

RECONOMY's Inception Phase:



Lessons on how to
Navigate Complexity

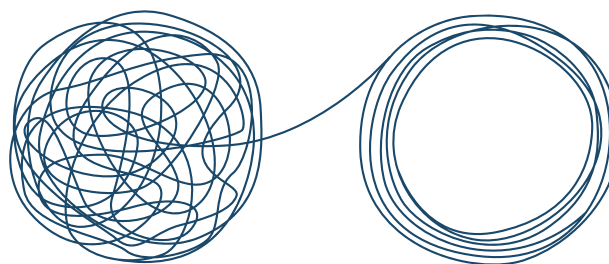
RECONOMY's Inception Phase: Lessons on how to Navigate Complexity



November 2022

This case study was developed for RECONOMY by the Canopy Lab. The views and opinions expressed in this brief do not necessarily reflect the views or positions of RECONOMY. The data included in the brief was obtained through Key Informant Interviews (KIIs) and a document review.

Contents



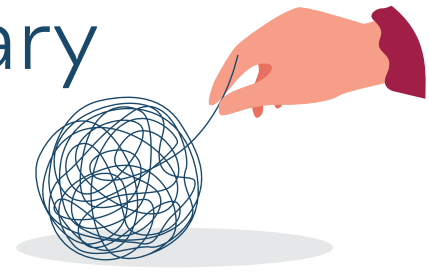
Abbreviations & Acronyms	4
Executive Summary	5
Introduction	6
Program Overview, Operational & Staffing Structure	6
Research Approach & Methodology	7
Limitations	8
1. RECONOMY's Inception Phase: An Adaptation Curve	9
1.1 Doing Innovative Work Requires Continuously Investing in Capacity	10
Takeaways	12
1.2 How to Manage an <i>Octopus</i> Adaptively	13
Takeaways	15
1.3 The Trinity of KML-C & MRM	16
Takeaways	17
2. Strategic Implications for an Inception Phase of a Regional MSD Program with a Focus on Inclusion & ECC	18
2.1 Regionality: A Guiding Principle that is Compatible with MSD	19
Takeaways	22
2.2 Inclusion: A Balance Between Having a Blanket Term and Contextualizing Approaches to the Needs of Target Groups in Each Country	23
Takeaways	24
2.3. "RE" is for... MSD, Environment and Climate Change	25
Takeaways	26
Deep Dive: RECONOMY's Way of Doing MSD: A Flexible Approach Tested to its Limits	28
3. Lessons Learned & Conclusions	29
Annex 1: List of Documents Reviewed	32
Annex 2: Interview Guides	33

Abbreviations & Acronyms



CIPE	Centre for International Private Enterprise
DCED	Donor Committee for Enterprise Development
EaP	Eastern Partnership
ECC	Environment and Climate Change
EECG	Energy Efficiency Centre Georgia
FDC-A	Fashion Design Chamber of Armenia
GESI	Gender and Social Inclusion
ICT	Information, and Communication Technology
IP	Implementing Partner
KMLC	Knowledge Management, Learning, and Communication
MA	Market Actor
MRM	Monitoring and Results Measurement
MSA	Market Systems Analysis
MSD	Market Systems Development
NGO	Non-Governmental Organization
PFU	Program Facilitation Unit
SDA	Strategic Development Agency
Sida	Swedish International Development Cooperation Agency

Executive Summary



“An inception phase is a dedicated period at the beginning of a program that is focused on learning and better understanding the context for implementation.”¹ Typically, in projects that follow the Market Systems Development (MSD)² approach, the inception phase may also include the establishment of initial partnerships to refine engagement strategies and gather early-stage learnings that inform implementation.

Yet RECONOMY’s inception phase seems to be about much more than that.

RECONOMY’s focus on **regional value addition** and coverage of 12 countries, combined with MSD as its approach to delivery, make it a first of its kind. The Swedish International Development Cooperation Agency (Sida) and HELVETAS Swiss Intercooperation (Helvetas) are both adapting and creating systems and processes to manage this double objective and the operational challenges that come with it.

RECONOMY is also pioneering the **mainstreaming of Environment and Climate Change (ECC)** considerations across its portfolio. While numerous MSD programs are explicit about their **Gender and Social Inclusion** objectives (another of RECONOMY’s driving pillars), there are few that aim to explicitly achieve a triple dividend in terms of impact – measured in social, environmental, and economic benefits.

Against the backdrop of a pandemic (COVID-19), political upheaval in Belarus, the war between Armenia and Azerbaijan, and the war in Ukraine (which resulted in funding cuts due to budget reallocation), RECONOMY’s inception phase has been **more about proving the viability** of a program with such ambition in a highly unstable operating environment **than it has been about understanding the context for the implementation** of the program.

Indeed, the program is acting as a laboratory for the applicability and scalability of MSD in volatile situations while testing the limits of concepts such as adaptive management. It is also providing a blueprint for the remote management of multi-country, lean teams. And it is testing, at a scale that has not been seen before, the **potential of the localization of aid** within the framework of MSD through a delivery model that relies on country/region-based Implementing Partners (IPs) – thereby contributing to a relevant debate³ within the international development industry.

To meet these expectations, the program is under **pressure to deliver results through pilot interventions** during the Inception Phase, which traditionally in MSD is used to create a team culture and refine teams’ understanding of the contexts in which they operate.

To put things into perspective: **most MSD programs do not expect to see results of this kind until year 3, and more likely year 4 of implementation.**⁴ This case study sought to harvest the knowledge and experience gained by RECONOMY between July 2020 and September 2022, as well as to collect evidence and portray the processes applied in the implementation of the program during the Inception Phase. Findings are presented along strategic and operational lines.

Initial Targets

5,800 women & youth
have increased incomes and
decent job opportunities

CHF 5.5M
leveraged from the private
sector

Improved skills and
employability for
8,000 people
(50% women)

1 How Inception Phases Strengthen Development Programming: An Expert Interview with Sarah Frazer, RTI International, June 4th, 2021

2 Market Systems Development Briefs, the Canopy Lab.

3 [Aid Localization](#) search in Devex.

4 [Evaluation of the market systems development approach: lessons for expanded use and adaptive management at Sida](#), 2018, ITAD, from page 28.

Introduction

PROGRAM OVERVIEW, OPERATIONAL & STAFFING STRUCTURE

Sida launched RECONOMY, a regional MSD program spanning 12 countries from the Western Balkans⁵ and the Eastern Partnership⁶ (EaP) regions, in July 2020. The program is implemented by Helvetas, an international development organization with a long-term presence in the regions. The inception phase will finish in December 2022 for the EaP region, and in March 2023 for the Western Balkan region.

RECONOMY's desired impact is “to enable women and young people, in particular excluded and disadvantaged groups, to benefit from economic opportunities by increasing their income and taking up decent jobs, inclusively and sustainably.”⁷ It will do so through three interrelated workstreams, with associated targets during the inception phase:

- **Skill Gap and Employment Opportunities:** Increasing the (self)employability and income generation of 5,800 women and youth by improving the formal and informal training offered and achieving improved skills and employability for 11,600 people (50% women).
- **Financial and Business Services:** Improvement of business and financial services to help enterprises grow, invest, and create more/new economic opportunities, leading to CHF 5.5M of investment leveraged from the private sector.
- **Policies and Regulations:** Improving advocacy in the areas of policy, regulatory, legislative, and administrative to help target groups and enterprises increase their participation and voice to advocate for better economic opportunities.

To deliver on these ambitious targets, the program has a complex setup: its core team members (the Program Facilitation Unit – PFU) are based in five countries: Switzerland, Albania, North Macedonia, Kosovo, and Georgia. During the inception phase, the PFU has maintained a lean structure: a Regional Manager based in Kosovo and another one based in Georgia and a Finance and Admin Manager based in Albania. The Program Management team is composed of two Senior Managers, one of whom (the Operations Manager who came on board in June 2022) is full-time. They are also supported by a team of four cross-cutting Managers in the areas of ECC, Monitoring and Results Management (MRM), Knowledge Management and Learning (KML), and Communications – as well as a full-time Program Assistant.

Interventions are not delivered directly, but through IPs (see Figure 3). These partners act as extensions of the program (some MSD projects might call them co-facilitators or sub-facilitators), and are currently based out of Armenia, Georgia, Kosovo, Moldova, Montenegro, North Macedonia, Serbia, and Ukraine (see Figure 1). The program's current team distribution looks as follows, with darker countries showing a higher concentration of IP and PFU staff⁸:

5 Albania, Bosnia and Herzegovina, Kosovo, Montenegro, North Macedonia and Serbia

6 Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine

7 RECONOMY Website: <https://www.RECONOMYprogram.com/about-us/>

8 As of November 2022, the core team comprises 5 IPs located in Armenia, 2 IPs and 2 members of the PFU based out of Georgia, 2 IPs and 2 PFU members in the Republic of North Macedonia.

