

A collection of various gourds and squash, including green, yellow, and red varieties, scattered on a dark, textured surface. The gourds are of different shapes and sizes, some with bumpy skin and others smooth. The background is a dark, reddish-brown soil or mulch.

Tactics of Facilitation for Sustainable Market Systems Development

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spreading systemic approaches for sustainable impact

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Market Systems Game



Session 1: Sustainability

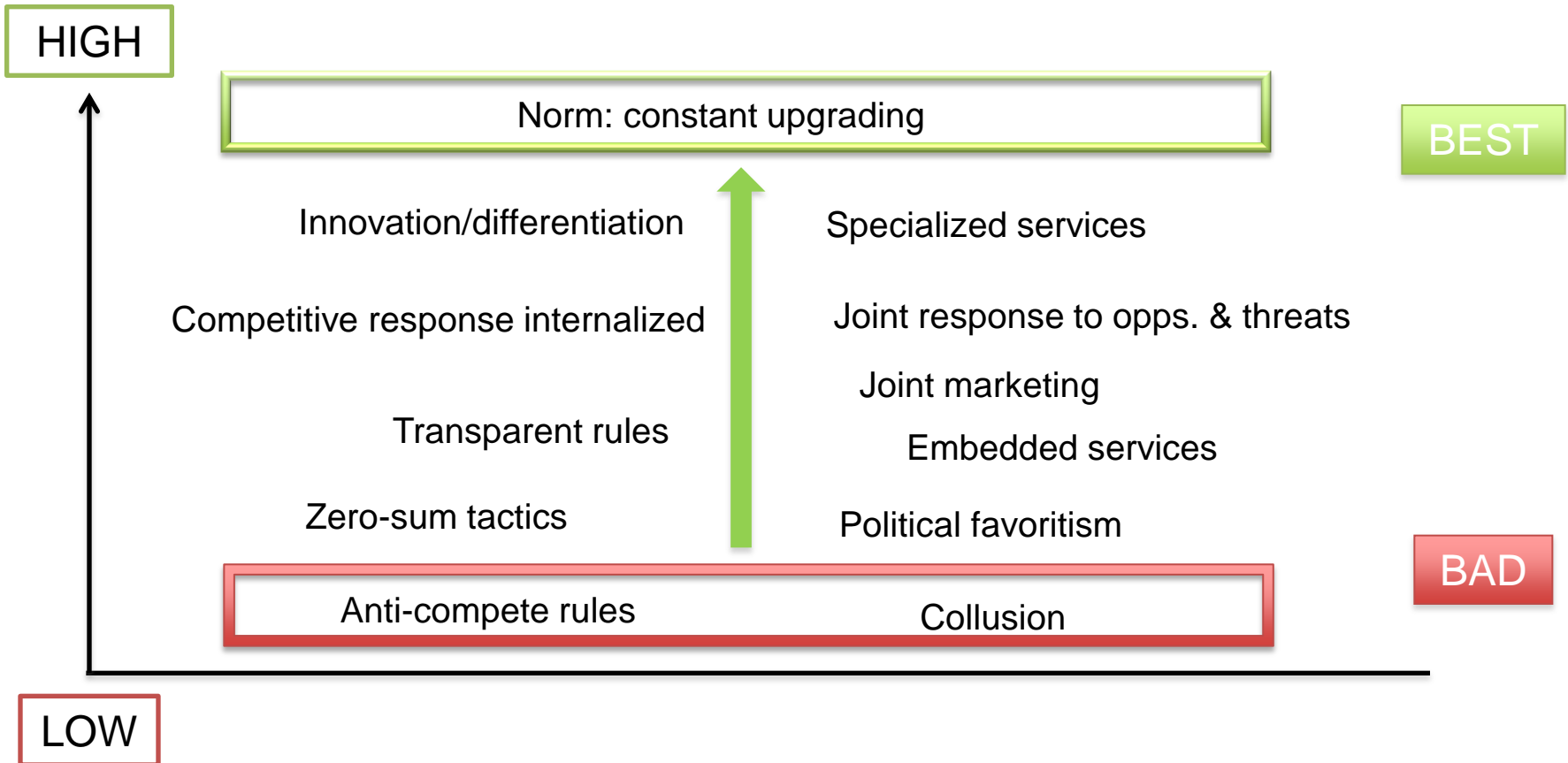
What is sustainability?

Sustainability is...

The **capacity of a system** to ensure that
differentiated products and services
continue **beyond the period** of an
intervention

The system is **solution-seeking and**

Market system effectiveness increases when...



Sustainability applies to our work in 3 levels:

