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Evaluation 2021/1

Independent Evaluation of SDC's Performance in Market System Development in Agriculture 2013-2019



Independent Evaluation of

SDC's Performance in

Market System Development in

Agriculture 2013 - 2019

Commissioned by the Evaluation and Corporate Controlling Division
of the Swiss Agency for Development and Cooperation (SDC)

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Bern, October 2021

I Evaluation Process

Evaluations commissioned by the SDC's Board of Directors were introduced in the SDC in 2002 with the aim of providing a more critical and independent assessment of the SDC activities. These Evaluations are conducted according to the OECD DAC Evaluation Standards and are part of the SDC's concept for implementing Article 170 of the Swiss Constitution, which requires Swiss Federal Offices to analyse the effectiveness of their activities. The SDC's **Senior Management** (consisting of the Director General and the heads of SDC's departments) approves the Evaluation Program. The **Evaluation and Corporate Controlling Division**, which reports directly to the Director General, commissions the evaluation, taking care to recruit independent evaluators and manages the evaluation process.

The Evaluation and Corporate Controlling Division identified the primary intended users of the evaluation, and invited them to participate in a **Core Learning Partnership (CLP)**. The Core Learning Partnership actively accompanied the evaluation process. It commented on the evaluation design (Approach Paper); it validated the evaluation methodology (Inception Report); and it provided feedback to the evaluation team on their preliminary findings. During a capitalization workshop and a presentation on the Draft Evaluation Report, the Core Learning Partnership had the opportunity to comment on the evaluation findings, conclusions and recommendations.

The evaluation was carried out according to the evaluation standards specified in the Terms of Reference.

Based on the **Final Report of the Evaluators**, the **Senior Management Response (SMR)** was approved by the SDC's Board of Directors and signed by the SDC Director-General.

The SMR is published together with the **Final Report of the Evaluators**. Further details regarding the evaluation process are available in the evaluation report and its annexes.

Due to the Covid-19 Pandemic (and the associated health risks and travel restrictions), all involved units at SDC and the consultant decided in April 2020 that field missions were not feasible. The evaluation was conducted remotely with one exception, a limited field visit by a local consultant in Bangladesh.

Timetable

Step	When
Approach Paper finalized	December 2019
Implementation of the evaluation	May 2020 – March 2021
Senior Management Response in SDC	October 2021

II Senior Management Response

The Management Response states the position of the SDC Board of Directors on the recommendations of the Independent Evaluation of SDC's Performance in Market System Development in Agriculture 2013 – 2019.

SDC commissioned an independent evaluation of SDC's performance in MSD in agriculture 2013-2019. The mandate was to provide evidence on the performance of MSD in agriculture programmes and projects of SDC, in particular on how they contribute to increasing income, supporting food security, reducing poverty, and improving resilience and livelihoods of smallholder farmers. The evaluation assessed the performance of SDC's programmes and projects along the OECD DAC criteria of relevance, coherence, effectiveness / impact, efficiency, and sustainability.

The evaluation team had access to the full range of SDC documentation. It reviewed project documents and evaluations; it interviewed a large number of SDC and project staff as well as key stakeholders. Due to the COVID-19 pandemic, the team could not conduct field visits. However, in Bangladesh a local consultant was able to conduct on a limited scale field visits.

This Senior Management Response was submitted to the Board of Directors for approval and signed by the Director-General of SDC. It sets forth concrete measures and actions to be taken, including responsibilities and deadlines.

Assessment of the evaluation

The evaluation was conducted by a team of independent experts in accordance with international standards. The evaluation process was well managed and included close involvement of the Core Learning Partnership (CLP). The CLP comprised staff from all SDC departments, including from SDC's thematic units Agriculture and Food Security (AFS) and Employment and Income (e+i), which is part of the Inclusive Economic Development (IED) unit. The evaluation report provides a timely and useful assessment of the activities SDC undertakes in the field of MSD in agriculture. The main objectives – assessing the relevance, coherence, effectiveness / impact, efficiency, and sustainability of SDC's performance in MSD in agriculture have been met by the evaluators. SDC appreciates the comprehensiveness of the evaluation report, the differentiation according to context and the sound analysis of key elements of SDC's performance in MSD in agriculture.

The report's analysis and resulting recommendations are considered to be useful for strengthening the strategic orientation of MSD in agriculture within SDC. SDC's Senior Management thanks the evaluation team and SDC staff involved for their effort and for a substantial and comprehensive report. It especially thanks the cooperation offices who contributed to the case studies. SDC's Senior Management is committed to implementing the measures set out in the Senior Management Response.

Main findings

The overall findings of the evaluation are as follows:

- MSD is well served by a range of think tanks and processes. SDC has taken a proactive and leading role in contributing to MSD both globally and through implementation at project level.
- The approach has evolved to better respond to the SDGs by consciously addressing inclusiveness, gender equality and climate.
- There have been good results on additional income and outreach to beneficiaries usually well in excess of targets. However, the contribution to poverty reduction per household is often thinly spread.

