2023 CLA CASE COMPETITION

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Case Title:

Adapting Evidence-Based Design Tools for Malawi's Private Sector

Name:

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Organization:

Feed the Future Malawi Agriculture Diversification Activity (AgDiv) (Palladium)

Summary:

Malawi's Lower Shire River Valley poses significant and persistent development challenges – chronic food insecurity, vulnerability to frequent weather shocks, and disproportionately high rates of malaria and HIV. Donors, development partners, and private sector firms have invested heavily in community services; however, poverty rates remain stubbornly high. USAID's Feed the Future Malawi Agriculture Diversification Activity (AgDiv) partnered with Illovo Sugar Estate, a large anchor firm with long-standing ties to the Lower Shire River Valley communities, to adapt development data collection and analysis tools to the private sector context. AgDiv and Illovo conducted a Community Baseline Survey that allows for evidence-based design of new approaches and interventions to address the region's many intractable development challenges. Interviewing over 1000 surrounding households, the Community Baseline Survey tested long-standing assumptions on the root causes of these challenges—land use discord, prevalent crime, and crop and livestock theft—all of which significantly impact the ability of community households to build wealth. Findings from the baseline resulted in a shift in strategy for both the private sector and development partners, who are now approaching development challenges in new and more cost-effective ways. By adapting rigorous research tools from the development space to private sector needs, AgDiv helped Illovo see the value of evidence-based design and motivated the company to co-invest in data and learning activities that benefit both development and business objectives. With support from AgDiv, Illovo launched its Thriving Communities Foundation, an evidence-based organization that embeds data for learning and adaptive management into its core mission and designs shared-value approaches to uplift Lower Shire River Valley communities.

1. **WHAT: What is the general context in which the case takes place? What organizational or development challenge(s) or opportunities prompted you to collaborate, learn, and/or adapt?**

Malawi is one of the poorest countries in the world, with nearly three-quarters of its population living below the international poverty line of $1.90/day and widespread chronic food insecurity. Within Malawi, the Lower Shire River Valley is the most vulnerable to weather shocks and catastrophic climate events and has the highest food insecurity, disproportionate health challenges (highest malaria and HIV rates), and the most challenging conditions for rainfed agriculture. Situated in the heart of the Lower Shire River Valley is the vast Illovo Nchalo Sugar Estate, an 11,000-hectare estate and sugar export company with long ties to the region. Illovo Nchalo serves as the source of employment and basic services for their surrounding communities.

Despite decades of work and millions in humanitarian assistance provided to Lower Shire River Valley communities, little progress has been made to move the needle on income, resilience, or food security indexes. Community populations have ballooned while services have failed to keep up and once rare typhoons have become yearly occurrences, flooding the region and wiping out entire agricultural seasons. Illovo has been similarly frustrated that communities and the rural economy around the Nchalo estate are not developing commensurate with the wealth generation and economic influence of the company, resulting in increasing discord, land encroachment, crime, and theft. Illovo assumed that their challenges were a marketing and public relations issue, and that improved perceptions and attitudes towards Illovo among surrounding communities would deter crime; however, these assumptions were not grounded in data or evidence, and efforts to improve relationships by building clinics, schools, and providing seasonal work were not reducing crime and theft at the expected pace. Illovo felt at a loss to identify next steps.

USAID's Feed the Future Malawi Agriculture Diversification Activity (AgDiv) pioneered new CLA approaches to identify opportunities to better address the significant resilience challenges in the Lower Shire River Valley by adapting development data collection and analysis approaches for use by private sector firms, like Illovo. With Illovo, AgDiv launched evidence-based approaches to meaningfully engage communities and build wealth while addressing Illovo's core business challenges.

2. **What two CLA Sub-Components are most clearly reflected in your case?**

External Collaboration

M&E for Learning

3. **HOW: What steps did you take to apply CLA approaches to address the challenge or opportunity described above?**

Large private sector stakeholders often have cumbersome governance and management processes; however, once engaged they have significant resources that can be leveraged to transform economies and communities. For external collaboration with the private sector to be successful, the project team needs to be prepared to invest time in building trust with the partner, understanding their unique private sector needs, and demonstrating the value of investing private sector funds into the initiative. The AgDiv/Illovo partnership started with a lengthy coordination process, through which AgDiv identified and understood the most significant challenges between Illovo and the communities—frequent theft of crops and livestock and rampant community crime—and created a roadmap for partnership.

AgDiv first conducted a basic qualitative survey to understand the impact of Illovo employment on communities. This survey helped us demonstrate the value of evidence and data to Illovo and revealed two key pieces of information. First, while there is a high expectation among communities that they are "entitled" to employment at Illovo, in reality, Illovo employs at least one person from only 30% of households, with relatively high seasonal employment. This misalignment between expectations and reality is an underlying motivation for theft, crime, and land encroachment. Second, employment opportunity alone is not enough to support positive community relationships; employment experience also matters. Community members that reported corruption and bribes during hiring were more likely to feel entitled to engage in theft of estate resources. Next, the AgDiv/Illovo research team conducted further desk research, drawing on lessons from wildlife crime and animal poaching. Corporate social responsibility or public relations approaches (building schools/clinics) are not correlated with reductions in wildlife crime, as crimes are committed out of necessity, not because of poor community perceptions. This was an important finding that we found later held true for crime and theft on the Illovo estate. The team also reviewed basic household indexes and found that, despite factors related to community proximity to Illovo that should make households better off (formal employment, higher average income, etc.), there was not a strong correlation between better food security/living conditions and a household's employment on the estate.