**1. The role of the program
(strategic rationale)**

- Utilizing a facilitative approach as opposed to direct delivery

2. Where we choose to intervene in a system (leverage)

- Working at leverage points, considering those who have power and influence

3. How we engage with partners (tactics)

- Tactics of facilitation, our intensity and exit strategy with partners

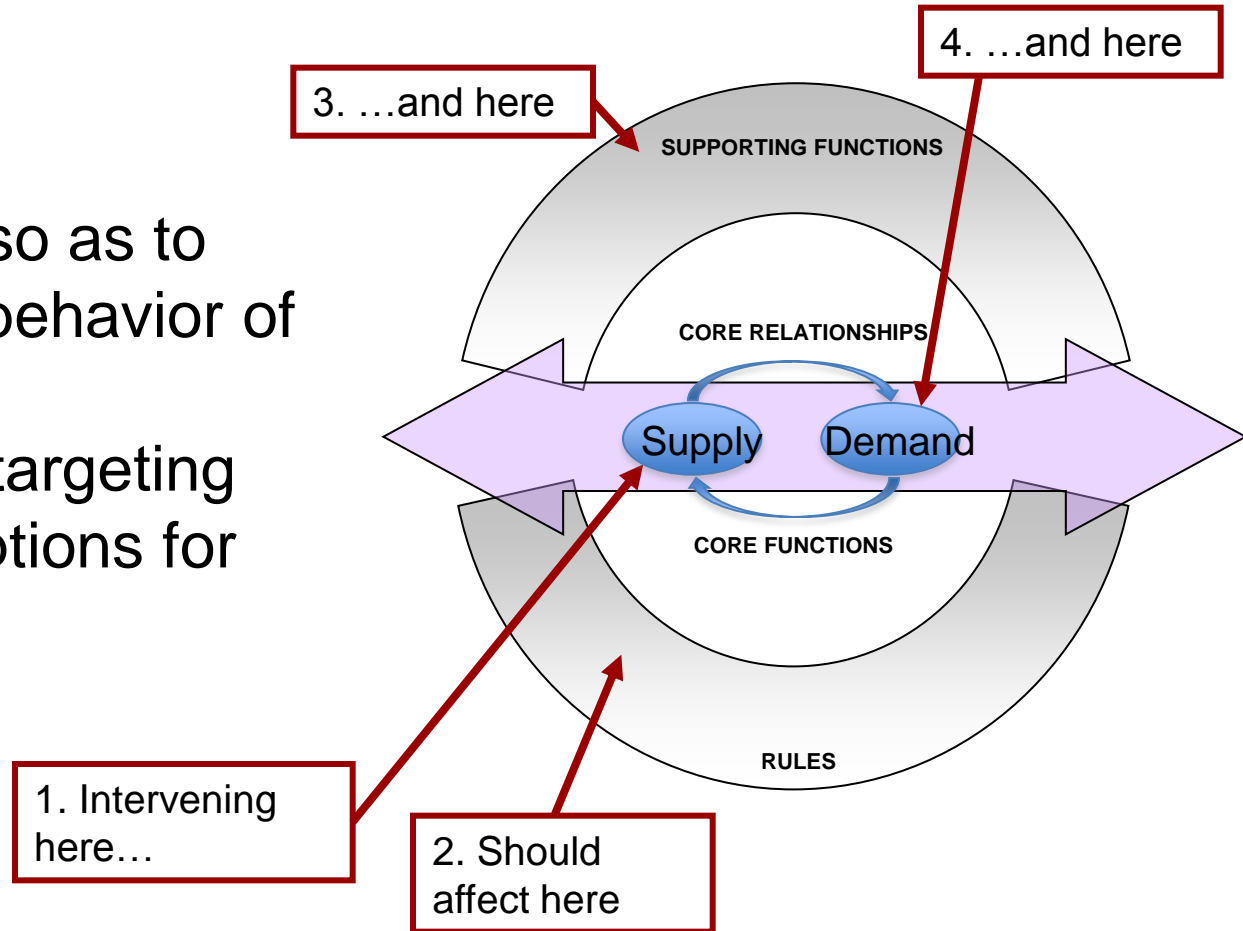
1. The Role of the Program

Function	Who does?	Who pays?
Training farmers	NGOs/gov't	Donors
Dissemination of market information	NGOs	Donors
Organizing producer organizations	NGOs	Donors
Building capacity of POs	NGOs	Donors

Extension Services – who does, who pays?

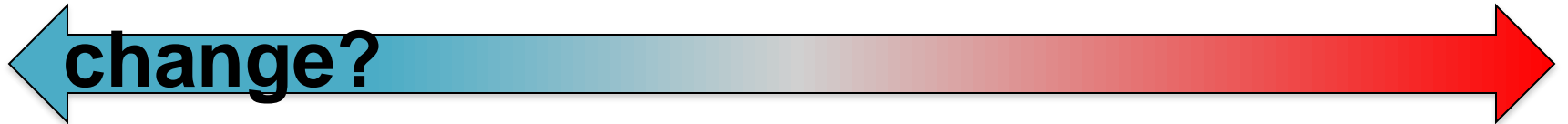
2. Finding a Leverage Point

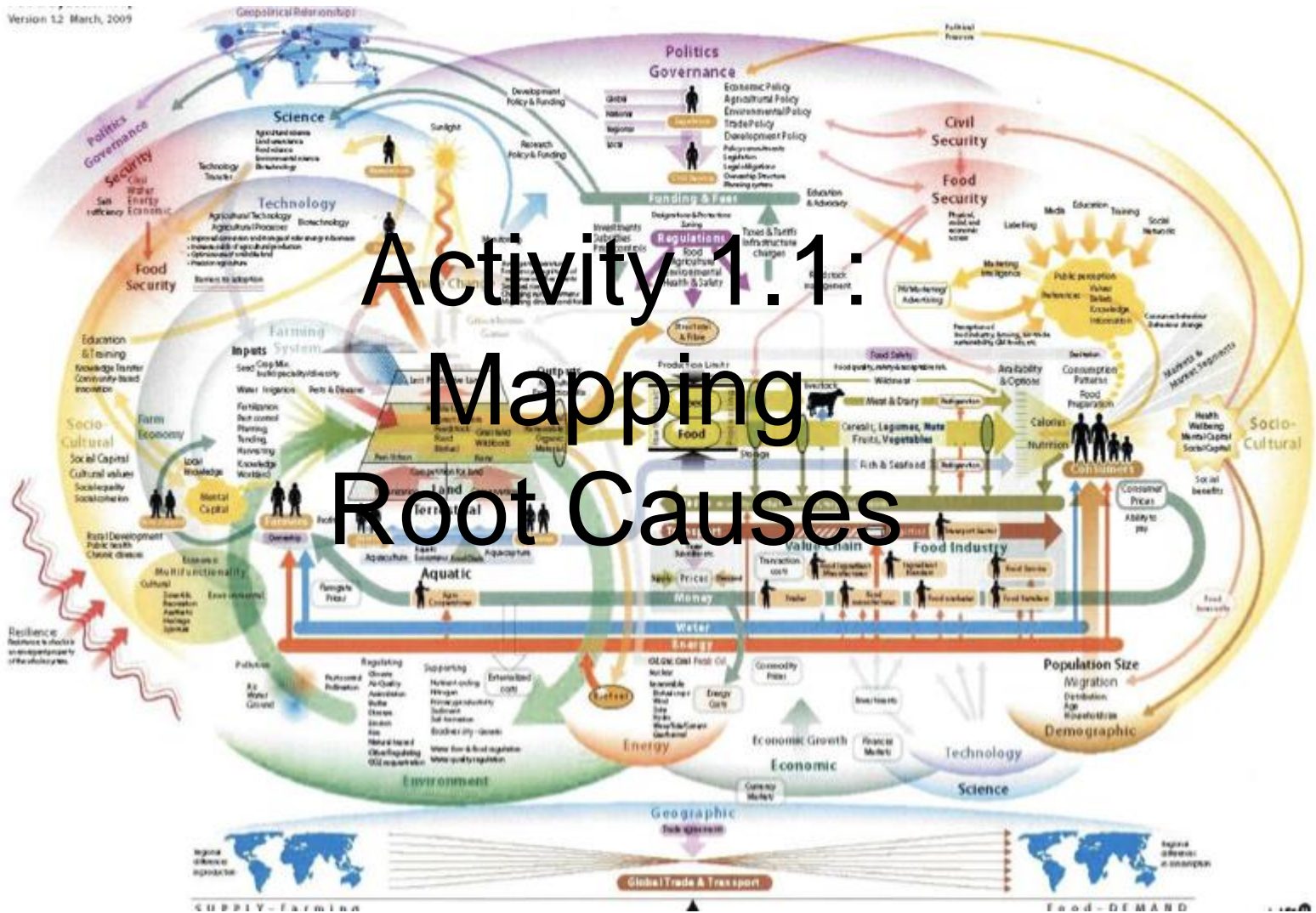
intervening so as to affect the behavior of the whole industry...targeting feasible options for change



3. How We Choose to Intervene

- **Who do we work with?**
- **What is the behaviour that we want them to change?**
- **How do we encourage behaviour change?**
- **How do we ensure it is sustainable**





Activity 1.1: Mapping Root Causes

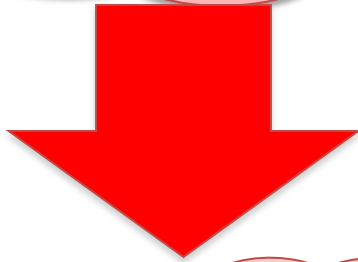
Why do we use a root cause analysis?

- Problems within market systems are also complex
- We want to intervene where we can instigate the largest impact throughout a system (leverage points)
- We want to address the cause of a problem, not the symptom

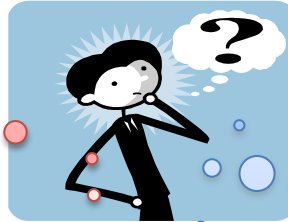
What's different?

Conventional Approach

What problems do people /firms have?



How can I help to solve these?



Systems Approach

What problems do people/firms have?

Why isn't their environment providing solutions to these?

... Why isn't the system working for the poor?

Why do farmers sell at a very low price?

