Module 2: Developing a theory of systemic change

Theory of how the programme will change the market system

A theory that sets out explicitly how systemic change is expected to be achieved is essential for a market systems monitoring framework. This module discusses the key issues to consider in developing such a theory of change.

Elements of a theory of change

Theories of change are usually presented as a single document, with the following elements:

- A description of the long-term goal that the programme seeks to achieve
- An explanation of the context for the programme
- An explanation of the sequence of change that is expected to achieve that goal
- A description of the assumptions between each link in the sequence of change
- A conceptual diagram which outlines the key causal links from programme activities through to impacts

The theory of change provides the overarching logic for the programme, and therefore the context for specifying the contribution that each of the programme’s individual interventions is expected to make.
Different programme teams may be comfortable with different levels of detail for the theory of change. The key point however is that the theory provides the basis for anchoring the monitoring framework in the underlying programme strategy, while providing the flexibility to adapt as lessons from the field emerge.

Developing a market systems programme typically begins by thinking through how the market could be made to work in ways that create more jobs and income for poor people or provide them with better services. Interventions are then devised to promote these changes. The different levels of change can therefore be conceptualised in the following way:

- The programme’s interventions seek to catalyse positive and sustained change in the behaviour of market players. This level of change can be understood as the changes created through programme inputs and activities.
- This contributes to market system change that makes market systems work more efficiently and inclusively, responding to the needs of poor people. This level can be understood as the programme’s intermediate outcome.
- This supports pro-poor growth or improved access to services, i.e. the overall programme outcome.
- ...which leads to poverty reduction, i.e. the ultimate impact of the programme.

The diagram below illustrates this strategic framework.

![Diagram illustrating different levels of change](https://beamexchange.org/guidance/images/different-levels-of-change.png)

**Different levels of change**

**Measurement questions for a market systems theory of change**
The theory of change should answer the following questions which explain what the programme is setting out to achieve:

- How are the programme’s interventions expected to change the behaviour of market actors or to change the structure of the wider system?
- How will these changes in the market system promote pro-poor growth or improved access to services?
- How is pro-poor growth or improved access to services expected to reduce poverty?

These questions can be described as measurement questions and provide the context for defining individual programme interventions. In other words, the plan for any intervention should make clear how the intervention helps answer one of these questions.

The questions also provide the basis for linking the theory of change with the measurement strategy i.e. indicators and data collection methods. Nonetheless, the questions have an importance beyond helping in the identification of indicators. In particular, keeping these questions in mind will help to focus attention on what the programme as a whole is seeking to achieve, which may be obscured at the level of the indicators.

- **Samarth NMDP results measurement manual**
  An accessible and practical guide on results measurement.

- **BIF2 monitoring and evaluation manual**
  BIF2’s framework for capturing and reporting results – a source of inspiration for other programmes.

- **GEMS results measurement handbook**
  Guidance on the measurement approach for GEMS components, and how to address attribution.