

ACHIEVING CHANGES IN MARKETS

The MDF Framework for Defining and
Populating Pathways for Systemic Change

Market Development Facility

Strategic Guidance Note. 3

Version 1
August 2015

Foreword

In March 2014, the Donor Committee for Enterprise Development convened a workshop of experienced practitioners to discuss systemic change, and in particular, how to assess progress in bringing it about. One of the key recommendations emerging from the workshop was that a program should outline a ‘pathway’ that describes what systemic changes it expects to happen and how the program will influence those changes.¹ This expected pathway can then be used as the basis to monitor progress.

Despite advances in fostering systemic changes in the field, many programs find it challenging to effectively define the systemic changes they expect and to monitor progress. Some of the difficulties they face are listed below:

- *Systemic change is multifaceted.* By definition, it aims to address the underlying causes of market system performance. Often, there are multiple and inter, linked issues that a program aims to address in order to foster systemic change.
- *Markets are always evolving.* Programmes aim to influence change in ever shifting market systems.
- *Systemic change looks different in different markets.* Practitioners agree that systemic change in a large and vibrant economy looks different from that in a small economy with thin markets. Indeed, systemic change also looks different from one market to the next in the same economy.
- *There is no consensus yet as to the level(s) at which systemic change should be defined and assessed.* Practitioners at the 2014 workshop agreed that some systemic changes might be evident as a result of an individual intervention, but others might only be realistically caused by multiple interventions or the cumulative effects of work in a whole sector.
- *Systemic change is best illustrated as a continuum.* Practitioners at the 2014 workshop had difficulty agreeing on a ‘line’ between systemic and non, systemic changes. However, there was consensus that changes could be more or less systemic. This consensus implies that it is probably best to measure the extent to which changes are systemic and the direction of change rather than defining systemic change as achieved or not achieved.

The examples of what to assess and how to assess it with respect to systemic change are still limited. Many programs are still working on their approaches to assessing systemic change and, indeed, systemic change takes time to occur. Therefore, there are not yet many examples concretely illustrating good practice. The guidance coming out of the 2014 workshop noted the need for further analysis and experimentation in this area.

This case shows how the Market Development Facility (MDF) tackles the challenges of defining expected systemic changes in the sectors it targets, outlining pathways towards a high degree of systemic change and using those pathways as the basis for monitoring progress towards the defined changes. MDF is using its systemic change framework in the five countries where it operates: Fiji, Timor-Leste, Pakistan, Sri Lanka and Papua New Guinea. The case is illustrated with examples from Fiji, as this is the country where MDF has been working the longest.

As part of its evolving sector strategies, MDF outlines a few systemic changes it aims to foster in each sector it targets. Each sector strategy explains how MDF plans to influence the market system towards a high degree of the defined systemic changes. The program then describes those expected changes using six key parameters: autonomy, sustainability, resilience, inclusiveness, scale, and women’s economic empowerment. The description includes both a ‘beginning state’ which outlines the situation with respect to each parameter when the program started and its vision for the ‘end state’ when the systemic change is fully entrenched in the market system. Based on its knowledge of the market system and its sector strategy, MDF projects the extent of systemic change it expects to be able to catalyse within two years after the end of the program. MDF assesses progress along the pathways as part of its regular monitoring and results measurement, periodically summarising observed changes and MDF’s influence on them along the six parameters.

This process helps MDF to unpack the systemic changes it aims to influence in order to be able to describe succinctly its vision for systemic change, to analyse progress and to communicate results. At the same time, the framework and the discipline around it helps MDF to consider progress in key aspects of systemic change, avoiding the trap of focusing on one aspect and ignoring others. MDF managers and staff report that the framework provides them with a clear platform for discussing concretely the systemic changes that multiple interventions aim to influence thus enabling them to more effectively analyse and improve their sector strategies in light of challenges encountered and progress made.

Alexandra Miehlsbradt
August 2015

¹ Kessler, A. *Assessing Systemic Change*, DCED August 2014. <http://enterprise-development.org/page/download?id=2113>

² For more information on MDF, see <http://marketdevelopmentfacility.org>

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A STRATEGIC GUIDANCE NOTE ON DEFINING PATHWAYS TO SYSTEMIC CHANGE

1.1 Introduction to the Market Development Facility

The Market Development Facility (MDF) stimulates investment, business innovation and regulatory reform in order to create additional jobs and increase the income of poor women and men in rural and urban areas in the Indo-Pacific region. MDF currently operates in Fiji, Timor-Leste and Pakistan, and recently expanded to Papua New Guinea and Sri Lanka in 2015.

In order to achieve its aims, MDF negotiates partnerships with strategically positioned private and public sector organisations in its countries of operation. Each partnership is comprised of a tailor-made package of activities that enables the partner to innovate, invest and/or undertake reforms in such a manner that small farms and/or firms benefit from better access to production inputs, services and end markets. This makes them more productive and helps them grow, in turn, creating jobs and increasing income for poor women and men.

Each partnership addresses a number of complementing ambitions: promoting business innovations or reforms, leveraging private sector investment or public sector ownership ('cost sharing'), linkages with pro-poor growth, and creating income and jobs in sectors of the economy in the country in which it is active.

MDF seeks to develop partnerships with players in the private and public sector with the ability to catalyse lasting changes in markets that promotes broad-based,

sustainable, pro-poor growth. The approach requires a flexible implementation process, working through multiple channels, with a range of partners responding to opportunities as they arise. For this purpose, each MDF country has its own 'Country Team' (CT) active on the ground.

MDF's work essentially creates pathways – via investments, business innovations and regulatory reforms resulting in better functioning markets – through which the poor can work themselves out of poverty. These pathways for pro-poor growth, jobs and income are 'carved' into markets, making them grow faster and in a more inclusive manner so that the poor take part in and benefit from economic growth.

Yet at the same time, markets are subject to continuous change. To ensure that these pathways for pro-poor growth, jobs and income are sustainable, changes need to be sufficiently entrenched into the market systems. The measure to which these changes is internalised within the market systems is called 'systemic change'.

Each MDF partnership contributes to poverty reduction and is underpinned by a rigorous business model producing sustainable results. But the strategic positioning of a series of partnerships, each reinforcing the other to break down barriers to pro-poor growth, produces truly robust and transformational change in the economy.

1.2 Introduction to the MDF Strategic Guidance Note on Systemic Change

This Strategic Guidance Note sets out a framework that allows MDF to better define systemic change, better manage and monitor progress towards achieving systemic change and better communicate how the sum of its partnership portfolio adds up to more than just income and job creation. In developing this Systemic Change Framework, MDF reviewed the literature on systemic change and the frameworks currently available. MDF then built on existing ideas to develop a framework that applies to MDF's diverse countries and addresses key aspects of inclusive growth.¹

The MDF Systemic Change Framework defines the need for systemic changes in each sector in each country in which it is active and this Strategic Guidance Note uses examples from Fiji to highlight the issues more practically. Typically, two to three systemic change areas are identified by MDF and articulated per sector. Within each systemic change area, to manage, monitor and communicate progress, MDF has identified six parameters for systemic change. These parameters are: autonomy, sustainability, resilience, inclusiveness, scale and Women's Economic Empowerment (WEE).

These parameters, explained more below, represent the dimensions of systemic change being pursued. Within each systemic change area, for each parameter, a 'beginning stage' and end stage are defined. The 'beginning stage' identifies 'gaps' due to inadequate or absent innovation, investment and regulation preventing markets from working to achieve robust growth and at the same time being inclusive. The 'end stage' outlines how market should work. MDF works to populate this area with partnerships that drive change in the market system away from the beginning stage towards the end stage.