Immediate cash needs

Lack of planning

Lack of financing options

FIs don't want to deal with fragmented and poor farmers

Don't take time to understand or develop business case

Convenience at farmgate

Cost of transportation is too high

Lack of organization

Lack of outreach or supply chain management by buyers

Cost of storage is too high

Lack of adherence to standards

Poor infrastructure

Transportation networks are fragmented

No organization amongst transporters

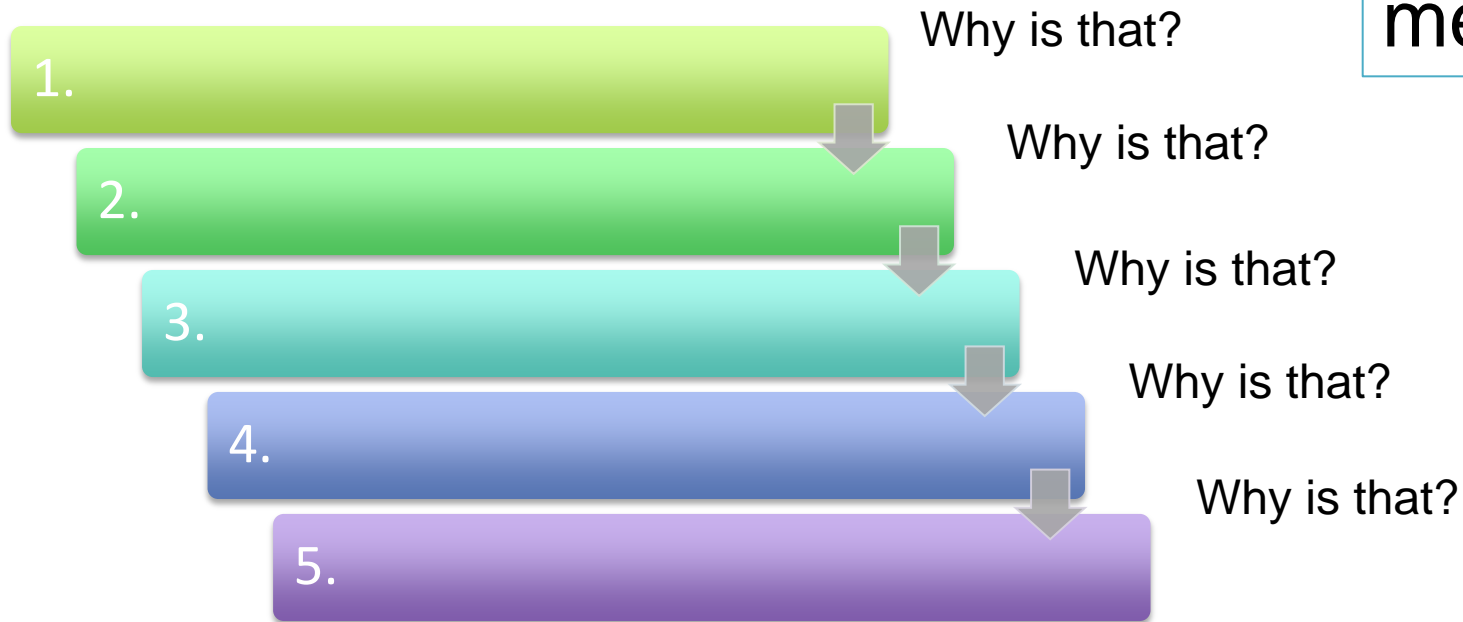
Lack of articulated demand for streamlined networks

Bad history of cooperatives

Mapping Root Causes Activity

Define problem statement

5 WHYS
method



Problem statements

Cocoa

- Farmers who sell organic cocoa do not get paid premium prices.

Savings

- People do not save in formal institutions, thus exposing themselves to risk of theft or inflation

Inputs

- Farmers do not consistently use quality inputs for agricultural production.

Forestry

- Smallholders have poor silviculture and harvesting techniques.

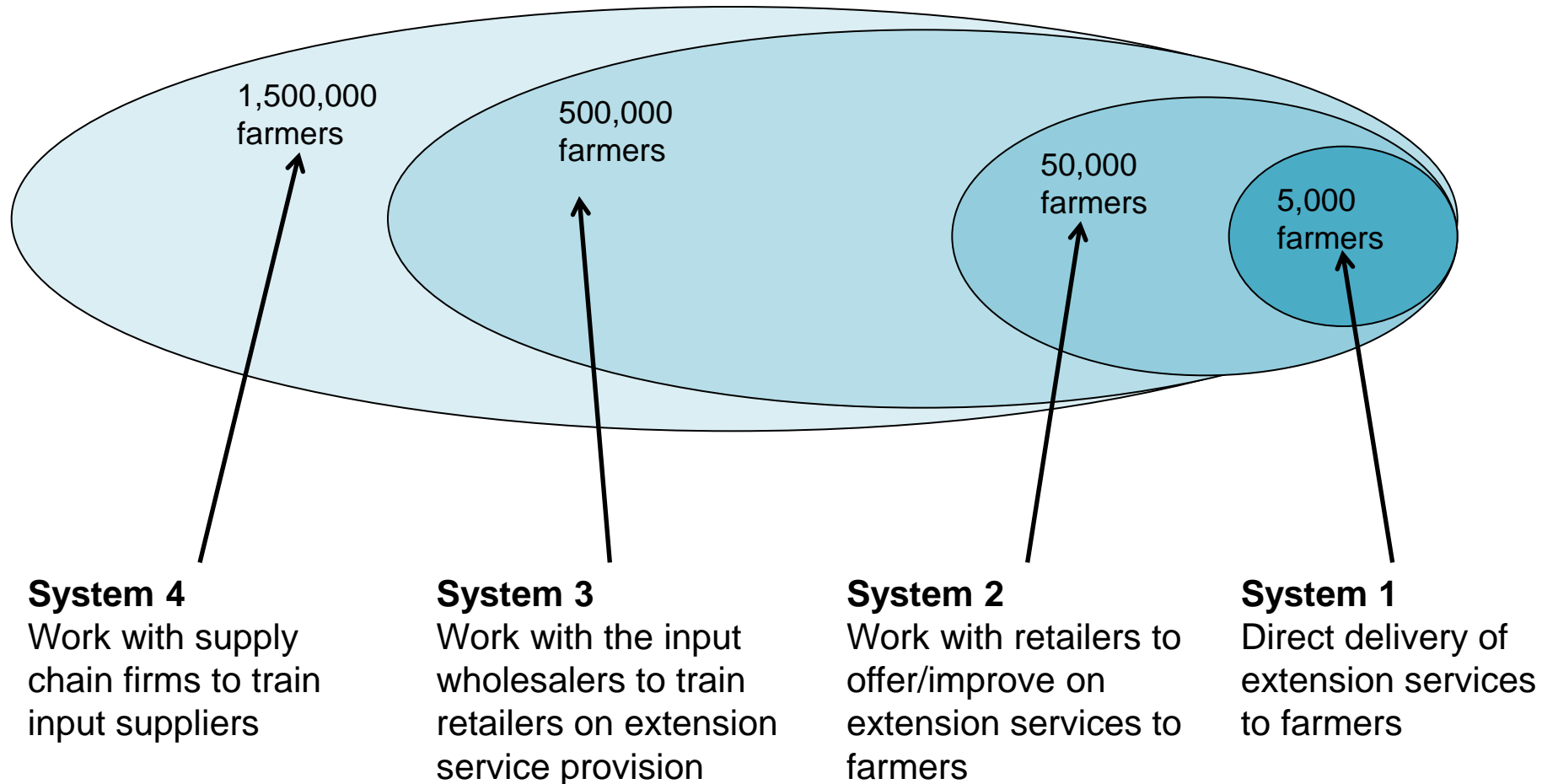
Activity: questions to think about...