- Notable and well documented results were achieved in creating system change at the intervention level especially in distribution channels and in embedding of services.
- The interventions were often narrow and incomplete from the stakeholder viewpoint and the risks from the wider political economy and external factors were not always translated at project level.
- Projects working alone found it challenging to advocate for change in policies, rules and regulations. Where there was evidence of Swiss Cooperation Offices (SCOs) making use of the projects and information base to enhance policy dialogue, results were promising.
- The project role of identifying and stimulating change in the markets was rarely owned by and only sometimes anchored in permanent organisations leaving learning gaps and threatening sustainability.
- The rigor of reporting varied considerably. Understanding, measuring and reporting on wider system changes was difficult.
- MSD was complex and demanding on project teams, SCOs and procurement processes.

Key elements of the Management Response

SDC's Senior Management considers that MSD is a pertinent approach for the implementation of the International Cooperation Strategy 2021-2024, also known as the Dispatch on Switzerland's International Cooperation 2021-2024. The evaluation provides evidence on how MSD can work in a concrete sector and what challenges it may face. SDC's Senior Management notes that the approach has been refined over time. It has particularly been able to add value, when projects addressed market failures and externalities. Notably, these include gender inequalities, agro-ecological and environmental externalities and resilience and climate change related issues.

Out of the 7 recommendations, 5 are 'fully agreed' (green), 2 are 'partially agreed' (orange) and none are 'disagreed' (red). The key measures are summarised as follows:

1. Clarify the role of MSD in Swiss development cooperation in the future.	Orange
2. Continue to support the development of the approach to better respond to the SDGs through enhancing inclusiveness, gender equality, and climate resilience.	Green
3. Link the MSD projects and interventions to wider processes to gain coherence and critical mass.	Green
4. Contribute more explicitly to private sector and market related policy and reforms.	Green
5. Seek and explore options for longer-term anchorage of the MSD approach.	Orange
6. Sharpen project design, monitoring and reporting on drivers of change and system changes.	Green
7. Enhance SCOs' role and develop capacity within SCOs, implementing agents and national entities to implement MSD in agriculture.	Green

Bern, 12 October 2021



Patricia Danzi, SDC Director General

Annex: Overview of recommendations, management response and measures

Annex: Overview of recommendations, management response and measures

Recommendation 1		
<p>Clarify the role of MSD in Swiss development cooperation in the future.</p> <p><u>Rationale:</u> SDC has been an active donor in support of MSD in agriculture and the evolution of the approach through many mainly smaller projects and intellectual input. As the world readies for the Food Systems Summit to take place in September 2021, it is relevant to consider the role of MSD in delivering the necessary transformation of the way the world produces, processes, and consumes food to achieve the SDGs and ensure food security and safety for everyone going forward. The MSD approach can contribute to making markets work for the poor by integrating smallholders (women and men) into sustainable food value chains and systems that can support food security for the individual smallholder as well as link smallholders better to markets. The evidence brought forward by this evaluation points to the importance of MSD interventions to be sizeable and long-lasting to result in deep and wide market system changes that are sustainable in all aspects. There need to be linkages to other processes and coherence between project and policy level to make markets work and anchorage needs to be considered to ensure continued market stimulation and replicability. This might entail setting priorities. There are various options to consider depending on where SDC wants to go with MSD from here. At one end of the spectrum there is the option to integrate MSD features – context focus, facilitation and integration of private sector-based solutions, local solutions, and ownership – across development cooperation and/or use the MSD approach in conjunction with community-based approaches to better addresses poverty in its multiple forms. At the other end of the spectrum, there is the option of stand-alone MSD engagements, possibly with a focus on also linking to global value chains through collaboration with large private sector actors that can provide demand and impetus for improved production and productivity.</p> <p>The recommendation can be implemented through the following measures:</p> <ul style="list-style-type: none"> • Decide the focus of SDC’s support for MSD in agriculture building on the achievements so far to support the development of sustainable food systems; • Consider which countries to provide significant support to MSD in agriculture as part of the medium-term cooperation strategies being developed. 		
Management Response		
Fully agree	Partially agree	Disagree
<p>MSD is and remains an important approach for SDC in agriculture (amongst other sectors). SDC will continue contributing to its development and applying it in its programmes and projects. The decision on whether or not this is done by integrating MSD features, use the approach in conjunction with community-based approaches or through stand-alone MSD engagements should be made case by case and depending on the respective local context. Where possible, linkages to global value chains through collaboration with large private sector actor should be explored further. However, partner countries are very diverse and SDC should refrain from mainstreaming “a one size fits all” MSD approach to the diversity of contexts and sectors, in which SDC is working. Priority setting should be done at the programme and project level and according to the prevailing country context.</p> <p>In theory, the MSD approach can be used everywhere and is considered particularly pertinent – as shown with this evaluation – when it comes to agriculture. The appropriateness of MSD is also assessed by using, among others, political economy analysis. When MSD is applied, the analysis of the market and (potential) actors is crucial and the feasibility of interventions within the agricultural sector will depend on the needs, actors and contexts and will need to be adapted, e.g. in</p> <ul style="list-style-type: none"> a) dense markets; b) thin markets; c) markets in fragile contexts; 		

