RLDC
RURAL LIVELIHOOD DEVELOPMENT PROGRAMME

Programme Management for Market Systems Development Approaches

Lessons from the Rural Livelihood Development Programme

Tanzania

HELVETAS Swiss Intercooperation

swisscontact

Schweizerische Eidgenossenschaft
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Image cover page by RLDP

Date of Publication:

May 2016

Available on the HELVETAS Swiss Intercooperation website under "Publications on Market Systems": https://www.helvetas.org/news_blog/publication/value_chains.cfm

Executive summary

The Rural Livelihood Development Programme (2004-2015) aimed to improve livelihoods of smallholder producers and related enterprises in the Central Corridor of Tanzania through increased income and employment opportunities.

In 2015, RLDP engaged in a Capitalisation of Experience (CapEx) process to understand what lessons could be learned from this work. This learning document, *Programme Management for Market Systems Development (MSD) Approaches,* aims to explore the extent to which RLDP's internal management systems supported effective market systems development. The CapEx draws lessons for implementing organisations, donors and market systems practioners engaged in projects applying a market systems development approach in similar contexts to Central Tanzania, aiming at inclusive development in weak markets.

Lessons drawn from RLDP experience along the MSD project cycle

- The *Strategy* chapter presents the strategic framework and focus of RLDP's final Phase V as well as its project set-up. It concludes that the overall design of RLDP's Phase V was in line with M4P principles. However, more than the formal structures and design, it is the organisational culture as well as the capacities of management and staff throughout the project cycle that determine if a project functions well.
- The *Diagnosis* chapter presents RLDP's efforts to analyse and understand constraints in market systems as well as the identified entry points for its interventions. Besides investing in contract farming as a main entry point for interventions, RLDP found a limited number of other entry points to improve supporting functions and rules but did not address those in a systemic way. Programmes should build an organisational culture that values analysis and ensures that staff are guided and have the capacity to explore and get a deeper understanding of interconnected market systems.
- The *Vision* chapter discusses RLDP's processes for selecting and engaging with partners, re-confirming the importance of understanding the motivations and capacities of market actors. Lessons learned provide recommendations on how partner selection could be improved, including using the diagnostic process efficiently, employing a "self-selection" approach or relying on open market tenders.
- The *Intervention* chapter analyses how partnership relations were managed at RLDP. It also looks at its intervention strategies in terms of potential to reach scale. On the first aspect, one important lesson is that staff should have the capacity and creativity to employ a variety of facilitation instruments. On the second aspect, the CapEx concludes that scale within market systems development, in many ways, is more about sustainability than outreach. Various management implications for future programmes are presented.

- The *Measurement* chapter discusses the Monitoring and Results Management (MRM) system's design and implementation, which saw many challenges in RLDP's last phase. One central aspect highlighted for future programmes is that more attention must be paid to processes for independent verification on partners' reporting of results.
- The *Management* chapter looks at three aspects of management as outlined in the M4P Operational Guide, namely "readiness", "willingness" and "ability". It analyses and draws lessons, firstly, on financial and contract management systems, suggesting improvements in the language and modalities used in contracts with partners. Secondly, aspects of organisational culture and management style are discussed, recommending institutionalisation of mechanisms to ensure wider sharing, learning and accountability. Thirdly, the chapter draws attention to the central aspect of staff capacities, emphasising the importance of on-the-job learning and strong technical advice in a context of high staff rotation.

Conclusions and recommendations

The CapEx concludes with recommendations summarised under the four components of project management: management processes, organisational culture, management roles and staff roles.

- *Holistic understanding of programme management:* The general conclusion of this CapEx is that all four components need to be considered to ensure good programme management in MSD.
- *Formal management processes:* The experience of RLDP has shown that important processes must be in place such as a clear organisational set-up, guidelines on partner selection and contracting relationships as well as a functioning and credible Monitoring and Evaluation (M&E) system.
- *Organisational culture and management style:* Beyond the aforementioned formal processes, the experience of RLDP emphasises the importance of the "softer" aspects of management. The lessons section suggests that MSD programmes put a very high priority on the creation of space and time for critical dissent, learning and creativity.
- *Capacities of staff and management:* Finally, the CapEx has clearly revealed the crucial implications of capacities for MSD programme management, including both staff capacities to foster market system change and management capacity to facilitate a conducive organisational culture.

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List of Acronyms

AAER	Adopt, Adapt, Expand, Respond
AL	Action Learning
ASA	Agricultural Seed Agency
BA	Business Analyst
BMO	Business Member Organisation
CapEx	Capitalisation of Experience
CEZOSOPA	Central Zone Sunflower Oil Processors Association
CF	Contract Farming
CPM	Component of Programme Management (framework)
DCED	Donor Committee for Enterprise Development
ESA	Eastern and Southern Africa
RLDC	Rural Livelihood Development Company
RLDP	Rural Livelihood Development Programme
HELVETAS	HELVETAS Swiss Intercooperation
HR	Human Resources
M4P	Making Markets Work for the Poor
MoU	Memorandum of Understanding
MRM	Monitoring and Results Management
MSC	Most Significant Change
MSD	Market Systems Development
MSE	Micro and Small Enterprise
PC	Programme Coordinator
PM	Programme Manager
PSC	Programme Steering Committee
QDS	Quality Declared Seeds
SDC	Swiss Agency for Development and Cooperation
TA	Technical Advisor
TACOGA	Tanzania Cotton Growers Association
TASUPA	Tanzania Sunflower Promoters Association
VSL	Village Savings and Lending

1. Background on the Rural Livelihood Development Programme

In 2004, the Swiss Agency for Development and Cooperation (SDC) mandated two Swiss development organisations, HELVETAS Swiss Intercooperation (HELVETAS) and Swisscontact, to design a programme that could address issues of poverty in the Central Corridor of Tanzania. In response, a consortium of the two organisations formulated the **Rural Livelihood Development Programme (RLDP)** implemented by the **Rural Livelihood Development Company (RLDC)**, a not-for-profit company founded on request of SDC and jointly owned by HELVETAS and Swisscontact**.** Operations began in August 2005 and continued up to September 2015. Initially, RLDP supported market linkages between producers and buyers aiming to increase the income of small rural producers. From 2008 onwards, however, RLDP shifted to the Making Markets Work for the Poor (M4P) approach – also called the Market Systems Development (MSD) approach.[1] This shift was motivated by an aim to achieve higher outreach and more sustainable market development through facilitating market actors in strengthening and improving market systems in selected sub-sectors. In its final phase, on which this document focuses, RLDP worked in four sub-sectors (sunflower, rice, cotton, poultry) aiming at the goal and outcomes presented in the box.

RLDP OBJECTIVES IN PHASE V

Goal

Livelihoods of smallholder farmers, women and men, and related micro and small enterprises in the Central Corridor of Tanzania are improved through increased income and employment opportunities

Outcome 1 – farmer-level change

Market access, production, productivity of and value addition by farmers increase through availability of improved inputs, skills and knowledge and services, bargaining power, and awareness on gender equality.

Outcome 2 – system / market-level change

Business environment and services market undergo a systemic change, micro and small enterprises (MSE) providing support functions to agricultural production become more competitive, agriculture sub-sectors and related MSE growth, trade increases and smallholders have more and better business opportunities.

In previous phases, the programme had engaged in the honey, dairy, rice, sunflower, cotton and poultry sectors. Narrowing down from this broad portfolio, the thrust guiding Phase V was to **"focus on fewer sub-sectors, but scale up".**

Table 1: Overview and foci of RLDP phases:

2004 – 2005	Phase I	Inception / Setting up of RLDC
2005 (Aug) – 2007	Phase II	Linking farmers to markets
2008 – 2010	Phase III	Introducing M4P in five sub-sectors
2011	Phase IV	Transition phase under the same modalities as Phase III
2012 – 2015	Phase V	Scaling up in four sub-sectors and cross-sector services

[1] The terms M4P and MSD are used interchangeably in this document. More information about the approach can be found on https://beamexchange.org/

2. Capitalisation of experience on Programme Management

This document on Programme Management for market systems development approaches is part of a series of three Capitalisation of Experience (CapEx) documents. The other two documents deal with RLDP's experiences in contract farming and gender mainstreaming. All three documents are available in two versions: a long one like the present document, available online, and a short version available both online and printed version. These three documents complement a series of CapEx documents produced at the end of the previous phase IV on the following topics of RLDP's work: Collection Centres, Cotton Sector, Poultry Sector, Commercial Radio Programming, and the Facilitation Role (see Appendix D for an extract of the latter).[2]

2.1. Objective, target audience and structure of the document

This learning document explores RLDP's experiences applying an M4P approach, with an aim to address the main challenges encountered primarily throughout its final Phase V, but also taking into account relevant experiences from previous phases.[3] The target audiences of this document are the two implementing organisations and the donor involved in RLDP, as well as other practitioners in implementing organisations and donors engaged in projects applying an MSD approach in similar contexts like central Tanzania.

The following analysis of programme management in the context of market systems work aims to acknowledge the complexity of the systems present in central Tanzania - that is, essentially a thin market - and add to the already active conversation amongst systems-minded practitioners interested in creating programme environments in which inclusive development initiatives can thrive. This CapEx also contributes to discussions within SDC's e+i network on managing MSD projects.[4] The internal guidance document for managing MSD projects was consulted for this CapEx; likewise, when the internal guidance will be reviewed in the future, the findings of this CapEx will provide elements for the revised version.

This document is structured in the following way: Part 1 and 2 serve as introductory information on RLDP and the CapEx exercise. Part 3 provides the conceptual framework. Part 4 contains the main substance in terms of presenting, analysing and drawing lessons on RLDP experience along the *MSD project cycle (Strategy, Diagnosis, Vision, Intervention, Measurement and Management)*. Part 5 concludes and provides general recommendations using the *Components of Programme Management* framework, which focuses on management roles, staff roles, processes, and organisational culture.

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[2] For the CapEx documents on the previous phase IV see: http://www.rldp.org/index.php/blog/downloads/55-capex
[3] To get a more complete picture of the experiences of RLDP in phases III & IV, the reader is invited to consult the CapEx documents mentioned in the previous footnote.
[4] SDC, Managing MSD/M4P projects, Internal guidance document for SDC head office and cooperation office staff, Version May 2014, https://www.shareweb.ch/site/EI/Documents/PSD/document-2014.pdf

2.2. CapEx process

Staff and managers at RLDP identified key questions regarding which the programme could offer specific insight. These questions guided the programme management learning process:

1. How did RLDP's internal management systems support or hinder effective implementation of a market systems programme?
2. To what extent was RLDP's approach for engaging with market actors able to catalyse pro-poor systems change?

The CapEx process was then initiated with a stakeholder workshop held in Dodoma in June 2016. Data collection, discussions and analysis for this learning piece subsequently took place over the course of June – September 2015, and engaged various internal and external stakeholders (such as RLDP staff, SDC, local government, and project partners) in semi-structured, one-on-one key stakeholder interviews (see Appendix E for a list of interviewees).

During these interviews, stakeholders were asked what they considered the Most Significant Change (MSC)[5] they experienced during their time in the programme. After identifying a particular change as significant, the team asked probing questions framed by the Components of Programme Management framework outlined below. See Appendix B for a sample of questions asked during interviews with current and former staff.