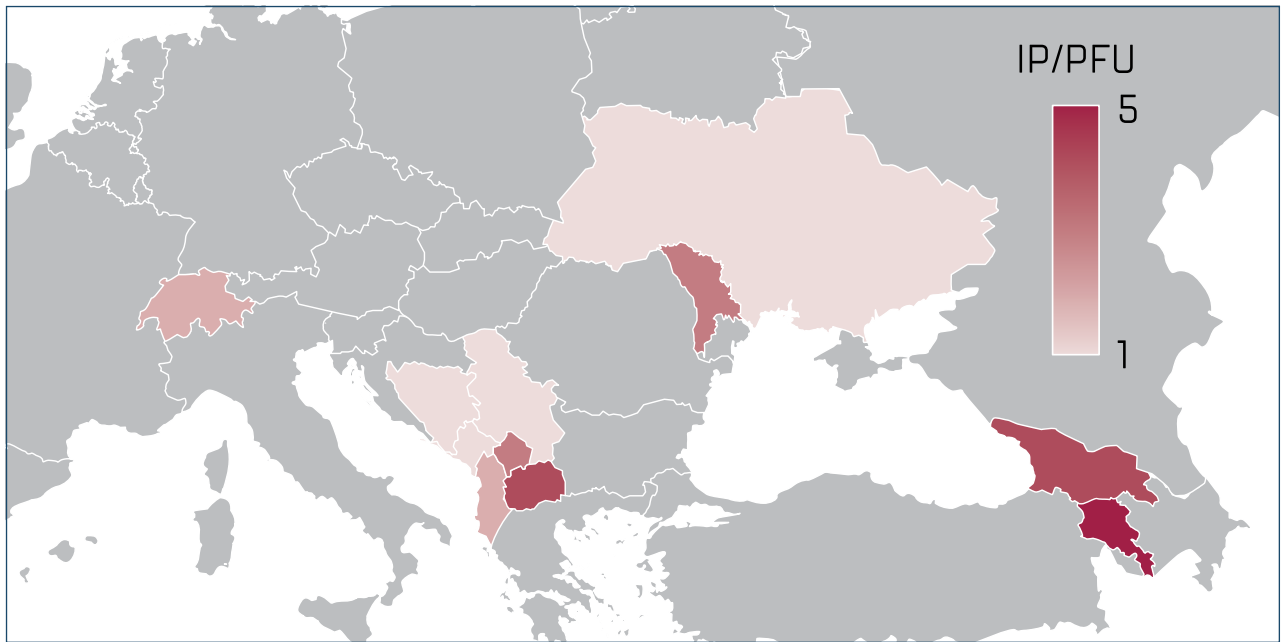


Figure 1: RECONOMY's PFU and IP Distribution

RECONOMY started operations at the height of the COVID-19 pandemic, which continues to negatively impact the global economy. It has also had to adjust to political unrest in Belarus, the war between Armenia and Azerbaijan, and the war in Ukraine. The Western Balkan region is not spared: there are rising fears of a new war in Bosnia and Herzegovina, and rising tensions between Kosovo and Serbia.

Against these difficult odds, RECONOMY has delivered results: for example, over 980 people reached through program activities have access to better income and decent job opportunities, and over 3,600 have improved skills and knowledge resulting in increased employability.⁹

RESEARCH APPROACH & METHODOLOGY

Against this operational and contextual backdrop, the current case study highlights the main lessons learned that can be gleaned from the program's 2.5+ year¹⁰ inception phase. It will answer the following research questions:

- 1. Which elements of RECONOMY's strategic and operational setup enable it to contribute to its development objectives, and how?** This question is answered through a description of lessons learned from the inception phase in Section 1, where milestones are outlined and tools, processes, and systems documented. Complementing this, Section 2 explores the degree to which the strategic focus of the inception phase on regionality, ECC, and GESI has been conducive to delivering results at the inception phase stage.
- 2. What features have been discontinued, and why? What are the lessons learned?** These two questions are addressed throughout the document, with specific callout boxes pointing out the most relevant features, as well as lessons learned, best practices, and their implications for RECONOMY as it moves to its main phase, and for Helvetas, Sida, and the development community when designing inception phases.

⁹ RECONOMY document on Results achieved by 31 July 2022.

¹⁰ See timeline in Figure 2 for explanation.

Evidence was gathered through a document review and key informant interviews (KIIs). The internal literature review was based on the material shared by RECONOMY, which included technical, strategic, and management documents (see Annex 1 for the full list of documents reviewed). Following a method of narrative inquiry that allowed the research team to reach thematic saturation after the tenth interview, 17 KIIs were conducted with the participation of:

- 7 members of the PFU
- 4 market actors (MAs)*
- 1 external backstopper,
- 3 IPs*
- 1 advisor
- 3 representatives from Sida (in one call)

*The IPs and MAs were distributed across the two regions where the program operates.

LIMITATIONS

The scope of this assignment is limited to RECONOMY's ongoing inception phase - a period that has a specific purpose within an MSD project lifecycle. Some lessons learned highlighted in the study may support RECONOMY as it moves towards its main phase, while most are useful for future inception phases of Helvetas or other organizations.

Besides the internal document review, the main source of information for the case study was interviews with PFU, IPs, and Sida. While most RECONOMY staff that participated in the interviews had been with the program for over 1.5 years; Sida participants had been involved with the program for a more limited amount of time, given recent staffing changes within the agency. As their tenure did not correspond with the program roll-out, insights gleaned from the Sida interview are high-level.

Also, this case study focuses on systems and processes set in place during RECONOMY's inception phase. Insights obtained through IPs and MAs' contributions are focused on this aspect of their cooperation with the program: another consultancy is ongoing which will have a stronger emphasis on the results achieved.

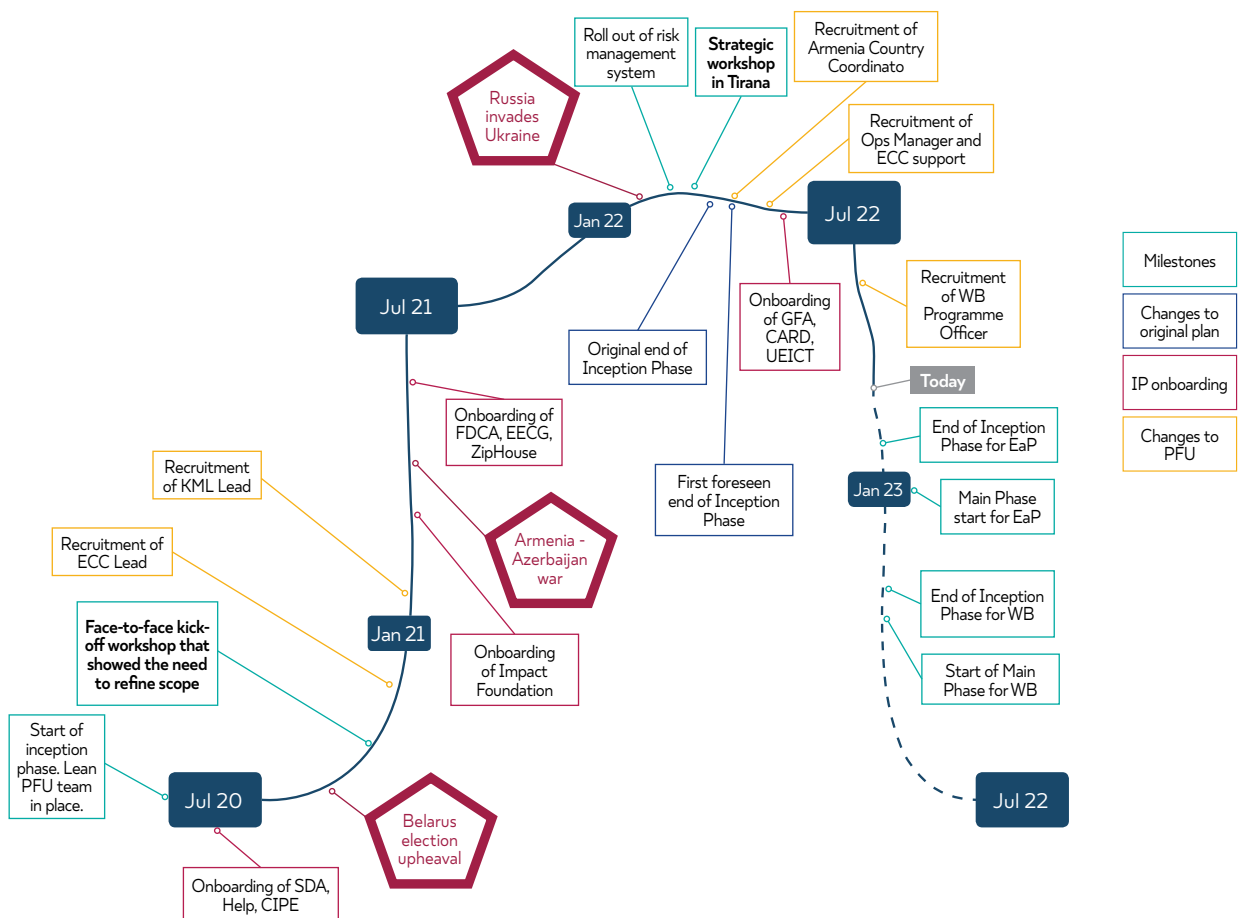
One of the consultants involved in the research has previous professional experience with Helvetas. Steps have been taken to avoid bias in the findings, namely through a quality assurance process that involved a neutral third party from the research team.

1. RECONOMY'S Inception Phase: An Adaptation Curve

While MSD projects are implemented in complex environments, the volatility that has characterized the regions where RECONOMY operates has had global resonance. The program started at the outset of the COVID-19 pandemic, which beyond being a health crisis, has severely affected the world economy. The program also has had to adapt its operations to war between Armenia and Azerbaijan, political unrest in Belarus, and the war in Ukraine. Beyond these challenges, the program has had to develop structures and systems to allow it to manage a team based out of six countries, as well as a delivery modality that relies on IPs acting as co-facilitators of the program.

Some events and milestones that have punctuated RECONOMY's inception phase are illustrated below:

Figure 2: RECONOMY's Inception Phase Timeline



This section outlines the main lessons from the program's inception phase in terms of what worked well, what did not, and the tools and processes that the team has developed, deployed, or discarded over the last 2.5 years.

1.1 DOING INNOVATIVE WORK REQUIRES CONTINUOUSLY INVESTING IN CAPACITY

Helvetas and Sida have had to innovate technically and operationally to meet the needs of a program the size of RECONOMY. According to Sida, this novelty has resulted in the creation of a new team within Sida to deal with the program, which at the beginning was managed by just one person. Sida sees RECONOMY as a pilot from which it can promote cross-learning and test the viability of such a large endeavor.