- **What are the incentives of market actors?**
- **What are the mindsets of market actors driving their positive or negative behaviours?**

Debrief

- Where could your program intervene?
- Where does your program currently intervene?
- Where is there the most potential for impact?

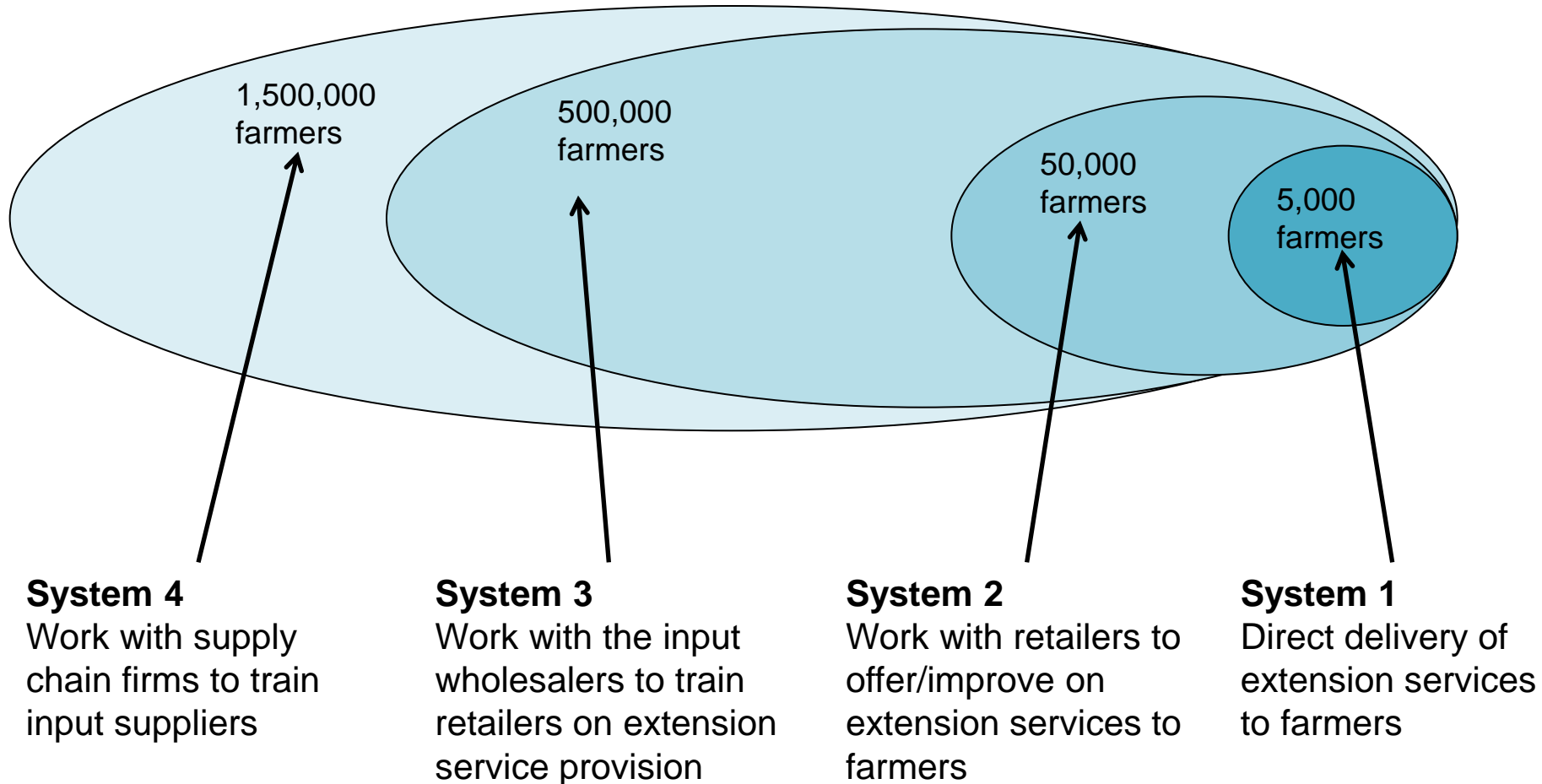
2. Where We Choose to Intervene: Farmers have poor access to extension services...



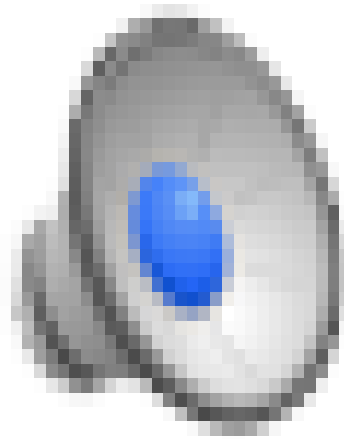
Session 2: Partner Selection and Engagement



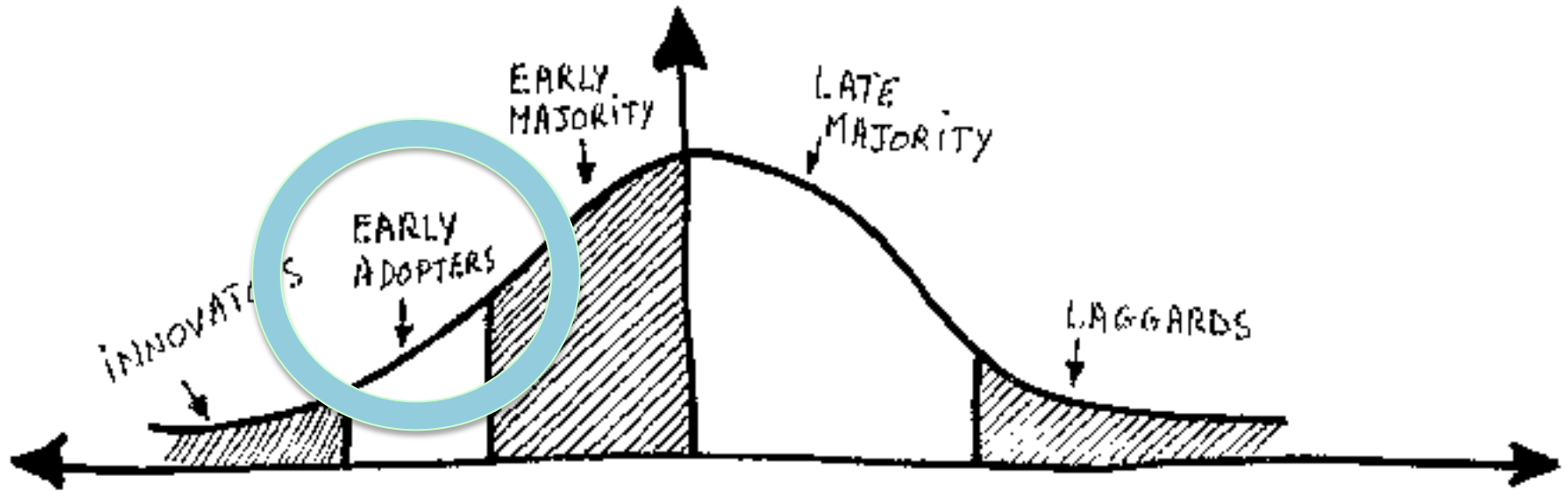
2. Where We Choose to Intervene: Farmers have poor access to extension services



