



**MDF** Market Development Facility



# Market Development Facility Phase 1 Activity Completion Report

November 2017

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## Acronyms

|       |   |
|-------|---|
| CLT   | Core Leadership Team  |
| DCED  | Donor Committee of Enterprise Development                           |
| DFAT  | Department of Foreign Affairs and Trade,<br>Government of Australia |
| FTE   | Full Time Equivalent  |
| HR    | Human Resources   |
| ICT   | Information Communication Technology                                |
| IT    | Information Technology  |
| MDF   | Market Development Facility   |
| M(RM) | Monitoring and Results Measurement                                  |
| MSD   | Market Systems Development  |
| PNG   | Papua New Guinea  |
| WEE   | Women’s Economic Empowerment  |

# Introduction

This Activity Completion Report of the Market Development Facility Phase 1 covers the period from 29 June 2011 to 31 August 2017. It has been prepared by Cardno Emerging Markets (Australia) Pty Ltd (the Managing Contractor), in line with the requirements outlined in Schedule 1, Clause 9.1 e) (Activity Completion Report) of Contract Number 59064.

Chapter 1: provides a background to this Completion Report, reflecting on program wide systemic change. It also details key lessons learned across the Facility at the end of Phase 1 (with additional lessons learned included as part of each country portfolio).

Chapter 2: summarises the approach, structure and strategy of the Facility, providing a brief analysis of some outcomes and challenges encountered during implementation.

Chapter 3: provides a summary of facility-wide results, including analysis of indicators used to measure MDF's impact on poverty reduction.

Chapter 4: provides a summary of results from each country portfolio.

Chapter 5: places these results in the broader context of beneficiaries and cross-cutting themes, illustrating the importance of reaching both large numbers of beneficiaries, as well as reaching disadvantaged and hard to reach beneficiaries.

Chapter 6: addresses the operational effectiveness of program implementation.

Chapter 7: summarises financial expenditure and management.

Conclusion: provides an overview of MDF at the end of Phase 1.

## Purpose of the report

The purpose of the Activity Completion Report is to provide an overview of MDF achievements and lessons during Phase 1. Given the challenges inherent in documenting all works undertaken over an intensive multi-year program cycle time, this report is intended as an abbreviated summary report rather than detailed activity-by-activity account. It serves to complement other MDF reporting, in particular the *Annual Aggregation of Results*, which provide a fuller narrative around MDF results and activities, as well as regular *Semester Reports* that provide updates on partnership progress.

Key reference documents include:

- Annual Aggregation of Results
- Independent Advisory Group Reports (prepared by the Independent Advisory Group)

### How to read the Activity Completion Report

This report serves to complement the substantial body of MDF knowledge products and communication materials produced throughout Phase 1.

The report refers readers to detailed supplementary material via '**External Reference**' boxes and hyperlinks where sources are publically available; and in some instances relies on '**Key Quotes**' to highlight findings from other sources.

Key '**Lessons Learned**' and illustrative '**Case Studies**' are also highlighted throughout.

- Semester Reports (submitted over the life of the Facility)
- MDF Mid-term Review Final Report
- MDF Sector Strategies, Strategic Guidance Notes, Systemic Change Pathways, and programmatic frameworks (such as the Women's Economic Empowerment Framework)
- Research outputs commissioned during MDF Phase 1
- Case studies and partnership stories

# Chapter 1: Systemic change and lessons learned

## Background

The Market Development Facility (MDF) was conceived to stimulate investment, business innovation and regulatory reform, leading to the creation of additional jobs, and an associated increase in the income of poor women and men in the Indo-Pacific region. MDF commenced in Fiji in 2011, subsequently expanding to Timor-Leste (2012), Pakistan (2013), Papua New Guinea (2015) and Sri Lanka (2015).

Across Phase 1, MDF's broad approach was to negotiate partnerships with strategically positioned private and public sector organisations in each country of operation. Each partnership was comprised of a tailor-made package of activities that enabled the partner to innovate, invest and/or undertake reforms in such a manner that small farms and/or firms benefitted from better access to production inputs, services and end markets. This made them more productive and enabled them to grow, by creating jobs and increasing income for poor women and men.

Each partnership addressed a number of complementary ambitions: promote business innovations or reforms, leverage private sector investment or public sector ownership ('cost sharing'), link with pro-poor growth, and create income and jobs.

MDF Phase 1 sought to develop partnerships with players in the private and public sectors who could catalyse lasting changes in markets that promoted broad-based, sustainable, pro-poor growth. The approach required a flexible implementation process, working through multiple channels, with a range of partners to respond to opportunities as they arose. MDF's work essentially created pathways – via investments, business innovations and regulatory reforms – resulting in better functioning markets. These pathways for pro-poor growth, jobs and income, were 'carved' into markets, making them grow faster and in a more inclusive manner so that poor women and men took part in, and benefitted from, economic growth. Yet at the same time, these markets were, and continue to be subject to continuous change.

## MDF's focus on systemic change

To ensure that pathways for pro-poor growth, jobs and income were sustainable, MDF sought to ensure that change was sufficiently entrenched into the market systems within which it operated. The measures to which changes were internalised within the market systems have been identified under Phase 1 as 'systemic change'. Each MDF partnership contributed to poverty reduction and was underpinned by a rigorous business model producing sustainable

results; however, it was the strategic positioning of a series of partnerships, each reinforcing the other to break down barriers to pro-poor growth, which was key to MDF Phase 1 initiating broader transformational change across country specific economies.

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

Systemic change pathways for MDF Phase 1 began by understanding the problem: Why is a market currently failing poor women and men? Based on this, MDF outlined a credible vision for how the market needed to change and continue to work better after project exit. This vision – the project goal – was defined well enough to focus action, but broad enough to allow space for adaptation. Too tight and projects would have ended up being boxed-in with inappropriate technical fixes, whilst too wide, and objectives would have become too vague: aims like ‘poverty reduction’ or ‘capacity building’ were seen to do little to galvanise practical, project-specific action.

MDF Phase 1 affected changes in markets, which led to, and reinforced MDF’s county strategies. For example, in Fiji, MDF supported work in three sectors, which together sought to influence seven strategic organisations, including consumers and producers. MDF’s role was to encourage sustainable behaviour changes among these market players, so that the sector operated in more efficient, pro-poor and inclusive ways.

Systemic change is the gradual institutionalisation of improved behaviours. From the outset, MDF Phase 1 identified broad areas where changes in market systems would make them more competitive and inclusive over the long term. Each of these strategic changes were encapsulated in a ‘business model’, i.e. a new way of working that was both profitable for the private sector and beneficial for poor people. Over time, as MDF gained more experience in each market, it was able to define and validate these areas more accurately. For each market, a picture began to emerge showing how change occurs. A portfolio of partnerships populated these systemic change areas (some partnerships addressed more than one systemic change area).

While MDF initiated the process of change in each sector by assisting one or a few partners to adopt a new business model or innovation, the ambition for change was much broader. Ultimately, it was about populating a systemic change area with partners driving, owning and improving upon their existing business models with innovative



solutions, made in sustainable, efficient and effective manners. Crucially, these ‘pathways to systemic change’ varied 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, some companies began practices that had been demonstrated to work by an early adopter (‘crowding in’). In other sectors and countries, the entrepreneurs, skills or financial capacity was simply not there for this to happen in an autonomous manner, and other pathways to systemic change were considered, such as those involving more donor support or other sectoral change agents (e.g. government or banks).

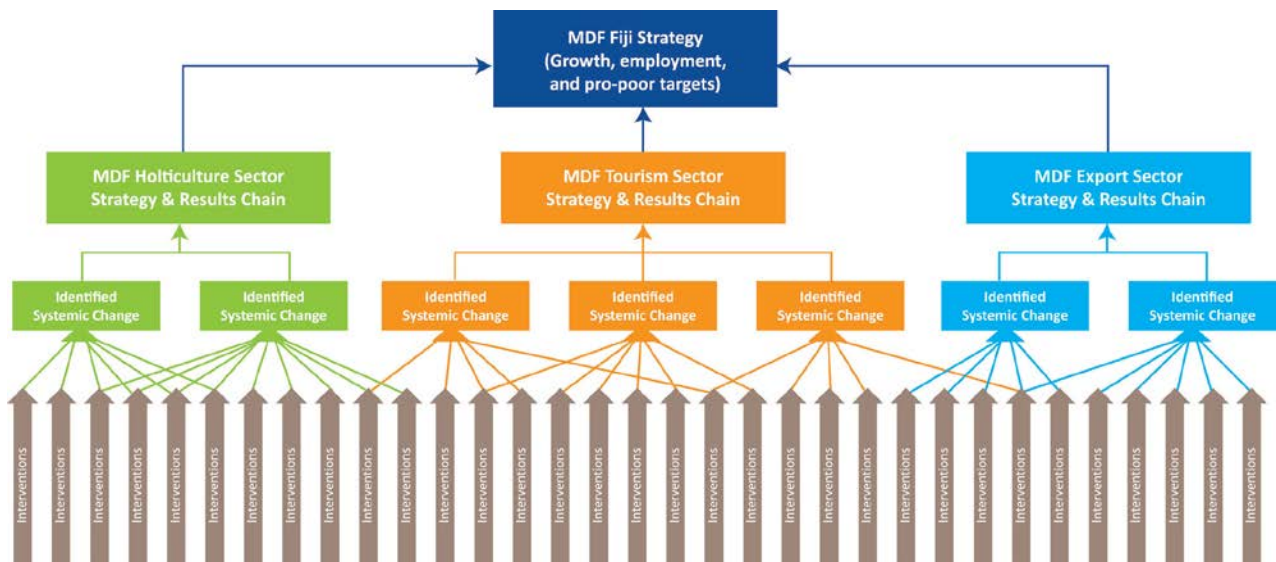
MDF Phase 1 sought to minimise its footprint in a sector and strove to trigger and support self-propelled autonomous change. At the same time, it did not wait for something that was unlikely to happen, and placed itself where it could be most useful, without compromising on sustainability. This approach is presented in Figure 1 (below), which outlines a pathway for achieving a high degree of systemic change by defining what that change was expected to include along six key parameters, which, together, defined the quality of change. MDF Phase 1 then proceeded to populate these spaces with partnerships. As each pathway took its own course, MDF Phase 1 was able to show and manage the progression towards achieving systemic change.

**External Reference**

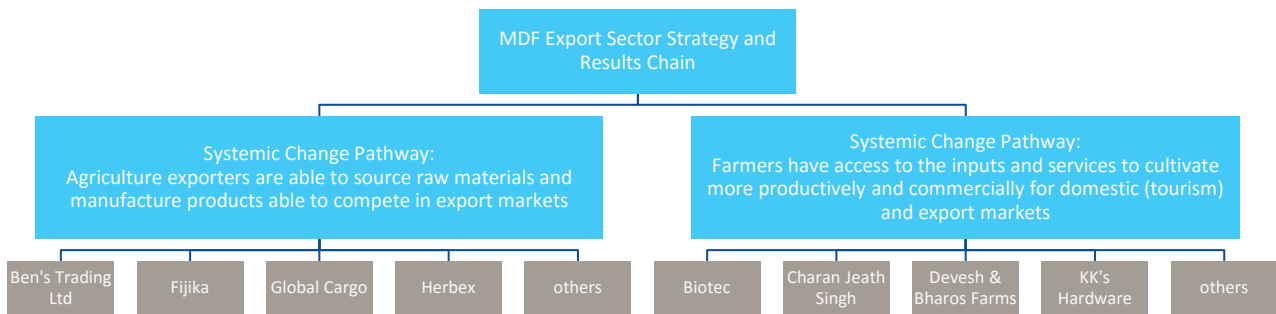
For more on how MDF achieved systemic change and identified pathways to pro-poor growth, see [‘Strategic Guidance Note 3 – Achieving Change in Markets’](#).

MDF Systemic Change Pathway Reports can be accessed [here](#).

**Figure 1** Integration of systemic change with market and country strategies



**Figure 2 Example detail of Figure 1**



### External Reference

For further details and lessons learnt, refer to [2016 Annual Aggregation of Results](#). Pages 8-15 outline six facility-wide lessons learned over Phase 1. Each country section also includes key lessons learned from working in the specific country context.

Projects with a systemic change ambition face a very different set of challenges compared to ‘traditional’ interventions. If markets are framed as complex systems, then the precise pathways to impact are hard to anticipate, and the reasons for market under-performance may lead to intractable issues of power, culture and social norms.

A key lesson learned from MDF’s systemic change approach under Phase 1 was that large markets, such as Pakistan and Sri Lanka, could rely more on ‘crowding in’ to achieve systemic change, as market players could see what is working and replicate it. MDF found that most ‘off-the-shelf’ systemic change frameworks were based around this ‘crowding in’, and were not applicable to the thin markets in which parts of MDF operated. Therefore, the team developed new tools for these markets, which could be adapted to a variety of contexts, including a broader focus on sector wide opportunities, greater flexibility and investment in infrastructure and in-house training before facilitating business engagement.

## Lessons from MDF Phase 1

MDF achieved considerable success over its first six years of implementation.

The completion of the first phase of MDF provided an appropriate juncture for close analysis of medium term delivery of impact, acknowledging that the program will continue to accumulate results over the longer term. MDF Phase 1 indicators should therefore be seen as intermediary, providing lessons learned on the journey this far, as MDF works towards achieving longer term systemic change.

MDF’s primary achievements have been specific to each country’s context. Results have been achieved and lessons learned, at different times, in different countries (see country chapters for further details). However, there are some general lessons which can be extrapolated across MDF Phase 1, as discussed below.

## MDF's multi-country technical facility model underpinned its Phase 1 success

For Phase 1, MDF employed an innovative and unique 'multi-country facility' model. As a multi-country facility, MDF operated across five countries with decentralised country leadership supported by a central facility management team. MDF was thus neither a regional nor bilateral program, nor a traditional support facility.

During the design process, DFAT (then AusAID) determined that a multi-country model would provide the most effective vehicle for program implementation. This model, described in an unambiguous design, clearly articulated outcomes and accountabilities across the program. Overall, the intentions of the multi-country model were broadly realised during the implementation of Phase 1. These intentions (discussed in further detail throughout this report) included:

- ability to obtain DFAT-wide corporate support for risk management, contracting, and M&E across all participating countries;
- opportunity to promote corporate and cross-country learning, encouraging feedback into broader programming;
- transaction and staffing cost savings;
- increased ability to attract high calibre strategic management and M&E expertise to DFAT's broader market development program effort;
- ability to more easily promote the market development approach in each country and enable positive experiences to inform other aspects of DFAT programs; and
- opportunity to share ideas and lessons between countries and programs.

MDF Phase 1 operated as a technical facility, specialising in a particular aid delivery approach known as Market Systems Development (MSD). The technical facility structure 'facilitated' the effective delivery of aid, while providing opportunities to reach scale via expanding geography, instead of aggregating local activities under a single administrative facility.

This approach had significant challenges as well as benefits. Key challenges related to the program's multi-country reach (see below for further explanation), as well as to operational issues such as team communication across locations, and human resourcing (with roles becoming increasingly complex as more countries joined the facility). These operational challenges were mitigated by an ability to adjust the structure of the Core Leadership Team (CLT), a cross-country professional development program, and the trialling of technical tools for remote collaboration (e.g. MangoApps).

MDF's operational challenges were far outweighed by the technical benefits of cross-country collaboration and sharing of lessons. The scale of MDF also brought cost efficiencies: technical expertise

flowed freely between geographies, allowing the cross-fertilisation of ideas, whilst DFAT's financial investment remained relatively small.

### **MDF successfully achieved multi-country reach by applying a local context lens**

When MDF began in Fiji, the MSD approach had only been applied in large Asian economies, not small Pacific Island economies. MDF tackled this perceived technical challenge by consciously working to build understanding of the local context, whilst developing tailored, internal training programs specifically designed to support a team operating across a diverse range of economies. Because local context was so important to systemic development, MDF found with almost every country mobilisation that understanding of the approach only began to emerge as the portfolio of partners and associated activities was built.

To be effective, MDF's approach required the embracing of complexity. This meant dealing with the uncertainty that came with working through partners in ever-changing markets. MDF embraced this complexity by developing analytical and creative local teams. Building these teams was critical to MDF's success, requiring deliberate professional development processes coupled with overarching strategic and technical leadership.

#### **External Reference**

For more information on MDF's work in a 'thick' market, see '[Case Study 4 – Systemic change in the fodder market for smallholder farmers in Pakistan \(2017\)](#)'

### **MDF demonstrated that an MSD approach could operate in both 'thick' and 'thin' markets**

The depth and breadth of the MDF portfolio, across five countries and 16 strategic engagement areas, is evidence that a systemic approach to private sector development can be applied in any economy. This lesson applied not only across countries, but across sub-locations in specific country settings, with MDF able to generate results in relatively isolated or (former) conflict-affected areas such as Vanua Levu (Fiji), Chitral and Baluchistan (Pakistan), Sri Lanka's Northern Province, Timor-Leste and Bougainville (PNG).

In 'thick' markets, MDF found relatively more mature market players, who required smaller investments in innovation to improve products, services, or the reach of these. It was typically about a new product but within the same business model and market, or an adjustment to an existing product within the same business model, but targeted at a new market. In these markets, there was some change, but significant continuity of operations, with the core business model remaining unaffected. For example, in Pakistan, where nearly forty million people rely on livestock for their livelihoods, the sector remained under-developed, with one of the main bottlenecks being the lack of access and seasonal fluctuations in the availability of fodder for animals. MDF focused on silage, partnering with four rural entrepreneurs in Southern Punjab to produce small, affordable and storable bails of silage. In this case, a light-touch, short-term form of development support 'nudged' innovation in the right direction.

A different interpretation of an MSD approach was required in ‘thin’ market. In Timor-Leste, for example, whilst there was an urgent need to develop a diverse and inclusive private sector outside of the oil industry, market opportunities were limited. At the start of operations in Timor-Leste, the potential specific outcomes that MDF could possibly achieve were unclear. MDF’s approach, therefore, was not to replicate similar innovations used by MDF in ‘thicker’ markets, but to stimulate the nascent economy more broadly, with individual opportunities falling out of this. MDF concentrated on three economic areas: agribusiness, manufacturing and tourism, to demonstrate new business models. The presence of few investment-ready actors meant that MDF had to be particularly flexible and opportunity-driven in identifying the parts of the economy it worked with, often requiring investment in infrastructure and in-house training before facilitating business engagement.

MDF’s experience in the ‘thin’ market of the Northern Provinces of Sri Lanka required yet another distinct approach. After many years of civil war, the region faced complex challenges associated with risk aversion and a lack of a business enabling environment to champion market development and expansion. MDF therefore sought to position itself in the northern region as a vehicle for nurturing the growth of entrepreneurship, through improved access to business mentoring and support services, promotion of investment and product development, and through facilitation of better access to technology. Whilst results at the end of Phase 1 were nascent, clear signs were evident of an emergent manufacturing and service sector in the region which may provide valuable pathways under Phase 2.

Common to all countries where MDF Phase 1 operated was the reality that, poor or not, people sought benefit from exchange in one form or another, whether they exchanged their labour in return for a salary, or sold vegetables for money to buy a bus ticket.

Improvements to the exchange mechanism (labour market, vegetable market, transportation market) stood to benefit all, because the mechanism invited more competition, was more economical, offered more choice, and provided better quality. MDF showed that making improvements to the way in which things were exchanged was feasible nearly everywhere. Understanding diverse realities enabled MDF to see opportunities for improvement, and identify ‘first movers’ who could help forge a new normal for others to follow. This required a flexible methodology that could respond to opportunities as they emerged.

### To operate across diverse markets, adaptation was critical

Over Phase 1, MDF learnt that a suite of innovations was often needed to break open a new market. It could require a new factory, new technology, new workers who require training, a new product and new market clients.

For both market players and MDF business advisers, foreseeing the entire change process was (and remains) impossible – there were simply too many moving parts. A series of change steps were needed

#### External Reference

For more information on MDF’s work tailoring the MSD approach to Timor-Leste, refer to [‘Kick-Starting Inclusive Growth: Timor-Leste’s transition to a post-conflict, post-oil economy \(2017\)’](#).

‘MDF trials new approaches to development issues, and applies lessons from innovative approaches tested in the region to its own work.’

Partner Performance Assessment  
(2017)

over a longer period – the completion of one step prepared the ground for commencing the next. MDF Phase 1 learned that a balance must be found between drowning the market player with support (that would undermine ownership and sustainability), and backstopping efficient implementation. Being on hand to help the market player foresee or think through problems and solutions was also important. Time invested (but not necessarily money) in each partnership was relatively high in thin markets compared to what it would have been in a more mature market scenario. In thin markets, MDF ended up doing ‘more difficult things with less capable partners’. What made it work was a skilled team with the creative and analytical ability to respond.

Moreover, thin markets were, and are characterised by bigger gaps in the system: essential functions are often simply not occurring. MDF’s experience in Fiji suggests that inviting proposals from (often small) businesses did not generate the strategic investment plans needed to fill these gaps and ensure the system overall starts to work better. Plans submitted were often modest, benefiting a specific business rather than having more strategic, sector-wide value. As before, MDF found that strengthening market systems in thin markets required a skilled team on the ground to forge these strategic investments, together with interested parties.

MDF’s adaptive approach and flexible contracting model equipped the program with an organisational plasticity which allowed operational levels of support, including staffing, to be scaled up or down in direct response to the challenges of each market. This pragmatism enabled adaptation to the specific context of each country. What emerged was the equivalent of a Swiss pocketknife: a development instrument that could engage many different partners, was relevant for many development challenges (poverty reduction, Women’s Economic Empowerment, inclusion, nutrition, and public-private dialogue), and which contributed to discussions well beyond its mandate.

‘MDF has shared much information in an accessible way; it features in DFAT briefings, has been visited by Ministers, and is used as an example in the aid program PSD and Agriculture Strategies.’

MDF Mid-term Review

## Chapter 2: MDF's Phase 1 Approach

### Demonstration model

It was initially envisioned that MDF would act as a pilot program for implementing market systems development across the Australian aid program, and in particular, in the small, fragile economies of the Pacific region. At the time of design, the suitability of the market development approach in small Pacific economies had not yet been proven. MDF's Program Design Document highlights that the rationale for the design was in part to provide 'the opportunity to promote corporate and cross-country learning, encouraging feedback into broader programming;' and 'ensuring cross-fertilisation of ideas and lessons between countries and programs.'

According to MDF's Mid-Term Review, a Multi-Country Management Group was envisaged, with senior management participation from DFAT. It was hoped that this group would help promote 'an AusAID-wide perspective, and facilitate learning and linkages across country programs.' Despite the absence of a formal Multi-Country Management Group, MDF Phase 1 has generated and shared much information, and appears to have been a significant influencer within the Australian aid program, in particular influencing other market systems development programs. For example during Phase 1, MDF was visited by various Ministers; informed DFAT's [Private Sector Development Strategy](#) and [Strategy for Australia's aid investment in agriculture, fisheries and water](#); and used as an example in the [Ministerial statement on engaging the private sector in aid and development](#).

Key MDF Phase 1 outputs, explaining this model and lessons learned included:

- technical [case studies](#)
- broader audience [case studies](#), [blogs](#), [videos](#) and [photo essays](#)
- social media ([Twitter](#), [Facebook](#), [Flickr](#)), closely interacting with official DFAT/High Commission social media users
- presentations at conferences, such as those convened by SEEP<sup>1</sup> and DCED
- regular formal reporting such as the [Annual Aggregation of Results](#) and progress reports (Semester Reports)
- monthly donor updates and email newsletters, and
- research reports, such as household level analyses of poverty and gender dynamics in [Fiji](#), [Timor-Leste](#), [Sri Lanka](#), [Pakistan](#) and PNG.

Within the MDF Phase 1 team, there was active cross-fertilisation of ideas and significant attention to sharing experiences across the country platforms and beyond. This internal learning process was facilitated by cross-country training, conference attendances, work

Figure 3 How MDF works



<sup>1</sup>SEEP is a global learning network that supports strategies that create new and better opportunities for vulnerable populations, especially women and the rural poor, to participate in markets and improve their quality of life.

## Case Study 1 Silage in Pakistan

Despite having a significant livestock population, the dairy and meat sectors in Pakistan are not close to achieving their potential. MDF's sector assessment identified poor animal nutrition as the key constraint to livestock productivity.

Nutritious fodder, such as silage, could have improved livestock productivity, but several factors prevented small-scale farmers from either producing or purchasing silage. Existing incentives and awareness raising schemes to promote the use of silage had not been successful.

MDF developed a new business model with significant incentives for small-scale farmers to purchase silage, and for medium-scale farmers to commercially produce and sell silage. The innovation was to produce a silage bale at a size and price suitable for small-scale farmers (60kg bales), and distributed appropriately.

After working with partners including Pioneer, Cattlekit, Bank Alfalah, Maxim and various silage entrepreneurs, MDF started seeing early signs of systemic change. MDF's activities in silage were the stimulus for more than 60 independent entrepreneurs to 'crowd in'. More than 40 of these entrepreneurs independently improved and adapted MDF's initial business model. Dedicated machinery rental businesses also entered the market. Medium to large companies, such as The Four Brothers Group and Nestle, also offered machinery rental services for their customers. The sector has seen more than 16 businesses launch new products and services that complement and support the 60kg silage bale.

For further information, refer to [MDF case study 4 – systemic change in the fodder market for smallholder farmers in Pakistan](#).

placements and extended CLT meetings. In addition to these person-to-person exchanges, MDF also implemented a management information system (MangoApps) which enabled multi-country teams to collaborate and share learnings.

## MDF's approach

Given MDF's role as a demonstration program, it invested heavily in documenting its approach and ways of working.

The design of MDF Phase 1 built on the premise that the private sector is the engine of economic growth. MDF's approach was therefore to support businesses with innovative ideas, investment and regulatory reform that would increase business performance, stimulate economic growth and ultimately provide benefits for poor women and men – as workers, producers, and consumers.

To achieve this, a tailored Market Systems Development approach guided MDF's Phase 1 methodology, including analysis of who is poor and why. MDF also identified growth opportunities in the economy relevant for poor women and men. MDF then identified the bottlenecks to growth in each target sector, and the barriers preventing poor women and men from benefiting from this growth, including limited access to production inputs, services, and information, a lack of key skills, and difficulties accessing markets or potential buyers (see Figure 3).

MDF partnered with a variety of businesses willing and able to invest in changes to improve their business practices (offering more affordable products and services, expanding distribution, and providing better information). Working together, each MDF partner developed a 'partnership agreement' to introduce these changes to the market. The partnership agreement being a negotiated agreement to provide technical assistance and investment by MDF on a cost-sharing basis, assisting the partner to innovate, scale up or implement reforms.

As detailed in each plan, partnership activities were implemented and managed directly by the partner. As a result, partners strengthened their capacity to manage processes, providing better market access and/or more affordable goods and services. In addition, as each activity was integrated into the partner's core business model, it was, ostensibly, commercially sustainable, meaning that benefits to poor women and men would continue beyond MDF.

Whilst at this early stage it would be premature to consider any major systemic changes resultant from MDF Phase 1, there are early signs of systemic change (see Case Study 1). MDF Phase 1 initiated processes where businesses experienced increased productivity, and poor producers and consumers gained improved access to essential products, services and markets to improve their livelihoods. As a result, companies employing poor workers were well positioned to grow faster; while poor producers, such as farmers and small workshops were supported to produce more, or higher, value products. In this way, over time DFAT can anticipate that sustainable



broad-based economic growth will create more employment and income earning opportunities for poor women and men, leading to a lasting reduction in poverty.

## Key principles

MDF Phase 1's key principles were to influence systemic change; ensure sustainability; generate impacts on a large scale; and maintain a facilitative role.

- **Systemic change:** in order to improve the way the market system functions so that poor women and men can fully benefit, it was necessary to understand where and how the market system failed to serve the particular needs of poor women and men. By targeting these issues, MDF influenced changes that improved how market systems worked for poor women and men, opening up access to improve their livelihoods.
- **Sustainability:** MDF partnered with existing market players, matching their incentives with key needs in the market, and building capacity to provide the right solutions. Once MDF ceased its involvement, solutions carried on, led by the market players who were willing and able. These players also developed the capacity to serve new needs of the market going forward.
- **Scale:** By understanding which markets were most important for poor women and men and what the main issues were that kept them from participating or fully benefitting, MDF targeted its support to those activities that positively impacted large numbers of poor women and men. MDF generated this large-scale impact by supporting existing market players to develop and implement sustainable solutions in relevant markets.
- **Facilitation:** MDF worked to stimulate pro-poor growth and create sustainable development solutions. It worked carefully to support key market players, both private and public, building on their incentives and capacity. MDF did not become an active market player itself, so new activities and solutions amongst partners were embedded in the current market system ensuring long-term sustainability.

## MDF organisational structure

MDF's original facility design maintained some flexibility in the organisational structure of the team, with the initial CLT comprising a Team Leader, Operations Manager, Communications / Results Measurement adviser, and a number of Country Representatives. This initial CLT had a hands-on management approach during the start-up of MDF in each country. As the number of countries expanded, and in-country organisational capacity was strengthened, the size of the CLT also needed to change, from close management to more strategic technical support. This required additional positions, with some existing positions being refocused. For example, the Communications and Results Measurement (RM) position was originally split into two separate functions, with the RM function then split further to accommodate a stronger focus on Women's Economic Empowerment. Towards the end of Phase 1, a Deputy Team Leader

position was also created, reducing some of the managerial tasks of the Team Leader, allowing him to focus on the strategic elements of the overall program.

MDF found that the optimal structure included a decentralised Country Implementation Team in each country office managing the day-to-day operations and implementation, led by a Country Representative. Country Implementation Teams included sector coordinators, business advisers, specialists/advisers (communications, women's economic empowerment and results measurement) and administrative support staff.

The Country Implementation Teams were supported by central technical specialists and Core Leadership Team (CLT). The CLT provided technical and strategic support to each country, and managed the Facility on a global level.

For Phase 1, the MDF team was underpinned by head office support provided by the Managing Contractor. This support included a dedicated contractor representative, program manager, program coordinator, program support officer and program accountant, as well as head office recruitment, legal, IT and HR support. Utilising the Managing Contractor's various project management support functions, fit for purpose finance, procurement, HR, recruiting and IT systems were developed for MDF, and surge support and mobilisation assistance was also available.

This staffing structure enabled MDF Phase 1 to maximise cross-country learning, while creating a tailored approach in each country. The decentralised staffing structure additionally ensured that MDF expanded efficiently into new countries with context-specific strategies and implementation, supported by central technical and project management expertise.

Country Representatives interacted regularly with DFAT Posts to provide formal and informal progress updates, as well as early identification of any risks. When required, senior members of the CLT were also included in these interactions. Furthermore, the Team Leader and Deputy Team Leader, as well as the Contractor Representative, regularly updated DFAT Canberra on progress.

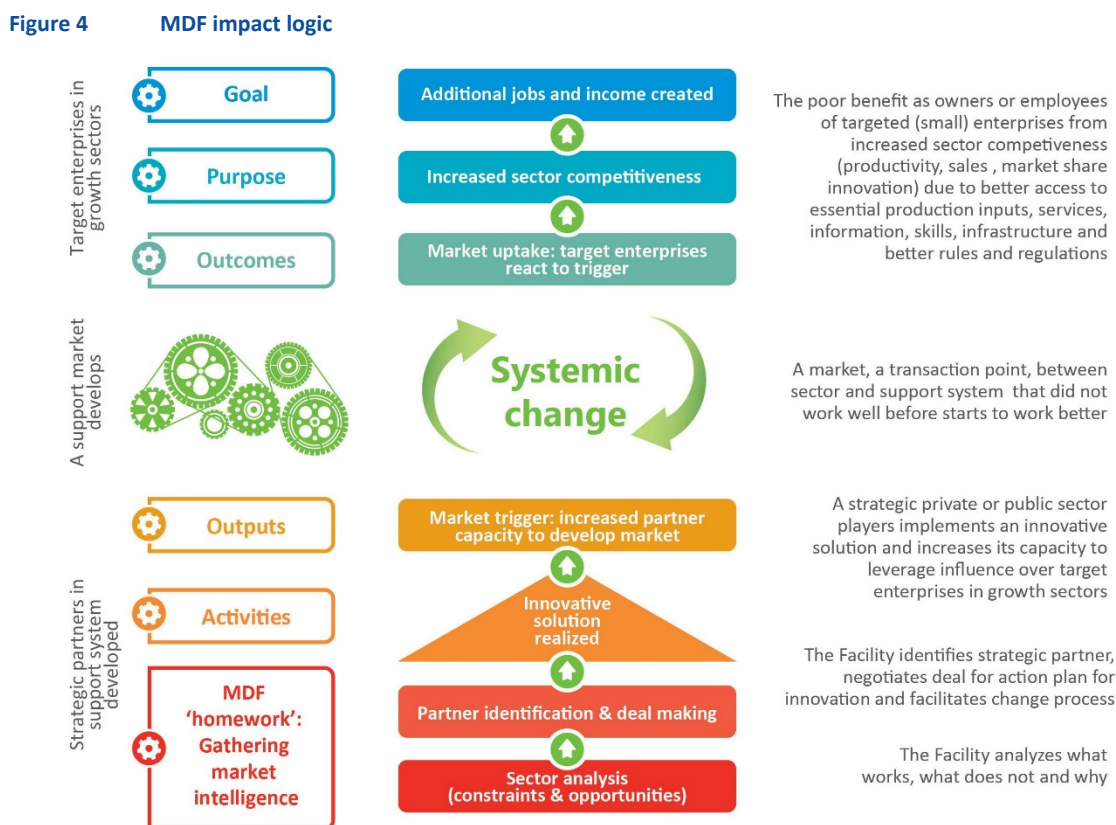
An Independent Advisory Group provided additional review and advice support to MDF and DFAT. Through regular missions and ongoing correspondence, the Independent Advisory Group performed a variety of functions including troubleshooting issues, helping with early identification of critical risks, mentoring of staff, and being a 'critical friend' to provide the MDF team and DFAT with sound independent advice.

