Developing Market Systems: Seizing the Opportunity for the Poor

M4P HUB Conference Proceedings

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Introduction

This document collects the main themes and discussions presented at *Developing Market Systems: Seizing the Opportunity for the Poor*, the first global M4P conference for donors and practitioners worldwide held in Brighton on 7-9 November 2011.

The conference represented part of our effort to generate greater networking and lesson sharing, and aimed to provide a face-to-face forum in which knowledge and experience could be exchanged by members of the global market systems development community.

Several outstanding keynote speakers and panellists attended the conference, including: Stephen O'Brien MP, Parliamentary Under Secretary of State, DFID; Jeanne Downing, Senior Enterprise Development Adviser, USAID; David Ferrand, Financial Services Deepening Trust, and Jim Tanburn, Coordinator, Donor Committee for Enterprise Development. In addition, practitioners from across Africa, Asia and Latin America came together to share the challenges and successes in using a market systems development approach across many different sectors.

The M4P Hub team would like to take this opportunity to thank the M4P Hub donors, the UK Department for International Development, Swiss Agency for Development and Cooperation, and Swedish International Development Cooperation Agency, for their support to the Hub and commitment to strengthening the market systems development approach. In addition, we would like to thank the conference sponsors and all participants, whose support ensured the success of the conference.

About the M4P Hub

The M4P Hub is a centre for sharing and generating knowledge about market systems development approaches. Our aim is to connect to and support donors, implementing partners, NGOs, and academic institutions to strengthen the understanding and use of the approach.

Jointly funded by the UK Department for International Development, Swiss Agency for Development and Cooperation, and Swedish International Development Cooperation Agency, the M4P Hub has an initial two year mandate. During this period, the M4P Hub has been tasked with centralising critical resources on market systems development, furthering the debate on key challenges, supporting the development community as they seek to understand and use the approach, and creating a forum through which practitioners can share their knowledge.

The M4P Hub provides the latest information on market systems development programmes, partners, research and reports through our website and networking. In addition, we actively seek to support market systems development partners and initiatives, and share learning across agencies and practitioners.

The foundation of the M4P Hub mandate is the belief that the core principles of the market systems development approach are critical to supporting inclusive growth and poverty reduction, and represent best practice in development interventions. Understanding complex market systems, focusing on sustainable change, catalysing local actors and working towards large-scale change are critical to ensuring that development interventions achieve lasting impact.

The M4P Hub is managed by Coffey International Development in association with The Springfield Centre.

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Opening Address

The conference was opened by a welcome address by Stephen O'Brien, MP – Parliamentary Under-Secretary of State for International Development.

I would like to welcome you all most warmly to this international gathering on "Developing Market Systems". I want to start by saying a special 'thank you' to our colleagues and partners from the Swiss Development Corporation and the Swedish Development Agency for working with us to make this event possible and to the M4P Hub for organising it.
I am delighted to be here this morning to launch this important event - one which I hope will deliver new knowledge, new partnerships and new opportunities to help maximize the impact of our work. I want to use this opportunity to set the tone for the next 3 days of productive engagement by discussing briefly three key propositions.

- First, that inclusive and dynamic markets are critical for sustainable development. They are the basis for a growing economy, for creating widespread wealth and lifting people out of poverty.
- Second, that the Making Markets Work for the Poor - or M4P -approach is an effective way of helping deliver stronger markets and also helping to deliver better and more accessible public services.
- And third, that the M4P approach is about more than markets development. It points to a way of doing development that can lead to bigger, more sustained results – by empowering our partners in developing countries to take charge of their problems and develop home grown solutions.

This agenda is central in how we see development going forward, to end the trends of dependency and create long-term sustainability for people to stand on their own feet.

DfID's objective has been to make private sector thinking a part of DFID's DNA as our work with partner governments and NGOs. We've used about US$200mn of DFID capital to help leverage US$14.5 billion of private investment for infrastructure that, once built, should serve nearly 100 million people in poorer developing countries. Examples include Southern Sudan, where a DFID Challenge Fund supported a global company to substitute local grain for imported barley in its production process so that 28,500 farmers would have the opportunity to move from subsistence to commercial farming. In Tanzania, DFID's Call to Action inspired a major soft drinks multinational to develop a network of distribution centres and small-scale retailers that now generate revenues of US$500 million a year, employing over 12,000 people.

Underpinning this new approach is a passionate belief that markets are the engine of development; that **market systems are central to the challenge of poverty reduction**. Vibrant markets can deliver lasting results for poor people: more and better jobs; higher incomes; more readily available finance and a broader and more affordable range of goods and services.

Fair, competitive markets are integral to a country's overall development. Markets catalyse innovation, provide information and technical services to both public and private sectors and can, along with the public sector, increase access to better quality public services like healthcare and schooling.

And this all helps to illustrate my first proposition: that inclusive and dynamic markets are critical for sustainable development. But for markets to deliver all these benefits they need to be inclusive and plural and they need to be fairly contested.

Barriers to fair market competition abound, especially in Africa - benefiting a few to the detriment of the majority. Access to markets is difficult; the poor and socially marginalised are often excluded; and a plethora of market failures keep markets underdeveloped and inefficient. For example:

- In ***Sierra Leone*****,** the cost of opening a bank account is more than 50% of GDP per capita.
- In ***Cameroon*** it is 116%. The global average is 12%.

- In ***Uganda***, 94% of rural households spend $72 a year on dry cell batteries - a cost of USD$400 per kilowatt hour. American electricity consumers pay less than $0.10 per kilowatt hour.
- And in **Vietnam,** the Asia Development Bank found that government price controls and quantity restrictions on many goods created barriers to entry, rewarding monopoly and inefficiency.

Improving how markets work need not always be complicated. Restrictive and outdated laws that favour State owned enterprises or narrow business interests and penalise small entrepreneurs can be revoked. Simple interventions can make a huge difference.

Our challenge then is to find sensible solutions to deficiencies in markets and by doing so stimulate deeper, more resilient and more dynamic markets and private sector growth in developing countries, in partnership with national governments, local organisations and private actors.

This leads to my second proposition - 'Making Markets Work for the Poor' can help face this challenge by facilitating change in market systems, using aid resources not to create dependency and parallel donor processes, but to work through local market actors to enable them to address constraints and catalyse wider change that will benefit the poorer.

The approach is about doing development with an entrepreneurial heart, a private sector spirit- which is central to DFID's new approach to Private Sector Development- by investigating, testing out, taking calculated risks, learning lessons and being flexible and responsive to finding the best way to meet challenges by making the most of people's incentives.

The M4P approach is being used with success in a number of programmes in Asia and Africa. In DFID alone there are 15 M4P programmes across the world funded by some £300m over the next 4 years.

- In **Nigeria** we worked with banks to lend to 1,400 marginalised women working in the rice sector, enabling them to upgrade their technology and improve productivity, increasing their monthly earnings from £4 to £28.
- In **Bangladesh** another DFID M4P programme has helped generate an extra £150 million of income for over 1.6 million small farmers and businesses, in sectors ranging from maize to fish to furniture, including the most vulnerable communities in flood-prone areas.
- Donor M4P support to both public and private sectors in **Tanzania** has doubled the availability of insecticide-treated bednets (reaching 3 million) since the year support began, and halved the cost of nets. As a result, it has supported public health and also helped resuscitate the textile industry: bednet manufacturing is now worth over £12 million per year in Tanzania, and has created 3,000 jobs.

These examples sum up my second proposition: that M4P is an effective way of helping deliver stronger markets and also helping to deliver better and more accessible public services. The key challenge for M4P now is to expand on this experience to tackle wider challenges of global poverty. In particular:

i) The delivery of core basic services for poor people and
ii) Improving access to goods and services for women and marginalised social groups.

That is the core issue for this week's discussions: how we can achieve better impact for poor people, at scale, using the power of partnership between on the one hand, donor knowledge and financing; and government commitment to provide quality public services and maintain an effective policy and regulatory environment that unleashes the power of markets, allied, on the other hand, to local know-how and private sector ingenuity and investment.

To motivate this further, I want to set out my third, more probing proposition. And that is that M4P can be as much about how we do development as it is about strengthening markets. The M4P premise is to permanently transform systems, either public or private, to work better, especially for the poor - to generate growth, job opportunities and expand access to services. Achieving this is the biggest impact and greatest value for money that development work could ever have.

There are two central questions facing the M4P approach to keep in mind over the course of the conference:

- First, how can we build partnerships and alliances between public and private sectors, between governments, NGOs, practitioners and businesses to deliver **a real sea change in the way we approach and support both markets and public services that is locally owned and led at heart?**
- And second, what might 'transforming systems and embedding the power of transformation' mean for how we do our work, over and above the development of markets?

Keynote Speaker 1: David Ferrand, Financial Deepening Trust Kenya

Strengthening Financial Service Markets

This presentations provides an overview FSD's experience in Kenya through some of the initiatives that he has been involved in, highlighting the importance of social inclusion in financial service provision. FSD Kenya was established as a trust to be a facilitator of market development with the aim to interface between donors and markets to work together on development objectives

Financial inclusion has received so much attention, but it needs to be remembered that microfinance in financial services is not a magic pill which will single-handedly solve poverty. The concern here is inclusion: participation in the financial sector is vital for wealth creation. Thus it is critical to connect poor people into the wider economy. Financial inclusion impacts directly on the way poor people manage their scare resources; there is a great deal of evidence to suggest that access to these simple services can make a huge difference on the lives of the poor.

How can financial inclusion be increased? FSD worked on a number of interventions in Kenya ranging from direct government provision of financial services to establishment of specialist government finance institutions to ownership of commercial banks. Targeting inclusion through commercial banks has shown little impact despite the cost, repayment rates are incredibly low and the fiscal cost of this approach is huge. Kenya provides a clear example of the limitations the interventionist approach. The laissez-faire approach of the financial sector reformers in Kenya since the mid-1990s resulted in the rollback of restrictive regulation and legislation which prevented the market really expanding. Despite this, in the early 2000s, private commercial banks still only held six accounts per hundred adults. Clearly, leaving it to market systems does not work. Making markets work for the poor is a market-friendly approach; it takes a long-term strategic look at the market and understands how that market is developing.

At the base of the M4P approach is the transaction, the connection between the demand side and the supply side. In order to intervene we need to focus on this - understanding what the incentives are, and who is doing what. The retail institutions are key to market development, as too are the consumers. It is particularly important to understand how consumers use financial services, how they understand them and how they can make use of them in their livelihoods and businesses. It is vital to recognise that these retail institutions and consumers are embedded in a structure. All of this has to work within the microenabling environment: the laws, regulations and the policy framework which set the expectations within which people are working. It is critical to understand the complexity of the market and all the pieces that need to develop in order to create a sustainable, scalable market.

The Kenyan financial sector is relatively mature. It has a large number of commercial banks that tend to have conservative approaches, developed economies' business models and largely ignore the bottom of the pyramid. There is, interestingly, a prevalence of credit unions or SACCOs (Savings and Credit Cooperatives), who are associated with cash crop production in the main part of formal employment. They offer services to the middle class, who are not addressed by the banking system. There are also a number of small, mainly donor-funded, microfinance institutions. Largely, their scale of operation was tiny, reaching an insignificant proportion of the population. The last part of the Kenyan financial system, that was often ignored, was the informal financial services sector. Huge numbers of both wealthy and poor Kenyans made use of these services, which include rotating savings and credit associations. Despite a lack of data, this seemed to be the most common form of financial services.

One of the critical pieces was to address the retail provision, after demonstrating that it was possible to profitably address the bottom of the pyramid. The challenge of scaling up to reach millions of people was hindered by the banks' conservative world view that saw NGOs and MFIs as a different world. To get commercial banks involved, there had to be results. FSD began working with Equity Bank, first on market research and product development to establish ways to better reach the low income markets. The next step was to get other banks doing the same. So after some strategic planning, FSD began working with them on change management. With this assistance, they were able to list on the stock exchange, developing the systems they needed to underpin growth, and finally dealt with the development of credit price and risk management. Equity started to take off from about 2006, after which response from the other commercial banks was very interesting. By 2010, Equity Bank was a major player in its own right, and it had also induced other players to follow the same path. In terms of value for money, the estimated nudge input was about £4.8million worth of capacity building and various other forms of support. Equity Bank today is a low income-focused bank with assets of £1.2billion, and it remains an important innovator.

At the meso-level of intervention, with informal groups right at the other end of the scale, the motivation was to reach all those people for whom formal services are just a dream. We know that all sorts of people are using informal services; the question is how to improve them. The initial delivery model used international NGOs to train local communities in the new techniques of savings groups; however, this wasn't scalable. FSD came up with a new approach with CARE Kenya, using the private sector to deliver this training, and more importantly to change the incentives so that the private sector was incentivised to reach scale as rapidly as possible. They developed a model of franchises who would manage community-based trainers in local communities and who would be paid on a fee-for-service basis for every member that they trained. We aimed to reach about 50,000 people. Once the local private sector got involved, we had 100,000 clients within the pilot period. The cost per member reach went from an average of $40 to less than $9 per member. The next step is to get rid of the subsidy for intermediaries, allowing groups themselves to pay for their own training, which many savings group members have shown strong willingness to do.

A dilemma now exists. Do you follow the route of flooding a local environment with the training facility groups, to bring about institutional change at the community level and assume that that will sustain itself? Or do you follow the slightly more conventional M4P route, of getting training providers for a purely fee-for-service basis and leave them to provide the services on an on-going basis?

An example from the macro level is M-PESA mobile banking. It is important to realise that the right sort of regulation is needed to mobilise growth; regulation is not necessarily a bad thing. To tackle regulation at the macro level, FSD's vision was to work with the regulator and the policy makers. Facilitators need to relate to policy and regulation on an on-going basis; it should not be a one off. There is a constant need to develop new regulation and new policies for services such as branchless banking. The key challenge that M-PESA faced was the position of the regulator. Once the risk issues were understood, they worked with the Central Bank of Kenya to provide enough reassurance so the pilot could go ahead. Despite the high risk, the results showed clearly that, by and large, the system was incredibly safe and the regulator allowed M-PESA to move forward. They're now moving to develop a new framework, which is needed for something as different as mobile bank services.

These three examples illustrate that FSD's approach towards M4P is built on extraordinary ambition: "we want scale, and we want sustainability, and everything flows from that. The approach we've taken is to build the system; our role is to catalyse, to nudge, to ultimately change the rules." Long term change is about disruption. In each of these, FSD looked at new ways to do things to change markets, rather than just funding the rolling out of solutions. It involves helping entrepreneurs within the private sector and NGOs and the Central Bank of Kenya regulators to take risks. Players are influenced by the results that impact them. Therefore, highlighting what really can and cannot work within the market will encourage players, such as investors, to get involved in the market confidently, and this will have knock on effects. The key is to exit the market when it is ready. Information is critical for decision making, particularly in financial services. In all these examples there were fundamental information gaps surrounding the market. The main concern for retail players is the business models: for the bottom of the pyramid it is managing and optimising savings, and for the regulators it is assessing risks. As facilitators, it is important to look at the existing capacity within the system to allow things to be done differently. Results over the last ten years, and in particular from 2006, show that there has been scaling up and real competition in the retail market. Formal inclusion over the past 2.5 years has gone from 59% to 67%, showing that the market is getting closer to its full potential.

As the market evolves, facilitators of market development need to change in line with the different drivers and influences. FSD's change in approach from 2001 to 2011 has seen a shift from a no-regulation approach to one where the national government agenda is seen as an opportunity within the financial services system. Initially FSD's work was focused on building partnerships and finding key players; now there is a new focus on developing those relationships to build a better product. In order to work with the bottom of the pyramid there needs to be a greater tolerance of risk. In light of the results achieved, it is crucial to make inclusion part of the national agenda; this will make taking greater risks more feasible and desirable. It is crucial to lay the foundations and arrive in good time when working as a facilitator in market development. Doing so will achieve meaningful market development and quality interventions. It is also important to establish contacts with interesting players within the market, whilst bearing in mind that they might be at the centre of the scene. It is important to remember that regulations matter, and sometimes facilitators will need to work alongside the regulator. The most important thing, however, is knowing when to leave during the process.

Keynote Speaker 2: Gavin Anderson, Media Systems Consultant

Making Media Markets Work for the Poor

The presentation seeks to address two important questions: Why Media and why Media Markets? The presentation seeks to address this by focusing on some of the older media technologies, radio in particular, but also looking at print media and television. ITCs are important, but are not the focus of this presentation.

The importance of media in development needs to be recognised: it is not a side issue. It is a cross cutting issue that cannot be ignored, though few see it as a central. Media is relevant across all sectors of development: health, education, disaster response etc. It revolves around people, information and voice as a two-way mechanism that needs information from people – not just to people.

Development communities respond to media in three ways:

1. Development organisational promotion. This looks at the work being done. Governments want to tell the tax payer what their money is being used for and inform the recipient country of what is going on.
2. Development communication. This is very active in health, for example in promoting condom usage, use of malaria nets, vaccinations etc.
3. Media development – this is what the presentation will focus on.

All three are very different from each other therefore it is not possible to group them together. There is often a trade-off associated with media, differentiating usage and development. Do you use media as a tool or do you develop it so that it is a driver of change?

There are some key questions that need to be addressed:

- Why is mass media important?
- Why radio? – reaching the poorest – most appropriate medium.
- Why commercial media? This comes up a lot in governance. Content gets dumbed down.
- Why do we want a markets systems approach to mass media development? Focus on sustainability and scale.

There are a number of case studies from Uganda that demonstrate the impact mass media can have, especially radio. This first case study shows how the radio can lead to national level policy change. It was proposed that the Mabira forest would be cut down and transformed into a sugar plantation, which was highly controversial. The plans were broadcast, and subsequently there were a number of demonstrations that put pressure on the government. Due to this, the government had to change their policy for the first time as a result of a popular movement. The issues were discussed on the radio, and those involved were accused of bringing trouble into the country. Private radio was accused of making it impossible for the people at the top not to listen to the people at the bottom, bringing in a democratic shift. As a result of the radio reaching an increasingly large number of people, the government had to change their actions. The people understood what was happening and stood up for their beliefs, making their voices heard through the radio – meaning the government could not ignore them. In this case the radio was a very effective media source that reached the poorest and benefitted them directly.

There has been an information revolution, of which a radio revolution is still relatively recent. This revolution has also happened in print media. Many governments have lost their grasp on mass media, which has turned into a private entity that the government can no longer control. In Uganda, there is almost 100% radio outreach in rural areas.

The market evolution vs. market facilitation debate

Media markets are evolving without intervention, with the urban elites often being reached first with access to music, shows, etc. If there is liberalisation and competition within the market, then the markets evolve and are able to capture the mass audience using music and current affairs. The role of development organisations is often to pay for these services that cover issues of popular interest, taking on an intervening role to mainstream coverage. The content also has a development impact - this is where value can be added.

Making media markets work for the poor should be seen as an opportunity, realising that media does not always work for the poor is important, but this can be changed. When working with private media, the donors are paying for it, where we provide the information and the production. It is very supply-driven, which is not sustainable in the long term. On the other hand in an advertiser-driven model the key thing is to get a buyer to sponsor a programme; however this is still a top down approach. The making media markets work approach still involves advertisers, but it also requires the information collectors to be independent journalists, owned by the media companies themselves. This allows the content to be more balanced, and results in crowding in within the sector.

In many instances the media poor are still not being reached. They are exposed to very few media outlets. In Bangladesh for example, the poor still receive a great deal of information from the Bangladeshi government's TV station. The market needs liberalising so that the poor are targeted by other media channels, and notably the media poor can be one of the most profitable groups to target.

The next question asked is whether there is too much or little of in media in Uganda. There is a great deal of content on agriculture and health on the radio. However, not enough of the rural poor can access the information any other way, which shows that there is a demand there for it.

There are two specific projects that both focus on media development, and are both examples of crowding-in within the markets, which has led to an increase in the number of providers. It needs to be shown how this is done, we need to show working examples and not just inform people that it is happening. By doing so, other radio stations should be able to replicate the programme.

Fit Uganda started with a very small budget, therefore there was not a lot of pressure on the programme to produce instant results. It was able to spend 5 years developing before having to replicate its programme. It gained over 7 million listeners. 74% of listeners surveyed said they were regular/dedicated listeners, while 95% said that the programmes were highly beneficial to them. These results drive forward and embed the programme.

ENABLE Nigeria had a serious focus on the media, and is a business advocacy project. It recognises the role of both the private sector and the government, but more interaction between the two needs to happen.

In many projects, BMOs are paid to run campaigns. ENABLE interacts in sustainable way; aiming to improve media relations, whilst demonstrating the importance of business in the media.

The objectives of the media are:

- For it to play a role in agenda setting;
- For it to be used as an advocacy tool; and
- Have a direct advocacy role on government.

Another example of the power of media is that of the Ugandan newspaper 'the Daily Trust', which changed its approach to covering issues within agriculture. Previously they were getting their information directly from the government. It was reported that the government were doing a good job; items were being distributed and contracts were being delivered effectively. However, it was not known if they were actually working. Journalists went out to investigate what was really happening. The paper had a hugely positive response from the public. Unsurprisingly, the government was less pleased with their new approach to reporting. The paper has continued to report in this way thus, responding and reporting to the people.

Something very small can have a huge impact, such as the case study of the tobacco farmers in the northern part of Uganda and BAT. In conjunction with a non-smoking day, a journalist decided to interview the tobacco farmers to see what their views were on the matter. The farmers stated that it did not concern them, as the system locally was very corrupt. The BAT workers did not give the farmers fair prices for their produce, and thugs were hired to ensure that they grew tobacco. The study got to a local radio, and then to Kampala. BAT took notice of the report and carried out their own investigation. They found that these reports were true, the corrupt officials were punished and BAT redesigned their system in Uganda. Prior to this, it was thought that small-scale tobacco farming was not working; 3 years on, after a redesign of the system, the small-scale farmers in Uganda are now producing some of the best tobacco in the world. This example shows that providing information works: giving people a voice and a platform has wide scale positive effects.

Mass media offers great opportunities and can have a great impact on development. However, there are a number of challenges faced, too:

- Media is seldom seen as mainstream;
- It is not simple or short term;
- There is a human resource challenge – we need social entrepreneurship and a cultural shift; and
- Impact and sustainability challenge – do we take it seriously?

Making media markets work for the poor means giving up short terms impacts and scale to gain them in the longer term. We cannot get away from this fact.

Keynote Speaker 3: Rob Hitchins, Springfield Centre

Market Development in Basic Service Sectors

M4P is not just about commercial activities: it also covers areas traditionally regarded as public services. To make these services work for the poor in a sustainable way and at scale means revisiting how those services are delivered. It is about the means and not just about the end product, which entails thinking about systemic change.

Regarding health as a human right can take away the focus from the means of how services are delivered. Aid has tended to ignore this issue when giving money to public health service providers that are providing poor quality services. In reality, many vital services do not reach the poor through public service delivery, and they end up paying for the same services privately.

Many practitioners in fields like health are beginning to rethink how the MDGs can be achieved by learning from emerging realities from the ground rather than simply trying to replicate Western models of service delivery. It is important to consider the access frontier: looking at the use of a service over time, there is a status quo of usage of an existing system. This can be expected to expand and serve an increased number of people without needing to change. Beyond this frontier, increasing access is only likely to occur through more fundamental change. Moving into this system development zone, there often needs to be disruptive innovation that brings in new ways of doing things.

Systemic change in the insecticide treated bed nets (ITNs) market in Tanzania was achieved through hands-on experience on the ground in East Africa, and not from a market systems perspective from the outset. Malaria lowers economic growth in endemic countries by over a percentage a year and accounts for 40% healthcare spending. It costs an average household $95 a year, not including lost productivity. Getting highly-effected solutions such as insecticide treated bed nets out beyond small-scale pilots and temporary measures has proved a huge financial and logistical challenge.

Improvements in technology on ITNs double the protective effectiveness of the nets for only a 20% increase in the cost. This also benefits the overall community by killing large numbers of mosquitoes and thus reducing overall transmission. The tricky part is getting them to poor people.

The public approach has tended to achieve large scale disbursement in the short term, but is not maintained over time. Campaigns that provided free nets have been mostly donor-funded, offering expensive imported nets and facing distribution challenges. Commercial approaches offer better access and choice, but raise questions of affordability and scale.

A malaria prevention partnership was formulated with strong government ownership and then received multi-donor support. This partnership tried to look at ITNs in a more pluralistic way, breaking it down into its constituent functions and understanding which players had the capacity and incentives to play different roles. Development assistance then focused on strengthening those roles. The starting point was entirely pragmatic: getting ITNs out effectively, sustainably and at scale required involvement from the private sector to invest in production and distribution. The government's role was to provide a regulatory environment to make sure that the nets were made safely and fairly, and that public health objectives were being achieved. They also had a long-term role, ensuring the disadvantaged had access to ITNs through these nets.

Subsidies, therefore, should be targeted at the most vulnerable rather than through free mass distribution. The government needed the private sector in order to lower the nets' prices and to piggy back on the private sector's logistical abilities. That stimulated an overall system for insecticide treatment: to achieve scale economies, to establish mechanisms for sustainable access, so subsidies could be put in the hands of the most vulnerable, to send signals to business and to establish a link between households and retailers so nets are available throughout the year. Having bed nets in stock does not cost that much, but motivation is what makes it happen, and it's the most precious asset in making the delivery system work.

The premise behind vouchers was that targeted subsidy would always be required and justified for the vulnerable and the scheme was incorporated into a long-term government plan of smart subsidies of about $16million a year, targeting pregnant women and infants, who are easy to reach through clinics and vaccination programmes.

The approach recognised that an efficient distribution of nets requires the involvement of the private sector. In 2001, a million nets were sold commercially. By 2007, the figure had risen to 3million insecticide-treated nets sold, and in the initial period of the programme 13million nets and 12.5million re-treatments were sold. From a baseline of 10%, now up to 70% of households in mature distribution areas own nets, showing high awareness across the population.

The effect on incidence of malaria and under-five child mortality has decreased by 4,000 deaths a year. Also from one manufacturer there are now four net manufacturers, producing 30million nets and contributing to the revival of the textile industry.

The process encountered some obstacles and challenges, including:

- Government reluctance to outsource "core" health activities;
- Government has little concern with efficiency; incredibly complicated procedures;
- General aversion to deal with private sector;
- Strong pressure to revert to free net distribution;
- Transition to long-lasting insecticide treatment technologies (LLIN) is very complicated;
- Concern that equitable coverage wasn't increasing rapidly enough – a "catch-up" strategy was needed;
- Oil prices critical for cost of nets, as are trade tariffs and taxes; and
- Government dependence on budget support (funding uncertainty).

Some key lessons have emerged from this programme that can inform future experiences. Having a public interest at heart does not mean the government does everything; furthermore, pluralism is important to ensure that innovation in service delivery, supported by rules and other functions, achieves public interest. Agencies need to be careful not to focus purely on delivery and "pay for" expanded access, as getting the "means" right is key to achieve leverage and sustainability.

Keynote Speaker 4: Jeanne Downing, USAID

Beyond the Standard Approach: USAID Learning About How to Evaluate Value Chains Programmes

Governments increasingly demand rigorous evaluations, and if our initiatives are to be taken seriously and expand there needs to be proof that they are working.

Evaluation has been occurring within the Accelerated Microenterprise Advancement Project (AMAP), including within three longitudinal studies, since 2002-3, for much longer than in other departments. To conduct an evaluation you need to establish the question lines that you want to answer and that the methodology will follow, and not vice-versa. Our interventions look at increasing the value chain competitiveness - including multiple value chains and interrelated value chains - participation of the poor, small-holders and SMEs.

This is implemented by responding to end market opportunities, reforming the business environment, facilitating value chain upgrading and competitiveness, strengthening financial and supporting markets and changing firm-level behaviours and relationships. Some interesting lessons have emerged from these evaluations:

- the good: longitudinal evaluations have increased consensus that systems thinking makes sense and that facilitation is best practice for implementation;
- the bad: it is very difficult to do this. When USAID started looking into this, market systems was a very new approach to anyone in Washington; and
- the ugly: in an example from Zambia, the baseline was excellent but the project shifted so the end-line was so different that the two didn't match. Also, people outside the control group had somehow become participants. The evaluation was not relevant to the project.

These lessons have created some dilemmas. The projects are made up of a complex set of interventions that are mostly systemic in nature. This means that traditional ways of doing evaluations, such as choosing a control group, are not feasible as these interventions may affect an entire country. The spill over effects of the interventions result in contaminated control groups, and also blur the line between treatments and non-treatments required by experimental methodologies. Participation is not binary, but more a matter of intensity.

Another complicating factor is that projects change over time. We work in dynamic environments where the conditions always change, which can negatively affect baselines.

The new administration embraced and invested in evaluations, which stressed the importance of evidence-based results. For many people at USAID this was equated with Randomised Control Trials (RCTs), which have very strict requirements for differentiating treatment from non-treatment, and focus on single service or product. They ask relatively narrow questions.

A value chain programme in Moldova has shown that there has been a growing struggle to make RCTs quantitative evaluation relevant to a value chains programme. Thus, the external validity of this type of evaluation was questioned due to a lack of relevance to the project. The quantitative evaluations can only focus on small sectors of intervention, while the whole programme was focussing on wider objectives, such as business environment reform. These wider objectives are not quantifiable in a RCT.

M4P evaluations present a problem of validity. The internal validity is often prioritised and demonstrated through quantitative, mathematical evaluations. Although external validity is more important to M4P implementers, the methodologies needed for this type of evaluation are often too complex and specific for evaluators who do not understand the nature of what they are evaluating.

Degrees of Evidence is a set of practices and principles that form a common ground for rigorous statistical evaluations and the evaluations needed to assess the validity in value chain interventions. There is not one perfect approach for conducting impact evaluations, therefore rigour is not twofold. Instead it is multidimensional, as all methods have their own strengths and weaknesses. Good evaluations need to strike a balance between rigour and relevance.

Degrees of evidence can apply to a number of different practices:

- All evaluations should be grounded in a plausible/causal model;
- The evaluation methods you use need to be assessed relative to various measures of validity, including internal and external;
- You need to triangulate your findings in order to ascertain preponderance of evidence, using a combination of quantitative and qualitative evaluations to assess change at the system level, and individual interventions;
- Follow sound data collection practices; and
- Methods should be transparent.

Keynote Speaker 5: Jim Tanburn, Donor Committee for Enterprise Development

Strengthening the Measurement of Systemic Change

The challenge we have in measuring results is a symptom rather than a cause, and there are underlying causes of the difficulties we've had in conveying what results we're achieving.

The appeal of M4P has always been the chance to get better results: it is very much a means to an end and not an end in itself. But it has not advanced much further than the development field as a whole in demonstrating those results; meanwhile, parliaments in donor countries are increasingly requiring such demonstrations. Indeed there is a sense that if you cannot measure the results, maybe they just aren't there.

There have been underlying non-technical obstacles to good measurement – for example the frequent gap between those who actually implement programmes, and those who supervise and evaluate. Many agencies have manuals on measuring results that seem to be largely ignored in the field. Sometimes the project design is so complex and ambitious that evaluation is arguably impossible. These underlying challenges have to be considered, but there are some technical challenges that also need to be considered. Together, these obstacles have meant that the field of results measurement has become rather 'stuck'.

The Donor Committee for Enterprise Development (DCED) realised that all of its members were keen to address this situation, and therefore developed the DCED Standard for results measurement. This Standard aimed to avoid some of the normal pitfalls by asking programme managers to define the best results measurement process they could achieve. In particular, they were asked to articulate the logic of their interventions in a detailed results chain, and then to base the measurement process on that logic.

The key elements of the DCED Standard are therefore:

- Articulating the results chain or programme logic.
- Defining the indicators of change that must be measured to validate that logic.
- Measuring changes in those indicators according to good measurement practices.
- Developing a plausible story around attribution of changes to the programme.
- Assessing wider changes in the system or market, beyond the direct partners.
- Relating the attributable, measured changes to programme costs.
- Reporting results in a responsible and clear fashion.
- Managing the system so that monitoring data can be used in real time to adjust the programme's approach.

The DCED offers an auditing service for those programmes that feel they have achieved full compliance with these elements. The DCED Standard is not only about results measurement, but also about good management; the OECD definition of monitoring makes that clear. In that sense, it would make sense to consider monitoring as a key management function, rather than grouping it with evaluation (as in "M & E").

The DCED Standard provides a framework based on accepted good practice, with some distinctive features, by giving the framework structure and incentives, requiring participating programmes to keep a paper trail of key decisions, monitoring etc. It also explicitly reminds programme managers to look for market-wide effects, and allows for two-year projections that favour systemic interventions. It remains a voluntary Standard, with many programmes and some agencies aiming for compliance; they feel that it gives them a framework and support according to widely-accepted good practice, so that they can be both more effective and better able to monitor their achievements.

For more information, including frequently asked questions etc., please visit http://www.enterprise-development.org/page/measuring-and-reporting-results

Theme 1: Scaling up for sector-level change

How can development interventions go beyond successful pilots and small and scattered impacts? This conference theme examined the challenges and successes in scaling up interventions and crowding in market players at the sector level.

The session brought together experience from three organisations working across a range of value chains in Tanzania and Cambodia.

Transforming Tanzania's Cotton Sector

Ian Anderson (The Gatsby Foundation)

Following an M4P approach to sector selection, the Gatsby Foundation looks for sectors which have a high impact potential, long-term competitiveness and a positive stakeholder dynamic. Tanzania's cotton sector fulfils these criteria, with nearly half a million households growing cotton and an engaged, collaborative sector regulator. Since 2007, the Gatsby Foundation has worked with local institutions to transform Tanzania's cotton and textiles sector by raising the yields of more than 400,000 smallholders and catalysing downstream industries. Ian Anderson shared insights into the development and implementation of Gatsby's programme in Tanzania and offered emerging lessons on the key factors of success in scaling up and ensuring sustainable impact of interventions.

Managing for Sustainability

Gatsby believes that working with legitimate institutions is essential to the sustainability of M4P programmes; as a result, the cotton sector programme works in partnership with the Tanzania Cotton Board (TCB) and engages closely with key Ministries and stakeholders. Gatsby also recognises the value of local knowledge and connections, so the programme is run by a Tanzanian affiliate institution, Tanzania Gatsby Trust (TGT), with a predominantly Tanzanian staff supported by experts where necessary.

Challenges and Solutions to Improve Smallholder Productivity in Cotton Production

Access to inputs is the key to improving smallholder productivity in cotton, as the crop requires substantial use of pesticides & fertilisers (especially where soils have been exhausted through over-cropping, as in Tanzania). In the absence of rural credit, there is a strong connection between market structure and productivity: in more organised markets (characterised by strong parastatal firms or a few large buyers), inputs can be provided on credit through the value chain; while in very competitive markets, value chain input credit is impossible because side-selling reduces the incentive to invest. Tanzania's cotton sector is characterised by a high degree of competitiveness. As a result, farmers can only access inputs on a cash basis and hence utilisation – and productivity – is low. To address this, the Gatsby programme has promoted market structure reform based on contract farming, which will enable inputs to be provided on credit.

In addition to contract farming, the programme has developed parallel interventions in supporting markets. The seed system has been catalysed by an initial investment in bringing breeder seed to the first stages of multiplication; this has now been taken up by a private company who are keen to invest further in the market. And crop insurance – which is an essential complement to value chain finance to protect farmers from indebtedness – has been stimulated by an investment in product development, data access and private sector management capacity.

Addressing Informal Rules and Norms

Gatsby's experience in Tanzania has highlighted the role of informal rules & norms in making markets work. In the cotton sector, this extends beyond side-marketing to wider issues of trust between farmers and ginners, political interference in markets and even outright corruption. To mitigate these risks, Gatsby and the TCB have worked closely with the Minister of Agriculture, the private sector and the structures of local government to build buy-in and consensus around reform. Successful pilot schemes have created a virtuous cycle of support: farmer enthusiasm for contract farming has led local governments to provide resources to train farmers and political support to mitigate side-selling; participating ginners report increased yields and repayment rates of 85%, which in turn gives the system credibility with the private sector.

Emerging Lessons for Scaling Up

Gatsby's cotton sector programme has found that there are a number of factors that are critical to scaling up interventions at the sector level. Firstly, long-term sustainability at scale requires enabling local institutions to manage the sector. The TCB is currently very weak institutionally, with little management capacity and only eleven field staff to oversee half a million farming households. To address this, the programme is combining short-term capacity building by donors, including development of the TCB's data management systems, with strategic pressure on the government to provide higher levels of long-term funding to TCB, appropriate for an effective regulatory body.

More broadly, Gatsby's experience has highlighted key emerging lessons for sector programmes looking to scale up:

- High-level political engagement is needed to enable both a change in the formal rules and a shift the political economy of informal norms.
- Many implementing agencies focus on relatively small-scale, high-touch initiatives – persuading them to move out of this "comfort zone" to work in a large sector can be difficult.
- Scaling-up requires buy-in from both public and private sectors; it can be difficult to appear an honest broker to both sides.
- Knock-on effects may mean a programme needs to combine different components that are not directly linked to the "focus" sector (e.g. in this context, non-cotton crops and health insurance).
- In terms of M&E, a programme which seeks to influence a whole market cannot isolate a control group. It therefore becomes impossible to "prove" scientifically the results of an intervention; M&E tools used by M4P programmes need to become more sophisticated to work around this.

These emerging lessons emphasise the importance of addressing the supporting market functions and the necessity of building effective partnerships to scale up.

Scaling up for Sector Level Growth: A Culture Change Approach to Value Chain Development

Bryanna Mills & Curtis Hundley (DAI)

The USAID-funded Cambodia MSME Project used a systems approach to scaling-up enterprises, business advocacy, and development of better regulations and their enforcement across entire sectors or industries. In the presentation of this programme, Bryanna Mills and Curtis Hundley highlighted the importance of changing behaviours and developing trust-based market-trading relationships.

The main objectives of the project were to facilitate improvement in productivity, cooperation and competitiveness in MSMEs in Cambodia, and to shift the dynamic between the public and private sectors to a productive partnership. The project was divided into two phases. The first phase focused on working with value chains at the front level, locally driven from the bottom-up. The second phase used a top-down approach to reform the business environment and primarily sought to facilitate change by working with the government. During both phases, interventions were scaled up through expansion to additional provinces and clients and broadening the range of activities to increase impact on communities, public and private sectors.

Building Trust and Linkages in Inefficient and Disconnected Sectors

Trust or lack thereof, between market players was a critical factor affecting the functioning of markets in Cambodia. For example, the business environment of the swine market in Cambodia was characterised by gaps in the supply chain and distrust among the private sector and between private sector and government. The result was scarce commercial links in the rural areas and few examples of cooperation between small holders, despite the fact that some 70% of the population raised swine.

The lack of trust between market players was compounded by a number of other sector-wide problems in the sector. Poor quality feed and limited availability of technical assistance, which combined with high fees, dumping of foreign pigs and high pig mortality rates, led to an inefficient, disconnected sector.

The project interventions focused on building trust and facilitating linkages to address these issues within the sector. Specific interventions included:

- creating dialogue between private companies in the capital and the rural areas, and connecting business and technical expertise;
- moving people across provinces to increase exposure to other players within the sector; and
- inviting government officials to provincial visits and abroad to observe regulations and transactions elsewhere.

The business confidence allowed associations and cooperatives to engage politically to advocate for regulation change and stimulated sector investment that increased productivity, leading to sales and revenue growth of 350% in 18 months. In its second phase, MSME has engaged with 10 ministries and more than 20 regulations and five policies.

Affecting Behavioural Change for Wider Impact

The MSME Project found that achieving wider impact depended on understanding the social and cultural structures and norms and effectively changing behaviours of market players. Understanding the culture and dynamics amongst the market players proved more important than the level of resources available. By following this approach of developing trust-based market trading relationship over time, the project was able to facilitate more than 7000 firms working together in mutually beneficial commercial relationships and improve the openness of dialogue between government and businesses in Cambodia.

Some recommendations transpired from the MSME interventions to build trust and linkages:

- Facilitating interesting and enjoyable activities enables market participants and government officers to get to know each other and develop trust. This proved more effective in changing the existing culture than inviting stakeholders to directly discuss their issues in more formal discussions.
- Start with a set of principles that keep the project interventions straightforward. The MSME Project began with the principles described above, which dictated that costs of those interventions had to be affordable by the private firms. The MSME Project also stayed as far away as possible from all commercial transactions, never providing any goods or services, but looking for the private sector to do that as part of their business development models.

The programme showed that when private firms have an interest they will advocate for it more effectively that when donors spend millions of dollars on external advocacy. By becoming engaged with the business sector, central and provincial governments that were previously unresponsive and antagonistic began to listen to the private sector, embedding sector inputs in their policy-making.

Action Learning among Tanzania's Sunflower Oil Processors to Promote Systemic Change

Braison Salisali (Helvetas Swiss Intercooperation and Swisscontact)

The Rural Livelihood Development Programme (RLDP) addresses high rural poverty in the Central Corridor of Tanzania, which is characterised by very low incomes, frequent food shortages and a lack of reliable and sustainable markets and employment opportunities. The programme aims to make market systems work better for the welfare of rural producers applying the M4P approach. During this session, Braison Salisali shared how RLDP used an "action learning" tool to promote systemic change in the sunflower sector.

Challenges and Potential in the Sunflower Sector

The sunflower sector is one of the key agricultural sectors in Tanzania's economy. It faces growing demand in cooking oil and animal feed and involves 267,300 farmers in the Central Corridor alone. Despite the increased sunflower production, the sector still faces many challenges and constraints, including: low access to quality seeds, limited access to finance, lack of reliable markets for producers, poor marketing strategies and limited understanding of the market system by processors.

RLDP applied an Action Learning (AL) tool among processors for promoting contract farming and systemic change by bridging this intervention with two other intervention levels (quality seeds and advocacy for improved business environment).

Using Action Learning to Promote Contract Farming

Contract farming was identified as a model that would help to address some of the sectors key constraints. Previously, a pilot for introducing contract farming with one company failed because the partner was not focused or open to new ideas, and was situated in a remote area making it difficult to influence other actors. As a result, RLDC introduced the action learning (AL) tool, which is a continuous process of learning and reflection, supported by colleagues by working on real problems and reflecting on individual experiences. AL is based on applying lessons learned from others and reporting back on the results of the new experience, and is done in cycle by participants. The aim of the AL programme is to bring private companies together to share experiences, exchange challenges and recommendations in adopting contract farming for securing adequate raw materials for their factories while securing market access for producers and improving sunflower quality and yields through access to quality seeds, improved agricultural practices/skills and extension services.

The action learning tool proved useful for creating an environment for dynamic uptake and collaboration (rather than competition) amongst market players. Through the AL programme, RLDC was able to introduce contract farming to 19 processors companies as a vehicle to build better relationships built on trust between farmers and processors.

By supporting contract farming models, the intervention led to improved extension services, access to higher quality inputs, supported more reliable markets for producers and improved access to working capital for processors, through a collateral management system and individual loans from a major bank resulting into buying an additional of 57 MT from 4600 sunflower small scale farmers.

Some additional achievements resulted from other sector change, such as processors' better understanding of the market system, improving their efficiency and ability to exploit the available sector opportunities by establishing trust relationships with farmers.

Theme 2: Improving the performance of the private sector in value chains

Private sector firms can be the catalysts for stimulating change in market systems. This session included presentations from Chemonics, Wood Family Trust and Mercy Corps – three organisations that are engaging with private sector firms and working collaboratively to improve the performance and practices within value chains to benefit the poor.

Strengthening the Market System for Mechanization Services: the Case of Tractors in Nigeria

Don Brown & Tiffany Urrechaga (Chemonics)

Promoting Pro-Poor Opportunities in Commodity and Service Markets (PrOpCom) was an innovative market development programme funded by the UK's Department for International Development (DFID), and implemented by Chemonics International Inc. PrOpCom sought to improve livelihoods by facilitating growth and pro-poor outcomes in agricultural markets to benefit the poor. It aimed to do this by facilitating improved functionality and efficiency of Nigerian commodity and service markets in such a way as to assure these markets benefit the poor.

Poorly Functioning Market for Tractors

PrOpCom field assessments revealed that rural labour shortages were a pressing concern of smallholder farmers nationwide. The low, inconsistent availability of hired labour and its associated increase in the daily rates of casual labour had serious consequences for poor smallholders' annual output and farm profitability. Farmers surveyed desired tractor services to improve their production and productivity, but supply was found to be lacking, with an estimated 20,000 functional tractors available to serve over 16 million farm families. The federal and state governments practiced politically driven procurement and sale of tractors (often at subsidised rates) to public agro-service centres and farmers' associations, not serving the farmers effectively (oftentimes they did not actually receive the tractors). This action by the government created high uncertainty and risk in the tractor market, effectively blocking private sector development of a viable tractor marketplace.

Without a viable marketplace, distributors did not develop national sales departments, spare parts dealerships or maintenance networks. The lack of knowledgeable mechanics or spare parts suppliers, especially in rural areas, further limited the tractors' operational life; as a result, in Nigeria an estimated 50 per cent of tractors now lie unused in a state of disrepair. Smallholder farmers were constrained from purchasing tractors themselves due to the high upfront cost of tractors coupled with their limited access to finance.

PrOpCom sought to redress the scarcity of tractors available for land preparation through the creation of a viable market-based supply and support of tractors. Wishing to steer clear of a short-lived aid-funded solution and avoid limiting impact to benefit small and isolated pockets of smallholders, PrOpCom set about piloting a new model for the commercial distribution of tractors and the commercial provision of tractor services.

Engaging with Buyers, Suppliers and Financial Institutions

PrOpCom entered the market by coordinating the prospective tractor buyers through a locally based tractor owners and operators association (TOOAN), linking the buyers to potential tractor distributors, and working with a high-profile commercial bank to prove that this group of buyers was a viable business opportunity that didn't pose too much risk. Additionally, an existing Central Bank of Nigeria agricultural scheme was able to offer sufficient guarantees to the bank, so that it was willing to develop loan products for the tractor purchases.

In undertaking this intervention, PrOpCom recognised three main risks:

- First, there existed the potential for continued government distortion of a nascent commercial market for tractor distribution through continued subsidy and direct supply.
- Second, there was a risk of limited uptake and credit supply from financial institutions, which were sceptical of lending to the agricultural sector due to its historical perception as a government beneficiary domain.
- And third, that low capacity would threaten the success of the intervention. Capacity building was required for all the partners that are being engaged in new initiatives. Financial actors do not understand how to properly assess agricultural risk. Tractor market actors do not understand how to develop their market through pre- and after-sales services and support.

Key Lessons in Engaging with the Private Sector in Value Chains

Some key lessons in engaging with a range of private sector actors (as suppliers and buyers) were identified during this programme:

- Entrepreneurial response to local conditions and resources is essential.
- Proper selection and persistent facilitation of good partners is critical.
- The programme needs to play the "honest broker" by supporting all and favouring none.
- Information and knowledge sharing are critical to crowding-in actors.
- The programme needs clear focus to assure sustainable and scalable pro-poor systemic change.

Lines in the Water: Facilitating Systemic Change in the Tea Sector through a Portfolio Approach

David Knopp & Jo Mackie (Wood Family Trust)

Building upon the theme "lines in the water," the central premise is that there is no cookie cutter approach to development, and that no single tool alone will likely provide the necessary change within a market system. Rather, addressing systemic constraints from a variety of directions with a variety of tools and interventions will enhance the chances for meaningful impact to be realised. The presentation drew from two M4P programmes the Wood Family Trust – a private UK based donor - is implementing in partnership with the Gatsby Charitable Foundation in the East African tea sector.

Identifying Market Constraints for Smallholder Tea Farmers

Over 75 per cent of tea production is done by small-holder farmers in Rwanda and 35 per cent in Tanzania. Analysis of the tea sector reveals several constraints within the market system that pose a difficult challenge for both the smallholder tea farmer and overall industry. At the level of production, farmers are challenged by poor access to inputs and extension services, poor farmer organisation, and a low green leaf price.

Regional benchmarking revealed that in Rwanda and Tanzania, less than 25 per cent of the made tea price realised in the Mombasa auction ended up in farmers' pockets, unlike Kenya where farmers received between 75-80 per cent. Most importantly, they are largely captive suppliers in an unbalanced relationship that leads farmers to mine their tea rather than manage their crop as a viable business. Yields in Rwanda and Tanzania are hence below the East African average.

This disincentive has a knock-on effect for processors in terms of poor yields and quality, thus lowering their throughput while increasing costs of production as the operations run at 50 per cent of capacity. Failure to maximise volumes and quality is ultimately reflected in lower returns in the end market, which reinforces this vicious cycle with little incentive for investment in quality.

Flexible Approach to Private Sector Engagement Improves Competitiveness

Drawing from best practices and applied experience in country, three examples showed how, by engaging with the private sector in a flexible manner, the tea sector may be transformed to a more competitive industry.

The first intervention involved aligning interests between farmers and private processors through introduction of a market-based payment mechanism. An example was provided whereby through market information, direct technical assistance, and regulatory reform, a new market-based payment mechanism for green leaf payment was successfully introduced. This new mechanism provides a shared risk and reward between producers and buyers, and an added incentive for farmers to cultivate their tea as a viable business. More importantly, it provided systemic change for 30,000 smallholder farmers resulting in over $650,000 enhanced earnings in the first year alone.

The second example involved the application of venture philanthropy principles by taking equity and influencing the private sector from within. Examples showed emerging deals whereby time-bound equity stakes are taken within businesses in partnership with the smallholder farmers with the intent to sell the shares over time, leaving in place fully-owned smallholder businesses with third party professional management services in place.

The third involved a competitive Matching Grant Facility to buy-down risk and encourage innovation for private sector proposals. Working on 50-50 financing with tea processors has had an impact on up-scaling commercial support services, as well as achieving efficiencies at the farmer-factory level. The support includes a portfolio of assistance, such as commercial extension services, mechanised harvesting, land mapping and registration for farmers, fertilizer input on credit, mobile phone based payment mechanisms, and factory-managed smallholder nurseries for clonal seedlings, among others.

Key Success Factors: Ensuring Flexibility and Local Knowledge and Ownership

Over the past few years of operations, the programme has learned from experience and identified a number of key success factors. First, as with any market development programme, some interventions will “take” while others will be less effective; however addressing systemic constraints through a portfolio approach enhances the opportunity for success. Second, having a strong country presence rather than providing grants or technical assistance from afar has been critical; it allows flexibility to manage dynamically from the field and adapt interventions accordingly. And third, sharing risk with partners within the market helps establish local ownership and improve the likelihood of success.

Co-investing with the Private Sector to Develop Georgia's Livestock Markets

Helen Bradbury and Nino Lomidze (Mercy Corps)

The Mercy Corps SDC funded Alliances Programme is an M4P programme which works with key market players in the dairy, beef and sheep sectors in two neighbouring regions of Georgia. The target group are SSLP’s (Small Scale Livestock Producers) who own less than five breeding cows or 13 breeding sheep and own up to 2ha of land with access to pasture, who process their own dairy products for home consumption with surpluses sold and who comprise 70% of the population in the project area. The agricultural sector in Georgia is characterised presently by a dynamic legislative environment in which laws related to Food Safety and Hygiene and veterinary controls are in considerable flux and where uncertainty is generated due to a lack of transparency in their implementation resulting in the possibility of SSLP’s being denied market access should they be unable to comply when laws are enforced.

The programme focuses on increased outreach and quality of key livestock support services to SSLP’s in; nutrition, veterinary services, breeding, finance and information, developing more advantageous market access and terms of trade for SSLP’s with a strong emphasis on Food Safety and Hygiene, and on the development of capacity in local government to support public private partnerships for the growth of a more robust and durable agricultural sector.

A key systemic constraint is that farmers lack access to information. Specifically, information asymmetry between farmers and intermediaries is a source of disempowerment amongst the rural population with programme research showing how it particularly effects women.

The presentation drew out an intervention carried out by Alliances in the first three year phase of its operation where it sought to address the lack of access to relevant agricultural information, including market prices, information on services and technical know-how, by working with the local newspaper Southern Gates to produce an agricultural supplement ‘The Agriculturalist’.

The presentation demonstrated the paucity of agricultural information currently available in rural areas utilising gender disaggregated focus group data from a new programme area which rated different information sources according to their importance and reliability, (in each case it was notable that women rated all sources lower for both importance and reliability), and described the disadvantageous effects of information poverty and asymmetry on SSLP's. The presentation then described the facilitation process; market research, product development and roll out and analysed the qualitative and quantitative impact generated by the intervention. This included the elements of its success; e.g. increased circulation, unsubsidised production of the supplement a year on, enrichment of the quality of the rest of the newspaper particularly in relation to legislative issues related to agriculture, sharing of information and copies, small advertisements and the procuring of inputs from advertised vendors, and relative failure; the inability of the programme to persuade the owner to grasp the potential to develop a full commercial model in an environment where donor funding of the media offers her an 'easier' form of income.

The presentation concluded with the assessment that in the current 'donor rich' environment the development of the supplement had led to the newspaper becoming more attractive to donors and that the development of competition through the expansion of the Alliances programme to a neighbouring region and the possibility of franchising of the supplement might lead to increased commerciality. After over a year of unsupported operations, the newspaper continues to provide agricultural information successfully and changes have been undertaken in the sector following the diffusion of technological and business innovations featured in the paper.

Some of the lessons that have emerged from applying the Alliances approach are the need for:

- Rigorous and ongoing market analysis; including the identification of potential pro-poor interventions, entry points, business weaknesses & opportunities;
- Continuous dialogue with market players and relationship building with partners;
- The use of the co-investment instrument: with a minimum investment of 35% from clients (current average 50%);
- The protection of the investment through monitoring and facilitating-in additional support where needed;
- Defining and exiting when the intervention is achieving sustainable/commercial scale and the benefits to the target group are likely to continue; and
- Gender disaggregation at all stages of an intervention including; data collection, constraint analysis and impact assessment will allow for informed design, implementation and evaluation which furthers the mainstreaming of Women's Economic Empowerment in M4P programmes.

Theme 3: Improving access and development in financial services

This session explores the key elements in successful approaches to improving the access and quality of financial services. Our presenters for this session address the challenge of supporting changes within financial systems that reach farther than individual providers.

Challenging "The limitations of institutional microfinance" - taking a systems approach to designing sustainable financial sector interventions

Joanna Ledgerwood (Aga Khan Development Network)

This presentation put forth a framework to assess the microfinance industry using an M4P approach, and introduced Savings Groups (SGs) as an example of a sustainable development intervention applying M4P criteria. The presentation drew on research completed for the New Microfinance Handbook, a forthcoming World Bank publication that used the market systems framework to assess financial inclusion, and capitalised on learning from the Aga Khan Foundation's (AKF) Community Based Savings Groups (CBSG) programme. Although growth in the microfinance industry has been exponential, overall outreach remains low with only 2-5 per cent of the population in most countries accessing formal financial services while well over 50 per cent of populations remain excluded from any financial services at all.

Despite the commercialisation of microfinance providers, there appear to be significant market constraints to increasing access to financial services, such as the lack of financial services providers in remote areas. To date, MFIs have, for the most part, adopted a supply-driven model based on assumptions rather than evidence and on attainment of institutional goals rather than focusing on the demand and needs of clients.

Taking a market systems approach to assess financial inclusion can help to explain why access remains low and can identify opportunities and constraints to increase access. Further to this, a market systems approach is useful to highlight appropriate roles for various market actors and facilitators working outside the market system, as well as appropriate use of subsidies.

The market system approach requires an analysis of the market system – both the Core and the Supporting Functions

In the Core, client needs and behaviours must be assessed to understand how the poor manage their financial lives. Just as less poor people need financial services for cash-flow management, to accumulate assets, invest in productive activities, and importantly, for overall risk management, the poor need more than simple microenterprise loans, the predominant product of MFIs. In fact, while the needs may be similar, the poor, simply because they are poor and do not have access to formal services, use complex strategies that utilise a variety of savings, lending, and bartering strategies drawing from both the formal and the informal sectors to manage. With an understanding of the demand, by looking at the supply of financial services through considering the providers as well as the products on offer, gaps can be assessed. This demand and supply analysis constitutes the "core" of the market system. In addition to understanding the core, facilitators seeking to intervene in pro-poor financial services need to consider rules and norms (both formal and informal), the availability of infrastructure and information within the financial services market, as well as funding from both the public and private sectors. Furthermore, an understanding of interventions that may be distorting the market helps to determine appropriate activities for facilitators. As market facilitators, it is important to ensure there is a vision for how the system will be changed in the long term in a sustainable manner and that the facilitator has a clear exit strategy.

SG programmes provide a good example of sustainable development applying the M4P approach, and in doing so, help to address the limitations of traditional microfinance models. CBSGs offer an effective means to meet the financial needs of those too poor or too remote to access services from banks or MFIs. They provide members a secure place to save, the opportunity to borrow in small amounts and on flexible terms, and affordable basic insurance services. CBSGs are facilitated by external trainers over a nine- month period. No external funding is provided and once the groups are trained, no further assistance is required (i.e. a clear exit strategy). The resulting is a sustainable community based system of financial service providers. Furthermore, new groups continue to form through local replicating agents paid for by the community—with no further subsidies. As of Q3 2011, AKF has facilitated over 5000 CBSGs in seven countries (Afghanistan, Pakistan, Tajikistan, India, Madagascar, Mozambique and Tanzania) reaching over 100,000 members.

Lessons learned through the savings groups programme:

- Groups are able to self-manage and retain earnings within the community.
- Proximity is very important to ensure trust.
- Savings or loans can be used for any purpose to meet varied needs.
- Need to address key challenges of local leadership and the risks and benefits of linkages with the formal sector.
- Overloading groups can be counterproductive when too many programmes are imposed on the same population.

Financial education as a driver of demand within the financial services system

Claire Innes (DfID) & Alyna Wyatt (Genesis Analytics)

Although governments, donors and financial institutions have invested billions of dollars to increase the supply of financial services to the poor, exclusion rates in assisted financial markets remain high. This presentation discussed the frequently overlooked market failures in demand for financial services by improving the financial capability of poor consumers. The poor arguably have a greater need for financial services as they lead intricate financial lives. Poor households are especially vulnerable to shocks due to typically irregular income streams, unpredictable and disproportionately high outlays. Low incomes, credit constraints and immediate expenditure demands can also restrict investment in health, education and general living standards.

The missing link between financial access and usage is financial capability

Financial education is about bridging the information asymmetries in the market and making people aware of the products that are available to them. Financially literate consumers use financial services effectively, manage risk and by exercising consumer rights act as a check and balance on both the service providers and regulators. Increased financial capability is important not only to consumers, but also to financial service providers, governments, regulators, employers and civil society by including self-regulation elements to the market.

The key challenge of financial inclusion is the disconnect between the main market players – government, private sector and civil society

Financial capability is an integral component of responsible, inclusive and sustainable financial systems. It also drives growth, innovation and increased competition in financial services. New technologies and deregulation are changing the landscape of financial services creating unprecedented opportunities for the poor to improve their economic security through savings and investment. Concurrently, the balance of risk is shifting increasingly to the household level; accentuated in developing countries by weak regulatory frameworks, lack of alternative social security nets.

The sector has been characterised by a focus on product development and regulation, rather than on knowledge as this was not considered of value by stakeholders. While some financial education has been offered, no quality assurance regulation existed for the financial education services provided. Financial education seeks to:

- Increase people's knowledge on money and its role and management;
- Increase knowledge of the financial products available;
- Protect people from exploitation;
- Change attitudes in low-income areas where financial services are seen as rich-people services; and
- Change behaviour of people to engage them in money and household finance management.

Beside the consumer benefits of financial education is a great benefit for governments, who see the population taking care of itself by building its own safety nets and better stimulating economic growth; employers also benefit from financial education as this increases productivity and stability of the workforce.

The Financial Education Fund is piloting 14 innovative approaches to improving financial literacy in diverse communities across Sub-Saharan Africa. The FEF is rooted in a market development approach to financial inclusion, whereby initiatives are chosen and pursued with a view to enabling systemic change in the way that financial markets work. Initiatives supported by the FEF include innovations by private financial institutions, NGOs and national regulators, the aim being to incentivise investment and innovation by all relevant stakeholders in products and models which target underserved communities at the 'base of the economic pyramid'.

Through rigorous evaluation, FEF is demonstrating the role of financial literacy in increasing and maintaining the access of the poor to quality, affordable and sustainable financial services and the subsequent impact on livelihoods and wellbeing. In doing so, FEF aims to facilitate new consensus between private sector, civil society and government to mainstream financial education in public policy and financial service provision, shifting it from a donor-funded niche activity to the heart of financial sector development programmes.

In particular three funded grantees have demonstrated ways in which the FEF grant/stimulus has acted as a facilitator to increase the inherent value of Financial Education and thus the demand side of financial services and products:

- Having trained over 50,000 clients through the FEF grant, Faulu Kenya has committed to continue funding and providing financial education as a core service offered to their clients;
- Mining houses in South Africa, as a result of experiencing the impact on their mineworkers, through improved productivity have continued to fund financial education; and
- The Central Bank of Zambia has invested in the National Financial Education Strategy as part of the Zambian Financial Sector Deepening Plan (Phase 2)

These pilots have demonstrated an added value for stakeholders, and shown lessons to be applied in the future:

- Institutions involved in the system must demonstrate ownership from the beginning;
- FE concepts must be applicable in practice immediately; and
- Impact evaluation requirements can hinder the adoption and catalytic nature of a market systems approach.

Scaling up mobile money - lessons learnt from donor support to the mobile money sector

Jonathon Ridley (Coffey International Development)

Over the past decade several donors have contributed considerable resources towards the development of the mobile money industry, seeking to leverage the commercial interests, capabilities and capacities of the private sector (mobile network operators, banks, and other market players) to extend access to poor customers at scale. The DfID Financial Deepening Challenge Fund began engaging with Vodafone in 2003 with a grant of £1 million being made in 2004. In 2007, M-Pesa launched to market in Kenya and by 2011 had nearly 13 million customers.

The mobile money sector has grown to see 119 mobile money deployments, with an estimated 50 branchless banking implementations with active users and 22 with more than 1 million registered customers. However, growth has not been equal in all markets, nor as rapid in some markets as many donors would have hoped or expected in light of the M-Pesa product success in Kenya.

Some of the intervention points include the need for providers to develop thorough understanding of the financial lives of the unbanked; the constraints in the regulatory environment; limited access to technical advisory (TA); access to skilled human resources; access to capital to finance the development and deployment of mobile money services; and access to formal financial sector partners to develop partnerships that may facilitate the development and deployment of mobile money services.

Analysis of donor support to mobile money development concludes that donor contributions are most effective when made relevant to the stage of industry development, and when targeted at either the macro (industry and country) or micro (provider) level intervention. Some impulsive donor interventions can fail to meet the needs and interests of the private sector if donors intervene directly when market systems and market participants are not yet delivering the right services and conditions.

Recognising that donors' roles in the market should be strategic and temporary, donors can benefit from applying the "market system development" approach to analysing the mobile money markets in which they wish to make interventions and to formulating intervention strategies.

When viewed through market system development lens, the mobile money market system has at its core the exchange between mobile money providers and mobile money consumers.

The core exchange relationship is heavily dependent upon a range of other elements of the market system:

- The supporting functions;
- The formal rules; and
- The market players.

This analysis can support a deeper level of understanding of the reasons why some markets are failing to meet the needs of the poor, as well as of the complex inter-linkages between market systems.

Lessons from various market system development initiatives suggest that donors will achieve more by focusing on supporting the market functions and rules of the mobile money system that are not working well, instead of focusing constantly upon the core. The extent to which market systems work well for the poor is the primary concern in this approach. Achieving scale is equally important, but the projected time required to achieve scale is likely to be greater.

A market development analysis can be used to gain a further understanding of the market, including:

- Does the market structure support the delivery of services and benefits to the poor;
- What market constraints exist that prevent these services and benefits from reaching the poor;
- What are the dependencies between inter-linked market systems and where can constraints be unlocked in supporting service markets;
- How to facilitate market developments without distorting market processes or crowding out market players; and
- How to plan for sustainable outcomes by planning an exit strategy at the outset.

The Role and Impact of FinMark Trust in Southern Africa

Maya Makanjee (FinMark Trust)

One of the first programmes that DfID became involved with, FinMark Trust, plays the role of a catalyst, providing evidence-based research and using that to bring about systemic change in the countries of operation. The presentation focused on the microinsurance sector, which is seen as a crucial component of financial services to improve the lives of the poor by dealing with the risk associated with health and calamity emergencies and creating safety nets.

Widening financial access came onto the agenda following the change of steering with the end of apartheid, and as a result FinMark got involved with the funeral insurance market in South Africa and its neighbouring countries.

FinMark Trust assisted in the dialogues that resulted in the regulatory changes, facilitating continuity in an environment otherwise characterised by high turnover. Case studies allowed policy makers to see the barriers, constraints and triggers to get the regulatory environment to work better for the poor by providing analyses of the formal and informal insurance sector. For instance, outside of formal insurance providers, burial societies are very good at understanding the needs of the local populations in the rural areas and met high rates of success.

There are different ways for private sector to engage with communities. A diagnostic study established a multi-stakeholder process which involved setting up a technical advisory group to advise the government and the private sector on the best way to develop microinsurance products. Capacity building initiatives with the private sector were promoted through technical advisory groups working with the International Association of Insurance Supervisors to ensure international insurance standards. This was part of the Access to Insurance Initiative looking at developing supervisory capacity in the insurance and microinsurance sector.

From a consumer perspective, the challenge lies in making people understand the benefit of protecting a family in case of an emergency. Issues of trust can be overcome by engaging with informal or faith-based organisations that can resolve the gap between communities and the private sector, particularly for an intangible product like insurance. Changing the regulatory environment takes longer, but it needs to happen in parallel. For the private sector, on the other hand, there has to be a business element that separates this type of pro-poor product from philanthropy and CSR type of products. Innovation happens in the private sector, so engaging with the more innovative-thinking firms that can see the business value of microinsurance.

Key lessons were learned in the process:

- Systemic change takes time and you need that patience;
- The role of the catalyst and being an independent organisation without government affiliation helps conversations and tackle sensitive questions that challenge the status quo in a country;
- Consumer understanding is very important and working with the demand side is critical in informing the policy makers and the private sector;
- The ability to engage in both the industry level and the policy level cannot be understated, as it is crucial to understand the different players in the market, as well as donor agendas and how it all fits together in a systemic approach; and
- One of the key challenges in Africa is around capacity constraints, and how to help with technical assistance and pulling the players has been key to FinMark success.

Theme 4: Using grants-based instruments effectively

Many interventions utilise grants as a way to incentivise and catalyse market players. Our presenters in this session explore how systems approaches can support the design and implementation of these tools, and increase the chan

The Africa Enterprise Challenge Fund: From theory through experience

Hugh Scott & Corin Mitchell (KPMG IDAS)

The Africa Enterprise Challenge Fund (AECF) is a US$160m private sector fund, hosted by the Alliance for a Green Revolution in Africa (AGRA) and managed by KPMG IDAS (International Development Assistance Services) Africa.

The AECF is currently funded by the Australian Government Aid Program, Danish International Development Agency (DANIDA), the UK Department for International Development (DFID), the International Fund for Agricultural Development (IFAD), the Netherlands Ministry of Foreign Affairs (NMFA), and the Swedish International Development Cooperation Agency (Sida**).**

The rationale behind the AECF

The AECF's aim is to encourage private sector companies to compete for investment support for their new and innovative business ideas. The AECF is a challenge fund and impact investor seeking to make agribusiness, finance, renewable energy and information market systems work better for the poor in rural areas in Africa. This presentation focuses on the limitations of a challenge fund to deliver market system change and what AECF has tried to do to change that and try to achieve systemic change. The donors' objective is to increase jobs and income for large numbers of people living in rural areas in Africa. Their key interest is to know how many people are being reached and by how much they are benefitting. At the goal level, the AECF aims to impact and change the market systems in which it operates. AECF's approach to work combines these two objectives. The other principle that the AECF works within is that of using public money to fund businesses and their projects that cannot be funded by the commercial financial markets, by committing a minimum amount of funding to make something happen that wouldn't otherwise happen.

The AECF as a mechanism commits funds into the core of the market itself (demand and supply) where the private sector actually operates. It is not dealing directly with the rules of the game, or the infrastructure, but can play a critical role in developing supporting functions to sectors (e.g. agricultural input supply and distribution as supporting agribusiness in general).

The key steps in the selection process

The challenge fund as a mechanism was not designed as a standalone M4P programme, but rather as a component and mechanism supporting funding to the private sector that can contribute to market systems, supporting functions and wider change.

The first step is to select the right businesses and their innovative projects. A two-step filtering process results in the best and most suitable businesses and their projects being selected by an independent investment committee. A critical component is to get businesses to understand how their idea and project can and will contribute to development impact and wider changes to the market system in which they operate. The Fund Manager, working more as an impact investor with all businesses at the second stage of the selection process, can assist and guide businesses to think through how they will measure development impact and how their project can contribute to wider market systems (systemic) change.

The three key selection aspects of the AECF are commercial viability, scalability and impact. Categorising businesses and their projects that have wider market system change potential is based on two key elements: commercial motivation and innovation (disruptive).

The AECF as a pan-African CF originally, has innovated and designed new ways of working based on changing conditions and demands since its launch in 2008. The AECF as a mechanism and platform now supports many geographically and sector specific ‘funding windows’ for a number of development partners.

In order to impact more widely on the market system from a CF as a mechanism, the AECF experience suggest three key additional areas to be built around the CF: a knowledge management facility, a market facilitation facility and partnerships with others.

Achieving systemic change: challenges and lessons from AusAID's Enterprise Challenge Fund

Alwyn Chilver (AusAID)

Observing the first generation of challenge funds, it appeared as though systemic change had happened more by luck and chance than by design. In tandem with DFID and others, AusAID tried to take an explicit focus to try and design systemic change in, with some success that mostly came from efforts post-project selection; probably not enough systemic change thinking has gone into pre-project selection.

Challenge funds are a useful mechanism, but they are not enough by themselves to transform market systems.

The opportunity arose within AusAID, with a new white paper promoting private sector-led growth, and on this occasion AusAID decided to embrace this PSD project themselves, benefitting from interaction with other partners. At the purpose level it’s all about systemic change.

Four key elements went into the design document for systemic change via the challenge fund:

1. Scaling up: the business project getting bigger, more profitable and creating more impact.
2. Replication: encouraging competitors to copy each other and replicate business models.
3. Crowding-in: getting other service providers in the market to provide services.
4. Behavioural change: changing the way in which businesses think about the bottom of the pyramid.

Unlike what is required of an M4P programme, the market analysis was less thorough, but it was ascertained that there were market opportunities at the bottom of the pyramid that faced some barriers. The ECF is a 6-year programme with nine countries across the Asia Pacific region. The programme selection criteria encouraged the selecting panel to choose projects that had the potential to achieve the potential pro-poor change.

ECF made resources available for the fund manager to become a centre of excellence, although this wasn't so realistic given the number of countries and the non-sectoral focus of the fund. ECF also provided a facilitatory function to ensure that systemic change was sought to its potential. Another initiative was to incentivise the fund manager, who was a contractor, to shift the emphasis from selecting systemic change-type projects to facilitating systemic change off the back of the projects that had been selected.

The DCED Standard has been applied across the portfolio, and although it hasn't gone through an audit the results seem fairly credible. More importantly, the embedding of the Standard has dramatically improved information about where the potential for systemic change realistically lies, and therefore which ECF projects should receive additional 'facilitation' support.

Challenges of the challenge fund:

- No sectoral focus, so there was a very large sectoral spread of the potential projects,
- ECF tried to make the fund manager an expert on all those sectors, which inevitably failed,
- Difficult to get knowledgeable panellists for the selecting committee,
- Perception of the Pacific as being a desperate area where no business can thrive, so successful ECF projects change perceptions; but just seeing successful business projects does not necessarily mean systemic change,
- Donors want results too quickly and the program maybe didn't take the time to select the right projects.

The DCED Standard has transformed the ECF from 21 projects to imposing a rigorous analysis of what projects can credibly achieve in terms of systemic change. If more resources were put into good projects, better results could be achieved.

A problem faced by AusAID and other donors is that when projects are designed within the departments and then pass through procurement, they too easily create perverse incentives for project implementers that are not aligned with the spirit of the design or conducive to sustainable results at scale. The other challenge was managing a large number of very small projects and the transaction costs associated with not focusing on a smaller number of projects/businesses.

Bringing about systemic change in rural markets in Vietnam: Learning lessons from the M4P2 programme

Buddhika Samarasinghe (Nathan Associates)

This is a relatively small project funded by DfID and managed through ADB. The project is being executed and implemented by Government of Vietnam, through the Ministry of Planning and Investment, with support from a consultancy team consisting of international and local experts. The project uses two main instruments: firstly, the Policy Action Research component builds appetite within the government to address policy bottlenecks and market failures through better policies and institutions. The Vietnam Challenge Fund aims to introduce innovative solutions, implemented by the private sector, to change the incentives that the market system provides so that markets work better and fairly for the poor. Both components are supported by a capacity building component to help ensure the concepts and approaches developed can be replicated and implemented on the ground.

Specific challenges of the Vietnamese context

Vietnam is a challenging place to work in terms of developing and changing government mind-sets. Many easier targets in policy change have already happened in Vietnam, but now there is a need to develop a deeper and more difficult process of change. In the Vietnamese context - with a government and a single party state - where there is little clarity over who is responsible for what, and how exactly a particular policy change is derived, the work has to be more sophisticated. The research is carried out through local research institutes as they are better able to navigate some of these multi-layered policy debates. Given the time constrain of three years, the policy doesn't have time to develop and deepen a policy debate, but it can plug into existing policy debates, and in Vietnam there are a high number of policy debates. There are three areas of primary focus for policy: value chains, labour markets and rural infrastructure.

The CF is spread over 11 provinces, with 11 different projects in 11 different sectors. The selection of the investment panel involved heavy due diligence on individuals but could not avoid having government representatives on the panel, leading to a choice of chairman with political ties, who could provide the space for all the other panel members to do their jobs. The panel members understood the business, had no conflict of interest, made their money, and wanted to do something of social good. Because of the high level of development in the agriculture sector in Vietnam, to create significant impact the risks are higher. As a result, the portfolio of failure is about 35%, which is a difficult result to accept for donors.

The CF pursued systemic change by targeting hundreds, not thousands of sector players. This allowed replication within the sector, by stimulating innovation in the industry.

Some key lessons were learned through this programme:

- Placing the programme in high prestige ministries to influence other ministries was, in hindsight, ill considered. It opens up issues of ownership of change on the part of other ministries and positioning with respect to the private sector, which in Vietnam is wary of government.
- Conditions for successful public sector reforms are very exacting. Managers need to have a good understanding of the political economy of reform and identify: i) facilitators who are able to access the right audience of policy makers; ii) influencers who can help win the support of policy makers; and iii) champions of change who are powerful enough to overcome resistance to change. M4P2 required all three.
- It is only when the incentive offered by the challenge fund is reinforced by an imperative in the market place that the private sector has to respond to through pro-poor innovation that one can be certain that the private sector will be willing to change an investment decision from a "no-go" to a "go".
- The use of influential think tanks to influence existing policy processes or to provide solutions to hot political issues is likely to prove the most productive to engage the private sector. Furthermore, the policy "solution" needs to be piloted if others are likely to buy into the idea and a broad coalition of stakeholders for change is to be built.
- Improving the chances of large scale pro-poor using challenge funds requires a targeted approach; it is more effective to engage pro-actively with a group of firms that have the potential to deliver the type of

innovation that the fund is seeking, leaving it open to others to apply and surprise the fund. Solely relying on advertising is unlikely to deliver a wide universe of innovative projects.

- Disparities in time scale: timescales of change in the public sector are often much longer than in the private sector. However, it is crucial for the public sector to deliver reforms, especially in a market with sizeable government failures; otherwise, systemic change cannot be achieved.

Theme 5: Bringing a Systemic Perspective to Basic Services

Increasingly the development community recognises that better delivery of basic services, such as health and education, may require new combinations of public and private players. In this context, presenters examined how more systemic thinking can be applied to the health sector to improve access and performance.

Making Informal Healthcare Providers Work Better for the Poor: Lessons from Nigeria and Bangladesh

Dr. Gerald Bloom (Institute of Development Studies)

This presentation reflected work by several members of the Future Health System (FHS) Consortium on the implications of the rapid spread of markets for health-related goods and services.

Across the globe, the boundaries between public and private sectors in healthcare provision have become blurred. Market relationships in the form of informal payments, dual practice and a variety of kickbacks from private companies, are well-established in many government health systems. Complex markets have emerged, with a variety of sellers of health-related goods and services in terms of ownership, mission, reputation and accountability. Moreover, research has shown that populations are still choosing to use private healthcare providers. Studies in Nigeria and Bangladesh found that more than half of people seeking treatment for malaria in the former used a patent medicine vendor and sixty-five per cent of people who visited a health provider in a rural district in the latter went to an informal village doctor. The difficulty of dealing with this complex system has led many people to focus on the public sector on the assumption that this would provide fairer health services.

Engaging with Informal Healthcare Providers

Since the poor are mostly dealing with informal providers that do not respond to government regulations and certifications, it is important to understand how they operate to stimulate improvements on the quality of healthcare. Development of a market without the institutions to influence its performance can create a vicious circle leading to a low efficiency equilibrium, whereby users don't trust to pay for services and they are therefore low quality. Unorganised markets can be sources of counterfeit drugs and incorrect treatments, but training of informal providers, on its own, is insufficient to alter their performance in the face of strong financial incentives. Producers and distributors of pharmaceuticals are important players and they create strong incentives to sell drugs. It should be noted that the sale of drugs is a crucial source of income, unless medical personnel can develop a reputation for good quality health services that people are willing to pay for.

The FHS intervention in Nigeria focused on producing treatment guidelines and training patent medicine vendors, working closely with the Association of Patent Medicine Vendors to reduce out of date and counterfeit drugs and encourage use of appropriate drugs. FHS also built partnerships with local government authority health services to ensure appropriate referrals among medical and non-medical practitioners.

In Bangladesh, FHS worked to produce treatment guidelines and train village doctors, establishing a network of village doctors named Shasthya Senas to ensure adherence to standards of treatment and reduce inappropriate and potentially dangerous use of drugs. The intervention involved local government and leaders in monitoring performance (33 members of governing committee of ShasthyaSena).

Facilitating Behaviour Change among Informal Providers

In both cases there were serious problems with safety, effectiveness and cost. The behaviour of informal providers of drugs and health services is influenced by their source of knowledge (formal training, informal apprenticeships, advertising, marketing by drug wholesalers, etc.), financial incentives and strategies to build and maintain their reputation. In both countries, interventions sought to convince informal providers to pay more attention to the quality of drugs and appropriateness of prescriptions through training and the involvement of trade associations and local government leaders in measures to monitor their performance and build their reputation. Governments and other stakeholders need to find effective ways to engage with pervasive health markets to protect the interests of the poor.

Future interventions in healthcare provision should take into account the following lessons:

- Interventions should be based on an analysis of the market system including the drug distribution network and the growing role of knowledge intermediaries, such as mobile telephone companies.
- Effective interventions are likely to involve partnerships between organisations with different agendas and different capacities.
- Sustainable interventions need to include realistic business models for informal providers and for other intervention partners.
- Politics and interests strongly influence outcomes when going to scale, and effective strategic leadership is needed.

Making Healthcare Markets Work for Lower Income Groups: the Health Insurance Fund in Nigeria

Sicco Van Gelder (Pharmaccess Foundation)

The Health Insurance Fund was set up to generate an increasing demand for prepaid health schemes and therefore stimulate investments in local private health capacity. As the main implementing partner, Pharmaccess helps to organise health insurance schemes in Nigeria, Kenya and Tanzania, and facilitates the functionality of healthcare provision, targeting different segments of the lower income populations, and collecting actuarial information on the use and costs of providing healthcare in Africa.

Current healthcare spending in Africa is very low compared to the rest of the world, and current donor spending on health tends to fund healthcare through government departments, but very little of the money actually gets spent in the public healthcare sector. In addition, very few Africans have insurance cover, and few people have good access to healthcare due to the high out of pocket expenditures, which in turn leads to low levels of investment in healthcare providers. Low demand and solidarity in the healthcare sector put the consumers at high health and financial risk, and results in low supply of medical facilities and poor quality of services. The sector is thus not typically seen by investors as a viable business worthy of credit as the risks are unknown.

Some specific challenges in this sector are the lack of institutional framework, as governments are providers of both regulation and services; lack of organisational capabilities across the board to reach out to users, and lack of trained personnel.

The Health Insurance Fund concept is based on risk pooling, donor support, co-payments and utilisation of public and private health care providers. The concept uses donor money to subsidise insurance premiums for previously uninsured people with a low income. This intervention is expected to generate an increasing demand for prepaid health schemes and will thereby improve investment opportunities in local health capacity. The concept furthermore facilitates the enforcement of quality standards. Consequently, the Health Insurance Fund model enhances health care capacity, increases access and improves the quality of provided care.

The HYGIEA case from Nigeria is the one with the longest experience. HYGIEA is one of the country's leading Health Management Organizations (HMO) .The HYGIEA Community Health Plan (HCHP) has four schemes (two urban in Lagos, two rural in Kwara State), differentiated by size, capabilities and different annual premiums (from €25 to €50 per year); it now reaches out to over 90,000 people and attracted a number of private investments as a result of its partnering with the Health Insurance Fund.

Sustainability is a crucial issue for this programme when donor funding ends. The government of Kwara State is already contributing to the two schemes there. For the two urban schemes, PharmAccess is focusing on making the programme self-sustaining by raising users' contributions to up to 40 per cent of the premium; this is very difficult to achieve especially when working with low income groups. In order to reach sustainability the programme needs to be scaled up, reaching an optimal level of high volume-low margin insurance schemes.

There are a number of lessons learnt that Pharmaccess is applying to other programmes:

- Programmes need to understand low income healthcare consumers – their behaviours, attitudes, and requirements.
- Interventions must build confidence and trust between HMO, healthcare providers, target group organisations, community leaders, and relevant regulatory bodies.
- Interventions need to set standards and increase quality of healthcare services: processes, skills, equipment, and service delivery.
- Programmes dealing with health insurance need to clarify and reduce the costs of insurance for any given market, covering administration, risk loading, and economies of scale.
- Risk can be reduced through long-term donor commitment.
- Programmes must build capacity of partners due to limited skills, experience and capabilities in governance, efficiency, efficacy and sustainability
- All programme interventions should start with an exit strategy, and a clear vision of how the intervention will lead to sustainable change.

Theme 6: Leveraging Improved Roles for the Private Sector

Governments influence market systems through a range of channels and can be a key enabler or constraint to making markets work better for the poor. This thematic session shared experience from ENABLE in Nigeria and Urban Landmark South Africa on working with and leveraging the public sector to play a greater and more productive role within market systems.

A Systemic Approach to Improving the Role of Government in Business Environment Reform

Bayo Akindeinde (ENABLE Nigeria - Adam Smith International)

Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE) is a DFID-funded Business Environment Reform (BER) programme implemented by Adam Smith International and the Springfield Centre. ENABLE is the first large-scale development programme to systematically apply the M4P approach to BER, working with a range of partners to improve the quality and quantity of business advocacy and Public-Private Dialogue (PPD) in Nigeria, resulting in an improved legal, policy and regulatory environment for business.

The social contract between citizens and state in Nigeria is very weak, and the lack of citizen voice and government accountability is one of the reasons for focussing on facilitating private-public dialogue. Experience clearly demonstrates that the traditional transaction-model to reform of identifying and fixing problems addresses symptoms, undermines local processes and ownership, and is unsustainable. As such, ENABLE adopted a market system approach that allows for more sustainable systemic change. The objectives of ENABLE interventions are strengthening the demand for reform; building the capacity for supply of reform and enhancing government capacity to interact with the business sector; working with the Nigerian media to stimulate a more investigative approach in business reporting; and improving access to and supply of information and research to stimulate dialogue.

After identifying suitable interventions, engaging partners that are willing to co-invest in the project is critical, as all of ENABLE contributions and value of capacity building have to be matched to ensure ownership, commitment, and sustainability. As enablers, building trust and acting as an honest broker is a key part of the intervention to build trust among partners.

One of the important results is the self-replication mechanisms that have emerged out of observing businesses and organisations applying the market approach; this includes government strategies to include BMO consultations when revising or drafting new policies and regulations thus ensure higher compliance.

Changing behaviours and market relationships is challenging, and the programme specifically had to address expectations that direct funds would be handed out to BMOs. Stimulating ownership is even more challenging in presence of other development programmes that are handing out similar services for free.

Encouraging and Enabling the Public Sector to Open Up Land and Housing Markets to the Poor in South and Southern Africa

Mark Napier (Urban Landmark SA)

Addressing systemic change in the land sector is a major challenge in any country or region, including southern Africa. This is partly because (formal and informal) land use rights and ideas of property ownership are both complex and highly variable depending on local history, legislation and practice on the ground. It is also the case because power relations in any society are often directly linked to the land and property holdings of individuals and organisations (both public and private).

Structured as a think tank, the approach that the Urban Land Markets Programme has developed over the last five years moves fairly carefully from gaining a proper (evidence-based) understanding of land issues, to raising awareness of these issues in the context of a more functional land market, and only then on to framing appropriate interventions in a given context. In the southern African context (which represents the bulk of our work to date), the interventions have tended to target the state with a view to making government work better so that markets can work for the poor.

Some of the specific challenges of housing in South Africa are people and property ownership, contestation of land, and penetration of land ownership by government which results in housing allocation issues. State allocation occurs outside the market system and thus creates distortions in the housing market. Furthermore, there is fierce competition between those that enjoy property rights and those that don't, and there is an issue regarding the access of housing allocations by non-South Africans. The focus of the presentation is therefore on getting land governance and management to work better so that, in a context of rapid urbanisation and extreme inequality (not to mention climate change), more people are able to access land, housing, services and trading opportunities.

Grounded within the contextual realities and an explanation of our approach to systemic change in the land sector, the presentation uses three examples of how the programme has sought to influence government and other actors to move towards more pro-poor and growth-oriented land management practice.

The first example of an intervention addresses how Urban LandMark attempted to infiltrate the urban development and planning community with some of the key concepts and tools used by property economists. A handbook on how to understand urban land markets was developed and widely disseminated in partnership with UN Habitat, Nairobi. At the same time urban land markets became a key theme of the 2010 State of African Cities Report, with a land markets section researched and written for each of the five sub-regions of the continent.

The second example of intervention covers a series of data collection and modelling tools developed over the last five years. These were designed to fill some of the yawning gaps in urban market data which make planning African cities more difficult. Apart from improving urban planning, it is also aimed at empowering normal people to understand property values and the importance of registering sales transactions etc.

The final example looks at the development of a comprehensive platform for improving tenure security. There has been a recent swing in South Africa towards upgrading slums with urban services (rather than continuing to build as much mass housing as in the last 15 years). Where land rights are multi-layered and contested from all sides, a heavy handed individual titling approach is rarely appropriate. When this does happen, there is little evidence that 'dead capital' is magically unlocked. As a more feasible solution for the southern Africa context, we have been developing an 'incremental approach' to tenure upgrading. Three cities in SA have implemented aspects of the approach and we hope to extend technical assistance to three more cities in Mozambique, Angola and Zambia using support from Cities Alliance. A key part of this work has been the active participation of grassroots shelter organisations in expressing the demand for land from communities. A "landFIRST" network has grown up around the need to lobby for land for settlement.

Some key achievements and lessons were learnt by the urban land markets programme:

One lesson is that relatively small think tanks which are devoted to acting as change agents can have extensive influence over time. This is well understood in the trade and economics sector but not as well in the urban development sector. There are fresh calls to fundamentally alter the way cities grow and develop so that carbon reduction targets can be met. Given the last 50 years of investment in urban planning and infrastructure investment in African, Asian and Latin American countries, the new call to address the threats and opportunities of climate change only serve to heighten the agenda. Understanding how the land market works, systemically if you like, is key to moving forward in the face of these new challenges.

Theme 7: Bringing a Systemic Perspective to Skills Development Services

Interventions on skill development face of the dual challenge of ensuring that appropriate training is available and of aligning that training with the needs of employers. This session examines how bringing a systemic perspective to the field of skills development can help to address both challenges.

"Estamos Listos" (We are ready): young rural entrepreneurs entering the coffee and cocoa market systems in Peru

Daniel Rodriguez (Practical Action)

The 'Estamos Listos' (We Are Ready) project was implemented in two sub-tropical regions in the northeast of Peru and aimed at enhancing rural youth entrepreneurship. The situation here is characterised by limited employment and few business opportunities for young people as well as the existence of important supply chains of two flagship products: coffee and cocoa. The project was a rural development proposal geared towards the relationship between youths and employment in the Peruvian countryside. The project's objective was to improve the employability of 450 young people between 16 and 29 years of age.

The specific challenges for the project were the limited, mostly informal, rural job opportunities (often part of family businesses) and lack of local educational institutions that meet the demands of the local labour market. As a result, there are low incentives for entrepreneurship and business creation, increasing social exclusion and restricting access to better economic, health, education and job training conditions. This problem also limits political, community, social and cultural participation, often resulting in no access to social services and youth out-migration.

Identifying specific constraints to define objectives and interventions

Once the context was understood, the project team identified the socio-economic circumstances of the young people and their job expectations, and the key stakeholders for the training and integration process. It also obtained clear and well-defined partnerships between organisations in the education sector, market agents and development organisations. These were based on common objectives and different roles, aimed at the consolidation of a rural education and employment system for rural youths. The training modules reflected the specific needs of productive activities and the technical assistance required by the market (coffee and cocoa supply chains). The skills-based approach was used and the productive technical training centres (CETPROS) were involved, not only to provide teacher-training to technicians and professional instructors, but also to certify the skills of young students according to educational, monitoring and job placement standards. This influenced the creation of new occupational alternatives such as organic farming.

The occupational training model can gradually be complemented to include other economic activities specific to the area, taking advantage of the range of opportunities offered by the biodiversity and looking at the development of the domestic and regional market. The impact on local and private institutions was twofold. Firstly, the skills-based training model was adopted and approved by the public education sector. Secondly, change was initiated in the institutional practices to a participatory and inclusive management of the training model and the labour integration policy. The integration strategies developed by the project included access to land through family arrangements, promotion of technical assistance services, the design and implementation of business plans or plans to improve family ventures or their own businesses, access to loans and technical assistance or personalised support and youth membership in cooperatives.

Taking in the lessons from this pilot, it is important to keep in mind that:

- Designing the training programme in a participatory manner and promote it since the beginning is the best way to achieve ownership by the training institutions;
- Facilitation in rural contexts has been very innovative and pioneering, especially when linked to flagship value chains like coffee and cacao;
- There is a need of follow up of the processes and propose wider replication and scaling up phases;
- Written certifications of trainings are good to ensure the official value of these courses and make the youth more attractive to potential employers;
- Different impacts achieved by CETPROs due to uneven leaderships. This can be balanced through “incentives promotion”; and
- To have a clear understanding of the economic activities that provide the best employment opportunities with social and environmental feasibility.

Skills development through public and private sector partnerships: Lessons from India's jewellery sector

Sonali Chowdhary (SEEP Network) and Rajesh Jain (ACCESS Development Services)

The Jaipur Jewellery Development programme (JJADe, 2007-2011) targeted over 20,000 marginalised artisans operating within Jaipur, India's gem and jewellery hub. Insufficient skills development and lack of access to training and financing schemes keep artisans out of the high-value market segments and formal private sector production.

Some key constraints were identified in the jewellery market

The enabling environment presented a bottleneck as the Ministry of Commerce handles the export function while the artisans are catered under the Ministry of Handicraft. Thus, there is a big disconnect between the incentives of the related regulatory bodies. Existing training facilities catered to a middle-class audience and not suitable for the BOP market, and government subsidies were only accessible to registered professionals. Membership to the artisans associations is not recognised by the authorities and therefore those affiliated are still not formally registered as professionals in the jewellery sector if they were informally trained through apprenticeships.

JJADe worked with private sector training institutions, Government institutions and the various regulatory authorities to make the skill training market more efficient and work for the BOP market. JJADe facilitated dialogue and coordination between ministries to transfer regulatory authority to the Ministry of Handicrafts, and streamlined the delivery of artisan Identity cards by identifying and strengthening new delivery models. The programme also worked with Private design institutes to tweak existing training curriculum to suit the needs of the BOP market. This included a shift in culture of serving low volume high cost markets to service low cost high volume markets. JJADe facilitated access to private design institute training subsidies, lobbied to reduce the value-added taxes associated with production equipment to 5%, and piloted a public vocational education programme and enabled the creation of an artisan platform to facilitate dynamic interactions between training institutions and artisans.

The initial phase expanded access of ID cards to over 9,000 artisans which enabled around 3,000 artisans to secure different forms of financing. In addition, the ID cards enabled artisans to access subsidised training programmes, form more business relationships and generally access facilities available for handicraft artisans. Five private institutes have started new courses to serve the informal sector and two have become skills accreditation agencies for informal sector skills market. JJADe also integrated its private and public-sector efforts by developing a Project Advisory Committee for the design institute, government, and other key stakeholder communication.

The challenge of implementing an M4P approach lays in thinking beyond the approach and identifying interventions that are not necessarily M4P specific but that constitute the foundations of the project's success. In this case, the ID problem was the key to solving a number of other issues that impacted the value chain. The market intervention targeted the delivery channels to improve efficiency; the government's inefficiency in documenting professionals hindered artisans' interactions with the formal private sector and skills training services.

Fundamental lessons emerged from the JJADe experience

Foremost, understanding the weaknesses in government delivery channels enables selective advocacy that 1) ensures the inclusion of key government officials in the process of market development for that input, and 2) creates feedback loops between government bodies, lead firms and supporting market actors. Further, smart subsidies incentivise the government to improve service delivery and the private sector to realise and respond to market potential by demonstrating 1) sustainability through cost-effectiveness, and 2) the value of the service to the overall market system.

Developing training systems for health workers in Bangladesh

Muaz Jalil (SwissContact)

Katalyst entered the Healthcare Sector in 2005 and started working with its co-facilitator RTM International, an independent organization specializing in Health. Katalyst exited the market in 2010. The overarching objective of the project was to improve the healthcare system of the country leading to better access to quality healthcare service for the people of Bangladesh. Various studies were conducted which suggested that one of the key constraints inhibiting the healthcare sector was a shortage of skilled health workforce (HWF) in the rural areas.

The key reasons for this shortage are the lack of healthcare training and employment opportunities in the health sector despite clear demand, as well as the difficulty of retaining medical staff outside the cities. Given that the poor participate in the healthcare system both as consumers and workers, a two-pronged objective was defined:

- To seek to reduce entry barriers for the poor and lower-middle income classes to learn and take on jobs as skilled health workers.

- Interventions would aim to improve access to and quality of healthcare services to the poor, and to rural areas more generally.

As such, Katalyst focused on the underlying constraints – inappropriate regulation, guidelines and mechanisms; negative attitudes towards the private sector; weak coordination; and supply-side weaknesses. Interventions included technical assistance in the form of formulation of guidelines, curricula development, policy advocacy, research studies, dialogue, information events, 'hand-holding' support for providers and government, (selective) direct support for new programmes.

Over the project period Katalyst has brought about major systemic change in the way in which health training systems function – for example:

- more emphasis on government's role as a regulator rather than provider;
- new policy guidelines, procedures and course curricula; and
- better links between public and private sectors.

These changes have helped to 'crowd-in' more and better regulated private sector participation, with a significant increase in the number of registered providers and in the number of trainees. There has been a seven-fold increase in the number of registered private providers (22 to 149) and a five-fold increase in those providers' registered seat capacity (2,164 to 11,730) after Katalyst intervened. Moreover, as change has been systemic, the incentives and mechanisms have been developed for further development of a more functional, pluralistic training system allowing better quality training for more people. For instance, government has already taken steps to set up a paramedical board and has put in place a new centralised examination system for both public and private sector. Records from State Medical Faculty show public and private institutes have similar average passing rate. Additionally a rigorous impact assessment was recently carried in which 53.7% of institutes reported that they were already at breakeven, while 78% of profitable institutes planned to apply for increasing their seat capacity.

Identifying key factors for success:

- Thorough market analysis should be carried out before the programme begins;
- incentives should be identified;
- the private sector should be involved in the policy formulation process;
- sufficient time should be left so that the results can be seen; and
- while a rigorous impact assessment was recently carried out, more monitoring of results is needed to evaluate impact once students graduate and enter the workforce.

Theme 8: The Challenges for Monitoring and Evaluation

Monitoring and evaluating programmes that take a market systems approach presents a distinct set of challenges. This session brings in experiences from current M4P programmes on measuring impact, from Swisscontact and Triple Line.

Experiences with the DCED Standard in Katalyst

Goetz Ebbecke (Swisscontact)

Katalyst began life in 2002 as a BDS market development project at a time when thinking on facilitating 'systemic change' was still in its infancy. Monitoring and results measurement practices reflected this. For the first years of operation, Katalyst's MRM system was focused largely on logical framework-defined activities and outputs. It was subsequently recognised that the logical framework as a construct for monitoring and measuring results in market development was limited in utility; too inflexible and insufficiently detailed to be used for any purpose other than official reporting. From 2004 Katalyst began to utilise impact logics (causal or results chains) to develop and manage its interventions and assess its impact. This helped Katalyst to deal with a variety of challenges it was facing such as attribution, displacement and aggregation, capturing crowding-in and copying effects. In 2007 Katalyst captured this practical experience in its first MRM manual.

Recognising the need for greater standardisation in results measurement

In 2008, Katalyst underwent a first mock audit against the newly-piloted DCED Standard for Results Measurement. By this time, Katalyst had also restructured, establishing a dedicated MRM unit. A period of intensive internal learning followed, and two years later, Katalyst committed to a full DCED audit, which, in May 2011, judged Katalyst to have a "strong result measurement system with some additional features."

For each of Katalyst's currently sixteen sectors, a sector logic is developed, serving as an overarching basis for assessing the extent to which systemic change is being achieved. Each sector logic has its own theory of change (or route to poverty reduction) and indicators based on sector analyses and the sector strategies that are formulated from such analyses. In any sector Katalyst undertakes a number of interventions. To develop, manage and monitor these interventions, intervention logics are used. These are more detailed and flexible than sector logics. The results of individual interventions are aggregated into sector logics, which then feed into the programme's logical framework. This basic framework – from intervention logic to logical framework – translates into a variety of processes and documents, reflecting internal and external needs. This includes: routine MRM based on intervention plans and logics, formal impact assessments, and six-monthly reviews of sector strategies. Through these processes and documents, Katalyst's MRM system aims to fulfil two interrelated objectives: proving effectiveness (accountability) and improving effectiveness (managing performance). Because the MRM system delivers tangible utility for its internal users – helping management and technical staff to improve their performance – the necessary information is also at hand to help the programme fulfil its prove objectives and communicate results across different sectors.

Successfully integrating MRM into everyday programme management

Rigorous MRM is integral to the management of a large and complex market development programme like Katalyst (200 interventions and 70 intervention areas in Phase II). This requires resources: Katalyst employs eleven MRM staff and allocates 6-8% of its budget to MRM. This is not treated as overhead but regarded as the costs of good management. Moreover, all technical staff in Katalyst are involved inextricably in results measurement on a routine basis. Nurturing a mutual understanding between MRM and sector teams is a practical necessity if the MRM system is to be used as a management and intervention tool and not a 'policing' tool. We have found it helpful to make it explicit that technical staff are the owners of information and responsible for gathering it; the MRM team is responsible for the quality, storage and management of this information.

Key lessons and challenges: measuring real impact

Some key challenges for results measurement are the indirect benefits of the interventions, as well as the aggregated benefits that beneficiaries of multiple interventions can gather. This can result in lower results when aggregated benefits are measured against disaggregated results for individual interventions.

Furthermore, it is crucial to remember that these interventions are not aimed at everyone in a given sector, but they seek specifically to help the poor, and this should also be central to the qualitative and quantitative impact measurements. As a programme concerned with the identification of market system under-performance which inhibits the poor's access to growth opportunities and basic services, Katalyst explicitly works to correct systemic constraints. It does so indirectly, through market players; encouraging players to adopt a new way of 'doing business'. The resulting correction (or adoption of this new way of 'doing business') is the systemic change.

Despite always working in this way, Katalyst has not always clearly defined what systemic change means from sector to sector, nor how broad (i.e. scale) or deep (i.e. sustainability) systemic changes might be. In 2011, Katalyst has made a determined effort to be more clear and consistent, and has developed a simple framework to help gauge and capture the progress of systemic changes as they evolve as a result of programme interventions (and beyond).

The practical implication for MRM is a stronger focus on more subtle, intermediate outcomes at the systems level. These are not the headline figures, most easily collected through monitoring activities, but the qualitative 'story-lines' that explain why change has occurred, and which can inform further, corrective intervention efforts (e.g. to address sustainability concerns) or determine Katalyst's exit from a sector.

Accountability issues in the measurement of impact from grant-based instruments

David Smith (Triple Line)

The whole purpose of a challenge fund is to put the business at the centre of the development process: they become the actors. There are distinct stakeholder interests involved: competitive businesses are interested in making profits, while the donor funding the challenge fund is interested in poverty reduction. In monitoring challenge funds, these objectives have to be measured in different ways: business performance by the business, increases in employment and development impact by the donors. Challenge funds are there to do something at scale, so it is essential that measurement processes can capture these impacts reasonably accurately.

Challenge funds (CFs) were set up as a light touch instrument but this has evolved and there is an increasing realisation that there is a lot to be learned from how business actors can change the development agenda.

The basic rule of thumb is only measure what is measurable. It is about having a good baseline, and introduction to the businesses the whole concept of understanding the development impact. This should include measurement of opportunity costs, displacement and net benefit. It is about understanding where we would have been without the project.

Who should be responsible for capturing the wider benefit of poverty reduction? Ideally it should be an independent source. The process of M&E starts with a logic. The challenge fund is not a systems approach. A CF instrument is very simple because it donates money to businesses and hopes a market change will happen as a result. It needs to be clear where a CF should start and finish, so that there is no confusion about whether the instrument should be grant-funding for businesses to reduce poverty or something different. The logic and theory of change behind this is to set a challenge and let the business find a solution to it. This is very different from the market development approach, which is about analysing that market in detail and facilitating the change. This system tells businesses to come up with solutions and if the solutions are innovative, catalytic, the change can be brought about.

A CF is funded through public money, so it has to be catalytic and finite. It has to stimulate entrepreneurs to do something of a pro-poor nature. The real challenge is to make sure that both the interests of poverty reduction and the businesses are married. In most cases, grant-funding can stimulate a change in behaviour and a subsequent market system change. The underlying theory of change has to be that you're finding something that is really innovative, that can be scaled up and replicated without additional funds.

In accountability terms, the fund manager's role is to run competitions and fund projects, but also to ensure systemic change by analysing the logic of the business, and it has to go through the same steps: finite funding, small amounts of money to generate pro-poor growth. The manager also has to monitor the progress, track the key development indicators and work to businesses to do this.

The businesses need to understand that the whole system needs to change by concentrating on three areas: laws and regulations, information barriers and access to inputs and skills. They have to define the key development indicators, starting by the simpler ones of who can benefit and by how much. They also need to think about the results chain at the application stage.

The important point to think about is that once the business has been funded, the monitoring process essentially needs to start again, because in order to win the competition businesses exaggerate the development and systemic impact they can have on their applications. In our experience, the process involves sitting down with the businesses in two days of M&E workshops, explaining the market system donut, the issues of opportunity cost, displacing and deadweight, and define the key indicators.

The benefit generated as a result of the funding is far greater than the initial input provided through the challenge. However, projects that are different in nature can take very long or very little time to show impact, so they can't all be measured equally. Outgrower projects generate very quick results, but it is crucial to understand the difference between growth and net gain. Input projects have a bigger problem with traceability and attribution, so they require longitudinal studies to capture the full impact. With the rural finance projects, it is difficult to measure the impact of reducing the transaction costs, so there needs to be a benchmark figure which enables the business to establish the cost reduction. Supply chain projects often have displacement in order to improve business efficiency.

Some issues are important to keep in mind when measuring impact:

- Importance of baselines. The market will change!
- Additionality: are we measuring the net gain from the project or the total value of output?
- Displacement have we subtracted the losers from the winners?
- Have we subtracted the opportunity costs?
- Deadweight: what would have happened anyway without the project?
- Are we double counting the beneficiaries? (Individual benefit or household)
- Has there been any fundamental change in the market system?

Theme 9: Measuring Impact: New Challenges, New thinking

As the number and scope of market systems programmes grows, finding solutions for robust measures of impact in an increasingly central task. This session explores the new thinking on analysing systems change and Value for Money approaches.

Analysing systemic change: challenges & opportunities

Simon Griffiths (Coffey International Development)

Background to the Growth and Employment in States (GEMS) 2 programme

Coffey International Development is currently delivering the GEMS 2 programme, which is one of seven GEMS programmes in Nigeria. The GEMS 2 programme is taking a Making Markets Work for the Poor (M4P) approach to develop the construction and real estate sector in Nigeria. Programme activities will initially be delivered in Lagos State followed by Abuja, Kano and Kaduna states. The sector has been selected as strategically important because of its high potential to contribute to growth, incomes and employment in Nigeria. This 5-year programme (2010-2015) is currently being delivered by a full-time team predominantly based in Lagos, supported with part-time inputs from Coffey International Development's UK office.

Complexity and challenges of the programme environment

The programme environment in Nigeria is dominated by a complex political economy that has a pervasive effect on the ways in which the market systems supporting the construction and real estate sector work. Massive poverty and unemployment is exacerbated by a chronic lack of public service infrastructure and high levels of neopratrimonialism and corruption. This means that it is essential that we develop a sufficiently granular understanding of how different aspects of our target market systems actually work and relate to one another. As a consequence, the GEMS 2 team needed to quickly understand the nature of the interactions between different stakeholder groups – specifically how these effect the operation of these market mechanisms and as a consequence the impact that this has on the poor.

Understanding these market dynamics is challenged by:

- 'rules' that are informal and hidden yet have a pervasive effect on attitudes and behaviours of particular stakeholder groups;
- the sheer complexity and scale of interactions between different dimensions of market mechanisms makes it hard to synthesise them down to simple yet plausible results chains;
- the lack of data and inaccuracy of available data covering our strategic intervention areas; and
- a lack of analytical skills required to unpack complex systems and re-pack them in a form that is more comprehensible and useful for programme design purposes.

Our approach to understanding market systems

In response to the above challenges, we adopted a theory of change approach to understand the market systems that we were targeting. This approach also involved mapping and analysing the behaviours and inter-relationships of key stakeholders and the extent to which they could constrain or potentially drive the underlying changes that we wanted to bring about.

In short, a theory of change is:

- a process that will continue throughout the lifetime of the GEMS 2 programme and informs the production of individual intervention theories of change and result chains;
- a way of conceptually mapping key cause and effect relationships that are focused on delivering specific GEMS 2 outcomes taking into account key external factors (assumptions and risks) influencing the anticipated changes throughout the results chain; and
- a systematic and collaborative process to ensure that at key stages in the lifecycle of the programme the design, implementation and evaluation of its activities are framed by an evidence-based and plausible theory of change.

A theory of change process that maps the cause and effect relationships that characterise the underlying constraints facing the GEMS 2 programme is perhaps not particularly new. However, understanding the different ways in which stakeholders behave towards each other, why and with what effects on our target market mechanisms and the poor who rely on them has proved central to enabling us to engage and understand these complex market systems.

Key lessons learnt to date

Whilst GEMS 2 is still in a formative period of its development, we have learnt that:

- the systematic and structured nature of this approach has enabled us to synthesise and simplify an otherwise complex and confusing programme environment, whilst avoiding the risk of over-simplification;
- visual mapping of causal relationships between organisations and different dimensions of our target market systems has provided a useful tool for identifying key areas and points of intervention;
- has also enhanced our tactical awareness of the need for a range of 'push' and 'pull' type strategies in order to influence the reorientation of key relationships that underpin the systemic change we seek;
- a theory of change process is most useful when conducted from the very outset of the programme's inception;
- a sufficient amount of consideration and analysis is required of the assumptions that frame the key causal and effect relationships that underpin the hypothesis of change for each intervention;
- understanding complex programme environments is difficult and as such external facilitation and moderation helped the team take a higher level view of what is most and least important in the facilitating the changes required; and
- that there is no such thing as a 'comprehensive' understanding of the problem and the solution and that an iterative and structured approach helps safeguard against the risk of 'paralysis through analysis'.

VFM Approaches for M4P Projects

Chris Barnett, Julian Barr and Edward Hedley (ITAD)

Donors, particularly bilateral donors, are accountable to the taxpayer, and therefore are concerned that the development interventions they fund demonstrate Value for Money (VFM). VFM is when there is an optimal use of resources to achieve intended outcomes. This is true for M4P interventions, as well as for interventions in areas like health, education and governance.

Building on our work for DFID's Politics and the State Team on developing a VFM framework for governance and conflict programming (also areas with difficult to measure results and indirect causality pathways), we explored a similar approach to developing a VFM framework for M4P. Our framework is based on a spectrum of ways to tackle VFM, from *managing* for VFM at one end (essentially results-based management), to hard-core *measuring* VFM at the other. Many people are worried that the latter drives programmes entirely towards a strict monetarisation approach to VFM, although given the nature of the high level results in the DCED standard, M4P is better placed than many types of intervention to respond. There are a number of VFM challenges in M4P to consider. Firstly, the pathway between M4P deliverables and the achievements of an impact is lengthy and complex: value takes time to deliver, especially at scale, and may be hard to attribute. Secondly, more immediate ways to assess VFM are needed to make management decisions and for accountability purposes.

