



Final Inception Report

# Evaluation of the market systems development approach: lessons for expanded use and adaptive management at Sida

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## Acknowledgements

This evaluation is being undertaken by an independent team from Itad. It has been commissioned by the Unit for Thematic Support and Evaluation at Sida's Department for International Organisations and Policy Support.

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## Disclaimer

This report has been authored by Tim Ruffer (Evaluation Team Leader), Helen Bailey, Stefan Dahlgren, Patrick Spaven and Mark Winters.

The views expressed in this report are those of the evaluators. They do not represent the views of Sida or of any of the individuals and organisations referred to in the report.

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## List of acronyms

ADB	Asian Development Bank
AusAID	Australian Agency for International Development
B4D	Business for Development
BDS	Business development service
BEAM	Building Effective and Accessible Markets
CAVAC	Cambodia Agricultural Value Chain
CGAP	Consultative Group to Assist the Poor
DAC	Development Assistance Committee
DCED	Donor Committee for Enterprise Development
DDD	Doing Development Differently
DFAT	Department of Foreign Affairs and Trade (Australia)
DFID	Department for International Development (UK)
EBA	Expert Group for Aid Studies
ECDPM	European Centre for Development Policy Management
EQ	Evaluation question
FISK	Förordning om intern styrning och kontroll (Statute on internal management and control)
FIT-SEMA	Small Enterprise Media in Africa
FSD	Financial Sector Deepening
HQ	Head Quarters
ILO	International Labour Organisation
IMF	International Monetary Fund
INEC	Department for Infrastructure and Economic Cooperation (Sida)
LASER	Legal Assistance for Economic Reform
LEO	Leveraging Economic Opportunities
M&E	Monitoring and evaluation
M4P	Making markets work for the poor
MD	Market Development
MEL	Monitoring, evaluation and learning
MFA	Ministry for Foreign Affairs
MFI	Microfinance institutions
MSD	Market systems development
NGO	Non-governmental organisation
NPM	New Public Management

OECD	Organisation for Economic Co-operation and Development
PAD	Project appraisal document
PbR	Payment by results
PSD	Private sector development
QA	Quality assurance
QAU	Quality Assurance Unit (DFID)
RAG rating	Rating assessment based on red, amber and green colours
RBM	Results-based management
SAVI	State Accountability and Voice Initiative
SDC	Swiss Agency for Development and Cooperation
SECO	State Secretariat for Economic Affairs
SEEP	Small Enterprise Education Promotion Network
SG	Steering group
Sida	Swedish International Development Cooperation Agency
SIPU	Swedish Institute for Public Administration
SME	Small and medium-sized enterprises
SRO	Senior Responsible Owner (DFID)
TOR	Terms of reference
UK	United Kingdom
UN	United Nations
US	United States
USAID	United States Agency for International Development
WEESMS	Women's Economic Empowerment through Strengthening Market Systems

## Executive summary

### Introduction and methodology

Itad has been appointed by Sida to undertake an evaluation of its management of the market systems development (MSD) approach. The evaluation began in January 2018 and will be completed in August 2018. It has a dual purpose:

1. To contribute to improved MSD programming by Sida through better management practices across the project cycle.
2. To generate recommendations on how Sida can create conducive conditions for systems approaches and adaptive programming more generally.

The evaluation will also generate valuable insights for those outside of Sida.

The evaluation focuses on Sida's management of MSD projects (or organisational capacity). It is intended to be formative and participatory, with a strong emphasis on learning from the evaluation process itself – particularly by Sida staff.

The assessment is grounded in a conceptual framework which views organisational capacity as being the product of three interlinked factors: (i) policies, guidelines and systems; (ii) staff capacities; and (iii) organisational culture.

The evaluation has been split into two phases:

- **Inception phase** (January to March 2018), which has included (i) development of an evaluation stakeholder mapping and use strategy; (ii) a review of the MSD approach and best practice; and (iii) a review of Sida's practices of relevance to the MSD approach and its MSD portfolio.
- **Implementation phase** (March to June 2018), which will look at Sida's management of specific MSD projects through case

studies using a combination of desk reviews and country visits.

Finally, using the evaluation questions as an overall framework, we will synthesise our findings to draw out key lessons and insights for Sida. The results from the synthesis will be shared at a 'validation and recommendations workshop' in June 2018. This will provide an opportunity to share emerging findings with Sida staff and co-create recommendations that are realistic and achievable.

This report provides suggestions for additional activities to be undertaken through the evaluation process to maximise engagement, communication and learning amongst evaluation stakeholders.

### The MSD approach and funder management practice

It is helpful to view MSD as shift away from approaches centred on direct delivery, an actor-centric approach, and ex-ante design and control. In contrast, MSD is characterised by an approach that is (i) facilitative; (ii) market systems-centric; and (iii) adaptive.

These three characteristics have operational implications for donor agencies at each stage of the project cycle:

**Design and approval:** Unlike traditional projects characterised by ex-ante design and control, MSD projects require in-depth diagnostics before intervention strategies are designed and these will evolve and adapt throughout the project cycle. Funders must therefore determine how much detail should be provided at the design and approval stage and what should be left for later on in the project cycle. Other

fundes of MSD projects use staged approval processes so that the information requirements are appropriate for the level of detail possible at each stage.

**Procurement and partner selection:** The MSD approach requires implementing partners who are ‘good facilitators’. Demand for these skills is outstripping supply. When selecting partners, traditional procurement processes focus a lot on assessing experience, rather than skills and mind-sets. In response to this, other donors ask bidders for MSD projects to present their proposal to a selection committee. This way they can gain a better understanding of their skills base. They have also advocated to include capacity building in project budgets, to support skills development within the implementing team.

**Agreements and contracts:** There is a need for fundes of MSD projects to balance legal accountability with flexibility in their contracts. Procurement staff are often hesitant to contract organisations based on unspecified project activity plans. Fundes of MSD projects have used a range of strategies to address this and build in incentives and accountability mechanisms, including results-based statements of work, ‘stop-go’ decision points, and payment by results (PbR).

**Implementation and management:** MSD project strategies will adapt throughout the project cycle and donors may need more resources and capacity to engage with these developments than for traditional development projects. Donors also need to encourage learning and adaptation throughout implementation. Other fundes of MSD projects have used external advisors to provide backstopping support and to plug gaps in knowledge, capacity and internal resources.

**Results-based management:** Fundes need to identify at which point in the commissioning process sufficient analysis has been completed to warrant setting detailed targets. They also need to consider carefully what the facilitative nature of MSD projects implies for what the implementer should be held account for. Unrealistic or inappropriate targets can

pressurise an implementer to apply short-termist strategies at the expense of impact that is sustainable in the longer term. Donors have used a variety of strategies to overcome this, including advocating for indicators to be established up to 18 months after the project starts, and encouraging flexible indicators.

**Evaluation:** Evaluations of MSD projects need to serve both ‘proving’ and ‘improving’ functions. To achieve this, evaluations must tailor evaluation design to the MSD approach. Longitudinal collaboration between the evaluator and the evaluand, through the commissioning of independent MEL contracts, is one strategy used by donors to address this.

### Sida’s MSD portfolio and relevant practices

Before 2010, a small handful of flagship MSD projects were funded by Sida. Following 2010, there was a surge of MSD programming, which intensified after 2013.

This surge took place at a time when the tightening of controls on Sida’s contribution management led to institutional impediments to flexible, adaptive development management and risk aversion across the organisation. The emergence of MSD bucked this trend.

This appears to have been due to a combination of factors:

1. **Growing formal recognition of MSD** as an approach that Sida should follow in its development programming, particularly in relation to private sector development: as reflected for example in various early Sida publications on MSD and private sector development around 2003-04 and again around 2010-11 . This occurred in the context of a wider international emergence of MSD programming.
2. **A bottom-up drive:** while formal recognition played a part, the early emergence of MSD projects was driven by a small number of individuals within Sida. MSD training for Sida staff appears to have played a part in generating buy-in and enthusiasm for the approach.



3. **New guidelines for results strategies** that were introduced in mid-2013, which led to a more cross-sector view of development programming in Sida, and in some cases provided a stronger foundation for MSD interventions. The guidelines also stated that Sweden should look for a wider range of cooperation partners, including the local private sector.

### Sida's management of the MSD approach – preliminary findings

**Design and appraisal:** MSD project design typically leaves detailed specification of activities until after the project has started. For some in Sida, this uncertainty has been perceived as risky, which has often led to resistance and delays in the design and appraisal stages. While Sida's contribution management system (Trac) has some embedded rigidity, the inhibiting effects of this rigidity are largely manifested in staff's interpretation of the system rather than the system itself.

A combination of cultural factors within Sida and the Public Procurement Act have discouraged the use of private contractors to deliver MSD projects. This may act as systemic barrier to Sida being able to source MSD implementer from a wide pool of service providers.

**Follow-up (managing implementation):**

Managing an MSD project can demand more

donor capacity and resources than traditional development projects. Engagement by Sida programme officers in the follow-up phase is typically fairly light. MSD programme officers who have sought a more intensive engagement have often struggled to make this happen.

**Results-based management:** Effective MSD programming requires that results measurement is used to inform ongoing learning and adaptation. Sida's policies and guidance materials provide the right basis for Sida staff to work with MSD implementers to develop fit-for-purpose RBM frameworks. If constraints exist, they appear to be more related to staff capacities and confidence; and, in some cases, to demand from some staff involved in project appraisal for more conventional results reporting.

**Guidelines and capacity:** A considerable body of MSD guidance literature has been developed by Sida in the past 15 years. However, awareness of this literature is mixed. There is now a demand for more specific and tailored guidance and information on how to manage the common challenges in MSD programming within Sida.

There is no unit coordinating Sida's MSD work and technical expertise. Support on MSD within Sida's headquarters is dispersed and resource-constrained.

# 1. Introduction

Itad has been appointed by Sida to undertake an evaluation of its management of the market systems development (MSD) approach. The evaluation began in January 2018 and will be completed in August 2018.

## Purpose and focus of the evaluation

Sida expects to apply the MSD approach in a growing range of areas and is interested in embracing further the principles of ‘Doing Development Differently’ (DDD)<sup>1</sup> – in its MSD projects and beyond. Sida’s rules and procedures are currently under review and its experience of managing MSD projects provides helpful insights to inform this review.

This evaluation has a dual purpose:

1. To contribute to improved MSD programming by Sida through better management practices across the project cycle.
2. To generate recommendations on how Sida can create conducive conditions for systems approaches and adaptive programming more generally.

The evaluation will also generate valuable insights for those outside of Sida, including:

- Sida’s MSD implementing partners.
- Other funders of MSD projects and the wider MSD community worldwide.
- Other funders of adaptive management projects.

The evaluation focuses on Sida’s management (or organisational capacity) of MSD projects. It is intended to be formative and participatory, with a strong emphasis on learning from the evaluation process itself – particularly by Sida staff. In considering Sida’s management of MSD projects, the evaluation is assessing how both policy and practice has evolved, and how they vary across the organisation. In doing this, the evaluation includes a consideration of the inter-relationship between Sida’s management and the processes of its implementing partners.