> A typical question that guides a CapEx is:
>
> "If you had the chance to do the same thing again, what would you do differently? "

In parallel, a desk review of relevant documentation, including partner MoUs, project strategy documents, annual reports, audits, and project guidelines was conducted. A list of selected documents reviewed is provided in the Reference section. The document was finalised by conducting a peer review that included feedback from HELVETAS, Swisscontact, SDC and external market systems practitioners.

[5] The most significant change (MSC) technique is a form of participatory monitoring and evaluation. Essentially, the process involves the collection of significant change (SC) stories emanating from the field level, and the systematic selection of the most significant of these stories by panels of designated stakeholders or staff. Further information on the MSC technique and how it can be used can be found in the MSC Guide by Rick Davies and Jess Dart (2005), http://www.mande.co.uk/docs/MSCGuide.pdf

3. Conceptual frameworks for the CapEx on Programme Management

Part 4 of this document is structured along the *M4P project cycle* (see figure 1) as described in the M4P Operational Guide (2nd edition).[6] This project cycle features the typical elements in planning, implementing and evaluating projects, with emphasis on the iterative through learning. For e ach element, relevant RLDP experience is presented and analysed, and lessons are drawn. The document does not aim to reproduce the conceptual underpinning but only highlight some key principles where relevant. Appendix A provides an overview of the M4P approach. For more information on the six elements of the M4P project cycle, the reader is encouraged to consult the M4P Operational Guide.

Figure 1: M4P Project Cycle

In order to understand and articulate guidelines for effective market systems programme management along the M4P project cycle, the CapEx team developed the *Components of Programme Management* framework (Figure 2). This framework is composed of four components that managers of market systems programmes must consider, which are explained below. The framework aims to address the needs of market systems programmes to be both flexible and adaptive in response to the complex systems in which they work, while remaining accountable not only to the donor and to beneficiaries, but to the system change envisioned.

The RLDP experience is analysed through the lens of this framework in order to extract lessons for future programmes on key aspects of programme management. While the M4P Operational Guide also has a specific chapter on Management (see chapter 4.6),[7] this framework bundles different aspects into four components. In this way, it helps to synthesise the lessons learned in a form that can be applied in other MSD projects.

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[6] The Springfield Centre (2014), The Operational Guide for the Making Markets Work for the Poor (M4P) approach, 2nd edition funded by SDC and DFID, https://beamexchange.org/guidance/m4p-operational-guide/

[7] The chapter on Management was added in the 2nd version of the M4P Operational Guide, which illustrates the evolution in thinking in the M4P community, i.e. the perceived need for further guidance on this aspect.

Component definitions

Management Roles – refers to people and how they manage relationships within the programme, (i.e. staff, donors, other managers)

Staff Roles – refers to people and how they manage relationships outside the programme, (i.e. market actors, local government, etc)

Organisational Culture – refers to informal "rules" that govern the decisions people make each day and how they relate to one another and the program

Processes – refers to formal "rules" that govern the decisions people make each day and how they relate to one another and the program

These components are connected by two arrows creating a circle at the center of the framework (Figure 2). **These arrows represent the interconnectedness of the components.** No component is isolated from the others and each holds influence.

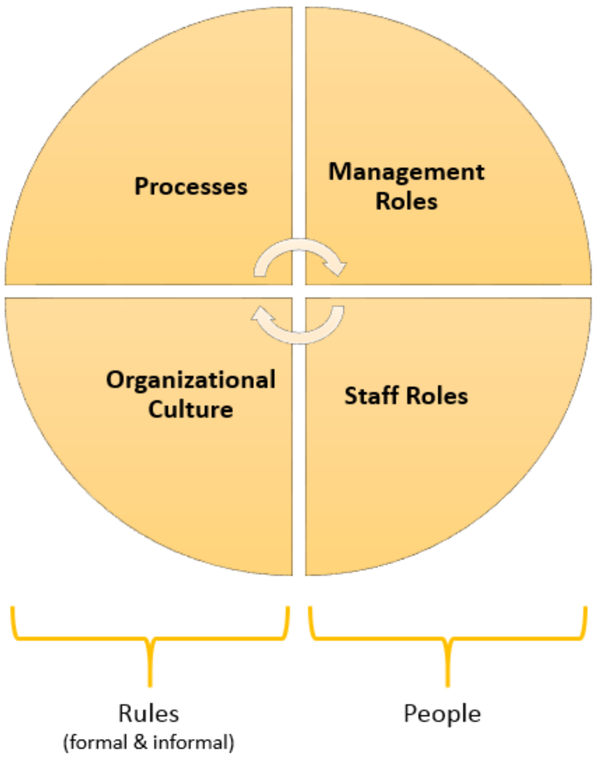

Figure 2: Components of Programme Management framework

The Components of Programme Management framework was developed by the CapEx team specifically for this CapEx document. The four components are adapted from the McKinsey Company's 7-S Framework[8] and further informed by the M4P Operational Guideline and a practitioner perspective brief on adaptive management.[9] It may be used by practitioners and managers as a reflection tool to understand what components characterise their management systems and what gaps may exist.

As with all tools used to understand and communicate complexity, the framework has limitations in its scope and usefulness. Firstly, the framework is **not intended to be a "how-to" guide** but rather an analytical tool. Secondly, the framework **does not value one component over the others**. All components are integral to effective program management and do not exist in isolation – each component is dependent on and influences the other components.

[8] "7-S" is model introduced in the 1970s that addresses the critical role of coordination, rather than structure, in organisational effectiveness. Developed by former McKinsey consultants Thomas Peters and Robert Waterman, the framework maps a constellation of seven interrelated factors (the 7 S) that influence an organisation's ability to change. More information on: http://www.mckinsey.com/insights/strategy/enduring_ideas_the_7-s_framework
[9] Engineers without Borders (EWB); Mercy Corps. Navigating Complexity – Adaptive Management at the Northern Karamoja Growth, Health and Governance Program. 2014. https://beamexchange.org/resources/169/

4. RLDP's experience of Programme Management

4.1. Strategy

This chapter presents the strategic framework and focus of RLDP's final Phase V (2012-2015). Project set-up, including management and staff structure, will be outlined in the chapter on Management (chapter 4.6). However, to facilitate the reader's understanding of RLDP's way of working in the following steps of the M4P project cycle, these project set-up aspects are also analysed in this chapter as part of project design.

The goal of RLDP's Phase V was to improve livelihoods of smallholder farmers and related enterprises in the Central Corridor through increased income and employment opportunities. The M4P Strategic Framework was clearly reflected in the Logical Framework of Phase V, with Outcome 1 focussing on the pro-poor growth objectives and Outcome 2 on the market system change objectives (see chapter on Background). In line with SDC's internal guidance on managing MSD projects, the Logical Framework was used to give general direction, but was complemented with more sector-specific detailed results chains for monitoring and steering (see chapter on Measurement).

In previous phases, the programme had engaged in the honey, dairy, skins and hides, rice, sunflower, cotton, and poultry sectors. Diverging from this broad portfolio, the motto guiding Phase V was to **"focus on fewer sub-sectors, but scale up".** With this in mind, the programme identified three crop sub-sectors (rice, sunflower, cotton) in which to test innovations and build on experience. A fourth sub-sector, poultry, was seen as a complementary livelihood activity, especially aiming at improving the economic livelihood of women.

The strategy design of Phase V benefitted from the experience of RLDP in previous phases. As a new element in Phase V design, cross-sector services were introduced, i.e. supporting functions that were considered essential for all sub-sectors (see figure 3). This resulted in a matrix concept, which had implication for staff roles, as explained below. The idea behind this design was to foster consistency in approaches concerning the cross-sector services and to break up "silo" thinking between sub-sector intervention strategies.

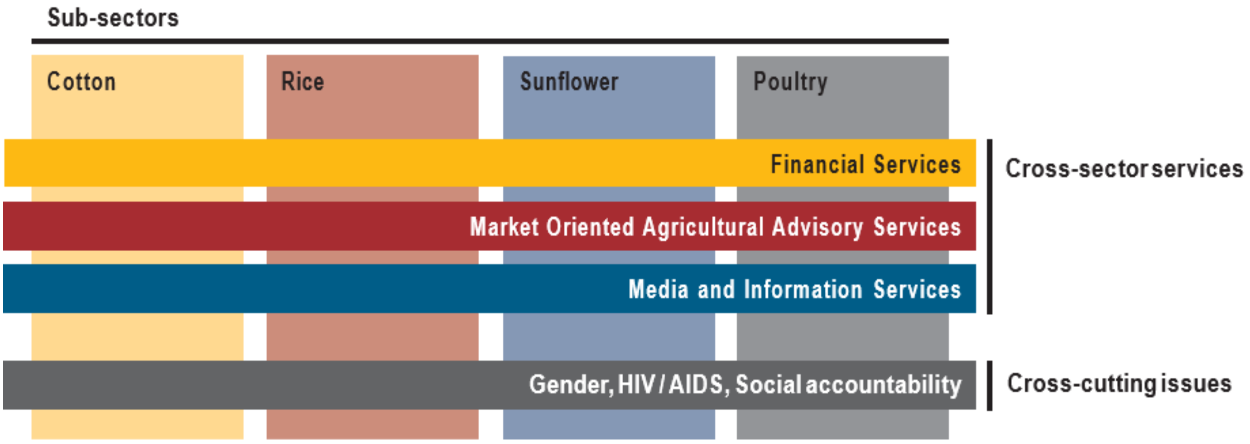

Figure 3: Sub-sectors, cross-sector services and cross-cutting issues

The project management set-up in Phase V saw some shifts compared to the previous phases. Due to critiques of the governance structure of the company (RLDC), the two implementation organisations in agreement with the donor changed to a "classical" project implementation structure (Figure 4). Management at RLDP in Phase V was structured, generally, into two levels: (i) the newly introduced Programme Steering Committee (PSC) and (ii) programme managers. The PSC functioned as a supervisory and guidance body for the programme and was chaired by SDC. In addition to SDC, the PSC was comprised of representatives of the consortium and the Programme Manager (PM). The PM was to report directly to the PSC on a regular basis and the PSC was tasked with higher-level oversight of RLDP. Thus, from the perspective of RLDP staff, the PSC was an entity far removed from programming.

