Managing market system development – implications for donors

EVALUATION OF THE MARKET SYSTEMS DEVELOPMENT APPROACH: LESSONS FOR EXPANDED USE AND ADAPTIVE MANAGEMENT AT SIDA

Results in Development

15 September 2018

Webinar structure

Evaluation rationale and context

Findings and lessons

Recommendations

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EVALUATION RATIONALE AND CONTEXT
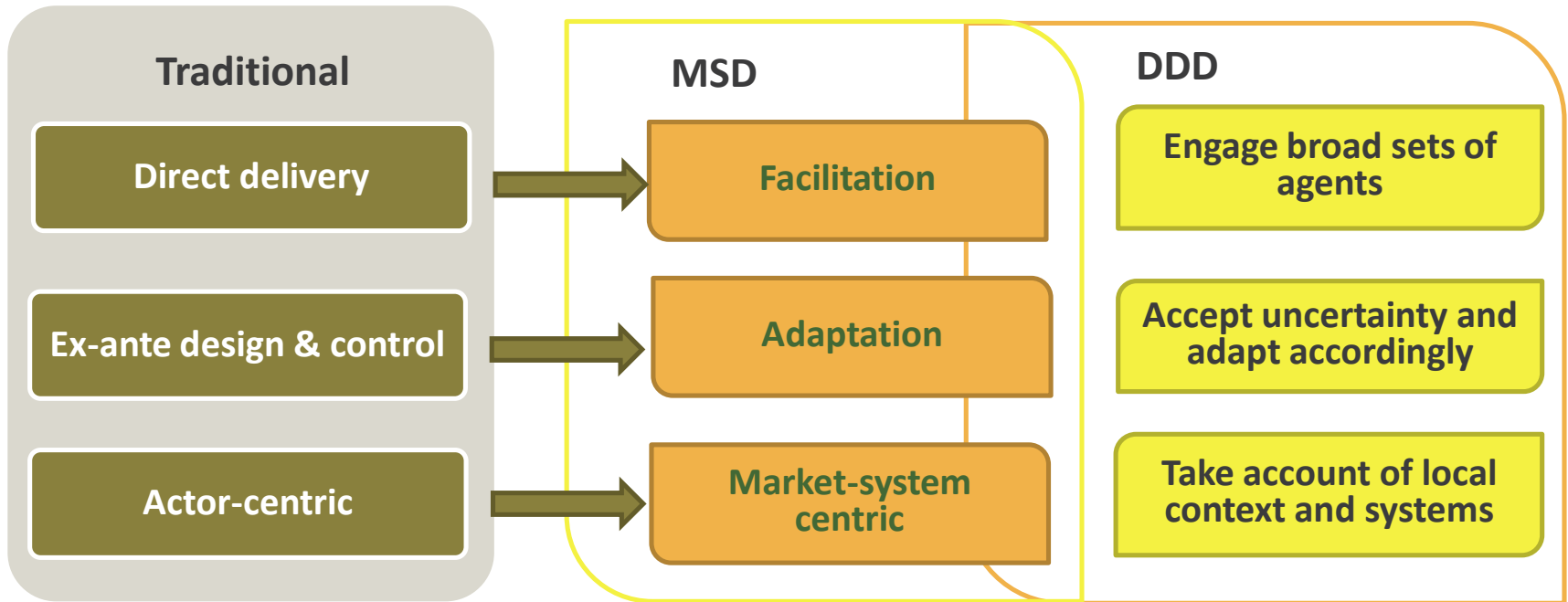
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Evaluation purpose

1. To contribute to **improved MSD programming** by Sida through better management practices.

2. To generate recommendations on how Sida can create **conducive conditions for systems approaches and adaptive programming** more generally**.**

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Market Systems Development: a case study

Traditional	MSD	DDD
Direct delivery	**Facilitation**	**Engage broad sets of agents**
Ex-ante design & control	**Adaptation**	**Accept uncertainty and adapt accordingly**
Actor-centric	**Market-system centric**	**Take account of local context and systems**