## Structure of this report

This inception report presents the findings from the inception phase of the evaluation, which took place from January to March 2018. The inception phase was split into three modules:

1. The development of an **evaluation stakeholder mapping and evaluation use strategy**: to ensure a utility focus in the evaluation (presented in Section 3).
2. A review of the **MSD approach and funder management practice**, considering what distinguishes the MSD approach from more traditional development approaches, what this implies for funders’

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<sup>1</sup> <http://doingdevelopmentdifferently.com/>

management of MSD projects, and how other funders of MSD projects have addressed these implications (presented in Section 5).

3. A review of **Sida's practices of relevance to the MSD approach and how Sida's portfolio of MSD projects has evolved over time** (presented in Section 6).

The report also presents:

- The **approach and methodology** applied in the evaluation (Section 2).
- The **design of the implementation phase** (Section 4).
- Preliminary findings relating to **Sida's management of the MSD approach** (Section 7).

There are three annexes to the report:

- **References** (Annex 1).
- A list of **people met** during the inception phase (Annex 2).
- **Document requirements for the case studies** to be undertaken during the implementation phase (Annex 3).

## 2. Approach and methodology

This section presents our approach and methodology for the evaluation. It has three subsections:

- Section 2.1 describes our overarching evaluation design.
- Section 2.2 presents the evaluation matrix.
- Section 2.3 sets out limitations to the evaluation.

### 2.1. Evaluation design

The overarching evaluation design consists of three elements: (i) the evaluation is **utilisation focussed** to foster a strong sense of engagement and ownership of the process and outputs among Sida staff; (ii) the evaluation is grounded in a solid conceptual framework for understanding **organisational capacity**; and (iii) we are applying a **process evaluation** approach to identify critical processes in the MSD project cycle, assess whether these processes were implemented as planned, and consider how this influenced the effectiveness of MSD programming at Sida.

#### 2.1.1 Utilisation focus

**The terms of reference place strong emphasis on designing an evaluation process that ensures learning among participants in the evaluation.** This requires ongoing engagement and consultation with the stakeholders involved: they are more likely to act on the insights from the evaluation if they understand and feel ownership of the evaluation process and findings. The evaluation has therefore been designed in a way that fosters a strong sense of involvement in the process and outputs among Sida staff. It ensures timely and actionable findings and learning, and supports the use of evidence to inform decision making. Our approach to achieving this is set out in a stakeholder mapping and use strategy (presented in Section 3).

#### 2.1.2 Organisational capacity framework

To provide a robust evaluation of the management of the MSD approach at Sida, the assessment is grounded in a conceptual framework for understanding organisational capacity. Drawing on a number of existing approaches<sup>2</sup>, we view organisational capacity as a product of three interlinked factors: (i) **policies, guidelines and systems**; (ii) **staff capacities**; and (iii) **organisational culture**.

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<sup>2</sup> Blagescu and Lloyd (2006), Global Accountability Report, One World Trust, London; Lloyd et al (2007), Global Accountability Report, One World Trust, London; Lloyd et al (2008), Global Accountability Report, One World Trust, London; Engel et al (2007), A balanced approach to monitoring and evaluating capacity and performance: A proposal for a framework, ECDPM Discussion Paper No. 58E, ECDPM, Maastricht.

**Policies, guidelines and systems** are the ‘hardware’ of an organisation. They provide the institutional framework in which practice takes place. They codify what is expected of staff and provide consistency in what and how activities are undertaken. To foster good practice, it is important that policies and guidelines are of a good quality, coherent in how they fit together, and comprehensive in what they cover. However, policies, guidelines and systems alone will not change behaviour. Alongside these, an organisation also needs the necessary ‘software’.

First, staff need to have the **skills and knowledge** to follow policies and guidelines, and put systems into practice. Equally, staff need to understand and buy into them. Without supportive attitudes, required practices may often be treated as a tick box exercise, divorced from their original intent and implemented half-heartedly (if at all).

Second, there needs to be an enabling **organisational culture** that supports the implementation of policies, guidelines and systems. While culture can be a difficult concept to pin down, three very tangible factors which shape it are leadership, incentives and sanctions. The leadership of an organisation can drive certain practices through clearly and regularly communicating their importance within the organisation. Similarly, incentives and sanctions help shape an organisation’s culture by rewarding desired behaviour (e.g. through financial benefits, career progression or simply giving praise) and penalising inappropriate practices.

This framework provides a key reference point in our approach, providing the core concept for understanding organisational capacity at each stage in the project cycle. It will also provide a lens through which to explore the management of the MSD approach and to formulate recommendations for improvement.

### 2.1.3 Process evaluation

**Alongside this approach to assessing organisational capacity, the evaluation applies a process evaluation approach.** Process evaluation is used to identify and assess the **critical processes** in the implementation of an organisation’s or project’s strategy, and assesses **whether these processes were implemented as planned** and the extent to which this **influenced effectiveness**. Through combining stakeholder interviews, document review and stakeholder validation of the results, process evaluations can help generate a robust narrative on how a process was implemented, where it worked well and why, what were the time lags, bottlenecks and inefficiencies and how it could have been improved. It is an ideal approach for systematically testing how policies, systems, capacities and incentives are being translated into practice in Sida and the extent to which they are supporting effective MSD programming.

Figure 2: Organisational capacity framework



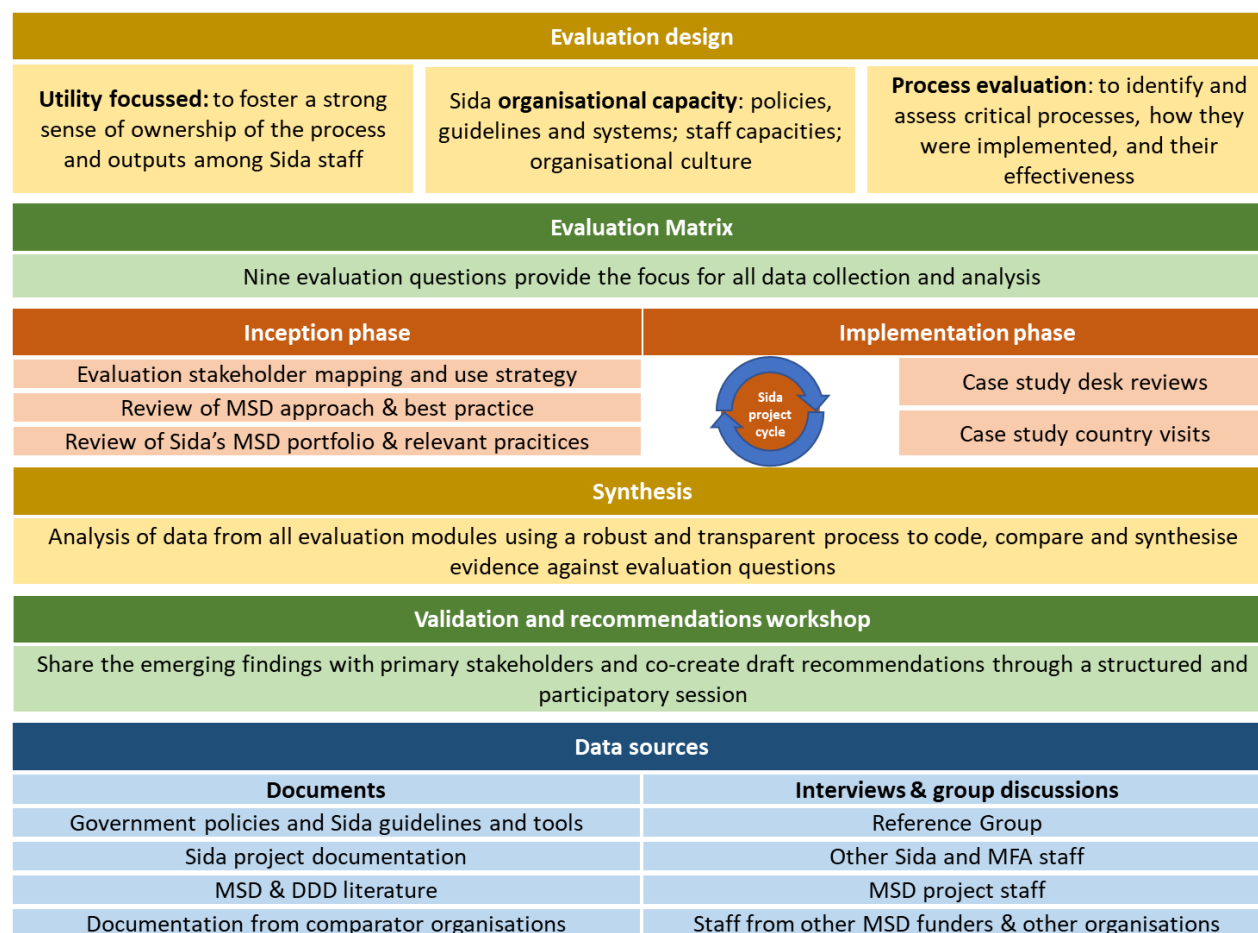
### 2.1.4 Summary of evaluation design

Based on our understanding of Sida's requirements from the evaluation and guided by our three guiding design elements (utility focussed, using the organisational capacity framework, and following a process evaluation), the evaluation methodology is structured as follows (this is summarised in Figure 2):

1. Our evaluation design is structured around nine evaluation questions (EQs) which together provide the focus for all data collection and analysis. These questions have been mapped to data sources, data collection methods and approaches to data analysis. This information has been brought together in an **Evaluation Matrix** (see Section 2.2 below).
2. The evaluation has been split into two phases:
  - **Inception phase** (January to March 2018), which has included (i) development of an evaluation stakeholder mapping and use strategy; (ii) a review of the MSD approach and best practice; and (iii) a review of Sida's policies and practices and its MSD portfolio. The **evaluation stakeholder mapping and use strategy** is an important starting point for the evaluation to ensure a utility focus. The **review of the MSD approach and best practice** has drawn on a review of literature and interviews with other MSD funders and other relevant organisations, such as the BEAM Exchange and the DCED. The **review of Sida's policies and practices and its MSD portfolio** has drawn on documentary evidence from Sida, and interviews and a timeline workshop held with Sida staff. The Inception Phase has assessed EQs1-5 in the evaluation matrix and has informed the development of our approach to the implementation phase in terms of methods, engagement strategies and assessment criteria.
  - **Implementation phase** (March to August 2018), which will look at Sida's management of specific MSD projects through **case studies** using a combination of desk reviews and country visits. The **desk reviews** will draw on existing documentation and a limited number of key informant interviews. **Country visits** will provide an in-depth investigation of the approach to management, challenges faced and lessons learned across a sample of three countries / projects. They will build on the desk reviews and include detailed interviews with a wide range of stakeholders involved in the management of the projects, and will enable the team to delve deeper into certain evaluation questions. Further detail of the implementation phase design is provided in Section 4.