How Change Happens by Derek Sivers



Diffusion of Innovations Model

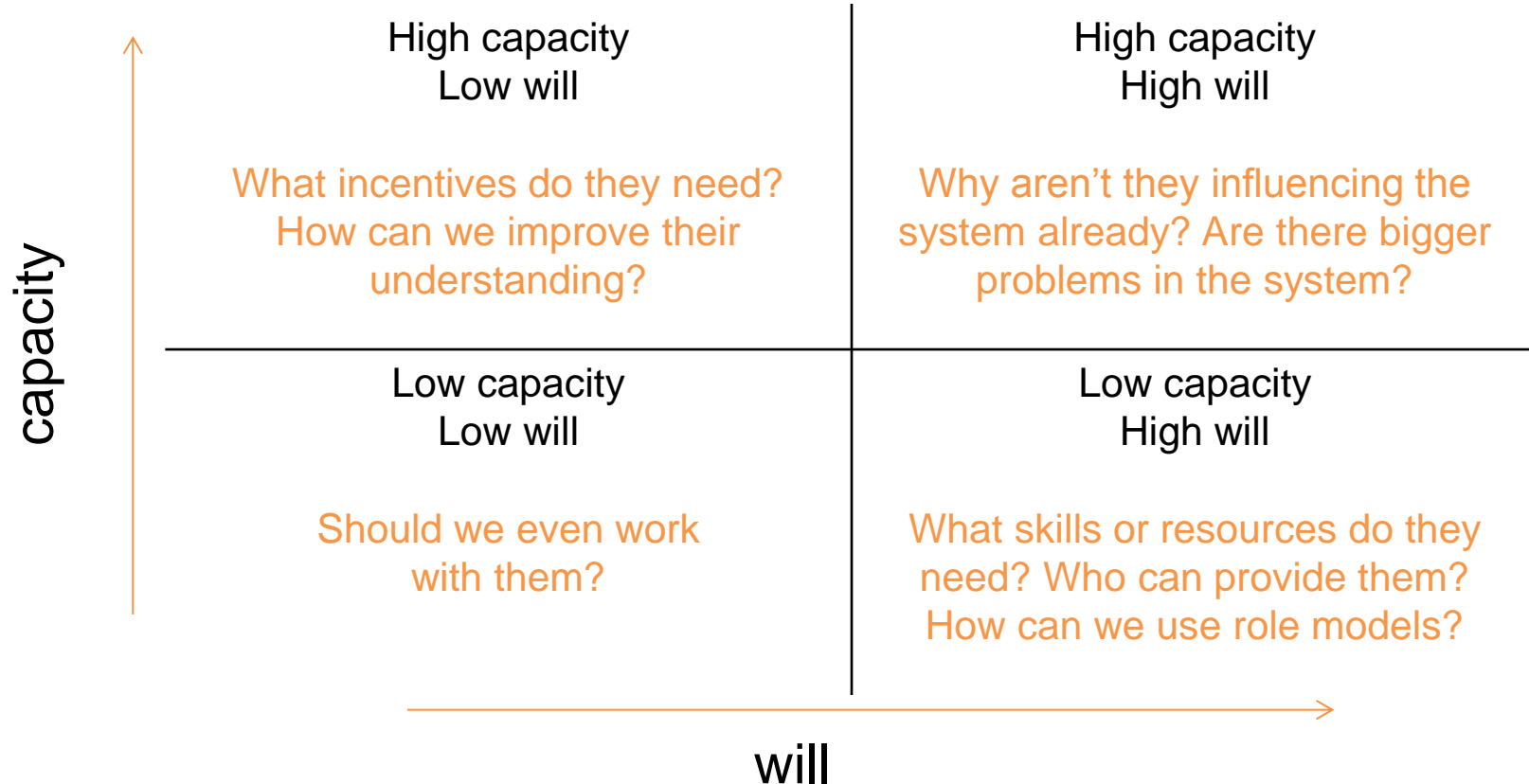


2. Characteristics of early adopters

- On the look out for new ideas and take risks
- Motivated by wanting to stand out be considered “head of the pack”
- Tend to be more well connected and well informed
- More socially respected: others **observe and respond to their success.**

Analyzing needs of partners and how to work with them:

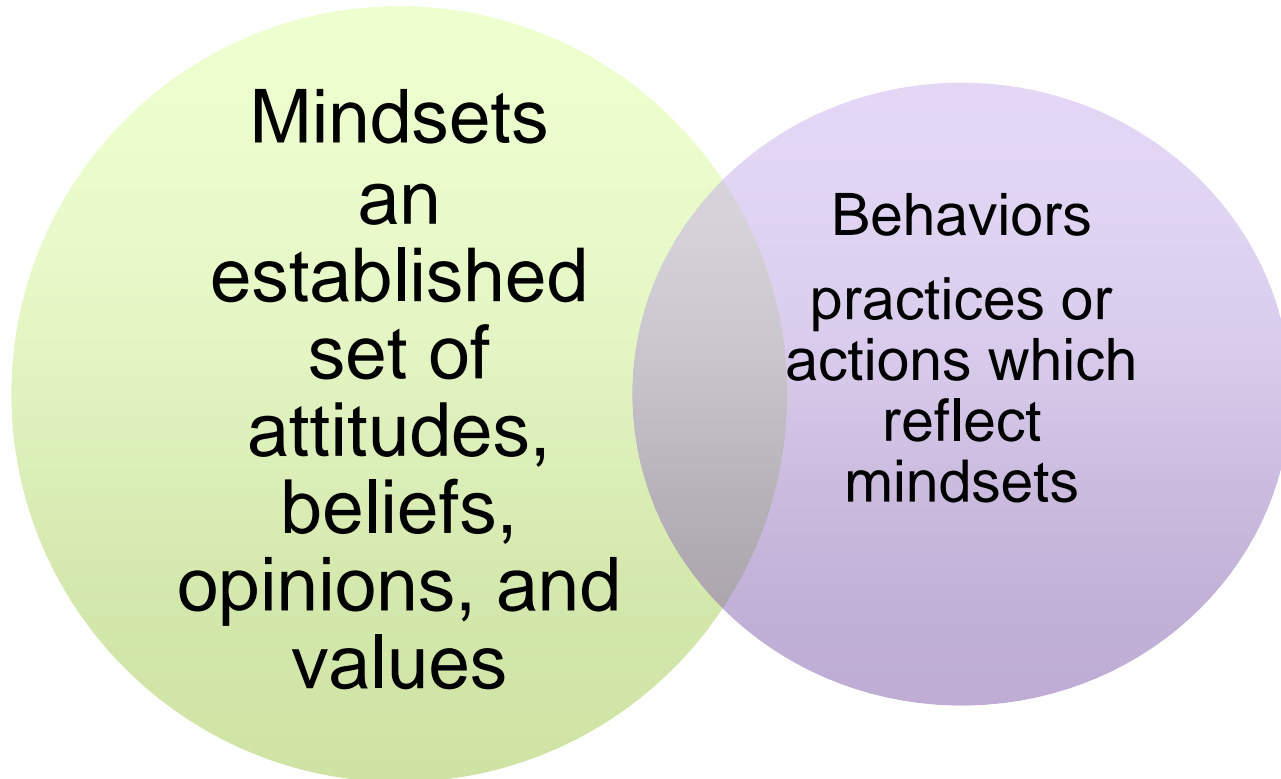
Will and Capacity Matrix



Activity 2.1: Applying the Will/Capacity Matrix

- 1. Identify the market actors related to the areas of intervention you previously selected in your root cause map**
- 2. Use the *Will/Capacity Matrix* to analyze the needs of the selected market actors**

What do we mean by behavior change?