MSD programming at Sida

Years	Country	Program Title	Approximate Budget
1999-2005	Uganda	ILO – FIT/SEMA	0.92 MUSD
2003-2008	Bangladesh	Katalyst	2.9 MUSD
2004-2014	Global	CGAP	400 MSEK
2005-2009	Sri Lanka	ILO Entergrowth	27 MSEK
2010-2014	Uganda	International Rescue Committee – PEEP	38 MSEK
2010-2017	Kenya	Financial Sector Development Phase III	50 MSEK
2011-2017	Zambia	Musika Phases I & II	40 MSEK
2011-2018	Regional Africa	AECF (African Enterprise Challenge Fund)	25.6 MUSD
2013-2019	Liberia	GROW	141 MSEK
2014-2017	Afghanistan	Road2Jobs ILO	60 MSEK
2014-2018	Uganda	International Rescue Committee SPEED	0.92 MUSD
2014-2018	Regional Asia	GRAISEA Oxfam	28.7 MSEK
2015-2018	Zambia	Biogas	5.2 MUSD
2015-2019	Uganda	Uganda Afribusiness Trust Initiative aBi Trust	
2015-2020	Palestine	Oxfam/Market Development Programme	91 MSEK
2015-2021	Tanzania	Financial Sector Deepening Trust – Tanzania phase III	48 MSEK
2016-2019	Ethiopia	Livelihood Support Mejang Biosphere	15 MSEK
2016-2019	Guatemala	We Effect – WEE	48.5 MSEK
2016-2020	Tanzania	Agriculture Market Development Trust (AMDT)	5.1 MUSD
2016-2020	Rwanda	Access to Finance Rwanda	25 MSEK
2016-2020	Zambia	Financial Sector Deepening	
2016-2021	Zambia	Off grid energy (REEEP)	125 MSEK
2016-2021	Ethiopia	Farm Africa: Integrated approach to improve rural livelihood	56.5 MSEK
2016-2021	Bangladesh	WEESMS	64 MSEK
2017-2020	Afghanistan	SPEDA	140 MSEK
2017-2021	Bolivia	Inclusive Rural Markets	45 MSEK
2017-2021	Guatemala	Helvetas – PRODERT M4P, scaling up phase	80 MSEK
2017-2021	Tanzania	UNDAP II – Joint UN Youth employment program	78 MSEK
2017-2021	Regional Africa	REACT SSA	58.5 MSEK
2017-2022	Ethiopia	Addis Abeba Livelihoods Improvement for Women and Youth	168.5 MSEK
2017-2022	Kenya	FSD Phase IV	50 MSEK
2017-2022	Kenya	Agriculture Sector Development Support Programme II	300 MSEK
2018-2020	Rwanda	Promoting decent work in the informal economy - ILO	30 MUSD
2017-2020	Ethiopia	Farm Africa & World Food Programme	79.5 MSEK
Jan-Sep 2018	Guatemala	Swisscontact – Inception phase	5 MSEK

Year columns shown: 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022

Overall conclusions

Sida's role in the management of projects it funds is an important determinant of the effectiveness of Swedish aid. Although progress is being made, this evaluation has identified several factors that affect Sida's ability to ensure that the optimal conditions are in place for effective Market Systems Development (MSD) and good development programming more generally.

*Sida's relatively flexible framework of rules, guidelines and systems for project management provide the space needed for staff to innovate and manage adaptively. But for this to happen consistently and effectively, Sida needs to invest more deliberately in building the **capacity** of its staff in relevant areas.*

*In addition, **leadership and incentives** are key to shaping a culture of active experimentation and learning to inform adaptation. This needs to be supported with clearer **guidance** for those at Sida involved in the design and appraisal of MSD projects and **strengthened oversight** of project performance, including through adjustments to Sida's contracts and funding agreements.*

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Donors designing, procuring, funding, managing, and assessing programs in a way that allows adaptive programming and delivery to happen

