Session Description:

More and more organizations are taking on a systems-view or ecosystem approach to their work. Rather than just focusing on individual entrepreneurs or transactions, they are beginning to address the entire system in which entrepreneurs operate. As we embark on this work, how can we assess the strength of a system, evaluate systems-level changes, and coordinate our efforts as a community? Panelists in this session will provide three perspectives.

Panelist(s):
- Victor Mulas, World Bank
- Marcie Parkhurst, FSG
- Matthew Ripley, ILO
- Moderated By: Randall Kempner, ANDE

Panelists’ favorite metrics
- Marcie: Total miles of coastline/total land area. She’s from Rhode Island
- Matt: # of metrics that a given project has. He worked with a project in Nepal that had 1200 metrics, and got them down to 50.
- Victor: Watching the UEFA Euro Cup. How many times a team won the tournament, rather than number of points. Spain is at top (Victor is Spanish).
- Randy: Bhutan’s Gross National Happiness

Panelist presentations on market systems and how to evaluate them

Marcie, FSG
- Focused on strategic learning and evaluation in context of ecosystems change
  - Not developing targets or data gathering, but rather looking at complex multi-stakeholder initiatives
- Definitions:
  - Strategic evaluation: Use of data and insight from a variety of methods (including evaluation)
  - Learning: Process through which an organization’s members actively use data to guide ongoing behavior and adaptation within the organization
  - Both are very active processes
- Traditional program evaluation vs. Strategic evaluation at systems level

<table>
<thead>
<tr>
<th>Traditional program evaluation</th>
<th>Strategic systems evaluation</th>
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<tbody>
<tr>
<td>Assesses impact of specific interventions</td>
<td>Broadens lens in complex situations to account for multiple parts of a system and its components</td>
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<td>Evaluates predetermined outcomes</td>
<td>Evaluates intended and unintended outcomes as they emerge</td>
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<td>Linear relationships</td>
<td>Non-linear non-directional relationships</td>
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<td>Findings at the end</td>
<td>Provides feedback throughout</td>
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- For effective evaluation in the context of complexity:
  o Context is important
  o Emphasize principles of practice. “Best practices” implies that certain actions work everywhere.
  o Learn! Take data, and actually apply it to work
    ▪ Learning priorities: Things you want to learn in 1-3 year strategy
    ▪ Learning plan: How to operationalize those learnings, including informal activities (talking to colleagues, going to events)
    ▪ Learning culture: Openness to failure, messaging from leadership about organizational openness and transparency

Matt:
- Markets systems development for decent work lab: Uses a “market systems approach”
  o Conceptualize target groups: smallholder farmers, entrepreneurial SMEs
    ▪ How these groups perform depends on wider ecosystem: access to finance, infra, skills, inputs, rules of the game (i.e. social norms, etc.).
  o Other market players: civil society, consultancies, media, government, etc.
  o Lab tries to improve that wider ecosystem and address constraints
- Systemic change is like a birthday present:
  o Everyone wants one, looks shiny, but no one actually knows what’s on the inside.
  o Lab tries to “unwrap” main elements of what systemic change looks like
    ▪ Shared vision: A change in the supporting functions and rules that bring about more effective functioning of the core target groups
    ▪ Clear innovation: New or improved product/service offerings, or shifted roles and responsibilities
    ▪ Impact criteria: Sustainable (unlikely to be reversed); Scale (mainstreamed); Value (disproportionately benefits target groups).

- Systemic change framework
  o Frameworks have to be fluid – no linear process of change in this space
  o Bottom up: Start by seeding innovation: support companies, business models, and help them get into system.
    ▪ \rightarrow ADOPT: player takes up an innovation
    ▪ \rightarrow ADAPT: player independently adapts or invests in innovation
    ▪ \rightarrow EXPAND: others copy this
    ▪ \rightarrow RESPOND: wider market system adjusts to incorporate this innovation (e.g. import tariffs lowered for smallholders)
  o Can also take a top down approach, and start by creating conditions for change (starting with wider market and moving down to individual players)
Victor
- Looks at ecosystems through 4 buckets:
  - People – talent, diversity creativity
  - Infra – transport, broadband
  - Economic assets – financing, industries
  - Enabling environment - policies to promote
    - Networking assets - Connectors of the startup ecosystem. Glue of the ecosystem
- Conducted quantitative research to identify networking assets
  - Looked at how geographic and social connectivity and their impact on startup success
  - Found that the more socially connected a startup is, the more success they achieve.
  - Geographic distance is not significant.
  - More important to build social connections than to build geographic “hubs”
- GERN started to collect data on startups networks
  - Compared NYC as a mature ecosystem, and Cairo, Bogota, Medellin and Santiago as growing ecosystems
  - Findings:
    - Support infrastructure is important, and non-mature ecosystems benefit more (in terms of likelihood to raise capital) than mature ecosystems do from support programs like incubators and accelerators.
    - Support infrastructure is not enough. Funding infrastructure is also important: More mature eco-systems have higher volume of funding for incubated firms than less mature ecosystems.
    - Investment connections are more significant segment of connections in mature than non-mature ecosystems, which rely more on non-financial support like mentorship, networking etc.