The evaluation is organised according to two distinct phases. However, there is cross-over between two phases: during the implementation phase, we will revisit our responses to EQs1-5 based on ongoing analysis and interactions with Sida staff; and whilst this is the focus of the implementation phase, we have presented preliminary findings in this inception report regarding Sida's management of MSD projects (Section 7).
3. Finally, using the evaluation questions as an overall framework, we will **code, compare and synthesise** data from case studies to draw out key lessons and insights for Sida. The results from the synthesis will be shared at a '**validation and recommendations workshop**' in June 2018, which will provide an opportunity to share emerging findings with Sida staff and co-create recommendations that are realistic and achievable. In Section 3, we have provided suggestions for additional activities to be undertaken through the evaluation process to maximise engagement, communication and learning among evaluation stakeholders.

Figure 2: Evaluation design



## 2.2. Evaluation matrix

**Nine evaluation questions provide the overarching framework for the evaluation.** Together they provide the focus for all data collection, analysis and synthesis. Each question has been mapped to data sources, data collection methods and approaches to data analysis and brought together in an Evaluation Matrix. This is the key tool for how we will collate and order the evidence collected through the evaluation. The Evaluation Matrix is presented in Table 1 below.

Table 1: Evaluation matrix

	Evaluation question	Evaluation module	Methods	Data sources
Inception Phase	EQ1: What distinguishes the MSD approach from more traditional development projects or programmes that Sida supports?	<ul style="list-style-type: none"> <li>Review of MSD approach and best practice</li> </ul>	Identification of the key characteristics of the MSD approach compared to more traditional development interventions.	<ul style="list-style-type: none"> <li>MSD and DDD literature</li> <li>Interviews with MSD funders and other relevant organisations</li> </ul>
	EQ2: What does the specificities of the MSD approach imply for funders' management of such projects?	<ul style="list-style-type: none"> <li>Review of MSD approach and best practice</li> </ul>	Look at each stage of the project cycle and implications for policies, guidelines and systems; staff capacities; and organisational culture.	<ul style="list-style-type: none"> <li>MSD and DDD literature</li> <li>Interviews with MSD funders and other relevant organisations</li> </ul>
	EQ3: How have other main funders of MSD projects addressed these implications?	<ul style="list-style-type: none"> <li>Review of MSD approach and best practice</li> </ul>	To provide a robust comparison between organisations, we will use a common assessment framework. This will provide the lens through which each organisation can be viewed and offer the structure in which data can be collated, analysed and compared.	<ul style="list-style-type: none"> <li>Documentation from comparator organisations</li> <li>Interviews with staff from other MSD funders and other organisations</li> </ul>
	EQ4: How has Sida's portfolio of MSD projects evolved over time?	<ul style="list-style-type: none"> <li>Review of Sida's MSD portfolio and relevant practices</li> </ul>	Timeline workshop, triangulated with a review of relevant documentation from Sida and interviews.	<ul style="list-style-type: none"> <li>Sida project documentation</li> <li>Interviews and group discussions with Reference Group, Steering Group, and other Sida staff</li> </ul>
	EQ5: What major changes in Sida's practices of relevance to the MSD approach have occurred at Sida, during the life time of the portfolio?	<ul style="list-style-type: none"> <li>Review of Sida's MSD portfolio and relevant practices</li> </ul>	<ul style="list-style-type: none"> <li>Desk reviews</li> <li>Project visits</li> <li>Synthesis</li> <li>Validation and recommendations workshop</li> </ul>	<ul style="list-style-type: none"> <li>Government policies and Sida guidelines and tools</li> <li>Interviews and group discussions with Reference Group, Steering Group, and other Sida staff</li> </ul>



	Evaluation question	Evaluation module	Methods	Data sources
Implementation Phase	EQ6: How well has Sida handled the requirements that the MSD approach poses on a funder, in its management of MSD projects? What have been the main supporting and hindering factors for programming and implementing of such projects?	<ul style="list-style-type: none"> <li>• Case study desk reviews</li> <li>• 3 case study country visits</li> </ul>	<ul style="list-style-type: none"> <li>• Desk reviews</li> <li>• Country visits</li> <li>• Synthesis</li> <li>• Validation and recommendations workshop</li> </ul>	<ul style="list-style-type: none"> <li>• Government policies and Sida guidelines and tools</li> <li>• Interviews and group discussions with Reference Group and Steering Group</li> <li>• Interviews with Sida funded project staff</li> </ul>
	EQ7: What role has Sida aimed to take at the various programming phases, and what role did Sida actually take?	<ul style="list-style-type: none"> <li>• Case study desk reviews</li> <li>• 3 case study country visits</li> </ul>	<ul style="list-style-type: none"> <li>• Desk reviews</li> <li>• Country visits</li> <li>• Synthesis</li> <li>• Validation and recommendations workshop</li> </ul>	<ul style="list-style-type: none"> <li>• Government policies and Sida guidelines and tools</li> <li>• Interviews and group discussions with Reference Group and Steering Group</li> <li>• Interviews with Sida funded project staff</li> </ul>
	EQ8: What lessons can be drawn from Sida's experience with MSD projects regarding its methods of management of such projects?	<ul style="list-style-type: none"> <li>• Evaluation synthesis</li> </ul>	<ul style="list-style-type: none"> <li>• Synthesis</li> <li>• Validation and recommendations workshop</li> </ul>	<ul style="list-style-type: none"> <li>• Government policies and Sida guidelines and tools</li> <li>• Interviews and group discussions with Reference Group and Steering Group</li> <li>• Interviews with Sida funded project staff</li> </ul>
	EQ9: What implications can be drawn for Sida more broadly with regards to creating conditions that allow for programming that reflect complex contexts and adaptive management of other types of interventions that Sida supports?	<ul style="list-style-type: none"> <li>• Evaluation synthesis</li> </ul>	<ul style="list-style-type: none"> <li>• Synthesis</li> <li>• Validation and recommendations workshop</li> </ul>	<ul style="list-style-type: none"> <li>• Government policies and Sida guidelines and tools</li> <li>• Interviews and group discussions with Reference Group and Steering Group</li> <li>• Interviews with Sida funded project staff</li> </ul>

## 2.3. Limitations

There are several limitations to our approach and methodology:

- The evaluation requires a historical perspective to the assessment of Sida's management of MSD projects since 1999. In some cases, there are limitations to institutional memory within Sida, particularly given significant turnover of staff both in headquarters and embassies. In addition, not all the changes in practice that we have identified have been documented, meaning that in some cases, we are likely to rely on individuals' recollection of events that took place many years ago. We will seek to mitigate this by triangulating evidence from a variety of sources, including multiple interviews (including with staff from Sida, MSD implementing organisations, and other MSD funders) and relevant documentation.
- The categorisation of MSD projects has been based on a list provided to us by the Steering Group (see Section 6.2). The extent to which the projects follow MSD principles is likely to be variable. As described in Section 5, the MSD approach is defined by several characteristics and identifying which projects embrace all the characteristics is not a straight forward process and cannot be done based solely on documentary evidence. However, one of the criteria for selecting the sample of projects for case studies is to focus on projects that we and the Steering Group believe most closely follow the MSD approach; and for this sample of projects, the extent to which they do follow the approach (and the factors that enabled or hindered this) will be examined as part of the case studies.
- Using a case study approach means that we are not able to consider the full breadth of MSD programming across Sida. We will mitigate this to through wider consultations with Sida staff (as described in Section 3) to ensure to the extent possible that the findings can be generalised across Sida's MSD portfolio as a whole.

## 3. Stakeholder mapping and use strategy

### 3.1. Introduction

The development of the evaluation stakeholder mapping and use strategy has been based on discussions with the Steering Group about the intended purpose of the evaluation and about potential evaluation users, and on meetings with other evaluation stakeholders during the first few weeks of the evaluation's inception phase.

We have identified and mapped both primary and secondary intended users of the evaluation. The mapping has sought to identify:

- **Evaluation users** at multiple levels, including individuals, communities, departments and organisations.
- Their **interest** in the evaluation and potential **engagement** with its use.
- **Tactics** for engagement and communication; and the **vehicles** through which this engagement will be undertaken.
- **Timing**: the moments in the evaluation when they need to be engaged to build their ownership of the process.

It is intended that the strategy will be updated iteratively as the evaluation proceeds to ensure that any additional information gained from the evaluation process is used to adapt and sharpen our engagement and communication approach.

### 3.2. Evaluation users

In this section, we set out the primary and secondary users of the evaluation.

#### Primary users

Given that the main evaluation purpose is to improve programming within Sida, the primary evaluation users are Sida staff who play a role in MSD programming. Primary users are listed in Table 2:

Table 2: Primary stakeholders

Primary stakeholder	Notes
MSD project officers (both at Sida HQ and embassies)	Both stakeholder groups are represented in the Network for Employment and Market Development and on the Evaluation Reference Group.  Network for Employment and Market Development has 79 members.
Thematic advisers for PSD / MSD and heads of thematic support units	
Doing Development Differently community within Sida	Represented in the Evaluation Reference Group. However only partially.
Unit for Learning and Organisational Development	Represented on the evaluation Steering Group by the Head of Unit for Learning and Organisational Development.
Heads of Development Cooperation at embassies	Three to be consulted during country visits.
Heads of Operational Support Units, including: <ul style="list-style-type: none"> <li>Controlling and Investigations</li> <li>Legal Services</li> <li>Procurement and Internal Services</li> </ul>	All units have representatives on the Evaluation Reference Group delegated by Unit Heads.
Head of Contribution Management Process	On Evaluation Reference Group.
RBM Adviser	On Evaluation Reference Group.
Lead Economist	On Evaluation Reference Group.
Director General	Endorsed the evaluation.
Evaluation Department	Represented on the evaluation Steering Group by a Senior Monitoring and Evaluation Specialist.

## Secondary users

Secondary users are listed in Table 3:

Table 3: Secondary stakeholders

Secondary stakeholder	Notes
Ministry of Foreign Affairs	Sets strategy and policy for Sida.
Those outside of Sida involved in Sida's MSD programming, including: <ul style="list-style-type: none"> <li>MSD implementing partners</li> <li>Co-funders of MSD projects that Sida funds</li> </ul>	Some will be consulted during the evaluation case studies.
Those not directly involved in Sida's MSD programming, but who are likely to be interested in the findings of the evaluation, and who will have insights that will inform it, including: <ul style="list-style-type: none"> <li>Other funders of MSD projects.</li> <li>Facilitators of knowledge sharing in MSD.</li> </ul>	<p>The following will be consulted during the inception phase as comparator organisations: SDC, Australia DFAT, USAID, DFID, ILO Lab.</p> <p>The BEAM Exchange and DCED Secretariat, and the SEEP Network.</p>

### 3.3. Vehicles for engagement and communication

This section sets out planned vehicles for evaluation user engagement and communication.

#### Inception phase

- **Interviews:** a number of interviews have been conducted during the inception phase as detailed in Annex 2. These have provided an opportunity to introduce stakeholders to the evaluation and to draw evidence and insights to inform its findings.
- **Workshop:** a workshop was held in early February with 12 Sida staff to develop a timeline of Sida's MSD portfolio and major changes in Sida's practices of relevance to the MSD approach. Participants also discussed and fed back on Sida's approach to MSD programming, including what worked well and why, supporting and hindering factors, and what could be improved on.
- **RBM-related events** arranged by Sida and by the Expert Group for Aid Studies (EBA) during February 2018, in which members of the team participated, have contributed information and ideas for the evaluation.
- **Presentation of the inception report:** the draft inception report will be presented in Stockholm in early March. It will be presented to a cross-section of Sida staff at a breakfast seminar (including the evaluation Reference Group and the Network for Employment and Market Development). In addition to the presentation, we will use the opportunity to hold additional discussions and interviews with Sida staff.