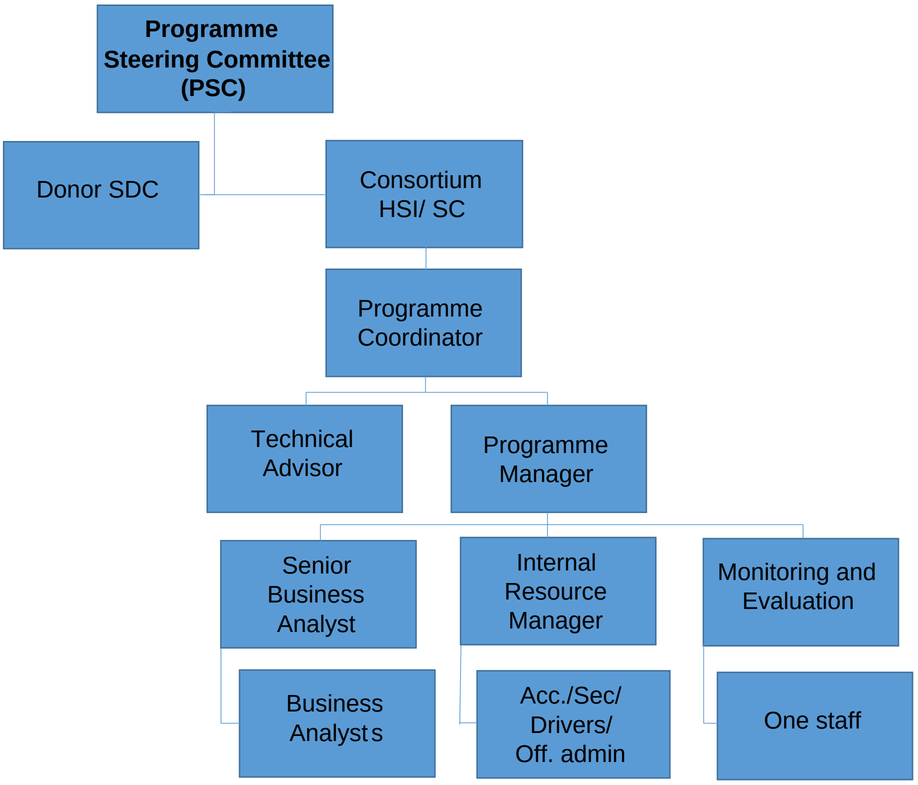

Figure 4: Organisational Chart

Throughout RLDP's Phase V, the senior programme management team was composed of three main roles:

- The **Programme Coordinator (PC)/HELVETAS Country Director,** based in Dar es Salaam with 50% of his time allocated to RLDP, held responsibility for general coordination and reporting of the programme, providing support to the PM, and acting as liaison person in the HELVETAS Country Office.
- The **Programme Manager (PM),** an RLDP employee, managed the technical team, programme interventions, and was responsible for ensuring general implementation and delivery of results through appropriate management of the programme team.
- The **Technical Advisor (TA, 90%),** supplied by Swisscontact, was responsible for supporting good practice in market facilitation and providing advice to the program manager and technical team.

This senior programme management plus the Internal Resources Manager formed the Executive Management Committee, which had the function of discussing and deciding on key operational issues such as the final approval of partnership proposals.

The programme team was composed of technical experts and Business Analysts (BA) at the frontline of facilitation, which included the development, implementation and monitoring of market development strategies and interventions. Members of the technical team each held specific roles within the team structure, which was divided by the subsector or cross-sector service/crosscutting issue on which they worked (see Figure 3).

Lessons regarding strategy and project set-up

Establishing a theory of change that is consistent with a systemic approach is a necessary step for good programme management in MSD. The overall design of RLDP's Phase V was in line with M4P principles. This has certainly been a consequence of having gathered experience with the approach in Phases III & IV. Also, the matrix structure of sub-sectors and cross-sector services had potential to foster needed staff exchange. The challenges RLDP faced in Phase V were more related to the subsequent steps of implementing the approach, which are discussed in the following chapters. One clear example of how design differed from implementation is the interpretation of the scale strategy and the corresponding revision of certain targets (see chapter 4.4.2).

A project set-up needs to allow for dialogue with the donor on the one hand and within the team on the other hand. RLDP's management set-up for Phase V was, in principle, well thought through, with SDC's role and guidance as chair of the PSC being more prominent than in the previous company setup, where SDC was invited to Council Meetings (AGM) but did not have a formal voting right. However, with many new staff on all sides (SDC representative, RLDP PM and TA), the transition to the new structure faced several challenges. The PSC started functioning late, which jeopardized its leadership and steering capacity. The role of SDC within this structure was not fully clear to the incoming chair and insufficient two-way communication between RLDP and the PSC led to further uncertainty around the role of the PSC. However, more than the formal project structure, it is the organisational culture as well as the capacities of management and staff that determine if a project functions well. These aspects will be further explored in the chapter on Management.

4.2. Diagnosis

This chapter presents RLDP's efforts to analyse and understand constraints in market systems. It also discusses how RLDP identified the entry points and strategic focus of its interventions.

RLDP conducted limited market analysis in Phase V and instead relied heavily on market intelligence from Phases III & IV. Phase III assessments, as well as research conducted in 2010/11 on Phase III & IV impacts, were the primary sources for the Phase V project document and informed strategy throughout the Phase. When RLDP conducted Phase V market analysis, the research was limited in scope and reliant on existing partners. One reason for this was that RLDP considered that assumptions from Phases III & IV still held true for Phase V, and that scaling-up with existing partners does not need heavy investments in further market analysis.

RLDP identified various functions in the rice, sunflower and cotton market systems that needed improvements; these functions were located at all three levels of the market systems:

- In the **core value chains:** low productivity and quality of produce, low sales volumes, etc.
- In the **supporting functions**: low performance of financial services (including insurance), rural advisory services, media and information services (hence the three cross-sector services as apparent in figure 3), low quality and availability in input provision
- In the **rules**: low professionalism and institutionalisation of advocacy mechanisms to address issues related to formal rules, lack of trust between market players (informal rule)

The programme intended to facilitate solutions at all three levels of these market systems. As the market analysis did not go much more in-depth than in Phases III & IV, the solutions found to address these constraints did not change much either. Contract farming was a mechanism that RLDP thought could address various constraints at the three levels of the market system at the same time, by: improving the match between quantity and quality of produce in the core transaction; strengthening supporting functions such as advisory services, information flow, and input provision on credit, and; enhancing trust and formal contract arrangements between producers and processors on the rules side. Lessons learned from RLDP's contract farming interventions can be found in the Contract Farming document of this CapEx series.

Other than contract farming, RLDP found a limited number of entry points to improve the supporting functions and rules of focus market systems. In Phase V, these entry points included:

- **Advocacy:** strengthening the governance and the advocacy capacity of the cotton producer apex organisation (TACOGA) as well as the sunflower promoters' association (TASUPA)
- **Financial services:** piloting a micro-insurance service through a collaboration between the insurance provider and an aggregator in the sunflower sector; promoting Village Savings and Lending (VSL) groups in rice to enhance rice smallholder farmers' access to micro-finance
- **Inputs:** further strengthening community-based quality declared seeds (QDS) production systems; Working with Agricultural Seed Agency (ASA) on seed distribution
- **Rural advisory services:** introducing rural advisory services district forums

A part of the work on supporting functions in particular had already started during Phases III & IV (QDS, ASA) where the focus on rules was more substantial, including technical assistance to ministries to address constraints in the business environment (e.g. for removal of value-added tax on imported milk-processing equipment), as well as strengthening the advocacy capacity of the sunflower processors' association of the Central Corridor (CEZOSOPA) to influence policies (e.g. concerning tariffs on imported crude palm oil, and later on, reducing import tariffs on sunflower-processing equipment).

Even though some supporting functions and rules were addressed, the bulk of RLDP's partnerships were with processors as core market players. Further background on this partner selection and engagement is discussed in the next chapter, on Vision. What becomes clear at the stage of market analysis, however, is that RLDP had a limited understanding of supporting functions and rules as separate, interconnected market systems. The solutions facilitated by RLDP were primarily at the level of the main market system but did not go further in-depth to foster lasting changes in service systems and rules-setting systems. This proved to be a superficial approach in the long run that did not bear the results of strengthened market systems and had important implications for the scaling strategy, which will also be discussed in the next chapter, on Vision.

Reasons for lack of depth in market analysis and hence limitations in how the team found entry points can be found in all four components of the Components of Programme Management framework. Though staff were aware of changing market dynamics, continuous integration of this learning into strategy did not happen in a systematic manner. Possible explanations for this lack of investment were that the programme staff believed that the changing market dynamics they witnessed were of little significance, and/or team silos meant that this learning was not shared within the programme. Without a consistent internal knowledge management system to discuss potential strategy shifts, and with an expectation that strategy was set once a year, managers built a culture of rigid planning structures.

The change of staff between Phase IV and Phase V also affected the RLDP's understanding of market systems. The analyses conducted in Phases III & IV, on which RLDP relied significantly, were conducted and commissioned by people other than those who managed the interventions in Phase V.

Also, to analyse market systems, a good understanding of the M4P approach as well as strong analytical capacities are needed, but were not sufficiently present partly due to staff rotation.

Lessons regarding market analysis

To make concrete the lessons with regard to market analysis, in the following paragraphs examples are taken from the rice sub-sector that serve as an illustration of how analysis may inform strategy. Further information on issues in the rice sector can be found in another document of this CapEx series, the CapEx document on Contract Farming, which has a chapter on the rice sub-sector.

Investing in market analysis at the beginning of a new phase is important for a programme's ability to build strategy grounded in market realities. Without up-to-date information, the strategy stagnates, which can jeopardise the appropriateness and effectiveness of interventions. RLDP's rice contract farming interventions focused on supporting millers to take up a smallholder-fed supply chain business model. This strategy, though necessary, could not bring about the type of market transformation needed in Tanzania's rice sector. At a macro level, local rice could not compete with the cheaper, imported varieties, which reduced the incentive for entrepreneurs to enter the rice sector. This meant fewer number of businesses engaging in the rice sector and ultimately reduced competitive pressure for pro-poor change.

Further, rice is amongst the key staple foods (staples) of East Africa together with maize, wheat, beans, millet, potatoes, and cassava representing 75% of total agricultural products traded in Eastern and Southern Africa (ESA). The integration of the East Africa Regional Market opened up opportunity for regional trade in staples, giving impetus to increased supply. Staples represent the fastest growing set of commodities in agricultural trade in ESA, with an estimated annual value of US$50 billion. Despite this potential, formal trade in food staples continues to lag behind (estimated to account for only 13% of total traded volume; Kippra, 2012).[10] Further, much of this trade is limited to local markets where producers sell a significant proportion of what they produce (Kilimo Trust),[11] this could be attributed to the position of rice as a food security crop, especially in the Central Corridor. Food security is a sensitive issue and is handled differently by individual East African Community (EAC) partner States. These realities create several mutually reinforcing factors to consider in a market analysis to inform the intervention strategy, such as:

- Millions of smallholders *as producers* of food staples do not trust the market enough to expand production significantly beyond the minimum they need for their own consumption – this is a significant disincentive to uptake of new technologies and it also stifles commercialisation and specialisation and/or exploitation of comparative advantages.

[10] Accelerating growth through improving intra-African Trade; KIPPRA, 2012
[11] KT (2011). Results of Scoping and Analysis of Food Commodities that are Strategic to the EAC Region. Unpublished Report. Kilimo Trust, Kampala , Uganda

- Smallholders *as consumers* also do not trust the market to supply the staple foods they desire, and thus resort to investing time and effort producing their own food, often in agro-ecologies not suitable for such production, leading to frequent failures that perpetuate hunger and poverty while also limiting investment in enterprises for commodities that are more suitable.
- Inadequate safety nets to deal with pockets of food shortages, that make local and national governments worried about political consequences of trade-based food security and thus fall back to the "comfort zone" of subsistence supply enforced through bans on exports, and/or price controls.

It is not immediately clear that RLDP factored these realities into the overall programme strategy. For example, in working with millers and making contract farming arrangements, it is not clear that the food security concerns of the population in the Central Corridor or even the staple nature of rice were considered! The solution (contract farming) pushed by the project clearly did not auger well for the rice sector. Perhaps the project should have had the flexibility to address the "rules of the game" aspect rather than only the demand and supply issues of the rice market. Such an analysis would have reoriented the intervention's entry point and strategy.