To achieve systemic change, MDF progressively forms its partnerships with multiple and willing market actors – promoting innovative business models and it continues to evaluate how the markets are evolving. As more strategic partnerships are created and added to the portfolio this forms a series or a pathway to achieving lasting systemic

change in the market. These partnerships populate areas of the economy that require change with sufficient private and public sector players to drive this change. This Note essentially builds on this concept and discusses how it is being implemented within MDF. The Note is structured as follows:

- **Chapter 2: Achieving Systemic Change in Market Systems** – This chapter explains what market systems are, how pathways for pro-poor growth, jobs and income can be carved into market systems, and how pathways can be made 'systemic' by populating particular areas in need of change with a range of partnerships.
- **Chapter 3: The MDF Framework for Defining and Populating Pathways to Systemic Change** – This chapter explains the framework MDF developed to define, manage, monitor and communicate progress along the pathways to systemic change. The chapter explains the different elements of the framework (the six parameters, the beginning stage, the end stage, the four stages along the pathway from beginning to end stage) and how, by working with these elements, the programme is able to define systemic change and manage its progress made along the pathway.
- **Chapter 4: Monitoring Progress along the Pathway to Systemic Change** – This chapter explains how MDF operationalises the six parameters of systemic change and how progression along the four stages looks.
- **Annex 1** contains an example of a Country Strategy, Sector Strategy and Systemic Change for Fiji, MDF's first country of operation. **Annex 2** summarises the four stages for the six parameters of systemic change and **Annex 3** contains practical examples how the Systemic Change Framework is applied in Fiji.

As MDF gains experience with applying the Systemic Change Framework, it may make adjustments to the dimensions, the definitions, and/or the criteria for the pathway towards systemic change. Box 1 summarises the underlying objectives of this Strategic Guidance Note.

¹ This framework draws on the work of the DCED, the Springfield Centre, Alexandra Miehlbradt and Mary McVay in the ILO BDS Seminar Readers and others.

Box 1: Objectives of this Strategic Guidance Note

Objectives of this Strategic Guidance Note

- To define a framework for embedding systemic change within MDF's approach in a manner that promotes better management and communication of partnerships and sector strategies.
- To serve as a guide on how MDF's Systemic Change framework works, for internal use, the Australian Government and for the wider development community.
- To support country teams in understanding the framework and guiding their respective country teams in its implementation across targeted geographies and sectors.

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ACHIEVING SYSTEMIC CHANGE IN MARKET SYSTEMS

2.1 Carving pathways to pro-poor growth, jobs and income into market systems

Economies consist of complex transactions between numerous players. The competitiveness of an economy and the productivity of its actors are largely determined by the interplay between these actors and transactions. Either these transactions ‘add up’ and actors ‘work together’, leading to competitive products and services

produced for which there is demand – or there are ‘gaps’ in the system that prevent this from happening. A diagnostic tool used by MDF for performing analysis of demand, productivity and gaps is the MDF Market System schema (see Figure 1 below).

MDF Market System

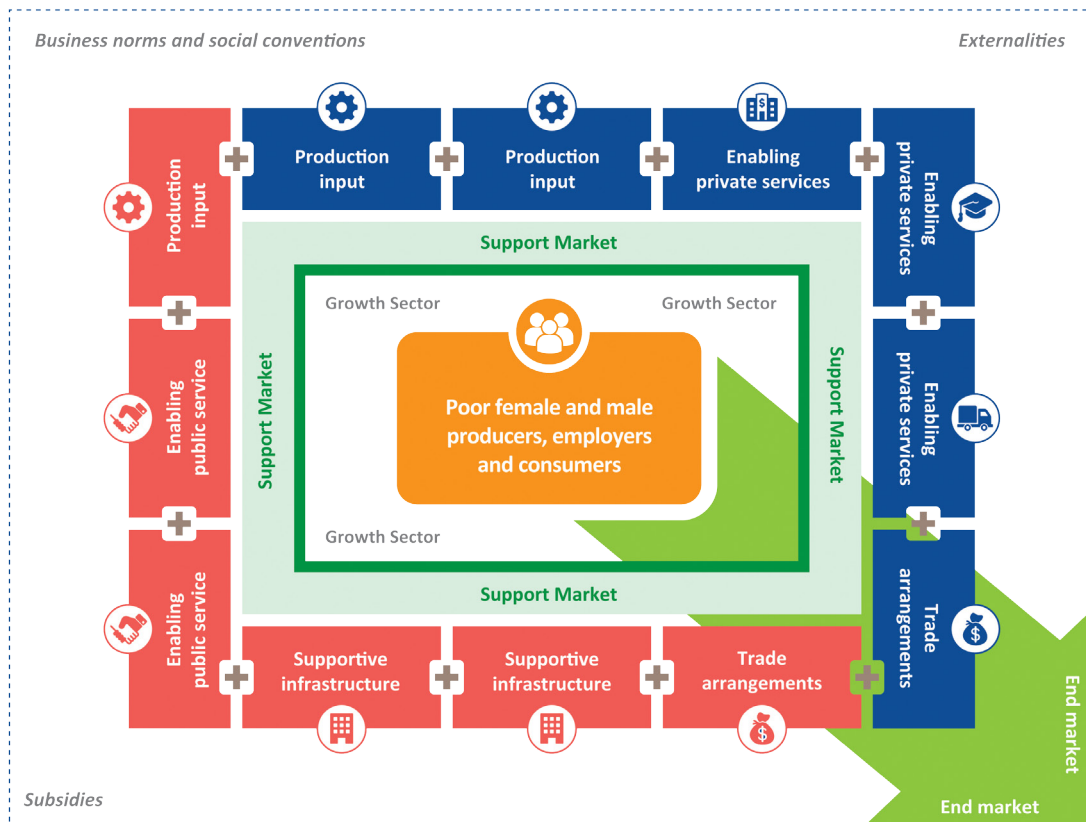


Figure 1: MDF market system

The MDF market system schema focuses on how MDF can strengthen support markets that serve poor households. At the centre, this schema identifies a growth sector where there are opportunities for poor producers, employees and/or consumers. Around this growth sector the schema identifies five sets of support markets/functions that influence the extent to which production in the growth sector can meet demand in end markets (in terms of volume, quality, etc). These support markets are: 1) production inputs such as seeds and machinery; 2) enabling private services such as banking and training services; 3) enabling public services such as business licensing and agricultural extension; 4) enabling infrastructure such as feeder roads and irrigation channels; and 5) trade arrangements such as contract farming.

If the support markets/functions are working well, a sector is likely to be more productive and competitive and to grow faster (the reverse situation being that if elements are missing i.e. there is a gap, a sector will be less competitive).

If all support markets within a market system function well, poor producers are also likely to be more productive and can sell more, poor workers can find better employment opportunities, and poor consumers have access to more affordable products and services. Pathways emerge through which the poor can work themselves out of poverty through poor women and men taking part in and benefiting from growth. This is what MDF refers to as the 'pathway for pro-poor growth, jobs and income'.

MDF Impact Logic

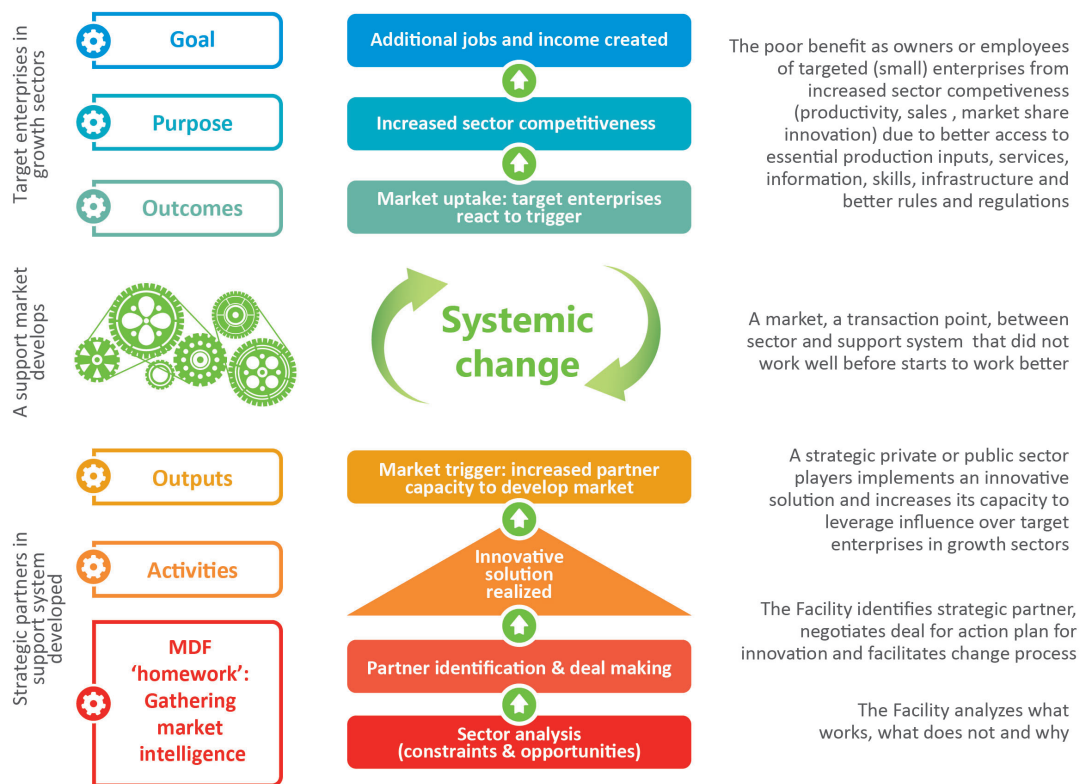


Figure 2: MDF impact logic.