## Country, sector and engagement strategies

MDF's work essentially created pathways – via investments, business innovations, and regulatory reforms and, as a result of this, better functioning markets – through which poor women and men could work themselves out of poverty.

Progress along these pathways affected wider changes in the market, reinforcing the **country strategy** for MDF. These strategies were typically produced during the country mobilisation phase and served to identify key challenges and sectors for MDF focus.

Once sectors (recently reframed as ‘strategic engagement areas’) were identified, **sector strategies** were developed to analyse how to address challenges facing these sectors. These were captured in MDF’s theory of change (or hierarchy of objectives). Each partnership designed and negotiated by MDF followed the same impact logic that enabled poor women and men to take part in, and benefit from, growth. Figure 4 explains the steps in this logic:



As noted earlier, the precise mode of operation in each country was outlined in a [country engagement strategy](#), which detailed how MDF would engage with particular agents to affect change in identified sectors (strategic engagement areas). It should be noted that the development of engagement strategies was not a linear process. In reality, there was a lot of action research, learning by doing and iterative development and refinement of the strategies. MDF gathered information from in-depth analyses of sectors of the economy from which it identified inclusive growth potential for poor women and men, as well as gaps in the system that prevented them for tapping into this growth potential.

#### Lessons Learned

Key to this iterative approach was supporting in-country teams to develop their own strategies internally, rather than engaging external consultants. Although this took longer than alternate approaches may have taken, it had two significant benefits: allowing MDF to draw on the depth of understanding of local context that each in country team had; and building the strategic development capacity of the in-country teams.



## Chapter 3: MDF aggregated results

### Results measurement

In order to measure results, MDF developed and refined a results measurement system, consistent with the Donor Committee for Enterprise Development (DCEd) *Standard for Results Measurement in Private Sector Development*.

The Standard was first developed by a group of programs and advisers under the umbrella of DCEd. The group agreed on a framework of adequate practices for internal measurement of program results, and tested the practicality of that framework. Since then, the Standard has evolved, incorporating the inputs from a broader group of programs and stakeholders. However, it has always aimed to outline a consensus view of adequate practice for internal program results measurement. To make the framework applicable to a wide range of programs and encourage these to improve their results measurement, the Standard is not overly prescriptive. Instead, it outlines the minimum requirements of a coherent results measurement system.

MDF developed a Monitoring and Results Measurement (MRM) system that struck balance between an overly prescriptive system, and a system which failed to specify 'good practice'. Through the journey of developing the system, MDF learnt that the 'sweet spot' for MRM needed to be defined more narrowly than originally thought. In MRM, the balance between a system that is too loosely defined (and hence does not generate credible data), and a system that is too 'scientific' (making it unmanageable as a tool for day-to-day quality control and learning) is very fragile. On the one hand, a 'loose' system can risk relying on anecdotal observations which are an unsound basis for (unbiased) learning, or poorly designed and administered surveys may carry a more scientific veneer, but generate poor quality data not suitable for learning either. On the other hand, an overly prescriptive system may result in an MRM system that is so heavy and complex that staff cannot work with it, and it becomes the domain of specialists.

During the first years, MDF was inclined towards a prescriptive approach, with implementation and results measurement drifting apart. In 2016, the CLT recast its approach to MRM to address this. The warning signs indicating that this needed to occur were:

- **User-unfriendly results chains:** Initially MDF designed complex, multi-stage partnerships in response to the thin markets in which it operated. Whilst the results chains should have helped create/preserve an overview of specific interventions, they had become unwieldy and cluttered. As a result, implementers stopped using the chains, with the updating of results becoming the singular prerogative of the results measurement specialist. MDF reversed this by developing new, more user-friendly results chains, which were represented in a style more 'readable' by

'The approach used by the MDF's results measurement system is impressively thorough; the logic of each partnership is documented in detail, with indicators and monitoring activities tightly linked to that logic.'

MDF Mid-Term Review

#### Case Study 2 DCEd compliance

The Results Measurement Standard of the Donor Committee for Enterprise Development (DCEd) is a tool for monitoring results during program implementation in line with international good practice. It specifies key elements of a robust monitoring system, starting with the logic, or results chain specifying what the program is doing, and the results it expects to achieve. Indicators are then set to measure each key change expected, and measured according to good practice.

MDF was audited against the DCEd Standard in 2015, achieving a rating in the top category, with a 'strong results measurement system' including 'strong additional features'. In 2017, MDF again achieved strong audit results in the two countries audited.

Results measurement based on the Standard enables programs to improve management and demonstrate credible results to others. More than 120 programs are now actively using the Standard, on a voluntary basis or on request by funders; in MDF's case, tender documents required alignment with the Standard.

non-specialists. Under this improved model of reporting, the implementer led managing the quality of the partnership, whilst the results measurement specialist collaborated on the effort, ensuring the result chain was of good quality.

- **Indicator-driven results:** Change definitions in each box in the results chain acted like ‘mini-hypotheses’, defining how one change (or a number of them) were expected to lead to the next change. Over time, these change definitions got increasingly more generic, shorter and simpler, but also less precise. To reverse this, the focus shifted to developing longer lists with more comprehensive indicators, resulting in greater specificity and consistency of key indicators.
- **Rigid, clunky and untimely survey research:** Long lists of indicators were translated into long surveys, primarily designed by results measurement specialists. The expectation was that to create a coherent database, while in the field the team member would not deviate from the line of questioning of the survey. Sample sizes were sometimes derived from online research tools (which typically suggest bigger sample sizes), and, as research efforts got heavier, there was a tendency to reduce sampling frequency, and, instead, merge efforts. As a result, research efforts answered less questions, answers came in late, and were less accurate because they were based on a longer recall. There was also limited scope to follow new leads, explore unexpected answers and changes.

Despite these challenges, many managers, business advisers and results measurement specialists established credible results through a substantial amount of fieldwork and data collection. However, the system did not always ask the right questions or provide the most useful answers, and thus the support for, and the value of the system eroded. By the completion of Phase 1, MDF has made significant efforts to refine the MRM system to mitigate these risks, as explained in the *Strategic Guidance note – 6 ‘Managing Quality amid Messiness’* (forthcoming).

## MDF results measurement indicators

MDF Phase 1 generated a number of aggregated results, which are included as part of this completion report. The first three headline indicators, referenced below and in further detail in Annex 1, capture changes for MDF beneficiaries at the top of the impact logic.

**Effective outreach:** This indicator measured the scale of MDF’s impact. In specific cases, effective outreach also included consumers, for example if they benefited from access to better services or labour saving technologies, etc. It measured the number of beneficiaries (small farms, firms and workers) who increased their productivity and/or benefitted financially from MDF’s partnerships – or the number of adults benefited. This included beneficiaries with income from self-employment activities or those benefitting from additional employment.

**Net additional employment:** This indicator measured the number of jobs generated through MDF's partnerships. It measured net additional employment created, calculated in days aggregated into Full Time Equivalent (FTE) jobs, using 240 working days per year and eight hour working days.

**Net additional income:** This indicator measured income generated by MDF's partnerships. It measured net additional income earned by beneficiaries, calculated as additional income minus additional expenses (converted from local currencies into USD for comparison).

Due to the lead time before common impact indicators could be measured, along with the fact that the sustainability of improvements in livelihoods for poor women and men ultimately hinged on successful business and government practices and better-working markets, MDF Phase 1 also aggregated three intermediary headline indicators. These intermediary indicators communicated MDF's influence on markets and market actors.

**Number of business innovations and regulatory reforms:** A business innovation may have been the introduction of a new product, service, business practice or production method, or the targeting of new suppliers and customers. Innovations could have been new to a business, sector or even a country. A regulatory reform was a change in the rules and regulations in a country that reduced transaction costs, stimulated investment and/or opened up markets. Some of MDF's Partnership Agreements introduced multiple innovations and/or regulatory reforms.

**Value of private sector investment leveraged:** Measured the funds the partner invested in the development and implementation of the innovations or regulatory reform. The investment could have been made directly in partnership activities, or in further improvements to products or services which resulted from a partnership. The investment could have been made directly by partners, or additional investment leveraged by partners from private funding sources. The value reported therefore captures the expenditure made by the partners within and outside of the investment commitment made with MDF.

**Value of additional market transactions:** Measured the value of additional market transactions generated as a result of MDF's partnerships. This indicator showed how market transactions increased as a result of MDF's partnerships, representing increased economic activity, which in turn contributed to pro-poor growth. The market transaction was unique to each partnership and depended on the nature of each partnership. The transactions measured were either between MDF's business partner and beneficiaries, or between MDF's business partner and its target market (depending on the activities that generated pro-poor growth). It measured the payments made between the actors, covering the additional revenue generated from the product or service on behalf of either the partner or the beneficiaries. The indicator measured at the partner level used revenue as its metric, and so, should not be confused with net income to beneficiaries or net income to partners.

#### External Reference

For more information on MDF's indicators, as well as estimated goals and targets, refer to '[Strategic Guidance Note 1 – MDF results estimates for five countries 2011-2017](#)'.

## How MDF indicators assess effectiveness

**At the partnership level:** Since any systemic change hinged on the ability to catalyse local ownership, MDF sought to compare financial investments made by partners against those made through the facility. With low ratios – deemed to be in the range of 3:1 MDF/Partner investment – seen as a signal of a lack of local ownership, MDF Phase 1 sought to ensure 1:1 investment ratios to reflect an equal partnership. An exception to this was in weaker markets, where it was important that ratios were based on what could reasonably be expected from partners by way of initial investment.

**At the program level:** MDF compared total aid investments in the program against the total amount of net additional income generated. A ratio of 1:1 or higher was deemed to indicate a positive investment, in the form of additional income for poor women and men. MDF Phase 1 consistently strove for a significantly higher return on its investments, between 1:2 and 1:3.

**At the market level:** It was at the market level that systemic change was measured, applying six separate indicators: partner behaviour; commercial and/or political sustainability; systems resilience; scale; inclusion; and Women's Economic Empowerment.

Annex 1 provides a detailed explanation of how MDF measured results and defined indicators. MDF achieved results at a local level, and through a process of aggregation, reported these at a facility level. The following country-specific chapters provide analysis of these results.

## What MDF Phase 2 achieved

Based on actual partnerships and activities during Phase 1, the figure and tables following show MDF's aggregated results as of December 2016 (often referred to as 'actuals').



Figure 5 What MDF achieved by end December 2016

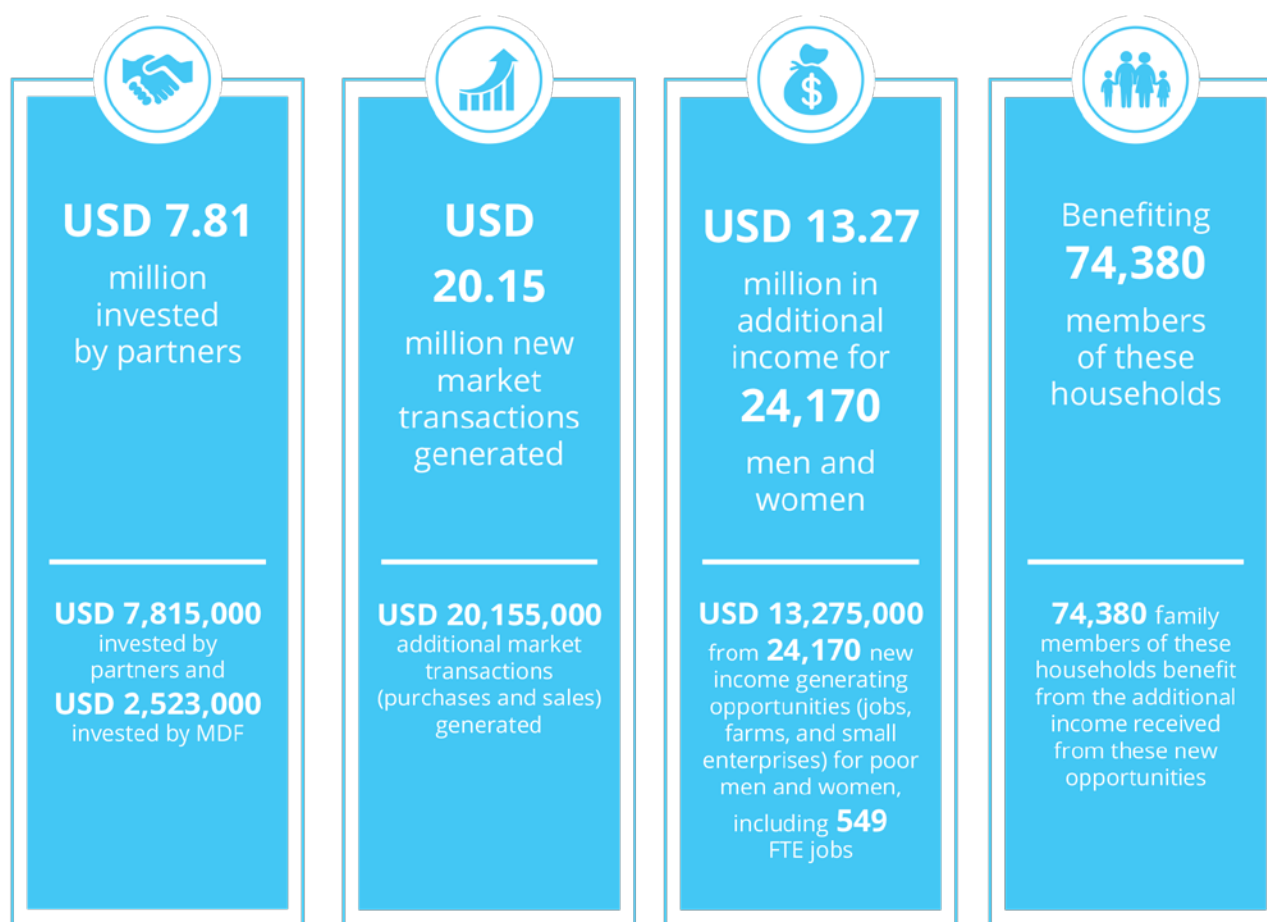


Table 1 Intermediary headline results achieved

|   | Fiji       | Timor-Leste | Pakistan  | Sri Lanka | PNG    | Total      |
|---|------------|-------------|-----------|-----------|--------|------------|
| Partnerships  | 47         | 23          | 38        | 9         | 8      | 125        |
| Innovations   | 56         | 38          | 54        | 18        | 20     | 186        |
| MDF Investment (USD)  | 1,100,000  | 424,000     | 913,000   | 74,000    | 12,000 | 2,523,000  |
| Private Sector Investment (USD)                                     | 2,839,000  | 2,954,000   | 1,738,000 | 259,000   | 25,000 | 7,815,000  |
| Leverage Ratio of MDF Investment to Private Sector Investment (USD) | 1:2.58     | 1:6.97      | 1:1.90    | 1:3.50    | 1:2.08 | 1:3.1      |
| Value of Additional Market Transactions (USD)                       | 12,014,000 | 1,188,000   | 6,765,000 | 188,000   | 0      | 20,155,000 |

Table 2 Headline results achieved

|   | Fiji      |           | Timor-Leste |         | Pakistan  |           | Sri Lanka |        | PNG  |        | Total      |
|---|-----------|-----------|-------------|---------|-----------|-----------|-----------|--------|------|--------|------------|
|   | Male      | Female    | Male        | Female  | Male      | Female    | Male      | Female | Male | Female |            |
| Effective Outreach including Jobs                           | 2,760     | 2,740     | 2,960       | 3,240   | 4,430     | 3,540     | 2,220     | 2,280  | 0    | 0      | 24,170     |
| Additional Jobs (FTE)                                       | 108       | 114       | 50          | 17      | 117       | 73        | 5         | 65     | 0    | 0      | 549        |
| Additional Income (Effective Outreach including jobs) (USD) | 1,640,000 | 1,656,000 | 382,000     | 467,000 | 6,335,000 | 2,601,000 | 120,000   | 74,000 | 0    | 0      | 13,275,000 |

## What MDF Phase 1 partnerships are projected to achieve

MDF's 'actuals' measured results achieved as of December 2016. However, as there is usually a time lag between an intervention or activity and the generation of results attributed to that intervention, actuals did not measure all likely impacts resulting from the partnerships. The time lag varied depending on the indicator, market and nature of the partnership, but results could often be attributed to a particular intervention several years later. To predict the likely total impact of MDF Phase 1 partnerships, projected out beyond the reporting date, 'projected' results were prepared – a forecast of what each signed partnership agreement was likely to achieve over a reasonable measurement period. These projections provided an early indication of whether MDF was on track to achieve what it intended.

MDF continued to sign partnerships after the annual aggregation reporting date (December 2016). While results from these newly signed partnerships are not captured in either the actual or projected results, they are reflected in the Annual Aggregation of Results as 'estimates'.

The following tables indicate projected results based on signed partners as of December 2016.

**Table 3 Intermediary headline results projected at 31 December 2016**

|   | Fiji       | Timor-Leste | Pakistan   | Sri Lanka  | PNG       | Total      |
|---|------------|-------------|------------|------------|-----------|------------|
| Partnerships  | 47         | 23          | 38         | 9          | 8         | 125        |
| Innovations   | 56         | 38          | 54         | 18         | 20        | 186        |
| MDF Investment (USD)  | 1,418,000  | 685,000     | 1,555,000  | 300,000    | 147,000   | 4,105,000  |
| Private Sector Investment (USD)                                     | 3,529,000  | 3,337,000   | 2,635,000  | 681,000    | 181,000   | 10,363,000 |
| Leverage Ratio of MDF Investment to Private Sector Investment (USD) | 1:2.49     | 1:4.87      | 1:1.69     | 1:2.27     | 1:1.23    | 1:2.52     |
| Value of Additional Market Transactions (USD)                       | 19,436,000 | 2,343,000   | 13,697,000 | 23,071,000 | 3,383,000 | 61,930,000 |

**Table 4 Headline results projected at 31 December 2016**

|   | Fiji      |           | Timor-Leste |           | Pakistan   |            | Sri Lanka  |           | PNG       |           | Total       |
|---|-----------|-----------|-------------|-----------|------------|------------|------------|-----------|-----------|-----------|-------------|
|   | Male      | Female    | Male        | Female    | Male       | Female     | Male       | Female    | Male      | Female    |             |
| Effective Outreach including Jobs                     | 4,320     | 4,430     | 4,520       | 4,900     | 79,380     | 71,310     | 13,170     | 13,050    | 2,960     | 2,270     | 200,310     |
| Additional Jobs (FTE)                                 | 148       | 242       | 84          | 126       | 989        | 348        | 414        | 396       | 9         | 33        | 2,789       |
| Additional Income (Effective Outreach including Jobs) | 5,857,000 | 6,033,000 | 1,375,000   | 1,705,000 | 52,162,000 | 20,503,000 | 14,399,000 | 6,014,000 | 1,989,000 | 1,520,000 | 111,557,000 |

'Based on partnerships signed at December 2016, MDF's work is projected to result in over US\$111 million in additional income for 200,000 men and women, including 2,789 FTE jobs.'

## DFAT aggregate development results reporting

Along with its own impact indicators, MDF also reported against the relevant DFAT Aggregate Development Results (ADR) – namely, the

value of additional agricultural and fisheries production (in USD), the value of private sector investment leveraged (in AUD), the value of exports facilitated including new exports (in AUD), the number of poor women and men who adopt innovative agricultural and fisheries practices, and the number of poor women and men with increased incomes. It is important to note that these values were reported incrementally for the given year. This differs from MDF's impact indicator reporting, which reported achievements cumulatively for the entire implementation period. As MDF reports against ADR's annually, the following table illustrates progress against the ADR's in the final calendar year of MDF phase 1.

**Table 5 DFAT Aggregate Development Results from 01 January 2016 to 31 December 2016**

|  | Fiji      |        | Timor-Leste |        | Pakistan  |        | Sri Lanka |        | PNG    |        | Total     |
|--|-----------|--------|-------------|--------|-----------|--------|-----------|--------|--------|--------|-----------|
|  | Male      | Female | Male        | Female | Male      | Female | Male      | Female | Male   | Female |           |
| poor women and men who adopt innovative agricultural and fisheries practices | 1,160     | 1,160  | 372         | 372    | 2,120     | 2,120  | 2,210     | 2,210  | 0      | 0      | 11,724    |
| poor women and men with increased incomes                                    | 1,210     | 1,190  | 1,800       | 1,450  | 2,490     | 2,230  | 2,220     | 2,280  | 0      | 0      | 14,870    |
| private sector investment leveraged (in AUD)                                 | 1,250,000 |        | 1,678,000   |        | 1,661,000 |        | 347,000   |        | 34,000 |        | 4,970,000 |
| additional agricultural and fisheries production (in USD)                    | 405,853   |        | 336,000     |        | 2,483,000 |        | 151,000   |        | 0      |        | 3,376,000 |
| exports facilitated, including new exports (in AUD)                          | 5,934,000 |        | 570,000     |        | 117,000   |        | 342,000   |        | 0      |        | 6,963,000 |

MDF's RM system was designed to comply with the DCED standard, while at the same time allowing the program to monitor results against a number of DFAT's ADRs. The following table shows how several of MDF's headline and intermediate indicators were used to monitor DFAT's ADRs.

**Table 6 Integration of MDF indicators with Aggregate Development Results indicators**

| Aggregate Development Results   | How this was reported by MDF Phase 1  |
|---|---|
| <b>Number of poor women and men who adopt innovative agricultural and fisheries practices</b> | The effective outreach (number of adults that increased their productivity and/or benefitted financially or otherwise from MDF's partnerships including self-employment and jobs) from all MDF supported agricultural related partnerships only. Only the additional/incremental number for the year was reported (rather than cumulative).   |
| <b>Value of additional agricultural and fisheries production (USD)</b>                        | The additional value of agricultural production sold by the beneficiaries (i.e. sales revenue of MDF beneficiaries).  |
| <b>Number of poor women and men with increased incomes</b>                                    | The effective outreach (number of adults that increased their productivity and/or benefitted financially from MDF's partnerships including self-employment and jobs) from all MDF supported partnerships (both agricultural and non-agricultural). Only the additional/incremental for the year was reported (rather than cumulative).  |
| <b>Value of private sector investment leveraged (AUD)</b>                                     | Measured the amount of money the partner invested in the development and implementation of the innovations or regulatory reform. The investment could have been made directly in partnership activities or in further improvements to products or services resulting from a partnership. The investment could have been made directly by partners or additional investment leveraged by partners from private funding sources. The figure reported therefore captured the amount of expenditure made by the partners within and outside of the investment commitment made with MDF. |
| <b>Value of Exports Facilitated (AUD)</b>   | Additional sales revenue earned from goods exported.  |

## Chapter 4: MDF in Fiji

Over Phase 1, MDF in Fiji engaged in partnerships aimed at achieving systemic change in its target sectors – horticulture, export processing and tourism. Progress in these partnerships reinforced the existing portfolio, whilst, at the same time, the MDF team focused increasing efforts in engaging and influencing stakeholders as a mechanism to achieve systemic change.

In agriculture, MDF had some notable successes working with partners to influence professional distributors to supply agricultural inputs. In export processing, MDF worked with partners to pioneer new technology and expand business process outsourcing operations, including an ‘MDF Fiji Enterprise Engine’ to support SMEs in Fiji to address common business and management problems (e.g. HR, financial management). At the same time, MDF actively pursued stakeholder engagement and wider market influencing as a complementary mechanism to achieving systemic change. For example, MDF actively promoted specific partnerships, working with destination marketing organisations such as the Ministry of Tourism and Tourism Fiji.

The economy of Fiji has grown steadily over the past five years, primarily through exports and tourism. MDF actively supported this growth trajectory, with sustainable and resilient export growth supported through diversification into new, and internationally competitive, agricultural and non-agricultural products and services. The outcomes of MDF partnerships with Ben’s Trading Limited, Labasa Farm Fresh, South Pacific Elixirs, United Apparels and DHL during Phase 1 are testament to this. The Denarau and Coral Coast-centred tourism industry in Fiji also continued to grow.

As more Fijian destinations are marketed to tourists, and more ‘Fijian Made’ products and services are available to visitors, this growth should continue into MDF Phase 2. This diversified growth will support a more resilient Fijian tourism industry that in time generates inclusive and sustainable economic benefits.

### Strategy and engagement

During MDF Phase 1, in depth analysis of various markets in Fiji was undertaken. Key findings from this analysis led to MDF strategies that:

- Encouraged diversification and commercialisation (mostly export-led, but also tourism-led) in agriculture (‘turning farming into a business’).
- Created off-farm employment for those who have left the land (in tourism and in processing).
- Supported local entrepreneurship in niche markets (mostly tourism-led, but also export-led).
- Developed better business services and improved aspects of the Business Enabling Environment: for example, MDF supported the

With additional partnerships on board, by 2021 MDF’s work [in Fiji] will result in over US\$17.95 million in additional income benefitting 16,320 men and women, including 689 FTE jobs benefiting 41,600 household members.

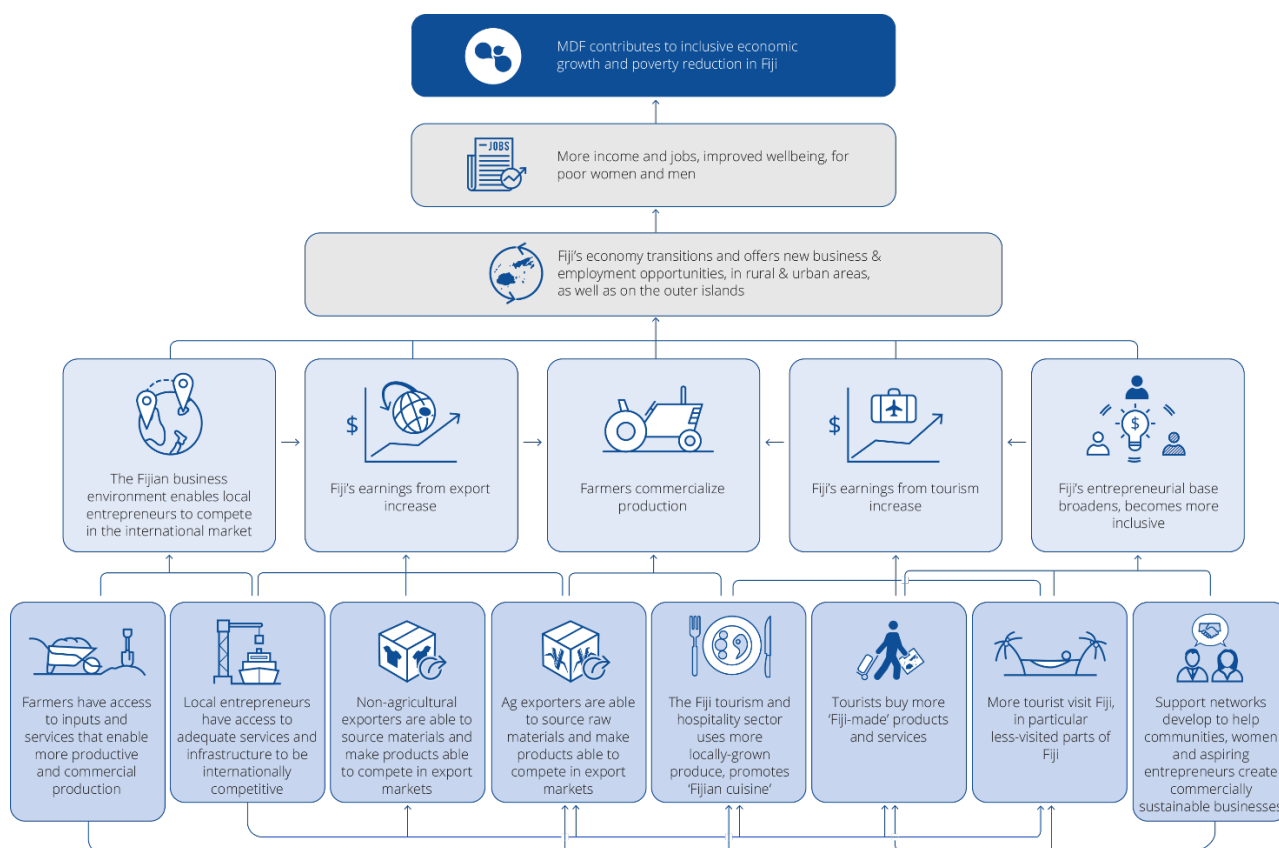
Annual Aggregate Report (2016)

Biosecurity Authority of Fiji which is the regulatory body responsible for monitoring exports of horticulture produce and issuing import permits for agro-inputs.

- Ensured geographic and ethnic inclusion to expand economic activities in outer islands of Fiji and also to encourage more representation of indigenous Fijians in business.

The diagram below depicts the objectives of this strategy.

**Figure 6 Strategy objectives – Fiji**



In Fiji, MDF Phase 1 worked with private sector partners, public and non-government stakeholders, such as provincial authorities, NGOs/iNGOs, other development programs and civil society organisations. In a shallow economy like Fiji, all these stakeholders played an important role, directly or indirectly, in the growth of the economy. MDF's Advisory Group pointed to four areas where engagement with stakeholders was important:

- input, contestability and guidance ('keeping MDF real');
- linkages and relationships ('helping MDF connect');
- influencing norms and practices across sectors (promoting systemic change'); and
- advocacy for the private sector and its role in equitable economic growth in Fiji.

## Refining the approach

### Revisiting initial strategic engagement areas

In Fiji, MDF continued to work in export and tourism, fine-tuning the strategy as necessary to maximise impact. In the tourism sector, MDF prioritised supporting businesses focused on getting tourists into Fiji and to different locations around the country. A secondary priority was to sell as much Fiji Made products and services to tourists as was commercially viable.

### Expansion to new strategic engagement areas

MDF's work with growth drivers of the Fiji economy pointed clearly to the need to address the availability of enabling services (i.e. finance or information) and infrastructure solutions (i.e. inter-island connections or storage solutions), which in turn would facilitate (change the quality of) the growth of key sectors of the economy. As the economy grew, active steps were taken to promote innovation and allow more indigenous Fijian or women-owned businesses to contribute to growth. Consequently, MDF expanded into two new engagement areas – Business Enabling Services and Infrastructure and Business Incubation Systems.

### Expansion of portfolio and progression towards country estimates

After six years of implementation in Fiji, it is evident that some partners have been strengthened to a point where they are ready for more complex activities – they have tested ideas that are now ready for expansion or replication to other parts of Fiji. MDF Phase 2 is thus well positioned to both add to, and expand upon new partnerships across all four engagement areas. For example, based on lessons learned from partnerships with distribution businesses like KK's Hardware, MDF Phase 2 could look to implement an improved version of agricultural input distribution partnerships with a suitable partner in Vanua Levu.

### Economic resilience / community engagement

As the Fiji portfolio expanded, concepts of economic resilience and community engagement moved from isolated measures in individual partnerships towards incorporation into broader strategies and activities. Resilience was built into MDF's systemic change pathways, with businesses in Fiji needing to actively incorporate disaster mitigation steps into their business models to rebound from the effects of natural disasters quickly and effectively. Businesses also needed to actively diversify their products and supply chains so that they could manage changing market conditions.

As pointed out in the MDF's mid-term review, and as MDF saw repeatedly in partnerships, businesses in Fiji need to continue to devise ways to interact with rural communities. Rural communities are potential suppliers, as well as potential buyers of, products and services. Under Phase 1, continuing efforts to understanding these communities better helped strengthen supply chains and identified

### Case Study 3 Building resilience after Tropical Cyclone Winston

In 2016 Fiji was battered by Tropical Cyclone (TC) Winston. In the immediate aftermath, MDF worked with affected partners as they responded to the impacts. MDF's engagement areas remained relevant for stimulating economic growth and working with the private sector in the wake of the cyclone, and the situation revealed valuable lessons about private sector and disaster preparedness, response and recovery.

TC Winston impacted directly and indirectly on partners who had to invest heavily in rebuilding their damaged structures and supply chains. Impacted partners were reluctant to take on new partnership activities, even if this was to build longer term business resilience, due to the financial strain of increased costs for raw materials in short supply.

Another key implementation challenge was a shift in partner priorities. With supply chains damaged, some partners were, necessarily, more interested in finding new sources of supply to meet their export demand, rather than in investing in and actioning new areas.