## Implementation phase

- **Case studies** (desk reviews and country visits) will be used to engage both primary and secondary evaluation users and discuss emerging case study findings with Sida and MFA staff in country. Further detail of our planned approach to the case studies is provided in Section 4. In early June, following the completion of the case studies, we plan to conduct a learning event which brings together all case study participants to discuss the emerging evaluation findings and implications.
- **Learning sessions for the Network for Employment and Market Development:** in early June, we plan to hold learning sessions for Network members to discuss and validate the emerging findings from the evaluation and implications for how Sida manages its MSD projects.
- **Further learning sessions** to be held with Sida support functions (including Controllers, legal services staff, and procurement staff) and staff involved in other areas of adaptive management within Sida (for example, the DDD community, the Network for Democracy and Human Rights, etc).
- The **validation and recommendations workshop** (scheduled for mid-June 2018) will be a key event in the evaluation. The evaluation team will present preliminary findings and provide an opportunity for Sida staff to discuss and validate these findings. Through the learning events mentioned above, we hope that many of the participants will have already had an opportunity to discuss emerging evaluation findings, meaning that there should be significant buy-in ahead of the workshop. We will also design a co-creation process for formulating the evaluation recommendations to ensure that they are realistic and achievable. Further details of our plans for the workshop are provided in Section 4.6.
- A draft version of the **final report** will be presented and discussed with members of the Steering Group and Reference Group in August. We are exploring the possibility of combining this with Sida's 'Learning Week' which, if possible, will provide an opportunity to discuss the evaluation findings with a wider cross section of staff.
- **Dissemination of the evaluation report:** we will repackage elements of the final evaluation report and communicate them through a range of communication channels such as presentations, policy briefs, and/or blogs. We will explore additional means of dissemination with the Steering Group, including the use of networks such as the DCED and BEAM Exchange, as well as relevant events and conferences within and outside Sida.
- **The Annual Sida Management Meeting:** scheduled for August, this could provide an opportunity to present a preliminary version of the final evaluation report. Both embassy and Sida HQ managers will be present, including both those interested in MSD and wider adaptive contribution management. Whilst the evaluation team will not be attending this meeting, it is possible that Steering Group members will be able to present.
- **Online collaboration:** a dedicated page for the evaluation has been established on the Sida intranet. We are hoping that the evaluation team will be provided with access to this page, which would provide an platform for the evaluation team to provide updates, upload documents, etc.

## 4. Implementation phase design

The implementation phase will focus on developing responses to EQs6-9:

- EQ6:** How well has Sida handled the requirements that the MSD approach poses on a funder, in its management of MSD projects? What have been the main supporting and hindering factors for programming and implementing of such projects?
- EQ7:** What role has Sida aimed to take at the various programming phases, and what role did Sida actually take?
- EQ8:** What lessons can be drawn from Sida's experience with MSD projects regarding its methods of management of such projects?
- EQ9:** What implications can be drawn for Sida more broadly with regards to creating conditions that allow for programming that reflect complex contexts and adaptive management of other types of interventions that Sida supports?

In addition, during this phase we will synthesise the overall findings from the evaluation and produce recommendations that are relevant and practical for Sida.

The key data source for the implementation phase (and the focus of much of the team's activity) will be project case studies.

### 4.1. A case study-based approach

We will apply a case study-based approach to assess how Sida manages the MSD approach (EQs6-7). The unit of analysis for the case studies will be individual MSD projects funded by Sida. We will use the case studies to draw lessons for Sida – both relating to MSD programming and more broadly in creating conditions for the effective management of projects in complex contexts.

The case studies will look at Sida's management, the implementing partner's role and mutual responsibilities at each stage of a generic project cycle, including design and approval; partner selection; agreements and contracts; implementation and management; results-based management (RBM); and evaluation (see Figure 3)<sup>3</sup>.

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<sup>3</sup> Not all steps in the cycle are sequential (as might be interpreted from the diagram). For example, '(1) Design and approval' and '(2) Partner selection' often occur iteratively and in tandem; and '(5) Results-based management' is an integral part of '(4) Implementation and management'.

Figure 3: A generic project cycle

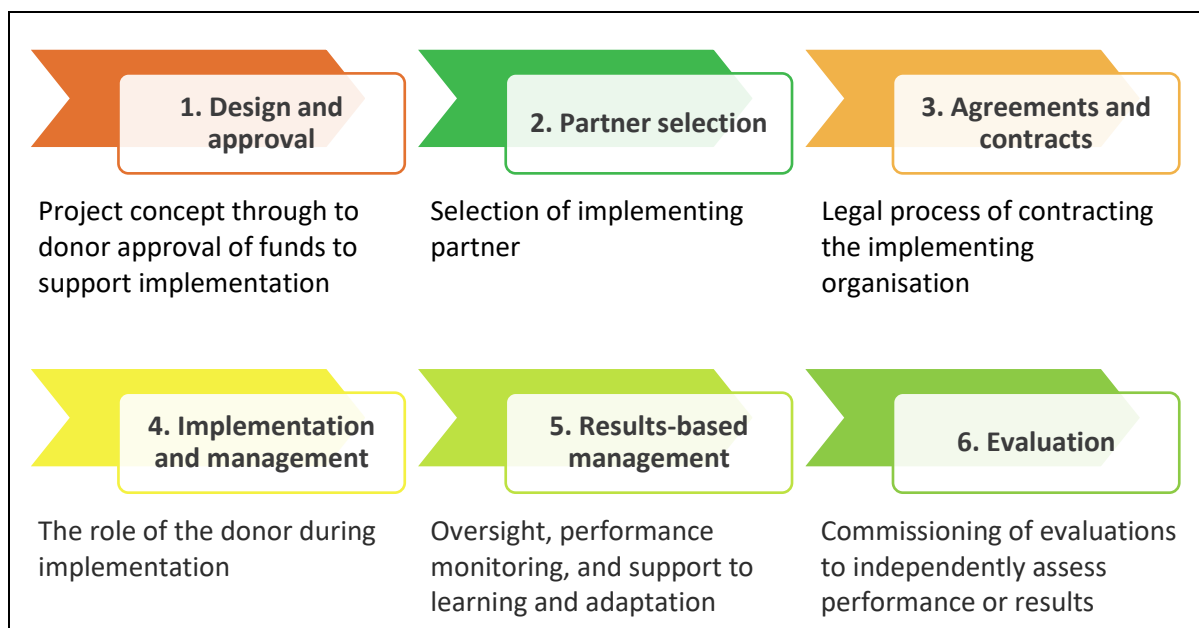


Table 4 below provides a description of each step in the project cycle, the documents that we will review and, based on our findings from Section 5, a summary of the requirements of the MSD approach at each stage which will form the basis of a judgement of how well Sida has handled the requirements of the MSD approach. In doing this, we will apply an organisational capacity lens, looking at: policies, guidelines and systems; staff capacities; and organisational culture.

The TOR for this evaluation make clear that its focus is on Sida's management. The evaluation questions do not require an evaluation of the results or effectiveness of Sida's MSD portfolio. However, we believe that it will be useful to make some assessment of the effectiveness of Sida's MSD projects and what role Sida's management played in contributing to effectiveness at different stages of the project cycle<sup>4</sup>.

<sup>4</sup> It is outside the scope of the evaluation for the team to undertake any primary analysis of project effectiveness. Instead we will draw on existing evaluations, reviews, and results reporting, as well as interviews with individuals involved in their management or implementation.



Table 4: Assessment criteria for case studies

Stage of the project cycle	Description of steps	Documents to review	Requirements of the MSD approach at each stage	Our judgement on how well the requirements have been met
Design, approval and partner selection	<ul style="list-style-type: none"> <li>Appraisal and approval, including specification of activities, areas of intervention, and expected results.</li> <li>Partner selection</li> </ul>	<ul style="list-style-type: none"> <li>Appraisal plan</li> <li>Project document / proposal</li> <li>Sida's assessment memo</li> <li>Sida's decision (based on the memo)</li> </ul>	<ul style="list-style-type: none"> <li>Emphasis on flexibility, experimentation and adaptation in project design.</li> <li>In-depth diagnosis required to inform intervention design, although this often occurs after contracting (e.g. during an inception phase) and on an ongoing basis thereafter.</li> <li>Partner selection should include consideration of organisation's capability as a 'facilitator' and ability to innovate.</li> </ul>	<i>To be completed during case studies, including narrative and RAG rating</i>
Agreements and contracts	<ul style="list-style-type: none"> <li>Agreement on contribution.</li> </ul>	<ul style="list-style-type: none"> <li>Contribution agreement</li> </ul>	<ul style="list-style-type: none"> <li>Emphasis on flexibility, experimentation and adaptation.</li> <li>Legal agreements should incentivise projects to be responsive and flexible to the market. They should be clear on what is subject to change and what is not, including in relation to activities, results, and budgets.</li> <li>Budgetary allocation is often heavier on staff time (to enable analysis and facilitation).</li> </ul>	
Implementation and management	<ul style="list-style-type: none"> <li>Relationship between funder and implementing partner in overseeing project delivery.</li> </ul>	<ul style="list-style-type: none"> <li>Regular reports</li> <li>Minutes from annual consultation meetings</li> <li>Other reports from partners</li> <li>Case studies</li> </ul>	<ul style="list-style-type: none"> <li>Funder oversight of implementation is often more resource intensive than for 'traditional' projects.</li> <li>Clarity required on degree of flexibility available to implementer.</li> <li>Funders should support and encourage a learning culture.</li> </ul>	

Stage of the project cycle	Description of steps	Documents to review	Requirements of the MSD approach at each stage	Our judgement on how well the requirements have been met
RBM	<ul style="list-style-type: none"> <li>• Use of results measurement to inform project learning and continuous improvement.</li> <li>• Use of results measurement to hold implementing partner to account.</li> </ul>	<ul style="list-style-type: none"> <li>• Results reporting frameworks</li> <li>• Results reports</li> </ul>	<ul style="list-style-type: none"> <li>• Results frameworks should avoid arbitrary quantitative indicators which may undermine sustainability and systemic impact.</li> <li>• Detailed target setting can only be established once sufficient analysis has been completed.</li> <li>• Indicators should be subject to change in response to adaptation to project strategy.</li> <li>• As well as being a tool for accountability, RBM should be used to inform ongoing learning and adaptation (e.g. by applying the DCED Standard).</li> </ul>	
Evaluation	<ul style="list-style-type: none"> <li>• Independent assessment of project delivery to inform 'proving' and 'improving'.</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluations</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluations should take account of the project's unpredictable, adaptive and non-linear nature; and the long-term trajectory to impact inherent in the MSD approach.</li> </ul>	

## 4.2. Sampling

The case studies will be undertaken using a **combination of desk reviews and country visits**. The terms of reference for the evaluation lists 11 MSD projects that are expected to be included in the evaluation. Since the beginning of the evaluation, Sida has expanded the list of MSD projects that it has funded. The latest list provided by Sida to the evaluation team (dated 31 January 2018) includes a total of 36 projects (see Section 6).