This pathway is at the core of the MDF implementation process. The MDF programme theory of change (or 'hierarchy of objectives') and each partnership designed and negotiated by MDF follows the same impact logic that enables poor women and men to take part in and benefit from growth. Figure 2 explains the steps of this logic:

- 1) MDF gathers information from in-depth analyses of sectors of the economy from which to identify inclusive growth potential for poor women and men and the gaps in the system that prevent them for tapping into this growth potential (MDF's 'homework');
- 2) MDF designs activities in partnership with strategic private and public sector players to;
- 3) trigger changes in how support

markets work (which contributes to systemic change), so that; 4) the poor and the economic activities relevant for them are served better, so that; 5) their productivity increases and growth can be realised, which translates into; 6) additional jobs and income. As mentioned, this impact logic underpins the MDF programme as well as each partnership as it is designed.

While partnerships are designed to contribute to better functioning markets and poverty reduction, one partnership is rarely enough to create the extent and resiliency of change to qualify as being 'systemic'. To achieve this, MDF needs to develop a series of partnerships, each adding another layer of change to the previous. Cumulatively these can close a market system gap and create and cement systemic change.

2.2 Defining and populating systemic change areas in market systems: making the pathway to pro-poor growth, jobs and income 'systemic'

'Systemic change' is change in the underlying causes of market system performance that can bring about a better functioning market system.²

Unlike impact indicators such as jobs, income and outreach, systemic change is qualitative, more complex and multi-dimensional. Scale is one dimension of systemic change – but beyond that systemic change is about the quality of change. It is about a) sustainability, b) resilience in the face of shocks, c) the inclusion for both women and men, and d) change that is ultimately owned and managed by local actors.

At the 2014 DCED Workshop on Measuring Results in Private Sector Development in Bangkok, participants agreed that systemic change is not only an event, but also a process. Market systems are comprised of buyers, sellers and institutions, such as private sector players, government agencies, business membership

organisations, consumers and producers. MDF's role is to encourage sustainable behaviour changes among these market players so that the sector operates in more efficient, pro-poor and inclusive ways. Systemic change is the gradual institutionalisation of these improved behaviours.

This gradual institutionalisation works as follows. From the outset, MDF is able to identify broad areas where changes in the market system are needed, to make it more competitive and inclusive over the long term. Each of these strategic changes is encapsulated in a 'business model' i.e. a new way of working that is both profitable for the private sector and beneficial for poor people. Over the years, as MDF gains more experience in the market, it is able to define and validate these areas more accurately – see Box 2.

For each market a picture begins to emerge showing how

Box 2: Example of a Key Change in a Sector

Example of a Key Change in a Sector

- In the horticulture sector in Fiji, one of the key changes that MDF aims to catalyse is: Agro-input providers expand their reach and/or diversify their products to better serve the interests of small farmers in Fiji in a commercial manner.

MDF is affecting changes in the market, what it leads to and finally how it reinforces the county strategy for MDF. For example, Figure 3 shows how MDF's country strategy for Fiji is supported by work in three sectors, which together seek to influence seven strategic systemic

change areas. A portfolio of partnerships populates these systemic change areas; some partnerships address more than one systemic change area.

While MDF initiates the process of change in each

²Springfield Centre (2008). *A Synthesis of the Making Markets Work for the Poor (M4P) approach*. <http://www.springfieldcentre.com/wp-content/uploads/2012/10/sp0804.pdf>

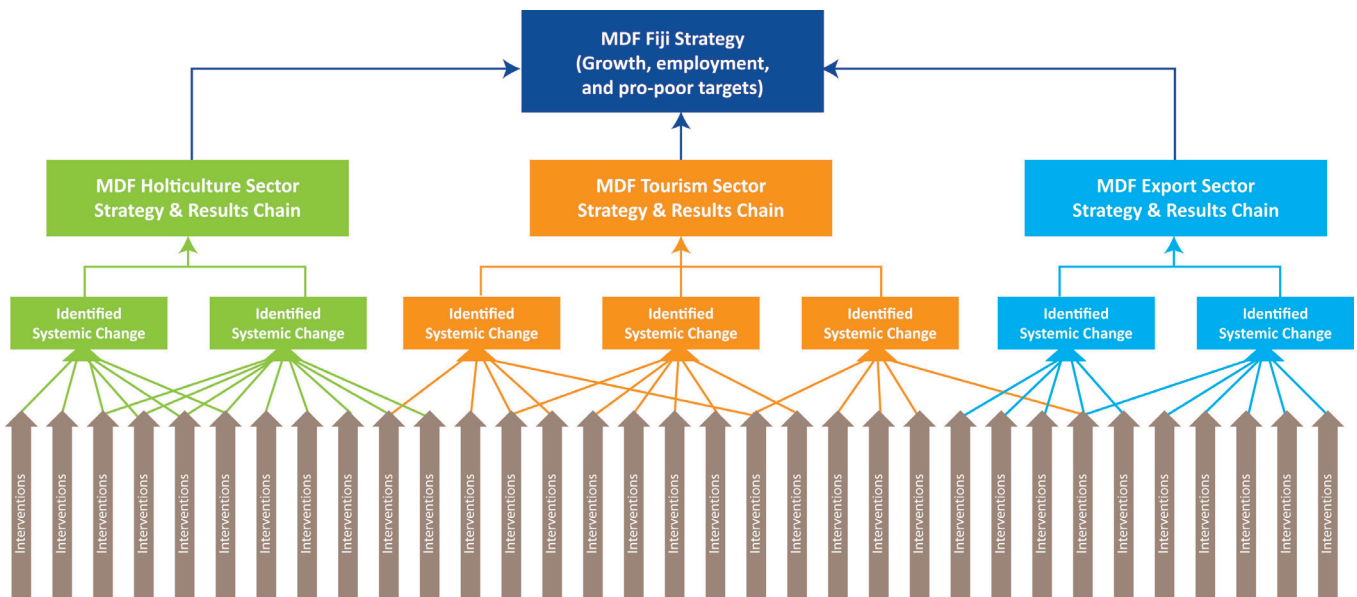


Figure 3: Integration of systemic change with market and country strategy³.

sector by assisting one or a few partners to adopt a new business model or innovation, the ambition for change is much broader. Ultimately it is about populating a systemic change area with partners driving, owning and improving upon innovative best practices and business models that are required to make change sustainable in an efficient and effective manner.

Crucially, these ‘pathways to systemic change’ will vary from one systemic change area to the next, from one sector or market system to the next, and from one country to the next. In some sectors and countries, especially those with a large pool of relatively mature market players and no significant entry barriers, companies may take over best practices that have been demonstrated to work by an early adopter (‘crowding in’). In other sectors and countries the entrepreneurs, their skills or their (financial) capacity may simply not be there for this to happen in an autonomous manner and other pathways to systemic change may need to be considered, such as those involving more donor support or other sectoral change agents (e.g. government or banks).

MDF will seek to minimise its footprint in a sector and strive to trigger and support self-propelled autonomous change. At the same time it will not wait for something that is unlikely to happen and will place itself where it can be most useful, without compromising on sustainability. Whatever the exact pathway, the end goal is that gradually the improvements in the market will become entrenched and market players will possess the incentive and capacity to continue and/or further improve over time leading to a greater number of beneficiaries.

As mentioned above, the framework presented below outlines a pathway for achieving a high degree of systemic change by defining what that change is expected to include along six key parameters. Together, these define the quality of change referred to above. MDF then proceeds to populate this space with partnerships. As each pathway take its own course and in time, along all these pathways, MDF will be able to show and manage the progression towards achieving systemic change.