Market systems analysis needs to go in-depth and explore interconnected systems. Although taking into account constraints at the level of supporting functions and rules, RLDP focussed its interventions on the core market system (as stated in the preceding paragraph above). As such, solutions were promoted that did not bring systemic change to the way these functions worked. For this, supporting functions and rules would have needed a more systemic analysis in order to find a strong entry point to transform such services and the business environment more broadly. For example, in the rice sector, lack of access to finance was an issue for small millers who wished to buy in bulk from producers. This was a major constraint for RLDP's partners and restricted the millers' ability to engage with smallholders as suppliers. RLDP chose to address this issue through VSL schemes, but could also have designed a strategy to work with financial institutions to build appropriate financial products or services for small and medium enterprises, including but also beyond rice millers. It is therefore important that staff are guided and have the capacity to explore interconnected systems.

Market systems analysis is not a one-off activity but must continue throughout a programme's life. A market system is a dynamic environment; programmes must reflect that dynamism and be responsive to shifts in market realities. Findings from market systems analysis should be translated into strategy formulation, adapting existing or designing new interventions.

4.3. Vision

The 'Vision' step in the M4P project cycle introduces the sustainability framework ("Who does? / Who pays?"). RLDP did not explicitly formulate visions for future functioning of market systems. These visions were rather implicit in the identification of intervention entry points (discussed in the Diagnosis section) and the selection of partners. This chapter focuses on the latter aspect and discusses RLDP's processes for engagement with partners.[12]

RLDP partner selection was guided by a set of sixteen criteria. Staff investigated these criteria with potential partners through informal discussions and 'site' visits at their place of business. BAs used a checklist for assessing potential partners, which provided guiding questions in line with the criteria set out.

The M4P Operational Guide proposes as essential criteria for partner selection, which relies on an analysis of their incentive (**will**) and capacity (**skill**) to contribute to a desired systemic change. The capacity dimension was clearly included in the set of criteria by RLDP, with different aspects such as financial, staff and management capacity as well as sustainability of the business model. The incentive dimension was also covered, although more implicitly, in criteria such as interest in and evidence of innovation, shared vision and motivation, as well as interest and experience in development. Besides the 'will' and 'skill' dimensions, criteria included aspects such as pro-poor impact potential, location and reach, size of operations, etc.
Staff shared that due to pressure to find new partners for the annual programme cycle, BAs only partially applied these criteria for the partner review process. This resulted in RLDP collaborating with market actors who were not always best placed or internally motivated to take up pro-poor changes. In addition, the pressure to scale up often translated into BAs choosing partners who could demonstrate that they were reaching out quickly to a large number of beneficiaries.

In the chapter on Diagnosis, it was described that RLDP had a strong focus on the main market systems in the three sub-sectors and not so much on interconnected systems. This focus was reflected in the selection of partners. RLDP focused most of its energy on engagement with market actors in the 'core' of market transactions (i.e. processers, producers). Less time, money and human resources were invested in working with supporting actors such as agro-dealers, government, and financial institutions, all of which hold substantial influence over the functioning of each market system.


Image by Martin Fischler

[12] In the M4P Operational Guide, partners selection is considered as part of the „Intervention" stage of the M4P cycle. However, the type of partner a programme chooses to work with is a clear reflection on their visions for future functioning of market systems (who will do, who will pay). This aspect is therefore treated in this chapter.

Lessons regarding partner engagement processes

In systemic approaches, the "entry point needs to be the exit strategy", meaning, where a programme decides to intervene, who they work with and how they go about intervening must be guided by a vision of sustainability. Most RLDP interventions did have an implicit vision for sustainable systemic change. A more explicit formulation of the vision of sustainability may have made partner selection more strategic. Other programmes have found it useful to state the vision as an integral part of any intervention planning exercise (e.g. in templates for intervention concept notes). For staff who are not yet very familiar with the M4P approach, using the sustainability framework explicitly may provide good guidance for a thorough reflection on the vision of the future functioning of the market system. More experienced staff may formulate the vision in more narrative terms.

> From the diagnostic process you may have gained an idea of who the right partner could be, but it is only when you start negotiating each party's specific contribution to, and responsibilities within a partnership that you can confirm this.
>
> Source: The Springfield Centre, *M4P Operational Guide 2nd Edition*, (2014), Pg. 28

Market systems programmes must thoroughly understand the motivations, vision and capacities of the market actor they are engaging with. RLDP faced challenges in this regard due to several reasons: a perceived pressure to engage with new partners each year linked to outreach (see also chapter on Intervention, section on scale strategy, below), time pressure linked to agricultural seasons, and a scarcity of potential partners in a "thin" market like the Central Corridor. A list of criteria and checklist with questions as developed by RLDP are good tools, but programmes have to invest the necessary time in exchange with potential partners. Using the diagnostic process as much as possible to pre-screen potential partners is a good way to employ time efficiently. Also, once collaboration has started, the understanding of to what extent a partner's will and/or skill could improve should guide a programme in the decision whether or not to continue the partnership (a point which is further discussed in the chapter on Intervention).

To improve the quality of partnership selection, programmes like RLDP could use a 'self-selection' approach. 'Self-selection' consists of a rolling partnership process whereby a partner's commitment is tested and the partner is given the option to opt in or out by demonstrating commitment. This requires programmes to structure engagement with market actors so that they are continuously testing commitment. In this scenario, neither the programme nor the partner is 'locked' into anything. For example, for buyers of crops, a programme could frame an offer around supporting the buyer to build a durable and scalable managerial model for working with smallholder suppliers. This offer could include a period of agreeing on specific investments. Any agreement would be about the firm working to accomplish this objective for their own interests, allowing the partner to continually demonstrate their buy-in and commitment to the strategy being supported by the programme, and to 'select out' if they no longer want to invest their time, money and energy.

An alternative strategy would be for the programme to use the open market through the "tender" approach to source and select partners. RLDP would in this case document the kind of partner required, partner characteristics and a clear criterion for the partners and partnership. This would be then floated in the open market, with potential partners applying and being shortlisted against the set criteria. Successful partners would then, from the start be engaged on a mutual and clear understanding, with clear obligations that would be monitored. However, in this approach one needs to find the right information channels where potential partners, including from the private sector, learn about the tender. In addition, the programme needs to have the capacities to spot the potential in terms of behaviour change of the candidates as opposed to only receiving good proposals, which are often written by hired consultants.

4.4. Intervention

This chapter analyses how partnership relations and contracts were managed at RLDP. It also looks at the intervention strategies in terms of potential to reach scale. Lessons on staff and management roles and capacities as facilitators are discussed in the chapter on management (section on ability).

4.4.1. Managing relationships with partners

Business analysts at RLDP were the primary managers of relationships with market actors. The Senior Business Analyst, Technical Advisor and Programme Manager supported BAs in this role. After identification, selection and approval of a partner, RLDP agreed to a one-year contract with the majority of market actor partners. These contracts, along with an accompanying one-year MoU, outlined the conditions of the partnership and expectations regarding the partner and RLDP's responsibilities. There appears to have been no clear plan outlining behavioural changes required at the business level. If one existed, it was not explicitly formulated in the MoUs.

"Partners still want to say, 'we are supported by RLDP, this is not our business, this is their vision'." – RLDP Staff Member

Through key stakeholder interviews, many partners shared that they did not feel ownership and saw the work they did as an extension of RLDP rather than as their own initiative. Many partners shared that they were only able to execute on pro-poor business strategies because of funding provided by RLDP, and they would not be able to continue the investment after the programme left.

Within Phase V, the general trend for partner agreements was for the first year MoU to support a pilot. Subsequent years supported expansion of any initiative to larger numbers of smallholders or the inclusion of additional services. These decisions, to continue or cease investment, were intended to be based on partner performance during the previous agreement. Simply, if the partner had met expected outputs of the MoU and was interested in continuing to work with RLDP, the programme would offer further support.

This type of decision model can be effective, but with monitoring efforts dependent on partners and little independent verification, the process was flawed. Partners had an incentive to report successful numbers whether they had actually achieved the defined targets and goals or not. At the same time, the programme did not invest sufficiently in independent verification. Therefore, there were instances where partners received programme support for multiple years without sufficiently clear evidence of the results.

The challenges with regards to independent verification of private sector partners' reporting are discussed in the chapter on Measurement. During the lifecycle of RLDP, the issue of what was the right type and amount of support to partners was discussed. The issue of grants was continuously debated throughout the whole implementation period. The team concluded that as an instrument *per se*, grants can be used under the M4P approach, as long as this does not distort markets, does not jeopardize the sustainability of intervention (i.e. is a one-off support that opens doors), and partners also invest. In general, RLDP adopted a policy of paying a maximum 50% of an intervention cost. However, verification of partner co-financing (as additional investment) proved to be difficult and it was not always obvious whether RLDP support was for one-off activities. Even though a financial verification tool was established that included field verification by business analysts and the technical advisor, as well as partner audits to determine whether the assets and services (e.g. tractor ploughing) that the partner had committed to the intervention were actually delivered, this verification was not conducted systematically enough (see chapter on Measurement).

> Avoid paying for or performing activities that are central to a partner's routine operations. You must be confident the partner is willing to pay for and perform all those functions required to continue with behaviour and practice changes in future. Support should focus on one-off activities that "open doors" and encourage partners to continue and non-partners to adopt and invest in new ways of working.
>
> Source: The Springfield Centre, *M4P Operational Guide 2nd Edition,* (2014), Pg. 29

The push for bigger interventions with large amounts of support from the programme in relation to the business volume of the partner often resulted in situations where the partner was overwhelmed and did not have the capacity to translate support into sustainable growth of the business. In addition, a large amount of support also increased the chance for the misappropriation of programme funds by partners.

Furthermore, there was quite a heavy reliance on grants as a facilitation instrument as opposed to other instruments. This was partly due to staff's understanding of the facilitation role as not being visible to project beneficiaries (see chapter on Management, section on Ability). Still, examples were found of other facilitation techniques: Linking and networking were employed at the rural advisory services forums facilitated at the level of three districts, as well as at the National Market Development Forums, which brought together many public and private stakeholders and created debate and interest around sector development. Capacity-building initiatives took place with producers' and processors' associations in the cotton and sunflower sectors. In Phases III & IV, RLDP had good results with facilitating dialogue around cheating issues in the cotton sector between producers, trading agents, ginners and local government. However, one also needs to keep in mind that non-financial interventions tend to employ more staff time than providing grants and therefore have implications for budget structures.[13]

Lessons regarding managing partner relationships and contracts

Rather than adhering to a pre-determined time frame, formal partnership agreements should be structured around the needs of the market actor and the actions required for them to take up a pro-poor change. Framing agreements with support being conditional on the partner demonstrating commitment allows the partner to opt out by decreasing their investment. A useful indicator may be the will of the partner to participate and contribute his or her own resources (these could be financial, human capacity, and/or related to time). By managing relationships in this way, the power to decide whether the partnership should continue is dependent on the partner demonstrating their willingness to invest. As mentioned, a 'self-selection' approach is a useful tactic to use for managing on-going relationships with partners.