“RECONOMY is a regional MSD program of a size that is new for Sida, new for other donors, and new for the regions: for us, it is important to learn about how to combine perspectives of economic development, the environment and energy aspects. We have had to adjust our internal ways of working, working more in teams, to ensure adequate management given the complexity and scope, both geographic and thematic, of the program.”(Sida)

The inception phase has also been a period of adaptation for Helvetas – who has had to introduce mechanisms to deal with the program’s needs in terms of managing currency fluctuations, human resources, or procurement.

These adaptations have had to run in parallel to building staff and IP capacity. Both benefit from Helvetas’ support through the Advisory Services team, a group of thematic specialists who support project staff on a demand basis. Other modalities of support are delivered continuously – be it coaching from PFU members to IPs, or through the involvement of strategic or technical specialists and backstoppers.

This investment in capacity building proved necessary given the varying points from which team members started in their MSD journey or their regional ambition. Most pilot interventions in the inception phase¹¹ have been managed through IPs onboarded at four different periods:

Table 1: IP Onboarding & Capacity Gaps

Onboarded	IP -Country	MSD experience	Regional reach
Jul-20	CIPE - Ukraine, Moldova	No	Yes
	Help - Kosovo	No	Yes
	Help - Montenegro	No	Yes
	Help - Serbia	No	Yes
	SDA -Armenia	Yes	No
Jun-21	EECG – South Caucasus	No	No
	FDC - Armenia	No	No
	ZIPHouse - Moldova	No	No
	Impact Foundation – North Macedonia	Yes	No
Jun-22	CARD - Armenia	No	No
	GFA - South Caucasus	No	Yes
	Help - Moldova	Yes	Yes
	UEICT - Armenia	No	No

Each time an IP has come on board, it has presented the PFU with an opportunity to revise and update the processes set in place to maximize effectiveness.

¹¹ All besides REDI Recycling, piloted in the Republic of North Macedonia by the PFU.

The team's experience with Advisory Services' support has been positive where expertise has been matched with project needs, showing the benefits of promoting in-house backstopping support. The program also makes use of a regional pool of experts from Helvetas projects in the regions where it operates. In this way, the program (a) effectively utilizes the knowledge and experience of staff in the regions, and (b) gives talented individuals opportunities to work outside of their countries of origin, effectively building regional capacity.

An external strategic backstopping team was hired to provide additional support in the roll-out of MSD. This support has evolved throughout the inception phase: the PFU has been overstretched at certain points, which means the backstopping has been more operational than strategic.

Moving forward, this is expected to change:

"So far, [external MSD backstopping] has been filling in the roles that we did not have the resources to do. I believe now the strategic backstopping needs to focus more on strategic work."
(PFU member)

Indeed, PFU members had made assumptions about the ability of IPs to internalize MSD requirements. These assumptions were quickly challenged – leading to a dynamic where PFU members provide coaching and continuous support to IPs.

"In the Eastern Partnership countries, especially in Armenia and Georgia, Helvetas has not implemented many projects. And in general, donors have not implemented many MSD projects. So, when we talk through the MSD lenses, most of [the IPs] have not heard about it [...] On one side, implementing through IPs gives local ownership, since they know the markets and the systems quite well. They understand institutions, partners, actors, and beneficiaries, and they are your extended hand. But on the other side, it's not that easy. It takes guidance and efforts from our side."
(KML Manager)

A colleague agreed with the above analysis:

"When it comes to IPs, we haven't worked before with the ones in Western Balkans. So, they're all new partners for us. They started at different levels. But to our surprise, those that had zero MSD experience are the ones that are the best performers now. What we learned is that the MSD capacities shouldn't be the deciding factor, but rather the presence they have in the countries where we work, the network they have, and their knowledge of the sectors. MSD is something that Helvetas is good at, and we provide backstopping." (PFU member)

The Program Manager shares the same impression:

"We were really impressed by [the IP] commitment, but also organizational readiness. They did not have any experience in MSD, they did not have any experience with ICT. But they were ready to invest because they thought that this is important for their future. They invested and they're really doing very well. Whereas implementing partners that are too small, but ambitious, require support as well as managing relationships and expectations." (Program Manager)

In response to these observations, the PFU has refined its IP selection criteria, and built flexibility into the program so that IPs who were underperforming could either be phased out or become MAs.

Beyond the technical understanding of MSD principles, many IPs have had to introduce new systems and procedures. A recurring theme emerging from exchanges with the IPs is that it was hard to comply with RECONOMY procedures at the outset, but that their value became apparent through use – mainly in the fields of MRM and financial reporting. The adoption of tools, systems, and procedures has been supported by continuous coaching by the PFU:

“At the beginning, we expected that all IPs would have the same organizational level. But some IPs have a sound financial structure, well-defined processes, procedures, and internal control, and some just have the basics, mostly complying with local legislation. We have had to re-design our processes considering different levels and setups [...] this program also builds the capacity of the IPs throughout the implementation. For instance, I expected the first financial reporting process to be difficult, as it was the first time, but the second one was also challenging, so we needed to guide and support them throughout.” (Finance and Admin Manager)

“Most of our implementing partners had no MSD experience. And they were introduced to intervention guides for the first time within RECONOMY. So, from the beginning, it was mainly capacity building, organizing training, and workshops with the implementing partners. And then with the new incoming ones, just repeating that...” (MRM Manager)

Importantly, these experiences have allowed the team to finetune their approach in response to lessons from the program.

TAKEAWAYS

- **What worked well:** rather than expecting that a one-off training would equip IPs with the tools they needed to perform, the PFU has set up mechanisms for continuous training, coaching, and co-development of tools with IPs. Advisory Services support is matched to program needs. The program is providing practical inputs into the debate that surrounds the localization of aid, proving that country-based outfits can deliver effective development to the standard required by the donor as long as they are properly supported.
- **What could have worked better:** investing in developing financial and reporting templates and tools early on, and socializing them amongst IPs, could have saved time.
- **Implications for RECONOMY:** the program is rolling out a platform that will centralize financially, MRM, and KML information. Based on learnings from the inception phase, IPs at different capacity levels may have to be supported in different ways to promote adoption. The inception phase has confirmed that IP capacities remain a concern in providing sufficient administrative and operational quality assurance. This includes also thinking about how much in-house capacity will be required as opposed to relying on IPs with a view of ensuring efficiency and value for money.
- **Implications for Helvetas:** in future regional programming delivered through IPs, do not assume that all local implementation partners start at comparable levels of capacity. In multi-country initiatives, ensure that elements such as the expected language used for financial reporting are clear for everyone from the beginning.
- **Implications for Sida:** Sida should recognize the effort that goes into leveling the playing field in terms of IP capacity for a program like RECONOMY, where Helvetas is investing in continuous capacity building to be able to deliver on program targets.
- **Key RECONOMY tools:** 1) timesheet template, 2) IP selection protocol, 3) IP capacity needs assessments (such as the one launched on ECC in January 2022) 4) Environment and Climate change - integration approach, 5) Checklist financial report.

1.2 HOW TO MANAGE AN OCTOPUS¹² ADAPTIVELY

Much of the inception phase has been devoted to defining RECONOMY's overarching goals and fostering a common sense of purpose and direction between the stakeholders involved: Sida, Helvetas/the PFU, and IPs. From Sida's perspective, RECONOMY and Sida's objectives have always been aligned. At the same time, there is a recognition that, in terms of the co-design process with Helvetas:

"Maybe we weren't considering all the implications when designing this program. Elements such as the regionality versus in-country aspects, the possibility of having a guarantee facility, involving other donors... we might have looked at those differently. We also had to find a compromise in terms of level of ambition between what Helvetas wanted to do, and what was feasible for Sida." (Sida)

Indeed, the breadth of objectives and geographic coverage posed a particular challenge in limiting the remit of RECONOMY and developing a shared understanding of what the program is about, within a complex operating context. Sida highlights some of the tools introduced by RECONOMY that have allowed it to maintain its performance under difficult circumstances:

"We were in discussions after the war in Ukraine around risks and scenarios where they shared their analysis. They managed to adapt pretty quickly: they did a proper analysis. This was needed - to assess risks on a regular basis. They put forward four different scenarios in a risk analysis tool - and explained how the program would respond if each of those played out. Also, for Covid-19: they did their best to adjust. It was difficult to travel, but they did their best." (Sida)

The program has continuously adjusted not only to external events but also to insights gained throughout the inception phase. A pre-condition for the success that RECONOMY has had in delivering the inception phase is the institutional reach of Helvetas.

"RECONOMY would not have been possible if Helvetas had not been present already in most of the countries in the regions. Everything that happened with RECONOMY, how we set up the team, the controlling part of finance, all the HR structure, all the rules, the references for hiring staff, all those things, all the bureaucratic aspects. I think it would be impossible for RECONOMY to gain the dimension that it gained if it wasn't for Helvetas presence in the regions." (Advisor)

Helvetas's presence in the region allowed the lean PFU team that started in July 2020 to sign partnerships from the outset. Now that the team is gradually growing, it is acknowledged that the structures that were effective for a team of size at the beginning of the inception phase need to be updated:

"At the beginning, we had a completely flat hierarchy. And this was a good approach: you feel very comfortable to speak up and then the others can express their opinion—it was very open [...]. I see a bit more structure now, the roles and responsibilities are much clearer, because before, everybody was really willing to do everything, but after two years, people were overwhelmed." (PFU member)

The impression is shared by another colleague, who sees a need to establish more structures now that the team is expanding:

"Internally, there needs to be a bit more work done into certain processes. We are a very small team and we wanted to build a culture of flat management [...]. Because of the lack of human resources, everybody was doing everything. Now, with more people, we will start to focus more on our role and tasks, and the workload will become more manageable." (PFU member)

12 Endearing term used by PFU members to refer to RECONOMY, because of its many tentacles.

In general, the perception was that the PFU was understaffed during the inception phase, leading to staff feeling overwhelmed at times. In response to this, additional resources have been brought on board throughout the phase, such as an Operations Manager, and a request has been made to Sida for an enlarged team during the main phase.