McKinsey Behavior Change Model



Reinforcing
mechanisms

Role Models

McKinsey & Co.
Behavior
Change Model

Understandin
g and
conviction

Capacity
building

Activity 2.2: Applying the McKinsey Behaviour Change Model

- 1. Choose one market actor you previously selected and identify a current behaviour that you would like to see improve or change**
- 2. Use the McKinsey Behaviour Change Model to generate a number of activities you would use as a facilitator to help change that behaviour**



Session 3: How to influence market actors

What do we mean by an innovation?

- Generally, it can be new or improved...
 - strategy
 - product or service offering
 - aspect of business model
 - role/responsibility



Building Business Cases



Buying Down Risk



Pushing the Demonstration
Effect



Accelerating Crowding
In



Building Business Cases

- Understand the drivers (interests and motivations), build and communicate the value for the actors to take on a new behaviour
- May be social, personal, financial, etc.

Building and communicating business case example

A project has developed a business case that aims to encourage agrovets to adopt customer oriented business strategies. Project staff emphasize to target agrovets the benefits of this model:

- Grow sales by 1) eliminating the need for farmers to come into town to buy inputs and 2) reaching new customers in rural areas**
- Building customer loyalty by running promotional events and positioning themselves as an expert**

- To demonstrate the benefits of new market behaviours...
- If it is too risky for the market actor to bear the cost and time of taking on the behaviour/activity on their own for the first time...
- Using strategic “smart” subsidies



Buying Down Risk

Buying down risk example

The agrovet is interested in the Village Agent Retail Model (VARM) but is unsure whether it is worth the effort of hiring an agent and whether the products will sell.

The project suggests that they can cover 50% of the cost of the village agent's salary for one month. Therefore there is little risk in the agrovet testing the VARM.

Buying Down Risk vs. Financial Assistance

	Buying Down Risk:	Financial Assistance:
What is it?	The project offers to subsidize the cost of offering a product or service if the partner is uncertain about its success because the idea is new and untested	The project offers to subsidize the cost of offering a product or service that has already been in use or has been proven to be successful in a particular market
Purpose:	Building conviction in the partner for a new innovation by sharing the risk of trying	Trying to solve a capacity or resource problem
Sustainability:	If they weren't doing it before, they will likely see the value and continue with it	If they weren't doing it before, they likely won't continue doing it

- Early penetration of innovation or behaviour change within the market system
- Early adopters continue adapting it without project assistance – can it be demonstrated to the rest of the system?
- Kicks off the crowding-in process



Demonstration Effect

Demonstration Effect Example

A project has been working with industry associations and local governments to organize forums for showcasing their partner agrovets who have successfully taken up the Village Agent Retailer Model (VARM).

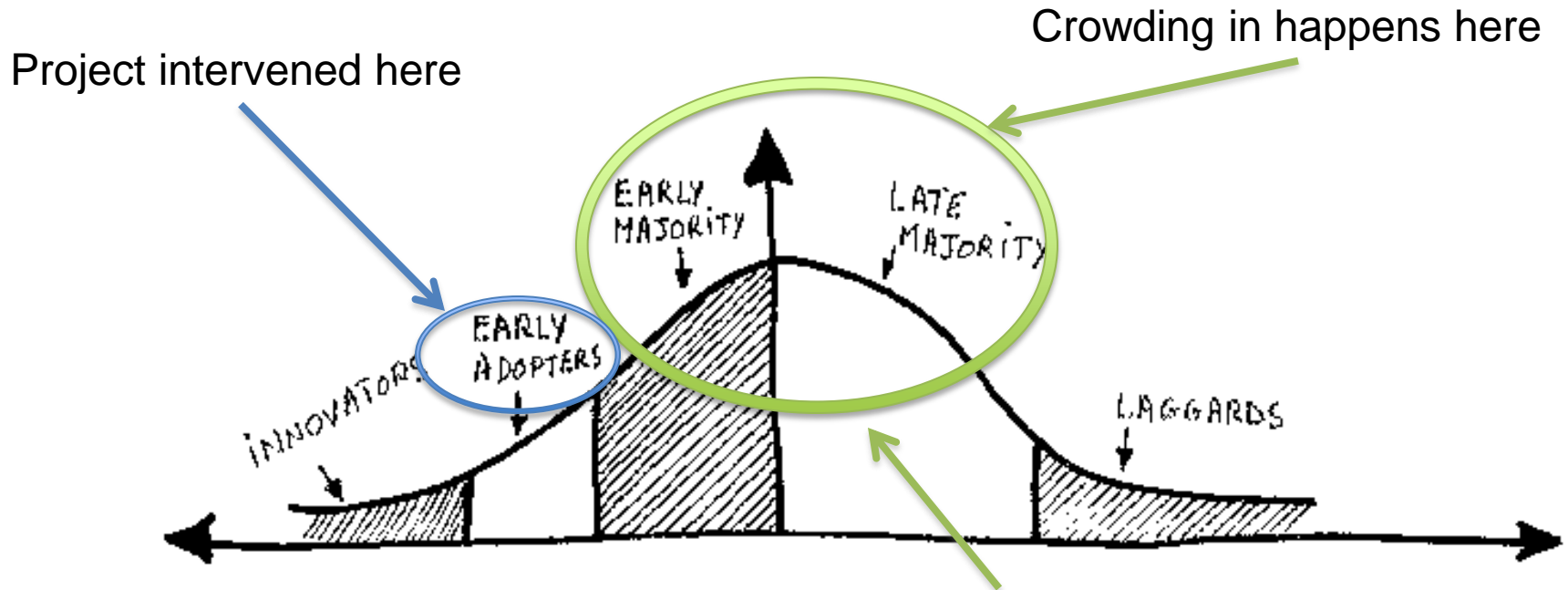
Many agrovets, not linked to the project, have expressed interest in the VARM after learning about how the model achieves high sales and farmer loyalty. Some agrovets have begun using the VARM to distribute their inputs.

The extent to which non-target and non-competing actors copy or respond to the presence of an innovation so that becomes the “norm” within a market system



Not only replication or adoption!

Who is crowding in?



These tend to be:

- Non-target, non-competing actors
- Non-target, competing actors

Crowding-in Example

The agrovets 'early adopters' who have taken up the Village Agent Retail Model (VARM) are now gaining increased sales and expanding into new areas.

The project hears that a few input suppliers have approached certain agrovets that they saw during a recent association event in Dar Es Salaam to start a network of agrovets, utilizing similar branding and outreach strategies.

The success of this new streamlined outreach model begins to cause smaller, 'laggard' agrovets to go out of business, as they have not been able to retain existing customers nor reach new customers.

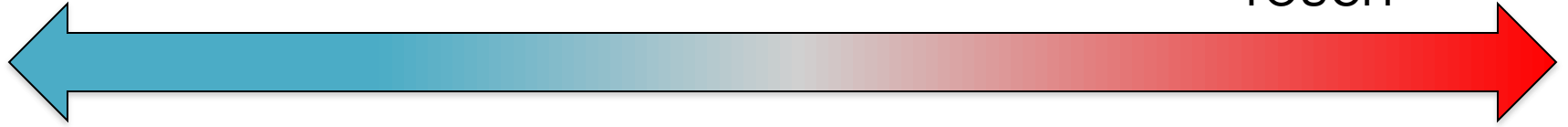
Activity 3.1: Light touch vs. Heavy Touch



Facilitation

LIGHT TOUCH

HEAVY
TOUCH



The project is...