In order to promote partner ownership of the pro-poor change, programmes should pilot with several potential partners and then continue investment in those that show high commitment. Investment at the pilot stage should be 'right-sized' for the particular partner. This means the size and length of support - whether technical, advisory or financial - should reflect the needs of the partner, size of their operation and their own potential for contribution. If a programme offers too little support, the partner may not see a reason to shift; if too much support is provided during the pilot, the partner may become dependent on the resources of the programme. The CapEx document on contract farming provides further insights and examples regarding RLDP's experience with partners' independent uptake of a supported model. Also, based on experience of supporting the facilitation of partnerships through Kenya Markets Trust's Market Assistance Programme, EcoVentures International has published a learning note on developing MoUs, which may provide guidance to other MSD programmes.[14]

Staff should have the capacity and creativity to employ a variety of facilitation instruments.[15] When negotiating agreements that involve grant instruments to private companies, staff need to be careful not to provide money for core business activities. A programme's technical advisor – or similar role – can guide staff by asking critical questions on what is being financed. Non-financial facilitation

[13] See also SDC's internal guidance paper, page 6: the overall budget has to be realistic to achieve the given goals. For MSD/M4P alone it should not be too large, but additional fiduciary funds may be necessary depending on the bottlenecks (e.g. finance, initial risk sharing, etc.).
[14] Learning note on Developing partnerships with market actors - facilitating MOUs, https://beamexchange.org/resources/557/
[15] This also touches on the question about the capabilities and skills especially of the BA, which is discussed in the chapter on Management, section on Ability.

instruments also have an important role to play to stimulate behavioural change in market actors. But also donors need to be aware that non-financial facilitation often involves more staff time than providing grants, which has implications for budget structure.

4.4.2. Scale strategy

As explained in the Strategy chapter, Phase V had a particular focus on scale. There was thus an ambition to achieve high outreach figures and staff reported that they felt pressure in these regards from management. RLDP invested in a “scale at the partner level” strategy that resulted in rather large investments over several years with the same partners. Although the programme also invested in institutional-building work with apex organisations, the bulk of investment was in private sector partners to expand their business models.

RLDP carried out this strategy to push a few partners to expand their businesses towards increased outreach strategies, such as contract farming with large numbers of farmers. Some partners shared that these strategies pushed them too far, too fast. There ought to have been a strong component of business analysis guided by the BAs to ensure that the support package to the partners was technical assistance to support further business growth and ensure systems were in place to take on and manage additional producers. Many partners were not capable or willing to sustain new business practices without programme support. Furthermore, this scale strategy did not have a realistic potential for good results in the context of the Central Corridor, with its big distances between settlements.

Thus, RLDP’s focus on scale, though valid for the final Phase of the programme, was short-sighted as it focused on increasing the outreach of individual partners rather than embarking on other pathways to scale. As discussed in the Diagnosis chapter, RLDP focused interventions on the **main market systems** without addressing underlying causes of underperformance in the interconnected systems of **support functions** (agricultural and financial service providers, advocacy bodies) and **the enabling environment** (regulations, standards, policy). A limited understanding of these interconnected systems has resulted in few interventions addressing constraints at the level of supporting functions and rules in a systemic way. Also, there was certainly an element of convenience in continuing the already tested approaches like contract farming instead of engaging in new strategies with different types of partners.

In project design, the scale strategy was conceived more broadly than it was actually implemented. Although the project document mentions the replication of good practices as one avenue for scale, other strategies were clearly highlighted, including: working on cross-sector services as critical issues for sector growth; addressing policy dialogue and advocacy for improved rules and regulations and business environment, and; investing in human and institutional development of organisations at the sub-sector level and agricultural-sector level, with the aim of institutionalising market development thinking and practice.

With regard to outreach targets, the RLDP project document mentions a target of reaching 92,000 households as direct beneficiaries of the whole project. Another target was that 19,500 producers would have established contract farming with buyers/processors, i.e. 21% of direct beneficiary households. In a revision of these targets in November 2013, the targeted number of producers in contract farming was increased to 47,000 households, i.e. 51% of targeted beneficiaries. This change in target illustrates the difference in design and interpretation of the scale strategy.

"We believe there needs to be a balance between achieving outreach targets and exploring potential for sustainable, systemic change." – SDC representative

SDC as a donor should have been curious to explore further systemic work, particularly in the area of policy dialogue with the government and other donor agencies. Interviews with SDC representatives showed that there was potential flexibility regarding outreach targets in cases of intervention ideas with clear potential for sustainable results. However, RLDP's internally built pressure for achieving outreach coupled with the interpretation of scale strategy described above, had put the programme on quite a rigid path. Open and timely dialogue was further hampered by the late start of the PSC and a given management style (as outlined in chapter 4.1).

Lessons regarding scale strategy development

Scale within market systems development, in many ways, is more about sustainability than outreach/numbers. Beyond initial programme partners, if the programme recognises shifts in the way competing actors (other similar businesses) and non-competing actors (government, research institutions, service providers, etc.) behave due to an intervention, then 'crowding-in' or wider systems change has taken hold. This is different than simply replicating the same business model in another area. This needs to be actively considered as part of the core strategy of any market systems programme.

Thinking through the adopt-adapt-expand-respond framework can guide programmes in designing their scale strategy. Although the framework was not used in the planning of RLDP interventions, the CapEx document on Contract Farming uses it to illustrate the extent of systemic change in RLDP's work in the three sub-sectors. In the sunflower sector, the work on supporting functions and rules (strengthening of public extension services, quality declared seed production, and advocacy by processors) contributed to more sustainable and systemic change than in the other two sub-sectors.

Changes in the business environment generally have potential for scale as they affect a large number of market players at the same time. Changes in the business environment can also be a particularly suited scale strategy in contexts of low population density, such as the Central Corridor of

Tanzania. Staff designing and managing interventions in the area of business environment change need strong capacities in advocacy and a good understanding of political economy issues. This is particularly true in complex political economy settings such as in the cotton sub-sector in Tanzania. An involvement of the donor in the area of policy dialogue may be helpful, thus open exchange on these strategies is particularly important.

4.5. Measurement

This chapter discusses the MRM system's design and implementation. RLDP adopted the Donor Committee for Enterprise Development (DCED) Standard[16] on Monitoring and Results Management (MRM) and invested heavily in developing monitoring systems relevant to the scrutiny of the DCED pre-audit process, including a strong effort from the TA's side. Despite this investment, RLDP faced challenges in utilizing the monitoring system as a basis for effective steering, learning, and accountability. The issues were related to:

Design of the MRM system and programme capacity to implement it: RLDP's MRM system was designed based on a logical framework as well as so-called Intervention Guides containing intervention results chains and measurement plans. In line with the DCED Standard, every box in the intervention results chain had at least one indicator to be verified through multiple sources of information. This resulted in an elaborate and rather complex MRM system. Compared with the previous phases, in the first two years of Phase V, progress was made to involve BAs in monitoring tasks, with the MRM department adopting a guiding role. The instrument of results chains was also well-established among staff, and the mechanism of a quarterly peer review introduced (see chapter on Management, section on Willingness). These changes were primarily driven by the TA and the MRM manager but less from the PM's side. When the TA and later the MRM manager left RLDP, staff were not able nor incentivised to keep up the work needed to operationalise the MRM system.

> "Avoid segregating measurement and intervention staff in the office and ensure that measurement staff accompany intervention staff on non-measurement tasks and vice versa. Intervention staff should have ownership over results chains, indicators, and measurement plans."
>
> Source: The Springfield Centre, *M4P Operational Guide* 2nd *Edition*, (2014), Pg. 41

Capacity in data collection, analysis and verification: The information received was often deficient in terms of quality and quantity/completeness, especially when outsourced to local consultancies. The RLDP team, and especially the MRM department, often felt overwhelmed when faced with the task of verifying all of the data provided. In addition, the vast geographical area that the programme covered made if difficult with available human resources to conduct frequent monitoring visits to all partners.

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[16] The DCED Standard is often used by MSD projects to monitor and measure results. More information can be found under http://www.enterprise-development.org/page/measuring-and-reporting-results

An understanding of programme visibility and roles and responsibilities to implement MRM: after facing criticism in previous phases that RLDP was too visible at the beneficiary level - meaning that the programme was directly supporting farmers rather than 'facilitating' change through intermediaries - there was an understanding that to be facilitative the programme should have little or no visibility at the direct beneficiary/field level. Managers and the team understood this to mean, "not to interfere much" during the intervention, relying instead on field visits after the partner had submitted their activity report. Field visits were mostly conducted with staff of the contracted partner, with limited independent verification on reported progress.

> **Example of Systemic M&E**
>
> One programme in Uganda has piloted a systems-minded monitoring system that includes partner reporting as well as independent data collection twice a year. The programme conducts independent data collection to verify results and gather qualitative information on changing relationships. To reduce the distortion of their presence, the team has presented themselves as representatives of a private contractor conducting a three-year market research study. The team informs stakeholders that:
>
> - They would like to collect information for the market research study every six months,
> - The information gathered is anonymous and will be available for public and private sector use within the country, and
> - The research team will share results of the survey with the stakeholder at the next interview.
>
> This approach has allowed the programme to incorporate verified data into reporting and strategy revision processes without infringing on the need to be less visible.
>
> Source: The SEEP Network Webinar, Using Systemic M&E Tools in face-to-face, Uganda July 2015

Obtaining reliable information from partners: besides data validity, an important consideration of sourcing information from partners is the potential burden placed on the partner that does not align with their business needs or interests. Primarily, RLDP worked with private sector actors who often did not see the incentive to collect certain data requested by the programme. Frequent or continuous information collection is crucial to the effectiveness of inclusive development efforts, however, programmes must recognise when it is appropriate to source information from partners and when to pursue other avenues of information-gathering.

Lessons regarding monitoring / MRM

Requirements for MRM in market systems programmes are high. A performing MRM system needs to measure impact on the poor as the final target group, while at the same time also dealing with the complexity and unpredictability of dynamic and interconnected market systems. A rigorous yet pragmatic MRM system that is fully integrated into a programme management system is needed. Based on the experience of RLDP, the following are good practice suggestions:

MRM is everyone's task but the ultimate responsibility of MRM lies with the Project Manager. The MRM staff, as well as the TA, need to guide and empower the technical staff to fulfil their roles, as well as identify needs and opportunities for further training. This said, it is crucial that the PM takes responsibility of MRM and signal it as a priority to staff. If TA capacities within the programme are limited, MRM backstopping is recommended. The tools used by RLDP based on the DCED Standard (Intervention Guides including results chains, Quarterly Peer Reviews) were to a certain extent useful for the purpose of guidance to staff. However, programmes are advised to "right-size" these tools to make them as pragmatic as possible.

Market systems programmes like RLDP must apply an MRM system based on triangulation, using information from multiple sources and allowing for independent verification. Independent monitoring is also important. Programmes need to be able to see what is happening at the farmer level, even if they are not a point of contact for interventions. The principle of low visibility does not mean that programmes cannot engage in independent MRM activities to verify claimed activities, such as, for example, trainings and results achieved by partners. The experience from Uganda (see box, above) provides an example of how programme staff can act as being a third party (e.g. representatives of a private contractor conducting multi-year market research) to reduce the distortion of their presence. Independent verification can prove that a programme is not overburdening partners, while also ensuring that the information collected from them can be confirmed as truthful. This said, in a vast geographic context and given the low technical capacity of local service providers in MRM, expectations regarding the scope of independent verification must be realistic. Rather than aiming at systematic triangulation, programmes should strive to conduct verification in strategic moments and partnerships, with the aim of learning and steering the interventions.