The PFU has shown an ability to manage and adapt its tools and systems to the evolving requirements of the context and of IPs. Some examples of this ability include:

- **Operations:**
 - The establishment of an IT Portal¹³ that allows for real-time sharing of data and acts as a repository of knowledge among team members and between the team and Sida. This comes in response to the realization that certain IPs were not aware of the program's activities outside of their countries of operation and to difficulties in obtaining standardized data for MRM purposes.
 - Development and roll-out of an Integrated Risk Management System based on scenario planning in response to the uncertain operating environment in which RECONOMY works.
 - Systematization of ECC considerations through the Environmental and Climate-related risks and opportunities checklist.
- **Management:**
 - The onboarding of an Operational Manager to support consolidating systems and procedures.
 - A switch from six-monthly to quarterly financial reporting requirements from IPs, in response to low budget utilization rates and a need for increased oversight.
 - Explicit requirements that financial reporting should be done in English.
- **Technical:**
 - The pivoting of certain partnerships from IP to MA (ZIPHouse) in response to the realization that the role would be a better fit.

A key enabler of RECONOMY's ability to introduce these adaptations is the team culture the program has been deliberate in creating, with a heavy emphasis placed on it by senior management. For example, the explanation of why financial management can be led by just one person in a program of this size is that:

"It was very important in the beginning to create this team spirit. And then everybody knows they are on the same level, they ask how to do it, they pay attention to these details even when they go to field visits, when I'm not always with them. Everybody's working a bit on finance, on budget, or processes and procedures." (Finance and Admin Manager)

This perception is shared by IPs:

"There is a strong team culture. That's what I feel. I definitely can confirm that they are integrating us in their structure." (EECG)

One of the IPs was vocal about trying to emulate RECONOMY's team structure:

I think that they're a very well-structured team: they do their job very well. And I think that there's something that we can also copy from them, because now, our structure is not regional, it's in-country, but we try to communicate at the regional level." (IP)

¹³ Expected to come live before the end of the inception phase

TAKEAWAYS

- **What worked well:** there is consensus amongst PFU and IPs that RECONOMY is being intentional about creating a team culture. Cross-cutting team members feel empowered, and the team is encouraged to share successes as well as failures, which contributes to a culture of learning.
- **What could have worked better:** the team has gradually expanded in response to the increasing demands and shifts linked to budget changes. Had the budget and expectations been clearer from the beginning, the PFU might have been larger from the outset allowing for additional, larger pilots to be explored, and more impactful interventions could have been designed.
- **Implications for RECONOMY:** one of the key lessons for RECONOMY is that some of the tools and systems it developed for the team setup at the beginning of the program quickly became unfit for purpose as the team and the scope expanded. Moving forward, as much as possible, it should design with expansion in mind.
- **Implications for Helvetas:** in future programs, Helvetas could take the learnings from RECONOMY to better communicate to the donor the trade-off between delivering impact and building IP capacity. It should also look at RECONOMY's experience shifting implementation tactics to accommodate changes in scope as an example of how a program can manage interventions adaptively in the framework of challenging contextual developments and programmatic uncertainty.
- **Implications for Sida:** Sida may need to consider the trade-offs between staffing lean teams with a heavy reliance on IPs, and the need for projects to deliver results: time is needed to build capacity. Sometimes a larger PFU could mean better value for money, as it would allow for faster and potentially more strategic partnerships by removing the need to build the capacity of IPs. Adapting internal procedures and being willing to take risks while putting in place suitable mechanisms to mitigate these risks will be necessary for translating adaptive management to innovation and the delivery of sustainable and scalable results.
- **Key RECONOMY tools:** 1) Risk Management Tool, 2) Environmental and Climate-related risks and opportunities checklist.

1.3 THE TRINITY¹⁴ OF KML-C & MRM

RECONOMY's approach to KML-C is guided by three main objectives: "1. Enhance KMLC culture and practices; 2. Enable regional knowledge exchange between projects and counter partners; and 3. Provide decision-making support and disseminate knowledge that enhances sustainability and scalability of results."¹⁵

These objectives all target to varying degrees external and internal stakeholders. Considering RECONOMY's complexity, the decision to place KML-C at the core of interventions made sense, as:

- RECONOMY is expected to build on Helvetas' presence in the region - meaning there need to be mechanisms set in place to create synergies with other projects.
- PFU members are based in six different countries.
- There are 10 IPs¹⁶ involved in the program, operating out of nine different countries.

With full support from the Program Manager, the two-person KML-C team has piloted a range of approaches that have encouraged sharing and improved the quality of RECONOMY pilot interventions within difficult contexts. For example, at IP and MA levels, RECONOMY has proactively encouraged networking and exchanges against the backdrop of the COVID-19 travel restrictions.

"We are supporting the existing working groups of Helvetas, where we provide additional technical input: we don't want to create parallel processes [...] also, we have initiated peer-to-peer exchanges, where we are learning or leveraging from the knowledge that Helvetas has through other projects. For example, we paired partners from the Western Balkans and the South Caucasus region, so now the RECONOMY partners see different Helvetas-implemented projects. We also paired market actors from RECONOMY and other projects, working on similar freelancing interventions, and they started exploring the markets together and thinking of potential joint missions." (KML Manager)

These initiatives are highly valued by IPs and have resulted in new interventions coming to fore – such as a joint initiative between the FDC of Armenia and ZIPHouse in Moldova, which emerged from a discussion that representatives from both IPs had at a regional conference organized by RECONOMY in March 2022.

Internally, the KML-C and MRM Leads are also ensuring that knowledge is captured and actioned. During the bi-monthly meetings that the team holds, the coordinators share insights obtained from IPs, which allows the KML-C team to identify opportunities to explore further. In addition:

"We hold regular pause-and-reflect workshops. And this is done in collaboration with the MRM. We cannot work without the MRM person, they feed us with results, they feed us with numbers." (KML Manager)

These efforts have supported RECONOMY to establish a regional footprint and have contributed to the team's adaptive management practices, as well as to consolidate a team culture with IPs.

"We met some of the partners earlier this year in a regional workshop in Tirana: we had a chance to get to know what other organizations are doing [...] there are a lot of texts, blogs, and videos that are published. We are very well informed of what others are doing [...] what is also very good is the thematic working groups of Helvetas." (Help)

¹⁴ This is another endearing term used by program staff to refer to the three individuals who work in these areas.

¹⁵ RECONOMY KMLC Strategy (Annex 4)

¹⁶ The 5 HELP offices involved with RECONOMY are counted as one – if not, there are 14.

Moving forward, there is a recognition that as pilots mature, the role of the KML-C component may need to evolve from internal knowledge sharing to the creation of content that supports the team to promote replication amongst MAs. When it comes to MRM, there is a recognition that it has been difficult to involve IPs to an optimal degree within the system.

“One of our biggest challenges lies in the linkage between the monitoring of the pilots, the management of the same pilots, and the management of the project. Of course, we set the bar high for ourselves and we will keep piloting how we can integrate MRM into management, how can we collect and use data to steer the project and the pilots.” (Advisor)

The MRM Lead is the first to recognize there is room for improvement, which will hopefully be addressed through the platform that will be rolled out before the end of 2022.

“MRM is everyone’s job, also PFU members share MRM responsibilities. And then the IPs, most of them have either full-time or part-time MRM persons who are responsible for the MRM activities on MRM responsibilities on their level. But at least twice a year, I would need to have internal reviews with the partners related to MRM, going through their results and lessons learned. I think there is a lot of room for improvement. We are really a complex program with the number of IPs with varying experience, and knowledge... We want the MRM system to serve the project, not the project to serve the system [...] And it’s not on the IPs’ shoulders, they also have to deal with the market actors and the ability to get such information from them.”
(MRM Manager)

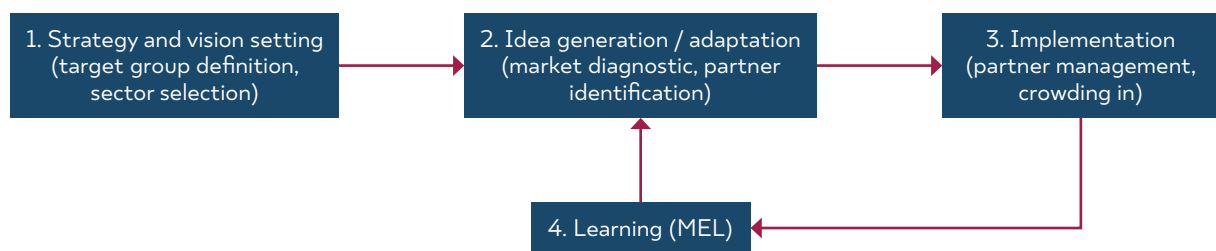
TAKEAWAYS

- **What worked well:** RECONOMY is unique in its explicit and continuous investment in creating and promoting a KML-C culture amongst its staff, its partners, and the development community. Senior management support as well as hiring dedicated staff and empowering them to drive a KML-C agenda is supporting RECONOMY’s goals.
- **What could have worked better:** the MRM system is still being developed, and roles and responsibilities are being constantly communicated to IPs – with accompanying capacity-building support. However, there is room to better incorporate MRM insights into the decision-making process.
- **Implications for RECONOMY:** as the team moves toward the main phase and considering RECONOMY has now established a reputation in the market, KML-C’s role may need to shift from content creation geared towards external audiences toward the generation of information that can promote crowding-in. Developing specific GESI and ECC indicators may also support the team in being more intentional about actioning those cross-cutting areas. For a regional program of this size and complexity, the challenge to the MRM system has been balancing rigor with feasibility. This requires the MRM system to find innovative solutions and prioritize where to invest so that MRM systems fit the size and capacities of the program.
- **Implications for Helvetas:** while largely driven by the personal commitment that senior management has toward KML-C, Helvetas could try to replicate the elements that have made that practice a success within RECONOMY – by for example hiring appropriate resources and ensuring they are empowered to drive a KML-C practice.
- **Implications for Sida:** to ensure its expectations are promptly met, Sida could share MRM guidance (where readily available) with lead implementers at the outset of the program – for example, on areas such as ECC.
- **Key RECONOMY tools:** 1) KML-C strategy, 2) MRM Manual

2. Strategic Implications for an Inception Phase of a Regional MSD Program with a Focus on Inclusion & ECC

Multiple resources outline what a typical MSD program's lifecycle looks like, with the accompanying tools that guide implementers from strategy setting to daily management activities. In simplified terms, the main stages of an MSD program tend to comprise four main steps, with Inception Phases generally focusing on steps 1 and 2.