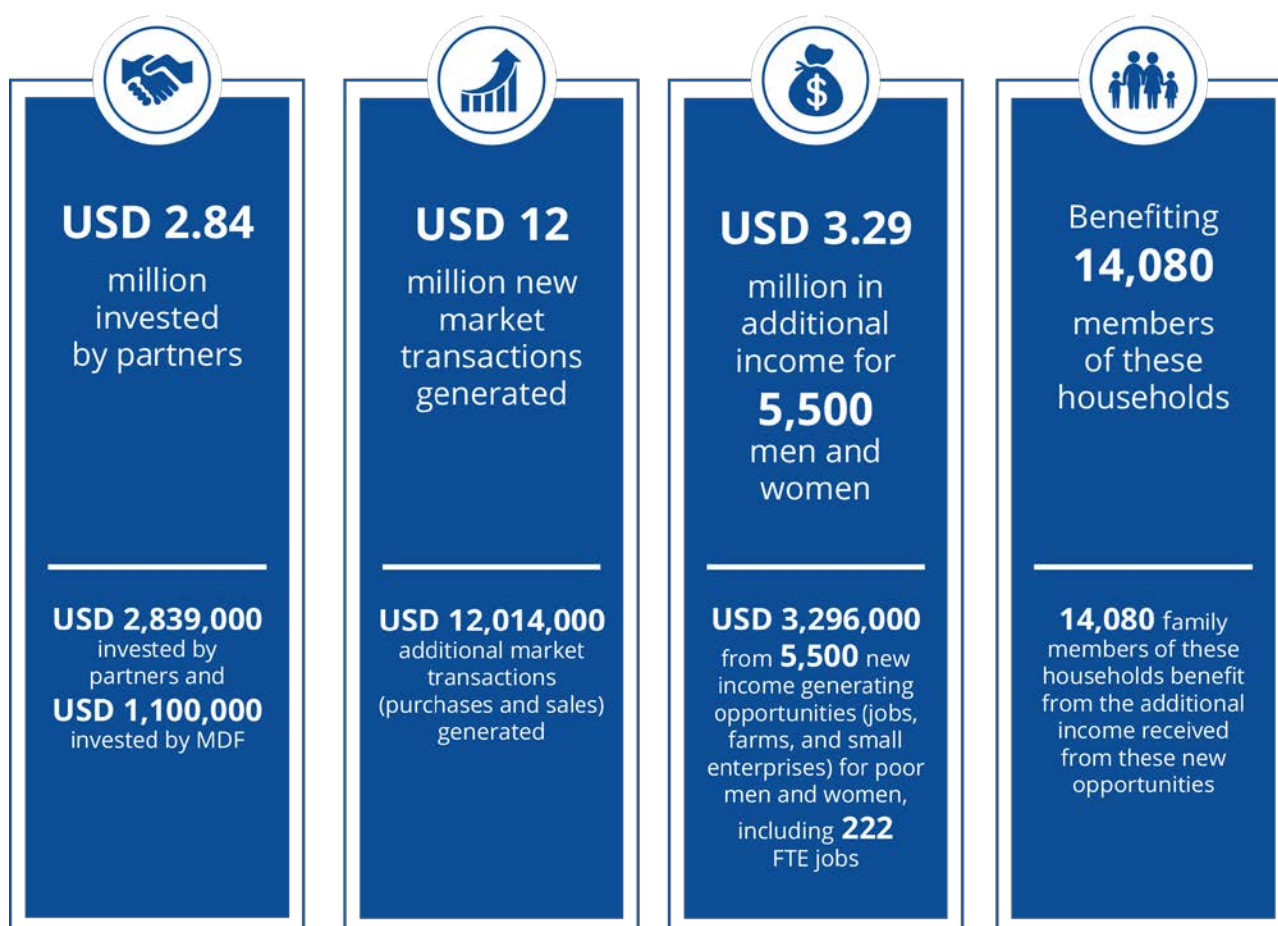
MDF realised this quickly and tailored its focus to support the needs of partners. For example, MDF supported Devesh and Bharos Farms to reconfigured a 40 ft container to store and safeguard seedlings from natural disasters. With MDF support, South Pacific Elixirs set up a similar container for kava seedlings, as a means of disaster resilience.

For further information, refer to the ['Annual aggregation of results 2016'](#) and the MDF video ['MDF Fiji Tropical Cyclone Winston Response'](#).

new areas of business for the private sector. Incorporating these two concepts into MDF partnerships increased the chances of achieving long term and sustainable benefits for beneficiaries, as well as progressing MDF's goals for systemic change in export and tourism.

## Achievement highlights

What MDF Phase 1 achieved in Fiji to December 2016



## Key sectors

MDF Phase 1 worked in sectors representing a major portion of the Fijian economy, having both long-term growth prospects and relevance for poverty reduction. Initial sectors of engagement were Horticulture and Agro-Exports; and Tourism and Related Support Services and Industries. Later, Export Processing was added into MDF's Fiji portfolio.

### Tourism

MDF Phase 1 considered the tourism sector as consisting of all industries involved in catering to, and creating an experience for, incoming tourists. This included accommodation, transportation,



entertainment, activities, retail and food and beverage services. To stimulate broad-based growth, MDF also focused on those industries that produced items and supplied the tourism sector, including food wholesalers, farmers and handicraft producers.

A continuing challenge for tourism in Fiji is the development of new and emerging destinations outside of the mainstream locations of Denarau (Nadi), Coral Coast, and Mamanuca and Yasawa Islands, which account for 81 per cent of all tourists to Fiji. MDF Phase 1 was active in these lesser-known and visited areas, specifically in Kadavu, Rakiraki (Suncoast) and Savusavu, supporting local associations to strengthen their organisations to better engage with national tourism stakeholders and develop market strategies to showcase the unique selling points of their destination. For example, over its final year of operations, MDF Phase 1's partnership with newly established Destination Marketing Organisations in Kadavu and Rakiraki, as well as the Savusavu Tourism Association, enhanced MDF's appreciation of the local complexities, and how these constraints impacted local economies and the potentials for growth.

Across Phase 1 MDF worked with 22 partners in Fiji's tourism sector (see Annex 2 for further details).

### Horticulture and agro-exports

The horticulture and agro-exports sector in Fiji covered the cultivation of food products, specifically fruits, vegetables and root crops. It also included agriculture production outside of livestock, including dairy, sugarcane and cereals. This included fresh, frozen and processed fruits and vegetables for both domestic and export markets.

Managing supply chains and changing the behaviour of suppliers was problematic for agricultural exporters. Exporters required good information on farming networks, yet had mixed reactions to investing in backward linkages. They also risked losing the benefits of their investments in backward linkages if the farmers sold to other exporters or local buyers for short-term gain.

MDF's initial research into this sector found that exporters preferred trading directly with farming communities, and sought out public sector extension support and advice as needed. Based on its sectoral analysis, MDF determined that the optimal pathway to reach farmers with information about cultivation and other topics was not necessarily through exporters, but through other partners, such as input companies incentivised to reach out to farmers and sell inputs. MDF saw there was also an opportunity to look beyond the traditional methods of information sharing (print, radio) to find more effective and cost efficient ways (digital media, mobile phone technology) to transmit information.

Over Phase 1, MDF worked with 16 partners in Fiji's horticulture and agro-exports sector (see Annex 2 for further details).

### Case Study 4 Fiji Hotel and Tourism Association

During Phase 1, MDF worked with the Fiji Hotel and Tourism Association (FHTA). FHTA is the major tourism body in Fiji representing hotels and resorts and other key private sector stakeholders. One of the key constraints that MDF targeted in its tourism sector interventions was meeting the demand for locally grown foodstuffs. MDF Phase 1 supported FHTA during its hosting of the annual HOTECH trade show, intended to link hotel and resort buyers with industry support and service suppliers. At previous HOTECH events, FHTA had focused on promotions that target the participation of its hoteliers. With MDF's support, FHTA increased the involvement of local suppliers, especially businesses that were relatively unknown in the tourism sector. The HOTECH trade show allowed these businesses to show-case their products and services to multiple buyers – a more efficient means of marketing than approaching hotel and resort buyers individually.

### Case Study 5 Ben's Trading

MDF worked with Ben's Trading, a root-crop exporter in operation since 2006. Since its inception, and prior to MDF interventions, the company had grown significantly, and was looking to export to markets in Australia, NZ, and the USA. A critical prerequisite for this, and potential obstacle to planned expansion, however, was the achievement of Hazard Analysis Critical Control Points (HACCP) certification. MDF provided assistance towards HACCP compliance, leading to certification and, in turn, increased export customers and orders. MDF also contributed to improving Ben's Trading business model, sourcing management to handle the expansion of the business once sales volumes and demand increased. MDF also helped the company to establish private extension services, enabling it to source increased volumes of better quality taro in line with international requirements.

## Case Study 6 United Apparel

MDF worked with United Apparel to enhance its technical ability to improve operational efficiency and capacity, particularly at mid-management level. After identifying two areas to improve growth: 1) operational floor efficiency, and 2) the suits segment, MDF supported the company by providing technical expertise to improve quality, efficiency and scale; and to improve employee capacity through training in new and efficient methods.

MDF intended that this intervention with United Apparel would encourage other players in the market to adopt similar practices to improve quality and access greater market share with higher margins.

## Export processing

The export processing sector in Fiji consisted primarily of industries exporting garments, Information and Communication Technology (ICT), seafood and processed food. Some of these companies also catered for the domestic market, and included in the sector are the communities, farmers, and small enterprises that supply to the above-mentioned industries.

In the garment sector, MDF identified that a lack of skilled staff was a major constraint, particularly at the operations and mid-management level. Enterprises struggled to attract skilled employees and there was limited access to structured skills training for current staff (whilst companies in Fiji were obliged to pay a training levy to support sponsored training for staff, many didn't receive appropriate training in return).

Despite the garment sector continuing to invest in on-the-job training, staff turnover across the sector was around 10-20 per cent annually, and absenteeism rates were high. It was therefore essential for MDF to understand the dynamics of this labour market and the incentives for low to mid-skilled women and men to work in the urban industries. This deeper understanding assisted MDF to design partnerships to create formal job opportunities. These partnerships also had implications for improving the prospects of recruiting disadvantaged people into workplaces, with MDF leveraging incentives, such as generous tax deductions, to improve inclusivity of benefits through job creation.

Over Phase 1 MDF worked with nine partners in Fiji's export processing sector (see Annex 2 for further details).

## Lessons from Phase 1

During the six years of Phase 1, MDF acquired a deep understanding of Fijian market systems. Some particular characteristics and learnings associated with these systems are captured in the table below, and could usefully inform MDF Phase 2 and other future donor programming of a similar nature.

| Lessons Learned   | Recommendation   |
|---|--|
| Focus on production quality (rather than quantity) of key agricultural export commodities | Fiji's agricultural products were not competitive with large international producers. Producers therefore needed to focus on high quality exports rather than competing on commodities where scale of production was important. The market's perception of Fiji as pristine, clean, pure and organic (e.g. Fiji Water, Pure Fiji, and Wakaya Perfection), supported this approach. To execute this strategy, exporters needed to focus on certification, branding and packaging of high quality agricultural commodities, making them attractive to international markets. |
| Mismatch in available and needed skills   | There was a mismatch of skills in the agricultural industry – both in the field with farmers and/or nurseries, and in technical laboratories creating innovative agricultural products. By focusing on vocational courses linked to agribusiness,  |

| Lessons Learned  | Recommendation   |
|--|--|
|  | <p>opportunities existed for local agricultural college graduates to meet industry needs.</p> <p>Fiji processors and manufacturers needed to invest internal management systems and factory efficiencies, and meet customer-required standards and gain certification (HACCP, US Food and Drug Administration, International Organisation for Standardisation, Organic, Worldwide Responsible Accredited Production). Meeting certification requirements was costly and there was a lack of qualified accreditors. There was a need to build a case to establish in-country industry-specific certification bodies. MDF Phase 1 identified industry associations as an avenue to advance this agenda.</p>  |
| <p>Incentives needed to be better aligned in the agricultural sector</p>   | <p>Agricultural exporters had difficulty developing strong backward linkages with suppliers. Exporters required information on farming networks, but had mixed reactions to investing in backward linkages, preferring traditional trader relationships with farming communities, supplemented by public sector extension advice. This sourcing model was further entrenched after TC Winston, when agricultural supply and disease-free planting materials were scarce. Exporters were interested in accessing new markets, and MDF found a successful approach was to support them to achieve certification or improve processes for market access. Farmers were also interested in accessing new buyers. If exporters accessed new markets, farmers would also benefit.</p> |
| <p>Better understand how to connect with farmers and bridge knowledge and information gaps using modern technology</p> | <p>Agricultural supply chains were complex. Forward market linkages were becoming more intense, often with certification and/or critical control standards that required investment in infrastructure and traceability back to farmers. This led to opportunities beyond traditional methods of information sharing (print and radio) to understand how new digital technologies could bridge the gap between agricultural exporters and farmers, particularly as women farmers were using social media platforms.</p>   |
| <p>Better understand gender and inclusivity in export processing work places</p>                                       | <p>Fiji's garment sector continued to incur costs for on-the-job training of workers (many were women). Staff turnover and absenteeism was high, affecting productivity. Understanding the dynamics of the labour market and incentives for low to mid-skilled women to work in urban industries was essential. Urban industries had incentives to recruit people with a disability after the Fiji government introduced a large tax deduction for wages paid to people with a disability – this was an opportunity for MDF to support businesses.</p>   |
| <p>There was varying capacity between regional tourism associations</p>  | <p>A challenge for tourism in Fiji was to develop new and emerging destinations outside of the mainstream locations in Denarau (Nadi), Coral Coast and Mamanuca/Yasawa islands, which accounted for 81 percent of all tourists. During the final year, MDF Phase 1 worked with local tourism stakeholders in less visited regions to improve the setup and running of tourism associations. These associations intended to engage with national tourism stakeholders and develop better market strategies to showcase the unique selling points of their destination.</p>  |



## Chapter 5: MDF in Timor-Leste

In Timor-Leste, MDF Phase 1 focused on stimulating diversification outside of the oil and gas sector and lucrative government contracts. MDF supported developing agri-businesses so that farming households could access markets, increase their productivity and build household resilience. While the Timor-Leste government continued to rely on its oil revenue to finance the budget, there was a shift in government thinking on the necessity of private sector development. The Ministry for Economic Affairs, with its investment promotion agency TradeInvest, took a lead role in connecting business with the ministries of tourism, commerce and agriculture through consultations, workshops and seminars. MDF exploited this opportunity to support local businesses to establish new enterprises, and existing businesses to improve their operations, by providing customised and tailor-made support based on each business' needs and investment capacity. At the same time, MDF carved out a valuable role as a business intelligence hub, supporting and connecting both private and public sector players. This function proved increasingly valuable for SMEs.

MDF not only provided technical assistance and support packages for the selected private sector partners, but also connected businesses with each other, creating a platform for them to talk to relevant government ministries. For example, MDF facilitated Dive, Trek and Camp (a tour operator) to liaise with Things and Stories (a handicraft reseller) and Boneca de Atauro (a handicraft cooperative) to participate in the Taste of Timor festival organised for cruise ship passengers coming to Dili. It also facilitated Dive, Trek and Camp's engagement with the Ministry of Tourism for coordination and logistical support for incoming cruise ships so that the Ministry was aware of the challenges and prospects of cruise tourism.

During Phase 1, MDF made significant progress in its work with private businesses to modify their business models, where appropriate, to promote women's economic empowerment (WEE). A number of MDF WEE-related activities aimed to promote more women to contribute more effectively in agriculture and non-agriculture roles, participate more effectively in decision-making, and earn more income. These activities included:

- Working with agro-input wholesaler Agi Agricultura, rice miller Acelda, and spice exporter Commodity Exchange, to modify their training programs to suit the needs of female farmers.
- Partnering with one of Timor-Leste's most established and enduring women's handicraft cooperatives and a handicraft reseller to improve handicraft production processes and sales.
- Providing on-the-job training for new recruits in Timor-Leste's first garment factory.
- Introducing a savings program to improve financial management practices of coffee farming households.

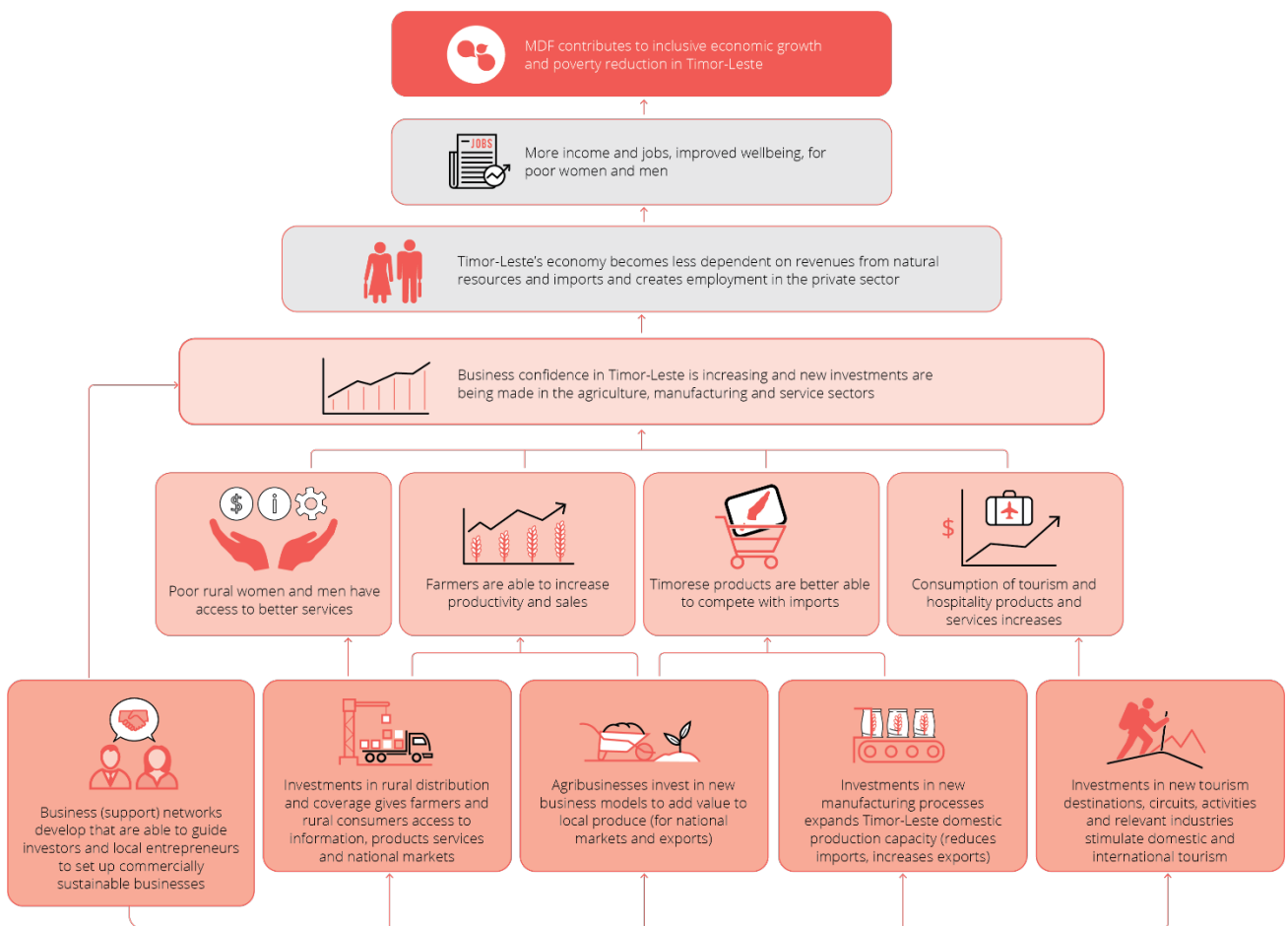
## Strategy and engagement

During MDF Phase 1, in depth analysis of the markets in Timor-Leste was undertaken. Key findings from this analysis led to the following strategies:

- Diversification of sectors away from oil and gas and agriculture to others;
- Diversification of sources of income through alternatives to agriculture;
- Improvement in connectivity (e.g. markets, goods, services, and people) within and from outside Timor-Leste; and
- Introduction of value addition of local raw materials through greater processing.

The diagram below depicts the objectives of this strategy.

**Figure 7 Strategy objectives – Timor-Leste**



MDF's influence across Phase 1 extended well beyond individual partnerships, increasingly identifying and supporting broader initiatives through the application of its considerable business intelligence and information to connect stakeholders. It also identified and supported sector-wide initiatives beyond the scope of individual partnerships. Under Phase 1, MDF engaged with a range of private sector partners as well as public and non-government stakeholders, including:

- **The Asia Foundation:** The Asia Foundation supported the Ministry of Tourism, Arts and Culture to design and implement Timor-Leste country branding activities. A necessary input for this process was reliable tourist data collection and analysis, which The Asia Foundation collected in partnership with the Ministry of State Coordinating Economic Affairs. To support this partnership, MDF Phase 1 collaborated with The Asia Foundation and the Ministry of State Coordinating Economic Affairs in survey design, and data collection and analysis related to cruise ship tourists.
- **Ministry of Tourism, Arts and Culture:** Despite the large number of tourists that cruise ships bring, the Ministry had a somewhat negative view of cruise ship tourism because of perceived risks to infrastructure, culture and environment. MDF played a critical role in changing this perception and communicating the 'no harm policy' practiced by the tour operator and the cruise lines. MDF's support to the tour operator, as well as post-visit intelligence gathering in partnership with The Asia Foundation, gave the Ministry the necessary quality assurance. This led to a shift in attitude, and the Ministry then took a lead role in coordinating with different authorities to prepare for future cruise ship visits.
- **TOMAK:** MDF and TOMAK had a complementary role in addressing challenges in agricultural value chains. This collaboration began during TOMAK's design phase, when MDF and TOMAK worked together on survey design, implementation, analysis and strategy formulation.
- **Asian Development Bank:** The Asian Development Bank initiated the formation a national coffee association (ACTL) to provide strategic guidance to the Timor-Leste coffee sector. During Phase 1 MDF assisted this activity with facilitation support for the founding council workshop, as well as supporting marketing and branding activities of the national coffee festival.
- **UNDP:** MDF Phase 1 maintained close collaboration with UNDP's Social Business Unit on mature commitments, such as the partnership with Timor Global, as well as new opportunities, such as alternative strategies for marketing fuel-efficient cook stoves.

## Refining the approach

### Focus on measuring resilience and sustainability of Phase 1 partnerships into Phase 2

Throughout Phase 1, MDF learnt to focus on growing investment in non-traditional, yet potential growth areas, such as agribusiness, manufacturing and tourism. MDF worked with established and new generation entrepreneurs to improve/develop business models so that predominantly poor women and men in rural and urban areas could benefit as producers, suppliers or consumers. MDF Phase 1 supported entrepreneurs to innovate and invest in novel business ideas, at the same time ensuring that real time data was captured against these business models. This allowed MDF to provide feedback and non-monetary advisory services to these entrepreneurs, supporting businesses to be resilient and sustainable.

## **New Strategic Engagement Area – Promoting Investment and Local Entrepreneurship**

After working with entrepreneurs in agribusiness, manufacturing and tourism, MDF Phase 1 identified the need for a new area for strategic engagement within the Timor-Leste economy – Promoting Investment and Local Entrepreneurship. This was a cross-cutting area of engagement that worked to address the broader issues that inhibit growth in the private sector in Timor-Leste. During Phase 1 MDF identified a range of issues that constrained the ability of new and existing businesses to prosper, including scarcity of business management skills, low financial literacy among entrepreneurs, limited financial products, and lack of communication between private investors and policy makers, amongst others. MDF responded to these constraints by partnering with financial institutions such as ANZ and Tuba Rai Metin, the investment promotion agency, TradeInvest, and the National University of Timor-Leste.

### **Review of systemic change pathways**

While establishing the new strategic engagement area, MDF reviewed existing systemic change pathways. This was an important process, not so much to assess the validity of the systemic change pathways, but to assess progress along these pathways, and how much (and what) further change was needed to ensure any change was systemic across all three engagement areas. While MDF did not expect that the review would result in major changes to the systemic change pathways, it did result in a ‘refresh’, specifically with a view to ensuring systemic change was measurable, and could be captured and understood.

### **Capture the early signs of integrating women into the business models**

MDF Phase 1 partnered with private businesses and social enterprises that addressed key constraints to women’s economic empowerment. During Phase 1, MDF developed a considerable understanding of the barriers to women’s participation in the workforce in Timor-Leste. These constraints included lack of skills development opportunities, assets and services, and limited income earning opportunities. With the support of MDF, agro-processor Acelda, agro-input wholesaler Agi Agricultura, and microfinance institution Tuba Rai Metin, each initiated activities (such as targeted training in non-agriculture areas such as tourism and manufacturing), that helped them better reach women.

### **Inclusivity, including Disability, Health and Nutrition**

During Phase 1, MDF gained significant knowledge around inclusivity in the Timor-Leste context. This knowledge has contributed to the development of a strategic guidance note on inclusivity, outlining a framework for how a market systems program could approach exclusion factors such as disability, and contribute to development outcomes such as improved health and nutrition. Developing this



strategic guidance note (which was forthcoming at the time of publication of this report) honed and documented MDF’s approach to inclusivity, recognising the contextualising required in each country.

## Achievement Highlights

### What MDF Phase 1 achieved in Timor-Leste to December 2016



## Key Sectors

MDF Phase 1 stimulated growth in sectors that represented a major part of Timor-Leste’s economy, had long-term growth prospects, and were relevant for poverty reduction. The three sectors chosen in Timor-Leste were Agribusiness, Processing and Rural Distribution, Greenfield Industries (Manufacturing and Tourism) and Promoting Investment and Local Entrepreneurship.

### Agri-business, Processing and Rural Distribution

Agri-business, Processing and Rural Distribution aimed to connect farmers to markets. Activities covered both the production, sourcing, storage and value-addition of agro-based products, distribution and retailing of agricultural inputs, and access to finance and information on market, products and inputs to support more commercial, higher-yielding demand-led cultivation. Where needed, MDF supported targeted investments in infrastructure. The sector focused on unprocessed or semi-processed staples, unprocessed or semi-

### Case Study 7 Acelda

Acelda is an agri-business firm. MDF’s partnership with Acelda focused on improving the connection between producers of local products and the diverse markets of Timor-Leste. Whilst Acelda’s primary business was sourcing and processing candlenut, through its partnership with MDF, Acelda examined the viability of expanding into other local products (e.g. rice). Acelda was able to provide locally processed agriculture products to markets in districts and Dili, able to compete with imported products on quality. Acelda launched Timor-Leste’s first local rice brand, ‘Fos Timor’, in September 2014, marking an important milestone for the country in competing with imported rice on quality. For local producers, the increased capacity of Acelda to consistently source large amounts of rice provided a stable market for their produce. Through the consistent sale of surplus product, farmers had a reliable additional income.

### Case Study 8 Balibó House Trust

As more tourists travelled to Timor-Leste for longer durations, there were significant income generating opportunities centred on transactions of goods and services (food, souvenirs and tours). Stimulating business investment in hospitality services, improving skills and service quality, and addressing tourism infrastructure bottlenecks were all opportunities for MDF.

MDF established a partnership with Balibó House Trust, which was constructing an international standard hotel within the famous Portuguese era fort in the town of Balibó. Through the partnership with MDF, 19 staff from the local area participated in training in hospitality and tourism services. It was anticipated that the Balibó Fort Hotel, which opened in March 2015, would continue to attract tourists to visit the area, and utilise the services and activities offered around Balibó.

processed animal, fresh (vegetables and fruits) and processed consumer foods.

MDF observed that horticulture aggregation models resulted in significant improvements to household incomes, however these models only reached a limited number of farmers because of the intensive management and technical capacity required. Over Phase 1, MDF therefore explored two other business models with different partners. The first involved a large horticulture farm with a centralised production model. The second involved a large trading house where it was possible to assess the scalability of the model and impact at the beneficiary level. MDF also learned the value of preparing agri-business companies to adopt climate-smart technologies to mitigate risks associated with climate change.

MDF Phase 1 worked with 12 partners in Agri-business, Processing and Rural Distribution (see Annex 2 for further details).

### Greenfield industries

Greenfield Industries – consisting of the construction, manufacturing and tourism industries – were some of the most promising, emerging non-agricultural sectors within the Timor-Leste economy. The much-needed diversification of the economy beyond agriculture, oil and the public sector started with (foreign) investment in these nascent sectors. Further stimulation of investment in business start-ups and expansion helped diversify the economy (rural and urban), created off-farm jobs (rural and urban), and produced local products and services to reduce import dependency.

In tourism, for example, destination marketing companies offered many advantages for country promotion and branding for a small island country like Timor-Leste. During Phase 1, MDF found that international tourists coming to Timor-Leste for leisure were only a small percentage of all incoming visitors, and there was potential to improve this situation. However, country branding takes time and significant resources to execute. Smaller tour operators based in Timor-Leste had been able to address this constraint by connecting with destination marketing companies, such as cruise ships, adventure tour operators or specialised tour operators. These companies served as an effective marketing platform, as they could incorporate into their marketing strategies both Timor-Leste as a destination, as well as the connected local tour operators.

MDF Phase 1 worked with 11 partners in the Timor-Leste's Greenfields industries sectors (see Annex 2 for further details).

### Lessons from Phase 1

Over the six years of Phase 1, MDF acquired a deep understanding of Timor-Leste's market systems. Some particular characteristics and learnings associated with these systems are captured in the table below, and could usefully inform MDF Phase 2 and other future donor programming of a similar nature.

| Lessons Learned  | Recommendation   |
|--|--|
| <p>Manufacturing businesses needed to start their business locally but with an eye to export in the future</p>                         | <p>Most of the products consumed by households were imported from Indonesia or China, as there were few enterprises in Timor-Leste with products at price and quality standards acceptable to local consumers. This situation was gradually changing, with Timorese businesses investing in the production of household products (salt, cook-stoves, clothing and mineral water) and marketing these at competitive prices. Each of these businesses focussed on meeting local demand, yet opportunities existed for new generation manufacturers to export their products to nearby Asian and Pacific Island countries. With the right technology and skilled labour base, Timorese businesses could lower their cost-structures and increase their production capacity without fear of over-supply in local markets, and compete with other countries to capture market share in countries such as Singapore, PNG and Australia.</p>                 |
| <p>Work with destination marketing companies strengthened country branding and boosted the local tourism industry</p>                  | <p>Timor-Leste was not well known to international tourists, and many erroneously associated it with civil war, a lack of law and order and widespread poverty. Tourists were often unaware of the progress Timor-Leste had made since achieving independence and what it had to offer as a tourist destination. Long-term investment in marketing campaigns to change these perceptions was required by the Ministry of Tourism, Commerce and Industry – which had taken early steps to develop messaging, a logo and a theme to promote Timor-Leste tourism to the outside world. Opportunities existed for tour operators to immediately market Timor-Leste by collaborating with international destination marketing companies, cruise ship companies, and adventure tour operators. These international tour operators could market lesser known destinations collectively, with Timorese tour operators able to leverage benefits from this.</p> |
| <p>Setting up backward linkages in agricultural commodities for trade and food processing required patience and long-term planning</p> | <p>Developing strong backward linkages with a highly productive farmer base is one of the success factors in agro-marketing and food processing businesses. The reality in Timor-Leste though, was that businesses struggled to obtain the quantity and quality of produce they needed from subsistence farmers. Businesses that were willing to venture into agro-marketing needed to assess the realities at the producer level, map potential locations, and identify a stable, long-term core group of farmers and invest in improving their knowledge and access to inputs. These activities take time and specialist skills, which presented opportunities for MDF to assist business with business planning.</p>  |
| <p>Adoption of technologies by farmers to mitigate climate change risks was important in Timor-Leste’s agribusiness context</p>        | <p>Timor-Leste’s agriculture was primarily rain-fed, therefore if the rainy season was delayed and there was an extended period of drought, Timorese farmers suffered. Most farmers were poorly equipped with knowledge and technology to mitigate droughts, and climate change more broadly. Opportunities were available to support agro-commodity trade or food processing businesses to recognise the challenges associated with climate change, and collaborate with government and development organisations to educate farmers on climate-smart technologies.</p>   |

## Chapter 6: MDF in Pakistan

During Phase 1 MDF's portfolio in Pakistan grew significantly in size and reach, shifting to support market-wide initiatives which were linked together, rather than simply growing the number of partnerships.

### External Reference

For more information on MDF's progress towards achieving systemic change in Pakistan, refer to '[Case study 4 – systemic change in the fodder market for smallholder farmers in Pakistan](#)'.

By the conclusion of Phase 1, signs of systemic change started to emerge: for example, the uptake of small-bale silage by small livestock farming households had been significant, with the silage business model rapidly evolving to include equipment rental services and contract farming, enabling a larger number of small farmers to benefit from the nutritious fodder. Likewise, in the dairy industry, farmers selling milk to Shakarganj (a local firm supported by MDF) reported other farmers had copied their improved practices, and there was better information flow through milk aggregators (Dodhis) to surrounding farmers. Beyond silage, there were signs by the end of Phase 1 that local traders in Baluchistan had increased prices paid to growers, due to one of MDF's partners, Baloch Hamza, offering a premium to source better quality dates.

MDF's Pakistan team also grew significantly over Phase 1, not only in size but also in expertise, with strong emerging leadership and technical skills within the national team. The strength of the Pakistan team was evidenced in the appointment of a Deputy Country Representative, and expansion of technical roles, all of which were filled through internal appointments rather than going to the international market.