Image by RLDP

4.6. Management

This chapter looks at three aspects of management as outlined in the M4P Operational Guide, namely "readiness", "willingness" and "ability". Each section is introduced by a key question.

4.6.1. Readiness

Key question: Are management systems (financial, communications, implementation, etc.) consistent with the requirements of the market systems development approach?

Financial monitoring and control mechanisms are a crucial part of any programme, whether facilitative or direct delivery. In the case of market systems approaches, programmes must consider the implications of these processes in terms of how they influence expectations set with partners. It is necessary to have sufficient checks and balances in place to ensure effective and efficient implementation and to avoid possible losses or mismanagement of funds. On the other hand, partnership agreements should not include too many formal/legalistic clauses that jeopardize effective implementation and a partner's sense of ownership.

RLDP established agreements with partners in the form of one-year contracts and accompanying MoUs. The agreements included budgets that defined the financial contributions of the partner and the programme. The programme paid partners in three or four tranches, with consecutive instalments paid out after progress reporting and accounting for the previous instalment. Contracts with partners also included an audit clause; partners had to select an audit firm from a list of auditors that were trained by RLDP.

The programme established guidelines for financial reporting by partners. Using these guidelines, RLDP conducted induction workshops with with each partner individually at the beginning of the intervention to train partners on the requirements for financial reporting, including audits. However, it was discovered later that many programme partners did not have an adequate understanding of these guidelines. In a market systems programme where the interventions are designed to support project partners in the realisation of their own activities – which also are co-financed by these partners – it is important to ensure that reporting matches both their own systems and also is in line with the financial management capacity of a small business.

Contract Agreements

Formal agreements stating partnership terms and conditions may be necessary. Whether these are signed or legally binding partly depends on how comfortable you and your partner are working with one another. Written agreements are wise if a partnership involves significant investment or if the programme will require access to sensitive partner information.

Be careful that such agreements are not misinterpreted. Their primary aim is to encourage behavioural change rather than to simply mitigate the risk of fraud. Ensuring development funds are not misappropriated is important, but legalistic contracts can turn partners into 'sub-contractors' and erode their ownership.

Source: The Springfield Centre, *M4P Operational Guide* 2nd *Edition*, (2014), Pg. 31

Lessons regarding financial and contract management systems

It is important to establish contracts with partners, if needed, in the local language and to ensure that the content is fully understood. This requires follow-up by the programme at the outset of the intervention. At RLDP, contracts with partners and service providers were established in English. The programme came to realise that depending on the particular partner, not all key staff would have fully understood the content of contracts and MoUs due to language barriers for Kiswahili speakers. Also, some MoUs were formulated in a way that put market players in an implementing role rather than a change agent role. In line with the box above ('Contract Agreements'), programmes are advised to use a language that fosters partners' ownership and behavioural change. MSD programmes may find some guidance in the topical guide "Speaking a business language" that aims to help programme staff to 'speak the same language' with lead firms and other private sector market actors in the value chain.[17]

Programmes need to define with partners the modalities of partner investments and ensure that these are implemented as agreed. Investments are an expression of the will and skill of partners as discussed in the chapter on Vision. Many partners presented large financial contributions in the form of investments in their businesses (e.g., infrastructure, equipment, agricultural inputs, etc.). It was often difficult to verify whether these financial contributions were ever allocated as stated in the budget. This could include a commitment on the part of the partner to “up-front” investment within the programme-supported intervention. For RLDP, the division of partner contributions in fixed-sum instalments, combined with the pressure to implement activities according to the progressing agricultural season, led to situations where the next instalment to partners was released without fully accounting for previous instalments. Programmes are therefore advised to structure contributions to partners in clearly defined milestones, and pay subsequent instalments only on their completion.

4.6.2. Willingness

Key question: Are operating conditions conducive to operational flexibility and innovation that reflects the complexity of market systems?

This section focuses on managers’ role as ‘facilitators’ of internal processes and culture. Managers of market systems programmes must act as facilitators themselves: facilitators of processes that support programme staff to bring about systems change. Programme management styles can range from ‘control’ to ‘creativity’. In the *Management Continuum Brief* (linked as Appendix C), the two terms are further explained.

In general, RLDP staff shared that the PM held a rather ‘control’ focused, i.e. directive management style with strong responsiveness to hierarchy and tasked-based performance. This is often useful for ‘direct delivery’ development programmes (such as mosquito net distributions, or delivery of food aid). However, in the context of market systems work, this style can limit interaction with staff and restrict open, critical communication on strategic issues. From key informant interviews with current and former staff, it was found that there was a significant shift in culture from Phases III & IV to Phase V. An organisational culture developed which, instead of jointly pushing forward the vision of RLDP including the new matrix structure presented in the Strategy chapter, created sub-sector silos that hindered effective implementation.

“Tools and processes support learning behaviour, they do not create it.” – Navigating Complexity (EWB, Mercy Corps 2014)

[17] Groove Network, Topical Guide: Speaking a business language, https://beamexchange.org/resources/560/

There was one mechanism established at the outset of Phase V that fostered critical reflection and learning, the so-called quarterly peer reviews. This mechanism was written up as a good practice case for the DCED's website.[18] Each quarterly peer review meeting lasted two days, and was attended by business analysts, senior management, and the monitoring and results measurement team. Before the review, each business analyst selected one or two interventions with which they were having particular challenges, or which had not been reviewed recently. During the review, each business analyst started by presenting the intervention and results achieved to date, and the group discussed and constructively critiqued each intervention. Following the meeting, the BAs were supposed to change their activities, or adopt a new approach recommended in the meeting. The mechanism also faced a number of challenges. On the one hand, it was strongly driven by the TA and the MRM team as part of their efforts to get the MRM up and running. Insufficient attention by the PM, and the departure of the TA and the MRM manager affected this practice, as described for the MRM system in general in the chapter Measurement. Related, capacities to follow up on discussed changes were limited, as shown in the next section on Ability.

Lessons regarding the role of managers

Referring to the *Management Continuum Brief,* it is proposed that **market systems programmes are likely to be more effective if shifted towards a 'creative' management culture.** Creative culture is based on how to foster creativity to ensure a changing operating environment does not derail the vision. Crucial to a 'creative' management culture is the creation of time and space for critical dissent. The PM, with support from the TA, is advised to institutionalise mechanisms to ensure wider sharing, learning and accountability (such as discussion forums, review meetings, and peer-reviews). These mechanisms, which create formal feedback loops for staff and managers to share ideas, question strategy, and critically analyse interventions, are necessary to ensure programme practice is responsive to market dynamics. These interactions also help to ensure that interventions are not 'one-off' investments but rather feed into the overall vision of systems change. At the same time, it is important to also respect and follow processes and guidelines, particularly concerning financial and contract management, which is discussed above.

4.6.3. Ability

Key question: Are competencies, team composition and capacity building strategies and investments sufficient to catalyze lasting system change?

The MSD approach puts a high requirement on many dimensions of staff capacity. In this section, the capacities needed for staff to be good facilitators of systemic change are emphasised.

[18] www.enterprise-development.org/page/download?id=2489

In 2011, with the support of the consortium advisors, RLDP team conducted a Capitalisation of Experience on RLDP's role in market development. During this exercise, the following general principles of facilitation were identified and recommended for subsequent phases:

(1) Be external to the market system
(2) Give temporary support with sustainable impact
(3) Enhance collaboration and information sharing
(4) Achieve systemic change
(5) Influence the behaviour of market actors
(6) Achieve large-scale poverty reduction

Examples of how RLDP had executed on these principles in Phases III & IV were shared (included here as Appendix D). From this document and conversations with past RLDP staff, it is clear that the RLDP team had developed a good understanding of the programme's role as a market development facilitator. However, this understanding did not always translate into applying good principles throughout Phase V due primarily to three causes:

Substantial changes in staff throughout 2012: in previous phases, RLDP invested heavily in training of new staff. In 2012, many experienced staff left the team.[19] The newly recruited staff, including the PM, were new to the M4P approach. Staff and managers shared contradictory statements regarding external investment in capacity building. Some RLDP members believe managers did not invest enough in capacity building for new staff; others believe that staff did not take full advantage of the opportunities presented.

Reduction and gaps in technical advisory capacity: M4P competence and supervision on the ground was mainly ensured through expatriate advisors. These were reduced from 2.5-3 full-time equivalents (FTE) in previous phases to 1.4 FTEs in the last phase (90% TA Swisscontact based in Dodoma, 50% Programme Coordinator from HELVETAS based in Dar es Salaam). With this reduction, it was difficult to cover the necessary technical advice and build capacity for each step of the MSD cycle. Moreover, both persons fulfilling the TA and the Programme Coordinator roles changed during 2013 and there was a time-gap in TA presence in the programme at a critical moment. With hindsight, the consortium concludes that the technical advisory capacity was not sufficient in Phase V for a programme of the size of RLDP, especially given the high staff rotation mentioned above. Backstopping support from head office and consultants cannot make up for insufficient M4P competences in the core staff team.

> Programmes should maintain a low profile with the target group. Avoid promoting your 'development' identity, so as not to come between the target group and those market players who serve them and with whom direct relationships need to be built or strengthened.
>
> Source: The Springfield Centre, *M4P Operational Guide* 2nd *Edition*, (2014), Pg. 51

[19] An interesting observation was that former staff members have been able to capitalise on their skills in market systems development in their new jobs with private companies, NGOs and government institutions. This fact provides some indication that capacities of former staff members are not „lost“ but re-invested.

Messages conveyed to partners and their perception of RLDP as a facilitator: staff understanding of facilitation throughout Phase V was that facilitative programmes should work through market actors and should not be visible to beneficiaries. In some ways, this sentiment is correct. Visibility of the programme at the beneficiary level can often hinder a programme's efforts in promoting new market dynamics – if, for example, a farmer sees that a partner business is receiving financial support then they will be less likely to pay for services from said business. This distracts from efforts to build mutually beneficial relationships between smallholders and the public or private sector. While, in theory, these principles hold true, a strict interpretation resulted in many of RLDP's interventions resembling grant-giving initiatives. Rather than buying down the risk of new investments with willing partners, the programme invested in partners that were either already engaged in the activities RLDP was promoting or had no interest in taking on new business practices without programme support. The prevalent perception of many partners was that RLDP is a donor rather than a facilitator.

Lessons regarding staff engagement and capacity building

M4P programmes should prioritise investment in staff capacity through workshops, direct coaching, external training or exchange visits for both new and experienced staff. On RLDP, a strict understanding of facilitation, though valid in theory, hampered staff's ability to bring about systems change and pushed them into a role of 'grant-giver' rather than facilitator. Facilitators need to have strong critical reasoning skills and an entrepreneurial attitude. Also communication and negotiations with partners, especially private sector, as well as contract management needs particular emphasis. It is important for a project dealing with private sector development using an M4P approach to have staff with core business skills. These characteristics should also be included in hiring and performance evaluation processes. While doing this, the internal Human Resources (HR) management systems should also be robust enough to curtail high turnovers of staff in whom the project has invested skills development. Agreements for bonding staff who have been trained for a number of years to discourage opportunistic departures could also be considered.