Moderated Discussion
- How can one evaluate the impact of individual actors in an ecosystem when an ecosystem is so complex?
  - Victor: WB data is trying to isolate what kinds of support to startups are more material than others, and where are the failures.
  - Marcie: Need to ensure the indicators we’re measuring feed into the questions we’re asking.
  - Matt: Example in Uganda where the ecosystem had limited information flow between entrepreneurs
    - Decided on goal to increase access to information for entrepreneurial decision making
    - Looked at what media’s role could be: Radio stations could share the info, and ensure the communication was two-way.
    - Used the adopt/adapt/expand/respond framework (see above) to look at how radio station involvement impacted the ecosystem.
- How can one collect data in a way that is not too expensive or annoying for people you’re collecting it from?
  o Marcie: Helpful to show informants how that info will come back to be beneficial them in a meaningful way.
  o Victor: Important to reach out across ecosystem, from government to the makers. Getting to know all players so they understand why what you’re doing is important to them. Their buy-in makes them more interested in helping you.

- How can one leverage external data platforms?
  o Victor: Linked In is very helpful, and even Facebook. But many social databases not active in emerging markets.

- How can one collect data in difficult contexts?
  o Matt: ILO has labor force surveys. But not a lot of secondary data available for decision-making.
    - Always tries to test hypotheses at each stage of adopt/adapt/expand/respond. What would happen if we left now?
    - Example methods include: lean surveys, observation, case studies, QE design, network analysis, investigative approach, snowballing, SenseMaker, outcome mapping, etc.
    - Social media is important tool to find out about others acting in and expanding the space.

**Audience Q&A**

- There are many informal players in emerging markets. How can we surface these informal players and connect them to build an ecosystem?
  o Matt: We try not to talk about complexity too much, as it can be an inhibitor. May just be that we don’t understand a space. As interveners, it’s on us to accept that and make effort to understand.
  o Victor: Hard to make decisions on imperfect information. Need to embed within ecosystem and be part of it yourself. Can’t diagnose an ecosystem in one week.

- What do you see as predictors for having a learning culture, and what are best processes for doing so (funding, in-house capacity or external, etc.)?
  o Marcie: Can be difficult to make the case for learning.
    - FSG builds an info plan including: who are the audiences, how will we share info, how will it be used? This sets up opportunities for learning.
    - To learn broadly (outside of a single evaluation), important to ask good questions about data coming in. Builds a learning culture.

- How do you define an ecosystem (clusters, value chains)?
  o Victor: An “ecosystem” can be structured however we decide to look at it. In the end, its “people doing stuff.” You can look at clusters, value chains, cities, economic zones. We organize and define it for our own analysis needs. Need to have buy-in of the people in that ecosystem. Plans never work perfectly, but the more you involve and align with ecosystem stakeholders, the more effective it is.
Matt: Boundary or framework is arbitrary. If too narrow, may look too much at symptoms rather than root causes. But if too wide, can end up doing everything and nothing.

Marcie: FSG brings people together to map out what influences them (capacity, funding etc.). Works with them to draw the lines around what they’re monitoring and how important different components are. The Beyond the Pioneer report argues that value chains aren’t sufficient to understand ecosystems.

Randy: Look at metropolitan level. State/country too big. City borders are arbitrary. Can group labor pools more accurately.

- How generalizable are your network analysis results beyond that network?
  - Victor: Difficult to generalize. City size may be irrelevant if a small city has a big talent pool and a big city has a smaller talent pool. City connectivity can be difficult to generalize on (Tel Aviv isolated, Miami not).
  - Matt: Often can’t replicate across locations because of the importance of contexts. If getting to scale is important to your theory of change, important to not make assumptions about generalizability.
  - Marcie: Context so important. Can ask “What are the conditions that support success”, and then build those conditions elsewhere (e.g. “How do people get in touch with each other” etc.?)
  - Randy: Informal knowledge sharing tends to be even better than big presentations. Rotary clubs, university alumni associations. Find the already connected associations, and leverage them.

Key Takeaways:

- It’s critical to take lessons from evaluation and integrate them into organization-wide operations
- It’s important to look at the whole ecosystem that influences organizations.
- Social networks are important for enterprise success.
- Frameworks are helpful to make sense of complex ecosystems, but can never fully capture “messy” reality. Engage with communities directly to understand their perspectives.

Additional Resources: