

Empowered Market oriented development programs

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International development programs coordinate, collaborate or enter into partnership with the private sector more than ever. This brings much new potential, as the theory and the practice of several approaches argue¹, but at the same time this brings about new challenges and even asks for a new look at traditional program management tools. This essay shall shed some light into dark, control oriented offices and shall enrich the ongoing discussion on result orientation. Two development practitioners show the need for appropriate program management tools and mechanisms in endeavours directed at private sector development.

Acknowledging the diverse and enormous efforts (and already achieved results!) that have been undertaken to collaborate and harmonize between the public

¹ While in previous decades the private sector has been excluded by development agencies (i.e. "health and education are public goods and must therefore be provided by public agents"), or has been treated as the reason of poverty (i.e. "the evil middlemen are responsible for the low prices of agricultural products at the farm gate level), or has simply been neglected (i.e. "our NGO had to offer market information because no other private company has done it so far"), the private sector has recently got a prominent role in the fight against poverty. This is reflected in the various approaches employed by bilateral and multilateral agencies, as well as by NGOs (Local Economic Development, Cluster Development, Value Chain Development, Making Markets Work for the Poor etc.). Furthermore, the private sector is nowadays widely recognized as "crucial for increasing the pace of growth" (www.oecd.org) and for achieving the MDGs (www.un.org). The private sector is widely recognised for its important role in the realisation of the Paris Declaration of Aid Effectiveness (Paris, 2005), the Accra Agenda for Action (Accra, 2008) and receives more attention than ever (see also the Public Private Partnership Ventures started in the 1990-2000 by many bilateral agencies, i.e. www.gtz.de or www.worldbank.org).

development sector, the non governmental agencies and the private companies, we would like to focus on a particular person which struggles with these big demands in her day to day work: the program officer of an development program in the field. We will not focus on a specific organisation or location; we will employ a fiction story of Aazim – a well hearted program officer – in order to link our insights and recommendations with many field realities we have encountered.

The example of Aazim

Aazim has worked for many projects and programs so far. He is considered a senior program officer and without being arrogant, he can consider himself as expert in rural development with proven efficiency in program management. He has always viewed the challenges in his work as twofold: on the one side he considers good relations, trust and improving human capital as the key issue for his region, his professional work and his personal status; on the other hand he learned to use approaches, terminology and focuses of development partners from the outside, which often have their own logic.

Many key elements of these approaches helped him to organise his work, guide his colleagues and report on his activities undertaken during the year.

However, **Aazim is troubled**. While he learned to plan according to higher principles and objectives; to plan activities that lead to impact, and to report on these activities, he has seen little change within his native region that made him happy. However, this doesn't trouble him as he could always **show results!**

Approaches oriented to include the poor into market systems – Making Markets Work for the Poor (M4P)

Making Markets Work for the Poor (M4P) is an innovative approach to development that aims to improve the participation of poor men and women in economic growth by changing the way market systems operate. The central idea is that the poor are dependent on market systems for their livelihoods. Therefore changing those market systems to work more effectively and sustainably for the poor will improve their livelihoods and consequently reduce poverty.

Experience and evaluation results show that “many interventions have not succeeded in producing sustainable outcomes. They have failed to make markets work for the poor. The main causes of these problems were seen to be (a) a failure to understand market systems and where the poor fit in to them and (b) inappropriate interventions, which actually distorted and displaced market mechanisms and institutions, rather than promoting local incentives and ownership and hence sustainability.” (SDC-website).

The M4P approach offers a holistic or systemic view for thinking about poverty reduction; it offers a framework for understanding the actual market systems (an understanding that is often inexistent within program offices) and it offers guidance for intervention practices.

In practical issues M4P leads the program staff to think in broader terms than just “increased production or productivity”, it forces program staff to think about (in-)efficient market systems, whereas each agent has a role, a responsibility and a function. The program staff shall not substitute any of the crucial functions within the market system, but support others to meet their challenges and to improve the system as a whole. Therefore, the program shifts its action from providing services to building up service providers; from supporting one actor to facilitating the interaction between various actors; and from technical support on one level to capacity building within the value chain, i.e assisting the supporting functions and the regulatory level – all at the same time but at different paces.

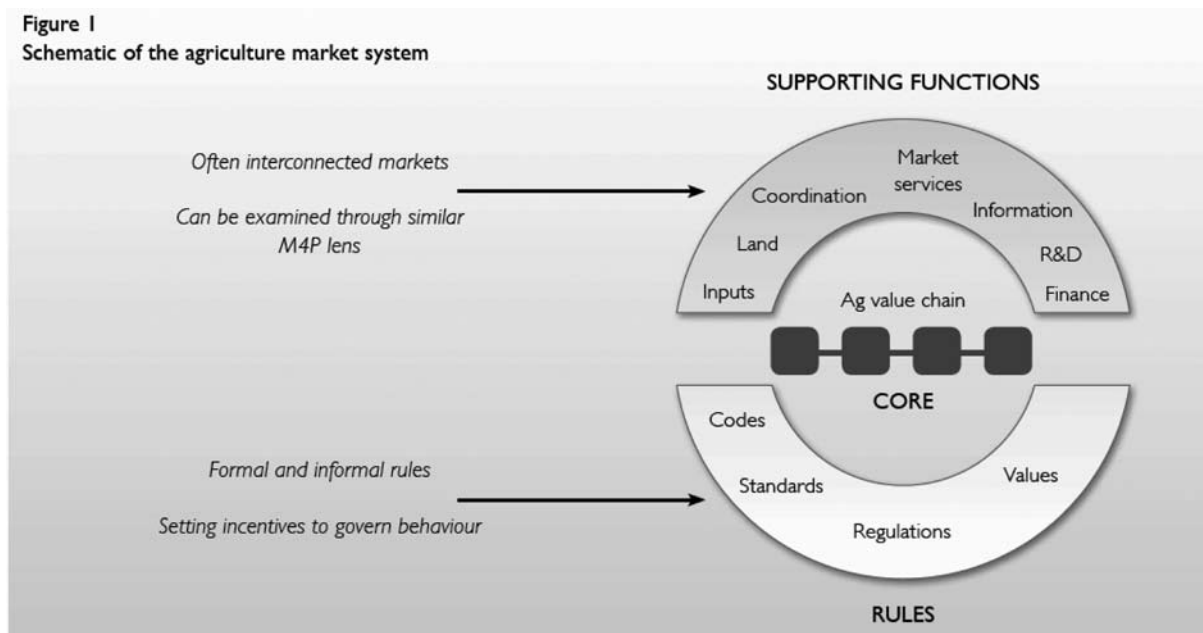


Figure 1: The M4P doughnut – an illustration of the agriculture market system¹

¹ From the M4P brochure: *Perspectives on the Making Markets Work for the Poor (M4P) Approach* – SDC/DFID 2008

In an initial step the current business environment is analysed for identifying constraints and potentials of small businesses participating in the market. The purpose of this analysis is to understand the constraints and potentials of the market system as illustrated in figure 1 (rules and regulations, supporting functions, core functions within the value chain) in order to define entry points of a program. The following strategy definition for the M4P intervention determines a pathway which leads to the “crowding in” of market functions and players to increase the efficiency of a market system.

A crucial and often challenging issue for the M4P intervention is the changing role and responsibility of the program team, as it is no longer the ‘doer’ but rather the ‘promoter, facilitator and supporter’. The program teams’ main intervention in a well managed program is linking and facilitating in order to overcome difficulties and improve working conditions, support an enabling environment, facilitate value chains and market networks. This sounds easy and not complicated, however, how will you plan for results, if the outcome does not depend on the program staff alone?

This is one common aspect of all M4P programs: the outcome depends on program outsiders. Whatever the aim (reflected in the principles, objectives, overall goal or purpose) of a program is: the program team is restricted to support, initiate or accompany actors within a local context which will (or not) continue their activities after program completion. At the end of the day, they can not control the outcome; much less the impact of the initiative.

For better planning an M4P intervention the impact logic helps the program team to differentiate about their role and the aim of the intervention in a broader context. M4P programmes need to have a credible and practical way of planning what they do. Typical programme planning tools such as log frames (logical framework) are useful for strategic clarity but they’re lacking details on practical and operational level. The advantages and the practical purposes of the impact logic are detailed in the Operational Guidebook as follows:

“As an internal planning tool they provide information on how specific interventions fit into overall strategic

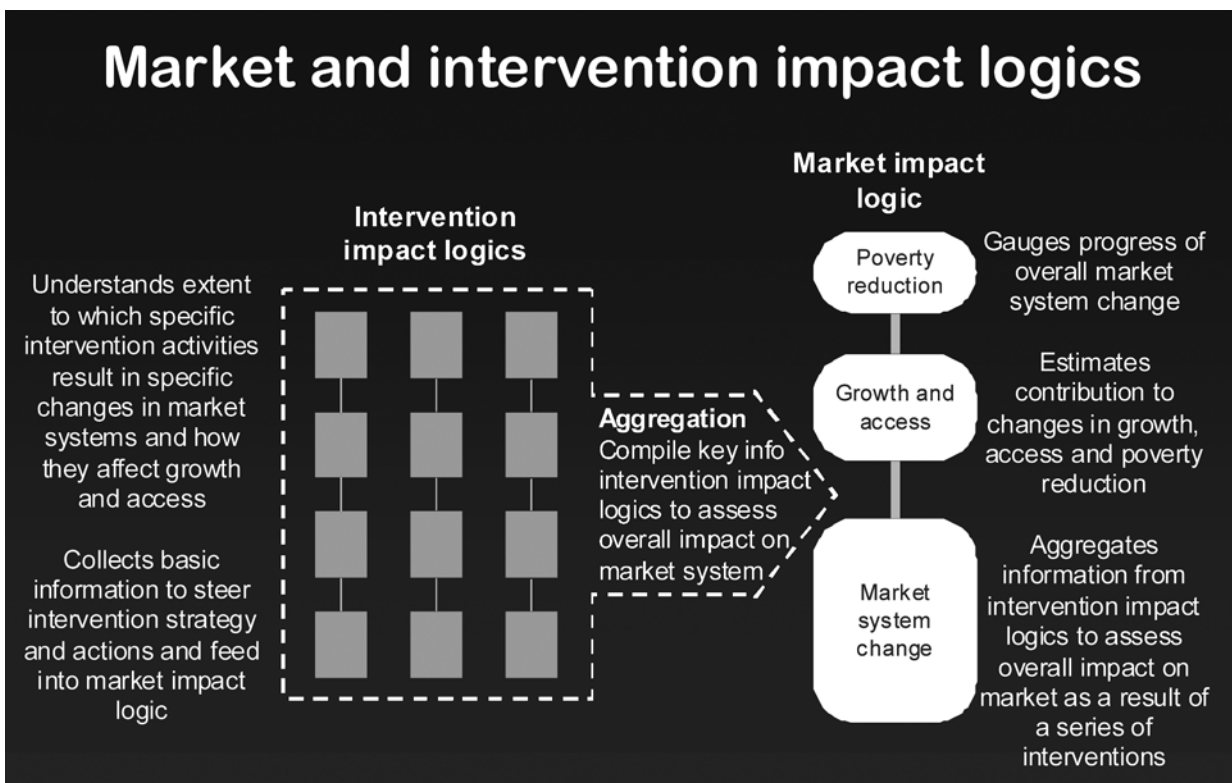


Figure 2: Market and intervention impact logics: Slide presented by Rob Hitchins (Springfield Centre), 2009

context and how changes in the market system lead to change in growth and access

For external reporting purposes, they help to demonstrate plausible attribution between interventions and overall goals”.

The use of impact logics (sometimes also called result chains) is not only a useful tool for program staff, but a necessary step for planning and monitoring own action. The result chain helps to think in scales of interventions and effects. With a result chain, the program staff has a tool for assessing its effectiveness, its relevance, and furthermore it can assess the influences from other actors and factors into the market system; and finally it can assess whether the impact hypotheses were correct or not.

The result chain model also supports what many practitioners have been saying for a long time: a program intervention alone does not cause a systemic change, nor a change on the impact level. A program intervention can contribute in a meaningful way to a change in the system, which could lead to changes at enterprise level, which could lead to changes at sector level, which then could lead to changes in poverty reduction². Uff, the program staff is even further away than ever from the ultimate goal, the poverty reduction. How can a program team deal with this fact?

The development result chain

The above mentioned (development) result chain shows clearly that the external actor (i.e. development programs, external consultants, etc.) can not generate and maintain change. Changes must be driven by local actors and institutions, and maintenance is definitively in their hands. The external actors however, can induce change. Program staff has often access to outside experience and expertise, comfortable

Aazims troubles

Aazim is used to prepare work plans, to plan ahead of time, and to plan according to frameworks, logical frame works. Therefore, he can always show what he did, what the money was used for, and what he achieved. The **results** of his work were reflected (and objectively controlled) by the number of staff and farmers trained; by the number of meetings held; by the number of workshops and trainings organised; and the number of field visits he undertook.

Aazim is troubled because in this new M4P program he is engaged now, he is asked to report on activities which are undertaken by **project partners**, by private enterprises, by cooperatives and even by public agents!

“NO WAY! I can not control these actions! How shall I plan and report on them?”

Of course Aazim agrees with the simple and clear outline: a long lasting improvement is only possible, if there are systemic changes. Sure. But how can HE report on this, if he **can not control it**?

funding possibilities, and two other important factors: a certain neutrality as no own investment is at risk and a different perspective (which is inherent for any outsider). Local actors, whether these are governmental agencies, NGOs or private sector companies must respond to diverse local pressures. Each company, even each staff, being in a unique development process must respond to social, political, cultural, career and whatsoever demands.

This is not so different from the development program, as the program team must find a balance between the various requests from head office, the funding agencies, and the often different realities in the program country. However, we expect the program team to deal with these potential dilemmas without bothering local partners with it.

What does this mean for a program team? It must develop sensitiveness for understanding the development process of each program partner. In addition, it has to develop specific strategies for supporting each program partner. Only by supporting local actors, a long lasting systemic change can be assumed. But defining strategies implicates a few crucial steps previously. The program team needs to seek information on the common vision of the systemic change sought; it needs to seek the key local change agents that could partner with the program team; and finally, it must define its role towards the systemic change process

² More on the theory, practical experiences, guiding papers as well as training opportunities are available at <http://www.springfield-centre.com/papers.php>.

and therefore, towards the local partners implicated.

Many development organisations recognise that, for instance, an enhanced productivity or an agricultural cooperative development is not sufficient for long term economic and social change. A change process often implicates an enabling environment, adequate services and therefore financial solid service providers, and a functioning value chain management.

Roles and responsibilities – the support of Outcome Mapping (OM)

OM³, a planning tool developed by IDRC in the late 1990ies is exactly focusing on the above mentioned key issues: the definition of a common vision, the designation of the role of the program (called Mission Statement in OM terminology), the choice of crucial program partners (called Boundary Partners) and the characterization of roles and responsibilities in a dynamic market environment (called Outcome Challenges).

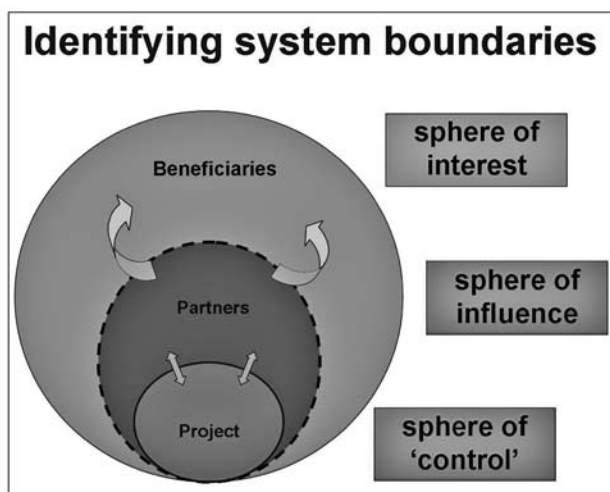


Figure 3: Identifying system boundaries (adapted from Steff Deprez, VECO Indonesia)

³ Sarah Earl, Fred Carden & Terry Smutylo; *Outcome Mapping, Building Learning and Reflection into Development Programs*, IDRC 2001.

Aazims insights

Of course, Aazim can NOT **control change**. He can plan with partners and he must only concentrate that his contributions help to bring about change. He can not control the action, reaction or non-action of his partners. Of course he has a set of good strategies; through capacity building, expertise, financial support and his role as 'facilitator' he can observe a dynamic process within his project region.

What he likes most is: the project partners and the project team have their own roles and responsibilities. This changes the way he interacts and discusses with them; because now the partners can assess his actions, while he can assess their action. And together, they assess the achievement of the jointly agreed milestones towards the development vision.

"Mhh, systemic change does not happen by its own; each partner needs to contribute and change what is within his own sphere of control. That is also a logic model. A logic model that actually makes sense. Ha!"

The focus on development actors and their specific roles and challenges, allows joint planning, implementing and monitoring of development programs. From the very beginning, each participating party acknowledges its limits and potentials for change within the overall system and towards a jointly established development vision. Each party is finally responsible for changing what is within their sphere of control, and for influencing what is in their sphere of influence.

From the point of view of a program staff, only the program management is controlled by them. Towards the improved action of their boundary partners, the program staff can only contribute (while the responsibility for change remains with the local partner itself). Finally the improved wellbeing of the population can only be attributed to the sum of all contributions made by local, regional, national and even international actors.

The power of milestones

From our consultancy work, we know the power of indicators. Indicators are measurable indications that show whether a program is achieving what it had promised or not. Indicators are usually not bound to specific actors and therefore are assumed to be within the control of the program team. And any program team that wants to show success needs to meet the target values defined within the indicators. The indicators

mutate to goals – goals that must be met⁴. With this transformation, the process of reaching the indicators becomes a second or third priority. No systemic perspective is adapted, nor the question “can we actually observe change” is asked.

It is not our intention to blame any program staff. Development agencies have mistakenly interpreted the ‘result based management’ and transferred the ‘result pressure’ towards their implementation staff without discussion what kind of results (activities, outputs, outcomes, impacts) are relevant for assessing the effectiveness and relevance of a program. Therefore one of our hypotheses from the last years of consultancy work is: support to systemic change within development countries needs also systemic change within the development agencies. Or how can a development program support dynamic, creative and innovative private sector partners, if it does not develop its own approaches, strategies and structures in order to remain creative, innovative and relevant?

Milestones or progress markers – as described in OM – indicate a possible pathway of change for each program partner. This pathway of change shows the contribution of each partner towards the jointly established vision. The vision embraces the change at a wider level (often called ‘impact’) and should therefore include a clear impact logic or a result chain.

Progress markers indicate a progress towards the achievement of a specific change within the (market) system. The progress marker does not indicate whether an indicator has been met or not, but it indicates directionality of change. Directionality is a merit much

more interesting than just a state, as directionality of change allows to understand certain processes and dynamics. Milestones can be measured through quantitative and qualitative attributes. This quantity – quality discussion loses its power, when assessing the full strength of progress markers. Because progress markers indicate progression within the behaviour (action, reaction, and networking) of a boundary partner, the progress markers show change on the outcome level!

This allows the program team to shift its focus on activities and outputs, towards intended changes within the market system (outcomes) during the phases of planning, implementation and throughout M&E. Indicators of changes at the various levels (i.e. production level, export quantities, decreased mortality, higher income levels, etc.) can complement the process of planning with milestones.

Conclusion

Derived from our experience and understanding we can reiterate our beliefs in the necessity of adapting the planning tools to new and dynamic interventions. Outcome Mapping offers crucial elements for improving the planning process, clarifying roles and result chains within the implementation phase and offers a great entry point for joint monitoring, learning and steering – in M4P programs, as well as in many other programs. Don’t miss this opportunity.

There is no need to mention that the contribution to a joint vision (often reflected in national strategies), the clear definition of roles (the lead remains with the actors of the development country) and the progress markers (basis for joint evaluations) are not only in tune with the Paris Declaration of Aid Effectiveness, but do actually offer a way for implementing them.

⁴ An interesting study on “The use and abuse of the logical framework approach” by INTRAC, 2005, is available at www.sida.se/shared/jsp/download.jsp?f=LFA-review.pdf&a=21025

Recommended Websites

A good overview about M4P give the website of SDC Network Employment and Income: http://www.sdc-employment-income.ch/en/Home/Making_Markets_Work_for_the_Poor

Additional information is available at: www.mmw4p.org and loads of illustrative and meaningful resources are found at: <http://www.springfieldcentre.com/papers.php>.

Get more insight into result measurement: <http://www.enterprise-development.org/page/measuring-and-reporting-results>

For more information on Outcome Mapping have a look at www.idrc.ca or at the Website of the Outcome Mapping Learning Community www.outcomemapping.ca