<p>d) markets under pressure from cheap imports coming from (often neighbouring) emerging economies; or</p> <p>e) markets where an urgent need for transformation in production, logistics and consumption is perceived.</p>		
Measures	Responsibility	Deadline
Continue to fund and engage with the “ Donor Committee for Enterprise Development ” (DCED) and “ Beam Exchange ” as knowledge hubs to further develop the approach, generate knowledge and exchange with other donors and implementers.	IED and AFS	ongoing
Continue to prioritize the MSD approach in agriculture.	SCOs / Embassies supported by the respective geographic and thematic units IED and AFS	ongoing

Recommendation 2		
<p>Continue to support the development of the approach to better respond to the SDGs through enhancing inclusiveness, gender equality, and climate resilience.</p> <p><u>Rationale:</u> SDC has been at the forefront of supporting the evolution of MSD in agriculture and was also a lead donor in the adoption of the SDGs with their focus on inclusiveness – leave no-one behind – and sustainability. Through its longer-term support to MSD projects, SDC has also become one of the major donors to MSD in agriculture. Many of these projects, as outlined in this evaluation, have been seeking means of increasing the contribution and impact of MSD in agriculture to the SDGs. In particular, market weaknesses in agriculture are often linked to issues of inclusiveness, gender equality, environment, and climate resilience and which, although complex, potentially provide the most promising opportunities and entry points for the MSD approach.</p> <p>The recommendation can be implemented through the following measures:</p> <ul style="list-style-type: none"> • Continue the engagement of the e+i and AFS networks within SDC [SDC headquarters]; • Continue to engage with the community of practice think tanks as well as implementers to promote experience exchange and research on how MSD can more effectively identify entry points, target, and contribute to market development and the SDGs through attention to inclusiveness, gender, environment, and climate resilience [SDC headquarters; community of practice think tanks; MSD project implementers]; • Incorporate inclusiveness, gender, environment and climate resilience into the objectives and result frameworks and reporting of new MSD projects moving into new phases [SDC headquarters and SCOs]. 		
Management Response		
Fully agree	Partially agree	Disagree
<p>In view of the degradation of agro-ecosystems, insufficient nutrition and increasingly difficult climatic conditions for agriculture, promoting agro-ecological and climate resilient services and business models as well as healthy and nutritious products is crucial. This is also in the interest of all market participants in MSD approaches in the regulation and development of support markets (e.g. service markets for farmers and along the value chain and input markets).</p>		

Thus, in principle, we fully agree with the recommendation. However, the basis for identifying MSD interventions (as part of the market assessment), that have a potential to benefit the poor, follows the graph below, i.e. relevance, feasibility and opportunity are imperative criteria that need to be fulfilled.



Adding additional restrictions makes a usually already small “intersection” of these criteria even smaller or disappear. SDC should therefore not overload projects with objectives. However, when market weaknesses in agriculture are linked to issues of inclusiveness, gender equality, environment, and climate resilience, and potentially provide promising opportunities and entry points for the MSD approach, this should certainly be seized. Furthermore, projects must be mindful that they do not cause, contribute to, maintain or promote negative impacts in the areas of human rights, inclusiveness, gender equality, environment, and climate resilience.

Measures	Responsibility	Deadline
<p>As suggested by the consultants: Continue the engagement of the e+i and AFS networks within SDC to support the further development of the approach to better respond to the SDGs through enhancing inclusiveness, gender equality, and climate resilience.</p>	<p>SDC headquarters, in particular geographic units and concerned thematic focal points (e.g. e+i, gender, LNOB / poverty)</p>	<p>ongoing</p>
<p>Continue to engage with the community of practice think tanks as well as implementers to promote experience exchange and research on how MSD can more effectively identify entry points, target and contribute to market development and the SDGs through attention to inclusiveness, gender, environment, and climate resilience.</p>	<p>SDC headquarters (in particular the thematic units IED and AFS)</p>	<p>ongoing</p>
<p>Incorporate inclusiveness, gender, environment and climate resilience into the objectives, the result frameworks and the reporting of new MSD projects or phases.</p>	<p>SDC headquarters and SCOs</p>	<p>ongoing</p>
<p>Verify if SDC’s MSD guidance integrates in a sufficient and appropriate way that projects must be mindful that they do not cause, contribute to, maintain or promote negative impacts in the areas of human rights, inclusiveness, gender equality, environment, and climate resilience. If not, complement the MSD guidance accordingly.</p>	<p>IED</p>	<p>1st semester 2022</p>

Recommendation 3

Link the MSD projects and interventions to wider processes to gain coherence and critical mass.

Rationale: Project-based interventions were often narrow and although potentially successful as interventions they were by themselves not enough to lead to sector-wide and transformational change. There were also risks from the wider political economy and external factors which are not always possible to deal with at the individual project level. In some cases, it was appropriate that the MSD in agriculture projects did not tackle aspects such as access to finance or delivery of essential social services but instead to link with or work with the knowledge that other efforts and processes were engaged in these areas.

The recommendation can be implemented through the following measures:

- Enhance as part of the design and ongoing adjustment of projects the exercise of mapping of relevant national and other support efforts to draw the boundaries of the MSD intervention [SCOs];
- Coordinate and map support efforts to enable a well-informed dialogue with government and other development partners to develop and exploit synergies [SCOs];
- Incorporate a more detailed and regularly updated risks assessment of not obtaining sufficient synergy and be prepared to withdraw from projects where this is not likely to be forthcoming [SCOs];
- Increase the degree to which MSD in agricultural efforts are co-financed and part of larger projects [SCO].