Less prescriptive
Investing **less** money
Investing **less** resources
therefore
MORE partner ownership

The project is...

More prescriptive
Investing **more** money
Investing **more**
resources
therefore
LESS partner

Light/Heavy Touch Activity 3.1

- Rank the activities from light touch to heavy touch on flipchart.
- Once complete, all groups hang their flipchart on the wall. Go see how other groups have ranked the activities.
- Discuss!

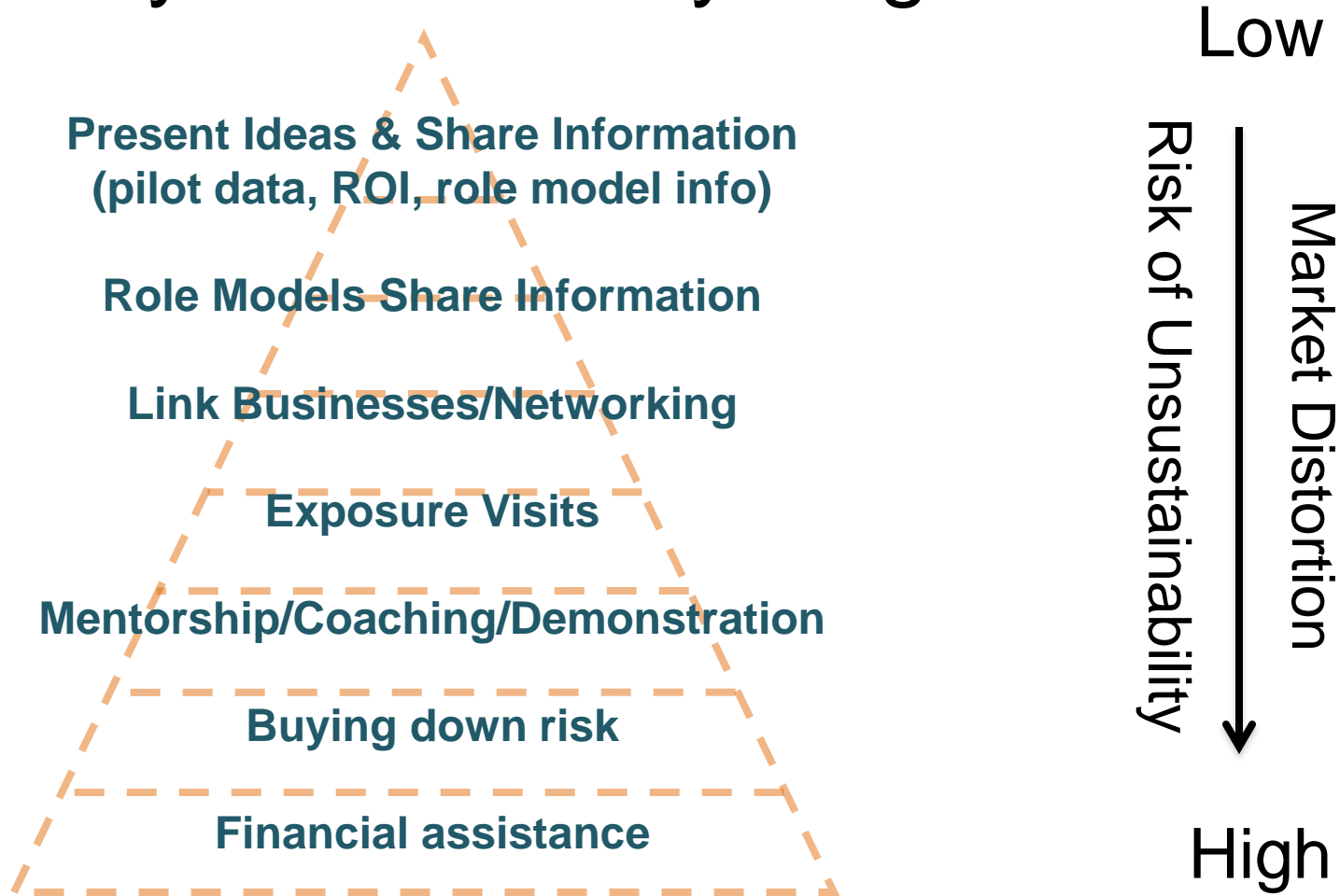
Light/Heavy Touch Activity 3.2

- Each group assigned 1-2 activities.
- Think about how these activities apply to your work
- Discuss what it would take to make this activity 'lighter' or 'heavier'?

Key takeaways:

- Understanding that we *always* start with the lightest activities first – **generally this is building the business case**
- Some partners, depending on their response, might require the use of heavier facilitation to build *momentum*
- The biggest issue we see with projects is going *too heavy, too soon*

Have you tried everything else?



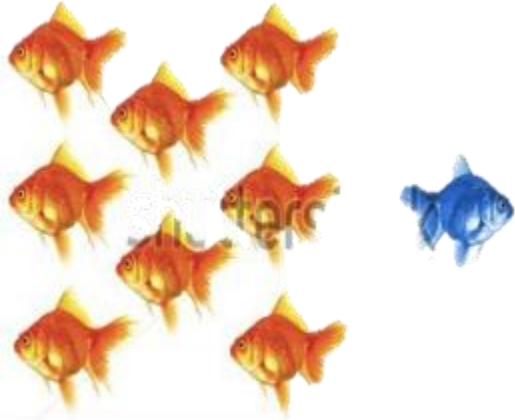


Session 4: Exit Strategy



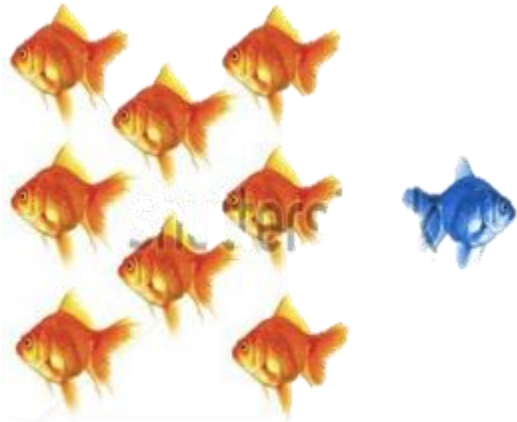
Exit Strategy

strategy on transitioning or ending support to a partner



Exit Strategy

- **Phasing-out investments in a particular activity once a certain level of behaviour change has been reached or the partner has not demonstrated commitment to the change.**