Adaptive management

Adaptive triangle

Adaptive delivery

Adaptive programming
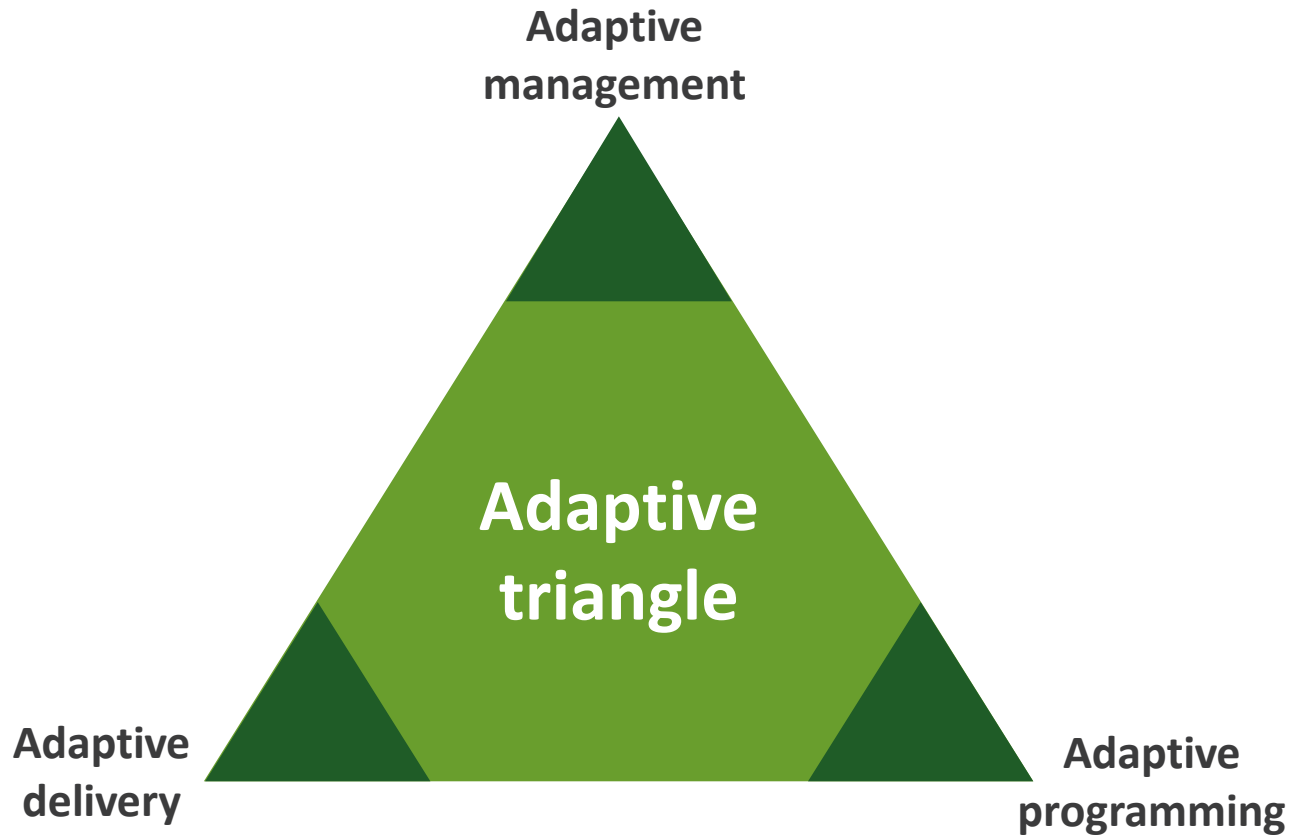
Front-line staff thinking on their feet, applying curiosity, evidence, emotional intelligence and instinct to learn, adapt, and make decisions in their day-to-day work – continually making 'best guesses', then testing and correcting, and employing 'everyday PEA'

A slower, more deliberate and structured process of stepping back to reflect, conducting more in-depth and focused analysis, and bringing in critical friends to help set new directions

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Constraints, opportunities, options for improvement

Rules, guidelines & systems

Sida's organisational capacity

Organisational culture

Staff capacities

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FINDINGS AND LESSONS

1. Design & appraisal

2. RBM & evaluation

3. Identifying & managing implementing partners

4. Leadership, incentives and capacity

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Design & appraisal

Key findings

Weaknesses in project design in our case studies included:
- Lack of strong analysis and robust ToCs
- Short project timeframes
- Funds pre-committed to specific interventions which undermined flexibility

Design quality assurance (appraisal) often questions factors that are core to MSD: e.g. lack of detailed activity plans, detailed results frameworks, or phased budgets.

Appraisal of implementing partners focused on fiduciary risk and anti-corruption (minimising risk), rather than assessing the capacity of implementers to pilot, experiment and take managed risks.

Lessons

Appraisal should consider more prominently the requirements of MSD or other systems and adaptive programming approaches.

In setting the scope for appraisal, managers need to explicitly endorse the MSD approach and its implications for project design.