For the desk reviews, we will look at a sample of 11 MSD projects. During the three country visits, we will cover projects in each country covered in the desk review, but will additionally consider the management of other Sida MSD projects in that country in a more light-touch manner.

We have applied the following criteria in selecting projects for the case studies.

### Desk reviews:

1. **Purposive sampling:** Focus on projects which best fit with the three characteristics of the MSD approach set out in Section 5: facilitation, market systems-centric, and adaptive. This will maximise the potential to learn how this was achieved and what the stress points were. As discussed elsewhere in this report, classifying whether a project follows the MSD approach is not straight-forward and many projects are likely to sit somewhere in the middle ground between 'traditional' and MSD projects. While important, this was not a strict consideration for filtering, but a guide to identify those we believed should or should not be included in the sample.
2. **Institutional arrangements:** to enable us to assess the extent to which Sida's management of the MSD approach is influenced by the type of implementing partner, we have included within the sample at least one project from each of the following types of implementing partner:
  - Multilateral agencies (e.g. UN etc).
  - Independent trusts (e.g. FSDs).
  - International NGOs.
  - Private contractor.
3. **Funding arrangements:** to assess how Sida's management of the MSD approach is influenced by co-funding arrangements, we have included within the sample at least three projects for which Sida is the sole funder and at least three projects which have multiple funders.
4. **Phase of implementation:** ensure the coverage of projects covers a range of phases of the contribution management cycle, including design and appraisal, follow-up (implementation), and completion.

Based on these criteria, we have identified the following projects for the desk reviews:

Table 5: Desk review project sample

	Country	Project
1	Afghanistan	Road2Jobs ILO
2	Afghanistan	SPEDA
3	Bangladesh	WEESMS
4	Sri Lanka	ILO Entergrowth
5	Guatemala	Helvetas PRODERT
6	Liberia	GROW
7	Rwanda	ILO Decent Work
8	Tanzania	AMDT
9	Zambia	Musika
10	Zambia	FSD
11	Ethiopia	LI-WAY (SNV)

### Country visits:

We applied the following criteria for the selection of countries:

1. **Multiple MSD projects:** to maximise the coverage of the country visits and to provide for cross-case comparative analysis, we have selected countries which have implemented multiple MSD projects.
2. **Building on desk reviews:** the evaluation methodology envisages that the first step in the country visit case study process will be to review the findings from the desk review and assess where there is a need for additional data. This will inform the basis of the data collection plan for the visits. Given this, the countries selected include at least one project considered in the desk review. However, we believe it will be helpful to include other projects funded by Sida in that country that have not been covered in the desk review. Where this is the case, it must be recognised that the consideration of these projects will be more superficial than for projects considered in the desk reviews.
3. **Buy-in:** clearly, the success of the country visits is dependent on buy-in from relevant embassy staff and the availability of implementing partners.

Based on these criteria, we have selected the following countries:

- Ethiopia.
- Guatemala.
- Zambia.

### 4.3. Desk reviews

The desk reviews will be a key source of data for the evaluation. While not as detailed as the country visits they will provide breadth to the team's understanding of Sida's approach to managing MSD projects and allow the evaluation to draw conclusions based on a wider sample of Sida's MSD portfolio.

The desk reviews will draw on existing documentation and monitoring data, and a limited number of key informant interviews. Interviews will be conducted with relevant programme officers and, where possible, with the implementing agencies for each project. All interviews will be structured around a pre-developed interview guide.

The final step in the desk review process will be to synthesise all the data and produce a short desk review report for each project. The reports will be structured around each stage in the project cycle. These will serve as internal deliverables within the team, provide a basis for the final synthesis, and be included as an annex in the final evaluation report.

### 4.4. Country visits

Country visits will provide an in-depth investigation of the approach to managing MSD projects, the challenges faced, and lessons learned. Building on the desk reviews, they will involve detailed interviews with a wide range of stakeholders involved in the management of MSD projects and enable the team to delve deeper into the evaluation questions.

The first step in the process will be to review the findings from the desk review and assess where there is a need for additional data. This will inform the basis of the data collection plan for the country visits. Step two will be to undertake a stakeholder mapping, to understand the key players and organisations associated with the management of the project, and their roles.

Step three will be the country visits. These will consist of a four to five day trip by one member of the evaluation team. The country visits will start with a workshop with Sida / embassy staff and MSD implementing partners to develop a project timeline. This will involve a mapping of key stages in the project cycle, who was involved, when key decisions were made, etc. In addition, we will discuss the state of the evidence collected through the desk review, and priority issues and questions for in-country data collection. This will help to set expectations and also provide a forum to address any concerns about the evaluation.

Following this, we will conduct face-to-face interviews and group discussions with a range of stakeholders involved in the management of the project – including staff from the local embassy, implementing agency representatives, and project stakeholders. Like the desk reviews, all interviews and focus groups will be structured around interview guides and templates. Each country visit will finish with a feedback and validation meeting with embassy staff to share the preliminary findings from the visit and discuss their implications. To maximise the learning potential from this meeting, we will encourage a wide range of embassy staff to attend this meeting, including those working in fields other than MSD.

### 4.5. Synthesis of findings

The synthesis of data and evidence from across the different modules of the evaluation will take place to inform the final evaluation report. The evaluation questions will provide the overall structuring for the synthesis. They will provide the common framework for coding and comparing across the case studies. Importantly, our synthesis approach will be transparent. It will allow Sida and others to clearly see how synthesised findings are supported by the evidence from the case studies and other data sources.

## 4.6. Lessons and recommendations

In June 2018, once we have emerging findings from across the case studies and after we have conducted some initial cross case analysis, we will run a validation and recommendations workshop. The purpose of the workshop will be:

- **To share the emerging findings** and to discuss the extent to which, based on their experiences, the participants agree or disagree with the evaluation conclusions, and any evidence they have to substantiate this. As well as checking for inaccuracies, the workshop will be used to fill in any data gaps and to go deeper into specific issues raised. This will be a plenary discussion.
- **Discuss and co-create draft recommendations** through a structured and participatory session. This process will ensure the recommendations are relevant and achievable. Individual stakeholders may disagree on the prioritisation and implementation of recommendations. This workshop will provide an opportunity to openly discuss the positions of multiple stakeholders so the recommendations are directed to relevant users, prioritised, and a common understanding is established on the timeline for implementing the changes. These steps will increase the utility of the evaluation. We propose that this part of the workshop is conducted through group work with reporting back to plenary.
- **Review and update the evaluation stakeholder mapping and use strategy**, including a discussion of how we package and communicate the findings and recommendations in a way that supports uptake of the evaluation across all users. We propose that this part of the workshop is conducted through group work with reporting back to plenary.

We propose that the following groups of Sida staff are represented at the workshop (recognising that these groups are not mutually exclusive):

- Steering Group.
- Reference Group.
- Network for Employment and Market Development.
- Sida staff engaged in the case studies.

## 5. The MSD approach and funder management practice

### Key conclusions:

It is helpful to view MSD as shift away from approaches based on ‘direct delivery’, an actor-centric approach, and ex-ante design and control. By contrast, MSD is characterised by an approach that is facilitative, market systems-centric, and adaptive. However, it is not straight forward to categorise projects as either ‘traditional’ or MSD because they often apply elements of both approaches.

These three characteristics have operational implications for donor agencies at each stage of the project cycle. In the initial stages of the cycle, donors must balance the desire for detail in the design, procurement and contracting stages with the need to maintain flexibility and uncertainty so that projects are able to adapt during implementation.

Funders must then support learning and adaptation during implementation while also holding the project implementer to account. Additional time and resources may be required for donors to engage with ongoing adaptations to project strategies as they occur.

### 5.1. Introduction

This section presents our findings in response to EQs1-3:

**EQ1: What distinguishes the MSD approach from more traditional development projects that Sida supports?**

**EQ2: What does the specificities of the MSD approach imply for funders’ management of such projects?**

**EQ3: How have other main funders of MSD projects addressed these implications?**

Data to inform this module of the evaluation has been collected through:

- **Documentary evidence from comparator organisations** – including policies, processes and structures which guide management practice from DFID, USAID, SDC, SECO and DFAT Australia.
- **MSD literature** – for example, from the BEAM Exchange, USAID’s Leveraging Economic Opportunities, and the DCED Secretariat.
- **Wider relevant literature** – for example, relating to Doing Development Differently, adaptive programming and results-based management in aid programming.
- **Telephone interviews with key informants** – including other MSD funders (e.g. DFID, USAID, SDC, SECO and DFAT Australia), and staff from other relevant organisations, including the BEAM Exchange and DCED. See Annex 2 for a full list of interviewees.

In Section 5.2 we outline the key tenets of the MSD approach compared with traditional development projects (EQ1). In Section 5.3 we discuss the implications of the MSD approach for funders' management of such projects with respect to key stages of the project cycle (EQ2), and present evidence and examples of how other funders have addressed these implications (EQ3).

## 5.2. What distinguishes the MSD approach from more traditional development projects that Sida supports?

In distinguishing their differences, it is helpful to consider the process of learning that has accompanied the shift from 'traditional development' to the MSD approach. The continuing existence of traditional approaches suggests that learning has not been universally accepted or adopted, but it has influenced the trajectory of MSD nevertheless. While learning about effective MSD has been applied in a number of fields, it is best documented with regards to donor support to Small and Medium Enterprises (SMEs) and to the microfinance sector, so we use these as examples.

To make the distinction between 'traditional' and 'MSD' projects, we use conceptual pedigrees. In the real world, many projects are not easily categorised into one of these two groups. In practice, there are many projects that adopt elements of both approaches, either in their design or in the way they are implemented.

It is also important to highlight that many of these characteristics are not unique to MSD projects. For example, the 'Doing Development Differently' (DDD) movement has emerged and gained prominence in the development agenda in recent years. The principles behind this movement share many commonalities with MSD, including adaptive management and the importance of developing bespoke solutions to development problems based on an understanding of local contexts. These principles are being applied across a wide range of development interventions beyond market development (by Sida and others).

### 5.2.1. Characterising 'traditional development'

While the language used can vary, the literature is consistent in associating traditional development with three key features: (i) direct delivery; (ii) an 'actor-centric' approach; and (iii) ex-ante design and control.

#### Direct delivery

**The essence of direct delivery is that it identifies a problem and addresses it directly with development resources** – finance, expertise, materials, etc. For example, if farmers lack skills in modern farming techniques, a direct delivery approach provides them with training. If small businesses cannot access affordable credit, it provides subsidised finance. If entrepreneurs struggle to get their businesses off the ground, it provides early stage incubation. Essentially, if the market is not delivering well, it is replaced – either directly or by project implementers (e.g. NGOs or multi-lateral agencies) or by paying others (e.g. the private sector) to perform the task.

#### 'Actor-centric' approach

**Traditional development programming has tended towards an 'actor-centric' approach:** meaning a primary concern with results delivered by direct recipients of project support (e.g. firms, farms), with no clear proposition for how to change the environment in which actors operate.