³ MDF IAG 2015 Fiji Mission Report

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THE MDF FRAMEWORK FOR DEFINING AND POPULATING PATHWAYS TO SYSTEMIC CHANGE

3.1 The systemic change pathway explained

Competitiveness and change in sectors do not depend only on the actions of MDF. Sectors are complex and are influenced by a wide variety of factors such as global markets, changes in the policy and regulatory environment, the availability and quality of infrastructure, the cultural context and the environment. Some changes introduced by MDF will catch on quickly; others have faced barriers and moved slowly or not at all. MDF must be able to define which change areas it needs to focus on to make growth more robust and inclusive and then monitor progress towards achieving the quality of change that can be called ‘systemic’.

For this purpose MDF developed its Systemic Change Framework as outlined in Figure 4. This framework is applied separately to each key strategic change that MDF aims to foster within a sector or market system. The annexes to this Strategic Guidance Note provide a detailed example of how the framework is applied in Fiji.

Application of MDF’s Systemic Change Framework requires a deep understanding of a sector as well as experience working with market players to address constraints to pro-poor growth. The first step in applying the Framework is to develop an inclusive, pro-poor growth strategy for each sector. This sector strategy is typically based in on an Inclusive Analysis of Growth, Poverty and Gender at the sector level combined with a Household Level Analysis of Poverty and Gender Dynamics and defines a vision for inclusive growth as well key constraint areas to inclusive growth. MDF will then proceed to launch partnerships aimed at reducing the constraints identified and unlocking inclusive growth. At the same time, MDF uses the framework outlined

above to further define its ‘strategic intent’ for a sector, as accurately as possible given that it will learn more from implementation about what is really needed and realistically feasible.

Please refer to Annex 1, which shows how an inclusive sector growth strategy (for the Horticulture sector) feeds into the country strategy, and how systemic change areas support the inclusive sector growth strategy. As mentioned, for each systemic change area, MDF applies the systemic change framework; the introductory section justifies the rationale for identifying the systemic change (see also Figure 3 above, which showed the connection between systemic change areas, sector strategies and country strategy).

Importantly, in time, based on the experience gained from implementing the first partnerships within a sector, it becomes clearer which systemic changes the programme should focus on. As the programme discovers more through implementing its partnerships within the sectors, it becomes clear that some constraint areas appear to be dimensions of, or seem to coalesce around more deep-seated problems. MDF then develops a better idea of which changes the market is ready for, and which changes requires more innovative approaches to address the problems. Through the interplay between traction gained through partnerships and strategic intent, emerges firmer systemic change areas, which then become the ‘compass’ for programme implementation in the sector. This typically happens around two years into implementation as the first batch of partnerships start to yield results.

MDF Systemic Change Pathway

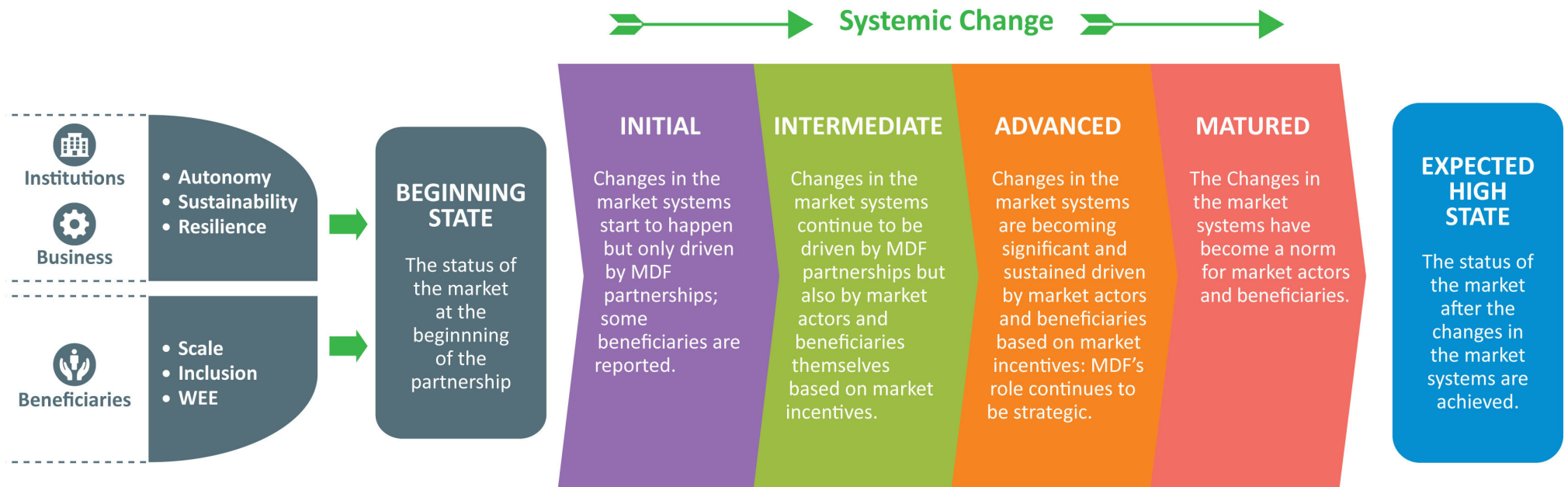


Figure 4: MDF Systemic Change Pathway

To help define (and manage, monitor and communicate) the dimensions of change that deserve to be labelled ‘systemic’, MDF asks two fundamental questions: 1) are there appropriate incentives for market players to interact with poor people and to continue, expand and adapt the new business model; and 2) is the adoption and adaptation of the new business model continuing to serve the interests of poor men and women? For each question it has defined three key parameters.

Table 1 reiterates these questions and briefly defines the parameters related to this. It should be noted that the first three parameters refer to the strength of the business case underpinning the change, and other three parameters refer to the beneficiaries of the change. Together they define the quality of change as well as the scale of change, making it truly ‘systemic’.

Table 1: Parameters with Systemic Change Framework

Questions	Parameters	Definitions
Are there appropriate incentives for the market players that interact with poor people to continue, expand and adapt the new business model?	Autonomy	Independent action by businesses or other market players to adopt and/or improve a business model promoted by the programme.
	Sustainability	The extent to which the business model promoted by the programme is sustainable and/or profitable.
	Resilience	The extent to which the market system supporting the business model can adapt to stay competitive, take advantage of new opportunities and recover from adverse shocks.
Is the adoption and adaptation of the new business model continuing to serve the interests of poor people?	Inclusiveness	The extent and depth to which the business model as practiced by market players includes and benefits the target group
	Scale	The proportion of the potential target group that gets the goods, services and/or jobs promoted by the programme.
	Women’s Economic Empowerment	The extent to which the business model includes and benefits women in income, access to opportunities, assets, life chances, jobs workload and decision making.

Then, by asking these two questions using these six parameters, the programme needs to define a ‘beginning state’ for each parameter. This is the state of the sector or market system at the start of the implementation process (‘at the beginning of the pathway to systemic change’). Once the programme is being implemented it define the key market or regulatory gaps it seeks to address to make the market system work better.

This is followed by a description of the ‘end state’ for the same parameter. It outlines how the programme wants to see the market system work. If this state is achieved, the work is done. The end state should be defined around the needs of the market to work well. Therefore it may occur

that the programme defines an end state that it cannot achieve given its current resources and implementation window (contract duration). This makes the Systemic Change Framework a management tool not only for the programme, but also for its investors. It starts to define the ‘total potential’, the ‘total need’ and the ‘total time and resourcing’ required to meet those needs.

As mentioned, the space between the beginning state and end state is the gap in the market system that needs to be filled, the pathway to systemic change that needs to be populated. MDF identifies four stages of progression along this pathway, captured for each parameter. These stages are ‘initial’, ‘intermediate’, ‘advanced’ and ‘matured’.

Please refer to Chapter 4, about measuring progress against the framework, in which these stages for each parameter are further explained. Please also refer to Annex 2 in which these stages for each parameter are summarised. The tables in Annex 2 provides a visual aid to see the extent to which market players are adopting changes and where more focus may be needed to ensure sustained and expanding benefits after the programme ends. Please refer to Annex 3 to see this applied for the Horticulture sector in Fiji. Note that the arrows on the right side of the tables indicate a rough assessment of status of progress towards systemic change and what needs to be done going forward.