Figure 3: Simplified MSD project lifecycle



Most of the tools available to practitioners along these four stages are suitable for programs that work in a single country, as that is the scope of most MSD programs. While there are some well-known multi-country programs such as the Market Development Facility (MDF) or the Arab Women's Enterprise Fund (AWEF), they are designed as country-level initiatives with a regional knowledge management component.

When it comes to RECONOMY, Sida took a highly experimental approach to designing the program. The two main elements that Sida was trying to test were whether MSD could be applied regionally and whether inclusive economic development and green economy approaches were compatible.

"Since the expected impact of the program is to have an inclusive and green economy, these two elements should be at the core of what RECONOMY does. You can never emphasize Environment and Climate Change and Gender and Social inclusion enough." (Sida)

In addition to this, Sida expected the inception phase to create a proof of concept by delivering results.

These features raise the question of what the design features attached to RECONOMY's objective during the inception phase have meant for the program. Otherwise, stated: has the emphasis on regionality, ECC, and GESI supported RECONOMY to deliver on its development objectives? This section identifies the benefits and disadvantages of having these guiding principles determine the direction of the program.

2.1 REGIONALITY: A GUIDING PRINCIPLE THAT IS COMPATIBLE WITH MSD

RECONOMY was conceived with a regional remit from the outset – testing the applicability of MSD principles to the challenges posed by using a region that comprises 12 countries as a unit of analysis, with their differing operational and contextual realities. Program staff understands that its regional value addition “links cross-cutting systems/themes”, i.e., common or shared problems faced by the countries where it works, “with stakeholders (common actors across countries).”¹⁷

In practice, this means that the regionality of the program can be achieved by:

- Replicating successful business models piloted in one country in other countries, and/or
- Broadening the ambitions of businesses that would otherwise limit themselves to single-country operations, and/or
- Supporting partners to increase trade and exports.

While in-country window initiatives offer opportunities to learn from local and national systems and explore relevant entry points for intervention designs, the program needs to be mindful of their design so that they consistently link to the regional value addition of the program.

This has two implications for the program: conceptually, it is pioneering an approach at a scale that has not been tried before; operationally, it is having to adapt or design tools that allow it to manage this scope. The table below summarizes some of the challenges the program has faced when setting its strategy¹⁸ and carrying out pilot interventions compared to projects that have a national level of ambition:

Table 2: RECONOMY vs. Traditional MSD Programs

		Single country MSD programs	RECONOMY
Strategic	Define the poverty reduction objective	Define target groups based on national/sub-national data	Define target groups based on regional/national/sub-national data, while looking for commonalities and differences that will allow for useability and contextualization
		Understand the challenges target groups face around the use and access	Understand the challenges target groups face around use and access in 12 countries / regionally
		Agree on the scope with the donor	Agree on the scope with the donor, considering the scope is new for Sida
	Identify broad opportunities to benefit the target group	Process secondary data	Process secondary data in conjunction with data generated by other Helvetas programs in the region
		Deploy teams to conduct primary data collection	Conduct limited primary data collection, partially driven by IPs (at the time new to MSD)
		Make sense of information and identify entry points	Make sense of information and identify entry points
		Develop TOC	Develop TOC that works in 12 countries
	Assess the feasibility of system-level change	Select market systems based on feasibility, opportunity, and relevance to the target group	Select market systems based on feasibility, opportunity, and relevance to target groups
		Check the feasibility of strategic focus by engaging potential partners	Check the feasibility of strategic focus by initiating pilots
	Operational	Create a team culture	Build the capacity of team members who work in proximity to each other
			Identify IPs and build their capacity, while also integrating them into the team

¹⁷ RECONOMY Proposal for the Extension of the Inception Phase (Eastern Europe & South Caucasus), 01.05.2022 to 31.12.2022. Version of June 1st, 2021.

¹⁸ The three steps are consistent with best practice as outlined in the [M4P Manual](#).

As the table shows, RECONOMY faced certain challenges unique to its remit, partly because of the need to define a strategy that can work across contexts as different as the Western Balkans and the Eastern Partnership. Indeed, the challenges and opportunities in reconciling MSD and regionality are clear for team members and have been the focus of an evolving understanding of the program. For example, speaking about RECONOMY's unique value proposition, there was consensus amongst team members that regionality is the program's most notable differentiating factor.

"We identify common and shared problems. And we also look at what would be the common actors to anchor these common problems without ignoring the fact that people do not live in a region, which means that we have to look at the different systems within each country."
(Program Manager)

"Regionality: it's not that we operate individually in 12 countries. We're trying to create linkages and stimulate the private sector work across borders." (PFU Member)

However, there is also an awareness that putting it into practice is challenging – not only from RECONOMY's side...

"I think we're still defining this by ourselves, we have some initial common understanding on what we mean by [regionality], but we still have to explore it further, we have to put it in practice."
(KML Manager)

... as the operationalization of regionalization has had to take place in parallel to Sida adjusting their internal structures.

"We are not used to working on this type of large-scale programs covering several regions."
(Sida)

Regardless, RECONOMY was expected to hit the ground running from day one. Helvetas's long-standing presence in several countries in the region, mainly the Western Balkans, was rightfully assumed to grant it insights into regional market dynamics.

However, these were not immediately applicable to RECONOMY. The intense time pressure under which the PFU and early IPs were put to start interventions and deliver results meant that the diagnostic process was rushed at a time when target groups and delivery modalities were being refined. While keen to explore opportunities around regionality, most PFU and IP members interviewed mentioned that if they could change only one thing about the program, it would be to have had more time to refine their research and strategy. This was also identified as a lesson learned in the inception evaluation report: *"RECONOMY's current evidence base is not strong enough to work out sector/head system strategies to inform components and key constraints. Key ingredients are there – the MSA, the team's knowledge of and networks into sectors – but more field work and, in particular, more granular analysis is needed to inform such strategies."*¹⁹

The focus on achieving results without enough time to conduct market diagnostics has meant that certain IPs have been hesitant to be held accountable for delivering results – mainly considering their contracts have been pegged to the three extensions that RECONOMY has received for the inception phase, each with budget implications. The feeling that the inception phase did not allow for enough time was recurrent:

¹⁹ RECONOMY Inception Phase Progress Evaluation: Western Balkans and Eastern Partnership, page 32. March 2022.

“Our regional project was designed for 11 months—we were overly optimistic that we could achieve results within this period. We made progress but results are still to come: these labor upskilling types of projects, even at the pilot stage, should last at least two calendar years, because it’s innovative when putting market actors together, making them work and making them develop something jointly.” (EECG)

Regardless, the regional ambition is well understood by IP (and MAs). In a clear example of promoting regionality by supporting businesses to launch operations in a country other than where the pilot took place:

“Now we are trying to analyze and apply the knowledge from Georgia to Armenia and Azerbaijan, from Armenia into two other countries and vice versa, and extend the technological focus. In the beginning, we had one technology in one country, now, we are going to extend and have two technologies in two countries and apply the lessons we learned within the 11 months of the implementation of the pilot phase [...]. The business partner and the educational partner never collaborated before: now, in two countries, at least we managed to put them together and to make them understand the rationale of collaborating with each other on the development of labor upskilling.” (EECG)

Along similar lines, Help are promoting the creation of regional platforms that can make the Business Process Outsourcing (BPO) sector more attractive to foreign investors and allow firms to access new markets:

“We don’t copy the same thing in every country, but we tried to find the way to look at the region as one common market [...] because each country is quite small, when we look at it as the region this creates a critical mass for foreign investors or for companies to access foreign markets. [...] So, for example, now, we have a partner from North Macedonia covering Serbia and trying to expand to Bosnia and Herzegovina and Montenegro. We also have a partner from Kosovo who’s covering North Macedonia and now will expand to Albania as well.” (Help)

This bodes well for the future: being in its inception phase, RECONOMY is testing pilots and generating early-stage proof of the viability and inclusion potential of business models. The fact that the program has managed to communicate the regional ambition effectively across levels of program implementation, and that some initiatives are underway, is encouraging – and is aligned with Sida’s expectation:

“Working with many IPs, especially in large and different geographies, puts a lot of strain on Helvetas. But if management is done well, it can enhance the quality and impact of the program and it can enhance its reach: the setup now where Helvetas has core expertise and works through IPs on the ground is part of the sustainability of the program.” (Sida)

The conclusion of the external evaluation of the program supports this view: *“RECONOMY has delivered proof of concept and can be scaled up, but ‘tightening a few bolts’ will be important to make the program more effective.”²⁰*

TAKEAWAYS

- **What worked well:** PFU members, Ips, and MAs are aware of RECONOMY's vision for regionality, and some of the tactics used are resulting in feasible pilots. While early stage, this is proof of concept of the compatibility of MSD with regional programming.
- **What could have worked better:** the team was under intense pressure to deliver from the get-go. The assumption that Helvetas' institutional knowledge would translate into the ability to act on "low-hanging fruit" was pushed to the limits.
- **Implications for RECONOMY:** the program should continue refining its understanding of market dynamics. It might be helpful to develop short documents that outline the strategies to be followed either regionally or by sector to allow it to better communicate its vision to IPs and other stakeholders – such as nested theories of change. This will support the team in becoming increasingly strategic as the portfolio matures.
- **Implications for Helvetas:** before committing to an ambitious set of targets in a short amount of time, it could make sense to ensure that sufficient resources (time and human) are allocated to deliver a program as ambitious as RECONOMY. This way, implementation teams are less likely to feel overwhelmed, and donor expectations will be managed. This may require longer negotiations with donors and investing time in clarifying what is feasible and realistic within tight budgets and timelines.
- **Implications for Sida:** for future regional programs, Sida could ensure that the lead implementer is allocated sufficient time and resources to prepare the groundwork. While learning-by-doing is a tried and tested technique that avoids the MSD pitfall of *paralysis by analysis*, it is important to give teams the time and the resources to conduct proper diagnostics and market assessments – as these can save time in the long run and support a strategic approach to delivery.