During Phase 1, MDF broadened its regional footprint in Pakistan and diversified from core sector-based partners to include support service functions, such as finance, telecoms and media partners. MDF's geographical footprint expanded significantly during Phase 1; for example, in 2016-17 including new partnerships in Baluchistan, Khyber Pakhtunkhwa and Azad Kashmir, extending the reach of the portfolio of interventions across most regions in Pakistan. This geographical reach was significant as it allowed access to not only the concentrated populations of the Punjab region and urban centres, but also connected with private and public sector players in the more remote, regional areas where there were fewer opportunities for poor women and men to engage with the economy. By growing MDF's footprint, there was increased understanding of where opportunities for inclusive growth lay in Pakistan's large and vibrant economy.

MDF also made efforts to better integrate partnerships with other actors. An example of success in this area was the linking of supply chain partners with inputs in the dairy sector, so that farmers supplying to milk collection centres would have incentives to invest in their herds. Through financial benefits, such 'pull' activities triggered greater interest by farmers to adopt improved production techniques. Another example of relationship integration involved MDF linking partners with financial institutions, aiming to develop innovative financial products that gave farmers access to resources to develop their livestock businesses.

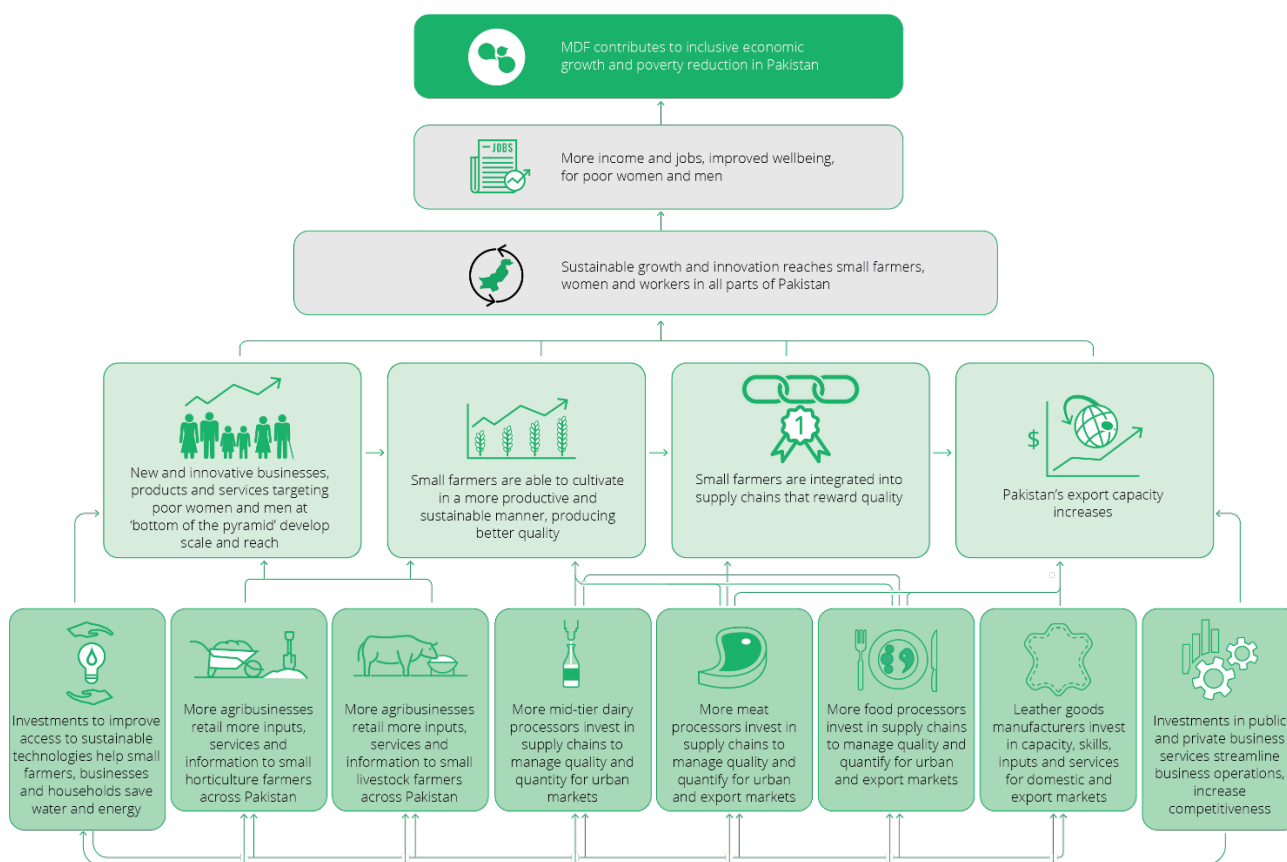
## Strategy and engagement

During MDF Phase 1, in-depth analysis of the markets in Pakistan was undertaken. Key findings from this analysis led to a strategy intended to:

- Improve rural and regional inclusiveness.
- Increase export competitiveness.
- Broaden the entrepreneurial base.
- Create opportunities for women.

The diagram below depicts the objectives of this strategy.

**Figure 8** Strategy objectives - Pakistan



MDF Phase 1 actively engaged with development partners to learn about their activities and share MDF's experiences of working in the strategic areas through a market systems approach. Activities included:

- **National Stakeholders:** MDF responded to DFAT's request to present MDF's strategy and progress to the Government of Pakistan's Economic Affairs Division.
- **Sectoral Stakeholders:** MDF engaged with parastatals such as the Punjab Livestock and Dairy Development Board and the Lahore Cattle Management Company (the entity responsible for organising and regulating Lahore division local livestock markets). This was integral to MDF gaining deeper insight into the prevailing sectoral constraints, and identifying opportunities for engagement. MDF consulted with a number of peak industry

bodies such as the Pakistan Footwear Manufacturer's Association and the Farmers Association of Pakistan to determine possible collaboration.

- **Development Stakeholders:** Synergies emerged with FAO in Baluchistan where MDF worked with two FAO established Farmer Market Collectives as business partners. This relationship was strengthened by regular interaction between the two implementation teams, sharing of ideas and opportunities and building on existing resources and knowledge on the ground.

## Refining the approach

### Expansion of portfolio and results progression

In Pakistan, MDF built a strong foundation during Phase 1, focusing on connecting tier one companies with small farmers, and supporting the development of support service functions that built on core partnerships, for example around financial or information services.

### Partnerships address a wider range of issues

During Phase 1, MDF expanded from an initial focus only on crop-specific issues, to include activities that addressed a wider range of issues. These activities were applicable to all crops, with the potential to reach a larger number of farmers. MDF explored issues of better water and soil management techniques, focussing on small farm businesses and how they could maximise the benefits of mixed farming.

### New Strategic Engagement Areas

As MDF became established in Pakistan, understanding of the economy and the areas with potential to promote inclusive growth deepened. This understanding drew from experience and engagement with the private sector and other key stakeholders. By the end of Phase 1, MDF was positioned to add two new strategic engagement areas to the Pakistan program – Enabling Business Services and Sustainable Technology. Within Enabling Business Services, MDF envisaged that the focus would be on strengthening processes that could support private sector competitiveness, whilst the focus of Sustainable Technology was to improve efficiencies in the use of water and energy.

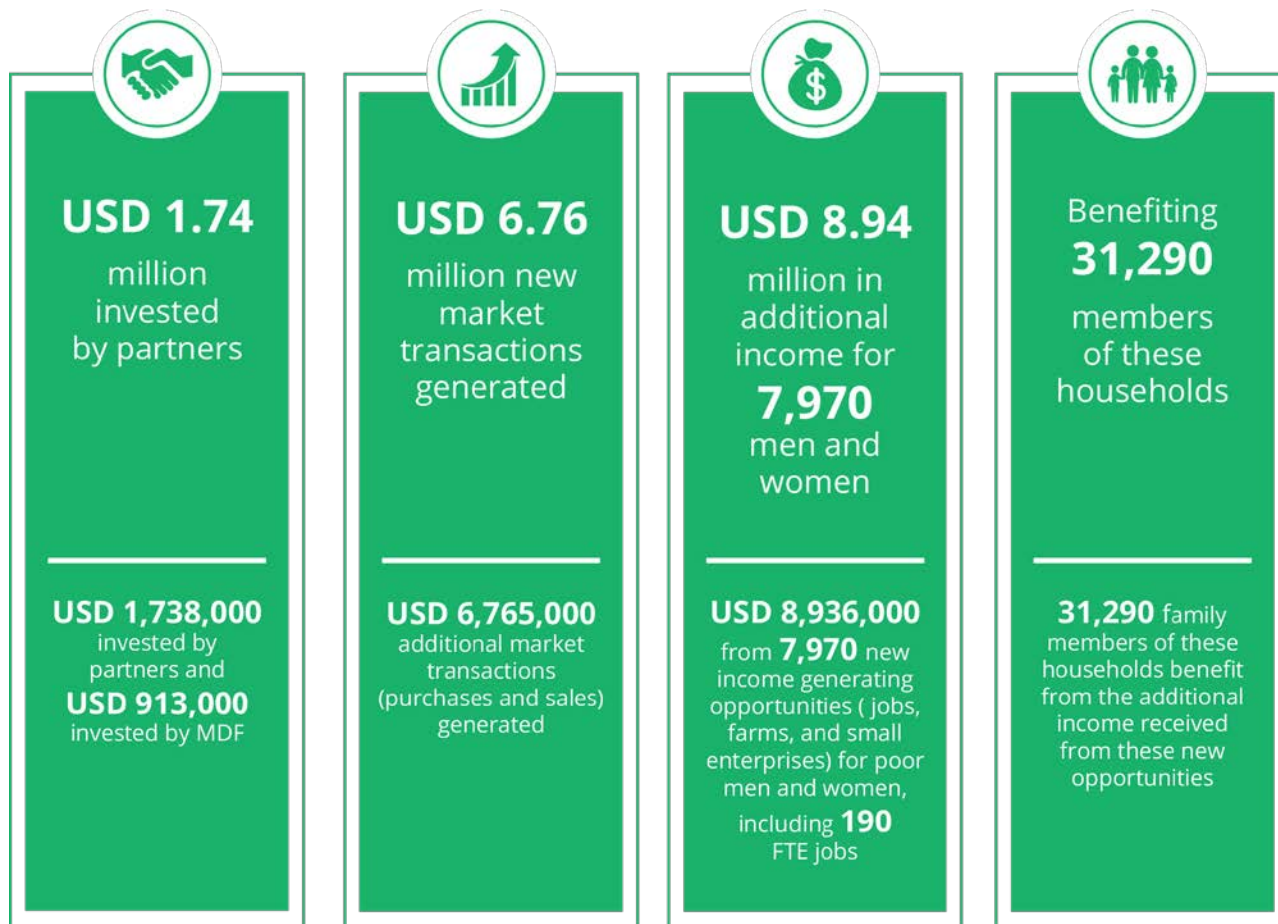
### Expanding the scope and scale of MDF in Pakistan

MDF focused on expanding the scope and scale of its activities during Phase 1. Having developed a strong presence well beyond Lahore, MDF started consolidating its geographical expansion by scoping a potential secondary office in Karachi. Karachi serves as a business and finance hub and is the major import and export port (sea freight) in Pakistan. A secondary office would have facilitated MDF's access to more partners across all existing and new engagement areas, and provided a more efficient and cost-effective base to access

Baluchistan and Sindh, enabling more frequent visits and engagement in those areas.

## Achievement Highlights

What MDF Phase 1 achieved in Pakistan to December 2016



## Case Study 9 Shakarganj

Pakistan was the fifth largest producer of milk in the world, with many farmers engaged in supplying milk to rural and urban markets, mostly through 'informal' supply chains, with unreliable milk quality. Animal husbandry information and quality inputs were inaccessible to most small-scale dairy farmers, which led to low productivity. Particularly in more remote areas, farmers were forced to sell milk at low prices in the absence of a formal buyer and/or sufficient competition between traders, known as *dodhis*. MDF Phase 1 partnered with Shakarganj to set up milk collection centres equipped with chillers in thirty villages in Southern Punjab, and develop an extension service for farmers. By improving milk collection systems, extension services and agricultural input usage, Shakarganj was able to increase the quality and quantity of the procured milk, processing milk more efficiently and selling more milk in the market. Simultaneously, through an initiative to increase farmers' access to formal credit, MDF approached several financial institutions to devise loan products that would allow farmers to purchase equipment and inputs. MDF found that when approached directly, financial institutions were hesitant to consider new products in the agriculture sector. However, by brokering an alliance between a financial institution and an MDF partner, there was a much more engaged response from the financial institution. In this way, MDF facilitated industry cooperation with financial institutions.

## Case Study 10 Intra Systeem

A key constraint to the production of leather goods in Pakistan was the absence of a local ancillary industry producing quality production inputs (e.g. zippers and shoe-lasts). Production inputs had to be imported, which increased the response time and delayed delivery of export orders, adversely affecting sales volume and profitability. This was particularly important for producing samples for potential customers. MDF assisted a local firm, Intra Systeem, to procure machinery to manufacture shoe-lasts and set-up the first shoe-last production unit in Pakistan. This allowed Intra Systeem to supply shoe-last items to mechanised shoemakers more quickly and cost effectively than importing the lasts, resulting in quicker product development time, and better capacity to attract international orders.

## Key Sectors

MDF Phase 1 worked to stimulate growth in sectors that represented major parts of Pakistan's economy, had long-term growth prospects and were relevant for poverty reduction. The three sectors initially chosen in Pakistan were Dairy and Meat, Leather, and Horticulture.

### Dairy and Meat

The dairy and meat sector covers production, collection, processing and marketing of livestock products. MDF Phase 1 focussed on dairy activities to expand the domestic market, whilst for meat, the focus was on export market expansion.

In the dairy area, MDF found that milk production remote from large urban centres suffered from price discounting due to an inability to deliver fresh milk to a high demand market. In addition, milk yields per cow and total herd productivity were low. MDF supported connecting milk producers in remote areas to urban markets, through improvements in the supply chain. MDF also invested in enhanced availability of fodder and essential services, allowing farmers to invest in their herds. More problematic was livestock sales for meat production, which were dominated by household financial needs. To support this industry, MDF focused on connecting livestock sales with demand for improved quality meat products to supply growing export and domestic retail formats.

MDF Phase 1 worked with 17 partners in the Pakistan Dairy and Meat sectors (see Annex 2 for further details).

### Leather

The Leather sector involved the sourcing of hides and skins, through to the production of retail ready leather goods. Pakistan had a robust tanning sector producing finished leather. After analysing the sector, MDF decided to focus on increasing the conversion of finished leather to retail ready products in Pakistan for exports (and in a more limited manner for domestic consumption).

MDF Phase 1 worked with six partners in the Pakistan leather sector (see Annex 2 for further details).

### Horticulture

The Horticulture sector covered the cultivation, harvest, post-harvest handling, processing and packaging of fruit, vegetables and root crops including fresh and processed produce for both domestic and export markets. In Phase 1, MDF worked across a number of fruit and vegetable producing areas of Pakistan, characterised by high poverty levels and limited economic opportunities. MDF invested in making connections between stakeholders, and identifying local entrepreneurs to exploit the distinct quality and seasonal windows offered by different agro-climatic conditions and/or proximity to urban markets. MDF's activities in this sector prioritised remote areas in Gilgit Baltistan, Khyber Pakhtunkhwa, Sindh and Balochistan.



MDF Phase 1 worked with 15 partners in Pakistan’s horticulture sector (see Annex 2 for further details).

## Lessons from Phase 1

During Phase 1, MDF acquired a deep understanding of Pakistan’s market systems. Some particular characteristics and learnings associated with these systems are captured in the table below, and could usefully inform MDF Phase 2 and other future donor programming of a similar nature.

| Lessons Learned   | Recommendation   |
|---|--|
| Identifying ‘project champions’ within partners helped drive the partnership  | When dealing with large businesses, activities were likely to proceed more smoothly and gain better results when ‘champions’, who shared the excitement of the partnership and the drive for sustainability, were clearly identified in the partner organisation. When the partner managed the activities, progress was slower, timetables often slipped and more support and monitoring efforts were required from MDF. When working with large organisations, MDF requested that they identify a ‘champion’ during the design stage. |
| Engagement with financial institutions via MDF partners expedited development of financial products   | As part of initiatives to create greater access to formal credit for farmers, MDF approached several financial institutions to develop loan products that would allow farmers to purchase equipment and inputs. Financial institutions were often reluctant to delve into new products in the agriculture sector. However, when MDF was involved in establishing an arrangement between a financial institution and an MDF partner, the response was more positive.  |
| Identifying income streams for partners contributed to the success of activities  | Identifying income streams when choosing partners was critical for MDF. If the business model under consideration generated a small portion of the overall revenue of the partner, the long-term strategy of the partner was further evaluated to assess the likelihood of success.  |
| If the private sector lacked training experience, third party service providers could be engaged to demonstrate the benefits of various training models | MDF found it challenging to reach female farmers through direct partnership activities in livestock in South Punjab. MDF and its partners explored opportunities to engage third party service providers, with the capacity to train female farmers. While this addressed an immediate information gap, it was necessary to monitor progress and assess the interest of partners to adopt similar training models.   |
| Families did not object to women accessing finance if it meant additional income for the household  | During MDF’s scoping of access to finance activities, none of the families approached objected to women accessing loans, if additional money was going to flow into the household. They were also supportive of women travelling long distances to banks, if required. MDF also identified that lending entities saw women as reliable borrowers who return loans on time.   |

### Case Study 11 Gilgit Baltistan

Production of fruits and vegetables in Pakistan was concentrated in different geographical belts, some of which had limited access to markets. This contributed to high post-harvest losses and less returns for the farmers. Some of these areas were remote and had limited processing and storage facilities.

Gilgit Baltistan was a fruit belt with small farmers and abundant production of apricots and other fruits. The costs of collecting the fruits were high due to distant valleys and weak infrastructure, discouraging businesses to invest in the region. This limited the avenues for the farmers to sell their produce. MDF supported Organo Botanica (a dry fruit processor in Gilgit Baltistan) to increase its processing capacity through improved washing, pasteurising and storage facilities. MDF also supported Organo Botanica to gain organic certification for its products, to better cater to European markets. This provided farmers in Gilgit Baltistan access to a consistent buyer who offered higher prices for high quality produce, leading to lower wastage for farmers.

| Lessons Learned  | Recommendation   |
|--|--|
| Localised content was of utmost importance   | Given the difficulties women faced with dialects and accents, it was important that training was delivered in a medium that was easy for female farmers to understand. MDF needed to ensure trainers were cognisant of different dialects in different areas, and sensitivities related to the use of characters in role-plays.  |
| Financing requirements of partnerships put pressure on partners to maintain a healthy cash flow            | While small businesses in regional areas could co-invest with MDF, the initial financing requirements could put pressure on continuing working capital needs. Careful evaluation by MDF was needed to ensure initial financial outlays did not stress the working capital available for the partner's ongoing business.  |
| The credibility of businesses assisted in faster uptake of innovation                                      | MDF could trigger significant change through partnerships with large businesses that had capacity, resources and expertise; and with smaller, regional businesses that could reach regional areas, were influential and had better trust relationships with local communities.   |
| Farmers in Pakistan responded well to repeated messaging   | As elsewhere, repeated messaging in Pakistan was more effective in changing the behaviour of farmers, compared with one-off events. However, the level of interest shown by companies to provide repeated messaging depended on the frequency of product use. Some products used only occasionally, such as feedlots, did not provide sufficient incentive for partners to repeat message. In the case of Oasis, for example, a farmer who had sold their animal to Oasis might not have another animal for a year, therefore there was no incentive for Oasis to continue engaging with that farmer throughout the year.  |
| For a business, the incentives for and costs of hiring women varied in the short-term versus the long-term | Hiring women was often viewed by businesses as problematic. Servis, a manufacturing company, had found it required significant effort to identify and train suitable women for its workforce. MDF supported the company in its endeavours to increase its female workforce, with Servis finding that the women they employed displayed greater speed, quality and quantity of output, than their male counterparts. This finding was supported by customers of Servis, who preferred work produced by women for the same reasons. Footlib, a footwear company, achieved a similar result after MDF's intervention, enabling the firm to achieve breakeven profitability after only a few months of launching its women's stitching line. |

## Chapter 7: MDF in Papua New Guinea

During Phase 1, MDF operated in four distinct engagement areas in Papua New Guinea (PNG): tourism and hospitality; ICT and logistics; local value additions; and rural inputs.

MDF's engagement and negotiations with the private sector revealed a trend in partnership progressions – businesses often required long lead times before they were ready to invest in new, although often needed, activities. It became apparent during MDF Phase 1 that changes to business priorities, and subsequently underpinning models and plans, primarily occurred as businesses responded to external factors and risks. There were two forces at play here – firstly, the inherent risks associated with investing in PNG, and secondly, the capacity and resources available to partners to mitigate or manage these risks.

The inherent risks of investing in PNG stemmed from multiple factors, including volatile macro-economic conditions, weak infrastructure and high operating costs. Business support services were limited, and while the capacity of businesses varied, few had the resources and ability to address all the risks. All these factors influenced business planning, priorities and investment. Consequently, MDF Phase 1 worked closely with partners, anticipating and expecting both delays and changes to priorities.

MDF also worked to balance the portfolio with a mix of established and/or larger partners, better able to address risks, with smaller and/or newer partners.

In addition to diversifying the pool of partners, MDF also applied different models to address similar issues. An example of this was working with both Koibol Trade Works and NKW Fresh to increase access to information and inputs, but through different approaches. Koibol Trade Works utilised a pure distribution model, while NKW Fresh worked to ensure a guaranteed buyer for produce.

A diversified portfolio of businesses using different models enabled MDF to reduce risks and develop learnings in a shorter time.

A key lesson learned in PNG was that MDF needed to do much work to convince businesses to invest, resulting in long lead times for partnership signings. This caution extended into implementation, due, in no small part, to the PNG businesses environment and the inherent risks businesses face. Partnership activities progressed slowly, impacting results.

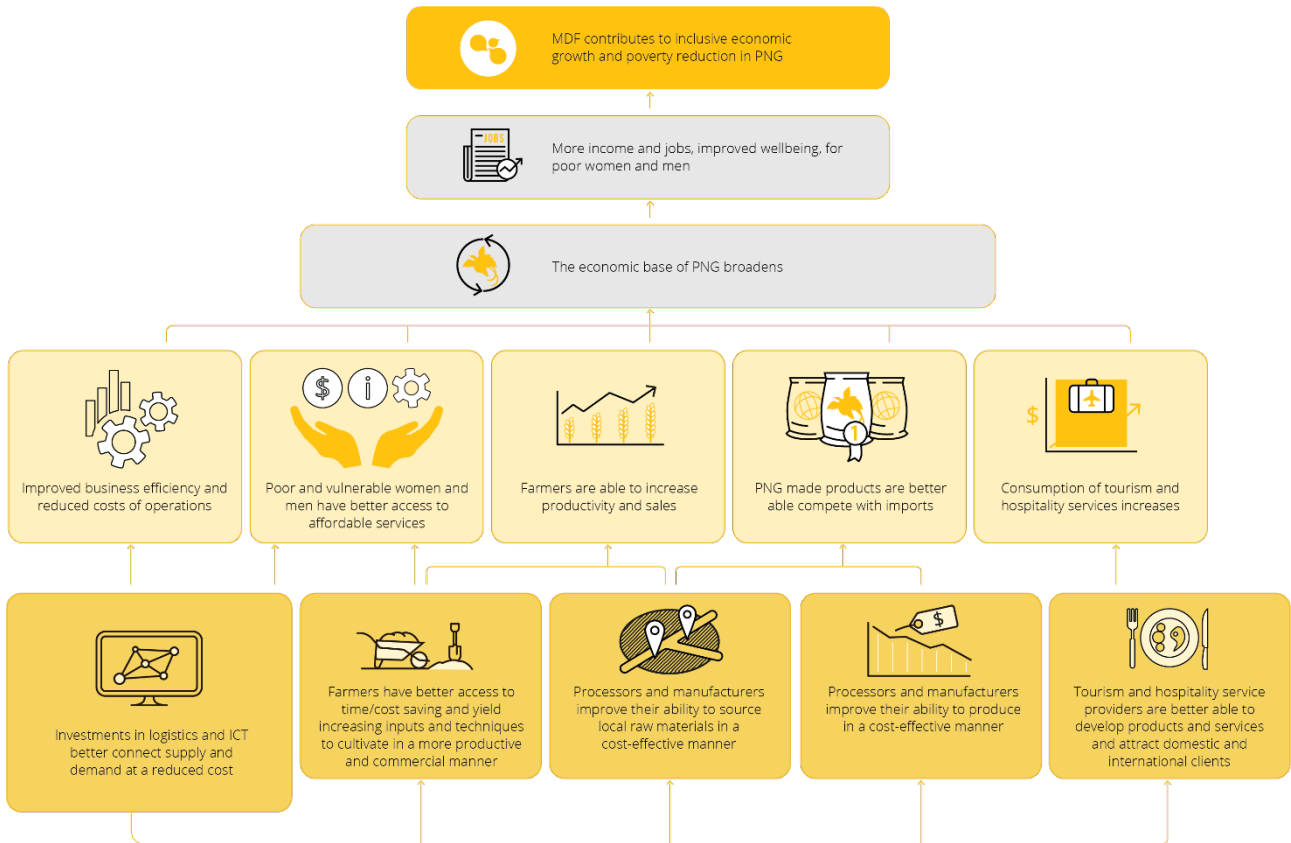
### Strategy and engagement

During MDF Phase 1, in depth analysis of PNG's market systems was undertaken. Key findings from this analysis led MDF to focus on four emerging industries to improve access to their products and services;

reduce the costs involved in connecting demand and supply; preserve the quality of their products and services; and in particular cases, increase the safety and mobility of women. MDF Phase 1 also focused on industries and services that benefitted and reinforced better connections, all of which generated local employment and income earning opportunities.

The diagram following depicts the objectives of this strategy.

**Figure 9 Strategy objective – Papua New Guinea**



During Phase 1 in PNG, MDF broadened its engagement to focus on stakeholders relevant to all four strategic engagement areas. This included working closely with Pacific Women Shaping Pacific Development to identify synergies and draw out learnings relevant to partnership design; working with the Business Investment Facility to exchange market intelligence; and collaborating with ACIAR to commercialise their research into stock feed. This engagement – with development programs, donors and key government institutions – was key to MDF Phase 1 building its understanding of the PNG context.

## Achievement Highlights

### What MDF Phase 1 achieved in PNG to December 2016

**Table 7** MDF intermediary headline results in PNG achieved as of 31 December 2016

|   |                    |
|---|--------------------|
| Partnerships (Active and Completed)                                 | 8                  |
| Innovations   | 20                 |
| MDF investment (USD)  | 12,000             |
| Private Sector investment (USD)                                     | 25,000             |
| Leverage Ratio of MDF investment to Private Sector investment (USD) | 1:2.08             |
| Value of Additional Market Transactions (USD)*                      | Yet to be achieved |

\*Inclusive of three partnership categories – ‘Active’, ‘Activities completed and monitoring ongoing’ and ‘Measurement completed’

### What MDF’s Phase 1 partnerships in PNG are projected to yield

**Table 8** MDF headline results achieved in PNG as of 31 December 2016 and projected as of 31 December 2016

|                                   | Headline Results Achieved as of 31 December 2016* |        |       | Headline Results Projected as of 31 December 2016** |           |           |
|-----------------------------------|---|--------|-------|---|-----------|-----------|
|                                   | Male  | Female | Total | Male  | Female    | Total     |
| Effective Outreach including Jobs | 0   | 0      | 0     | 2,960   | 2,270     | 5,230     |
| Additional Jobs (FTE)             | 0   | 0      | 0     | 9   | 33        | 42        |
| Additional income (USD)           | 0   | 0      | 0     | 1,989,000   | 1,520,000 | 3,509,000 |

\*All of the eight signed partnerships began generating results in 2017. As results are verified through MDF Phase 2 monitoring visits and assessments, the number of partnerships contributing, and subsequently the actuals reported, will increase in coming years.

\*\* Projections were generated by six of eight signed partnerships. Projections are developed once a partnership is signed, built on assumptions informed by partner information, field observations, primary research and/or secondary literature, resulting in a time lag between partnership signing and projections development. As projections for partnerships are developed in coming years, they will be incorporated into MDF Phase 2 aggregated reporting processes.

## Refining the approach

### Refined the PNG country engagement strategy

Under Phase 1, MDF tested key engagement areas to assess the appetite for investments from the private sector. MDF also developed considerable understanding of each of the four engagement areas, and the extent to which engagement areas are interlocked and overlapped. A central learning from this was acknowledgement of the significant business constraints that impacted the private sector at large, and were not limited to a specific industry, product or service. MDF found that it was critical

## Case Study 12 PNG Tourism

Tourist numbers in PNG had grown by more than five per cent each year in recent years, with a significant increase in adventure tourists.

Village Huts was a local travel and accommodation business based in Port Moresby that specialised in accommodation for tourists in villages and remote areas. Their website ([www.villagehuts.com](http://www.villagehuts.com)) provided a service for tourists to book homestays, guesthouses and tour packages online. The Village Huts initiative was the first of its kind in PNG – vetting and registering village homestays, guesthouses and tour products and then promoting them online. Through this partnership, the owners and operators of the village homestays, guesthouses and tours benefitted from improved exposure to the international tourist market and increased tourist numbers. MDF's partnership with Village Huts widened the network of huts and activity providers registered on the website, in turn enabling Village Huts to offer a larger range of destinations and products to its clients.

that the team was involved in the process of refining the Country Engagement Strategy, so that they could contribute to, and understand, the 'big picture' and how it all added up, particularly as systemic change pathways in each engagement began to emerge, and required clear definition.

By the end of Phase 1, MDF had defined its focus within the engagement areas themselves. For example, in Rural Input Services, the areas of fresh produce inputs distribution, livestock feed, and more diverse, yet tailored, financial services for farmers, emerged as areas for focus.

### Influencing beyond individual partnerships

With a growing network and understanding of the PNG business environment, MDF Phase 1 built significant business intelligence, developing a capacity to share and utilise its accumulated market intelligence to extend its influence and contribution beyond only individual partnerships. In each country, MDF required time to build its networks and deepen its understanding of the engagement areas in which it worked. However, as these networks and intelligence solidified, MDF frequently found itself able to facilitate connections between other businesses and between businesses and the public sector. Examples of this occurring in PNG included MDF connecting a major cocoa trading business, Agmark, to MiBank and connecting Airborne logistics with suppliers of fish in the Highlands and Gulf areas.

### Operationalise MDF's WEE framework in PNG's context

During Phase 1, MDF undertook a Household Analysis of Poverty and Gender study in PNG (forthcoming). The study involved significant fieldwork, and greatly increased the depth of MDF's understanding of the PNG country context and business environment. The study, although not yet finalised, has already facilitated the operationalisation of MDF's WEE framework in PNG.

## Key Sectors

After detailed analysis and testing during Phase 1, MDF opted not to work in more established sectors of the PNG economy, such as the extractive industries or plantation cash crops, but instead to focus on four inter-related emerging industries and services that represented a pathway to more balanced and inclusive growth in PNG. Work in these sectors helped open up local markets, better served local producers and consumers, created local employment and made PNG more competitive in imports.

### Tourism and Hospitality

MDF sought to improve the quality, diversity and accessibility of tourism and hospitality services. This included support to expand the market and create local employment, as well as supporting the development of attractive tourism and hospitality services to domestic and international consumers. Consumption of local services

and the ability to attract foreign visitors encouraged local business activity and created employment opportunities.

### ICT and Logistics

Connectivity issues were synonymous with PNG's development challenges – the difficulty of connecting markets, people, products and services impacted almost all value chains, locations, populations and processes. While national infrastructure problems, such as poorly maintained or non-existent road systems, were well beyond the scope of MDF, building on the ingenuity of people and businesses to help markets work around such structural constraints meant that this was nevertheless a potentially dynamic and innovative space for MDF to work in. MDF determined that if it could not solve the core logistics problem (i.e. improving roads or connecting Port Moresby to the production centres), the best option was to seek ways of going around the core problem. An example of this was the introduction of products and services that could help goods survive for longer as they made it from one place to another – increasing shelf life, improving packing, and storing items properly, while they waited for the necessary transportation and logistics.

MDF Phase 1 worked with two partners in the ICT and Logistics sector (see Annex 2 for further details).

### Local Value Addition

Growth of local value addition was crucial in promoting examples of how increasing the value of raw materials, along with the ability to process those materials, increased the diversity of the overall economy, and increased income-earning opportunities through formal employment, particularly for women. MDF Phase 1 focused on local value addition activities that naturally had a more competitive edge: for example, where there was an abundance of a raw material; opportunity to better cater to local tastes; local production which could be exploited; or an interest in promoting local brands. MDF explored bulk items and products with a short turnaround but requiring a higher degree of customisation, while managing or overcoming connectivity constraints.

MDF Phase 1 worked with two partners in the Local Value Addition sector (see Annex 2 for further details).

### Rural Inputs Services

MDF Phase 1 worked with rural input services to improve the range, reach and effectiveness of agricultural inputs and services to support productivity and commercialisation. These activities also aimed to improve the distribution of useful (and affordable) agricultural inputs, services and information to assist farmers to improve production (both quantity and quality), and ensure consistency in supply.