In time, MDF will make progress against these parameters, but not at an equal pace (there may be very inclusive partnerships that lack scale and to some extent resilience, and partnerships that are strong on autonomy and scale, but less on WEE). Each partnership design needs to be strong and sustainable enough to be considered for co-investment by MDF, but no partnership is perfect. By managing its portfolio MDF will ensure quality of change at scale in a systemic manner. Nevertheless, MDF does not expect that all changes will reach the same level of institutionalisation in the market

system within the life of the programme. Some changes may only reach an initial or intermediate level of systemic change, while others may reach an advanced or matured level of change. Using the knowledge and understanding gained from several years of experience, MDF can project the level of systemic change it expects to catalyse two years beyond the life of the programme.⁴ MDF assesses the progress of systemic change against these projections and analyses why change is happening faster or slower than expected. This helps the programme to better understand market dynamics and adjust its strategies appropriately.

Finally, for each parameter, MDF will describe the beginning state and end state of where it is situated in moving forward along the pathway to achieve systemic change (this is not visible in Figure 4, but included in the space below 'beginning state' and 'end state' in Annex 3 for Fiji's Horticulture sector). This helps the reader understand how far MDF has progressed in terms of achieving its strategy objective, with whom (which partners), and why. As implementation and insight progresses, MDF periodically updates these stories (as well as, if needed, the desired 'end state').

⁴The processes of change that MDF catalyses during the programme will continue beyond the end of the programme. MDF uses the DCED recommended two years post programme timescale for its projections.

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MONITORING PROGRESS ON THE PATHWAY TO SYSTEMIC CHANGE

4.1 Applying the six parameters for defining, managing, monitoring and communicating progress along the pathway to systemic change

In applying the framework to assess systemic change, MDF gathers information on a range of qualitative and quantitative indicators related to the six market parameters. MDF uses a mix of methods to gather information, relying both on the day-to-day interactions of staff with market players, market observations as well as more formal studies when necessary. The assessment of progress is integrated with MDF's established results measurement processes.

Progress in three of the market parameters – autonomy, sustainability and resilience – are assessed based on information about businesses and other organisations that provide goods, services and/or jobs to poor people. The other three parameters – inclusiveness, scale and women's economic empowerment – are assessed primarily on information from and about the poor people who benefit from goods, services and/or jobs being offered. With gender, the analysis also involves understanding how and to what extent it impacts on women's economic empowerment

The key aspects that MDF considers when assessing each of the parameters are:

Autonomy: Independent action by businesses or other market players to adopt and/or improve a business model promoted by the programme. Autonomy takes into account firstly if partners are complying with their commitments under their partnership agreements with MDF. Secondly, MDF assesses the extent to which

partners are going beyond the agreements with MDF. Finally, MDF examines to what extent this practice has become a norm in the market place.

Sustainability: An objective look at how sustainable the business model is as promoted by the programme. This measures the extent to which the market and consumers are accepting this business model, the economic returns the business model is getting, and whether or not there is reinvestment in further developing the business model.

Resilience: The extent to which the market system is supporting the business model to continue, adopt, adapt and stay competitive, take advantage of new opportunities and recover from adverse shocks. Resilience is dependent on changes in the market system that support, reinforce and extend the business model promoted by the programme. These changes may include:

- New initiatives in supporting markets, such as improvements in the availability of finance for the business model or sustained coverage in broadcast media or improved logistics services that support the business model
- Improvements in public/private cooperation that support the business model, such as public/private cooperation in agricultural research or improved public/private dialogue regarding import or export regulations

- Improvements in government policies, regulations or programmes that support the business model, such as changes in import or export regulations or new agricultural extension services
- Improvements in learning and innovation systems that make it easier for more businesses to adopt or adapt the business model, such as associations providing information to businesses or media coverage that helps businesses learn about the business model
- A change driver, such as an association or lead firm, emerges or improves to encourage businesses to adopt the business model and lead and promote pro-poor innovation in the market system.

Inclusiveness: The extent to which the business model is practiced by market players and includes and benefits the target group. There are two dimensions to this important parameter. First there is the spread of benefits derived from better business models. Secondly, there is the ‘depth’ of individual benefits derived from better business models. MDF also assesses the extent to which the business model is reaching key segments

of the target group such as minorities or disadvantaged communities.

Scale: The proportion of the potential target group that get the goods, services and/or jobs promoted by the programme. Increased scale comes through programme partners expanding the business model to include more poor women and men and additional businesses adopting the model, or both.

Women’s Economic Empowerment: The extent to which the business model includes and benefits women and the proportion of women it reaches relative to the potential. It measures the extent to which women are getting better access to services, opportunities, assets and jobs from the business model and how much interest businesses have in targeting women. It also measures the extent to which the business model impacts/enhances the decision making power of women. To further add to this, MDF places considerable importance on addressing issues relating to Women’s Economic Empowerment through mainstreaming this issue into MDF strategies and processes. Including Women’s Economic Empowerment elements in the Systemic Change Framework is a reflection of that importance.

4.2 Defining progress along the four stages of the pathway to systemic change

An analysis of this information enables MDF to categorise the progress of systemic change as initial, intermediate, advanced or matured for each parameter. Categorisation is based on the following guidelines.

Businesses and institutions - autonomy, sustainability and resilience:

Initial: MDF partners are complying with their commitments under their partnership agreements to adopt the business model. Commitments include actions such as investing in equipment, hiring and training new staff and reaching out to poor people as suppliers, buyers or potential employees. Merely signing the agreement is not considered as a sign of systemic change and hence the stress on complying/implementation of activities by the partner as per the agreement.

Intermediate: MDF partners are taking initial action beyond what is included in specific partnership agreements to adopt, improve or apply the business model. For example, they are investing in equipment or staff training beyond what they committed to, examining how to apply the model to other areas or considering

how to adapt the model for new products not included in the agreement with MDF. However, no other market players are yet showing interest in the business model.

Advanced: MDF partners are taking significant and sustained action to adopt, improve and apply the business model beyond what is included in specific partnership agreements and other market players are showing interest in the business model. For example, MDF partners are applying the business model to new areas and products and/or independently training new staff to apply the business model and other market players are inquiring about how to apply the business model or how to initiate actions to support the business model, such as new services or improved government programmes or regulatory changes.

Matured: MDF partners are operating the business model independently and sustainably as a norm; other market players have begun to adopt the business model with or without assistance from MDF. The business model has begun to be widely accepted as a smart business strategy. In some thin markets, other market players are non-existent and hence the actions of the partner

are taken as a guide for defining the matured stage of systemic change. For example, in Fiji, there is only one market player engaged in agricultural lime production and retailing and that is the partner MDF is working with.

Assessment of current Status: Based on the extent to which MDF is observing systemic change along these parameters, directional arrows are presented to provide an overview of momentum in the market and what needs to be done going forward.

Beneficiaries – inclusiveness, scale and Women’s Economic Empowerment

Initial: People from the target group are benefiting from the business model as specified in the initial partnership agreements.

Intermediate: More people from the target group and/or new segments of the target group are benefiting from the business model beyond what was included in the initial partnership agreements. For example, MDF partners are reaching poor women and men beyond the areas initially agreed or are benefiting more remote communities than initially envisioned in the agreement.

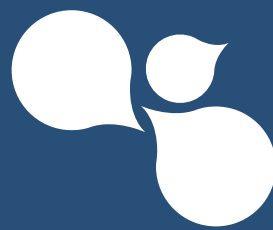
Advanced: Significantly more people from the target group and/or new segments of the target group are regularly and consistently benefiting from the business model; the reach of the business model and/or the segments of the target group it benefits are clearly expanding. For example, MDF partners have established long term, transparent and beneficial relationships with

poor producers beyond those initially included in the partnership agreements, or companies applying the business model are expanding employment beyond what was included in partnership agreements.

Matured: A significant and sustained proportion of the target group is benefiting from the business model, with the business having a vested interest in targeting such beneficiaries. Market players, including poor women and men, accept the business model as a common business norm. For women it leads to increased decision-making power.

Assessment of Current Status: Based on the extent to which MDF is observing systemic change along these parameters, an assessment, represented by directional arrows, is presented to provide an overview of the extent of impact and what needs to be done going forward.