2.2 INCLUSION: A BALANCE BETWEEN HAVING A BLANKET TERM AND CONTEXTUALIZING APPROACHES TO THE NEEDS OF TARGET GROUPS IN EACH COUNTRY

While there is a shared understanding at all levels of the program about the importance of being inclusive, what inclusion means in practical terms for RECONOMY would benefit from clarification.

A reason for this is that the definition of Gender and Social Inclusion (GESI) has evolved during the inception phase. For example, in the Technical Document that Helvetas prepared in June 2020 (before the program started), there is mention of the fact that “the program’s vision and strategy to addressing gender is driven by the MSD approach, in particular integrating Women’s Economic Empowerment (WEE) into the approach.”²¹

By September 2021, in the Design Report, “RECONOMY is able to segment the target groups beyond the rubric label of women, the youth, or others who are excluded and disadvantaged. For this, the program uses a three-pronged approach of segmentation that combines (i) socio-economic, (ii) location-based, and (iii) health-related causes of being disadvantaged and excluded”.²²

However, this multi-pronged approach does not seem to have been adopted by team members. Over the course of an interview, only the Program Manager mentioned:

“[For inclusion] we came up with three segments: socio-economic status, where you have minority groups LGBTQI+, young people not in education and training (NEETs), and so on. And then, people living in rural areas, so location-based exclusion, migrants, and displaced people. And the third one is health-related causes of exclusion.” (Program Manager)

Other PFU members have a broader understanding of target groups:

“The moment that we sign an agreement, our IPs know that like inclusion of women, specifically vulnerable groups, is something that they need to go for, because that’s our goal. However, we do not target specifically.” (PFU Member)

Indeed, the general feeling seems to be that beyond data disaggregation, RECONOMY is not maximizing its potential to be intentional about inclusion:

“With GESI, we disaggregate data, but we need to analyze the impact on the empowerment of the vulnerable and marginalized groups, including women and young people. We can do more.” (MRM Manager)

GESI mainstreaming is a challenging area for many MSD projects. An added difficulty for RECONOMY is that it is one further step removed from the beneficiaries than most of the other MSD programs that Helvetas is managing, as illustrated in the simple diagram below:

Figure 4: IPs in the Delivery Chain



21 RECONOMY Technical Document, June 4th, 2020

22 RECONOMY Design Report, September 30th, 2021

This means that it is harder for RECONOMY to influence the behavior of market actors, who are ultimately the ones who, by adopting inclusive business models, will effectively deliver inclusive outcomes.

Therefore, a good test of the potential for RECONOMY to be inclusive is the current understanding and challenges that IPs face in being intentional about inclusion:

“We’re still identifying points of interest for women in trainings for windows and thermal insulation, and/or photovoltaic system installation. We want to include them into something meaningful and of interest to them, and not just to tick the inclusion box in the reports.” (EECG)

It is encouraging that there is an acknowledgment of the need for improvement, as well as a willingness to learn. However, Help adds another dimension to the difficulty of mainstreaming GESI considerations:

“The investment of the MAs is quite substantial, and we wanted them to try different models [...]. Now we’re working with our partners to identify ways to include vulnerable and marginalized groups, such as people with disabilities, or to include more women. For example, in Montenegro: participation of female trainees was not as expected.” (Help)

Indeed, GESI mainstreaming is often understood as something that can only happen once the viability of a business model is established. There is evidence to support these risks that implementers of MSD just perceive GESI as an add-on. But RECONOMY is inclusive by design: the team is aware that it could do more to address this.

TAKEAWAYS

- **What worked well:** PFU members, IPs, and MAs are aware of the importance of being inclusive and are intentional about achieving inclusion.
- **What could have worked better:** GESI will look different in each of the 12 countries. The tension between having an actionable definition that can work across the region and can be contextualized to each context is not resolved. By being too broadly defined, GESI loses its meaning. Further, some IPs struggle to reconcile commercial viability and inclusion considerations, mainly in the sectors of IT/BPO and construction.
- **Implications for RECONOMY:** it is common for MSD projects to only clarify GESI goals during the implementation stage. RECONOMY took steps to clarify definitions through a regional workshop on the matter in September 2022. The PFU will have to be proactive in actioning GESI and raising the level of ambition beyond gender-disaggregated data at the reporting stage. This is likely to entail constant communication with IPs and strong screening procedures to ensure that interventions are inclusive by design, rather than expected to generate trickle-down effects.
- **Implications for Helvetas:** for future regional programming, Helvetas may want to consider spending longer in understanding the barriers faced by marginalized groups before defining its GESI targets. For multi-country programs, it could make sense to develop a menu of GESI groups that each country can then action depending on the context and the sector of intervention.
- **Implications for Sida:** pushing a lead implementing partner of a regional program to define its GESI objectives too early on may be counterproductive, as it does not allow the teams sufficient time to grasp the nuances of target groups in broadly varying contexts. It may also be counterproductive to push for target groups that are too broad: while it generates an impression of inclusion, it can also lead to a lack of targeting because of a lack of definitions.

2.3 “RE” IS FOR... MSD, ENVIRONMENT AND CLIMATE CHANGE

The MSD community is trying to keep pace with the effects of environmental degradation and climate change that affect our planet. RECONOMY is one step ahead of many projects.²³

As explained in the Design Report, “the environmental impact assessment of RECONOMY focused on understanding and facilitating the economic and environmental value additions (i.e., ‘double dividend’). For the program, environment and climate change, and inclusive economic development are not competing objectives. [...] the assessment captured the key conclusions on (i) opportunities and challenges for green transition in the region within the program mandate and (ii) relevant findings on the sector and cross-cutting systems level.”²⁴

By having a full-time ECC Manager onboard, the program is supporting IPs and the PFU to move beyond a do-no-harm approach (the level of ambition of most MSD projects) to the development of intentional approaches to ECC mainstreaming. Recognizing it is not always straightforward for IPs to understand how to operationalize ECC considerations, the program has developed an internal checklist covering the variety of environmental considerations which may arise during the market system analysis and implementation of interventions. The checklist aims to improve IPs understanding of the impact of ECC trends and risks on the systems where they operate, prevent possible negative impacts of the interventions, and build the capacity of IPs.

This is possible because of a top-down culture that champions ECC and empowers the team to be proactive about it:

“I feel a lot of support from the management level, so that I get the resources needed and all the support needed.” (ECC Manager)

This commitment is shown by the fact that the ECC Manager is supported by an Analyst, who since June 2022 spends 20% of her time on ECC matters.

However, while there is no conceptual friction between MSD and approaches to mainstreaming ECC considerations, difficulties arise when team members do not feel equipped to act on ECC matters, or when inadequate resources are planned for ECC mainstreaming. As explained by a PFU member:

“‘Green’ has been emphasized more throughout the times, but the main objective was there since day one [...]. I do also think that we are still figuring out what does green mean for RECONOMY, and what does it mean in terms of do-no-harm activities or green skills. In terms of our documents and processes, I think that we have a lot written there. But now it needs to now be translated into real actions.” (PFU member)

This is a recurring theme that shows a willingness to be more effective. However, there are no shortcuts and no blueprint, given that the program is trying to prepare the region for accession to the EU:

“What we’re trying to do significantly differs from what other projects are doing in several perspectives. One is content-wise: I reached the conclusion that most programs talking about MSD and ‘green’ refer to addressing physical climate risks in natural resource-based market systems. In our case, we have of course food systems as one of the areas we are dealing with [where adaptation is needed], but in most other sectors, we’re focusing on the needs of the green transition/decarbonization and related challenges and opportunities. What we are doing is something rather new and highly connected to the regional European context, shifts happening in the broader Europe, and the consequences these may have on Eastern Europe, South Caucasus, and Western Balkans.” (ECC Manager)

²³ It is important to note that, outside of ECC specific guidance, other documents produced by the program (including reports and systems analyses) seldom include ECC sections – showing there is room to mainstream it further.

²⁴ RECONOMY Design Report, September 30th, 2021

This translates into a portfolio approach to ECC mainstreaming that is built around four types of pilot interventions:

- Certain interventions take place in green sectors. These include initiatives championed by partners such as EECG for energy efficiency or REDI for waste management.
- Another category comprises interventions in conventional sectors where the program is looking for opportunities to increase the environmental sustainability market players. These include interventions in textile and apparel, agriculture, or tourism.
- Thirdly, some interventions deal with increasing the potential of certain sectors to support the green transition. This would comprise interventions that promote the role of ICT as an enabler, such as Climate LaunchPad.
- Finally, the program is realistic and understands that work in certain sectors such as BPO will have to follow a Do No Harm approach.