Some projects are not entirely 'actor-centric' in that they express an ambition for impact beyond the project's direct sphere of interaction. For example, many enterprise and innovation challenge funds have the stated aim of seeing innovations they have subsidised being replicated by other market



actors via a ‘demonstration effect’ – offering the potential for systemic impact. In practice however, most have relatively few resources to support such replication and their results frameworks focus mostly, if not entirely, on results through grant recipients.<sup>5</sup>

### Ex-ante design and control

**The third feature of traditional programming is its emphasis on ex-ante design and control.** The essence of the idea, criticised by William Easterly, is that problems are knowable in advance and amenable to ready-made solutions:

*“Planners determine what to supply...Planners apply global blueprints... A planner thinks he already knows the answers; he thinks of poverty as a technical engineering problem that his answers will solve....A planner believes outsiders know enough to impose solutions”.*<sup>6</sup>

Such project designs contain objectives and detailed means of achieving them – in particular, detailed project activities and outputs. The approach assumes project control and predictability and gives little recognition to the need for trial and error, learning and adaptation.<sup>7</sup>

### Traditional development in practice

**In the field of SME development, the direct delivery of services to individual firms was the prevailing donor approach in the 1980s and 1990s; and it remains a feature of many projects to this day.** The approach saw donors intervening by funding governments, NGOs or other project implementers, to provide training and other services to SMEs. Such projects were ‘actor-centric’ in that they and their results frameworks were primarily concerned with the performance of directly supported SMEs – the sales, investment and jobs created by and within recipients of project support.

At a similar time, mainstream donor interest in financial markets was ignited by the emergence of microcredit and microfinance, pioneered by the Grameen Bank in Bangladesh. Again, the prevailing donor approach during the 1980s and 1990s centred on building-up particular market actors – microfinance institutions (MFIs). The *modus operandi* was direct delivery through the transfer of large subsidies to MFIs. It was also actor-centric – the primary concern of project results measurement was the growth of MFIs and the number and value of loans being issued by them.

In general, projects achieved disappointing outreach, sustainability and impact. In SME development:

*“In the old approach, donors and governments have tended to substitute for underdeveloped BDS [business development service] markets, possibly crowding out existing or potential commercial providers of services. Traditional approaches have failed to achieve high outreach (access to services by a large proportion of the target population of SEs [small enterprises]), since the numbers of SEs served is limited by the amount of subsidies available. In addition, institutional sustainability has been low, since programs often cease when public funds are*

<sup>5</sup> See for example: Winters M. and Soni R., (2014), ‘Strategic review of the Food Retail Industry Challenge Fund’ and Oakeley R., Stewart T. and Taylor B. (2014), ‘Report on the strategic review of the Business Innovation Facility operating model for delivering market systems change’.

<sup>6</sup> Easterly, W. (2006), Planners versus Searchers in Foreign Aid, Asian Development Review, Volume 23, Number 2.

<sup>7</sup> For discussion on traditional development see for example: Aronson (1996) and Ramalingam et al. (2014).

*exhausted; this effect has often been masked in industrialized countries by the much greater level of funding available....*<sup>8</sup>

A recent systematic review of projects to support SMEs in low and middle-income countries found that, while the performance of businesses that received donor support improved, the magnitude of impact was small.<sup>9</sup> In the microfinance sector too, traditional programming led to disappointing outreach and impact, and an overheating of under regulated markets (most notably in Andhra Pradesh<sup>10</sup>).

This recognition precipitated a shift towards more systemic approaches to development programming. As the Committee of Donor Agencies for Small Enterprise Development (now the Donor Committee for Enterprise Development) reported at the time:

*“The BDS market development paradigm is driven by the belief that the objectives of outreach and sustainability can only be achieved in well-developed markets for BDS, and not by direct provision by donors and governments....donor and government support should be shifted away from direct support to particular BDS providers toward facilitation functions that develop the market in a sustainable way.”*<sup>11</sup>

The shift in microfinance and financial inclusion more generally towards market systems approaches is articulated by the World Bank’s microfinance handbook:

*“From a narrow supply-led view to a broader focus on the financial eco-system. In addition to a renewed focus on consumers (demand), proponents of the ‘systems’ approach acknowledge the variety of providers and services, including the substantial role of the informal sector. They also acknowledge the need for effective rules that govern the system and supporting functions such as credit bureaus or payment systems. The result has been a much more holistic view of the sector”*<sup>12</sup>.

### 5.2.2. Towards the MSD approach

Market systems development emerged as a response to disappointing results of traditional development programming. The approach can be broken down into three components<sup>13</sup>:

- **A rationale and objective:** To deliver large-scale, sustainable development impact to poor and disadvantaged people (why we do what we do).

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<sup>8</sup> Committee of Donor Agencies for Small Enterprise Development (2001), ‘Business Development Services for Small Enterprises – Guiding Principles for Donor Intervention’.

<sup>9</sup> Piza, C, Cravo, T, Taylor, L, Gonzalez, L, Musse, I, Furtado, I, Sierra, AC and Abdelnour, S, (2016), Business support for small and medium enterprises in low- and middle-income countries: a systematic review, 3ie Systematic Review 25. London: International Initiative for Impact Evaluation (3ie).

<sup>10</sup> See for example: <http://www.economist.com/blogs/freeexchange/2010/12/microfinance>

<sup>11</sup> Committee of Donor Agencies for Small Enterprise Development (2001), ‘Business Development Services for Small Enterprises – Guiding Principles for Donor Intervention’, p5.

<sup>12</sup> World Bank (2013), ‘The New Microfinance Handbook: A Financial Markets Systems Perspective’, Edited by J Ledgerwood, February 2013, p15.

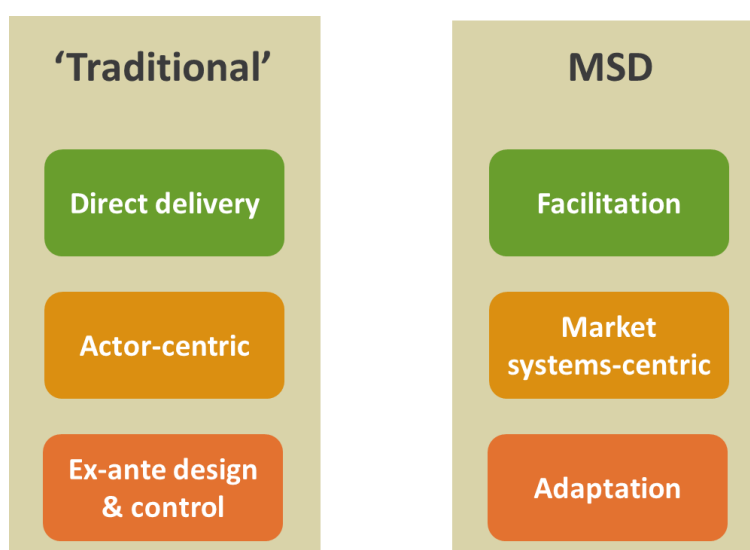
<sup>13</sup> The Springfield Centre (2018), Alan Gibson: Of Mice and Men, February.

- **A framework for analysis:** Understanding the institutional underlying causes of negative outcomes (what we want to change).
- **Guidance for action:** A method of intervening in systems so as to achieve these objectives sustainably (how we bring about change).

As such, the approach does not suggest pre-determined tools or types of intervention – rather, it provides an approach and framework through which to determine the most appropriate ways to intervene in market systems to achieve desired objectives. In doing this, emphasis is placed on addressing the root causes, as opposed to symptoms, of why market systems are not serving target groups.

In further defining the approach, it is helpful to see MSD as a shift away from the three features of ‘traditional development’ programming outlined above, towards an approach that is facilitative, market systems-centric, and adaptive.

Figure 4: Traditional v MSD projects



### Facilitation

**For the MSD approach, facilitation is a means of achieving sustainability in project results.**

Facilitation is about stimulating other actors – rather than becoming a player in the market system.

MSD approaches see donor agencies and their implementers not as providers of finance or services (it sees this as the role of permanent market actors) but as ‘facilitators’. Facilitators are external players, standing outside of the market system, whose role is to stimulate and support changes in the way the market works. The role of agencies is to be external catalysts for change – working with players (private sector, governments, associations etc.) in the system to bring about change.

Facilitators affect change by stimulating market players to adopt new or improved innovations or roles. Partners are selected carefully, informed by an understanding of who has an incentive and ability to innovate/change. Subsidy is used to support one-off, transformational activities that lead partners (and often subsequently replicators) to invest in a new role or way of working.

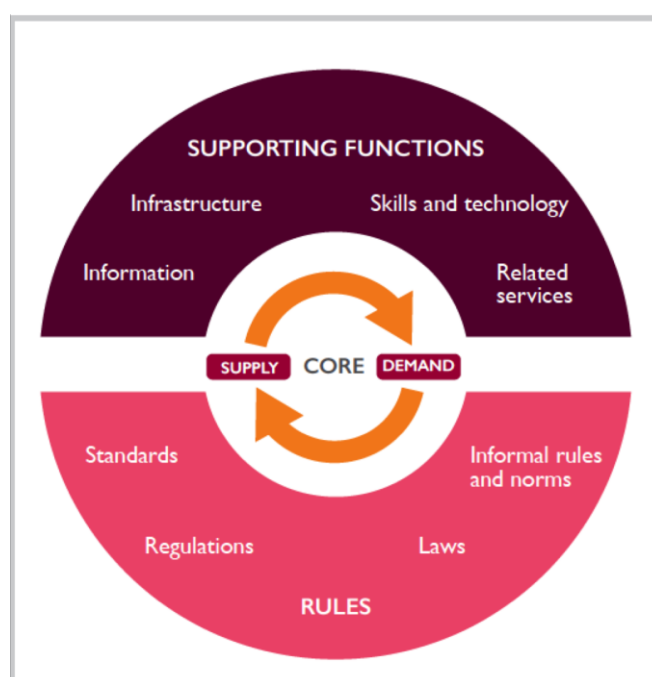
Subsidy is used flexibly (the facilitator’s ‘offer’ is situation specific and can include risk sharing grant or guarantee, advice, the injection of ideas, convening of actors, conducting research etc.) and

carefully (offers are often negotiated and time is spent ‘right-sizing’ the offer; too much support erodes a partner’s ownership while too little may fail to change behaviours).

### ‘Market systems-centric’ approach

**The MSD approach aims to change market systems in ways that benefit poor people.** It provides a useful framework for thinking through market systems in terms of core transactions (supply and demand), the formal (regulations, standards etc.) and informal (attitudes, values) rules and supporting functions (information, services) influencing these (see Figure 5). These different functions have to be undertaken by different actors from the public and private sectors and from civil society.

Figure 5: The ‘M4P doughnut’<sup>14</sup>



Crucial to the approach is identifying and understanding how a market system is failing poor people and what is causing the status quo. This is done through analysis and through the experience of working in a market (see ‘adaptation’ below). Only when underlying systemic constraints are understood can credible interventions, designed to change the underlying functions or rules of a market, be pursued.