Taken across all six parameters, this assessment provides a snapshot of the progress towards MDF’s vision for the market system change. Tracking and analysing the progress of systemic change helps MDF determine which strategies are working well, which need adjustment and where new strategies are needed to promote the key market changes that will underpin long-term, pro-poor growth in target sectors. MDF also uses the framework to communicate progress within the programme, with key stakeholders and to the wider development community. Annex 2 provides a table that further elaborates the assessment framework.



ANNEX 1

**Example of a Country Strategy,
Sector Strategy and Systemic
Change**

Annex 1: Pathways to Systemic Change in Fiji

Summary MDF Fiji Country Strategy

Poverty

Fiji is a middle-income country. Nevertheless, 35 per cent of Fiji's population is classified as poor and/or vulnerable to income shocks. The following outlines causes and/or concentration of poverty in Fiji.

- Traditional cash crops for export such as sugarcane and copra have become less profitable. The domestic market for food crops is mostly saturated; farmers grow a variety of crops in small quantities and are not very specialised; yields are low. There is a need for new markets for agricultural produce.
- There is rural-urban drift, which results in urban unemployment (and, in places, a rural labour shortage). Urban services have been expanding, but not enough to absorb all available labour. Employment in manufacturing and processing has been shrinking and only recently started to grow again. There is a need for employment opportunities outside agriculture, especially for lesser-skilled workers.
- Cyclones and droughts can jeopardise rural livelihoods; regular sources of income and means to save income help households deal with shocks.

Economy

With a decline in traditional export cash crops, in which the state has a strong presence, new growth needs to come from new entrepreneurs and/or new markets. Growth is constrained by:

- Small domestic markets; growth needs to be export-led.
- Small local entrepreneurial base; indigenous-Fijian business are underrepresented.
- Small, often first-generation businesses limited access to bank finance and other specialised support services (the Fijian market is too small to support them); entrepreneurs need to perform many

business functions in-house, while their financial and managerial capacity may be limited. Skilled labour is in short supply. Fiji ranks poorly (160 out of a possible 189) on the World Bank Doing Business Index for starting up a new business.

MDF Focus in Fiji

In Fiji MDF focuses on:

- Encouraging (mostly export-led, but also tourism-led) diversification and commercialisation in agriculture ('turning farming into a business').
- Creating off-farm employment for those who have left the land (in tourism, in processing).
- Support local entrepreneurship in niche markets (mostly tourism-led, but also export-led).
- Develop better business services; improve aspects of the Business Enabling Environment.
- Ensure geographic inclusion.

This will be achieved by working in the following 'growth engines' of the Fijian economy – Horticulture and Agro-Export, Tourism and Related Support Services and Industries, and Export Processing.

Women's Economic Empowerment (WEE)

All sectors are relevant for WEE, integrated in the systemic change pathways (see below).

Alignment with Government of Fiji

A key strategic priority area for the Ministry of Agriculture is on improving delivery of support functions/ services to the agriculture sector. These include farm mechanisation, value addition through processing (juice from pulps), availability of inputs (seeds, nurseries) and research and extension services. These are also the areas that MDF is addressing through its systemic change in the horticulture sectors (see below).

Horticulture and Agro-Export

Scale, constraints and opportunities

Depending on the source there are between 65,000 and 75,000 farming households in Fiji and it is estimated that about one third are commercially oriented.⁵ In addition to this there are 51,000 persons employed in the sector. The Horticulture and Agro-Export sector, broadly defined, targets the commercially oriented farmers in horticulture (including those moving out of sugarcane into horticulture) as well as those farmers involved in a range of in export crops (such as root crops, noni and virgin coconut oil) as well as those employed by these farmers or in the processing industries around the farming sector. Constraints and opportunities in the sector are as follows:

- There is demand for Fijian produce overseas, mainly from the Pacific/Fijian community in Australia, New Zealand, USA and Canada, but also from other customers (e.g. China). There are around 25 exporters involved in exports, each sourcing from on average 150 farmers. While they have the ability to be major 'pull factor' in agriculture, they struggle to fulfill orders because of a range of issues related to their own business management, prevailing farming practices as well as the environment in which they have to operate.
- Farmers lack access to information on cultivation practices as well as the inputs (e.g. seed varieties) to meet export demand and standards. Crop covers and irrigation are hardly used. In terms of farm labour, certain subsectors (e.g. sugarcane) and areas (e.g. Vanua Levu) are reporting labour shortages. The government extension service is seen as a key provider of inputs (mainly seeds) and information, but is under-resourced and under-staffed. Other than the export and hospitality markets, farmers struggle to access markets to sell their produce.
- The agricultural input business is nascent. There is only one seed importer, one crop care importer, and a few retailers (less than 20, of which only 5 are specialised). The availability of farm implements is limited.

The position of the poor in the sector:

The poor come from both ethnicities prevalent in Fiji: Native Fijian and Indo-Fijians. For Native Fijian's, other than the constraints stated above, communal obligations and long distances to markets contribute to their lower income levels. For Indo-Fijians, access to land and choices

of crops are underlying specific reasons for their poverty. With such low levels of production, farm labourers also struggle to obtain consistent work. In general, farmers who focus on commercial fruits and vegetable production tend to be better off than those farming root crops because fruit and vegetables fetch better prices and can be produced in different seasons. With sugarcane, factors such land lease expiry, rising input costs and low productivity have all compounded to create a very difficult picture for the small holder sugarcane farmers.

The position of women in the sector

Women from both ethnicities are very much involved in agriculture. Native Fijians are more involved as farm labour and retailing of produce whereas Indo-Fijians work more as family labour in harvesting and post-harvest activities (such as grading and sorting). Women's workload is around 30% more than men. The majority of the workforce in exporter's facilities tend to be women, involved in processing of agro produce. Access to proper skills, farming tools and knowledge are key limiting factors for women to help them increase their farm productivity and income. Decision-making is very much a shared process in the farming household. Hence both men and women discuss among themselves to decide where and how to spend their income from farming.

What MDF wants to do in this market and how?

Exporters work more closely with farmers providing access to inputs and/or extension services to ensure supplies of required quality and quantity of agro produce in a timely manner.

Exporters are not well organised; most of them are first generation businesses, lacking any sort of backward integration with farmers. On average they deal with products from around 150 farmers through spot purchases with very weak cross learning mechanisms existing between exporters. This implies that, for MDF to reach scale and affect a resilient and sustainable change in the market, it needs to work with at least half of them, to improve backward linkages, increase the volume and number of farmers reached and promote the growth of support industries (transport, finance and packaging) which at present do not exist. It is expected that once such scale dimensions are reached, the market will become self-reliant and backward integration will be practiced by enough exporters to become the norm in the marketplace. In terms of choice of crops, MDF

⁵ Ministry of Agriculture, Fiji "National Agriculture census Fiji" 2009

focuses on fruits, vegetables and root crops. The ethnicity of the farming population is mixed for these crops, with indigenous Fijian farmers having a higher proportion of root crops. Within MDF's lifetime, at least 2,000 farmers are likely to benefit from such a strategy and around 100 full time equivalent (FTE) jobs in farm labouring are expected to be created. Women, as part of the farming household, are expected to benefit in terms of better access to services, skills and reduced workload (eg from farm gate pickup). This is expected to contribute to their increased decision making and empowerment. The work with exporters' falls in line government priority as it focuses on linking important services as in information, transportation, storage and processing to farmers and end markets.

Agro Input providers expand their reach and/or diversify their product base to better serve the interests of small farmers in Fiji in a commercial manner.

The agro input industry is nascent. The two large players have near market monopoly and are very traditional in their approach; consequently it is a sellers' market with the farmer having little choice about what to buy. There are very few dedicated agro input retailers (less than five) with agro inputs being also available at some hardware stores (around 25 stores). Traditional farming practices and lack of adequate farming knowledge means that many farmers do not have understanding of, access to, or the means to procure adequate inputs, other than fertilizer which is subsidized, sold and distributed to almost all sugarcane farmers by the government. Fiji's soil is acidic and is in need of liming.