Unsurprisingly, IPs that work in green sectors feel well-equipped to tackle ECC issues, while those like Help who focus on IT and BPO expressed a need to increase their capacity on the matter:

“There’s a lot of need for capacity building. The environmental aspect is very important, with current regulation, and it is something that we were not so involved in, or we don’t know a lot from our previous experience. That’s also something that we should learn about and explore.” (Help)

It is important to note that MSD programs that are trying to be intentional about ECC face the issue of lacking guidance on elements as essential as how to set indicators, which can hamper a program’s progress. As explained by the MRM team member:

“It is really difficult because in ECC I have limited experience. And we needed more information on defining what green jobs are? What are green skills? What is green finance?” (MRM Manager)

Despite the challenges of mainstreaming ECC, RECONOMY has made progress in including the measurement of green jobs and skills. For instance, the program uses sectoral and skills-based approaches to define green skills and jobs. The sectoral approach is simplified, and it focuses on all jobs in the “green” sectors. The skills-based approach relies on the skills which may contribute to greening the economy.

TAKEAWAYS

- **What worked well:** team members are aware of the importance of ECC. By working in certain sectors such as energy efficiency in construction or circular textiles, the program is proving that MSD and ECC work well together. Hiring a specific resource for the job has been crucial to keeping this matter on top of the agenda, including also having the buy-in from senior management.
- **What could have worked better:** not having ECC-specific indicators is hampering the program’s progress. ECC expertise was brought on once the technical document had been signed and after some pilots had started – better mainstreaming would have happened had it been there from the outset.
- **Implications for RECONOMY:** in the main phase, the program will have to continue to keep ECC at the top of the agenda and carry forward some of the guidelines it has developed during the inception phase. It should invest in ensuring that realistic targets are set and that indicators to track progress on it are used at all levels of monitoring, as this will allow the team to hold itself accountable for delivering on the triple dividend (economic, social, and environmental). Working on green economic development provides

significant opportunities for ensuring regionality in RECONOMY's interventions as well as synergies and partnerships with other international aid programs, and regional platforms for collaboration.

- **Implications for Helvetas:** supporting MSD programs to mainstream ECC goes beyond a written commitment. It requires investing in adequate resources and ensuring senior buy-in is available. Unless there is a special resource involved, there is a tendency for MSD programs to consider that environmental outcomes are secondary, with the viability of business models being more important. However, a failure to mainstream ECC from the outset can result in programs supporting activities that are unsustainable or damaging to the environment.
- **Implications for Sida:** helping projects to demystify ECC in alignment with Sida guidelines could support faster mainstreaming of ECC interventions. For example, expanding ECC integration guidelines to cover inclusive economic development and setting ECC indicators relevant to specific market systems (rather than national-level "greening" indicators) may support more effective implementation. A collaborative approach between Sida and the implementer to shaping the ECC ambition of MSD programs is likely to result in better outcomes and avoid misunderstandings.

Deep Dive: RECONOMY's Way of Doing MSD: A Flexible Approach Tested to its Limits

While it is usual for certain pilot interventions to require longer timeframes to achieve proof of viability, it is unusual for a program to be surrounded by uncertainty about its timeframe. As explained by a PFU member:

"We were given several extension periods with additional budget. However, if we had started from the beginning, knowing that there would have been an extended timeframe, the interventions would have been bigger and we would have gotten more from the partnerships, giving us time to create the sense of scaling up and sustainability. I feel like that would have given us a better start."
(PFU member)

In addition, a Sida procedure that has had consequences for RECONOMY is the need to engage in fund-forwarding.

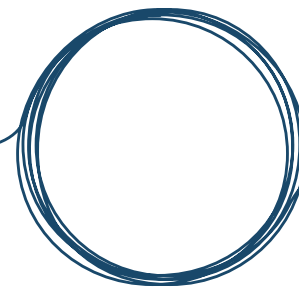
"What created a challenge was the way Sida defines implementing partners. For Sida, there is a process called fund forwarding process. So, Sida sends the fund to Helvetas, which passes it to the IPs. Sida was clear that the funds cannot be transferred to a private or commercially oriented actor." (Program Manager)

While this reduces RECONOMY's exposure, it has implications not only for procurement but also for the ability of the program to engage with the private sector within the typical framework of an MSD program, where contracts have built-in performance incentives.

"It makes it a bit trickier because our IPs have to procure on [MAs'] behalf according to their procurement rules, and choosing a service provider for the MA, which kind of takes their ownership away. The other challenge is performance-based payments when you're procuring and you're buying. You can't attach it to different instalments." (PFU Member)

In addition, Sida's approval process requires that they be given the right of objection on a concept note, and only after the non-objection is provided can the program launch a call and identify an IP. This requirement makes it harder to build incentives or co-develop the partnerships, as there is less room for opportunism in the identification and design of opportunities for the portfolio.

3. Lessons Learned & Conclusions



All the elements presented in the case study concern the inception phase of RECONOMY – a phase when most projects are just refining their understanding of the context and setting up a team culture, during which RECONOMY was expected to deliver results based on pilot interventions. As a team member put it, during the inception phase, the team:

“Made good progress with understanding the procedures and business processes, how you can do MSD in this context, in this modality of the structure with implementing partners, with the PFU in place. Now I feel we are prepared to really follow the procedures which are feasible, but also bringing a difference to the interventions.” (ECC Manager)

RECONOMY cannot fix all the things that are related or directly connected to inclusive and green economic development. Rather the program has assessed through the design process options and prioritized those that can generate results and benefits for the target group by ensuring interventions are better defined and targeted, and ultimately more impactful. Regardless, the program has been expected to deliver numbers, which it has.

Ultimately, this case study has explored how the program has managed to deliver results against a difficult and demanding setup and context. It has done so by identifying key characteristics of the program along strategic (Section 1) and operational (Section 2) lines.

In answer to the research questions:

- **Which elements of RECONOMY’s strategic and operational setup enable it to contribute to its development objectives, and how?**
 - The program’s unique objectives, which combine a regional focus with an intentional drive to mainstream ECC and GESI, have been adopted by the teams in charge of catalyzing change.
 - RECONOMY consistently invests in building team members’ capacity and does so both through one-off training, continuous coaching, and the creation of a team culture where people are not afraid to ask for support. This practice fits into current debates in the development community around how to localize aid.
 - KML-C has been given center stage in the program, which has supported the team in establishing its brand and supports in promoting efficient results delivery.
- **What features have been discontinued, and why?**
 - The very lean PFU team that the project started with has been expanded through the inception and will probably need to be further expanded in the main phase. This will ensure that value for money is assured in terms of combining the objectives of localizing aid and delivering results. It will also require revised reporting lines to ensure efficient delivery.
 - Assumptions around IP capacity have been dropped in favor of an evidence-based approach to partner selection that balances operational, technical, and geographic capacity.

Lessons learned and their implications for RECONOMY, Helvetas, and the development community, as well as Sida and other donors, are summarized below:

Area	What worked well	What could have worked better	Implications
Capacity building	<ul style="list-style-type: none"> ■ The PFU set up mechanisms for continuous training, coaching, and co-development of tools with IPs. ■ Advisory Services support was matched with program needs. ■ The program is consolidating a database of best practices concerning the localization of aid 	<ul style="list-style-type: none"> ■ Investing in developing templates and tools early on and socializing them amongst IPs could have increased the efficiency of certain interventions. 	<ul style="list-style-type: none"> ■ RECONOMY: IPs at different capacity levels may have to be supported in different ways to promote the adoption of the new platform the project is developing. As it expands its portfolio of IP partnerships, RECONOMY may have to be forward-thinking rather than reactive in addressing IP skill gaps. This may require using the new IP capacity assessment tool, as well as weighing the benefits of onboarding new partners vs. capacitating existing ones. As a thought leader in the regional MSD space, a key feature of the IPs that RECONOMY selects will have to be their capacity to keep up the pace of learning. ■ Helvetas / development community: be mindful and plan around the fact that IPs will start at different levels of capacity. If possible, consider alternative implementation models that do not require as much involvement from third-party providers such as IPs. ■ Sida/donors: understand, plan and encourage open conversations with lead implementers around the trade-offs that come between localizing aid and delivering impact within a short timeframe. Plan for complexity from the outset.
Adaptive management	<ul style="list-style-type: none"> ■ Investing in creating a team culture despite logistical difficulties (e.g. distance) pays off: cross-cutting team members feel empowered, and the team is encouraged to share successes as well as failures, which contributes to a culture of knowledge sharing and learning. ■ The team has iterated and adapted its tools and approaches as it has gained insights through project implementation. 	<ul style="list-style-type: none"> ■ Had the budget, duration, and expectations for the inception phase been clearer from the beginning, the PFU might have been larger, and more impactful interventions could have been designed. 	<ul style="list-style-type: none"> ■ RECONOMY: design systems and processes with expansion in mind, rather than solutions based on the status quo. this will help the program evolve at pace and reduce time lost due to delays or setbacks. ■ Helvetas / development community: look at RECONOMY's experience shifting implementation tactics to accommodate changes in scope. ■ Sida/donors: a larger PFU from the outset might have delivered better value for money – and could have spent longer conducting diagnostics. Donors also need to allocate enough internal resources to manage programs of this scope.
KML-C / MRM	<ul style="list-style-type: none"> ■ RECONOMY is intentional about creating and promoting a KML-C culture amongst its staff, its partners, and the development community. ■ Senior management support as well as the presence of dedicated and empowered staff is supporting RECONOMY's goals. 	<ul style="list-style-type: none"> ■ The MRM system is still being developed, and roles and responsibilities are being constantly negotiated with IPs – with accompanying capacity building. ■ There is room to better incorporate MRM insights into the decision-making process. 	<ul style="list-style-type: none"> ■ RECONOMY: KML-C's role may need to shift from content creation for external audiences toward the generation of information that can promote intervention crowding-in. Developing specific GESI and ECC indicators may also support the team in being intentional about actioning those cross-cutting areas. This will help to demystify these areas and improve not only reporting but also delivery standards. ■ Helvetas / development community: while it will not always be possible to hire senior staff who are committed to KML-C, projects may hire appropriate resources and ensure they are empowered to drive a KML-C practice. ■ Sida/donors: providing lead implementers with specific guidance on a donors' approach to cross-cutting themes (such as ECC) will ensure faster uptake.