Management Response

Fully agree

Partially agree

Disagree

We fully agree with this recommendation. The implementation needs to be done by the SCO. We stress the importance of a thorough market assessment and collaboration between different projects within the same or different domains of a country programme.

Measures	Responsibility	Deadline
Integrate the above mentioned recommendations related to project implementation into SDC's MSD guidance. Guidance to be implemented by SCO.	IED	1st semester 2022
	SCO	ongoing

Recommendation 4

Contribute more explicitly to the private sector and market-related policy and reforms.

Rationale: Projects working alone found it challenging to advocate for change in policies, rules, and regulations. Projects did not often have changes in market-related policy and reforms as part of their objectives or results frame. Nor did they have the entry points or engage with the partners in the public sector that were influential in making change. Where there was evidence of SCO making use of the projects and information base to enhance policy dialogue, results were promising.

The recommendation can be implemented through the following measures:

- Work more explicitly with partners that are able to influence and affect market-related policy change and reforms [SCO; project implementing agents];
- Develop a policy and reform advocacy agenda and strategy for enhancing MSD in agriculture, making use of project-based information and evidence [SCO; project implementing agents];
- Identify actions on policy change and support to reforms into the result frameworks [SCO].

Management Response		
Fully agree	Partially agree	Disagree
<p>An effective policy dialogue is key to improve the rules regulating markets and needs to be part of any MSD projects. In order to identify the realistic space for policy dialogue, any calls for proposals for market facilitators of new MSD projects and any decisions for contributions to existing MSD projects must foresee specialized personnel and according activities in its project document and budget.</p> <p>In addition, clear notions about the distribution of roles and responsibilities as well as the collaboration between implementers and the SCO/embassy regarding policy dialogue need to be established.</p>		
Measures	Responsibility	Deadline
Integrate above mentioned recommendations related to project implementation into SDC's MSD Guidance to be implemented by SCO (in tender/budget/project document).	IED	1st semester 2022
Ensure an SDC project manager or senior staff is trained and disposes of sufficient time to dedicate to policy dialogue; or	SCO	ongoing
Ensure project manager or senior staff of the partner organisation disposes of the topical and institutional competences to lead the policy dialogue.	SCO	ongoing

Recommendation 5		
<p>Seek and explore options for longer-term anchorage of the MSD approach.</p> <p><u>Rationale:</u> In the long term the sustainability and continued innovation of market development in agriculture will need to be anchored at the country level among permanent entities. This will promote learning and adaptation from within. In some cases, particularly where the institutional landscape is strong the anchorage can be safely distributed among business members organisations and the private sector and only require a light involvement of public bodies, but in other cases, this will not be the case.</p> <p>The recommendation can be implemented through the following measures:</p> <ul style="list-style-type: none"> • Develop at country level, together with the relevant national entities and other development partners, options, and strategies for ensuring the mainstreaming of MSD in agriculture approaches [SCO, national entities both public and private]; • Enhance the exit strategies at the project and intervention level to include the capacity to respond, adapt and replicate the market innovation introduced [SCO, implementing agents, national entities]. 		
Management Response		
Fully agree	Partially agree	Disagree
<p>In general, MSD interventions are designed sustainable: markets failures are “repaired” and continue to work differently after the project intervention. However, after the project end, the facilitation role of the project does not exist anymore and, thus, no more new markets are “repaired”, hence, more/continued innovation of market development is not necessarily given, unless a permanent entity takes over that role, which cannot be expected to the same extend in all contexts. After all, the need for an MSD project and thus the facilitative role of an implementer, often stems from the fact that national counterparts (from the private and/or public sector) are often not able (or willing) to play their role in fixing markets, e.g. via regulation or the delivery of services.</p>		

Applying MSD requires high competencies: specialists are rare and expensive even amongst implementing partners. Delegation to and anchoring at the level of national counterparts (private and public) needs to take this into account. In some cases it may not be possible. In all cases, it will require time and corresponding resources and should be planned as early as possible.

Measures	Responsibility	Deadline
SDC will engage to further generate knowledge on how to successfully anchor MSD in agriculture approaches with national entities in collaboration with the MSD platform “Beam Exchange”.	IED and AFS	ongoing, webinar with best practise in 1st semester 2022
SDC will introduce this dimension into existing projects (where possible, e.g. via mid-term reviews) and new projects (via tender requirements and accordingly in the project document and budget):	IED	1st semester 2022
<ul style="list-style-type: none"> • Revise MSD guidance accordingly; • Implement accordingly. 	SCO	ongoing

Recommendation 6

Sharpen project design, monitoring and reporting on drivers of change and system changes.

Rationale: The rigor of monitoring and reporting varied considerably. The reporting at the intervention level particularly when using DCED or equivalent result chains was stronger than reporting at the project level. Greater attention in project design, monitoring and reporting to drivers of change, leading to system changes and especially wider system changes often captured as outcomes need to be strengthened. The project result frameworks usually focussed on outreach numbers and accumulated income increases without looking for evidence on system change. The analysis provided served to confirm contractual obligations and was not sceptical and learning focussed.

