluation defined – new evaluation policy

- Evaluation = fault-finding – learning/accountability tension

- Remote relationship between evaluation and project planning & implementation

- Belief that resources are best used elsewhere
the sad tale of the target that trumped results

static planning
misconceived accountability

IP management/Donor failure to learn and adapt
What's happening here?

Static planning vs. dynamic environments

- Theory of change/strategy, project design and implementation all assume significant predictability and stasis

- Development efforts take place in uncertain, dynamic contexts

This mismatch is a critical obstacle to effectiveness in development programs
Example: market facilitation approach

Goals are set – action is not aimless
Test interventions iteratively
Invest in feedback loops -- observe and analyze, feed results back into next test
Maintain conditions for feedback loops to work:
– strong internal culture of encouraging feedback and making it count in terms of iterative course correction
– empowerment of staff
– incentives for analyzing and sharing observations and learning, etc.
new project definition

in practice, collaborating, learning and adapting will be the glue that make the project more than the sum of its constituent activities

implementation and learning will need to focus on:
- seeking synergies
- locating your work in relation to others’ and tracking their trajectories
- sharing what you’re learning (technical and contextual)
- pushing your leaders to fund and support this work
- figuring out how to demonstrate the benefits of it and reporting on that up through the organization
Organizational Level

1. attachment to results, not proxies and plans
   - dynamic, not static
2. rejection of false dichotomy of accountability vs. learning
   - fund, plan for and reward learning
3. extended view of partnerships – donors, implementers, “beneficiaries” and other country actors
   - facilitation, country-led development
Catalyzing learning among local actors

Donor support is one of the dynamic factors—not static/assured

Country-led, country-owned development requires it
USAID Strategic Learning Plan: Goal

To leverage collaborating, learning and adapting to increase the effectiveness of USAID’s development efforts
USAID Strategic Learning Plan: Objectives

1. improve the quality and relevance of USAID’s development practice by grounding it in evidence and making it quickly adaptive to new learning and changing contexts

2. extend USAID’s influence and ability to leverage other actors’ resources and actions

3. catalyze learning among country development actors to build capacity and facilitate country-led development
Meeting the Challenges of Value Chain Development: A Learning Event
• market facilitation embodies much of what this plan aims toward

• some missions are beginning to think through how to operationalize these objectives

• we need your help in articulating facilitation approaches and the processes you use to implement them
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A Learning Event

www.microlinks.kdid.org/vcwiki
Meeting the Challenges of Value Chain Development

Outreach, Outcomes and Sustainability of Value Chain Projects

Elizabeth G. Dunn, Impact LLC
Triad of Project Effectiveness

- Outreach
- Outcomes
- Sustainability
Outreach

• Measured as number of beneficiaries

• Surprisingly hard to compare projects
  – Different sizes and types of firms
  – Different outreach categories
Types of Outreach

**Direct contacts:** traditional beneficiaries who interact with project activities

**Indirect contacts:** firms with commercial/market linkages to direct contacts

**Imitators:** firms that benefit by copying new practices ("demonstration effect")
Outcomes

- Can occur over short, medium or longer time periods
- Outcomes that have been “proven” to be caused by the project are called “impacts”

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<th>Outcomes</th>
<th>Values</th>
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<tr>
<td>40% to &gt; 250% increase in profits</td>
<td></td>
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<tr>
<td>200-5,000 new FTE jobs</td>
<td></td>
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<tr>
<td>25%-400% increases in yields</td>
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Sustainability

Firm behaviors that might predict sustainability:

- Demonstrating more responsiveness to end markets
- Experiencing win-win relationships (building trust)
- Upgrading beyond what project had introduced

Does facilitation approach imply that outreach and outcomes appear more slowly but last longer?
Projects reviewed:

- Have extensive outreach
- Exhibit positive economic and social outcomes
- Likelihood of continued growth and development beyond life of project is enhanced by systems approach and indirect facilitation
Conclusions