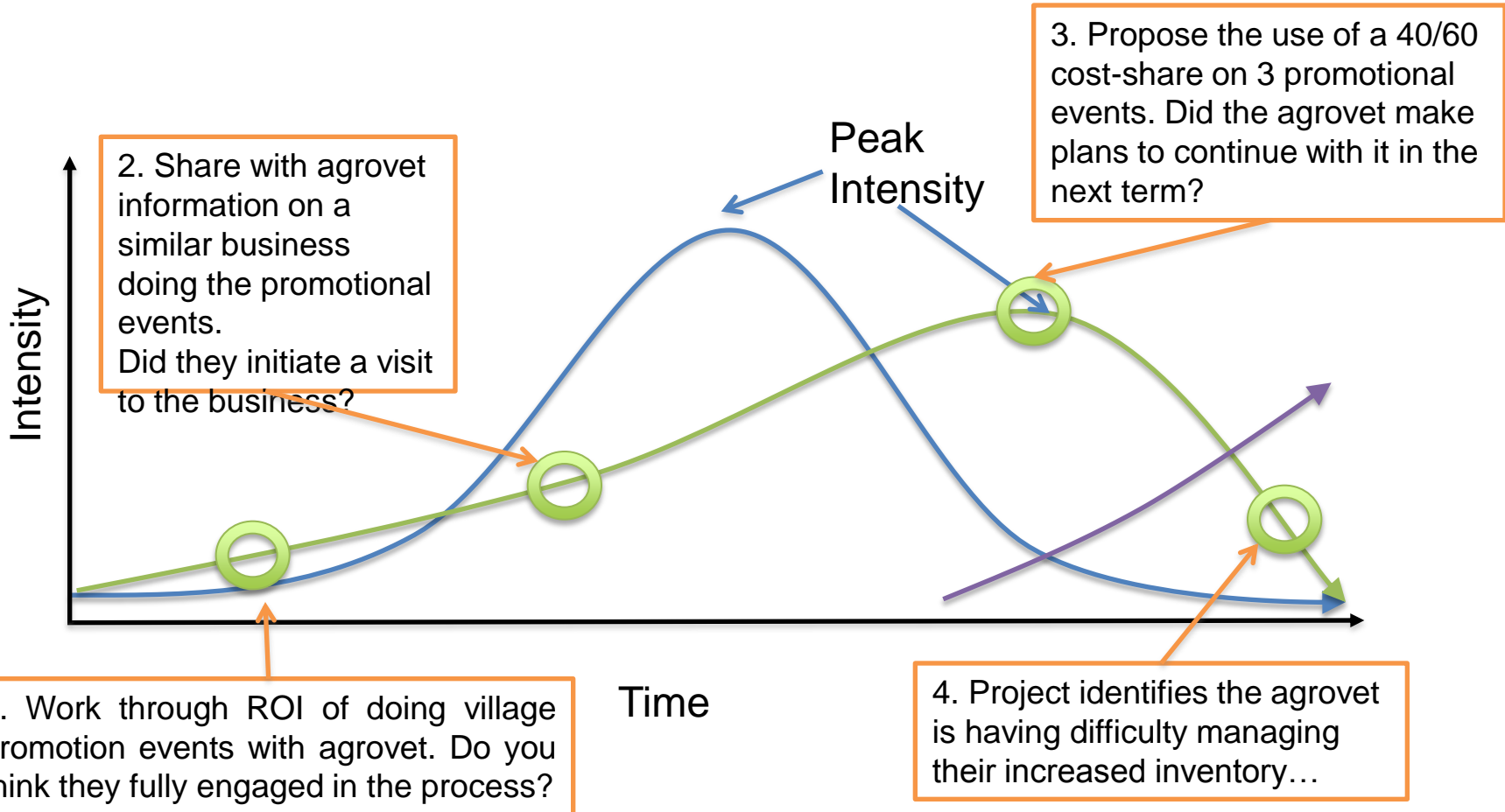


Exit Strategy

- **“Rolling” exit strategies:**

1. Continuously testing partners’ commitment to the change by putting conditions on accessing project support (“buy-in” must be demonstrated)
2. Generally, the uptake of a specific behavior change reveals other constraints that need to be addressed for that change to be sustained; thus the project exits the initial change process and focuses on a different one

Example: Rolling Exit Strategy

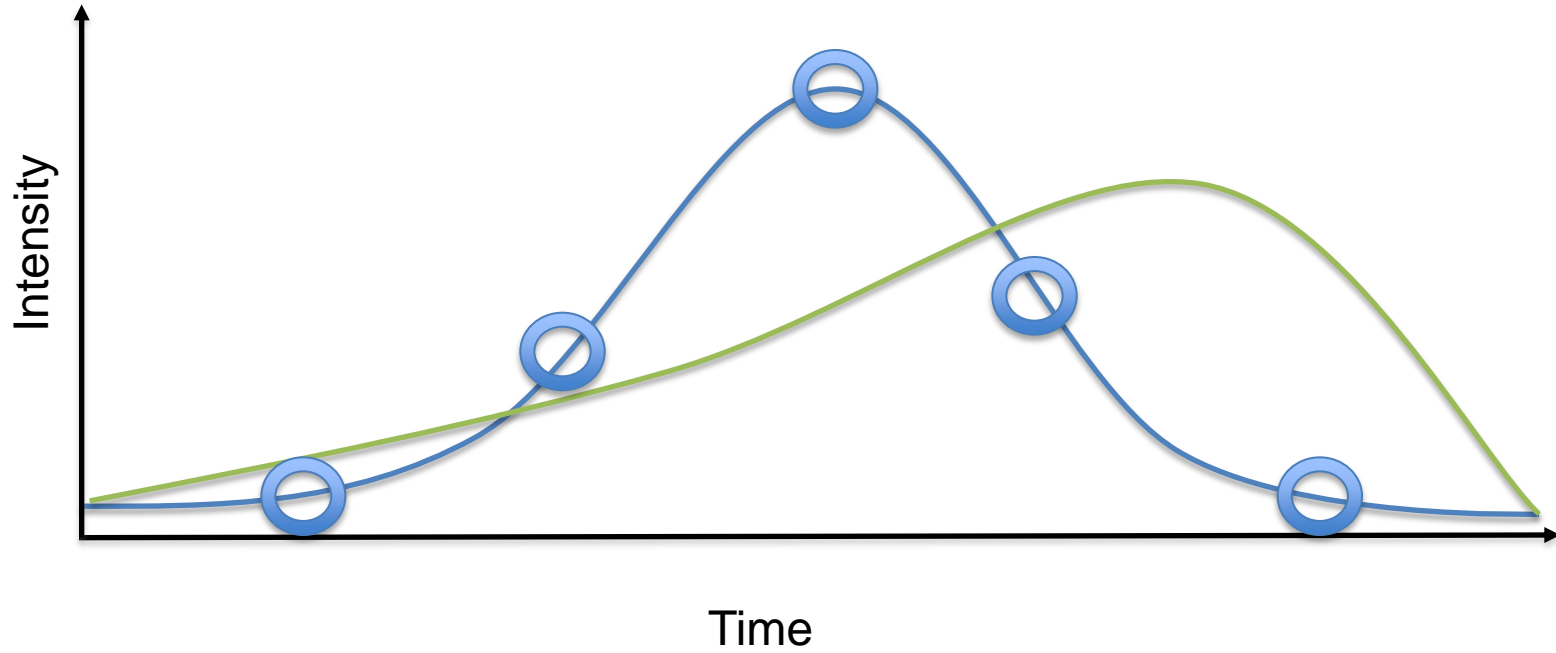


Exit Strategy Activity

Phase of Systems Change	Current Market System Condition	Next Action of Project
You are seeing <u>early adaptation</u> among input firms you have partnered with after you initially introduced the innovation of customer service strategies	The use of customer service strategies starts to generate competitive pressure that pushes other input firms and actors interacting with input firms to change how they're doing business	Project focuses resources in on market actors that have strongly committed to using customer service strategies and have influence or energy to change the system.

1. How would you test the commitment of these market actors?
2. What happens when they don't pass "the test"?

Debrief



Debrief

- **Test partners' commitment throughout – let them “self-select” in**
- **Don't be afraid to step-away from or end a relationship with a partner – find another early adopter or try another leverage point!**
- **“Rolling” exit allows us to be flexible in our strategies - systems change is the priority**

Wrap-up

What will you do differently next week?

How will you share what was discussed here with your team?

How will you stay in touch with the network in this room?

Wrap-up

Everyone get into concentric circles, when the music begins the inner circle will move clockwise while the outer circle moves counter-clockwise.

When the music stops share with a partner!