Our paper presented a 'middle-way' approach to VFM; it is particularly useful in appraising VFM during both the design phase and mid-stream implementation of programmes. The approach draws on audit approaches and has some similarity to business process quality assurance, as evident in ISO9001. We call it a '*weightings and ratings*' approach. Its basis is to select key processes in the intervention, and develop specific criteria against which to rate the 'quality' of these processes. Different processes are weighted according to their importance in achieving outcomes and impact. It uses an auditing framework and introduces the possibility of benchmarking standards.

Lessons learnt and conclusions:

- Our view is that VFM is good management, and is the basis of what good managers do anyway; it shouldn't impose a significant extra overhead, and can be very useful for managers in ensuring resources are efficiently and effectively focused on the key areas for success. Thus, programmes need to see VFM as not only a one-off measurement of costs and benefits, but a tool to be used more proactively in the management of the programme.
- Focusing on measuring VFM in terms of impact (income and employment) is challenging for M4P interventions: "true value" may only be realised after the programme has ended.
- New tools are needed to assess key parts of the M4P theory of change. We suggest ratings and weightings as a way to focus on the VFM in terms of:
    - management processes (VFM within the control of the programme); and
    - scaling up (more immediate outcomes, rather than impacts).

The next steps are:

- to carry out field tests of the ratings and weightings approaches and develop benchmarks; and
- to relate to approaches used by support market providers.

Day 1 Panel: Achieving Scale and Sustainability through Systemic Change – Challenges and Solutions Ahead

Panellists: David Bright (Oxfam GB), Alwyn Chilver (AusAID), Jeanne Downing (USAID) and Justin Highstead (The Gatsby Foundation)

The panel on the first day of the conference focused on the process of achieving scale and sustainability, and the challenges faced by both donors and implementers of market systems programmes. Speakers on the panel gave their views and experiences before the discussion was opened to a dialogue between conference participants and the panellists.

Many donor representatives expressed the difficulties they face when working with M4P programmes and advocating the approach internally. The approach is very different from what governments traditionally work with, and its organic and experimental piloting approach is not easily compatible with the standard planning processes required. As a result, it requires a shift within development agencies. As it currently stands, the incentives and objectives that are set by development agencies are often difficult to change and at odds with the flexibility and short-term uncertainty that often comes with employing an M4P approach.

Participants discussed the difficulty of working with recipient governments, and the clear advantage of working in an environment with good leadership. When the incentives are not in place and there is no firm distinction between business interests and political interests, engaging governments to play a greater role in supporting functional markets that benefit the poor is challenging. Understanding local networks and utilising local expertise can shed light on interactions with the market and the political system. And while facilitating reform is possible, it requires patience (often over a period of several years) for things to move on in the right direction.

Economic growth poses the question of who is being reached: the issue is not the profit motive, but the incentive for businesses to invest. The issue for businesses is creating inclusive economic growth to make it beneficial for the poor, and then getting institutions to work towards the same goal.

The discussion brought up many points on critical future developments required for a systemic approach to be adopted more broadly. Getting communications right is crucial, and it is important to clearly articulate M4P's key principles and objectives. Selling this approach to an audience that wants quick explanations and instant results is not an easy task, and it will require good communication strategies and coordination across the sector. And since the language used by the business community, government bodies and the development community are different, it is important to be able to identify the areas of common interest and speak in terms that multiple stakeholders understand and can agree upon.

Specific points from the panellists are summarised below.

David Bright, Senior Adviser and Team Manager, Business and Markets, Oxfam GB

David Bright explained how one of the main challenges he has faced is dealing with institutional dynamics and historical institutional approaches. In the past, the organisation has mainly focused on humanitarian interventions and advocacy, so gaining support to adopt market systems approaches is a real challenge.

Oxfam is looking at how to intervene in a way that doesn't lock in smallholders into one value chain. To avoid this problem a venture fund was created to invest in specialised intermediaries. A second area that Oxfam is working in is gender and delivering programmes that can link the household system with the market system.

Alwyn Chilver, Principal Adviser for Rural Development and Environment, AusAID

Within AusAID, as for most organisations, there is an organisational culture where instant results are increasingly demanded. Scale can sometimes mean how much money and how quickly it can be spent, while this is the opposite of what the market systems approach advocates.

Alwyn noted that sustainability has not been taken very seriously by many organisations, as internal and external pressures are often for instant (and easy) results, rather than sustainable results that may take some time to materialise. This issue is compounded by the limited availability of credible evidence that M4P as an approach produces better results. We have some programmes where the public narrative is positive, far fewer examples where we know the results are.

Jeanne Downing, Senior Enterprise Development Adviser, USAID

USAID's experience has shown that evaluating and demonstrating results of market systems development programmes is definitely a very challenging task. But assessing results is necessary for the development community.

Jeanne discussed the difficulty in getting stakeholders within USAID to understand the need for flexibility within donor organisations and to understand the importance of having donors play a facilitation role in development.

She stressed that reporting back to government bodies is a huge challenge. While development processes and market changes are long and complex, it is necessary to be able to synthesise this information into clear, succinct messages to enable governments to make future decisions on development spending.

Fiona Smith, Director of mAgri Programme, GSM Association

Fiona found that working with mobile companies has shown their ability to reach scale very quickly, attracting a large number of customers. There is an emerging interest from the development community to see if this type of scale can be reached also to deliver services that help poor people, such as financial services.

The challenge coming from the private sector is that mobile companies want to see return on investment. The success of M-PESA in Kenya, that is being replicated elsewhere, requires good business models and substantial initial investments. Partnerships between private and public sectors can be challenging as they have different assets that they are bringing in and sharing risk with development organisations: but making profit and wanting to do good to impact communities are not two incompatible things.

Justin Highstead, Africa Executive, The Gatsby Foundation

There are four key challenges: from the funding and implementation side there is too much money to spend, which can be a powerful tool but also a dangerous one. With too much money it's easy to distort a market and the more you subsidise a sector or influence players through incentives or subsidy, the harder it is to ensure sustainability and enable the market to function without continued outside assistance. The second is that we have to be patient; making markets work effectively takes time, in this respect, the objective of reaching scale is not a simple one where you can just throw increased funding to scale up. Achieving scale is about systemic change and doing this in a way that change is lasting and not dependent on on-going funding. It is, therefore, something that requires the right approach and can take time.

Two further challenges relate to the receiving end of the spectrum: achieving sustainability is very difficult if we operate in an environment where all success and assets are captured, and institutions aren't able to face and challenge vested interests. If you don't have the governance for growth in place, then achieving lasting change is difficult. It is much easier when you have a government that wants to do the right thing and you are able to align the government, supportive institutions and private sector around such a vision. The challenge then is only one of capacity and implementation. However, this is often not the case, and in weak capacity environments it is easier for vested interests within government to capture assets or utilise them for political purposes. The fourth challenge is the capacity of institutions in Africa, which is a very important component to consider when tackling sustainability in market systems development to ensure that a boom in a sector doesn't collapse. It is essential to build the capacity of the supportive institutions around a sector, so that they can solve the challenges tomorrow, and continue to ensure that the market works for the poor (just like regulators try to do in the UK). If a sector has greater capacity in its institutions and close alignment to private sector then the sector is also potentially more capable of insulating the sector from vested interests within government or politics.

Day 2 Panel: Applying a Market Systems Approach for more Effective Basic Service Delivery

Panellists: Alan Gibson (The Springfield Centre), Diane Johnson (Mercy Corps), Gavin McGillivray (DIFD) and Willi Graf (SDC)

On the second day of the conference, the panel discussions explored the growing interest and experience in applying a market systems approach to basic delivery services, such as health and education. Panellists took turns discussing different aspects of basic service delivery and the interactions between public and private sector provision. Conference participants offered comments and asked questions that stimulated further debate.

Alan Gibson, Co-founder, the Springfield Centre

Alan Gibson explained how the M4P approach is relevant to basic service sectors in developing countries; it is often the case that these services are provided in complex, unorganised and inconsistent ways that overall are not familiar. The market systems approach allows us to catch up in these sectors, and therefore make a positive impact to the lives of poor people.

Although there is a clear role for the government in areas such as healthcare and education, it is still important that this role is viewed more closely and critically through market systems analysis.

It is also important to remember that the private sector is not the only solution; governments can still be effective in providing basic services and can do so in a very effective manner. In the instance where governments fail to provide good quality services, and where there is a widespread perception that this is the case, is where there is a role for the private sector to enter the market. In doing so, it can offer the necessary incentives to provide better and more effective services. The political economy within these markets needs to be analysed in order to understand which incentives will stimulate the right incentives.

Diane Johnson, Global Economic Development Coordinator, Mercy Corps

Diane Johnson outlines how there are still huge gaps in the service provision of sanitation in Jakarta, despite $150 billion being spent by a various sources. Sanitation services are still not available to everyone, and to achieve this behaviour change is needed. One of the major challenges faced is establishing the role different stakeholders should take in order to see what can be delivered by both the private sector and by government, and thus how to get the business model right so that it is win-win-win, with all of the supporting functions that need to go around it.

In some countries of intervention, the private sector is beginning to see spontaneous innovation and the emergence of new business models. This is even happening without the assistance of development actors. Due to this, the role of facilitators needs to be thought about: how can these innovations be encouraged and supported, and how can there be effective collaboration with the public sector in basic service delivery.

The poor already pay a considerable amount for the provision of basic services from the private sector, which are often not of a high quality. Therefore, how to improve the quality and effectiveness of these services needs to be addressed.

Gavin McGillivray, Head of Private Sector Department, DfID

Gavin McGillivray is investigating the issues surrounding basic service provision for the poor in developing countries. For many, accessing these services requires market interactions. Problems for the poor arise when these markets do not work well and do not provide sufficient choice, quality and affordability to the end users, and ultimately the poor lose out. Therefore, it is important to make these markets work for the poor. To do so requires making sectors work, and in vast markets requires making markets work for countries. For example, there have been major attempts to make trade work in a more efficient manner in developing countries.

The M4P approach, working out the different key players, the role of government and power relations, can be applied to the contexts in which DfID work. Clearly, markets' structure differs from country to country, therefore it is important for DfID to gather best practice and study the approach's applicability to the markets that DfID work with.

There has been a profound change in the donor community's approach, especially towards healthcare: there has been a shift from the perception that the government should be the only provider. Donors are now much more willing to investigate what works best and who the best players are; this is certainly true of DfID's approach today. There is now a mainstream preparedness to look at what is needed in order to get improved opportunities for poor people; this could entail state or commercial delivery of basic service provision.

DfID's new approach towards working with the private sector will focus on scaling up in the sectors in which they have more experience in, whilst also opening towards new partnerships. The risks of working with the private sector are no different from those of working with governments or NGOs. However, the reputational damage that could result from failures can be much deeper for agencies. This can be avoided by carrying out proper due diligence across all three sectors.

Improving government capacity is a generational challenge. There needs to be investment in ensuring that public-private sector interactions are positive and result in better service provision. Accreditations for quality control are a good way to ensure that private sector service provision delivers high standard services as intended.

Willi Graf, Deputy Head of Regional Cooperation, SDC

Willi Graf highlights that it has taken too long for it to be realised that the mechanisms of basic services in developing countries move at a slower pace than the people deserve. It can be seen in many sectors that despite a great deal of funding, services are not up to what they are supposed to be, which has a negative impact upon the poor. If public delivery of basic services is unsatisfactory, the poor resort to buying these services from the private sector. This can often result in the poor paying more than the rich for identical services.

These parallel markets that emerge, show both the value of the services provided and that there is potential to bring elements of efficiency into publically provided services, for example through new public management. At the same time we need to make sure we acknowledge that these parallel/private markets are not the only way basic services can be provided in developing countries. Public sector delivery of basic services can still be a suitable and viable option.

In the health sector, there are many countries where government delivery inefficiencies and inconsistencies create high pressure to look for other options to deliver services. Systems that involve the private sector are already emerging, so bringing in the market approach is not an uninformed choice, but seeing the demand, it appears as a suitable solution.

Finally, when mitigating the risk of bad decisions in engaging the private sector for delivering basic services, there needs to be capacity available to correctly assess these risks and create market incentives to keep the quality of the services high.

Participating Organisations

The conference was attended by more than 170 participants representing 74 organisations. Below are the organisations that took part in the event (in alphabetical order).

Abercorn Frontier, Access Development Services, Adam Smith International, Aga Khan Foundation, Absolute Returnfor Kids - ARK, Asian Development Bank, Australian AID, British Council (Bangladesh), British Council (Pakistan), Cardno Emerging Markets, CAVAC, Chemonics, Coady International Institute, Coffey International Development, Coffey Nigeria, DAI, DAI (ECIAfrica), Donor Committee for Enterprise Development - DCED, UK Department for International Development - DfID, ENABLE, Engineers Without Borders, FinMark Trust, FSD Kenya, Gatsby Charitable Foundation, Genesis Analytics, GIZ, Global Knowledge Consulting, GRM International, GSMA Development Fund, Harewelle International, Heifer International, Helvetas Swiss Intercooperation, Hans Posthumus Consulting, HTSPE, IDE-UK, Intstitute of Development Studies, Innovision, Inter-American Development Bank, ITAD Ltd, Katalyst, KPMG, KPMG Development Advisory Services, Landell-Mills, Maxwell Stamp, Mercy Corps, Multiverse 2015, Musika Development Initiatives, Nathan Associates Inc., Niras, Oxfam, Oxfam America, Pharmaccess Foundation, PKF UK LLP, Practical Action, RDA Veeda, RLDC Tanzania, Swiss Agency for Development and Cooperation - SDC, SDC Kosovo, SEEP Network, Swedish International Development Cooperation Agency - SIDA, SIPPO, SITE Enterprise Promotion, SNV World, Springfield Centre, Swisscontact, Triodos Facet, Triple Line, University of Manchester, University of Oxford, Urban Landmark, US Agency for International Development - USAID, Wood Family Trust, The World Bank, WYG International.

The M4P Hub Conference Team

Roger Oakeley, M4P Hub Manager

Roger is the Manager of the M4P Hub, responsible for establishing the Hub, leading on a range of outreach and knowledge management activities. With a background in rural development planning and agricultural economics, Roger has supported a wide range of projects and programmes as a consultant, trainer and researcher in agriculture and livestock development. He has considerable experience in project and programme management and delivery, and has worked extensively in South East Asia as well as Africa and the Middle East. His areas of expertise include approaches to community-based service delivery and his recent experience includes the management and oversight of a range of projects addressing, among other issues, business enabling environments and local economic development.

Danielle Tappitake, M4P Hub Coordinator

Danielle Tappitake led the M4P Hub's knowledge management initiatives and events, and supported the Hub's outreach activities to the growing community of donors and practitioners using M4P. As a manager within Coffey's Economic Growth practice, Danielle focused on market development approaches to supporting growth and reducing poverty. In addition to managing the M4P Hub, she has worked with a range of donors and businesses on developing mobile money solutions for the poor and supporting greater transparency in the management of natural resources.

Adam Brain, M4P Hub Administrator

Adam was the M4P Hub Administrator, supporting the day to day running of the Hub website, social media outreach, and external collaboration. He has also provided support to the M4P Hub management team in the conference development. Adam is an Assistant Manager within Coffey International Development's Economic Growth Practice, providing project management support to a variety of private sector development, mobile-money and mobile-agricultural Funds. Adam's recent research interests are involved with market development and private sector engagement, but broaden to environmental development disciplines including the extractive industries and climate change.

Silvia Malgioglio, M4P Hub Conference Coordinator

Silvia joined the M4P Hub to support the team with the logistics and coordination of the conference after graduating from the London School of Economics. Throughout her studies, Silvia organised and contributed to several international conferences and events, liaising with a variety of professional actors. With a background in international development, her previous experience includes working on a financial education project in Colombia and academic research on public policy analysis. Her areas of focus include private sector development, MSME development and business advocacy, and she supports the management of two large M4P projects in Nigeria. Silvia is now the M4P Hub Coordinator, leading daily activities and managing the website.

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