For MDF to have a meaningful impact, it needs to bring more input players into the market, address the issue of soil acidity and also ensure adequate reach. It needs to work with input retailers in innovative distribution and promotion schemes. Additionally, since root crops and other major export items require suckers and seedlings for cultivation, MDF needs to work with tissue culture/nurseries as well. Overall, this implies MDF needs to work with at least three to four input providers (nurseries and seed merchants) and to promote more geographic coverage and enhance outreach. MDF also needs to work with the majority of the dedicated input retailers and some of the hardware stores. It expects to reach around 10,000 farmers through this strategy. With work on packaging and distribution, increasing numbers of poor farmers are expected to be reached with affordable products. This again is in line with the government interest of promoting better access to inputs to farmers. Women in farming households are expected to benefit in terms of

better access to inputs, skills and knowledge. Productivity is expected to increase as a result, potentially leading to more income, a greater role in decision making and empowerment.

What does MDF wants to achieve?

Through working in this sector, MDF expects to benefit around 10,000 farmers in term of increasing yields, and incomes and to create around 800 FTE jobs. Since benefits in farming households are shared, about 5,000 women are expected to benefit in terms of better access to skills, decision-making and reduced workloads.

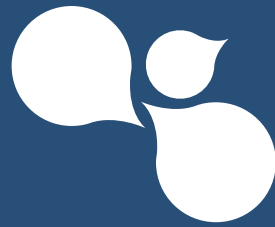
Why this strategy?

For the horticulture sector to grow more inclusively, it is essential that MDF's work helps open markets for farmers. In parallel, input providers need to be motivated to increase their reach so that farmers have more understanding and are using inputs appropriately.

Working with input providers is expected to deliver more immediate, large scale outreach (around half of the commercial farmers), whereas the work with exporters is expected to help establish mechanisms allowing these farmers to gradually sell their produce to growth markets.

Building infrastructure e.g. irrigation systems, drainage systems and drying sheds are all constructive options for MDF to follow. However they require substantial investments from MDF or elsewhere. Since there are no adequate partners, MDF would either need to build and intensively handhold a potential partner (e.g BMO or a farmers' cooperative) or work with a government agency such as the Ministry of Agriculture or a provincial council. Both options would require resources and adequate time (two to three years) to have an impact of sufficient scale.

Beyond that, two other areas remain: one is working with support industries, which MDF is already doing through its export market strategy, and the other is on the policy front. On policy, market actors, norms and interests are still emerging. Bodies like the Fiji Crop and Livestock Council and Tei Tei Taveuni,(TTT) have shown they can influence government policy and actions however, for both these associations, either their scope remains narrow or more acceptance is required from the market in terms of representation. For MDF it makes sense to wait for a period (12 to 18 months) to identify the right partner to work with. As the situation stands now, policy-related work will likely require a long-term strategy to create sustainable impact.



ANNEX 2

MDF Systemic Change Framework Assessment Table

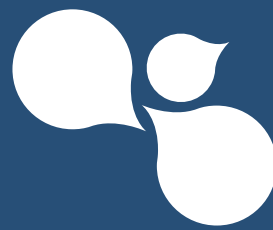
The table below summarises the key questions used to determine the level of systemic change for each parameter.

	Levels of Systemic Change				Assessment of the current status
	Initial	Intermediate	Advanced	Matured	
Autonomy	<ul style="list-style-type: none"> Are partners complying with their commitments in the partnership agreement(s) in order to adopt the business model? 	<ul style="list-style-type: none"> Are partners independently taking action beyond that agreed in the partnership agreements to adopt, improve or apply the business model? <p>and/or:</p> <ul style="list-style-type: none"> Are others businesses taking an interest in the business model? 	<ul style="list-style-type: none"> Are partners taking independent, significant and sustained action beyond that agreed in the partnership agreements to adopt, improve or apply the business model? <p>and/or:</p> <ul style="list-style-type: none"> Are other businesses/ organisations taking actions in order to adopt the business model? 	<ul style="list-style-type: none"> Are other businesses/a critical mass of businesses/leading businesses taking significant action to adopt or improve the business model (i.e. is this becoming a market norm or a norm amongst key players)? <p>and/or:</p> <ul style="list-style-type: none"> Do businesses and organisations widely accept the business model as a smart business strategy? 	<ul style="list-style-type: none"> From the service provider perspective, do the systemic change indicators point to a sustainable, resilient business model?
Sustainability	<ul style="list-style-type: none"> Is the business model providing the partner(s) with steady, consistent and adequate sales? Is the product/service being purchased/taken up by end users? 	<ul style="list-style-type: none"> Are sales related to the business model increasing? Is the number of products/services being purchased by end users increasing 	<ul style="list-style-type: none"> Is the partner now making a profit (return on investment) from the business model? Are there repeat users of the product/service? 	<ul style="list-style-type: none"> Is the partner now making a sustained profit/seen a growth in profit (over multiple business cycles) from the business model? Has the partner reinvested in the business model? 	
Resilience	<ul style="list-style-type: none"> Do other providers (e.g. in support markets) exist that have vested interests in reinforcing the model? 	<ul style="list-style-type: none"> Are those other providers undertaking initiatives that reinforce/support the resilience of the business model? 	<ul style="list-style-type: none"> Are those other providers/a key provider undertaking multiple relevant actions/a key relevant action to reinforce/support the resilience of the business model? 	<ul style="list-style-type: none"> Are those other providers/a key provider undertaking a significant relevant action/significant relevant actions to reinforce/support the resilience of the business model? 	
Inclusiveness	<ul style="list-style-type: none"> Are people in the target group gaining access to services, products and/or jobs as outlined within the partnership agreements? How much additional gains are they obtaining (e.g. income gain or saving)? 	<ul style="list-style-type: none"> Are more poor people benefitting from the business model? (Continue to refer to the gain). 	<ul style="list-style-type: none"> Are significant numbers of poor people benefitting from the business model? Do businesses have a vested interest in designing the business model so that it partially targets the poor? (Continue to refer to the gain). 	<ul style="list-style-type: none"> Are significant, sustained numbers of poor people benefitting from the business model? Do businesses have a sustained vested interest (over multiple business cycles) in designing the business model so that it sufficiently targets the poor? (Continue to refer to the gain). 	<ul style="list-style-type: none"> From the beneficiary perspective, do the systemic change indicators point to an inclusive business model at scale that improves Women’s Economic Empowerment?

		Levels of Systemic Change				Assessment of the current status
		Initial	Intermediate	Advanced	Matured	
Scale	<ul style="list-style-type: none"> Are people⁶ gaining access to the services, products and/or jobs provided as a result of the business model? 	<ul style="list-style-type: none"> Are more people gaining access to the services, products and/or jobs provided as a result of the business model? 	<ul style="list-style-type: none"> Are significantly more people gaining access to the services, products and/or jobs provided as a result of the business model? 	<ul style="list-style-type: none"> Are significantly more people gaining access to the services, products and/or jobs provided as a result of the business model over a sustained period (i.e. multiple income increments)? 		
WEE	<ul style="list-style-type: none"> Are partners providing women with access to services, jobs and other benefits? 	<ul style="list-style-type: none"> Are women continuing to have access to these services, jobs and other benefits? <p>and/or:</p> <ul style="list-style-type: none"> Are more women gaining access to these services, jobs and other benefits? 	<ul style="list-style-type: none"> Are significantly more women gaining access to these services, jobs and other benefits? Are women seeing an increased benefit (income, access, time savings) as a result of their access to these services, jobs and other benefits? Do partners see a vested interest in targeting women and do they act on this? Are there signs that they have increased decision making power over the benefits (income, access, time savings) accrued as a result of this access? 	<ul style="list-style-type: none"> Are significantly more women gaining sustained access to these services, jobs and other benefits? Are women seeing a sustained increased benefit (income, access, time savings) as a result of their access to these services, jobs and other benefits? Do other businesses/a critical mass of businesses/leading businesses see a vested interest in targeting women and do they act on this? Are there broader signs of increasing Women's Economic Empowerment? 		

Systemic Change Overview: Provides an explanation of what the sector looks like, the partners MDF is working with and, most importantly, the signs of impact, in light of the systemic change being observed.

⁶ Each sector needs to be specific about the target group – i.e. whether this is determined e.g. on a geographical area (i.e. remoteness), or by ethnic group etc. This information should be explicitly included here.