Q&A
Meeting the Challenges of Value Chain Development

8 Lessons Learned In AMAP Impact Evaluations

Don Snodgrass
Lesson #1: Impact evaluation is important

• Important parties want proof of results

• To meet these demands, credible impact evaluations are needed

• Doing this for VC projects poses big challenges but we are learning a lot
Lessons #2: The activity should determine the evaluation method

- Not the other way around; programming is paramount, evaluation important but secondary

- Goals of VC projects
  - Increase competitiveness
  - Upgrade MSEs to fight poverty

- Projects use facilitation approach

- Evaluation tries to measure impact, not just outcomes

- Evaluation methods differ for each goal
Lesson #3: Having a good causal model is critical

• To be able to learn whether you achieved the desired impact, start with a clear plan

Activities → Outputs → Outcomes → Impacts

• Project impact is measured by comparing outcomes to counterfactuals
Lesson #4: No good VC project is implemented as originally planned

• Things happen during implementation:
  – Markets change
  – Business environment changes
  – Natural shocks occur
  – Learning takes place

• Good projects react by modifying planned activities and causal models

• Impact evaluation design must accommodate these changes
Lesson #5: Good VC projects have benefit spillovers

- If the project delivers valuable information and services, word will spread
- Programmers want this; evaluators gnash their teeth because it is hard to find a control group
Lesson #6: A credible counterfactual is important but can be hard to find

- There may be no good counterfactual for the VC competitiveness goal
- Participation varies in kind and intensity
- At the micro level, there is a debate over random vs. quasi-experimental methods
- Academic debate has emphasized the need to achieve internal validity but external validity is also important
Lesson #7: The degrees of evidence approach helps resolve the dilemma

- It may not be possible to *prove* the impact of a VC project
- But we can look at different forms of evidence (e.g., qualitative as well as quantitative) to gauge the preponderance of evidence on its *likely* impact
Lesson #8: It is important, but difficult, to measure likely sustainability

• Projects seek sustainable change but we can’t see the future; some of what we can see may not be sustainable

• Look for actions to upgrade business and boost future production, such as:
  – Investment in physical capital
  – Investment in human capital
  – Investment in business relationships

• See handout on indicators of likely sustainability
Conclusion

- This is just part of what we have learned in AMAP
- More and better impact evaluations will lead to further learning
- Thank you and let’s discuss
Sustainability Indicators Discussion

Zan Northrip

DAI
Meeting the Challenges of Value Chain Development

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Welcome Back

What we were talking about?
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| *World Café*                 |  |
| Takeaways and Wrap-Up        | Panel |
Learning and Impact:

*A Practitioner Example*

Scott Yetter & Carlene Baugh

*CHF*
Meeting the Challenges of Value Chain Development

KM and VC Institutionalization Grid:
A Tool for Assessing Change at an Organizational Level

Carlene Baugh and Scott Yetter, CHF
Background

- CHF International
- New Partners in Value Chain Development
  - 3-Year, USAID-Funded Learning Program through KDMD (Knowledge-Driven Microenterprise Development)
  - **Focus:** *Institutionalizing Value Chain and Knowledge Management Practices*
  - Managed by Economic Development Unit and Office of Knowledge Management and Evaluation
Background

- **GROOVE** - “Growing Organizational Value Chain Excellence”
  - **Learning Network** – CHF, CARE, Conservation International, Practical Action
  - Focus: Contribute to Value Chain Knowledge and Practice in the areas of:
    - Capacity Building of VC Staff
    - M&E for VC
    - Learning about Learning
Institutionalization Grid

**Purpose:** Gauge Value Chain and Knowledge Management knowledge, attitudes and practices in five areas:

- *Organizational processes, use and development*
- *Knowledge management/sharing*
- *Performance analysis and program adjustments*
- *Knowledge of Value Chain*
- *Knowledge sharing about the value chain approach*