Where MSD projects subsidise individual market actors (individual firms for example), they do so as a means to ‘systemic’ ends. This distinguishes MSD from the ‘actor-centric’ feature of traditional development. For example, it is common for MSD projects to subsidise the testing of a change in practice with one or more pioneering firms, and then proactively promote broad uptake of that change throughout the market system.

<sup>14</sup> Source: The Springfield Centre (2014), The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition funded by SDC and DFID.

## Adaptation

**In recognition of the dynamic and unpredictable nature of market systems, the MSD approach emphasises flexibility, experimentation and adaptation based on learning.**

As such, MSD projects often use a portfolio approach where multiple interventions are implemented (often across several different markets) under a single project. Given the unpredictable nature of markets and imperfect knowledge, it is necessary for projects to test hypotheses and learn from these experiences. Successful interventions are scaled-up while unsuccessful ones are adjusted or closed down. The approach emphasises a project culture of managed risk taking.

Due to the experimental nature of the MSD approach, monitoring systems are designed to provide real-time information to facilitate adaptive management and help contribute to improved project performance. The approach emphasises alertness to new information and opportunities, and to unintended consequences of project activity. Many MSD projects have adopted the DCED Standard for results measurement, which provide projects working on complex market systems with a common approach.<sup>15</sup>

The three principles outlined above have operational implications for donor agencies. These implications and the responses to them are explored in Section 5.3 below.

### 5.3. What do the specificities of the MSD approach imply for funders' management of such projects and how have other funders of MSD projects addressed these implications?

This section is structured according to the key phases of a generic project cycle, as shown above in Figure 3. For each phase of the project cycle, we first discuss the implications of the MSD approach for funders' management of such projects (EQ2) and present the evidence of how other funders have addressed these implications using examples from literature and information gathered through key informant interviews with representatives from SDC, USAID, SECO, DFAT and DFID (EQ3).

#### 5.3.1. Design and approval

##### Specificities of the MSD approach

**Funders must determine how much detail of project design can and should be decided before implementation.** Unlike 'ex-ante design and control' projects, the MSD approach emphasises flexibility, experimentation and adaptation based on experience and learning. Therefore, the design phase cannot entirely specify implementation phase strategy, and activities typical of a design phase, such as research, analysis and relationship building should continue throughout implementation. Therefore, the initial design and approval stage is arguably less important than learning and adaptation throughout the project.

*"Experience indicates that the willingness of the funder and implementer to take joint responsibility for programme strategy and decision-making, and the capability of implementing agencies (i.e. their ethos, experience, staff capacity,*

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<sup>15</sup> For a description of the DCED Standard see: <http://www.enterprise-development.org>

*management and learning environment) is more important than the specifics of design.”<sup>16</sup>*

MSD projects require in depth diagnostics to determine weaknesses in the market system and which barriers should be addressed. This needs to be carried out before intervention strategies are designed and updated throughout project implementation. Donors must decide when these diagnostics need to be carried out and by whom.

**Donors must therefore answer these questions:<sup>17</sup>**

**1. What information is needed, and how much analysis is required to generate this information?**

Consideration should be given to the information requirements stated in the policies and systems governing the approval process. The greater the level of detail required, the greater the depth of analysis required before the project begins.

**2. How much detail actually can, and should, be decided before implementers start work?**

There is a risk that design decisions made at this stage will restrict the flexibility of the project during implementation. For many donors it may be sufficient to set out key parameters of the design, including the poverty reduction objectives, opportunities to benefit the target group, and the feasibility of inducing system-level change. These parameters will guide the overall design and determine how (and if) there is a plausible case to intervene.

Whether or not the project concept is developed internally or the donor is approached by an external organisation for funding a ready-made proposal, the donor must consider whether or not they have the internal capacity to engage with the project design phase. Donors must assess the information and assumptions upon which the project is designed and only accept design decisions that are well evidenced. Unless comprehensive analysis has been completed, donors should not attempt to present (or accept) a detailed project design at this stage as this creates a false sense of certainty.

*“For funders, unless comprehensive analysis has been conducted, detailed programme design can give you an illusory sense of precision and certainty. You should be realistic from the start about how much analysis you can do. Don’t aim for detail in the first place if sufficient analysis isn’t possible.”<sup>18</sup>*

In some circumstance, donors’ policies and approval systems will require more information than is possible before in-depth diagnostics are carried out. Where this is the case, donors will need to reassess their design and approval process.

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<sup>16</sup> The Springfield Centre (2014), The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition funded by SDC and DFID.

<sup>17</sup> The Springfield Centre (2014), The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition funded by SDC and DFID.

<sup>18</sup> The Springfield Centre (2014), The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition funded by SDC and DFID.

## Examples of donor response

Many funders limit their role in the MSD project design phase to a few well evidenced decisions, such as its poverty reduction objective, scope (geographic area, types of market systems) and indicative budget. They seek to retain flexibility for implementers to develop the design of the project, usually in the proposal and inception phases.<sup>19</sup>

**SDC's design phase is separated into two approval stages that balance the information requirements for each stage with internal capacity and resource considerations.** The first stage culminates in the submission of an Entry Proposal. At this stage, it is sufficient to describe the project concept and how it is expected to work in principle. The Entry Proposal requests management approval, and internal time and resources to elaborate the project design further. The Entry Proposal can be accompanied with a request for 'opening credit'. This provides funds for external consultants to fill capacity and knowledge gaps within the organisation, facilitate workshops or other activities necessary to develop the project design during the second phase.

During the second phase, the project design is elaborated further and a description of preliminary intervention strategies is outlined in a Credit Proposal for the project's implementation. While the Credit Proposal includes detailed analysis of the markets / sectors, constraints and preliminary intervention strategies, SDC guidance suggests the Credit Proposal must remain sufficiently open to allow the project to adapt according to the sector dynamics.<sup>20</sup> However, while SDC policies and systems provide room for MSD project concepts to be approved, there are sometimes expectations and cultural barriers for the SDC staff member to overcome (see 'Spotlight: Organisational culture during the approval process' box below).

**DFAT also uses external expertise to support the design process.** The design teams for larger projects usually comprise of external consultants and at least one internal DFAT representative. The DFAT representative normally initiates the design process by identifying the overall poverty reduction objective and scope, but at this stage may not have identified the MSD approach as an implementation strategy. The decision to adopt the MSD approach may be taken during the design phase, guided by the expertise of external consultants on the design team. In-depth research and analytical work is usually carried out in the implementation phase, although there are examples within DFAT of diagnostics being carried out during the design phase.

**USAID also splits the design phase into two steps; however, all the analysis is carried out internally.** During the first phase, Missions are required to outline the overall purpose of the project and detail how they plan to develop the idea into a fully-fledged project design. If approved, the Mission will then carry out research and analysis, and develop a theory of change and associated implementation plan. This is submitted as the Project Appraisal Document (PAD) which seeks funding for the project's implementation. Significant importance is therefore attached to a thorough internal design phase before contracting an external implementing organisation to carry out the work.

**DFID's framework for project design.** DFID's project design process centres around the production of a Business Case which sets out the rationale, design options, management, result measurement

<sup>19</sup> The Springfield Centre (2014), The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition funded by SDC and DFID.

<sup>20</sup> SDC (2017), Managing MSD projects: Internal guidance paper for SDC head office and cooperation office staff; SDC (2014), Managing MSD/M4P projects: Internal guidance paper for SDC head office and cooperation office staff.



arrangements and finances of a new project. DFID leaves those designing projects open to determining what approaches to propose, constrained only by the relatively permissive framework of corporate requirements codified in DFID's 'Smart Rules'. The Smart Rules state: *"The intensity of design and level of detail in a business case is a matter of judgement and at the discretion of the design team, depending on the nature of the programme and context."*<sup>21</sup>

The introduction of the Smart Rules in 2014 heralded a push – led by DFID's London-based 'Better Delivery Department' – to increase and improve adaptive approaches to the design and management of DFID programming. As an example, since 2014 there has been a corporate drive to emphasise that for some projects it may not be appropriate (or possible) for Business Cases to detail project activities but that substantive consideration should be given to the mechanisms by which the project learns from experience and adapts activities accordingly. This is reflected in the Smart Rules themselves which state:

*"This is the opportunity to build programme agility and learning into design – creating space to develop a structured approach to adapt to new and emerging opportunities and to anticipate and respond to changes in context."*<sup>22</sup>

*"Good programmes will learn and have the flexibility to adapt, which is part of good design (rather than a substitute for it). This means explaining how a flexible approach will operate in practice (i.e. a guided process with feedback loops, sufficient time and realistic expectations). The scope for adaptation and learning is often constrained by the delivery choices made in design or poorly thought-out terms of reference."*<sup>23</sup>

DFID actively supports the implementation of this guidance. For example, the Better Delivery Department – the key corporate advocate of adaptive programming within DFID – has instigated the production of case studies for design and managing adaptive projects in practice.<sup>24</sup> DFID's Evaluation Department has started an initiative looking at how to design and manage real-time M&E for adaptive programming. Compulsory training for all programme managers (Senior Responsible Owners [SROs]) now includes training on learning and adaptive programming.

DFID's Quality Assurance Unit (QAU), which reviews and quality assures all new Business Cases above £40 million, reinforces the principles of adaptive programming in design. For example, it is common for QAU feedback on Business Cases to include a request for greater thought and clarity on how projects will learn to inform decision-making and course correction.

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<sup>21</sup> DFID, 'Smart Rules: Better Programme Delivery', p53.

<sup>22</sup> DFID, 'Smart Rules: Better Programme Delivery', p50.

<sup>23</sup> DFID, 'Smart Rules: Better Programme Delivery', p56.

<sup>24</sup> See for example, Derbyshire H. and Donovan E. (2016), Adaptive programming in practice: shared lessons from the DFID-funded LASER and SAVI programmes.



**Spotlight: Organisational norms and expectations during the approval process**

**Organisational norms and awareness of the MSD approach may influence information requirements at the design stage.** If the approach is not well understood, additional work may be required to sensitise staff involved in the approval process. At the design stage, MSD projects do not have the clarity over project design that traditional development projects can offer and therefore, those not familiar with the approach may be hesitant to approve a design proposal because of the perceived risks associated with this uncertainty.

For example, while SDC policies and systems provide room for MSD project concepts to be approved, there are sometimes expectations and norms that the SDC staff member must work through to achieve approval. SDC guidance therefore advocates for clarity on the approach and clear communications with members of the approval committee prior to submission, to ensure answers to their questions are included in the entry proposal (where possible).

The **USAID Leveraging Economic Opportunities (LEO)** project raised awareness and understanding of the MSD approach within the agency. LEO was a three-year project which served as USAID's primary vehicle for learning in the area of market systems approaches and acted as a convener of knowledge and best practices amongst its implementing partners. The USAID Key Informant found this was a useful mechanism to sensitise staff to the approach.

**5.3.2. Partner selection****Specificities of the MSD approach**

**Funders may need to look beyond traditional scoring criteria to select partners with the right skill sets for MSD projects.** Traditional scoring criteria tend to focus on number of years' experience; however, successful implementers need a range of skills (facilitation, communication, relationship building, entrepreneurial, coaching, creativity and analytical skills) as well as the ability to take risk and support a culture of learning.<sup>25</sup> Traditional procurement processes rely heavily on *curricula vitae*, which demonstrate experience and organisational probity, rather than skill and mind-sets.