In PNG, where businesses needed to develop both supply and demand at the same time in order to enter new markets, appetites for such multi-layered risk often quickly faltered – rural inputs (both

#### Case Study 13 MiBank

In PNG, most people lived in rural areas and relied heavily on agriculture as a livelihood. These rural farmers were often located great distances from towns and infrastructure, including banking services. 75 per cent of the population was 'unbanked', of which 90 per cent were women. This meant that both suppliers and buyers had to spend a great deal of time and money travelling from rural areas to access banking services. Not only was this costly and time consuming, it also put farmers, particularly women, at great risk of theft. It also made it difficult to save for large expenses like building houses or paying for school fees.

The Nationwide Microbank Limited (MiBank) was a PNG wide micro-bank that connected rural based suppliers of cocoa, copra, coffee and other cash crops with a banking system called 'MiPei'. MiPei allowed buyers to deposit funds directly into their account in real-time and suppliers to withdraw at designated agents in local communities using their mobile phones or bankcard. MDF assisted MiBank to identify businesses that had a large rural supplier base willing to utilise the MiPei system, and assisted them with the conversion to MiPei.

## Case Study 14 New Guinea Fruits

PNG was a major producer of raw materials such as cocoa, coffee, copra and agricultural products, such as honey. Despite high production levels, PNG's processing industry was small, reducing potential market and income earning opportunities for farmers and primary producers. One of the major causes of this issue was the weak links between processors and local suppliers of raw materials. This disconnect often meant that the suppliers were not aware of market needs and the processors were unable to consistently find the right quality and quantity of products. One product with a high potential to grow in PNG was local honey. Only around 15 per cent of the honey in the market was locally produced, while the rest was imported. Over the years, the number of trained beekeepers in PNG had reduced due to lack of support in the industry, and those remaining struggled to meet the high demand for honey. MDF partnered with New Guinea Fruits, a major supplier of honey in the local market, that had only been able to meet a limited amount of the market demand, predominantly because of supply constraints. The partnership with MDF included: hiring a beekeeping expert to build the capacity of the beekeepers in hive management techniques; bringing in expert carpenters to train local manufacturers in making essential tools such as hive boxes from local wood; and developing quality marketing materials to promote beekeeping as a reliable income source.

products and information) were an example of this. MDF Phase 1 made a significant effort to identify willing players – those interested in developing the demand for inputs, particularly in remote rural locations, and supplying this demand with sufficient volumes of appropriate inputs. MDF's analysis of the sector indicated that regional input businesses presented the best entry point for these new markets, and were most interested in taking up new models due to their proximity, and understanding of demand from farmers. This posed somewhat of a problem in PNG, given that either very small or very large players dominated these markets, with few players in the mid-range. Due to the effort and investment, and associated risks, needed for these models to work, small businesses faced capacity issues and had a low appetite for risk (resulting in slower, lower yielding partnerships). Larger businesses, on the other hand, seemed more reluctant to take risks in order to widen their market, given there was still potential room in easier markets, closer to urban centres. Even where mid-tier players did exist, they often lacked working connections with national players, reducing business opportunities on both sides.

MDF Phase 1 worked with three partners in the rural input services sector (see Annex 2 for further details).

## Lessons from Phase 1

During Phase 1, MDF acquired an understanding of PNG's market systems. Some particular characteristics and learnings associated with these systems are captured in the table below, and could usefully inform MDF Phase 2 and other future donor programming of a similar nature.

| Lessons Learned                                    | Recommendation  |
|--|---|
| Focus on functions first, then products            | MDF Phase 1 determined a need to focus on fundamental functions, such as getting distribution pathways in place, before it worked on product development. This was a logical route, considering that entire consumer bases and many products and service providers were experiencing the same functional constraints.   |
| Anticipate and plan for long change pathways       | Problems faced by businesses in PNG were deep-seated and multi-faceted. For example, a tourism provider may have simultaneously faced fundamental issues in marketing, staffing and building maintenance. Phasing of partnerships was crucial in circumstances where all factors appeared to be equally critical priorities. This came with the risk that business case ideas became more complex and difficult for small-scale partners with low capacity to follow. MDF carefully managed how this affected execution timelines, and regularly monitored the business's appetite to follow through. |
| Address capacity issues alongside technical issues | With few mid-tier players in the market and little appetite from large players to innovate, MDF needed to work with smaller players to get initial ideas off the ground. Small players were often willing partners, but they had capacity issues and higher levels of risk. By building a portfolio of work with small-scale providers,   |



| Lessons Learned  | Recommendation  |
|--|---|
|  | <p>it was easier to anticipate likely problems as these were often generic (e.g. the long timeframes required to hire staff).</p> <p>Reflecting on lessons learned from an operational perspective was often as important as reflecting on the business innovations themselves.</p>   |
| <p>Be clear on how you intend to convince by example</p>                       | <p>In a less connected country, such as PNG, success stories didn't always travel easily or widely. Activities were undertaken to promote crowding-in of other similar players, particularly in different regions. MDF considered various tactics to convince larger players of the success of new and innovative business models. These pathways were not always clear from the outset, but nevertheless there was a rough plan in place as to how this would play out over time.</p>  |
| <p>Understand and build on value-addition, and businesses will come to you</p> | <p>MDF worked closely with communities as it built relationships across many supply chains. This provided MDF with an unparalleled view of how the businesses and communities interacted; what worked, what didn't, where the opportunities were, and where potential pitfalls were found. As a result, MDF became known as a source of advice about how to approach and set up engagement strategies, and businesses were contacting MDF of their own accord. Developing such a reputation was an important step for MDF to further open its partnership and innovation opportunities.</p> |
| <p>Know your market, know where it is heading</p>                              | <p>With agriculture in PNG becoming more commercialised, and with a growing middle class, a once cash-scarce economy was evolving rapidly. This demand for cash provided opportunities for MDF to work with businesses to gradually create areas of business activity.</p>  |



## Chapter 8: MDF in Sri Lanka

MDF's operations in Sri Lanka grew steadily throughout Phase 1. Around 4,500 poor men and women across Sri Lanka directly benefited from partnerships supported by MDF, through increased incomes and jobs.

MDF's portfolio of partnerships was comprised of four areas under the 'Tourism and Related Sectors' space (Diversifying Tourism; Improving Sri Lankan Produce and Products; Innovation in Digital Services; and Stimulating Entrepreneurship in Former Conflict-affected Areas). These partnerships operated across all four strategic engagement areas, and touched all nine provinces of the country. Through both existing and pipeline partnerships, MDF was engaged with a diverse range of market actors, from large conglomerates to small, sole proprietors located in remote locations.

MDF developed critical insights into the drivers of exclusion, with the completion of a [household study](#) on poverty, female economic empowerment and ethnicity. This survey found that poor women and men tended to be largely agriculture workers or small farmers, unskilled workers, individuals or families affected by conflict, women-headed households and youth (more so in the Northern and Eastern Provinces). Poor market access, low productivity and quality of services, remote locations, and inadequate access to inputs and new technology, among other factors, acted as constraints to these groups emerging out of poverty. For women, while there were negative underlying social attitudes about them working (more so outside of Colombo), unpacking these norms revealed a set of parameters (flexibility of office hours, transport, segregated workspace, etc.) within which MDF could work to influence women's economic participation. In terms of ethnicity, improved interaction among different groups in workplaces, more confidence in institutions (associations, chambers and government bodies), increased 'voice' and support for increased economic activity, were all determined to be active conduits that could lead to better social cohesion across the Tamils, Moors and Sinhalese. MDF used these insights to inform partnerships (both existing and new) to help develop and implement appropriate pathways for inclusivity.

### Strategy and engagement

During MDF Phase 1, in depth analysis of the market was undertaken. Key findings from this analysis led to MDF working in tourism and related sectors in Sri Lanka, focusing on four interlocking strategic engagement areas:

- Supporting the diversification of Sri Lanka's tourism destinations, products and services: Giving tourists more options in terms of how they travel, what they do, where they stay and eat, and what they buy in terms of distinctly Sri Lankan products.
- Improving Sri Lankan produce and products for export and tourism markets: Focusing on a limited number of products and

#### Case Study 15 Central Highlands Feed Mill

Central Highlands Feed Mill Limited (CHFML) was a local pig farm and stock feed producer located in the remote area of Kindeng in Jiwaka. It offered locally produced, low cost silage to farmers made from locally available materials such as sweet potatoes and cassava. Traditionally the company produced feed in small quantities that they mainly used themselves, but it had the capacity to grow its enterprise to produce feed on a mass scale.

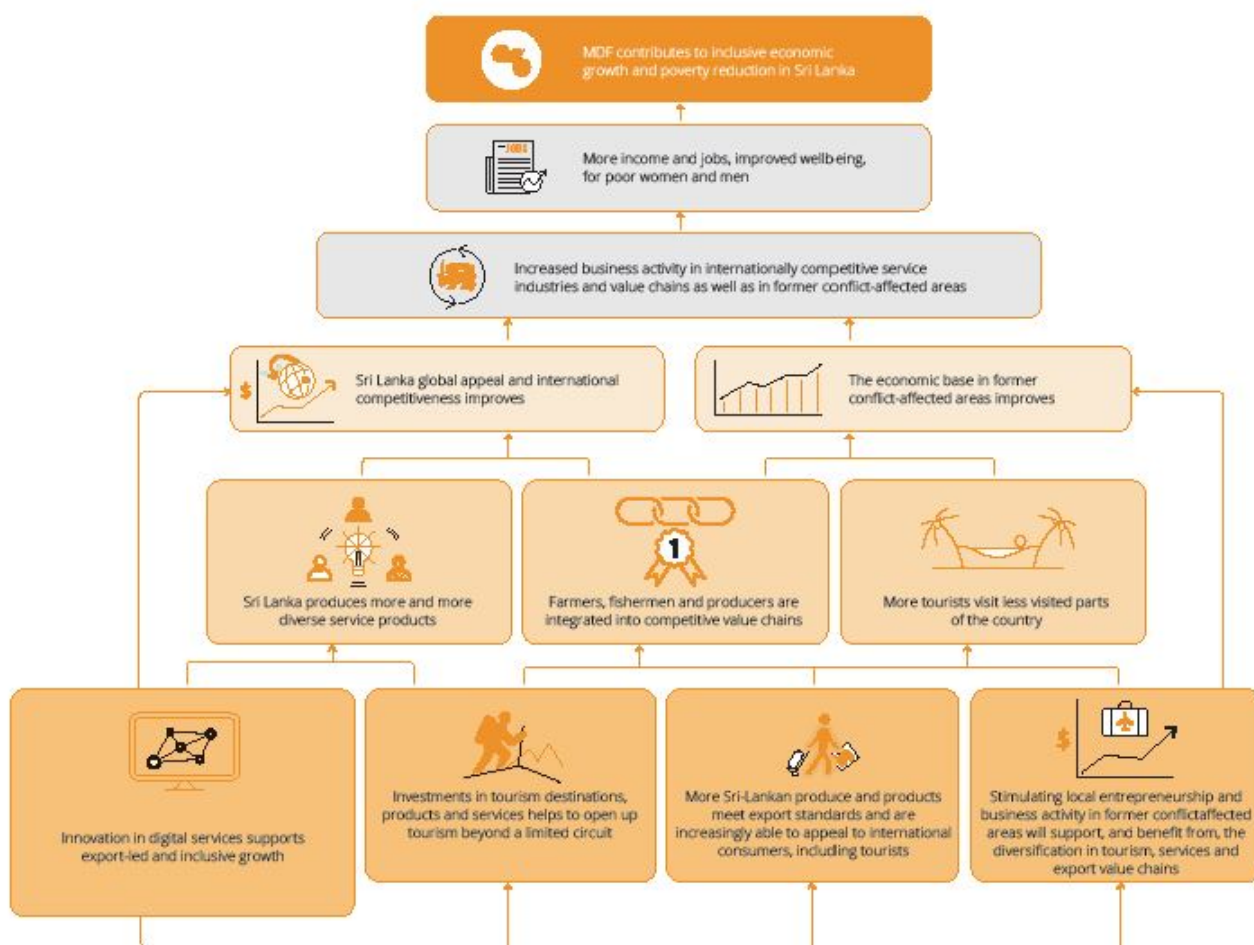
MDF assisted CHFML to engage in commercial production of its feed products, setting up demonstrations so farmers could see that a locally produced product was competitive, and more affordable than imported feed. MDF also helped CHFML procure appropriate equipment to commercialise production, and helped them to grow demand for their products by creating promotional and marketing materials. This partnership had an additional benefit for sweet potato farmers in this region, as they were able to supply feed, generating more income for local producers.

value chains that have the potential to be internationally competitive.

- Stimulating entrepreneurship in former conflict-affected areas: Supporting business activity and local entrepreneurs in order to improve the economic fabric of the North and East.
- Innovation in digital services: Expanding the application of services to increase export competitiveness, help the tourism sector communicate with its international clients and bring services to rural communities.

The diagram following depicts the objectives of this strategy.

**Figure 10 Strategy Objectives – Sri Lanka**



After the official MDF launch in Sri Lanka in March 2017, MDF commenced officially working under the auspices of the Ministry of Tourism and Christian Affairs. Prior to the official launch, MDF focused its attention on building partnerships with local business, but was able to widen its engagement after the launch to include government stakeholders. By the conclusion of Phase 1, MDF and the Ministry had commenced holding steering committee meetings at agreed times, along with other relevant stakeholders (tourism bureaus and associations, DFAT, other development programs, and other relevant government stakeholders), to discuss MDF’s approach, its ongoing activities and the kind of results, impact and lessons these

activities were garnering. This supported alignment of MDF with government priorities, as well as coordination with different groups.

MDF Phase 1 was actively engaged with key think tanks, including the Centre for Poverty Alleviation and Institute of Policy Studies, in order to learn about their activities and share MDF's research, insights and experience. MDF furthered this engagement by collaborating with think tanks to organise engagement events with participation from development programs, government, and key private sector players. The objective of these engagement events was to highlight the role the private sector could play in addressing poverty and promoting greater inclusivity for women, ethnic minorities and other marginalised groups.

## Refining the approach

### Build on momentum and continue expansion of portfolio

As MDF transitions into Phase 2, it is anticipated the facility will continue to build on the trajectory that it has created in last two years of Phase 1. Under the strategic engagement area of diversifying tourism, MDF had signed six partnerships by the end of Phase 1, with ideas being explored to increase choices for experiential tourism, expand the emerging segment of cruise ship tourists, and enrich tourist experiences at Sri Lankan rainforests and wildlife parks. In the produce and products engagement area, MDF was poised to add more horticulture-related and fisheries partnerships, including support for enhanced digital services.

### Formulating systemic change pathways

By the end of Phase 1, MDF had commenced formulation of indicative pathways for systemic change in its strategic engagement areas. With MDF's existing and pipeline partnerships there was scope under Phase 2 to re-define pathways to achieve this over the coming years, with work in the tourism and fisheries sectors (cross-cutting between Sri Lankan produce and products and former conflict-affected areas) showing the greatest potential.

### Strengthen WEE in MDF's portfolio

Informed by the [household-level study](#) on poverty and gender dynamics, MDF's strategy under Phase 1 was to increase women's economic empowerment by supporting those factors that make it more amenable for women to engage with the economy. Strategies considered under Phase 1 to advance this included improving access to safe and convenient transportation, recognising the multiple responsibilities and workloads of women (providing flexible work hours to allow them to meet these demands), creating suitable segregated workspaces and offering women training in financial skills. At the conclusion of Phase 1, MDF was looking to work with a transport company that could provide safer transportation for women to places of employment. In the tourism sector, where stigma against women working was particularly strong, MDF had

commenced networking with tourism companies to serve as role models for the industry by hiring women. In food processing businesses where a large portion of workers were women, MDF looked to increase the number of jobs available while improving working conditions.

## Achievement Highlights

### What MDF Phase 1 achieved in Sri Lanka to December 2016



During Phase 1, MDF worked in a select number of strategic engagement areas that represented a major portion of the economy, had long-term growth prospects, and were relevant for poverty reduction and inclusive growth. As earlier referenced, this included working across four strategic engagement areas:

- supporting the diversification of Sri Lanka's tourism destinations, products and services;
- improving Sri Lankan produce and products for export and tourism markets;
- stimulating entrepreneurship in former conflict-affected areas; and
- innovation in digital services to facilitate international tourism and export-led, services-oriented growth and inclusive growth.

## Diversifying Tourism

MDF focused on ‘opening up’ the tourism sector and making it less dependent on a small number of tourist sights/itineraries, organised through a limited number of tour operators. The broad aim of MDF’s interventions was to foster growth in the industry by making Sri Lanka a more attractive destination for tourists – by giving tourists more options for how they travel, where they travel, what they do, where they stay and eat, and what distinctly Sri Lankan products they buy. MDF determined that interventions at these ‘pressure points’ would also make growth more sustainable by reducing tourist impacts on well-known sights and nature reserves.

MDF also supported efforts to disseminate and improve essential hospitality skills, and form a coherent national policy to support the tourism industry.

During Phase 1, MDF worked with four partners to diversify Sri Lanka’s tourism sector (see Annex 2 for further details).

## Improving Sri Lankan Produce and Products

MDF’s strategic engagement to improve Sri Lankan produce and products involved markets with international consumers, as well as the domestic tourism industry (which was a potential step towards exports). The focus was on the horticulture and aquaculture sectors, and the value-added products derived from these sectors, as these presented high export potential and relevance for inclusive growth. By concentrating on a limited number of products and value chains that had the potential to be internationally competitive, MDF aimed to lessen the disconnect between exporters and producers, working with actors along the value chain (e.g. exporters, wholesalers and cooperatives) to improve coordination, increase production, improve quality, and develop new products with international demand.

MDF worked with two partners during Phase 1 in the improving produce and products sectors (see Annex 2).

## Stimulating Entrepreneurship in Former Conflict-Affected Areas

Local business, particularly in the North and East of Sri Lanka, suffered during the years of conflict. Only seven districts had a poverty rate above 10 per cent – of these, Mannar, Mullaitivu and Killinochchi are located in the Northern Province, while Batticaloa is located in the Eastern Province. Urban unemployment was high, even amongst educated young people. Investments in tourism had improved, but there was potential for more. Farmers needed to reconnect with the markets they had lost during the years of conflict, and supply chains and distribution networks for inputs needed to be rebuilt. Businesses present before the conflict had not returned, and there were opportunities in the gaps they had left behind.

Given the stark inequality prevalent among the different regions of Sri Lanka, MDF focused on supporting business activity and local entrepreneurs in the economically struggling North and East. During Phase 1, MDF identified and commenced negotiations with a range of organisations to promote economic activities within this region by

### Case Study 16 Cinnamon Hotel

Cinnamon Hotel Management Limited was a leading player in the Sri Lankan hotel industry. MDF partnered with Cinnamon to support the Travel Bloggers Conference Asia 2016 (TBC Asia 2016) for which 60 of the world’s best travel bloggers were brought to Sri Lanka. Aimed at professional travel bloggers, the conference presented a valuable opportunity for bloggers and a variety of local industry players to interact with international experts on tourism, travel and social media. The travel bloggers were taken on familiarisation tours across Sri Lanka, allowing them to experience many of the attractions the island has to offer tourists of all types. MDF ensured that the conference reached the Northern and Eastern Provinces, which, despite strong potential, continued to lag other areas in terms of tourism traffic and destination marketing, by facilitating two familiarisation tours for the travel bloggers to the North and the East. MDF also assisted selected activity and service providers from the two provinces to attend the conference in Colombo. To encourage further coverage of these untapped tourism destinations, MDF supported Cinnamon Hotels to award the best bloggers writing on the North and the East.

### Case Study 17 Divron Bioventures

Divron Bioventures was a Sri Lankan start-up that focused on the supply chain of export-quality aquaculture products, particularly Giant Fresh Water Prawns. MDF supported Divron Bioventures to set-up their supply chain – from their hatchery, to the reservoirs, and from the reservoirs to the export markets. Divron saw huge potential in exporting Giant Fresh Water Prawns, which had high demand in the international market, and invested in establishing their own hatchery, which was being used to stock a number of reservoirs in the North and North Central Provinces. Through this partnership with MDF, fishers reduced post-harvest losses and improved productivity, enabling them to increase incomes from supplying giant prawns to Divron.

### Case Study 18 CM Fish Canning

C.M. Fish Canning (Coolman) provided services for the installation of ice plants and cold storage facilities, supply of block ice to the fisheries industry, and the manufacturing of canned fish, fishmeal and fish oil. MDF supported Coolman to establish a better-operating fish cannery. While the company had already invested heavily (LKR160 million) and set up a facility in Pesalei, Mannar, with an output of 42 cans per minute, they struggled to hire qualified staff to operate and manage the factory, and provide on-the-job training for the workers. In partnership with MDF, Coolman broadened its usual recruitment channels, hiring 63 new employees, almost 80 per cent of them female. Additional machinery was also required to ensure good quality products. With MDF's support, the partner hired an international expert to train staff in fish processing, and procure new machinery, with the health and safety standards for export quality. MDF also supported the development of an environmental management plan to ensure a sustainable business model.

### Case Study 19 Hammock Studio

Hammock Studio was a software development company registered in Singapore and Sri Lanka, and operating in multiple countries. Its work included application development, business development and other IT services. Hammock's Foodie.lk brand used a technology-based system to manage food delivery, point of sales and input requirements for a number of restaurants in Colombo. MDF supported Foodie to develop an innovative, IT-enabled service to cater to the skilled labour needs of the tourism industry. Whilst ongoing, early work took the form of a human resource platform that allowed restaurants and hotels to source skilled labour from Foodie – trained in a tailored program linked to vocational training institutes.

addressing issues related to access to business finance, affordable and appropriate technology, skill development, access to mentorship and creating a more conducive enabling environment.

During Phase 1, MDF worked with one partner in the Stimulating Entrepreneurship in Former Conflict-Affected Areas sectors (see Annex 2 for further details).

### Innovation in Digital Services

MDF Phase 1 supported expansion of Sri Lanka's digital services industry, including software/product development, mobile application development, Business Process Outsourcing and IT-enabled Services. All these services worked towards improving business and social processes using digital platforms.

In keeping with its mandate of working with tourism and related sectors, MDF focused on stimulating innovation in digital services to increase export competitiveness, and help the tourism sector communicate with its international clients and rural communities. MDF also supported investments that generated employment in areas where skilled jobs were scarce and youth unemployment high.

Throughout Phase 1, MDF was positioned to support business start-ups with innovative products able to expand the reach of digital services. At the same, MDF sought partnerships with existing businesses with relevant products that had not yet reached their full potential. To drive this forward, MDF opened dialogue with a small number of associates/organisations with a vested interest in the development of digital services, such as the Sri Lankan Association for Software and Services Companies and the Information and Communication Technology Agency.

During Phase 1, MDF worked with two partners in the digital services sectors (see Annex 2 for further details).

## Lessons from Phase 1

After commencing operations in Sri Lanka, MDF acquired an understanding of Sri Lanka's market systems. Some particular characteristics and learnings associated with these systems are captured in the table below, and could usefully inform MDF Phase 2 and other future donor programming of a similar nature.

| Lessons Learned  | Recommendations   |
|--|---|
| Although poverty levels may be low, vulnerability is not | Although Sri Lanka had low levels of extreme poverty (which existed only in specific areas), a large part of the population was hovering just above the poverty level and remained vulnerable to shocks (illness, loss of a breadwinner, crop failure). A reason for this fragility was that many people operated on the fringes of the growing economy. For MDF it was important to consider opportunities that created more inclusive and durable impact. |



| Lessons Learned  | Recommendations  |
|--|--|
| Understand that social markers influence decision-making within households                                   | Households of different ethnicities in Sri Lanka were strongly influenced by social norms and markers. For instance, households bought expensive appliances because they saw others in the community doing so; or farmers continued to grow paddy rice, even though the income from it was inadequate, because there was high esteem for farming. MDF needed to appreciate the wider social context in which its target beneficiaries operated and look for ways to influence change within that context.  |
| Focus on low financial literacy levels   | A common aspect of poor households and emerging businesses was the low levels of financial literacy and control. Poor understanding of financial management has contributed to increased lending and debt levels at the household level. The poverty and gender study identified these debt levels as key constraints preventing households from moving out of poverty. Businesses also suffered from lack of understanding of finance and investment principles, leading many to borrow and make expansion plans that were not commercially feasible. MDF supported partners to access financial advice and looked for ways to promote financial literacy at household levels.  |
| Functional associations present good entry points  | There were many functional working associations at the grassroots levels across Sri Lanka. Most of them had a working body that met periodically, documentation related to registration and membership and, in some cases, monetary mechanisms to fund the running of the association. For MDF, these associations provided an ideal entry point to understand and interact with markets, as well as end beneficiaries.  |
| 'The centre is missing'  | A broad observation across different sectors was that there were many established businesses at the top with good growth potential, strong institutional capacity and multiple revenue streams. However, beyond them, there was a gap – the missing centre – and then there are emerging, small businesses. The conflict in Sri Lanka may have played a role in this scenario. MDF looked to stimulate more investment and innovation by working both upstream and downstream.   |
| WEE can be encouraged by working on transportation, workspace environment, and a supportive work environment | Despite high levels of education, women's participation in the Sri Lankan labour force was low. While traditional social norms contributed to this disparity, MDF's analysis revealed that there were other, more controllable, factors. One of these was the availability of safe transportation to work or proximity to homes. In some rural areas, creating segregated workspaces promoted greater participation by women. Recruitment had an influence – in poor regions, businesses were successful in recruiting women into the workforce when they employed or used local community people (village elders, priests or NGO workers) to scout for women workers. In tourism, some innovative hotels, found that they recruited more women when they invited the family to job interviews. In the same way, improved WEE practices within these organisations could be encouraged by offering flexible hours or children's day care services to enable women to work. These findings informed MDF's design of more effective partnerships to promote WEE. |



## Chapter 9: Cross-cutting issues

### Women's economic empowerment

The MDF Phase 1 design included a mandate to create additional jobs and increase the income of poor women and men. This involved an early commitment to disaggregating results by gender. During Phase 1 MDF increased its focus on gender, ultimately developing a Women's Economic Empowerment (WEE) framework and approach.

Early milestones on this journey included a [poverty and gender study](#) in Timor-Leste, which developed a preliminary gender framework, aspects of which MDF later applied in Fiji. After considerable investment, this was further developed into a comprehensive facility-wide [Women's Economic Empowerment framework](#), which was in turn integrated into all MDF's country program activities. Other market systems development programs have since used this fit for purpose WEE framework to inform their work.

MDF premised its understanding of WEE on the understanding that women may work behind the scenes in many sectors, but this does not mean they work on the periphery or that their roles are non-critical. In agriculture for example, women performed a wide range of vital functions, from tending livestock, to irrigating land, selling produce at market, preparing land and harvesting. Due to the lower visibility of this work, the women's roles were often not upgraded over time, for example in terms of technology improvements or in the provision of critical information on improved farming methods.

WEE constraints were often core sector constraints; this meant that MDF did not treat WEE activities as a separate stream of work. Improvements in WEE were most effective and sustainable when they were seen as improvements for the overall sector.

For example, MDF envisaged that its work in the tourism sector in Fiji would lead to vendors, suppliers and processors increasing their supply of agricultural produce to hotels and resorts. This would lead to an increase in the proportion of local produce in local markets, relative to imports, and a larger number of economic transactions involving local actors, bringing about growth in this sector. As women were heavily involved in the cultivation of produce, outreach skills development programs run by vendors that targeted (or at least included) women made business sense. The resultant improvements in volume and quality of produce entering the tourism market would then be via women producers. In this process, women would gain improved work skills and earn more money.

WEE could be said to have been achieved when large numbers of women were better skilled, had better access to markets, benefitted financially from that access, and had greater decision-making authority over their increased household incomes, and when vendors customised their outreach programs for women.

Beyond do no harm principles, some programs also find it useful to establish their own program principles for WEE. For example, the DFAT-funded Market Development Facility (MDF) has developed four WEE principles that can be applied more generally to other market development programs.'

DFAT 2015, '[Gender equality and women's economic empowerment in agriculture- operational guidance note](#)'

#### External Reference

MDF produced a leading framework for integrating Women's Economic Empowerment into program design. For more details, see '[Strategic Guidance Note 4 – Women's Economic Empowerment](#)'

With these achievements in mind, MDF Phase 1 designed a tailored set of partnerships that worked to improve WEE and, through these partnerships, encouraged a foundation upon which sustainable 'systemic' change in the sector could be realised, while at the same time achieving WEE. Integrating WEE in this way was preferable to providing one-off training courses to a small number of women, which results in short-term gains, but not systemic change for women.

To make it possible for women to contribute to and benefit from growth, MDF Phase 1 implemented a framework which:

- Considered what proportion of its beneficiaries comprised women who had gained economic advancement through better employment or more income. This took into account women's participation in MDF's target sectors, the disadvantages they faced in terms of access, decision making and influence, and workload, and what MDF, through its partnerships, had done or could do to, improve this. MDF strove to achieve an outreach of female beneficiaries in each sector that exceeded the female participation levels of those sectors. In other words, MDF aimed to leave sectors more gender equitable than it found them.
- Worked in growing ('sunrise') sectors of the economy, in which large numbers of poor women could have a productive future, contribute to, and benefit from, broad-based growth. MDF did not necessarily focus on predominantly women-led sectors, particularly when these sectors did not provide the potential for long-term economic growth (either they were essentially niche, or they represented declining 'sunset' sectors where livelihoods were unlikely in the long-term).
- Worked to improve access for women (MDF identified that the main entry point for influencing WEE was most likely through the access domains). At the same time, monitored the agency domains to check whether increased opportunity also led to manageable workloads, decision making authority and control of resources, so that women had genuine ability and a real incentive to continue to make use of these economic opportunities. In every MDF partnership, including those relevant for WEE, the same logic applied: there must be a clear line of sight to results, and partnerships must contain a complete package of activities that address core problems, so that credible and sustainable results could be achieved.
- Identified agency-related issues and integrated solutions for these in partnership design (e.g. access to labour-saving tools and transfers of wages to bank accounts controlled by women), and supported partnerships (e.g. separate businesses setting up childcare facilities to make it feasible for women to take up full-time jobs).

MDF Phase 1 committed to ensure the learning on WEE generated from its results measurement system was available to DFAT and the wider development community; generate gender-disaggregated data; and mandated that at least 60 per cent of MDF's partnerships were relevant for WEE.

During Phase 1, MDF received specific funding to focus on partnerships with significant potential to strengthen WEE, through the Gender Equality Fund. Established in 2015, the Gender Equality Fund supported high performing and innovative aid that promoted gender equality and women's empowerment. With funding from the Gender Equality Fund, MDF advanced WEE partnerships in Fiji, Timor and Pakistan, and deepened insights as women engaged in new and expanded income earning activities.

As reflected in its results, MDF achieved significant outreach and scale. However, these results are more meaningfully interpreted within the wider development context. Although it is important to achieve scale, for a program like MDF it was imperative to focus on reaching marginalised individuals. Behind MDF's extensive results was a framework that ensured partnerships focussed not only on reaching large numbers of beneficiaries, but also had the potential to empower all beneficiaries, including women and people with disabilities.

## Lessons learned

A key learning across all MDF's WEE work was that, like all partnerships under a market systems approach, there was no one size fits all approach. It was always important to build the business case and present the evidence, but then the approach with each partner varied.

MDF also demonstrated the importance of having a detailed understanding of the role of women in the economy and the household. Partners sometimes had misconceptions about how women interacted in their market system – MDF's evidence provided vital information to test those perceptions and develop appropriate approaches. Integrating WEE throughout monitoring and results measurement contributed to developing that knowledge base.

Finally, when the business case was clear, MDF and partners often still needed considerable innovation to make a good idea work. Listed below are examples of creative approaches utilised by MDF Phase 1. The approaches fit within at least one, if not more, of the five domains outlined in MDF's WEE Framework.

### Fiji

- *Decision-making authority and influence in various sphere* – MDF supported Bula Coffee suppliers to use their collective voice to influence a decision within their community. When the price for coffee dropped, village headmen sought to end sales to the company. Women were worried about the impact of losing this stream of revenue and came together and successfully lobbied to continue to sell to Bula Coffee.
- *Access to assets, services and support* – MDF supported Mark One Apparel to introduce an employer-sponsored childcare facility on-site, as a means to address staff shortages and improve retention. The childcare facility generated interest by other

#### External Reference

MDF has highlighted some early lessons and examples from operationalising a Women's Economic Empowerment framework in a multi-country context.

See 'Case Study 3 - [What can be achieved in Women's Economic Empowerment](#)'

garment and urban based industry companies to offer similar services.

### Timor-Leste

- *Economic advancement* – MDF partnered with Agi Agricultura, an agro-input retailer, to design smaller pesticide sprayers that were easier for women to handle. MDF encouraged the agri-business partner to interact more with its customer base, including women. Agi Agricultura shifted its perspective on women's roles in the sector and identified commercial opportunities for the business, related to reducing women's workload.

### Pakistan

- *Manageable workloads* – MDF partner Baloch Hamza Brothers Date Co. established a women-only work facility with flexible hours to increase production of pitted dates. This set an important precedent in an area where gender norms traditionally kept women in the home with few economic opportunities, at the same time allowing BHB to increase its production.
- *Access to opportunities and life chances* – MDF worked with footwear manufacturer, Footlib, to create a women-only work-line led by an experienced female supervisor. In an industry where companies saw the value of hiring more women, but were hesitant to do so due to reputation challenges in a conservative culture, the innovation from Footlib demonstrated a way forward for the industry.