All those involved in appraisal require some familiarity with adaptive management and systems approaches.

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RBM & evaluation

Key findings

The DCED Standard has not been used proactively within Sida's MSD portfolio.

We found several examples of where **highly specified results frameworks** were developed before detailed market analysis had been undertaken.

Limited guidance has been provided by Sida to implementing partners on its reporting requirements.

Very few Sida personnel have extensive training, guidance or experience in RBM.

Project evaluation has been used inconsistently, leading to missed opportunities for course correction and strategic learning.

Lessons

TOCs and the DCED Standard provide useful tools to enable good RBM for MSD projects. Mainstreaming their application across Sida's MSD portfolio would strengthen RBM.

Further clarity is required on requirements for results definition and reporting. This would assist in ensuring that projects are incentivised and held to account for facilitating long-term, sustainable change.

For Sida to use external evaluation more effectively there is a need for **firm commitments to evaluation in project planning**, and for capacity development of Sida personnel for commissioning evaluations.

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Identifying & managing implementing partners

Key findings

Sida has found it challenging to find suitably qualified implementers.

Engagement between Sida and the implementer should be based on open and constructive dialogue and not be at the expense of flexibility.

The lack of clarity on the terms of the relationship between Sida and implementing partners in adaptive management for MSD creates inefficiencies and uncertainty.

Sida isn't always effective in holding implementers to account. This is due to: (i) lack of tools for Sida staff; (ii) constraints in RBM capacity; (iii) disbursement pressures.

Lessons

MSD capability should be a primary consideration in selecting an implementing partner and there should be an explicit strategy for addressing capacity gaps.

The relationship between Sida and its implementing partners is critical – Sida needs to support and encourage a learning culture on the projects it funds.

Clarity is required on the degree of flexibility available to implementers and when Sida engagement or approval is needed.

Incentives for effective project delivery could be strengthened through:
- Explicit reinforcement that the MSD approach should be followed
- Longer contract periods with 'break clauses' in contracts

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Leadership, incentives and capacity

LEADERSHIP & INCENTIVES

MSD requires different behaviours compared to 'traditional' development programming. Rules, regulations and guidelines are not sufficient to ensure this. Leadership has a key role to play in embedding a culture of risk taking and learning from failure.

Stronger leadership endorsement would contribute to improved programming in numerous ways, for example:
- In ensuring that MSD considerations are embedded in project appraisal.
- In embedding learning and adaptation into country strategies.
- In ensuring that Sida invests in building the required organisational and staff capacities.

CAPACITY

Organisational and staff capacities are central to ensuring strong MSD management by Sida.
This should be built through greater investment in:

- Written guidelines on MSD project management
- Formal training
- Peer learning and coaching
- External backstopping support

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RECOMMENDATIONS

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Recommendations

	General programming	MSD
Organisational culture	1. Leadership should more actively and consistently support and incentivise a culture of experimentation and active learning to inform adaptative management.	2. Sida's Policy Unit needs to be better resourced to more strongly institutionalise the MSD approach.
Staff capacity	3. Develop an explicit strategy for knowledge management, human resource development, capacity development and training in: (i) MSD; and (ii) broader adaptive management.	
Rules, guidelines and systems	4. Systematise project and country strategy learning cycles.	5. Develop guidelines on MSD project management.
	6. Adjust contracts and funding agreements to: (i) provide greater clarity on the degree of flexibility available to the implementer; and (ii) provide for more robust tools to enable Sida to manage implementer performance.	

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END

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Evaluation design

Evaluation design

Utility focussed: to foster a strong sense of ownership of the process and outputs among Sida staff	Sida **organisational capacity**: policies, guidelines and systems; staff capacities; organisational culture	**Process evaluation**: to identify and assess critical processes, how they were implemented, and their effectiveness

Evaluation Matrix

Nine evaluation questions provide the focus for all data collection and analysis

Inception phase	Implementation phase
Evaluation stakeholder mapping and use strategy	
Review of MSD approach & best practice	Case study desk reviews
Review of Sida's MSD portfolio & relevant pracitices	Case study country visits

Sida project cycle

Synthesis

Analysis of data from all evaluation modules using a robust and transparent process to code, compare and synthesise evidence against evaluation questions

Validation and recommendations workshop

Share the emerging findings with primary stakeholders and co-create draft recommendations through a structured and participatory session

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