ANNEX 3

Systemic Change in a Specific Sector in Fiji

Monitoring progress towards a high level of systemic change

Horticulture Sector Projections for 2 years after Phase I

Systemic change	Exporters work more closely with farmers providing access to inputs and/or extension services to ensure a supply of required quality and quantity of agro-produce in a timely manner
Innovations	Private Extension, supply chain integration, access to finance and logistics, processing, institutional strengthening
Relevant Partners	South Pacific Elixirs, Bens Trading, Maqere Exporters, Herbex Exporter, CDP

Market Actors	Market Parameter	Beginning State	Initial	Intermediate	Advanced	Matured	Expected High State	Assessment
Businesses and Institutions	Autonomy	Other than what has been agreed with the partner in the agreement, there is no active interest to expand supply chains and support services to their farmers.					Major exporters see the value of interacting directly with farmers as a supply chain and initiate activities on their own to include more farmers.	 <p>The business case is showing more ownership but needs to be supported more to make it more resilient and more commercially driven</p>
	Sustainability	Exporters are reluctant to invest in strengthening a supply chain that includes small farmers and prefer spot transactions.					Exporters widely recognise the business case of setting up and managing their supply chains and providing extension services to small farmers as a profitable, long-term strategy.	
	Resilience	There is limited market mechanisms (logistics, finance, packaging) that encourages exporters to work closely with farmers; dysfunctional public sector cooperation distorts incentives for exporters to work with farmers directly.					The horticulture sector enjoys robust public/private cooperation, appropriate finance and logistical support and readily responds to new market opportunities. Public sector effectively support exporters to work with farmers.	
Beneficiaries	Scale	Most farmers have limited access to export markets and information to increase productivity and volumes, diversify and commercialise.					At least 25 percent of farmers are integrated into export supply chains and market information channels to increase productivity and volumes, diversify and commercialise.	 <p>Good impact is being achieved in terms of inclusiveness and scale. The impact on WEE is likely to flow on.</p>
	Inclusiveness	Exporters tend to choose larger farms as regular suppliers; hardly any include small farms as suppliers other than those in MDF partnerships. Information and extension support also tends to be focused on larger farmers. For these farmers, farming is their sole income.					Exporters actively manage supply chains and cooperate with small suppliers in long-term win/win relationships. Beneficiaries report significant changes in productivity and income.	
	WEE	Women are an integral part of farming households but struggle to get market access, access to skills, farm employment leading to low income; women work an average of six hours per day on farming beyond household activities.					Exporters are doing more to involve women because of the benefits to their business. As they do, farm households and the women benefits in terms of better access, skills and employment. Due to the introduction of appropriate technology, work hours for women in agriculture is reduced. Overall women in horticulture feel more empowered.	



Systemic Change Overview

In Fiji, there are about 20 to 25 exporters who deal regularly in agro exports. They prefer to do spot transactions and are not enthusiastic about investing in building up a supply chain directly with farmers. Since the first intervention was signed in December 2012 involving an exporter working closely with farmers, MDF has been able to get four more exporters interested in improving their extension services to farmers or on strengthening their backward linkages with farmers. While other exporters have also shown similar interest none of them have yet to embark on such activities on their own. For the existing MDF partners, two of them see the benefits of working closely with farmers and have come up with small variations to get more out of such activities. Two have yet to start on extension services owing to other priorities, while the remaining one is struggling with operations owing to cashflow and external issues. The former two are continuing on with such interactions with farmers and, as a result, are beginning to understand better the needs of small farmers. In the area of resilience, although certain discussions are taking place with banks and logistics services, no agreement has been signed with MDF which would allow for better support services being made available to such exporters. Assessments so far indicate that farmers are benefitting from such schemes with the key point appearing to be the quality of the extension service. Women as part of these households are also benefiting, although the issue of workload has not been addressed as yet.

Monitoring progress towards a high level of systemic change

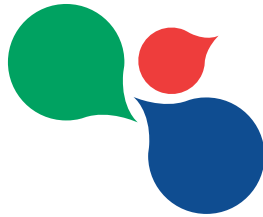
Horticulture Sector Projections for 2 Years After Phase I

Systemic change	Agro Input providers expand their reach and/or diversify their product base to better serve the interests of small farmers in Fiji in a commercial manner
Innovations	New product development, promotion, year round crops, new techniques
Relevant Partners	Standard Concrete, Devesh Bharos, Labasa Farm Depo, KK's Hardware, CDE

Market Actors	Market Parameter	Beginning State	Initial	Intermediate	Advanced	Matured	Expected High State	Assessment
Businesses and Institutions	Autonomy	Input providers are not expanding distribution and/or diversifying their products.					Major input providers see the value of serving small farmers and initiate activities on their own to tap into this market with better distribution and appropriate new products.	 Good business with ownership and market actors supporting the change
	Sustainability	Input providers are happy with the status quo where farmers have to travel long distances to retail outlets for procuring inputs.					Input companies widely accept the value of actively targeting small farmers as a profitable, long-term strategy.	
	Resilience	There is limited and dysfunctional public/private cooperation in the agro input market sales; input providers lack finance and logistical support and don't readily adapt to new market opportunities.					Public/private cooperation works effectively in the agro input market; input providers get appropriate finance and logistical support and readily respond to new market opportunities.	
Beneficiaries	Scale	Input providers focus on institutional and large purchases; there are few or no input supply companies that target small farmers.					Input companies widely recognise the value of targeting small farmers as long-term clients with appropriate and affordable products and accompanying information and services.	 Good impact but more needs to be done to ensure that there is more depth of impact relating to women
	Inclusiveness	Most small farmers have limited access to appropriate inputs and information to increase productivity and volumes, diversify and commercialise.					At least 50 percent of small farmers have access to inputs and information to increase productivity and volumes, diversify and commercialise.	
	WEE	Women are an integral part of the farming household but lack access to inputs, skills and information which constrains their productivity and income. Some of these women are beginning to get benefits from MDF partnerships.					Women are an integral part of households and have better access to inputs, information, skills, farm employment and markets. Women receive more income, have more decision making power and feel more empowered.	

Systemic Change Overview

In Fiji there are about 65,000 farmers, the majority of which are subsistence oriented. Around 14,000 are involved in commercial sugarcane production while the remaining are in horticulture including, root crops and other crops (both commercial and subsistent farmers). There are about 300 dairy farmers in Fiji. One of the biggest problems farmers face is the lack of regular access to affordable inputs, namely: seeds, Aglime, information and other agro inputs. Only a handful of companies are involved in importing and distributing agro inputs to farmers; there are a number of nurseries but few operate in a fully commercial manner. With Standard Concrete (SC), MDF is promoting the availability of local aglime which will help tackle the problems of Fiji's acidic soil; SC is showing strong signs of ownership and is moving forward to continue going sales of Aglime which has recently shown remarkable uptake. The Ministry of Agriculture has been particularly helpful in this regard. MDF works with a new partner, CDE, to develop the first dedicated agriculture program on Fijian TV will further reinforce the uptake of inputs as these are some of the important issues that will be covered in the program. Under seeds and seedlings, the work with Devesh and KK hardware is beginning to bear fruit. Already Devesh has done multiple batches of production, selling seedlings to different groups of farmers. KK hardware has been recently given the go ahead by Biosecurity of Fiji to commercially import and distribute seeds; considering that prior to this only one company was importing seeds, such an achievement is significant in improving the competitiveness of the agro input sector. To have wider scale impact, MDF is also working with an input retailer in the north to set up a distribution system; already 17 retailers have started receiving/retailing agro inputs for the first time thanks to this initiative. Further the partner input retailers have organised numerous farmer orientation programs based on MDF support. Impact wise, a significant number of farmers, including poor farmers, are reporting benefits in terms of better quality crops, higher yields and more income. Certain categories of farmers, like poultry, who were not expected to become beneficiaries are reporting cost savings by using feed produced by a local company that uses Aglime. The bulk of the total impact is coming from Aglime but the other partnerships are also showing good prospects too. Women, who are part of the farming households are indirectly benefiting in terms of increased income and shared decision making. In addition, some women are finding more part time employment as a result of the work that MDF is doing with Devesh.



- **Fiji:** Level 5, Fiji Development Bank Building, 360 Victoria Parade, Suva, Fiji Islands
- **Timor-Leste:** 2nd Street, Palm Business & Trade Centre, Surik Mas, Dili
- **Pakistan:** 95-E/1, Syed Shamshad Haider Road, Hali Road, Gulberg III, Lahore, Pakistan
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