### PNG

- *Access to opportunities and services* – MDF partner NKW Fresh Produce paid its fresh produce suppliers through bank accounts. As few women (relative to men) had bank accounts, women were restricted from supplying to the business. MDF supported NKW to expand its network of women fresh produce suppliers by delivering financial literacy training and finding ways to make it easier for women to open bank accounts.

### Sri Lanka

- *Economic advancement* – MDF worked with Sri Lanka's only Fair Trade-guaranteed handloom company, Selyn, to foster increased women's economic participation. Of Selyn's employees, 95 per cent were women. MDF assisted Selyn to develop marketing material to support their participation at the New York Now 2016 Trade Fair; and to hire a Business Development Consultant to help grow the business, strengthen their market profile, and develop a coherent strategy to target new markets. MDF's engagement with Selyn, created direct income-earning opportunities for women as handloom weavers and artisans.

## Environment

During Phase 1, MDF sought to both ensure the activities it supported did not cause harm to the environment; and where possible, sought to design those activities to have positive environmental outcomes.

To achieve these objectives, MDF put in place environmental guidelines, based on the *Environmental Protection and Biodiversity Conservation Act*, the Commonwealth Environmental Guidelines, and local environmental regulations in each country. This involved a two-part process, based on checklists prepared by external environmental consultants. The first checklist was for the intervention manager to complete early in the design of the activity. If this process identified any issues, or if MDF's environmental focal person was not satisfied, a technical expert (or the MDF environmental focal person) followed a second checklist to provide a more comprehensive analysis.

Mentioned below are examples of MDF Phase 1 interventions that involved environmental considerations.

### Fiji

- MDF supported Mark One to apply for the regulatory approvals needed for the construction of their Centre of Excellence building.
- Devesh and Bharos Farmshave set-up a reconfigured 40-foot container to store and safeguard seedlings from natural disasters, and improve the business' disaster readiness and resilience.
- South Pacific Elixirs set-up a similar container for kava seedlings, as a means of disaster resilience.
- MDF signed a partnership with Biotec Ltd, which aimed to ensure planting materials for selected crops (dalo and banana) were easy for farmers to access, at an affordable price and with reduced production times.

### Pakistan

- MDF supported an environmental impact assessment for Vital Agri Nutrients, resulting in the issuance of the associated certificate.
- MDF supported Vital Agri Nutrients to investigate the production and promotion of bio products, leading to improved land productivity and decreased fertiliser usage.
- MDF signed a partnership with Ali Akbar Group for their extension service staff to provide farmers in Baluchistan with guidance on appropriate use of fertilisers and pesticides, reducing the risk of over-application.
- MDF supported the Kashf Foundation to offer farmers loan products with embedded livestock insurance, improving their capacity to cope with natural disasters.

## Sri Lanka

- MDF worked with Coolman to prepare a sustainable fisheries plan, and an environmental management plan to deal with waste from their facility.
- MDF assisted Edge Adventures to identify and manage environmental risks associated with its new products.

## Timor-Leste

- MDF worked with Acelda, who in turn worked with extension staff to provide farmers with information on cultivation techniques, inputs and usage of agro-tools to assist farmers adapt to climate change and improve productivity.
- MDF explored broader strategic partnerships with the United Nations' renewable energy program, to increase the awareness of rural households of the benefits of fuel-efficient cook-stoves. This led to increased sales of Concrete Product Business' cost-effective cook-stove technology.

## PNG

- MDF worked with CHFML to promote new varieties of sweet potatoes (developed by the National Agricultural Research Institute), which not only had the potential to improve the consistency of supply to the business, but also improved the ability of farmers to manage during drought.
- With partner New Guinea Fruits, MDF supported initial planning to plant fruit and eucalyptus trees close to beehives to increase the honey harvesting periods. In time, this will build the ecosystem around the honeybee farms and increase biodiversity.

## Disability

During Phase 1, MDF's approach to disability had three elements – prevention, support and promotion.

Firstly, MDF's work had a *preventative impact*. By engaging in areas such as agriculture and manufacturing, MDF contributed to reducing some of the risks that could lead to higher incidences of disability (for example, by improving nutrition or by designing safe products or by improving workplace conditions).

Secondly, MDF's work to improve the income of the wider households has a *supportive impact* on people with disabilities within that family. Increased household incomes, has benefits spread across the family. For example, a study into Household Level Poverty and Gender Dynamics in Sri Lanka uncovered the large extent that families support relatives with disabilities or who are in ill-health. This was particularly evident in former conflict-affected areas in the country's north and east, where women are working out of necessity, often due to the loss or incapacity of male 'breadwinners'.

Thirdly, MDF had a *promotional impact* – assisting people with disabilities to access jobs and reduce barriers associated with the



'knock-on' effects of disability (for example, lower education and literacy levels).

For all three elements the approach to disability (as with MDF's approach to all cross-cutting areas), MDF sought genuine commercial incentives to engage in these areas, to ensure long-term viability and sustainability.

Aligned with the first element of the approach – *the preventative impact* – in Timor-Leste, MDF worked with salt processor, NPM Industries, to promote the consumption of iodised salt. This opened up an opportunity to work on iodine deficiency, one of the most common causes of preventable brain damage and intellectual disability among children worldwide. Unlike many other countries, Timor-Leste did not have a law requiring salt iodisation, and imported almost half of its salt, which entered the country without proper iodine testing. The emergence of a large-scale local salt processor capable of producing competitively priced iodised salt, prompted MDF to collaborate with the Ministry of Health, World Health Organisation and other development partners, to explore opportunities to address iodine deficiency.

Similarly, in Pakistan, through its horticulture interventions, MDF discouraged excessive use of chemical fertilisers, and promoted alternative practices that reduce exposure to high levels of chemicals in horticulture produce. Information provided by the Ali Akbar Group's field officers discouraged the use of excessive fertilisers and suggested alternative practices, such as pruning of kinnow trees to reduce disease attack. The partnership with Vital Agri Nutrients implemented a similar approach through promotion of the use of bio-fertilisers. In the dairy sector, through the Shakarganj partnership's provision of veterinary assistance to dairy farmers, evidence of increased milk yields resulting in a consistent milk supply throughout the year emerged – supporting increased household consumption of milk, and improved nutrition.

In relation to the second element – *the supportive impact* – across its portfolio of countries, MDF improved the way it captured information on the use of additional income and the wider wellbeing-related benefits this created. In household level studies in Sri Lanka and PNG, MDF in-country teams examined the control patterns around income. In Sri Lanka, the study found that a large number of households had high expenditure on medical costs associated with disabling illnesses, such as diabetes. Additionally the report found that many female-headed households were working out of necessity due to the incapacity of the male 'breadwinners'. As was the case in WEE, better understanding of the scenarios and constraints these households faced in relation to these economic costs enabled MDF to recognise better ways of intervening in the future.

In relation to the third element – *the promoting effect* – in Fiji, MDF encouraged DHL to consider employment facilities for less advantaged people at their Business Process Outsourcing Facility. The incentive to do so was strengthened by the Fijian Government's announcement of a 300 per cent allowable tax deduction on wages

paid by employers to employees with disabilities (provided they were/are employed continuously for three years).

Likewise, in Pakistan, MDF supported partners such as Kashf and Servis to hire people with disabilities to work in their facilities in various capacities.

## Chapter 10: Operations and Finance

As MDF expanded and mobilised into each new country, operational systems and processes evolved to meet new challenges, with the managing contractor's head office support functions adapted to support this evolving structure.

During Phase 1 MDF mobilised and established an influential presence in five countries, with a number of key lessons learned. These lessons are discussed in this chapter.

### Staffing and human resourcing

#### Core Leadership Team

MDF's Core Leadership Team (CLT) was comprised of four cross-country managers – *Team Leader, Operations Manager, Results Measurement Manager, and Communications Manager* – and Country Representatives in each MDF country, responsible for the start-up and development of tailored country programs. The cross-country managers worked with the national Country Representatives to recruit, train and mentor country implementation teams.

The CLT provided on-going guidance and mentoring to the local teams to ensure that the principles inherent in MDF's approach were realised in practice. Throughout this, the CLT struck an appropriate balance between promoting a common approach and customising that approach so that it was most effective in the country conditions. The result, at the end of Phase 1, was five tailored country programs, each appropriate to the unique context of the country, but using a common set of principles and systems.

Although the CLT was largely successful in mobilising and supporting the country implementation teams, the Pakistan mobilisation showed that there was not always enough depth and flexibility in the CLT to adequately support all three country programs when plans do not go as expected (as indicated in the Independent Advisory Group report on the Pakistan mission). In addition, some of the communications tasks fell behind schedule, particularly in Timor-Leste, due to the excessive workload of the Results Measurement and Communications Manager, coupled with the necessary time needed to train and mentor local staff in both Fiji and Timor-Leste in communications.

To address these shortfalls, the managing contractor proposed minor restructuring of the CLT – splitting results measurement and communications into two positions, strengthening the role of the Operations Manager and enabling the Country Representatives to play a larger role in cross-country and overall MDF work. The Independent Advisory Group supported this proposal, and all the DFAT Posts and Canberra Activity Manager accepted it. Once restructured, the revised CLT addressed the challenges discussed

'Staffing is therefore of central importance in market development, and MDF has attracted high-quality and capable staff in all of the countries visited. Management is to be commended for selecting, retaining and motivating staff to such a high level.'

MDF Mid-Term Review

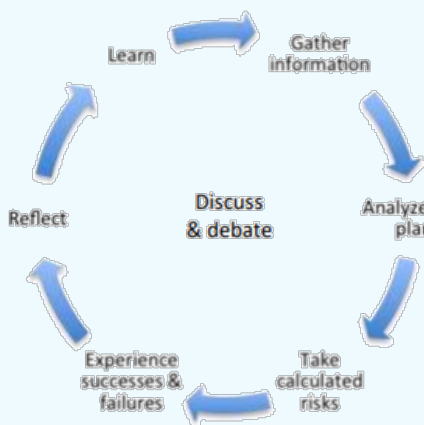
## Lesson Learned: learning culture

A key lesson from MDF was the importance of establishing and promoting a learning culture. MDF's learning culture was the foundation of its results measurement system, and was fundamental to MDF's ability to use information on results to improve program strategies and implementation, and report results credibly.

MDF needed to gather field information, analyse it to understand why observed changes had happened, and use those insights to improve implementation. The learning culture gave the incentives and structure for this to happen effectively.

At the heart of MDF's learning culture was a cycle of behaviours:

**Figure 3: Learning Cycle in MDF**



To design an intervention, business advisers gathered information on potential partners, incentives and innovations in the market. They analysed the information and discussed how to design an intervention that would result in pro-poor growth. MDF then worked with a potential partner to design a partnership, with calculated risks.

During and after the intervention, the team reflected on what was going well, what wasn't and why, and how that linked back to their analysis, intervention design and work with the partner. This reflection was the basis of learning about what what worked best to generate pro-poor growth.

The team needed to iteratively think, discuss, act and think again. At the centre of this cycle were frequent discussions and debates that enabled the team members to revise and refine their understanding. MDF actively fostered key behaviours among the staff to facilitate this learning culture.

For further information, refer to the ['Building a Learning Culture – the case of MDF in Fiji'](#) (a report written by Alexandra Miehlbradt for the DCED).

above, while continuing to provide effective support to the programs and country implementation teams in each country.

## MDF Country Implementation Teams

MDF country teams expanded significantly with country mobilisations and the growth of country portfolios. To meet these demands, the managing contractor recruited over 100 staff. This included international advisers and locally engaged personnel in technical areas such as business advisory services and results measurement, as well as administrative roles such as operations, logistics and finance.

The MDF head contract also provided a number of unspecified country team positions, engaged by the managing contractor as required. During Phase 1, the composition of country teams were fit-for-purpose, growing organically following country mobilisation. The managing contractor found that the optimal staffing for a mature country portfolio normally required:

- Country Representative (and sometimes Deputy Country Representative)
- Market Development Adviser(s)
- Results Measurement and WEE Adviser(s)
- Communications Specialist
- Country Team Coordinators
- Business Advisers
- Operations Administrator
- Administration and Logistics Officer
- Country Accountant

In addition to these roles, MDF found that some functions were best served through Facility-wide staffing. For instance, Finance and Communications oversight were centralised functions, with costs shared across the country team budgets.

## Recruitment processes

High-quality project personnel were fundamental to project management success. To recruit the right person for each job, the managing contractor utilised dedicated in-house Recruitment Specialists, who worked closely with in-country project management teams to understand recruitment needs, and develop targeted strategies to recruit the particular personnel required. Although at times lengthy and challenging, these targeted recruitment strategies enabled the managing contractor to fill the international positions and leadership roles with leading experts in their respective fields.

At the same time, the managing contractor was acutely aware of the vital importance that local experts play in successful implementation. International advisers could support, guide and mentor, however local staff often had a superior understanding of the peculiarities of local business environments. MDF needed local staff in technical business advisory roles to be able to analyse and understand complex markets, undertake research, and develop ideas for innovative interventions.

MDF faced a number of challenges in recruiting high calibre local staff in some labour markets. To manage this, the managing contractor implemented a recruitment approach that focused on staff potential rather than previous development project experience. This led to MDF targeting competent, confident and motivated individuals with capacity to think laterally and learn. This recruitment approach involved seeking out graduates with two to three years professional experience in the private sector or relevant organisations, and then mentoring them in the principles of MDF. This approach proved successful during Phase 1, to the point where some of the young professionals recruited became international advisers on other market development programs across the globe.

During Phase 1, MDF also worked with local and international universities as a source of potential candidates. This approach included arrangements to place interns with MDF, who, after completing their qualifications, sometimes gained appointed to full-time positions with MDF.

In order to target potential staff, the managing contractor advertised widely in local media (e.g. print media), and extensively utilised networks and referrals to identify high calibre candidates. The recruitment process involved an initial shortlist of candidates followed by intensive interviews and case study written exercises. This identified candidates with the ability to present arguments, listen to counter arguments, and interact in a group.

In addition to recruiting high calibre local long-term advisers, the managing contractor also recruited local and international consultants for short-term assignments on MDF, when local capacity was insufficient. This included specialist researchers, results measurement specialists and trainers, and environmental specialists.

The managing contractor drafted locally engaged staff contract templates, which complied with local labour, tax and insurance laws in each country; and sub-contract templates that could be adapted for national or international service providers. Regular review ensured all templates met any changes in local requirements.

### Lesson Learned: management skills

A lesson was that programs of MDF's scale required country leaders (in MDF's case these were known as Country Representatives) who not only excelled at the technical aspects of market systems development, but who were also able to manage large teams.

Although technical leadership is critical (the priority skillset), MDF put in place mechanisms to also develop other managerial and operational skills where needed.

MDF learned early that staff needed to be dynamic, intelligent and motivated. The lesson for MDF was that – when selecting staff to manage interventions under a market systems development framework – skills, motivation and business acumen are more important than experience working in donor-funded projects.

## Professional development and training

As MDF was the first market systems development program in most of the countries it operated in, there were few local employees with prior experience in this aid delivery approach. MDF's approach to this challenge was to invest heavily in staff training, professional development, mentoring and retention, in order to develop and maintain high calibre staff.

MDF invested heavily in staff training, forming an on-going relationship with a leading training provider of market systems development. This training not only served to develop capacity in country teams, but also facilitated cross-country learning, as advisers from several countries studied and interacted with each other. Furthermore, a number of DFAT staff attended these training sessions, fostering improved learning between the program and local DFAT Posts.

Additionally, the managing contractor facilitated a number of country exchanges and field visits – for instance staff exchanges between country offices – as well as structured processes for developing staff to become senior managers (under the formalised MDF 'Leadership Development Program'). This tailored approach to training assisted several MDF staff members to assume progressively more senior roles on the program, and to develop specialist expertise. MDF also identified and sought out specific technical training required for specific staff to undertake their roles to a high standard: for instance, advanced Results Measurement training, financial training, computing training, and leadership and management training.

### Case Study 20 MDF'S Leadership Development Program

Maryam Piracha joined MDF in Pakistan as a Business Adviser in 2013.

Through MDF's Leadership Development Program and with the support of a senior colleague acting as mentor, Maryam received exposure to other countries, and various functions, including technical, operations, finance, managerial, and program representation.

She undertook a Business Adviser placement in Fiji in 2014, and in 2016 became a Senior Coordinator.

At the end of Phase 1 she had been promoted to the role of Acting Country Representative in Pakistan.

## HR and managing staff performance

MDF's large staff numbers required strong HR systems and processes to manage performance. With support from the managing contractor's corporate office, Country Representatives and the CLT achieved considerable success in managing teams.

Managers regularly conducted performance reviews – a process that contributed to both improved staff performance and motivation, and addressing diminished performance when required. The performance review process enabled staff and managers to reflect on performance and identify areas for additional support, linking with MDF's broader approach to providing targeted professional development to improve overall staff capacity.

There were no notable staff performance issues on MDF during Phase 1. Managers regularly addressed minor issues in compliance

with the managing contractor's HR Policy and Procedures Manual. The managing contractor dealt swiftly with cases involving poor performance, identifying areas of weakness, agreeing a performance improvement plan (involving DFAT where appropriate), and introducing probation periods and other measures as needed.

## Quality Assurance and Compliance

The managing contractor based quality assurance arrangements for MDF on rigorous oversight to ensure compliance, while framing an enabling environment for innovation, learning, effective delivery of outputs and achieving desired outcomes. This approach was encapsulated in the managing contractor's ISO certified Quality Management System. The system ensured consistent, rigorous program quality through standard operations, procurement and financial management procedures, which could be tailored to specific MDF requirements. The system included guidance, processes and templates covering all aspects of administration, finance, procurement, human resources, health, safety and security, logistics, child protection, and fraud. To meet evolving contractual and implementation requirements throughout Phase 1, the corporate support team regularly updated the MDF manuals and templates.

The managing contractor further ensured compliance through the Melbourne-based Quality and Risk Management Unit who undertook internal audits of the application of Quality Management System procedures.

### Fraud control and anti-bribery

The managing contractor's Fraud Control and Anti-Bribery Policies involved a 'zero tolerance' approach. If fraud, bribery or corruption occurred, or was suspected, the managing contractor took timely action, considering local laws, customs and circumstances. MDF coordinated with DFAT to investigate and resolve incidents, engaging local authorities as appropriate.

MDF's close working relationships with partners also mitigated risks such as fraud. The business advisers managing each partnership remained abreast of all activities taking place under that partnership, enabling them to verify payments and confirm appropriate expenditure of program funds. The involvement of CLT members in the partnership implementation stage, further increased reduced risk (and increased quality). Rather than relying on short-term technical advisers who may lack understanding of context (including the risk environment), the CLT provided technical oversight to ensure partnerships were implemented according to plan, and risks were identified and mitigated.

Over the six years of Phase 1, there were a small number of alleged or suspected fraud attempts. Working with DFAT, the managing contractor resolved these cases prior to the completion of Phase 1. Two notable cases were:

- In February 2016, a locally engaged adviser had his work laptop computer and phone stolen, outside of work hours. He reported

the incident to the police, who later recovered the laptop computer. The managing contractor replaced the phone (non-reimbursable cost). The MDF team kept the DFAT Post informed throughout the incident and investigation.

- In May 2015, an unknown person created a hoax email address that purported to be the MDF Team Leader. That person sent an email to MDF's Operations Manager and requested that a payment be made to a bank account. As the request did not contain proper approvals, the Operations Manager did not process the payment request, and reported the attempted fraud. There was no loss of funds. The managing contractor reported the attempt to the police through the Australian Cybercrime Online Reporting Network (ref ARN-A7UF-C7H4); and reported the abuse to the registrar of the hoax domain. The managing contractor's global head of IT security reviewed the response and confirmed that the team undertaken all necessary actions correctly. The managing contractor kept DFAT informed throughout the incident and investigation.

The MDF team treated all fraud cases, however minor, as opportunities to review and strengthen MDF's systems, and those of its partners. The experience of MDF confirmed that poor internal controls, reduced capacity and lack of awareness, all had the potential to create an enabling environment for fraud and mismanagement. With this in mind, MDF worked to mitigate the risk of fraud in all aspects of operations.

To ensure all staff were trained and accountable for fraud-related incidents, the managing contractor delivered interactive training modules on fraud awareness, and anti-bribery measures. It was compulsory for MDF staff to undertake the managing contractor's training via an online learning platform.

### Child protection

MDF did not record any contraventions of DFAT's Child Protection Policy, or identify any areas of concern, during Phase 1. MDF based its approach to protecting children on compliance with:

- The managing contractor's Child Protection Policy, aligned with DFAT's own policy. This formalised a commitment to child protection and safeguarding the welfare of children in the delivery of MDF. Broadly, the policy focused on raising awareness, prevention abuse, reporting policy violations and responding to confirmed or suspected cases of abuse. The policy followed four guiding principles: zero tolerance of child abuse; recognition of children's interests; sharing responsibility for child protection; and use of a risk management approach.
- All personnel and sub-contractors engaged to perform any part of an MDF activity were required to sign and comply with DFAT's and the managing contractor's Child Protection Policies. MDF staff were required to obtain and provide a Criminal Record Check from the relevant authorities.



## Risk management and due diligence

The managing contractor understood that an innovative program such as MDF required a finely balanced risk management approach. MDF embraced certain risks to foster innovation and an entrepreneurial culture within the program, whilst ensuring it implemented strategies to manage unacceptable risks. To achieve this, the managing contractor combined strict management of governance risks, with a pragmatic and outcome-focused approach with respect to commercial risk.

Grounding MDF was a country-led approach to implementation. Localising program management, to the extent possible, drove deep understanding of the markets in which MDF Phase 1 operated, and provided unique insights into risk management strategies specific to the varied countries and contexts.

The managing contractor managed certain risks in accordance with strict guidelines to protect both financial and reputational value. The managing contractor's Corporate Support Unit worked with the MDF team to develop risk management systems tailored specifically to MDF, including due diligence procedures, procurement and contracting mechanisms for partnerships (such as partnership justification reviews and formal partnership agreements), and security. The managing contractor also maintained a risk management plan specific to MDF, and regularly updated this plan. These systems delivered effective risk management, and fostered innovation and an entrepreneurial culture within the MDF team.

MDF managed every partnership justification process and the subsequent partnership implementation and monitoring, through a team rather than a single individual. This reduced risk, assured quality, and ensured consistency across the partnerships. MDF funds for partnership activities were paid on a reimbursable basis – partners paid for initial interventions, later seeking reimbursement from MDF. This payment approach led to increased ownership of activities and outcomes, by the partner. MDF rarely contributed more than 50 per cent of the value of an intervention. This additionally ensured there was a real commitment from the partner organisation, eliminating businesses seeking 'handouts'.

## Security and safety

Safety and security procedures were a critical element of the managing contractor's operational support to MDF. MDF's Security Manual and Standard Operating Procedures were tailored to the context of each country and were regularly updated. These procedures included office evacuation plans, email updates of potential threats and hazards, guidance notes around key issues (for example, election risks, cyclones and tropical storms), emergency procedures, and specific threats in the local context. The procedures were tested on several occasions during Phase 1, including due to vehicle accidents, natural disasters (such as Tropical Cyclone Winston) and challenging security environments for fieldwork in Pakistan and Papua New Guinea. In all instances, DFAT was notified

promptly, in keeping with the managing contractor's Health, Safety, Security and Environment Incident Reporting protocols.

## Financial Reporting

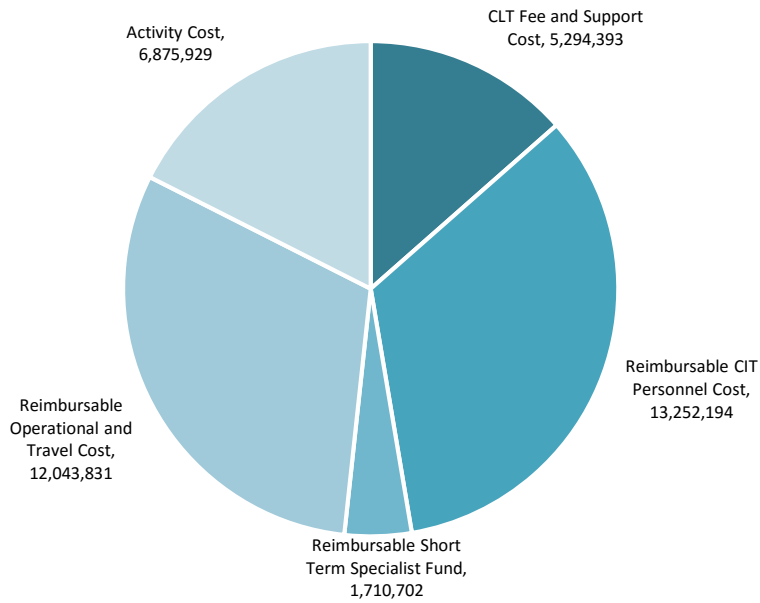
MDF's expenditure evolved in line with the expansion of the program. When MDF commenced, DFAT centrally managed funding through Canberra. As MDF matured and expanded, DFAT increasingly allocated funds through the relevant Posts, with specified shared costs managed from DFAT's Canberra team. Figure 13 depicts this changing funding arrangement, showing that as MDF expanded and country portfolios matured, funding was decentralised and increased year on year to accommodate growth in activities and staff costs.

MDF's country costs tended to plateau around years 2 to 3, reflecting maturation of each country portfolio. This was an outcome of frontloading of analysis and the building of the team, resulting in lower expenditure during the scoping and start-up phase.

Once start-up had been finalised, the acceleration of country expenditure varied across countries due to a number of factors, including:

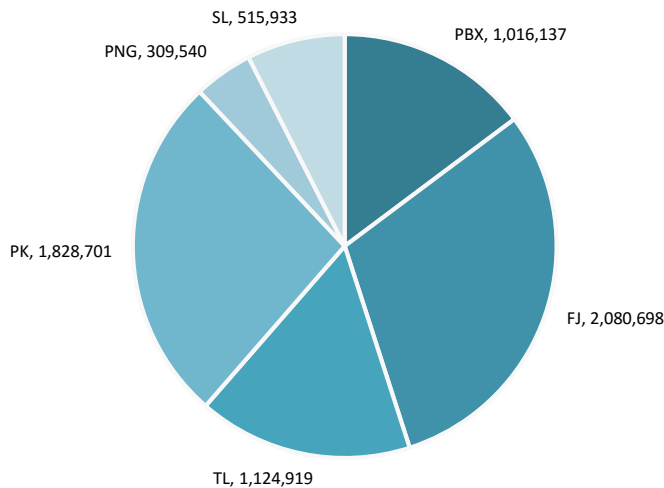
- Maturity, or otherwise, of the specific sector (some markets such as Sri Lanka and Pakistan had more investment ready partners than other such as Timor-Leste).
- Operational costs relevant to each country (for example in PNG, the cost of office space and security were higher relative to other countries).
- Geography of the country (for example, in Pakistan MDF needed to operate in locations distant from Lahore, requiring extended field missions, whilst in Fiji MDF could easily manage all operations from Suva).
- Unexpected events (for example, Tropical Cyclone Winston led first to a slowdown in expenditure in Fiji, then after a period, a rapid increase in funding as DFAT made available extra monies to support the recovery effort).
- Ad-hoc funding streams (for example, MDF was allocated additional monies from the Gender Equality Fund managed directly from DFAT Canberra, which reduced a reliance on similar funding from Post in some instances).
- Reductions in country budgets (for example, Timor-Leste reduced its budget for MDF in response to broader DFAT budget cuts, curtailing MDF's scope of expenditure).
- Inflation and exchange rate variations (for example, in Pakistan cost increases due to inflation were significant in some years, impacting on salaries and rental payments).

**Figure 11 MDF total expenditure (AUD)**



The contract financial limit for MDF Phase 1 – excluding management fee – was AU\$39,177,049.<sup>2</sup> Total expenditure over the life of the program was just below the contract limit, reflecting solid financial management systems and processes and the ability to plan and complete work in accordance with annual work plans and budgets. Activity expenditure represented around 18 per cent of total expenditure.

**Figure 12 Activity expenditure by country portfolio**



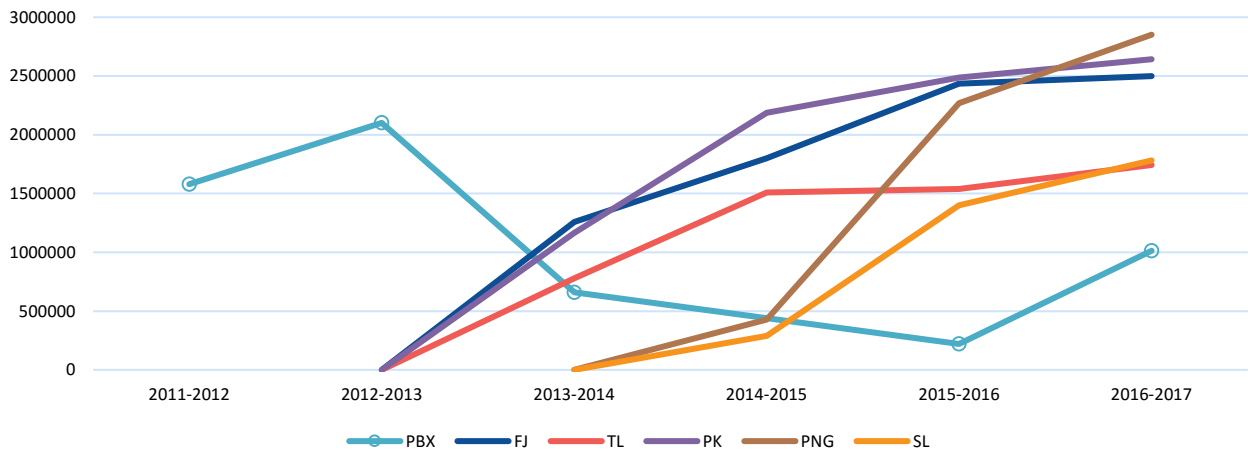
Note: Activity expenditure for PNG and Sri Lanka was expected to be the smallest of the five countries as they were the most recent additions to the MDF portfolio.

Country expenditure increased year on year, as country programs matured and expanded. While centralised funding from DFAT Canberra fluctuated, it decreased over time as MDF moved towards a

<sup>2</sup> Expenditure data includes actual expenditure up until May 2017, and forecast expenditure from June-August 2017.

model where country programs were funded through the country aid budgets.<sup>3</sup>

Figure 13 Annual expenditure by country



## Financial management

### Lesson Learned: financial systems

MDF's adaptive approach to programming required flexible yet robust financial systems.

Private sector partners often required flexibility in the timing of co-investment. This was not always consistent with donor funding and reporting cycles.

To manage this challenge, the managing contractor implemented a fit-for-purpose 'Life Time Budget' tool, in addition to MDF's Partnership Activity Tracker. These tools allowed MDF to meet DFAT forecasting and reporting requirements across five separate country budgets, while providing private sector partners with flexible and adaptive support.

The managing contractor's financial management processes provided efficient, accurate and accountable support to MDF during Phase 1. The managing contractor's head office finance and support team worked with the MDF Operations Manager, Central Facility Accountant and Country Accountants to open bank accounts in each country office; obtain corporate registrations for tax purposes; provide payroll for all locally engaged staff and office expenses; manage payment of supplier invoices and expense claims; prepare regular financial reports and forecasts; and carefully manage operational and activity budgets. They provided timely responses to DFAT requests for financial information and were proactive in presenting this information to inform decision-making.

The multi-country structure of MDF provided many opportunities for efficient delivery, but also presented a number of administrative challenges. One such challenge involved the generation and submission of multiple invoices (and cost sharing arrangements) across the Facility. The managing contractor tailored MDF's financial system to ensure it could submit multiple invoices promptly to several DFAT Posts, minimising the administrative burden on DFAT to centrally co-ordinate program finances. This process evolved over time to meet the needs of DFAT.

<sup>3</sup> MDF was funded by DFAT Canberra for the first two years of operations; thereafter country operations were funded by the individual country budgets, with Canberra funding Facility-wide activities.

## Conclusion

MDF Phase 1 was an innovative and therefore risky program for DFAT at the time of its inception. Over a six-year period the program expanded into five countries, generated verifiable results for poor women and men in target markets, developed new methodologies and achieved global recognition within the Market Systems Development (MSD) community.

By the conclusion of Phase 1, MDF had commenced a process of transition, moving beyond partnerships with individual businesses towards the transferal of business facilitation functions to local organisations for long-term sustainability. This marked an important maturing aspect of a market systems development program, and was a significant step forward that could only have been achieved once the credibility of the program was established, team capability developed, and initial market interventions realised.

An innovative program such as MDF required a finely balanced risk management approach, embracing certain risks to foster innovation, and an entrepreneurial culture within the team, whilst ensuring effective strategies to manage unacceptable risks. MDF Phase 1 combined strict management of governance risks with a pragmatic and outcome-focused approach with respect to commercial risk. This approach was grounded in MDF's country-led approach to implementation, with the localising of program management allowing the team to develop a deep understanding of the markets in which it operated, in turn providing unique insights into risk management strategies specific to MDF's varied countries and contexts.

MDF Phase 1 played an important role in facilitating discussions between the public and private sector. It also provided an evidence base for potential regulatory reforms through the detailed market assessments conducted at the start of each country engagement. This has created a solid platform for Phase 2, with the program's reputation positioned to take a more proactive lead in facilitating regulatory reforms, whilst continuing to focus on fundamental constraints to growth related to the enabling environment, market infrastructure, governance, and investment.