The recommendation can be implemented through the following measures:

- Introduce evidence of system change in the result frameworks with greater detail provided using the more detailed intervention level result chains once they are designed [SCO, implementing entities];
- Continue and enhance mid-term reviews, potentially involving relevant national bodies for enhanced learning [SCO];
- Increase the adoption of DCED audits [SCO, implementing entities].

Management Response

Fully agree

Partially agree

Disagree

This recommendation is formulated in a sufficiently open manner and can be adopted with the inclusion of the following detail: DCED is the “Donor Committee for Enterprise Development”, of which SDC is a member. Thus, in general, large SDC projects should use the [DCED standard](#) and a Monitoring and Results Measurement System that lives up to that standard, incl. result chains. Applying a DECD standard *equivalent* result measurement, should be the exception, e.g. for smaller projects, and needs to be justified.

Measures	Responsibility	Deadline
As suggested by the consultants: When planning and implementing projects: As soon as the more detailed intervention level result chains are designed use them to introduce evidence of	SCO	ongoing

system change in the result frameworks with greater detail.		
Continue and enhance mid-term reviews, potentially involving relevant national bodies for enhanced learning; Also: • Revise MSD guidance accordingly.	SCO IED	ongoing 1st semester 2022
Increase the adoption of DCED audits; Also: • Revise MSD guidance accordingly; • Foresee budget in partial action to finance DCED audits and review if included in credit proposals.	SCO IED Operation Committees SCO and SDC headquarters	ongoing 2022 ongoing

Recommendation 7		
Enhance SCO's role and develop capacity within SCO, implementing agents and national entities to implement MSD in agriculture.		
<u>Rationale:</u> Where there was evidence of SCO making use of the projects and information base to enhance policy dialogue and especially where there was an active policy dialogue platform with other development partners, the results were promising. At the same time, the MSD projects were highly complex and demanding on the capacity of SCO and implementation partners.		
The recommendation can be implemented through the following measures:		
<ul style="list-style-type: none"> • Continue to rollout internal training and participation of SCO staff through the community of practice and think tank processes [SCO]; • Ensure that projects have resources and time to build internal capacity among implementing agents but also among partners and national entities [SCO, implementing agents, national entities]; • Encourage an adaptive management approach both in the flexibility of design as well as supervision of performance [SCO, implementing agents]. 		
Management Response		
Fully agree	Partially agree	Disagree
SDC's Senior Management supports this recommendation. SDC is a learning organisation that supports the capacity development of its staff. Innovative approaches and projects often demand an even higher level of expertise from SDC staff and its partners. MSD is an iterative approach that requires a good understanding of the MSD methodology from all actors involved, a willingness to engage in market learning processes, and the flexibility to support changes and adjustments to the projects. In choosing its donor partners for co-financing MSD projects, SDC will prefer donors that support adaptive and flexible management of MSD projects or defer leadership to a MSD competent donor.		
Measures	Responsibility	Deadline
As suggested by the consultants: Continue to rollout internal training and participation of SCO staff through the community of practice and think tank processes; Also: • SDC headquarter to more actively promote existing offers.	SCO IED, AFS and geographic units	ongoing ongoing

<p>Ensure that project staff have MSD specific knowledge and experience and are able to build MSD capacities among local stakeholders and national entities (where necessary);</p>	<p>SCO</p>	<p>ongoing</p>
<p>Also:</p> <ul style="list-style-type: none"> • Revise MSD guidance explicitly mentioning that capacity building should be covered in tender and project documents and foreseen in project budgets. 	<p>IED</p>	<p>1st semester 2022</p>
<p>Encourage an adaptive management approach both in the flexibility of design as well as supervision of performance;</p>	<p>SCO</p>	
<p>Also:</p> <ul style="list-style-type: none"> • Revise SDC MSD guidance accordingly. 	<p>IED</p>	<p>1st semester 2022</p>
<p>Integrate the MSD guidance document into the Field Handbook as working aid.</p>	<p>IED, AFS and Quality Assurance</p>	<p>2nd semester 2021</p>

III Evaluators' Final Report

Commissioned by the Evaluation and Corporate Controlling Division
of the Swiss Agency for Development and Cooperation (SDC)

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March 2021

Programmes and projects (where projects are referenced the acronyms and SDC codes below are used and underlined)

Bangladesh

Katalyst/7F-00521.04 M4C/7F-07952.02	Agri-business for Trade Competitiveness Project Making Markets Work for the Jamuna, Padma and Teesta Chars
Samriddhi/7F-03402.03	Improved livelihoods for poor households in Northern and North-western Bangladesh
Shiree/7F-08455.01 Shomosti/7F-09233.02	Economic Empowerment of the Poorest Prosperity for the Poor and Disadvantaged

Bolivia

Mercados Inclusivos/ 7F-08634.02 Proseder/7F-06552.02	Rural Markets Program for Rural Economic Development Services – Promotion of Microinsurance covering agricultural production
PIC/7F-01051.03	Support to the Bolivian Agricultural Innovation System

Georgia

ALCP/7F-06629.03 MOLI/7F-07857 RED/7F- 07941	Alliances Caucasus Programme Market Opportunities for Livelihood Improvement Rural Economic Development Program for the Southern Regions of Georgia
RDRL/7F-05549.02	Rural Development in the Region Racha – Lechkumi Project