**Source:** Adapted from McKinsey Institutionalization Grid; Tailored for VC/KM
Institutionalization Grid (cont.)

- Role in Project: Baseline Assessment
- Process:
  - “Pulse Taking” by External Consultant
  - KM Survey Conducted
  - VC Survey Conducted
  - Analysis of Data
  - Scoring
  - Repeat in Final Quarter of Project
<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Clear Need for Increased Institutionalization (1)</th>
<th>Basic level of Institutionalization in place (2)</th>
<th>Moderate level of Institutionalization in place (3)</th>
<th>High level of Institutionalization in place (4)</th>
</tr>
</thead>
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<tr>
<td><strong>Organizational processes, use and development</strong></td>
<td>Limited set of processes for ensuring effective institutionalization; use of processes is variable or processes are seen as ad hoc requirements (paperwork exercises) but no monitoring or assessment of processes</td>
<td>Basic set of processes in core areas for ensuring efficient functioning of organization; processes known, used and truly accepted by only portion of staff; limited monitoring and assessment of processes with few improvements made in consequence</td>
<td>Solid, well-designed set of processes in place in core areas to ensure smooth, effective institutionalization; processes known and accepted by many, often used and contribute to increased productivity/impact; occasional monitoring and assessment of processes, with some improvements made</td>
<td>Robust, lean, well-designed set of processes to ensure that key process lessons translate into operationalization; processes are used and accepted and are key to ensuring full impact of institutionalization; continual monitoring, assessment, and systematic improvement made.</td>
</tr>
<tr>
<td><strong>Knowledge management/sharing</strong></td>
<td>No formal systems to capture and document internal knowledge</td>
<td>Systems exist in a few areas but either not user-friendly or not comprehensive enough to have an impact; systems known by only a few people, or only occasionally accessed/used</td>
<td>Well-designed, user-friendly systems in some areas; not fully comprehensive systems are known by many people within the organization and often used</td>
<td>Well-designed, user-friendly, comprehensive systems to capture, document and disseminate knowledge internally in relevant areas; all staff is aware of systems, knowledgeable in their use and make frequent use of them</td>
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<td><strong>Performance analysis and program adjustments</strong></td>
<td>Internal performance data (evaluations, lessons learned, best practices in the program life cycle) rarely used to improve program and organization</td>
<td>Internal performance data used occasionally to improve organization</td>
<td>Effective internal performance analysis occurs but largely confined to selected pockets of people; lessons learned distributed throughout the organization, and often used to make adjustments and improvements</td>
<td>Comprehensive internal analysis part of the culture and used by staff in operations; systematic practice of making adjustments and improvements on the basis of lessons learned and results, and new standards</td>
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<td><strong>Knowledge of Value Chain</strong></td>
<td>Minimal knowledge and understanding of the value chain approach</td>
<td>Some knowledge of value chain principles and relevance to economic development</td>
<td>Knowledge of value chain principles; relevance to economic development; and how value chain applies to the program life cycle</td>
<td>Extensive knowledge of the value chain, including application to CHF programs, standards, principles and giving each economic development program a value chain lens</td>
</tr>
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<td><strong>Knowledge sharing about the value chain approach</strong></td>
<td>Little or no learning or knowledge sharing of the value chain approach</td>
<td>Some knowledge sharing and learning of the VC approach</td>
<td>Knowledge sharing of value chain principles; relevance to economic development; and how value chain applies to program life cycle</td>
<td>Extensive knowledge sharing of the value chain approach, including program design, development, implementation</td>
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Conclusion

Questions/Comments?

Presenters:

Scott Yetter, Director of Knowledge Management and Evaluation Office
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Learning Models, Approaches and Practices

World Café

Brandon Szabo

IRG / KDMD
Stakeholder Engagement: The MaFI-festo

Lucho Osorio

Practical Action / MaFI Network
Takeaways and Wrap-Up

PANEL
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