# Annex 1 – Technical definitions

## Estimates, Projections, Actuals

(Source MDF 2016 Annual Aggregation of Results)

Definitions of ‘estimates’, ‘projections’ and ‘actuals’ are provided below. We recommend that readers keep these three elements in mind when reading this Activity Completion Report, as they underpinned MDF’s monitoring and results measurement process.

It is also important to understand the purpose of these elements. They are not intended solely as indications of program performance. The process of comparing actuals with projections (per partnership) and actuals and projections with estimates (per country portfolio) was an important management and learning tool for the program to understand differences between data sets, progress, and emerging and promising avenues through which to increase results.

### Step 1: Estimates are floating performance benchmarks for a country portfolio

Estimates were ‘floating performance benchmarks’ developed at the outset of a new country or a new engagement area and updated every two years thereafter. The first estimates set out what the program thought could reasonably be achieved, based on program parameters (time and budget), specific requests in terms of where the donor wished MDF to work in the economy, and an (early) assessment of the local context – as long as there were no major economic, political or environmental shocks, in which case a reassessment was needed. This assessment included the size of the economy, population density and connectivity; drivers of economic growth; the maturity and diversity of the private sector; the capacity of the public sector; and specific factors influencing job creation and economic activity. Contrary to many conventional program targets, fieldwork informed the calculation of estimates.

In the graphs presented in the 2016 Annual Aggregation of Results, the estimates for each country were shown as the 100 percent line. For each of the six headline indicators (explained in detail below) this 100 percent line demonstrated what the program aimed to achieve. It was expected that the majority of estimates per indicator would be met. Realistically, externalities, such as a cyclone in Fiji, and fluctuations in the (global) economy, in program budget/s, and in how partners perform all could influence the results and meant that some estimates were unlikely to be met.

Within each graph, estimates curves were inserted which modelled a timeline for each headline indicator to reach 100 percent. Not all partnerships were signed up at once. An investment portfolio in a country was developed over time, starting slowly and building as the team developed its skills, networks and confidence, and as the program’s reputation grew. There was often a relatively long lead time, up to four years, between partnership activities (such as building new production lines, setting up supply chains, conducting training programs, and developing new products and services) and benefits (in terms of markets starting to work better, small farms and firms being able to increase productivity and sales value, and more income and jobs for poor women and men). This holds true for most development efforts, activities can be completed relatively quickly, but the strategic, systemic and sustainable higher-level results emerge later.

MDF maintained a measurement window of up to four years after completion of activities. Results were expected, and monitoring conducted, for up to four years. The graphs presented this timeline in its entirety – future years were left empty, with estimates curves providing an indication of results that were expected to increase in time.

To communicate progress in the face of the anticipated lead times, six headline indicators were identified and positioned along the MDF impact logic. Innovation/regulatory reform and investment were part of the activity implementation process and had a relatively shorter lead time, resulting in relatively steep estimate curves. The value of additional market transaction is an outcome, which followed from the implementation process and took time to reach its full potential – thus this curve was more gradual. As markets started to work better and business volumes increased, so did the number of new jobs created – meaning this curve

was also more gradual. Finally, the total number of beneficiaries reached and the net additional income they earned became evident four years after implementation – thus this indicator tended to demonstrate the most gradual curve.

Finally, as MDF learnt from implementation it became apparent that some estimates were too low and should be increased, whereas others were unrealistically high and should be lowered. It did not make sense to hold a program accountable to targets that were unrealistic at the expense of a balanced portfolio supporting comprehensive sustainable, systemic change. Thus, every two years, based on better information, the program reassessed estimates based on what was realistic and reasonable to expect.

First estimates were developed in 2013, and were updated in 2015 and 2017. For all headline indicators, MDF was generally able to increase the estimates over time (but not always in a straight line) indicating better than initially anticipated results. The exception to this was job creation, which is explained in further detail in the Annual Aggregate of Results.

## Step 2 – Projections to forecast the value of each partnership, adding up to the portfolio

With the estimates as guidance, the program set out to develop a portfolio of partnerships. Partnerships were designed to meet a strategic need and to create systemic change in the economy, but were also tailored to the partners' abilities and incentives so as to ensure ownership and sustainable drivers of change. Thus, each partnership differed greatly from one to the next in terms of what it did and how many poor women and men it reached.

Detailed partnership-specific projections were made for each partnership in order to assess its value and provide a tool with which to manage progress; what changes are expected, by when and where? For estimates, MDF initially worked with broad-brush strokes as information was limited; projections were typically more granular, better researched, and based on more precise calculations of the potential value of a specific partnership. Projections covered the six headline indicators, and also other indicators that were relevant for tracking the change process unlocked by the partnership.

MDF actively monitored if and how projections turn into actuals, i.e. whether change on the ground happened in accordance with the projected model or not (and it rarely did). Comparing initial assumptions with what actually happened was an important tool for learning. Active monitoring allowed the program to learn what worked and what didn't, and to take corrective measures. This learning resulted in decreased or increased projections, if the information from the field warranted this. Typically, projections for all partnerships were updated every six to 12 months and fluctuation was expected.

Non-performing partnerships were cancelled, and all projected values removed from the results management system.

Since each partnership had a lead time, comparing the total projected value of all partnerships with estimates gave a first indication as to whether MDF was on track to develop a portfolio able to generate results in line with the estimates. For this reason, the graphs presented in the Annual Aggregation of Results show a year-by-year representation of the total projected value of the portfolio alongside the 100 percent line and indicative estimates curve.

If the projections met or exceeded estimates, there was increased likelihood that the actuals to follow would do the same.

As all projections for all partnerships were adjusted constantly, it is possible that the total projected value for an indicator decreased between years. This reflects that numbers were revised down for one or more partnerships.

## Step 3 - Actuals

As partnerships were implemented, projections were verified through monitoring visits and assessments and were then reported as 'actual results achieved'. Due to the lead time required to complete these field verifications, projections were generally expected to be ahead of the curve, while actuals would sit on or slightly behind the curve (remembering that the estimate curve represented an indicative trajectory only).



## Six MDF headline indicators defined

As mentioned, all actuals were verified through research. Sometimes research in a subsequent year cast doubt over the accuracy of research in a previous year, and this may, at times, lead to corrections in actuals.

In time, actuals caught up with projections. Each subsequent research effort provided a clearer picture of what a partnership was delivering, and could deliver. Both actuals and projections were therefore updated, and in time they converge.

### Three common impact indicators to communicate MDF's impact on poverty reduction

The first three headline indicators captured the changes at the top of the impact logic for MDF's beneficiaries. These indicators communicated the MDF impact on poverty reduction – its main goal – and were gender-disaggregated. MDF used the same indicators as the Donor Committee for Enterprise Development (DCED) suggested for measuring and communicating impact on poverty.

#### 1. Effective outreach

This indicator measured the scale of MDF's impact. For effective outreach, MDF counted every working adult who was poor (or very vulnerable to falling back into poverty), and who experienced a tangible, measurable improvement in their livelihood due to a change in market performance attributable to MDF's work.

This included working adults who found more paid employment or better paid employment, or employment that was safer, resulting in less sick days and injuries that undermine the ability of that person to provide for him or herself and his or her family.

This also included all adult family members who worked on small family farms or in small family firms, were dependent on these farms and firms for their livelihood, and benefitted when able to reduce costs, increase productivity, or sell more. Benefits were in the form of more disposable individual income or more disposable household income, which may have been used for better housing, meals, medical services, etc.

This also included all working adults who supported or were dependent upon the household, and who benefitted from cost savings (e.g. cheaper transport to markets), access to better services (e.g. mobile banking) and improvements in nutrition (e.g. due to improved access to inputs to increase crop diversity).

However, this strict definition of effective outreach did not include household members who were economically independent. Also excluded were the elderly and underage children, because it should not be that household income was partially dependent on these. To communicate the outreach beyond working adults MDF used a statement to communicate how many household members in total benefitted from more and better jobs and better performing farms and firms.

Finally, effective outreach did not include reach that had no effect. In other words, if MDF reached beneficiaries, e.g. through training programs, but monitoring showed that the content of the training program was not applied, then it did not count as effective outreach.

#### 2. Net additional employment

This indicator measured the number of jobs generated as a result of MDF's partnerships. It measured net additional employment created, calculated in paid days and aggregated into Full Time Equivalent (FTE) jobs, using 240 working days per year and 8-hour working days as the applicable unit.

This included formal and informal, full-time and part-time employment – as long as it involved paid labour and wages were not too low to make a living.

This did not include an increase in labour demand met through unpaid family labour.

### 3. Net additional income (USD)

This indicator measured the amount of income for poor women and men generated as a result of MDF's partnerships. It measured net additional income earned by beneficiaries, calculated as additional income minus additional expenses (converted from local currencies into USD for comparison).

This included income from additional or better paid employment, from higher farm and firm profits and household cost savings.

### Three intermediary indicators to communicate MDF's influence on markets and market actors

Due to the long lead time before MDF was able to measure common impact indicators, along with the fact that the sustainability of improvements in livelihoods for poor women and men ultimately hinges on successful business and government practices and better-working markets, MDF also aggregated three intermediary headline indicators. These intermediary indicators communicated MDF's influence on markets and market actors.

#### 1. Number of business innovations and regulatory reforms

A business innovation could have been the introduction of a new product, service, business practice or production method, or the targeting of new suppliers and customers. Innovations could have been new to a business, strategic engagement area or even a country. A regulatory reform was a change in the rules and regulations in a country that reduced transaction costs, stimulated investment and/or opened up markets. Some of MDF's Partnership Agreements introduced one or possibly multiple innovations and/or regulatory reforms.

MDF focused on innovations and reforms that were of strategic value for a country's competitiveness and for fostering the systemic changes in the economy that support inclusive, broad-based and pro-poor growth. MDF focused on innovations and reforms that were relatively unproven, had a high risk of failing if not well managed and resourced, could be implemented by only a few market actors, contributed to sound market competition and for which commercial finance was difficult to mobilise.

MDF included in this count all innovations and reforms that were proven to be effective.

#### 2. Value of private sector investment leveraged

This indicator measured the amount of money the partner invested in the development and implementation of the innovations or regulatory reform. This value reflected the amount of partner money that went into the innovation/reform process before any returns were realised and should therefore not be confused with the return on investment.

The investment could be made directly by partners or additional investment leveraged by partners from private funding sources. The figure reported therefore captured the amount of expenditure made by the partners within and outside of the investment commitment made with MDF.

This included investment made directly in partnership activities under the Partnership Agreement, as well as further improvements to products or services resulting from a partnership (i.e. 'autonomous' partner behaviour).

This also included investments made by the partner prior to the MDF partnership, but which were dependent on the MDF partnership to become truly commercially sustainable (e.g. an investment in a food processing plant that was running severely under capacity and made a loss until the MDF partnership helped address supply chain issues).

Finally, investments primarily included once-off investments in technical advice, plant operations, supply chain management and market access. Recurring business operating costs were included for a limited period and if relevant for the innovation which the partnership aimed to support. MDF did not provide long-term subsidies.

### 3. Value of additional market transactions

This indicator measured the value of additional market transactions generated as a result of MDF's partnerships. It showed how market transactions were increasing as a result of MDF's partnerships, representing increased economic activity, which contributed to pro-poor growth.

The market transaction was unique to each partnership and depended on the nature of each partnership. The transaction measured depended on the type of partnership and which markets were targeted in the Partnership Agreement. The MDF Intervention Guide distinguished four scenarios: pre-market development, support market partnerships, 'double service market' partnerships and value chain partnerships.

It measured the payments made between the actors, covering the additional revenue generated from the product or service on behalf of either the partner or the beneficiaries. The indicator was measured at the partner level and measured as revenue, and so should not be confused with net income to beneficiaries or net income to partners.

A high value of additional market transactions suggested a good return on investment.

#### How do these indicators help assess program effectiveness?

**Partner level:** Since any systemic approach to development hinged on the ability to catalyse local energy and ownership, it was worthwhile comparing the financial investments made by the partner in the Partnership Agreement with the financial investments made by MDF. A low leverage ratio, 3:1 or less, signals a lack of local ownership and enthusiasm compensated by over-subsidising activities – the traditional pitfall of much development practice. MDF strived for an average leverage ratio of 1:1 to reflect the equal nature of the partnership. Particularly in weak markets, in which companies had to be built up from scratch, MDF leveraged significantly more. However, leverage ratios naturally varied between partnerships based on what could reasonably be expected from the partner in terms of investment (which depended on the partner, the potential rewards from the investment and the risk the partner took). Non-financial investments were not counted because it was assumed that both partners invested significant time and effort in the partnership beyond what was stipulated in the Partnership Agreement. It was not practical to attempt to quantify this.

**Program level:** It was worth comparing the total aid investment in MDF (the total contract value) with the total amount of net additional income generated. A ratio that exceeded 1:1 indicates a positive return on investment: the value of development benefits (in the form of additional income for poor women and men) exceeded the investments in creating this additional income. MDF strived for a significantly higher return on investment, between 1:2 and 1:3.

**Market level:** This was measured as systemic change with six separate indicators: autonomous partner behaviour, commercial or political sustainability, system resilience (to face shocks), scale, inclusion and Women's Economic Empowerment.

#### DFAT indicators

| Aggregate Development Results  | Comments   |
|--|--|
| Number of poor women and men who adopt innovative agricultural and fisheries practices | This reported the effective outreach (number of adults that increase their productivity and/or benefit financially or otherwise from MDF's partnerships including self-employment and jobs) from all MDF-supported agriculture-related partnerships only. For the ADR only the additional/incremental numbers for the year were reported; the rest of the DFAT indicators were reported as cumulative. |
| Value of additional agricultural and fisheries production in USD                       | This reported the additional value of agricultural production that was sold by the beneficiaries (i.e., sales revenue) in USD.   |

| Aggregate Development Results                       | Comments  |
|---|---|
| Number of poor women and men with increased incomes | This reported the effective outreach (number of adults who increased their productivity and/or benefited financially from MDF's partnerships, including self-employment and jobs) and from all MDF supported partnerships (both agricultural and non-agricultural). For the ADR only the additional/incremental number for the year was reported; the rest were reported as cumulative.   |
| Value of private sector investment leveraged (AUD)  | <p>Measured the amount of money the partner invested in the development and implementation of the innovations or regulatory reform in Australian dollars. The investment could have been made directly in partnership activities or in further improvements to products or services resulting from a partnership. The investment could have been made directly by partners or additional investment leveraged by partners from private funding sources. The figure reported therefore captured the amount of expenditure made by the partners within and outside of the investment commitment made with MDF.</p> <p>In earlier years, MDF had reported on Commitment of Investment made by the partners, but later it was able to capture the actual expenditures made. From 2017 forward, MDF will report on the actual expenditures made within, and outside the commitment made relevant to the partnership.</p> |
| Value of exports facilitated (AUD)                  | This reported the additional sales revenue earned from goods exported (in Australian dollars).  |

## Annex 2 – List of all Partners (December 2016)

### Fiji – Tourism and related support services and industries

| Partnership              | Activities  | Status                                      | Systemic change pathway   |
|--------------------------|---|---|---|
| Essence of Fiji          | MDF supported Essence of Fiji to improve its production capacity and the quality of locally sourced raw materials for its beauty products.  | Activities completed and monitoring ongoing | Tourists buy more 'Fijian Made' products and services   |
| Coconut Kids             | MDF supported Coconut Kids achieve sustainable growth and investment through increased production capacity, better quality control and an improved financial system. Coconut Kids' sales increased over the years due to increased production capacity. The business hired a quality control officer and an accounts clerk to support business growth.                                | Measurement completed                       | Tourists buy more 'Fijian Made' products and services   |
| Namana Arts              | MDF assisted Namana Arts to formulate a strategic plan, train input suppliers and increase market presence (website, posters and online catalogue). The general progress of the intervention was slow, with only the strategic plan and marketing materials completed. MDF made the decision to close the intervention.   | Measurement completed                       | Tourists buy more 'Fijian Made' products and services   |
| Tifajek Mud Pools        | MDF assisted Tifajek Mud Pools to upgrade its community-based tourism business. Support was provided for facility upgrades and staff capacity building. In December 2016, the last activity was completed with the successful launch of new thermal and mud pools at the facility to cater for increased tourist flows from visiting cruise ships to Nadi and Lautoka.                | Activities completed and monitoring ongoing | Tourists buy more 'Fijian Made' products and services   |
| Adi Chocolates           | MDF supported Adi Chocolates to strengthen the supply chain with local cocoa farmers. Support was also provided for brand marketing, and building business management and financial capacity.   | Activities completed and monitoring ongoing | Tourists buy more 'Fijian Made' products and services   |
| Fiji Museum              | MDF assisted the Fiji Museum to improve its operations, image and services through commissioning a detailed report by a museum development consultant. The report was to be used by the museum to secure additional resources from government and external donors.  | Activities completed and monitoring ongoing | Tourists buy more 'Fijian Made' products and services   |
| Rise Beyond the Reef     | MDF worked with Rise Beyond the Reef to strengthen and grow its handicraft livelihoods project with rural women, and become commercially sustainable. Support focused on strengthening the supply chain, quality assurance and training, product development, marketing and managerial support. MDF noted a marked increase in handicraft sales by Rise Beyond the Reef in 2016.      | To continue in Phase 2                      | Tourists buy more 'Fijian Made' products and services   |
| Bula Coffee              | MDF assisted Bula Coffee to modernise its processing facilities, strengthen its supply chain through mechanisation and training, and improve brand and product visibility.  | Activities completed and monitoring ongoing | Tourists buy more 'Fijian Made' products and services   |
| Southern Solutions       | MDF assisted Southern Solutions to strengthen its supply chain with local fishing agents and directly with fishing communities. MDF supported Southern Solutions to procure equipment to increase its storage capacity and to upgrade the business skills of key staff. The intervention resulted in a significant increase in sales of Southern Solutions marine products to hotels. | Activities completed and monitoring ongoing | The Fiji Tourism and Hospitality sector uses more locally grown produce and promotes Fiji Cuisine |
| The Crab Company of Fiji | MDF assisted The Crab Company of Fiji develop an integrated process for the environmentally sustainable production of local mud crabs for the tourism industry. This included support for hatchery development, rehabilitation of crab ponds and development of out-grower facilities.  | Measurement completed                       | The Fiji Tourism and Hospitality sector uses more locally grown produce and promotes Fiji Cuisine |

| Partnership                    | Activities   | Status                                      | Systemic change pathway   |
|--------------------------------|--|---|---|
| Farmboy                        | MDF supported Farmboy establish an industrial hazard analysis and critical control points (HACCP)-ready kitchen for processing horticultural produce for hotels and resorts. This intervention was delayed as Farmboy was unable to secure a building permit and complete the required environmental impact assessment. Due to prolonged delays, the partnership was closed. | Measurement completed                       | The Fiji Tourism and Hospitality sector uses more locally grown produce and promotes Fiji cuisine   |
| Tripeak Farms                  | MDF worked with Tripeak Farms to upgrade its production capacity for new varieties of coral lettuce. The intervention involved the pilot testing of a low-cost hydroponic out-grower model with villages and individual farmers.   | Activities completed and monitoring ongoing | The Fiji Tourism and Hospitality sector uses more locally grown produce and promotes Fiji Cuisine   |
| Mai Life Travel                | MDF supported Mai Life Travel to upskill its local writers and photographers to be better able to promote new tourism destinations in Fiji through its print and on-line media products. Mai Life Travel promoted these destinations through its travel magazine, Mai Travel, and has since secured a contract to produce Fiji Airways inflight magazine.                    | Measurement completed                       | More tourists visit Fiji and in particular less visited parts of Fiji                               |
| Walks and Trails               | MDF supported Walks and Trails (Talanoa Treks) to create awareness to reach and cater for the growing and niche international trekking market and to work with the local communities involved in the treks to raise service standards. MDF supported Walks and Trails with market research, website development, first aid training and a community facilities upgrade.      | To continue in Phase 2                      | More tourists visit Fiji and in particular less visited parts of Fiji                               |
| Pacific Bed-bank               | MDF assisted Pacific Bed-bank to develop an integrated system for small tourism operators allowing them to take instant online reservations and use on-line marketing for accommodation, tours and excursions. A marketing executive officer was hired, and programming and online developments were in progress.  | To continue in Phase 2                      | More tourists visit Fiji and in particular less visited parts of Fiji                               |
| Tour Managers Fiji             | MDF assisted Tour Managers Fiji to promote Vanua Levu as a key tourist destination for the Chinese market. MDF supported Tour Managers Fiji familiarisation tour for its 'Top 10' Chinese travel agents to Vanua Levu.   | Activities completed and monitoring ongoing | More tourists visit Fiji and in particular less visited parts of Fiji                               |
| South Sea Cruises              | MDF supported South Sea Cruises with the engagement of a consultant to conduct a feasibility study on the cruise ship market and its potential to offer day-cruises in Suva. The study was completed in February 2016, but TC Winston forced the business to delay running its day cruises in Suva.  | Activities completed and monitoring ongoing | More tourists visit Fiji and in particular less visited parts of Fiji                               |
| Tourism Suncoast               | MDF supported the recently established DMO for Rakiraki, Tourism Suncoast, with its marketing, including website development; and providing secretarial support to strengthen the overall performance and functions of the association.  | To continue in Phase 2                      | More tourists visit Fiji and in particular less visited parts of Fiji                               |
| Tourism Kadavu                 | MDF supported the recently established DMO for Kadavu, Tourism Kadavu, with its marketing, including brand and website development and the creation of better photo and video content for the destination.   | To continue in Phase 2                      | More tourists visit Fiji and in particular less visited parts of Fiji                               |
| Savusavu Tourism Association   | MDF supported the Savusavu Tourism Association with secretariat support, review of operational policies and procedures and strengthening of the marketing arm and initiatives of the association.  | To continue in Phase 2                      | More tourists visit Fiji and in particular less visited parts of Fiji                               |
| Pacific Cooperation Foundation | MDF worked through Pacific Cooperation Foundation to make available technical support for a digital marketing strategy for regional tourism associations and their members, specifically Tourism Suncoast and the Savusavu Tourism Association.  | To continue in Phase 2                      | More tourists visit Fiji and in particular less visited parts of Fiji                               |
| Food Inspired                  | MDF worked with a prominent local chef and food consultant to implement action research exploring the possibility of incorporating more locally sourced agricultural products into the menus of higher-end boutique hotels across Fiji   | Activities completed and monitoring ongoing | The Fiji Tourism and Hospitality sector uses more locally grown produce and promotes Fijian cuisine |

## Fiji – Horticulture and agriculture export

| Partnership              | Activities  | Status                                      | Systemic change pathway   |
|--------------------------|---|---|---|
| Bens Trading Ltd         | MDF assisted Bens Trading to strengthen its business management capacity by hiring a qualified business manager to provide strategic guidance on supply chain and operational aspects of the business.  | Activities completed and monitoring ongoing | Agriculture exporters are able to source raw materials and manufacture products able to compete in export markets   |
| Biotec Ltd               | MDF assisted Biotec in strengthening production capacity by procuring lab equipment, hiring technical personnel (a tissue culture technician and a nursery manager) to assist in commercial mass production and to create awareness of tissue culture planting material by organising demonstration plots and field days.   | To continue in Phase 2                      | Farmers have access to the inputs and services that enable them to cultivate in a more productive and commercial manner for domestic (tourism) and export markets |
| Charan Jeath Singh Group | MDF supported Charan Jeath Singh Group to introduce a mechanised sugarcane harvesting service in Vanua Levu to address labour shortages and reduce unharvested cane volumes.  | Activities completed and monitoring ongoing | Farmers have access to the inputs and services that enable them to cultivate in a more productive and commercial manner for domestic (tourism) and export markets |
| Devesh & Bharos Farms    | MDF assisted Devesh & Bharos Farms with post TC Winston support to ensure that mass seedling production would have sufficient storage capacity in the event of a natural disaster.  | Activities completed and monitoring ongoing | Farmers have access to the inputs and services that enable them to cultivate in a more productive and commercial manner for domestic (tourism) and export markets |
| Fijika Natural Products  | MDF assisted Fijika Natural Products to increase production capacity (quality and quantity) for virgin coconut oil to enable entry into the export market. This involved purchasing and installing virgin coconut oil processing machines, and developing a website. Overseas marketing activities were cancelled due to: lack of pre-scheduled, confirmed individual appointments; and the inability of the MITT to organise a Fiji delegation to participate in trade exhibitions abroad.   | Activities completed and monitoring ongoing | Agriculture exporters are able to source raw materials and manufacture products able to compete in export markets   |
| Global Cargo Traders Ltd | MDF assisted Global Cargo Traders with storing, creating awareness of, and promoting, aglime to sugarcane farmers to reduce soil acidity and increase yields. Aglime storage containers were placed at strategic locations. Promotions of aglime via demonstration plots and stakeholder meetings is in process. Three field promoter positions were created, and one field promoter engaged.   | To continue in Phase 2                      | Ag Exporters are able to source raw materials and manufacture products able to compete in export markets  |
| Herbex Ltd               | MDF supported Herbex with logistics, enabling the company to source noni products from more locations, and with measures to reduce post-harvest loss through proper handling.   | Activities completed and monitoring ongoing | Agriculture exporters are able to source raw materials and manufacture products able to compete in export markets   |
| KKs Hardware Ltd         | MDF supported KKs Hardware in two roles; the company's capacity as an aglime distributor, and as an importer of better seed varieties.<br>MDF assisted KK's Hardware to hire three technical field officers to promote aglime usage, and assisted it to organise seven demonstration plots as part of a promotion plan to trigger uptake. KK's Hardware established a distribution network to deliver aglime and used demonstration plots to show various methods of applying aglime on sugarcane.<br>MDF assisted the company to attend a seed conference (with a Biosecurity Authority of Fiji representative) to better understand seed importation regulations/compliance pathways and other aspects of seed importing. KK's expanded the number of its seed suppliers so as to have better quality and a wider variety of seeds to increase yields and production cycles, and to trigger increased sales and income. | To continue in Phase 2                      | Farmers have access to the inputs and services that enable them to cultivate in a more productive and commercial manner for domestic (tourism) and export markets |

| Partnership                            | Activities   | Status                                      | Systemic change pathway   |
|--|--|---|---|
| Labasa Fresh Depo                      | MDF worked with Labasa Fresh Depo to develop a feasible distribution system to enable availability of agro-inputs (primarily seeds and fertilisers) in rural areas of Vanua Levu.  | Measurement completed                       | Farmers have access to the inputs and services that enable them to cultivate in a more productive and commercial manner for domestic (tourism) and export markets                       |
| Labasa Farm Fresh No. 2                | MDF supported Labasa Farm Fresh to expand its production capacity, improve its business capacity and increase the quantity of locally sourced raw materials for its horticultural export products. The expanded facility allowed multiple crops to be processed simultaneously, and additional workers to be hired to cater for the increasing work demand.                  | To continue in Phase 2                      | Agriculture exporters are able to source raw materials and manufacture products able to compete in export markets<br>Promotion of horticulture and commercial agriculture in Vanua Levu |
| Maqere Exports Ltd                     | MDF contributed to the costs of a technical field agent, which enabled Maqere to improve sourcing of horticultural products from the Ra-Tavua corridor, and with cold storage to ensure sourcing of a range of export crops.   | Activities completed and monitoring ongoing | Agriculture exporters are able to source raw materials and manufacture products able to compete in export markets   |
| Standard Concrete Industries (1 and 2) | MDF supported Standard Concrete Industries to establish relationships with agricultural lime distributors, and increase awareness amongst farmers of agricultural lime in sugarcane and horticulture farms.  | Activities completed and monitoring ongoing | Farmers have access to the inputs and services that enable them to cultivate in a more productive and commercial manner for domestic (tourism) and export markets                       |
| South Pacific Elixirs                  | MDF supported South Pacific Elixirs with a disaster mitigation plan to have sufficient storage capacity for kava seedlings. There was an attempt to trial a text messaging system – in collaboration with Fiji Crop and Livestock – to seek out potential new buyers/farmers in Vanua Levu and better organise supply chains by disseminating information via mobile phones. | To continue in Phase 2                      | Agriculture exporters are able to source raw materials and manufacture products able to compete in export markets   |

## Fiji – Export processing pathways

| Partnership               | Activities   | Status                                       | Systemic change pathway   |
|---------------------------|--|--|---|
| Fiji Export Council       | MDF worked with the Fiji Export Council to bring about policy change through evidence-based reform recommendations. Despite the removal of the DSS in 2015 by government, the Fiji Export Council carried out further assessment of the recommendations in the DSS position paper and resubmitted this for the 2016-17 budget.   | Activities completed with ongoing monitoring | Private sector is better organised and proactive to address the interests of exporters    |
| United Apparel (Fiji) Ltd | MDF supported United Apparel to broaden its export market through improving operational efficiency and staff productivity. An industrial engineer was engaged who carried out trials on selected production lines. Selected supervisors and workers were trained on-the-job in process and quality improvements. Around 30-50 percent of production efficiencies were realised through this process. | Activities completed with ongoing monitoring | Exporters are better able to source, develop and promote their products to export markets |
| Hydra Sports              | MDF assisted Hydra Sports to bring about efficiencies and expansion of export markets. This was done through adoption of modern systems such as the Customer Relationship Management system. Hydra relocated its factory from Nadi to Lautoka in May 2016 which delayed activities.  | Activities completed with ongoing monitoring | Exporters are better able to source, develop and promote their products to export markets |



| Partnership       | Activities   | Status  | Systemic change pathway  |
|-------------------|--|---|--|
| Mark One Apparel  | MDF assisted Mark One Apparel to reduce absenteeism levels, retain experienced staff and improve worker productivity. The partnership is looking at setting up a day care centre at the factory site. This concept was later upgraded into a 'Centre of Excellence' following discussions with the Australia-Pacific Technical College. The facility will include training on early childhood education to students. The new system will integrate formal learning within the work place. Mark One Apparel secured necessary regulatory approvals for the construction of the Centre.  | To continue in Phase 2                                      | Exporters are better able to source, develop and promote their products to export markets  |
| Sai Yee Foods Ltd | MDF supported Sai Yee Foods Ltd to venture into new seafood products such as sea urchins through structured sourcing, processing and marketing. Findings from a baseline survey carried out by MDF with potential community suppliers were shared with Sai Yee Foods Ltd to assist it to understand community dynamics re the trading of sea urchin in the local market. Winward Commodities carried out demand scoping and due diligence for branding of sea urchin for the export market.  | Activities completed with ongoing monitoring                | Exporters are better able to source, develop and promote their products to export markets  |
| Wallson Foods Ltd | MDF assisted Wallson Foods Ltd to diversify into manufacturing of new food products through research and development and adoption of modern technology, and encouraged local sourcing of seasonal crops. One new product was launched in the local market - canned chilli sauce – but production was discontinued due to a short supply of chilli after TC Winston. Wallson Foods trialled four other products, requiring further trials, nutritional assessments and management approval. A new retort machine was set up, but needed extended components to complete the sterilisation process. Wallson Foods invested in a canning line which will be used optimally once the retort machine is operational and new items, such as Fijian Asparagus or coconut cream, are produced. | To continue in Phase 2                                      | Exporters are better able to source, develop and promote their products to export markets  |
| DHL (Fiji) Ltd    | This first ICT intervention aimed to catalyse DHL's investment in expanding its Business Process Outsourcing functions through the use of modern technology. This drastically reduced DHL's initial capital outlay, and the new system offered enhanced features so that DHL can offer high quality services in this area. MDF planned to support DHL to enhance its knowledge in the Business Process Outsourcing area through participation at international forums demonstrating opportunities in the Business Process Outsourcing segment.   | To continue in Phase 2                                      | Exporters are better able to source, develop and promote their products to exports markets   |
| Ernst and Young   | MDF, with Ernst and Young, facilitated the drafting of a procedure manual and accounting policies for six selected partners. MYOB was also installed and training conducted with these businesses. The use of the financial system and the rate of implementation of the procedures varied across businesses, due internal resourcing and capacity issues. This partnership informed the decision to pilot the MDF-Fiji Enterprise Engine to boost similar support services.   | Activity completed. No monitoring or measurement conducted. | Businesses are better equipped to enhance exports  |
| ANZ               | This partnership supported SMEs through business advisory services and connections with reputable business advisers. This findings of this activity informed the MDF-Fiji Enterprise Engine, as it became evident that a more gradual approach was required to support SMEs.   | Activity completed.   | Local business has access to public and private (business) services and infrastructure facilities that enable them to be internationally competitive |

