

Strategy

02

Commissioning a programme

Scoping and preparing a new programme using a market systems approach can pose a dilemma for funders. Some decisions – like what sectors, region, or target groups – need to be made before a programme can be commissioned. But initial programme approval cannot rely on the precise details of where and how programmes will intervene. Instead, funders need to accept provisional analysis and evidence of credible planning processes.

Guidelines for good market development program design

How good design can contribute to the success of a programme.

What's your starting point?

If you intend to focus on a single, well-understood market, it's possible to design a programme with detailed targets and interventions. However, your starting point may be less certain especially in weak, or **thin markets**, which are typically uncompetitive, contain few market players and lack supporting functions and rules. To address the challenge of working in new contexts, funders can consider two options: an inception and a portfolio approach.

Inception phase

This involves placing a small bet that change will happen in a particular market because of a proposed intervention and using the learnings from this experience – the 'inception phase' – to develop your plans. This is in direct contrast to designing a multi-million, multi-year programme at the outset.

For example, GOAL Sierra Leone used a small pot of money to develop a series of low-cost latrines in partnership with a company called Alifia, in the Kenema district of Sierra Leone. The inception phase gave the implementers a chance to clarify their scope and objectives, including possible scaling up nationwide, and minimised risks to their funder.

▣ **A guide for planning and strategy development in the face of complexity**

Planning and strategy design can be done well despite complexity.

A portfolio approach

Taking inspiration from the financial sector, ACDI-VOCA uses a portfolio approach to try multiple experiments simultaneously. The portfolio approach is useful for funders commissioning market systems programmes because it:

- Allows the funder to hedge risk by investing in multiple sectors rather than one, so that if one sector is not gaining enough momentum, it can be dropped without ending the whole programme.
- Has the potential to create exponential impact, especially in the case of working with cross-cutting markets.
- Helps funders understand how multiple sectors work and interact with each other.

▣ **A portfolio approach to value chain development programs**

Manage risk when designing and implementing value chain development programmes.

Many funders limit their role in initial programme design to a few key decisions: poverty objective, scope and budget.