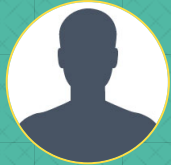


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Is the MSD approach right to achieve policy change?



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All blogs

LIFT's policy reform successes in Ethiopia show that MSD programmes are not "too cool for rules"!

A [recent BEAM blog](#) observed that MSD programmes "often seem constrained when it comes to driving change in laws and regulations. Practitioners feel that reforming legal and regulatory systems is too difficult, and so MSD programmes tend not to address these challenges."

Well, this was not the case for FCDO's [Land Investment for Transformation \(LIFT\) programme](#) in Ethiopia as described in their case study, [Achieving policy change in Ethiopia through a market systems approach](#).

LIFT adopted an MSD approach to maximise the impact that certifying 14 million parcels could have on smallholder farmers. Despite owning a value asset, their land, landholders were not able to use it to secure a bank loan or to guarantee payment of water, electricity or other infrastructure services. The regulatory environment did not allow smallholder farmers to use their land as collateral.

So how to achieve the desired change?

[Using a pilot intervention to prove the point...](#)

LIFT worked with microfinance institutions in Ethiopia to design a new loan product that would use the land use right, or produce from the land, as collateral, rather than the actual land itself. In the event of default, it allowed lenders to secure

temporary use rights of the land (only until the outstanding value was recovered and for a maximum of two years). These “technicalities” allowed the programme to engage with the regional land administration offices and to secure their buy-in for a pilot intervention in partnership with microfinance institutions. The goal was to implement a one-year pilot to prove the potential positive impact of this new agricultural, individual loan product for smallholder farmers and its commercial viability.

And designing a strategy to achieve change

In addition to the pilot, LIFT also needs to put in place a strategy to help achieve the desired change. Informed by the need to **Think and Work Politically**, LIFT’s strategy for change revolved around six pillars:

- **Having a clear vision.** We knew we needed a change in policy and despite the challenges, sensitivities around land-related topics and high risks involved, we decided to go for it.
- **Getting the right buy-in.** Lower ranking officials were key agents of change within the government. They observed first-hand the positive impact of the new loan product and were able to influence, bottom up, the attitude towards change from within the government.
- **Selecting the right partners.** Engaging progressive microfinance institutions with appetite for risk and financial capacity helped navigate the hurdles of achieving the desired change.
- **Finding 'high profile' champions of change.** The commitment of high profile figures to support the change process raised awareness on the need for change from the highest ranks in government.
- **Being methodical and adaptive.** Ethiopia’s political economy landscape is complex and required continuous 'thinking and working politically' to navigate vested interests, political challenges and manage change.
- **Evidence, evidence, evidence and communications.** LIFT’s strong monitoring and evaluation systems provided strong evidence of impact, both positive and negative. Sharing the results widely, creating discussion forums and engaging stakeholders made LIFT a credible, trusted partner.

What did LIFT achieve?

LIFT’s approach to policy change proved successful when, in October 2017, a revised *Rural Land Administration and Use Determination Proclamation of the Amhara National Regional State No. 252/2017* was enacted. The revised proclamation explicitly allows rural smallholders to present their land certificate as a form of collateral for accessing credit. This proclamation provided a solid legal basis

for the scale-up and outreach of the SLLC-linked loan product in Amhara and paved the way for change in the other regions.

At present, the draft rural land proclamations of Oromia, Tigray and SNNPR, as well as the Federal one, include an article that accepts the use of the land certificate as a form of collateral. They are all still awaiting ratification.

And what about systemic change?

The effect of Amhara's revised proclamation also generated interest and changes outside of LIFT's four regions of intervention. In 2018, following a number of consultations and familiarisation visits, Benishangul Gumuz Regional State approved a new *Rural Land Administration and Utilization Proclamation No. 152/2018*. The revised proclamation now also allows for the use of land rights as collateral.

The policy change in Amhara not only influenced the regions, but also put pressure on the federal land institutions, on the National Bank of Ethiopia and on policymakers in general to act on this issue. In August 2019, the National Bank of Ethiopia enacted *Movable Property Security Right Proclamation No. 1147/2019*, which allowed a landholder's use right or the produce of the land to be presented as collateral to access credit.

Some lessons for MSD programming

Looking backwards, some lessons learnt from our experience in Ethiopia that could be applied to future MSD programming are:

- Pilot interventions can be a valid instrument to challenge existing realities at the country level, test the grounds for policy change and generate the required evidence to spur that change.
- Strong allies and partnerships are required to successfully achieve sustainable policy change. Importantly, such partnership should include stakeholder both in the public and private sectors.
- Ensuing a programme Thinks and Works Politically, even if achieving policy change is not an explicit objective of the programme, is instrumental for effective programme adaptation and achieving more sustainable results.
- Gathering strong, trustworthy evidence (quantitative, qualitative, success stories) and communicating both successes and challenges builds the credibility of programmes and their potential to influence effectively.