### Timor-Leste – agribusiness, processing and rural distribution

| Partnership          | Activities   | Status                 | Systemic change pathway  |
|----------------------|--|------------------------|--|
| Acela Unipessoal Lda | In a second phase partnership, MDF supported the first commercial rice milling plant in Timor-Leste with sourcing from more locations and training rice farmers to meet quality standards for paddy. | To continue in Phase 2 | More local agricultural raw materials processed and with added value |

| Partnership                     | Activities  | Status                                      | Systemic change pathway  |
|---------------------------------|---|---|--|
| Timor Global                    | MDF supported Timor Global to set up the country's first commercial food-safety testing laboratory. Timor Global, with support from MDF and UNDP, placed an order for the laboratory equipment and introduced a system of testing raw materials (maize and soy) instantly at the farm gate.   | To continue in Phase 2                      | More local agricultural raw materials processed and with added value |
| Kmanek                          | MDF supported Kmanek to assess the viability of establishing the country's first feed-mill for livestock, poultry and fisheries in Timor-Leste. As a follow-up to this intervention, Kmanek imported sample raw materials from Indonesia to be mixed and packaged in Timor to test the market.  | Measurement Completed                       | More inputs to farms and more farm products to markets               |
| H3R                             | MDF assisted H3R, an urban compost manufacturer for home gardening, to optimise its system of compost production and sell the product to horticulture farmers in rural areas. However, the product did not do well in the rural markets due to farmers' widespread practice of homemade compost production, so the company resorted to selling compost to urban customers.                                | Measurement Completed                       | More inputs to farms and more farm products to markets               |
| Loja Agi Agricultura            | MDF supported Loja Agi Agricultura to establish a commercial seed distribution model in rural areas to sell agricultural inputs (seeds, fertiliser, and crop protection products). Agi Agricultura set up a distribution arrangement with four retailers in two municipalities and sold agro-inputs to 326 farmers.   | To continue in Phase 2                      | More inputs to farms and more farm products to markets               |
| Café Brisa Serena               | MDF supported Café Brisa Serena to set up a quality management system to track and grade coffee from farm to retail.  | Activities completed and monitoring ongoing | More local agricultural raw materials processed and with added value |
| Nova Casa Fresca                | MDF supported Nova Casa Fresca to establish a backward linkage with local producers for sourcing high value/specialty vegetables and fruits to sell in the end market.  | To continue in Phase 2                      | More inputs to farms and more farm products to markets               |
| Commodity Exchange              | MDF supported in-house staff capacity development and a strong supply chain for sourcing and processing spices from local farmers for the export market. Training was provided to farmers (mostly women) about spice gardening, harvest and post-harvest management to ensure that they are able to meet buyers' volume and quality requirements.   | To continue in Phase 2                      | More local agricultural raw materials processed and with added value |
| Farmpro                         | MDF supported the company to source and sell quality horticulture inputs, and buy back fresh produce to sell in the local market through supermarkets. Farmpro was able to source vegetables from 24 farmers, but the partner struggled with other aspects of business plan and the partnership was downsized and all the activities completed in 2015.   | Measurement completed                       | More inputs to farms and more farm products to markets               |
| Agro-Input Business Association | MDF facilitated the establishment of a national level agro-input business association through a series of workshops with national and municipality-level agro-input businesses. A constitution for the association was developed and submitted to the Ministry of Justice for incorporation. Activities were planned for business networking, extension services and policy dialogue with the government. | To continue in Phase 2                      | More inputs to farms and more farm products to markets               |
| JYL International               | MDF supported JYL International to conduct a feasibility study for commercial horticulture plantations (banana, avocado and sweet potato) for export. Follow-up activities to initiate the process of plantation were planned.  | To continue in Phase 2                      | More local agricultural raw materials processed and with added value |
| Tuba Rai Metin                  | MDF assisted Tuba Rai Metin, the country's leading microfinance institution, to roll out a financial service to withdraw and deposit cash in selected kiosks in a municipality. The first round of awareness and financial literacy training was conducted targeting 415 farmers, and follow-up activities were planned to encourage farmers to open accounts.  | To continue in Phase 2                      | More inputs to farms and more farm products to markets               |

## Timor-Leste – Greenfield industries

| Partnership                    | Activities  | Status                                      | Systemic change pathway  |
|--------------------------------|---|---|--|
| NPM Industries                 | NPM Industries supported Timor-Leste's first commercial iodised salt manufacturer to produce iodised salt using locally harvested raw salt. MDF was planning to collaborate with NPM Industries, Ministry of Health and the World Health Organisation to conduct a campaign on iodine deficiency to increase mass awareness about iodised salt consumption.   | To continue in Phase 2                      | Manufacturers invest in novel business models                      |
| Concrete Products Business     | MDF supported this local manufacturer to market fuel-efficient cook-stoves and retail them in different municipalities. MDF planned to engage with UNDP to develop a technical assistance program in product design and modification, and marketing for cook-stove manufacturers.   | Activities completed and monitoring ongoing | Manufacturers invest in novel business models                      |
| Mahanaim Garment               | MDF supported Timor-Leste's first garment factory to develop the capacity of newly recruited female staff in pattern making and cutting, sewing and product design. Mahanaim Garment planned to hire international technical specialists in designing, pattern-making, cutting, factory and business operations and quality control.  | To continue in Phase 2                      | Manufacturers invest in novel business models.                     |
| Liberty Lorosae Unipessoal Lda | MDF supported Liberty Lorosae to set up a mobile automotive repair service and extend its services outside Dili. Instead of constructing a physical facility in a single location, Liberty Lorosae decided to operate a mobile service. It had placed orders for necessary equipment and tools, and purchased the vehicle to be customised as a mobile workshop.  | To continue in Phase 2                      | Manufacturers invest in novel business models                      |
| Balibo House Trust             | MDF supported Balibo House Trust to invest and set up the first high-end boutique hotel in North-Western Timor-Leste. The hotel was fully operational from March 2015. Balibo House Trust planned to construct a convention centre to attract corporate and government clients.   | To continue in Phase 2                      | Tourism businesses invest in facilities, activities and marketing. |
| Posada Alacrim                 | MDF supported the Posada Alacrim guesthouse to improve the quality of its hospitality and tourism services and enhance its marketing activities. The intervention was a learning experience for MDF on how to select the right partner for a tourism infrastructure improvement-related intervention.   | Measurement completed                       | Tourism businesses invest in facilities, activities and marketing. |
| Things and Stories             | MDF partnered with the country's leading handicraft reseller to improve working conditions for women involved in manufacturing boutique handicrafts, and set-up and expand retail outlets. In 2015 it opened a new outlet in Timor Plaza Hotel and work was underway to construct a workshop for artisan groups in Lo'ud.   | To continue in Phase 2                      | Tourism businesses invest in facilities, activities and marketing. |
| Dive, Trek and Camp            | MDF supported Dive, Trek and Camp to develop new tour packages for incoming tourists, and to attend international tourism marketing events to attract more tour operators. In 2016, Dive, Trek and Camp developed a guided bus tour package for incoming tourists from cruise ships. It planned to roll-out guided bicycle tours and religious tour products, and overhaul its website.   | To continue in Phase 2                      | Tourism businesses invest in facilities, activities and marketing. |
| Boneca de Atauro               | MDF supported Boneca de Atauro to improve the capacity of its cooperative members in business management, communication, product development and production and expanding its business in domestic and export markets. Comprehensive skill development, communication and business management programs were planned to improve the capacity of artisan groups to better manage their businesses.  | To continue in Phase 2                      | Tourism businesses invest in facilities, activities and marketing. |
| TradelInvest                   | MDF supported the country's investment and export promotion agency in strengthening relations between existing and potential investors and TradelInvest, and contributed to policy discussions surrounding private investment in the agribusiness, manufacturing and tourism sectors, drawing lessons learned from MDF partnerships. MDF and TradelInvest conducted a workshop 'Export and Import Compliances and Regulations in Agribusiness and | To continue in Phase 2                      | Manufacturers invest in novel business models                      |

| Partnership | Activities  | Status                 | Systemic change pathway                       |
|-------------|---|------------------------|---|
|             | Manufacturing Sectors', and planned to organise more workshops to highlight key issues in investment and export in targeted sectors.  |                        |   |
| ANZ         | MDF supported ANZ bank in facilitating private sector dialogue, promoting financial literacy for SMEs, introducing business advisory services for SMEs and promoting a nation-wide mobile banking service. MDF signed a four-party MOU with ANZ, the Chamber of Commerce and IADE on conducting financial literacy training for Chamber of Commerce-Timor-Leste members in selected municipalities. | To continue in Phase 2 | Manufacturers invest in novel business models |

## Pakistan – Horticulture

| Partnership               | Activities   | Status                                      | Systemic change pathway   |
|---------------------------|--|---|---|
| Organo Botanica           | MDF supported Organo Botanica to enhance its production capacity and improve the quality of locally sourced organically dried apricots from Gilgit Baltistan. New orders from different export markets were received and the facility is now equipped for processing apples, cherries and walnuts. An accounting firm was engaged to improve the business' financial management. | Activities completed and monitoring ongoing | Exporters and processors invest in more formalised supply chain arrangements  |
| National Foods            | MDF supported National Foods in establishing backward linkages to source quality aflatoxin controlled chilli. The partner was independently running Research and Development for 'Dundicat' a variety of chilli seeds – the first batch of which was distributed and was to be monitored by MDF for impact on yields.  | Activities completed and monitoring ongoing | Exporters and processors invest in more formalised supply chain arrangements  |
| Ali Akbar Group I         | MDF supported Ali Akbar Group in establishing demo-plots for Kinnow farmers. The partner autonomously expanded operations in eight new villages surrounding the Kinnow area and increased the number of demo-plots from 16 to 24.  | Activities completed and monitoring ongoing | Businesses invest in their capacity to retail inputs, services and information to small horticulture farmers in all provinces in Pakistan |
| Mountain Fruits           | MDF supported the partner in conducting a feasibility study for the export of apricot pulp. After the report was finalised, Mountain Fruits did not venture into apricot pulping, but was exploring other options, such as retail packaging, to expand business operations.  | Measurement completed                       | Exporters and processors invest in more formalised supply chain arrangements  |
| Magnus Kahl Seeds         | MDF supported Magnus Kahl Seeds to expand commercial production of onion seeds amongst female farmers in Chitral. Training for female contract farmers was conducted, and female field agents employed. The female farmers involved in seed and bulb production converted their kitchen gardens into commercial plots.   | To continue in Phase 2                      | Businesses invest in their capacity to retail inputs, services and information to small horticulture farmers in all provinces in Pakistan |
| Hashwan Dry Fruit Traders | MDF assisted Hashwan Dry Fruit Trader to set up a sulphur-dried apricot facility in Gilgit Baltistan. Procurement of machinery was underway, and training for farmers completed. Training of workers had been conducted by a food technologist.  | To continue in Phase 2                      | Exporters and processors invest in more formalised supply chain arrangements  |
| Khattak Seed Company      | MDF supported Khattak Seed Company to set up demo plots for cucumber using vertical farming techniques. The partner autonomously demonstrated the applicability of this model for other vine crops, including tomatoes.  | Activities Completed and Monitoring         | Businesses invest in their capacity to retail inputs, services and information to small horticulture farmers in all provinces in Pakistan |

| Partnership                           | Activities  | Status                 | Systemic change pathway  |
|---------------------------------------|---|------------------------|--|
| Baluch Hamza Brothers                 | MDF supported Baluch Hamza Brothers to set up industrial and table date processing facilities, with a separate facility for female staff. Both facilities were operational and training for female farmers and staff members was conducted on grading, sorting and packaging.   | To continue in Phase 2 | Exporters and processors invest in more formalised supply chain arrangements to be able to source the quality and quantity of produce required for domestic, urban, and export markets with a particular focus on sourcing from small-holder farmers in remote regions |
| Vital Agri-Nutrients                  | MDF supported Vital Agri Nutrients to establish a plant for production of bio fertiliser will help increase the phosphorus uptake of the plant and increase yields per acre. The facility was equipped and ready to produce bio-fertiliser.   | To continue in Phase 2 | Businesses invest in their capacity to retail inputs, services and information to small horticulture farmers in all provinces in Pakistan  |
| Pakissan                              | MDF supported Pakissan to develop an information and input dissemination channel through trained extension workers to facilitate on-farm delivery of information and inputs. A consultant was hired to conduct field visits in different regions and prepare a feasibility report for the roll-out of this extension service model. | To continue in Phase 2 | Businesses invest in their capacity to retail inputs, services and information to small horticulture farmers in all provinces in Pakistan  |
| Ali Akbar Group II                    | MDF supported Ali Akbar Group to establish extension services for vegetable farmers in Baluchistan where there were no private extension workers. Hiring and training field staff was underway for developing vegetable demo-plots in 11 regions in Baluchistan.  | To continue in Phase 2 | Businesses invest in their capacity to retail inputs, services and information to small horticulture farmers in all provinces in Pakistan  |
| Kashmala Agro Seed Company            | MDF supported Kashmala Agro Seed Company to set up the first formal vegetable seed production business in Baluchistan with contract farmers. This partnership was developed in coordination with FAO. Procurement of machinery was underway.  | To continue in Phase 2 | Businesses invest in their capacity to retail inputs, services and information to small horticulture farmers in all provinces in Pakistan  |
| Zia Gardens                           | MDF supported Zia Gardens to establish nurseries for the production of off-season eggplant and tomato seedlings in a controlled environment. A technical adviser was hired to assist the staff in applying modern techniques for developing high yielding off-season seeds.   | To continue in Phase 2 | Businesses invest in their capacity to retail inputs, services and information to small horticulture farmers in all provinces in Pakistan  |
| Telenor                               | MDF supported Telenor to extend information services to farmers across Pakistan using SMS alerts and other functions. An MOU was signed with Telenor and partnership negotiations were underway for specific activities.  | To continue in Phase 2 | Businesses invest in their capacity to retail inputs, services and information to small horticulture farmers in all provinces in Pakistan  |
| Abdul Ghafoor Bhatti Seed Corporation | MDF supported Abdul Ghafoor Bhatti Seed Corporation to produce high quality potato seeds in Chitral for farmers at more competitive prices compared than imported potato seeds used in Punjab and Khyber Pakhtunkhwa.   | To continue in Phase 2 | Businesses invest in their capacity to retail inputs, services and information to small horticulture farmers in all provinces in Pakistan  |

## Pakistan – Dairy and meat

| Partnership                | Activities   | Status                                      | Systemic change pathway   |
|----------------------------|--|---|---|
| Shakarganj Phase 1,2,3     | MDF supported Shakarganj in establishing milk collection centres in South Punjab and rolled out extension services for delivering information to farmers.  | Activities completed and monitoring ongoing | Mid-tier and high quality pasteurised milk processors invest in more formalised supply change arrangements to be able to source milk at the required quality and quantity             |
| Shakarganj Phase 4         | MDF supported Shakarganj to establish a milk collection network in Jhang and to create extension services for delivering information to male and female livestock farmers. Milk collection chillers were installed and operational, while farmer gatherings for male and female farmers were underway.   | To continue in Phase 2                      | Mid-tier and high quality pasteurised milk processors invest in more formalised supply change arrangements to be able to source milk at the required quality and quantity             |
| Pioneer MOU                | MDF worked with Pioneer to popularise silage use among small farmers in Pakistan. Through this partnership, Pioneer expanded its area of operations into new regions including Azad Kashmir, and saw impressive growth in the sales of seeds of silage maize.  | To continue in Phase 2                      | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |
| Pioneer South Punjab       | MDF assisted three rural entrepreneurs in Southern Punjab to procure machinery to produce 60 kg bales of silage for small livestock farmers. Farmer gatherings and marketing collateral created awareness of silage amongst farmers. Silage entrepreneurs were renting out machinery and providing advice to other farmers for manufacturing silage.   | To continue in Phase 2                      | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |
| Pioneer Sindh              | MDF assisted two silage entrepreneurs in Northern Sindh to procure machinery to produce 60 kg bales of silage. MDF linked these entrepreneurs with South Punjab partners to share expertise and experience regarding silage manufacturing. These partners are operational and selling silage bales to small livestock farmers from January 2017.   | To continue in Phase 2                      | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |
| Pioneer Khyber Pakhtunkhwa | MDF supported five rural entrepreneurs in Khyber Pakhtunkhwa to procure machinery for producing small bales of silage. Four of these partners were operational and selling the silage bales to small livestock farmers from January 2017.  | To continue in Phase 2                      | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |
| Kashf Foundation           | MDF assisted Kashf to develop a suitable financial product for female livestock farmers. A consultant was engaged to conduct research to identify farmers' financial needs and devise a strategy and product that would address these specific needs.  | To continue in Phase 2                      | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |
| Oasis Farms (procurement)  | MDF supported Oasis to develop a network for sourcing animals directly from small farmers by providing assistance to conduct outreach activities. MDF supported the procurement of farm equipment to improve the operations and efficiency of feedlot. Most farm machinery had been procured and farmer days for male farmers were conducted, and training for female farmers commenced in early 2017. | To continue in Phase 2                      | Meat processors invest in more formalised supply chains arrangement to be able to source more traceable, standard quality animals   |

| Partnership            | Activities   | Status                 | Systemic change pathway   |
|------------------------|--|------------------------|---|
| Farm Dynamics Pakistan | MDF assisted Farm Dynamics Pakistan to promote nutritious fodder options such as Rhodes grass and Ryegrass, appropriately packaged for small farmers. The partner hired field staff to provide technical guidance to farmers on growing Rhodes grass and Ryegrass. New, smaller packages were designed and developed, and marketing activities were underway.          | To continue in Phase 2 | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |
| Maxim (silage)         | MDF assisted Maxim to set up a silage manufacturing unit through which they could manufacture and distribute 60 kg silage bales to more than 500 retail outlets using their distribution network. All machinery was purchased and an average of 300 bales are being manufactured and sold per day.   | To continue in Phase 2 | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |
| ICI                    | MDF assisted ICI to educate farmers about the benefits of adopting the formulated feed Vanda, and preventive medication like de-wormers in remote areas of Khyber Pakhtunkhwa. Farmer days were initiated, incentive marketing was launched in the area and video infomercials were developed along with radio advertisements.   | To continue in Phase 2 | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |
| Mustafa Brothers       | MDF assisted Mustafa Brothers establish a distribution network for ensuring the availability of quality vaccines to small farmers. MDF supported Mustafa Brothers to conduct outreach activities through field trainers to educate farmers about the benefits of vaccination. A seminar was conducted to create awareness about the importance of correct vaccination. | To continue in Phase 2 | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |
| Cattlekit              | MDF supported Cattlekit to market financial products for silage-making equipment and to promote localised production of silage. This led to greater availability of silage for smallholder farmers. MDF assisted Cattlekit establish promotional centres and conduct outreach activities in different regions.   | To continue in Phase 2 | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |
| Maxim (Alfalfa)        | MDF worked with Maxim International to manufacture and distribute 30 kg bales of Alfalfa hay, a highly nutritious fodder. MDF also supported Maxim to educate farmers about the benefits of Alfalfa through marketing activities including farmer days and print advertisements.   | To continue in Phase 2 | Small livestock farmers have access to inputs and services that enable them to produce the quality and quantity of milk, wool, and meat required by domestic/urban and export markets |

## Pakistan – Leather

| Partnership              | Activities  | Status                                      | Systemic change pathway  |
|--------------------------|---|---|--|
| Intra Systek             | MDF supported Intra Systek to set up a local shoe last production facility. The partner expanded its capacity through independently procuring new machinery to cater to the high market demand. | Activities completed and monitoring ongoing | Leather manufacturers invest in capacity and skills and have access to inputs and services to expand domestic and export markets |
| Tabraiz Mold Engineering | MDF supported Tabraiz Mold Engineering to procure shoe-mould manufacturing equipment. Casted moulds were in demand by the industry and the partner was procuring the required machinery.        | Activities completed and monitoring ongoing | Leather manufacturers invest in capacity and skills and have access to inputs and services to expand domestic and export markets |

| Partnership                    | Activities  | Status                                      | Systemic change pathway  |
|--------------------------------|---|---|--|
| Textile Testing International  | MDF worked with Textile Testing International to offer chemical and physical tests for leather products. MDF assisted the company to market its improved testing services as industry players had limited awareness of the range of tests offered.  | To continue in Phase 2                      | Leather manufacturers invest in capacity and skills and have access to inputs and services to expand domestic and export markets |
| Footlib (Pvt) Ltd              | MDF supported Footlib (Pvt) Ltd to set up a dedicated, women-only upper stitching line in its factory. Footlib achieved a production capacity of 300 shoe-upper pairs per day through its female-only stitching line (with 30 employees) and was able to successfully market these products to other footwear assemblers. | Activities completed and monitoring ongoing | Leather manufacturers invest in capacity and skills and have access to inputs and services to expand domestic and export markets |
| Interconnect Global (Pvt) Ltd. | MDF assisted Interconnect Global (Pvt) Limited to set up a first-of-its-kind sourcing house in Pakistan. By leveraging its existing connections, the partner worked with mid-tier local footwear manufacturers to improve their design capability and connect them with international markets.                            | To continue in Phase 2                      | Leather manufacturers invest in capacity and skills and have access to inputs and services to expand domestic and export markets |
| Servis                         | MDF assisted Servis to establish women-only manufacturing units and a childcare facility. The equipment for the new unit was being procured.  | To continue in Phase 2                      | Leather manufacturers invest in capacity and skills and have access to inputs and services to expand domestic and export markets |

### Papua New Guinea – ICT and logistics

| Partnership            | Activities   | Status                 | Systemic change pathway |
|------------------------|--|------------------------|-------------------------|
| Luxembourg Investments | MDF supported Luxembourg investments to assess and develop a supply model sourcing fish from the remote area of Baimuru and supplying to the markets in Port Moresby. The business successfully conducted a supply and market assessment for the feasibility of the plan and brought one successful batch of fish to the market. The business received approval from the National Fisheries Authority and applied for a business loan to go ahead with the plan. | To continue in Phase 2 | Not yet applicable.     |
| MiBank                 | MDF supported MiBank to increase banking coverage in rural areas by encouraging buyers and exporters of cash crops in PNG to utilise MiBank's new, innovative payment system to pay their suppliers of cash crops and raw materials. Following successful negotiations, MiBank signed-up Agmark NGIP, PNG's largest buyer and exporter of cocoa, to pilot the payment system with their branch in Buin, Bougainville.  | To continue in Phase 2 | Not yet applicable.     |

### Papua New Guinea – Rural input services

| Partnership        | Activities  | Status                 | Systemic change pathway |
|--------------------|---|------------------------|-------------------------|
| Koibol Trade Works | MDF supported Koibol Trade Works to build its management capacity as an agricultural inputs supplier, and disseminator of good agricultural practice information to target farmers in three districts of Jiwaka Province. The business hired a business manager to coordinate and manage all demonstrations and related activities to expand the inputs business, however there were delays in her commencement due to cash flow problems of the partner. | To continue in Phase 2 | Not yet applicable.     |



|                                      |   |                        |                     |
|--------------------------------------|---|------------------------|---------------------|
| NKW Fresh                            | MDF supported NKW Fresh to build its extension capacity by way of field extension officers to train farmers on better crop management techniques; and use crop management software to strengthen the backward supply of vegetables to enable NKW Fresh to do forward marketing. NKW Fresh successfully recruited five field extension officers.   | To continue in Phase 2 | Not yet applicable. |
| Central Highlands Feed Mills Limited | MDF supported Central Highlands Feed Mills Limited in building a strong market for new animal feed and strengthening a business case that could help them access commercial funding for business expansion. The business rolled out its planned demonstration activities, launched its feed trial demonstration, and started distributing feed and piglets to farmers. It produced demonstration signboards to install at unit sites for general awareness about the demonstration and its benefits to neighbouring households. | To continue in Phase 2 | Not yet applicable. |

### Papua New Guinea – Local value addition

| Partnership         | Activities   | Status                 | Systemic change pathway |
|---------------------|--|------------------------|-------------------------|
| After Dark Fashions | MDF supported After Dark Fashions, a local clothing and fashionwear supplier, to set up and strengthen its clothing manufacturing business, and enhance production by adopting new technology for production. It was upskilling its workforce through engaging a specialist on training and supervision. MDF also supported After Dark Fashions by building linkages between it and local fashion designers.   | To continue in Phase 2 | Not yet applicable.     |
| New Guinea Fruits   | MDF supported New Guinea Fruits to build the capacity of its field extension officers in modern beekeeping techniques and improve the skills of local carpenters to produce high quality bee hives from local materials. These backward linkages with bee keepers, will attract new beekeepers and promote New Guinea Fruits as a reliable honey buyer. New Guinea Fruits engaged an Australian bee trainer to train the extension officer, and produce a training manual and beekeeping guide book. Materials were developed to promote beekeeping as an attractive income generating source. | To continue in Phase 2 | Not yet applicable.     |

### Papua New Guinea – Tourism and hospitality

| Partnership  | Activities  | Status                 | Systemic change pathway |
|--------------|---|------------------------|-------------------------|
| Village Huts | MDF supported Village Huts to strengthen its linkages with service providers catering to adventure tourists in PNG. This will enable Village Huts to offer a larger range of destinations and products to its clients. With MDF's support the business hired a coordinator to organise and execute a registration plan, and registered 24 new guest houses in four different provinces. The partnership faced challenges with the functioning of the booking website which contributed to delays in registration. | To continue in Phase 2 | Not yet applicable.     |

### Sri Lanka – Diversifying tourism destinations, products and services

| Partnership            | Activities   | Status                                      | Systemic change pathway |
|------------------------|--|---|-------------------------|
| Cinnamon TBC Asia 2016 | Cinnamon Hotel Management Limited was a leading player in the Sri Lankan hotel industry. MDF supported it to organise an international travel bloggers' conference held in June 2017 and take selected bloggers to the Northern and Eastern Province. Through the blogging of 57 bloggers, the event reached 7.5 million people generating 56 million web impressions. | Activities completed and monitoring ongoing | Not yet applicable      |
| Serendib Hotels        | MDF supported Serendib to conduct nationwide scoping to identify locations to set up new high value community lodges. Scoping visits were completed and locations were shortlisted.  | To continue in Phase 2                      | Not yet applicable      |
| Edge Adventures        | MDF supported Edge Adventures to introduce three new adventure tourism products: sea kayaking, river safari and river canyoning. Equipment for sea kayaking was purchased, and tools for river canyoning installed.  | To continue in Phase 2                      | Not yet applicable      |
| Selyn                  | Selyn was the only Fair Trade-certified handloom organisation in Sri Lanka. MDF assisted Selyn to cater better to the tourism segment and other international markets. They attended a New York trade fair, where they received initial orders worth USD 10,000.   | To continue in Phase 2                      | Not yet applicable      |

### Sri Lanka – Produce and products for export and tourism

| Partnership        | Activities   | Status                 | Systemic change pathway |
|--------------------|--|------------------------|-------------------------|
| Divron Bioventures | MDF supported this giant freshwater prawn exporter to set up a cold chain to stock and harvest prawns and helped it obtain supply chain expertise and extension services. The cold chain set-up was completed, with one regional centre (in Vavuniya) operational. Based on a supply chain consultant's advice, an efficient system was put in place and extension services to fishers had commenced. Prawns were being stocked, harvested and exported. | To continue in Phase 2 | Not yet applicable      |
| Aruna Nursery      | MDF supported Aruna Nursery in setting up a tissue culture laboratory, the first in that region of the country. All the equipment was bought and the lab technicians hired. Construction of storage and tunnels was underway, and trial production had started on Cavendish bananas using the tissue culture lab.  | To continue in Phase 2 | Not yet applicable      |

### Sri Lanka – Innovation in digital services for export and inclusive growth

| Partnership  | Activities   | Status                 | Systemic change pathway |
|--|--|------------------------|-------------------------|
| Sri Lankan Association for Software and Services Companies | MDF supported the Sri Lankan Association for Software and Services Companies to initiate a program that mentors and invests in the growth of selected IT start-ups into established companies. | To continue in Phase 2 | Not yet applicable      |
| Hammock Studio   | MDF supported Hammock Studio to develop and incorporate an HR module into its existing POS platform targeting the hotel and restaurant sectors.  | To continue in Phase 2 | Not yet applicable      |

## Sri Lanka - Stimulating entrepreneurship and business activity in former conflict-affected areas

| Partnership | Activities  | Status                 | Systemic change pathway |
|-------------|---|------------------------|-------------------------|
| Coolman     | Coolman had a fishmeal, fish canning and seafood processing facility in Mannar. With MDF support, Coolman had engaged an international factory manager, acquired selected fish canning equipment and obtained environmental compliance, following which they had started trial production. Sixty-five employees had been hired, and the company expected to start buying fish from local fishers. | To continue in Phase 2 | Not yet applicable      |

# Annex 3 – Consolidated list of all hyperlinks

## Hyperlinks referencing specific source documents

Annual Aggregation of Results 2016 (MDF, 2016)

[http://marketdevelopmentfacility.org/?type=publication&posting\\_id=7775](http://marketdevelopmentfacility.org/?type=publication&posting_id=7775)

Building a Learning Culture – the case of MDF in Fiji (DCED, 2017)

[https://www.enterprise-development.org/wp-content/uploads/2015/12/Case\\_6\\_MDF\\_LearningCultureFinal.pdf](https://www.enterprise-development.org/wp-content/uploads/2015/12/Case_6_MDF_LearningCultureFinal.pdf)

Case Study 4 – Systemic change in the fodder market for smallholder farmers in Pakistan (MDF, 2017)

<http://marketdevelopmentfacility.org/wp-content/uploads/2017/10/Systemic-Change-in-the-Fodder-Market-for-Smallholder-.pdf>

Gender equality and women's economic empowerment in agriculture- operational guidance note (DFAT, 2015)

<https://dfat.gov.au/about-us/publications/Documents/operational-guidance-note-gender-equality-and-womens-economic-empowerment-in-agriculture.pdf>

Household analysis of poverty and gender dynamics in Sri Lanka: drivers of exclusions (MDF, 2017)

[http://marketdevelopmentfacility.org/?type=publication&posting\\_id=7614](http://marketdevelopmentfacility.org/?type=publication&posting_id=7614)

Household level analysis of poverty and gender dynamics in Timor-Leste (MDF, 2014)

[http://marketdevelopmentfacility.org/?type=publication&posting\\_id=3692](http://marketdevelopmentfacility.org/?type=publication&posting_id=3692)

Household level analysis of poverty, gender and ethnicity dynamics in key sectors in the Fijian economy (MDF, 2013)

[http://marketdevelopmentfacility.org/?type=publication&posting\\_id=3682](http://marketdevelopmentfacility.org/?type=publication&posting_id=3682)

Household-level analysis of poverty, gender and exclusion in selected areas of Pakistan (MDF, 2017)

[http://marketdevelopmentfacility.org/?type=publication&posting\\_id=7714](http://marketdevelopmentfacility.org/?type=publication&posting_id=7714)

Kick-Starting Inclusive Growth: Timor-Leste's transition to a post-conflict, post-oil economy (MDF, 2017)

<http://www.marketdevelopmentfacility.org/timor-leste-case-study/>

MDF Fiji Tropical Cyclone Winston Response (MDF, 2016)

<https://www.youtube.com/watch?v=9pVuPWaZ0Vk&feature=share>

Ministerial statement on engaging the private sector in aid and development (DFAT, 2015)

<http://dfat.gov.au/about-us/publications/aid/Documents/creating-shared-value-through-partnership.pdf>

Private Sector Development Strategy (DFAT, 2015)

<http://dfat.gov.au/about-us/publications/Pages/strategy-for-australias-aid-investments-in-private-sector-development.aspx>

Strategic Guidance Note 1 – MDF results estimates for five countries 2011-2017 (MDF, 2015)

[http://marketdevelopmentfacility.org/wp-content/uploads/2015/12/151210-MDF-Results-Estimates-for-Five-Countries-2011\\_2017.pdf](http://marketdevelopmentfacility.org/wp-content/uploads/2015/12/151210-MDF-Results-Estimates-for-Five-Countries-2011_2017.pdf)

Strategic Guidance Note 3 – Achieving Change in Market (MDF, 2015)

[http://marketdevelopmentfacility.org/wp-content/uploads/2015/09/Achieving-Change-in-Markets\\_MDF-Framework-for-Defining-and-Populating-Pathways-to-Systemic-Change\\_Final\\_August-2015.pdf](http://marketdevelopmentfacility.org/wp-content/uploads/2015/09/Achieving-Change-in-Markets_MDF-Framework-for-Defining-and-Populating-Pathways-to-Systemic-Change_Final_August-2015.pdf)

Strategic Guidance Note 4 – Women's Economic Empowerment (MDF, 2015)

[http://marketdevelopmentfacility.org/?type=publication&posting\\_id=5118](http://marketdevelopmentfacility.org/?type=publication&posting_id=5118)

Strategy for Australia's aid investment in agriculture, fisheries and water (DFAT, 2015)

<https://dfat.gov.au/about-us/publications/Documents/strategy-for-australias-aid-investments-in-agriculture-fisheries-and-water.pdf>

## Hyperlinks references various source documents

MDF Annual Aggregation of Results reports (various)

<http://marketdevelopmentfacility.org/content/publication/?category=21>

MDF blog posts (various)

<http://marketdevelopmentfacility.org/content/news-multimedia/blog/>

MDF broader case studies (various)

<http://marketdevelopmentfacility.org/content/publication/?category=37>

MDF country engagement strategies (various)

<http://marketdevelopmentfacility.org/content/publication/?category=23>

MDF Facebook posts (various)

<https://www.facebook.com/marketdevelopmentfacility/>

MDF photo essays (various)

<https://mdf.exposure.co/>

MDF photos/Flickr (various)

<https://www.flickr.com/photos/131945998@N02/>

MDF research reports (various)

<http://marketdevelopmentfacility.org/content/publication/?category=22>

MDF systemic change pathway reports (various)

<http://marketdevelopmentfacility.org/content/publication/?category=24>

MDF technical case studies (various)

<http://marketdevelopmentfacility.org/content/publication/?category=19>

MDF tweets (various)

<https://twitter.com/MDFGlobal>

MDF videos (various)

[https://www.youtube.com/channel/UCCcFgWDb4aJQGPWdF0u\\_hw/videos](https://www.youtube.com/channel/UCCcFgWDb4aJQGPWdF0u_hw/videos)