Area	What worked well	What could have worked better	Implications
<p>Regionality</p>	<ul style="list-style-type: none"> PFU members, Ips, and MAs are aware of RECONOMY's vision for regionality – with some interventions showing encouraging signs of success (e.g. Semos Education) 	<ul style="list-style-type: none"> The assumption that Helvetas' institutional knowledge would translate into the ability to act on "low-hanging fruit" from other projects it runs in the region led to a lack of time to invest in market diagnostics. 	<ul style="list-style-type: none"> RECONOMY: the program should continue refining its understanding of market dynamics through the Main Phase. It might be helpful to develop short documents that outline the strategies to be followed either regionally or by sector, with a clear specification of the role IPs play in the vision. This will lead to a deeper and shared understanding of the sectors and improve the quality of intervention and partnerships. Helvetas / development community: before committing to an ambitious set of targets in a short amount of time, it could make sense to ensure that sufficient resources (time and human) are allocated to deliver to avoid staff burnout. Sida/donors: for future regional programs, Sida should allow for sufficient time (6-10 months) for programs to conduct a diagnostic. This will pay off in the long term with better-quality interventions and partners.
<p>GESI</p>	<ul style="list-style-type: none"> PFU members, Ips, and MAs are aware of the importance of being inclusive. 	<ul style="list-style-type: none"> GESI considerations are different in each of the 12 countries. The tension between having an actionable definition that can work across the region and can be contextualized to each context is not resolved. By being too broadly defined, GESI loses its meaning. Some IPs struggle to reconcile commercial viability and inclusion considerations in their interventions. 	<ul style="list-style-type: none"> RECONOMY: the program is already taking steps to clarify GESI definitions through a regional workshop that took place in September 2022. The PFU will have to continue to be proactive in actioning GESI and raising the level of ambition beyond gender-disaggregated data at the reporting stage. As the tone is set from the top, clearly communicating the ambition will reduce confusion and lead to better, more targeted interventions and partnerships. Helvetas / development community: consider spending longer in understanding the barriers faced by marginalized groups before defining GESI targets and interventions. A practical option would be to develop a menu of GESI groups that each country can then action. Sida/donors: expecting a lead implementing partner to define its GESI objectives too early on in the context of a regional program may be counterproductive, as it does not allow the teams sufficient time to grasp the nuances of target groups in broadly varying contexts.
<p>ECC</p>	<ul style="list-style-type: none"> Team members are aware of the importance of ECC. By working in certain sectors such as energy efficiency in construction or circular textiles, the program is proving that MSD and ECC work well together. Hiring a specific resource for the job has been crucial to keeping this matter top of the agenda, as has been having senior management buy-in. 	<ul style="list-style-type: none"> Not having ECC-specific indicators is hampering the projects' progress. ECC expertise was brought on once the technical document had been signed and after some pilots had started – better mainstreaming would have happened had it been there from the outset. 	<ul style="list-style-type: none"> RECONOMY: in the main phase, the program should ensure that realistic targets are set and that indicators to track progress are used at all levels of monitoring. These types of targets should be set following discussions with team members as the process will support demystifying certain concepts. Helvetas / development community: supporting MSD programs to mainstream ECC goes beyond a written commitment. It requires investing in adequate resources and ensuring senior buy-in. Sida/donors: helping projects to demystify ECC in alignment with donor guidelines could support a faster mainstreaming of ECC interventions.

ANNEX 1: LIST OF DOCUMENTS REVIEWED

Date	Name	Type
04/06/2020	Technical document	Management
27/11/2020	MSA country profiles/synthesis (Agora)	Technical
15/12/2020	SKILLS, KNOWLEDGE, AND INTERMEDIATION DEVELOPMENT (SDA/ Argument Consulting Bureau)	Technical
15/12/2020	Narrative Report (July-December 2020)	Reporting
01/01/2021	Financial and Administrative Manual	Management
15/03/2021	RECONOMY's Management Guide on Private Sector Engagement	Management
01/06/2021	PROPOSAL: for the Extension of the Inception Phase (Eastern Europe & South Caucasus), 01.05.2022 to 31.12.2022 (eight months)	Management
15/06/2021	Study for identification and selection IDEAS FOR RECONOMY PROGRAM INTERVENTIONS IN ARMENIA / Azerbaijan / Georgia (EECG)	Technical
15/06/2021	Narrative Report (January – June 2021)	Reporting
30/09/2021	Annex 1: MSA	Technical
30/09/2021	RECONOMY Design Report	Technical
30/09/2021	ANNEX 7: TRANSITION TO GREEN ECONOMIC DEVELOPMENT	Technical
30/09/2021	ANNEX 4: KNOWLEDGE MANAGEMENT, LEARNING, AND COMMUNICATION STRATEGY	Technical
15/10/2021	Annex 6: MSA WB	Technical
15/12/2021	RECONOMY Annual Report January-December 2021	Reporting
15/03/2022	RECONOMY Inception Phase Progress Evaluation Western Balkans and Eastern Partnership	Evaluation
	ANNEX 8: KNOWLEDGE MANAGEMENT, LEARNING & COMMUNICATION Processes, Structures & Achievements	Reporting
	RECONOMY's Manual for Monitoring & Results Measurement - Version 1/2020	Management
	Environment and Climate change - integration approach	Technical
	Intervention Guides / MRM documents (*18)	Technical
	Checklist financial report (one IP example)	Management

Environment and Climate change - integration approach / Checklist financial report (one IP example)

ANNEX 2: INTERVIEW GUIDES

All interviews were conducted following best practices in primary data collection. Informed consent was obtained before proceeding to the interview, and respondents' insights were presented anonymously unless they provided explicit consent to being quoted. Below are the orientation questions that guided discussions

PFU Members & Advisors

Strategy

- What is RECONOMY aiming to achieve, and how does it intend to do so?
- What are RECONOMY's differentiating factors? In what way is it similar to other programs?
- What does regional mean to the program? How is it managed in practice?
- What was the process you followed in setting up a vision for the program, and then articulating that into a strategy?
- How would you describe stakeholders (IPs, PFU, etc.) understanding of the program's strategy and tactics?
- What role does Knowledge Management and Learning (KML) play in the program? Can you give us some examples?

Operational setup

- How would you assess the degree to which the RECONOMY PFU team shares a team / KML culture? What has worked well? What could have been done better?
- Does the current program setup enable you to maximize your chances of reaching your impact targets? Why?
- How has the setup evolved, and why? If you could have it your way, would you do anything differently?
- What successes have you experienced, and what difficulties have you faced in mainstreaming ECC or GESI considerations?

Lessons learned

- Thinking about the "Communications" part of your KMLC strategy: what works well or doesn't in terms of sharing RECONOMY experiences with different audiences? Have you tested and discontinued certain practices? Why?
- What lessons could you share in terms of your experience navigating political instability in the eastern Partnership region, as well as COVID-19? What has worked? What hasn't?
- What recommendations would you have for other programs that work through IPs?
- If you could start again, would you do anything differently? Why?

IPs**Strategy**

- What is RECONOMY aiming to achieve, and how does it intend to do so?
- Could you tell us in your own words what MSD means, and how it is applied in the framework of the program? What is your impression of the methodology?
- What are RECONOMY's differentiating factors? In what way is it similar to other programs?
- Do you feel that you have a good understanding of the program's strategy in _____ [country/region of activity]? What is it?
- How do you make sure that you mainstream ECC or GESI considerations?
- Are you aware of the KML unit within RECONOMY? [If yes] – do you contribute to it?

Operational setup

- How would you describe your role within the RECONOMY program? Can you give us some examples of the type of work you do?
- Is your role clear? Has it always been clear?
- How has RECONOMY equipped your team to do the work that is expected?
- Is there a team culture at RECONOMY? What is it?
- In your opinion, has RECONOMY prioritized the creation of team culture? Please explain your answer.
- Has the program setup evolved? If yes, how and why?
- What successes have you experienced, and what difficulties have you faced in mainstreaming ECC or GESI considerations?

Lessons learned

- What works well or doesn't in terms of working with RECONOMY? And with market actors?
- What recommendations would you have for other programs similar to RECONOMY?
- What advice do you have for the RECONOMY program?

Market Actors**Collaboration and visibility**

- How did you end up working with _____ (name or IP)?
- How was the process of negotiating and signing a contract? [Probe: ECC and GESI]
- How is your collaboration going? What is working well? What could be improved and why?
- Have you ever worked with other donor-funded programs? [If yes]: which ones? And how does RECONOMY compare?
- What do you know about the RECONOMY program? And about Sida?
- Who is your main counterpart from RECONOMY's side?

Impact

- What are you trying to achieve through your collaboration with RECONOMY? [Probe: ECC and GESI]
- Have you changed anything in the way you do business since you started collaborating with the program? Could you give me an example? How do your customers/users perceive your new offer?
- What advice do you have for the RECONOMY program?

Sida**Strategy**

- How did Sida originally conceive the RECONOMY program? Has that conception evolved or changed? Why?
- What is RECONOMY aiming to achieve, and how does it intend to do so?
- What are RECONOMY's differentiating factors? In what way is it similar to or different from other programs funded by Sida?
- What was the process you followed for agreeing on a vision for the program? Was it iterative? Why?
- What are Sida's expectations from a regional program such as RECONOMY? Is RECONOMY providing insights into enablers and barriers to regional programming?
- Have you noticed any areas where Sida and the PFU vision are or have been misaligned?

Operational setup

- Does the current program setup enable it to maximize chances of meeting its impact targets? Why?
- How has the setup evolved, and why? Would you do anything differently?
- Is the program doing enough to mainstream ECC or GESI considerations? What more could it do to mainstream them better?

Lessons learned

- How would you assess RECONOMY's handling of the political instability in the Eastern Partnership region, as well as COVID-19? What has worked? What hasn't?
- What recommendations would you have for other programs with similar ambitions and setups to RECONOMY?
- What advice do you have for RECONOMY?