Mali

OPF4/7F-04043.03	Accompagnement des organisations paysannes et le développement des systèmes de marché durables
PAFA/7F-05054	Programme de Développement Rural et Sécurité Alimentaire
PSEL-DELTA/7F-03751.04	Programme de Soutien aux Economies Locales du Delta Intérieur du Niger

Myanmar

GOMP/7F-09030.01	Community-led Coastal Management in the Gulf of Mottama
GRO/7F 08844.02 LIFT/7F-07324.05	Generating Rubber Opportunities in Myanmar Livelihood and Food Security Trust Fund

Other

Bai Ala/7F-08418.02	Small Business and Income Creation Programme in Alay and Chon Alay (Kyrgyzstan)
Catalyst-2/7F-08391.01	Second phase of the CATALIST Project funded by EKN and SDC, implemented by IFDC and WUR
InovAgro/ 7F-06353.01 MARF/7F-08348.03	Innovation for Agribusiness Market access for the rural poor - through value chain promotion program
PHM/7F-08498.02 PYMERURAL/7F-06102.02	Postharvest Management in Sub-Saharan Africa Micro, small, and medium enterprise development in rural areas

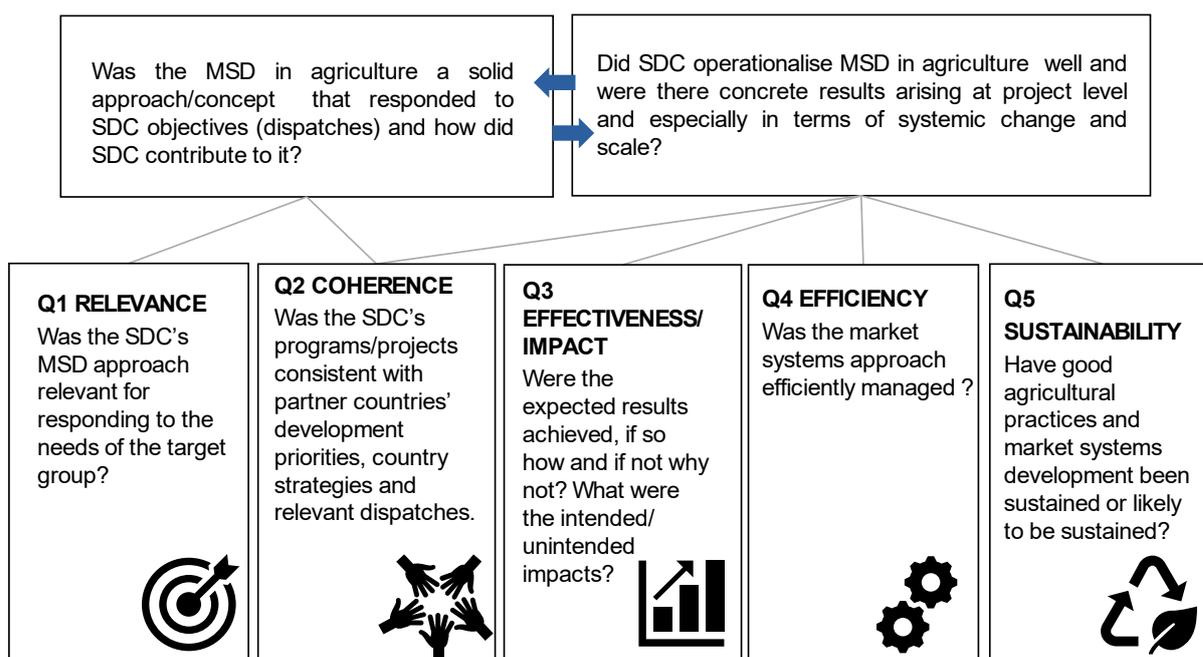
EXECUTIVE SUMMARY

Purpose - This evaluation aims “to provide evidence on how well the Market Systems Development in agricultural (MSD in agriculture) in SDC has worked. It looks at how the projects have led to greater income and food security as well as reducing poverty, and improving resilience and livelihoods of smallholder farmers”. The findings will inform SDC future decision making. They will also enhance learning and inform the Swiss parliament and the public.

What was evaluated - MSD is an approach that seeks to improve the way markets work for the poor. The first step is to understand why the poor don't participate fully in the market. The next step is to find changes in the market that will help the poor. And then, based on this insight, to support actions to change how the market works. These actions aim to change market functions and rules.

Whilst SDC does not have a MSD in agriculture programme as such, it has supported many projects that have used the MSD approach. In the period between 2013-2019, SDC funded 275 projects that had major elements of MSD in agriculture. Out of a total grant of CHF 684 million for these projects, CHF 279 million are directly MSD relevant.

Method - The evaluation has five questions and 20 indicators. The overall purpose and link to the five questions is shown below:



The evaluation used a range of different methods. The first step was to review the theory of change. A portfolio analysis was done to provide an overview. This also guided the choice of countries and projects to look at in greater depth. Five countries were selected for field work: Bangladesh, Bolivia, Georgia, Myanmar and Mali. A desk study of documents and earlier project reviews was carried out. Interviews were held with the Swiss Cooperation Office (SCO) and project managers. National partners and the farmers and other market actors were also interviewed. Due to Covid it was not possible to make field visits except in the case of Bangladesh. Instead, where possible, the team worked with local teams.