Learning through on-the-job experience is a key part of building effective facilitators. To a certain extent, these skills can be taught through formal/structured training, but equally important is the tacit understanding that comes from on-the-job learning. This is especially true in a country like Tanzania where entrepreneurial competencies are in general less developed than in other contexts. The TA has a particularly important role in on-the-job training, which can include asking critical questions and providing technical advice on intervention strategies, mentoring (one-on-one and group), linking staff to online learning opportunities (broadcasting webinars, joining online communities of learning) as well as supporting the MRM team. A strong and consistent presence of TA(s) is therefore crucial for MSD programmes.

Programme activities, communication to partners and the perceptions of partners must be continuously reflected against good principles of facilitation. Staff and managers of market system development programmes must recognise that facilitation is an iterative process. While the programme must be responsive to a changing market, staff must also reflect on how well they are performing according to the guiding principles of facilitation. While market analysis may inform staff **what** they can do, facilitation principles can inform staff **how** they do it.

5. Conclusions and recommendations

Lessons have been identified by the CapEx team throughout the document. In this final chapter, the recommendations have been categorised according to the *Components of Programme Management* framework to communicate learning in a summarised manner.

5.1. On management processes

To be effective in catalysing systemic change, market systems development programmes must invest in continuous **market systems analysis**. This analysis should then be integrated into strategic discussions and learning forums. It is particularly important that staff are guided to explore interconnected systems, since they offer the real potential for sustainable systemic change and impact at scale. This potential may be harnessed by identifying relevant entry points to improve support functions and rules. The experience from RLDP has shown the need for a variety of entry points and strategies (e.g. contract farming even if perfectly designed and rolled-out cannot alone be the solution).

Market systems programmes must thoroughly **understand the motivations, vision and capacities of market actors** they are engaging with. Using the diagnostic process as much as possible to pre-screen potential partners is a good way to employ time efficiently.

To improve the quality of **partnership selection**, programmes like RLDP could use a ‘self-selection’ approach. ‘Self-selection’ consists of a rolling partnership process whereby a partner’s commitment is tested and the partner is given the option to opt in or out by demonstrating commitment. An alternative strategy would be for the programme to use the open market through the “tender” approach to source and select partners.


Image by Martin Fischler

Contracts with market actors should be established in the appropriate language depending on the individual partner to ensure content and expectations are fully understood. Expectations on the respective roles of the partners and programme should be communicated from the outset with further investment dependent on the partner achieving clearly defined activities or milestones.

Monitoring and Results Management (MRM) systems, though the ultimate responsibility of the programme manager, must engage all technical staff. The **design of the MRM system** should be within the capacity of the programme to execute on and should be fully integrated into strategy development processes. Programmes should implement a systems-minded, triangulated monitoring system, which pulls information from many sources and includes independent verification. This increases validity of data and reduces the risk of the programme forcing a particular agenda on unwilling partners.

5.2. On management roles and organisational culture[20]

A **project set-up** needs to allow for dialogue with the donor on the one hand, and within the team on the other hand. But more than formal project structure, it is the organisational culture as well as the capacities of management and staff that determine if a project functions well.

Market systems development programmes face high levels of complexity. Due to this complexity, a **'creative' management culture** is necessary to maintain effective implementation. This culture requires the cultivation of open exchange that allows staff and managers to engage on strategy development and adaptation. The programme management is advised to institutionalise mechanisms to ensure wider sharing, learning and accountability such as discussion forums, review meetings, and peer-reviews.

Management roles and organisational culture should foster a strategy to **reach scale by achieving sustainable, systemic change**. Scale within market systems development, in many ways, is more about sustainability than outreach/numbers. It is different than simply replicating the same business model in another area. This needs to be actively considered as part of the core strategy of any market systems programme. In particular, changes in the business environment generally have potential for scale as they affect a large number of market players at the time. Staff designing and managing interventions in the area of business environment change need strong capacities in the area of advocacy and understanding of political economy issues. An involvement of the donor in the area of policy dialogue may be helpful, thus open exchange on these strategies is particularly important.

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[20] For this learning piece, the elements of **management roles** and **organisational culture** within the CPM framework have been merged to reflect the experience of RLDP. Similar to many institutions, the attitudes, priorities and tone of RLDP management shaped the organisational culture and the team observed significant overlap in lessons learned.

5.3. On staff roles

It is important to prioritise and invest in **staff capacity** through workshops, coaching, external training, exchange visits, etc. Offer on-the-job opportunities – such as mentoring (one-on-one and group) and linking staff to online learning opportunities (broadcasting webinars, joining online communities of learning) – for capacity building as a reward for staff that have demonstrated continuous investment in learning and improvement.

Staff of market systems programmes need to have a **vision of sustainability** and commit to the idea that 'your entry pointy is your exit strategy'. Programmes are advised to state the vision as an integral part of any intervention-planning exercise. For staff who are not yet very familiar with the M4P approach, using the sustainability analysis framework explicitly may provide guidance for a thorough reflection on the vision of the future functioning of the market system. More experienced staff may formulate the vision in more narrative terms.

Staff should have the capacity and creativity to **employ a variety of facilitation instruments**. When negotiating agreements that involve grant instruments to private companies, staff need to be careful not to provide money for core business activities. A programme's technical advisor – or similar role – can guide staff by asking critical questions about what is being financed. Non-financial facilitation instruments also have an important role to play to stimulate behavioural change in market actors. Donors need to be aware that non-financial facilitation often involves more staff time than providing grants, which has implications for budget structure.

Facilitators should strive to keep **limited visibility towards final beneficiaries** (e.g. farmers) in order not to hamper a trustful relationship between them and other market actors. At the same time, staff need to have a **clear stance** towards systemic change and results at beneficiaries' level. Staff therefore require **strong communication and negotiation skills** so that partners perceive the project as facilitator towards these desired changes rather than a 'grant-giver'. The skills corresponding to this facilitator role should be included in staff hiring and performance evaluation processes.

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Appendix A – Introduction to M4P

Known in full as the 'Making Markets Work for the Poor' (M4P) approach, the M4P approach provides a strategic framework for project members in different development fields to think about and conceptualise aid effectiveness in a more systematic manner. It provides principles and frameworks along a typical project cycle that support the objective of achieving large-scale and sustainable impact on the target population. The approach is predominantly applied in the field of private sector development, but it is critical to understand that principles and frameworks offered by the approach are valid for other development fields as well, such as health, education, water, governance, gender – or rural advisory services. The term 'market' refers here to a rather broader notion of 'transactions', which form the basis of all human interaction.

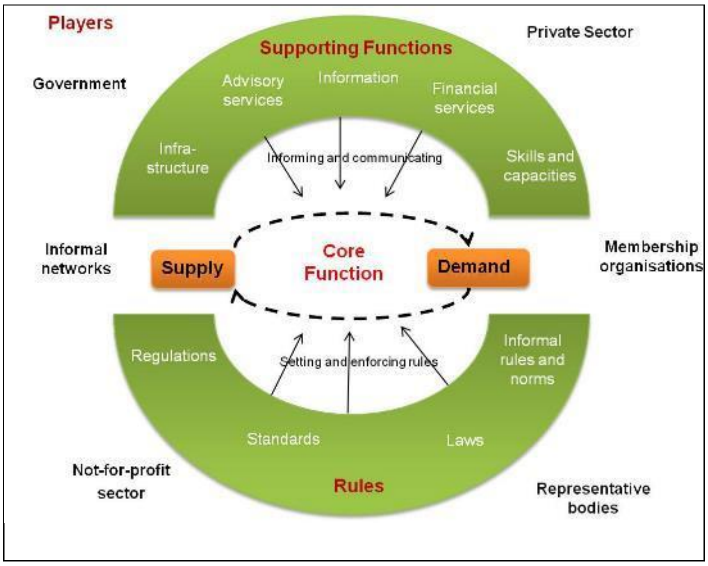
This summary focuses on A) the main principles of the approach and B) the main steps in the M4P project cycle.

A) Main principles of the M4P approach[21]

An approach: M4P is an approach to development that provides guidance not only on understanding of the poor in market systems (analysis) but on how to bring about effective change (action). Analysis should identify the underlying constraints impinging upon market systems and concentrate on addressing these.

Systemic focus: its focus is on developing market systems, assessed with respect to different functions and players, public and private, formal and informal. This systemic character of M4P defines many of its most important features. Its view of a market system (*Figure 1*) emphasises their multi-function, multi-player nature – in particular the three main functions that make up the market system:

Figure 1: Stylised view of the market system



- the ***core function*** between demand and supply which constitutes the key transaction that the project is interested in (or the series of players in a value chain),
- the ***formal and informal rules*** impinging on shaping behaviour, and
- the ***information, services and other functions* supporting exchange**.

[21] HELVETAS Swiss Intercooperation, 2012. Adapted from an input paper submitted by The Springfield Centre for the SDC e+i e-learning cycle in 2010.

This systemic view of markets is not only relevant to commercial markets (e.g. industry or agriculture), but also to 'markets' that are seen traditionally as public/government domain.

Large-scale change: by addressing underlying causes (rather than symptoms) of weak performance, M4P aims to unleash large-scale change. Interventions may be small in themselves, but should continually strive to leverage the actions of key players to bring about extensive change.

Sustainability is a prime concern of M4P. This means considering not just the existing alignment of key functions and players but how they can work more effectively in the future, based on the incentives and capacities of players to play different roles. For projects, this means in particular looking at how core functions in a system and continuous improvement of the regulatory and policy environment can be sustained in the long run without external support.

Facilitating role: M4P requires that (development) projects play a facilitating role. As external players, they seek to catalyse others in the market system (while not becoming part of it themselves). M4P emphasises explicitly that the role of intervention is temporary and catalytic. Projects should avoid performing important roles directly (both in the core and as supporting function) and try to facilitate players to perform more effectively.

Interventions therefore need to be sensitive to local market conditions and seek to stimulate deeper and larger change by 'crowding in' other players to improve the functioning of the market system. Successful facilitation, although not a fixed model, requires organisations that have credibility, independence and relevant knowledge and skill.

B) The main steps in the M4P Project Cycle

To effectively implement M4P programmes, it is critical to appreciate the critical steps therein, which are presented as the "project cycle" (figure 2). The project cycle features the typical elements in planning, implementing and evaluating projects, with emphasis on iterative learning. The main steps in the project cycle are summarised below based on the M4P Operational Guide (2nd edition).[22]

Figure 2: M4P project cycle

1. **Strategy**

Market systems development is an approach that aims to improve the long-term efficiency and inclusiveness of the systems that matter most to poor women and men: those systems upon which

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[22] The Springfield Centre (2014), The Operational Guide for the Making Markets Work for the Poor (M4P) approach, 2nd edition funded by SDC and DFID, https://beamexchange.org/guidance/m4p-operational-guide/

their livelihoods rely and those that provide access to basic services. Programme strategy needs to be consistent with this aim.

Funders and implementers can achieve this consistency by setting out a strategic framework to guide programme analysis, action and measurement. This should explain how intervention will bring about changes in market systems, which result in improvements in the poor's performance in markets or their access to basic services, and consequently contribute to a reduction in the poverty they face. This is the programme's theory of change.