When Illovo saw that initial findings tested many of their assumptions about community relationships, they were motivated to complete a more extensive Community Baseline Survey. Illovo committed significant time and resources to this initiative, designing a theory of change and identifying needed data. Traditional M&E for learning approaches such as annual surveys, standard indicators, and high-level performance data were not sufficient in the private sector context. Illovo required nuanced information and rapid analysis. Illovo had never used this type of data before and did not initially understand the types of questions they could ask and how the data could be used. AgDiv provided significant capacity building and indicator selection/survey design support. We used a broad set of indicators to cover many aspects of the communities' lived experiences as well as standardized approaches, so the baseline can be replicated across years and countries where Illovo operates.

The Community Baseline Survey produced surprising results that were extremely useful for Illovo's and AgDiv's learning. It is not just the estate affected by crime and theft. Over 40% of respondents were victims of livestock theft, when only a total of 60% even own livestock. This has a significant impact on household wealth. As indicated by the literature, the motivation for theft was most often necessity/desperation, not a feeling of resentment towards Illovo. In fact, those who said positive things about the estate were actually more likely to report being a perpetrator of theft. People who are victims of crimes and people who see crime as normal or ubiquitous are much more likely to be perpetrators of crimes. This indicated that previous communications strategies that highlighted crime as rampant were counterproductive to what Illovo and communities were trying to achieve. Lastly, male youth was the group that reported feeling the most unsafe in their communities, and as a result were the best group to target to be part of the solution, a strategy that had not been tried in the past. These findings supported a radical shift in Illovo's mindset from thinking about estate crime and theft as a public relations issue to thinking about it as a development and livelihoods issue. Illovo launched their Thriving Communities Foundation, to be exclusively focused on building wealth, incomes, and sustained economic growth in the surrounding communities and reducing household desperation that leads to estate crime.

4. RESULTS: Choose one of the following questions to answer.

We know you may have answers in mind for both questions; However please choose one to highlight as part of this case story

A. DEVELOPM ENT RESULTS

Introducing data for learning and evidence-based design helped Illovo, AgDiv, and other development partners to question long-standing assumptions and re-think the traditional approaches to building food security and resilience within Lower Shire River Valley communities. The results of Illovo's Community Baseline Survey caused the private sector partner to completely shift their thinking and approach to community engagement, guiding strategy and decision making at the highest level of the company. Illovo leadership transitioned from thinking about estate crime, theft, and encroachment as a public relations issue to thinking of it as a poverty and livelihoods challenge. Without the collaboration between AgDiv and Illovo, and the data collection/analysis to inform strategy, Illovo would be continuing to funnel corporate resources towards community engagement models that are ineffective, do not move the needle on development impact, and do not solve their core business challenges. Their new evidence-based initiatives are directly addressing their challenges in cost-effective ways.

Illovo has now launched their new Thriving Communities Foundation, with significant funding and buy-in from the company's core business revenue to support community wealth- and resilience-building. The Thriving Communities Foundation will, from the outset, be an organization that is evidence driven. AgDiv is continuing to support Illovo to use baseline findings to build the foundation's results framework, tie in adaptive management concepts, and set up decision-making check points that link to indicators in the data. Illovo will repeat the data collection this year with their own funding and intends to replicate the baseline in other countries. For AgDiv, a key result was understanding how best to work with the private sector on learning. This process has shown that the private sector can be very data driven, but that these kinds of research and data analysis systems are new to them, so additional capacity building is required. By adapting rigorous research tools from the development space to private sector needs, AgDiv helped Illovo see the value of evidence-based design and motivated the company to co-invest in data and learning activities that benefit both development and business objectives. While initially Illovo struggled to provide input into the survey questionnaire, now that they have seen the first report and analysis, they have many more ideas, and are seeking to add modules on migration and employee housing.

Lastly, the results of the baseline showed development partners that crime is a shock or risk factor that needs to be taken into account during project design, especially in this region. Based on this data, Illovo and community stakeholders (NGOs, government, youth forums, Africa Parks) launched collaborative efforts to address underlying causes of crime in a comprehensive way, including channeling resources toward activities that provide employment and address security risks and reducing high-default lending practices that lead to crime.

5. **ENABLING CONDITIONS: How have enabling conditions - resources (time/money/staff), organizational culture, or business/work processes - influenced your results? How would you advise others to navigate any challenges you may have faced?**

When partnering with the private sector, it is particularly important to ensure that you are consistently maximizing the cost effectiveness of your interventions. Illovo has limited resources and must be willing to carry initiatives forward at their own cost. Therefore, a critical enabling condition was to identify data collection strategies that were localized, time efficient, and cost effective.

The most important enabling condition in the success of the Illovo baseline was the capacity of the local data collection firm that AgDiv engaged. The firm deployed exceptional enumeration staff, who were able to establish a high level of trust with respondents and draw out particularly sensitive information. Respondents answered truthfully about perpetration of crime by themselves or family members, bribes and corruption, experiences with assault and sexual violence, cases of underage marriage, and other highly sensitive topics due to the professionalism and extensive experience of the enumeration staff. The enumerators were also able to use field randomization, eliminating the need for a census, which is costly and time-consuming. Our exceptional data collection partner allowed for flexibility, maximized resources, and provided the private sector partner with the critical data they needed to understand their community. Where the data collection partner was challenged was in adequately interpreting the data. The capacity of our partner for cross-sectional data analysis, especially on the tight timeline required by the private sector, was insufficient. We were lucky to have an available project economist to step in to provide these skills; however, without that in house expertise, we would have experienced delays and perhaps not met our private sector partner's expectations if analysis was inadequate.

The final enabling condition that we had was the full and complete buy-in of Illovo, our private sector partner, even during periods when they were unable to envision the final outcome. They were willing to trust us and continue full speed ahead throughout this process. This speaks to the importance of the initial trust-building efforts by our team.