Conclusions

MSD as an approach was found to be sound and in line with SDC aims. SDC played a lead role in MSD both globally and through funding projects. SDC actively supported communities of practice. These included NGOs, think tanks and other donors. These communities of practice helped to make markets work better for the poor in many varied contexts. During the period, MSD evolved to better respond to the SDGs. There was an increasing recognition that the markets were weak in the areas of gender, environment, and climate. And it was in these areas that MSD had the best scope to make a difference.

There were good results in reaching out to and increasing income among the target groups. The results were usually well in excess of targets. However, the contribution to poverty reduction at the farmer level was often marginal. Notable results were achieved in creating system change at the level of single actions. The most common changes were better distribution channels and the embedding of agricultural advice during product sales. However, the actions were often narrow and not complete from the farmer point of view. There was a focus on a single-inputs such as seeds or fertiliser. Some projects expanded their scope over time by working with a number of self-reinforcing actions. These actions included output marketing, land security measures, and access to finance. Projects were better able to work across a range of actions when the project had multiple phases. It was not easy for projects to identify and mitigate the political economy risks.

Projects, working by themselves, did not find it easy to influence change in policies and rules. It was often not possible, at design stage and prior to market studies, to foresee what change was necessary. Thus, policy and rule change were not clearly in the project log frame. Project staff did not have the skill and confidence to propose rule change. The time scale for rule change was often beyond the project contract period. Government and other actors reasonably demanded solid evidence of the benefits before making any change. And in some cases, there were vested interests working against changes. The project themselves did not always have good entry points at national government level, although some projects did manage to create a close working relationship with local government. Nevertheless, some projects were able to deliver clear advocacy messages. When these were taken up by the SCO there were promising results.

The overall project role to identify and stimulate change in the markets was rarely owned by permanent organisations. This left learning gaps and threatened sustainability. The individual actions that involved embedded advice and improved distribution were often anchored with permanent in-country actors. These actors included private companies, farmers organisations, business associations and extension services. In some cases, capacity was generated to innovate and adapt to changing market conditions. There were also examples, such as in Georgia where the improved veterinary services crowded-in other actors and were replicated beyond the project area. It was rare that the champions were the government or other entities in the country itself. The MSD community of practice is increasingly recognising the difficulty of anchoring MSD beyond individual actions. Some projects sought out country level partners who could take the lead and continue MSD beyond the project. So far with mixed success.

The rigor of reports varied. It is not easy to measure and report on system change. Where the procedures of the Development Committee for Enterprise Development (DCED) were used the reporting was better. Project level reports were hampered by pre-set indicators and the logframe. This led projects to focus on achieving the output and outcome numbers rather than on making system changes. Mid-term reviews were useful for pointing to what could be done better. But they were often too early to be conclusive on system change. Cost benefit analysis was carried out for some projects but not the majority. A standard approach to cost benefit analysis based on clear assumptions was not adopted.

Overall, MSD was found to be complex. It was demanding on project teams and the SCOs. A high level of skill was needed to find market failures and define what to do. The actions had to stimulate the private sector without distorting the market. They also had to avoid the trap of the project becoming a permanent actor. Over several phases, projects built up their skill base. They achieved this either by training their own staff or building the capacity of local NGOs. This gave rise to a slow start. But it paid dividends over the years as considerable skills were built up within the projects. The high skill demand made it difficult to procure and contract project staff. This continues to be a constraint. SDC by funding several phases of projects over 10 years or more helped to build up skills. The multi-phase approach also increased the capacity of projects to adapt.

Recommendations

R1) Clarify the role of MSD in Swiss development cooperation in the future. Rationale: SDC has been active in supporting MSD in agriculture mainly through many relatively small projects. It has also contributed to MSD evolution through its internal networks and support to think tanks. MSD has the potential to make lasting contributions to transforming how the world produces, processes, and consumes food. MSD needs to work at scale and over the long term to result in market systems changes that are sustainable.

R2) Continue to support the development of the approach to better respond to the SDGs through enhancing inclusiveness, gender equality, and climate resilience. Rationale: Market weaknesses in agriculture are often linked to issues of gender equality, environment, and climate resilience. These areas, although complex, potentially provide the most promising opportunities and entry points for the MSD approach. They also strongly contribute to the SDGs.

R3) Link the MSD projects and interventions to wider processes to gain coherence and critical mass. Rationale: Project based actions were often narrow. They were often successful by themselves. But they did not often enough lead to sector wide change. It was not easy to deal with political economy or external risks at the individual project level.

R4) Contribute more explicitly to private sector and market related policy and reforms. Rationale: Projects working alone found it challenging to change policies, rules, and regulations. Projects were not set up to clearly support change in rules and regulations. They did not have the entry points or engage with the partners that were influential in making change. Where SCO worked closely with the projects and other donors, they were able to engage in policy dialogue with good results.