2. Diagnosis

Programmes need a good understanding of how the market system works – diagnosing how and why it fails to serve the poor – prior to intervening in it. This diagnostic process begins by identifying the disadvantages the poor face in a market system (the 'symptoms') and iteratively proceeds into a detailed analysis that explains the continued existence of these disadvantages (the 'root causes'). Market systems are complex, so locating root causes can be difficult and time-consuming, but ceasing the diagnostic process too soon can result in programmes exerting their intervention efforts in the wrong places – dealing with symptoms but not their underlying causes, i.e. *'fighting fires'.*

3. Vision

The diagnostic process has identified what is not working in the market system and why it is not working. Programmes must now look forward and think through how the system will work better in future. Programmes should plan for their exit before intervening. This means developing a clear and realistic vision of how the goal, as well as any supporting market systems in which the programme intervenes, will continue to serve poor women and men effectively, after intervention in that system(s) has ended.

This is done by defining market system capability in detail, by identifying: (a) market functions that need to work more efficiently and inclusively if the system is to benefit poor women and men, and (b) specific market players who have the requisite capacity and incentives to perform those functions more effectively. In simple terms, this means answering two sets of questions:

- Who 'does' what currently, and who will do what in future?
- Who 'pays' for what currently, and who will pay for what in future?

4. Intervention

Programme interventions must develop systems by transforming the behaviours and practices of market players within them such that change lasts. Care must be taken not to distort the way those systems work, through actions that displace or bypass market players and the roles they need to perform, or that cause them to alter their behaviour and practices in ways that aren't appropriate or sustainable.

Programmes will often work closely with individual market players to understand market dynamics and test whether or not necessary behaviour and practice changes can endure (“Adopt” and “Adapt”). At other times programmes must work with a diversity of players to encourage behaviour and practice changes to deepen and broaden market system responses and improve the functioning of supporting systems (“Expand” and “Respond”).

5. **Measurement**

Monitoring and results measurement (MRM) is key to successful market systems development programmes. Market systems are complex, and intervening to make them more efficient and inclusive is not a matter of implementing a fixed plan. MRM must be both rigorous and pragmatic in order to deal with this complexity.

The information generated by an effective MRM system supports two interrelated yet distinct goals. It provides evidence to ‘prove’ development outcomes (i.e. impact and their attribution to programme intervention). It also supports continuous learning and adjustment in order to ‘improve’ the effectiveness of programme intervention to bring about better outcomes.

6. **Management**

There are a number of practical management implications of pursuing the market systems development approach. Implementers need to establish programme management which is consistent with applying the market systems development approach. This means being *ready* (putting in place the necessary systems), *willing* (creating appropriate incentive structures), and *able* (ensuring staff have the requisite capacities for market systems development). Funders must try to encourage implementers to establish these conditions.

Appendix B – Sample of RLDP staff interview questions

<u>Project Management</u>

- **Processes & Tools**
    - How often/in what setting did the entire project team interact with each other?
- **Management Roles & Structures**
    - How did the management structure operate? For example, if a BA came up with an intervention idea for a particular sector, what was the process for taking that idea to execution? How could this have been improved?
    - Switch over from RLDC to RLDP – how did this transition happen?
    - What type of support did you receive from HELVETAS, Swisscontact and RLDP management in your role as a facilitator?
- **Organisational Behaviour & Culture**
    - How would you describe the team mentality/culture at RLDP during Phase V?
    - What could have been done to improve accountability and adaptability?
- **Role as facilitators**
    - How would you describe your role as a facilitator? Day to day what were you doing?

<u>Engagement with Market Actors</u>

- **Identification**
    - For Phase V, how did you identify the partners you wanted to work with?
    - What criteria did you use to determine if they were good partners to work with?
    - Who were your partners for Phase V?
- **Engagement**
    - How did you make an initial offer to partners? What was that conversation like?
    - How did you determine what was an appropriate offer for a particular partner?
    - How were the details of partnership agreed to?
    - How/how often did you have communication with partners?
    - What did you communicate with them about?
- **Exit**
    - What expectations did you set with partners regarding a future relationship with RLDP?
    - How did you conclude relationships with partners?

Appendix C – Excerpt on management style and organizational culture

Excerpt from *Management Style and Organizational Culture* (USAID knowledge management briefing)

Managing a development effort is more Google than Ford. Like Google, development efforts operate in a fast moving environment with many variables and a constantly changing landscape that as a whole is moving based on relationships, rules and interconnected market systems. Development does not operate in a controlled environment with known outcomes and predefined inputs that are guaranteed to achieve the known outputs. As a result the management systems of development programs/organizations have to shift to include the tools and tactics that have emerged from knowledge driven industries like Google.

The graphic below provides more clarity on the shift that needs to happen from a more control-defined management style to a more creativity/problem solving management style. Any effective management style will require a blending of controls and mechanisms to foster creative problem solving, but for M4P and international development implementation organizations, that balance has to be weighted towards creative problem solving.

Description	**Management Culture Continuum** Control	Creativity
Overview	Managerial frameworks based on putting in place controls to limit any uncertainty on rules an roles.	Managerial frameworks based on how to foster creativity to ensure a changing operating environment does not derail the vision.
Types of Industries	Construction, manufacturing, some agricultural production, etc. where creative problem solving presents more risks than benefits	Information technology especially programming, managerial services/consulting, entertainment, international development, etc. where the operating environment is complex and there are substantial externalities.
Management style	More directive with clearly laid out plans and outcomes that are defined well into the future or throughout the life of a project. Tasks are communicated through the hierarchy and reports on task performance are communicated back up hierarchy.	More consultative based on a clear vision. Goals and tasks developed in a participatory process and communicated throughout the organization. Learning from doing is communicated back through participatory processes leading to adjusted/ adapted tasks
Operating Culture	Rigidity, goal driven, responsiveness to hierarchy, clarity on and then adherence to rules, clear line management, and performance is task based.	Flexibility, vision driven, responsiveness to challenges, clarity on and adherence to vision and learning, and performance based on contribution to progress toward vision
Organizational structures	Levels of hierarchy to increase controls by limiting individual discretion and defining specific/individual tasks and responsibilities at each level.	Flatter hierarchy to foster individual creativity by increasing discretion, teams to foster joint tasks/responsibilities and use of peer pressure to encourage performance
Staff performance	Achievement of tasks often justified-based (i.e., employee justified value through task completed). • Hard performance targets are valued	Contribution to vision through team performance and professional development (i.e., employee's contribution to team accomplishments and investments in own professional development). • Softer contributions explicitly valued such as learning, sharing/communicating, team work, etc.

Appendix D – RLDP facilitation practice examples

Excerpt from *RLDC's Role as a Facilitator of Market Development Learning from experience*, Rural Livelihood Development Company (July 2012)

Facilitation	Effective RLDP Practices	Ineffective RLDP Practices
Be external to the market system	• Work on business environment (dairy business environment) • Bring actors together to find the market solutions by themselves (CF through AL) • Only subsidise market functions such as inputs and services if it is clear who will pay for them after the project ends (exit strategy) (QDS)	• Subcontracting: Paying entirely for market functions (services) that were not fulfilled before and will not be provided after project ends because they cannot afford them (INUKA) • Working with only few private companies (dairy (milk production and collection)) • Crowding out private sector investments by distorting the market prices (uncompetitive prices) through the direct payment of services
Give temporary support with sustainable impact	• Business environment: regulation changes (dairy) • Business environment: strengthening of BMOs (advocacy) (dairy business environment) • Real win-win situations for all stakeholders (QDS, sunflower CF)	• Linking actors to services unavailable after project ends because of lacks of funds; no clear exit strategy (INUKA) • Too short support and coaching (CF through AL, dairy (milk production and collection)) • Financial shares of the cost not adequate for sustainability and replication (INUKA)
Enhance collaboration and information sharing	• Bring stakeholders together on a regular basis to discuss issues in which they have a real interest (CF through AL) • Work with many different stakeholders (QDS) • Stay neutral in conflict between different stakeholders, but have a clear stance on what is best for the poor and the market (CF through AL)	• Working with only one type of stakeholder (INUKA)
Achieve systemic change	• Work on business environment (dairy business environment) • High number of stakeholders involved (CF through AL, QDS) • Sequencing and interlinking interventions (CF through AL, QDS)	• Low number of stakeholders (dairy (milk production and collection), INUKA)

Facilitation	Effective RLDP Practices	Ineffective RLDP Practices
Influence behaviour of market actors	• Propose a convincing business model (QDS, CF through AL with CRDB) • Show that collaboration and information exchange is beneficial (CF through AL)	• Replication strategies omitted in the design of the intervention (QDS, dairy (milk production and collection), INUKA)
Achieve large-scale poverty reduction	• Productivity increases through better inputs (QDS) or services (CF in sunflower, INUKA) • Involvement of many partners (CF through AL) or fewer with large coverage (INUKA)	• Business environment interventions have rather indirect impact on poverty (dairy business environment)

Appendix E – List of key interviewees

Interviews were held with the following stakeholders:

- Former RLDP staff and management
  - Godfrey Bwana (MRM and temporary PM)
  - Athumani Zuberi (MRM)
  - Susan Lyaro (Cotton)
  - Ralph Engelmann (Technical Advisor, Swisscontact)
  - Fadhili Kasubiri (Rural Advisory Services - RAS)
  - Braison Salisali (Senior Business Analyst)
- SDC representative
  - Ueli Mauderli (Head Employment and Income Domain, Embassy of Switzerland, Dar es Salaam)
- Current RLDP staff and management
  - Margaret Masbayi (Technical Advisor, Swisscontact)
  - Jan van Haaften (International PM April-Sept. 2015)
  - Martin Fischler (Programme Coordinator East Africa, HELVETAS)
  - Vicky Msamba (MRM)
  - Daudi Mwasantaja (Sunflower)
  - Devota Pasky (Rice)
  - Tumaini Nkonya (Finance)
  - Angelina Ndeivai (Finance)

Although the main purpose of the following interviews was capturing lessons for the CapEx document on contract farming, the insights generated also influenced this CapEx on programme management:

- Management and extension officers of:
  - Three Sisters Sunflower buyers/processers (Dodoma, Kondoa)
  - Muenge Sunflower buyers/processers (Singida)
  - DBB Rice buyers/millers (Shinyanga)
  - Gaki Rice buyers/millers (Shinyanga)
  - Gaki Cotton buyers/ginners (Nzega)
  - MSK Cotton buyers/ginners (Nzega)
  - Alliance Cotton buyers/ginners (Mwanza)
- Contract farmers of (in one-on-one and some FDGs):
  - Three Sisters Sunflower buyers/processers (Dodoma, Kondoa)
  - Mwenge Sunflower buyers/processers (Singida)
  - DBB Rice buyers/millers (Shinyanga)
  - Gaki Rice buyers/millers (Shinyanga)
  - Gaki Cotton buyers/ginners (Nzega)
  - MSK Cotton buyers/ginners (Nzega)
- Government extension officers in Singida and Kondoa
- TACOGA (Tanzania Cotton Growers Association) representative
- CEZOSOPA (Central Zone Sunflower Oil Processers Association) representative
- TASUPA (Tanzania Sunflower Processers Association) representative
- Ministry of Agriculture Representative (Dar es Salaam)