R5) Seek and explore options for longer term anchorage of the MSD approach. Rationale: It is not easy or even possible to seek a single anchorage point for MSD in agriculture. Country-based actors are needed to anchor, sustain, and scale the approach beyond the life of the project. This will promote learning and adaptation from within.

R6) Sharpen project design, monitoring and reporting on drivers of change and system changes. Rationale: The rigor of monitoring and reporting varied considerably. The reporting was stronger when using the DCED or equivalent results chain. Reporting was too focussed on serving contractual obligations. It was not sufficiently sceptical to deliver the highest levels of accountability and learning. A stronger focus on systems changes was needed. This in turn would require acceptance of greater flexibility and adaptability in delivering such changes.

R7) Enhance SCO role and develop capacity within SCO, implementing agents and national entities to implement MSD in agriculture. Rationale: MSD in agriculture projects were highly complex and demanding on the capacity of SCO and implementing partners. Where the SCO had the capacity to engage in policy dialogue the results were promising.

Detailed measures for implementing these recommendations can be found in chapter four. An overview of conclusions and recommendations and lessons learnt is given below. Chapter four outlines the factors that influence the success of MSD in agriculture.

Overview of conclusions and recommendations

	Conclusions	Recommendations
Approach	<p>C1) MSD is well served by an active community of practice. SDC took a proactive role in contributing to MSD both globally and through implementation at the project level.</p> <p>C2) MSD in agriculture has evolved as an approach and where flexibly applied has proven its relevance for making markets work better for the poor, in many but not all contexts.</p>	<p>R1) Clarify the role of MSD in Swiss development cooperation in the future.</p>
Results - people & systems	<p>C3) The approach evolved to better respond to the SDGs - inclusiveness, gender equality and climate.</p> <p>C4) There have been good results on additional income and outreach to target population - usually well in excess of targets. However, the contribution to poverty per household is often thinly spread.</p> <p>C5) Notable results have been reported in creating system change at the intervention level especially in distribution channels and embedding of services. However, the wider market impact and sustainability of such changes was difficult to assess.</p> <p>C6) The interventions were often narrow and incomplete from the stakeholder point of view and the risks from the wider political economy and external factors were not always translated at the project level.</p>	<p>R2) Continue to support the development of the approach to better respond to the SDGs through enhancing inclusiveness, gender equality, and climate resilience.</p> <p>R3) Link the MSD projects and interventions to wider processes to gain coherence and critical mass.</p>
Sustainability & anchorage	<p>C7) Projects working alone found it challenging to advocate for change in policies, rules, and regulations. Where there was evidence of the SCO making use of the projects and information base to enhance policy dialogue, results were promising.</p> <p>C8) The project role of identifying and stimulating change in the markets was rarely owned by and only sometimes anchored in permanent organisations – leaving learning gaps and threatening sustainability.</p>	<p>R4) Contribute more explicitly to the private sector and market-related policy and reforms.</p> <p>R5) Seek and explore options for longer-term anchorage of the MSD approach.</p>
Management	<p>C9) The rigor of reporting varied considerably. Understanding, measuring, and reporting on wider systems changes was difficult.</p> <p>C10) MSD was complex and demanding on project teams, the SCOs and procurement processes.</p>	<p>R6) Sharpen project design, monitoring and reporting on drivers of change and system changes.</p> <p>R7) Enhance SCO role and develop capacity within SCO, implementing agents and national entities to implement MSD in agriculture.</p>

Overview of lessons learnt

<p>Relevance and coherence</p>	<ul style="list-style-type: none"> • The MSD approach is highly relevant as a part of the wider effort of improving development cooperation with its focus on local context, local ownership and solutions, and facilitation. • The MSD approach potentially has the greatest relevance and added value when applied to address issues of inclusiveness, gender, and environment. • The MSD approach can be successfully applied to a wide range of contexts. But in weaker and thin markets the level and timescale of engagement would need to be longer. And, in the areas of extreme poverty, public welfare programmes or direct interventions for the poorest are needed.
<p>Results, effectiveness, impact</p>	<ul style="list-style-type: none"> • Contribution to policy and reforms requires a deliberate and systematic approach and a strategic choice of partners as well as a close link between the project and the SCO because they have different roles. • Poverty – MSD contributes to poverty alleviation when a farmer and market perspective is combined and when it is well-coordinated with other efforts. • Gender – a “women economic empowerment” approach that targets and engages with women as economic actors has been effective. • System changes at the intervention level need to be linked to other systems changes brought about by the project as well as wider policy changes in order to be effective. They depended on the role of the project to facilitate linkages with other actors and provide seed funding incl. for capacity building.
<p>Cooperation efficiency</p>	<ul style="list-style-type: none"> • The demand on the skill set of the project implementors and SCOs was high and remains an impediment to achieving results and scaling up the approach. • Flexibility and adaptability are important factors of success of MSD projects, and SCO offices need to be confident of the MSD approach to recognize the level of flexibility needed for projects to adapt to the circumstances and timescale.
<p>Sustainability</p>	<ul style="list-style-type: none"> • Narrow and fragmented interventions, profit-driven by market actors, could lead to immediate results. But wider initiatives and changes in the rules and regulations and practices of others that are beyond the project reach are needed to enhance impact and sustainability • Attention to climate end environmental impacts is indispensable for sustainability.