Demand for skilled implementers of the MSD approach is outstripping supply. It has therefore been suggested that donors of MSD projects may need to relax standards for team members at the procurement and partner selection stage and recognise that skills development happens on the job.<sup>26</sup>

**Donors must continue to balance how much detail can and should be decided before implementation.** When projects are commercially tendered, the tender documents (terms of reference, project design, statements of work) need to be specific enough to elicit proposals that satisfy the donor's key parameters of design but flexible enough to encourage bidders to propose innovative project proposals. Equally, if donors are approached by prospective partners with a project idea, donors must recognise that partners should not be expected to propose detailed intervention strategies at this stage before they have conducted their own in-depth analysis, which is often not possible until after they have been contracted.

<sup>25</sup> The Springfield Centre (2014), *The Operational Guide for the Making Markets Work for the Poor (M4P) Approach*, 2nd edition funded by SDC and DFID; SDC (2017) *Managing MSD projects: Internal guidance paper for SDC head office and cooperation office staff*.

<sup>26</sup> The BEAM Exchange (2016), *Improving the Design of Market Systems Programmes: Proceedings from the East Africa Donor Workshop 2016*, The BEAM Exchange.

## Examples of donor response

**Donors can ask bidders to present their proposal to a selection committee to gain a better understanding of their skills base.** While many donors have this option at their disposal at the procurement stage, SDC guidance on managing MSD projects explicitly supports this approach. The guidance also advocates for the inclusion of external consultants in selection committees (either with or without voting rights) to backstop SDC staff and fill capacity gaps within the selection committee.

**Donors have also identified and contracted key team members before launching the competitive procurement process for the main implementation component to provide more control over team composition.** The Cambodia Agricultural Value Chain (CAVAC) project (funded by DFAT) is a good example of this. The (then) Australian Agency for International Development (AusAID) appointed a team leader who reported directly to AusAID. The team leader remained without a team for more than 12 months while the competitive procurement process to select the implementing organisation was carried out.<sup>27</sup>

**SDC advocates for capacity building to be part of the project budget and not considered an overhead cost that needs to be carried by the implementer alone.** This approach is also advocated by DFAT, suggesting that for MSD projects it should be accepted that staff capacity will be built during project implementation and that there will be a lot of on-the-job learning. DFAT also advocates its staff to encourage actions and incentives within the project to retain good staff (promotional structure, staff development opportunities).

**DFID's procurement documents for MSD programmes request innovation and adherence to the MSD approach.** Examples of recent tender documents for MSD programmes demonstrate how DFID has sought to highlight the tenets of the MSD approach in their terms of reference, present the expected results of the programme, and request that bidding firms propose strategies for achieving these results.

### 5.3.3. Agreements and contracts

#### Specificities of the MSD approach

**Funders of MSD projects need to balance legal accountability in their contracts with flexibility and uncertainty.** Unlike 'ex-ante design and control' projects, MSD projects need to be adaptive. However, procurement and legal staff within donor organisations are often more familiar with traditional development projects and are not used to contracting firms based on unspecified activities. Legal agreements between the donor and the implementing organisation must not restrict the project's ability to adapt and where possible, should incentivise projects to be responsive and flexible to the market. As a result, donors may need additional time and resources during this stage of the project cycle to work with legal experts and support staff.

**Scope of work:** As noted above, in recognition of the dynamic and unpredictable nature of market systems, the MSD approach emphasises flexibility, experimentation and adaption based on learning. However, there will likely be some key parameters of the project design that will remain fixed (for example, poverty reduction objective, sector, geography, budget). At the contract stage, the donor must be clear on what is subject to change and what is not, to ensure the implementer is clear of the

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<sup>27</sup> DFAT (2018), Cambodia Agricultural Value Chain (CAVAC) – Phase One Evaluation.

boundaries it can work within. The scope of work must balance being prescriptive with an ‘anything goes approach’.<sup>28</sup>

**Incentives:** In traditional development projects, where the problems are perceived as knowable in advance and amenable to ready-made solutions (ex-ante design and control), activity and outputs targets are often established in advance that measure the partner organisation’s ability to implement the ready-made solutions. However, for MSD projects, ex-ante targets for activity and output level indicators are more difficult to define. Because indicator targets are a common tool used by donors to assess (and incentivise) project performance and identify areas of weakness, the difficulty in setting targets for MSD project removes a basic tool that donors have at their disposal.

**Budget:** MSD projects often need to reallocate resources as they adapt, and budget forecasting is challenging when you intervene through a range of market players, at their pace and in line with an adaptive programme strategy.<sup>29</sup> **The budget structure for an MSD project is heavy on staff time so ‘overheads’ are higher than in traditional development projects.** Higher levels of staff time (and hence, a higher proportion of the budget) spent on analysis and facilitation are vital to the MSD approach but can be perceived as cost inefficient from a budgetary perspective. This can lead to pressure to reduce this ratio and additional internal conversations are often required to justify this.<sup>30</sup>

### Donor response

**Scope of work:** USAID advocates for results-based statements of work so their contracts define the expected outcome and impact level results and prescribe that the MSD approach should be followed. But they do not specify the activities or outputs that should be used. However, this can be difficult to apply in practice as there are often many people working on a contract, and sometimes restrictive clauses are included in contracts that might limit the extent to which the project can adapt.

**Incentives:** There is disagreement in the donor community on the efficacy of using payment by results (PbR) for MSD projects. USAID has a preference for contracting for results but paying for costs incurred because payment by results risks focussing the project’s efforts on achieving measurable targets at the expense of deeper system level changes. However, some donors are supportive of PbR as a measure to transfer risk to implementers while encouraging flexibility and limiting the need for close oversight of projects.<sup>31</sup>

Within DFID, recent efforts to reform procurement processes have focused on PbR. The rationale for moving to supplier contracts based on ‘results’, rather than inputs or activities, is that this gives service providers greater freedom to discover how best to achieve the agreed outcomes. However, according to a recent review of DFID practice, real-world experience is mixed. The review suggests that many such contracts have ended with a hybrid approach, where a proportion of the payment to

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<sup>28</sup> Bear, M., Bekkers, H. (2018), In Search of the Sweet Spot in Implementing MSD Programmes. MDF Case Study No. 5 | Part 1.

<sup>29</sup> The Springfield Centre (2014), The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition funded by SDC and DFID.

<sup>30</sup> Allana, A. (2014), Navigating Complexity: Adaptive Management at the Northern Karamoja Growth, Health, and Governance Program.

<sup>31</sup> The BEAM Exchange (2016), Improving the Design of Market Systems Programmes: Proceedings from the East Africa Donor Workshop 2016, The BEAM Exchange.

the provider has been made against outputs or outcomes, but the remainder continues to be paid against pre-specified activities, narrowing the space for real experimentation. There are also fears that PbR many have reduced levels of ambition, as suppliers in practice only agree to payment triggers they know they can achieve.<sup>32</sup> There is therefore increasing recognition within DFID that PbR may not be appropriate in all circumstances.

SDC guidance states that *“it must be clear that if the partner does not deliver or does not adhere to MSD principles, the contract will be terminated. This has been done before by SDC and although it is not the preferred option, it always should be one of the options to ensure effective programmes.”*

DFAT guidance suggests ‘stop-go decision points’ and regular reporting requirements should be built into the project to reassure internal staff that risks will be limited and managed.<sup>33</sup>

**Budget:** DFAT guidance suggests that contracts should be structured to allow funds to move between activities and they suggest that during implementation, project managers should allocate more time for monitoring MSD project expenditure than for traditional development projects.<sup>34</sup> SDC guidance advocates for the overall budget to be ‘realistic’ so the project has the resources to achieve its given goals, but that consideration should also be given not to put pressure on the project to spend the money.<sup>35</sup>

SDC guidance highlights the challenge that MSD projects pose for donors in terms of the balance of their budgets between staff time and expenditure. The guidance suggests SDC staff should replace the ‘standard’ criteria used to assess budgets with other value for money considerations, such as outreach, net present value created, cost-benefit relations, cost-effectiveness or other value for money concepts adapted to the specific project objectives.<sup>36</sup> However, more nuanced value for money assessments may require additional staff time and capacity to carry out this analysis.

### 5.3.4. Implementation and management

#### Specificities of the MSD approach

**MSD projects can demand more donor capacity and resources than traditional development projects.** MSD projects often use a portfolio approach where multiple interventions are implemented (often across multiple market systems) under a single project. Because project strategies adapt throughout the project cycle, donors may need more time and resources to keep abreast with developments. Additionally, a culture across an MSD project of identifying and openly discussing success and failure, and responding to this, is important to the success of the project.

As donor staff rotate, additional consideration should be given to the handover of MSD projects to ensure a smooth transition, and that each project manager has the skills and knowledge required to manage the project.

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<sup>32</sup> Wild L., Booth D. and Valters C. (2017), ‘How DFID is doing development differently’, Overseas Development Institute paper, February 2017.

<sup>33</sup> DFAT (2018), Cambodia Agricultural Value Chain (CAVAC) – Phase One Evaluation.

<sup>34</sup> DFAT (2018), Cambodia Agricultural Value Chain (CAVAC) – Phase One Evaluation.

<sup>35</sup> SDC (2017), Managing MSD projects: Internal guidance paper for SDC head office and cooperation office staff.

<sup>36</sup> SDC (2017), Managing MSD projects: Internal guidance paper for SDC head office and cooperation office staff.

**Donors should have clear and transparent policies and systems so implementing organisations understand the level of flexibility available to them.**

The level of flexibility will depend on the individual funder; therefore, donor policies and systems must be clear and transparent to ensure the implementer understands the scope and authority it has to make decisions without consultation.

Evidence suggests a key bottleneck restricting the adaptation of MSD projects is the tendency of support staff in implementing organisations to interpret donor policies conservatively:

*“When asked to do something outside the norm, operations staff will often push back, saying it is not allowed, when in reality it may be allowable, and even preferable according to the rules for that specific technical area or donor.”<sup>37</sup>*

Donors must recognise this and clarify their processes. This issue is confounded as literature also suggests that donor staff are not always familiar with the different rules governing implementing contracts:

*“According to the Deputy Director of DFID’s Better Delivery Department, this is the primary impediment to DFID’s ability to manage programmes adaptively.”<sup>38</sup>*

**Donors must support and encourage a learning culture in MSD projects.** The MSD approach emphasises a project culture of managed risk taking, learning and adaptation. It is important that implementing organisations foster this culture within the project. Whilst there are limits to the influence donors have over an implementing partner’s organisational culture, they can exert some influence on the culture of the project. The donor should ask questions, interrogate the strategy, results and failures, and encourage projects to adapt and learn from their experiences.<sup>39</sup>

**Donor response**

**SDC and SECO advocate the use of external advisors to provide backstopping support for their staff and plug gaps in internal knowledge, capacity and resources.** Advisers provide staff with coaching on the MSD approach, training and strategic advice throughout the project cycle to ensure they have the skills and knowledge required to manage an MSD project. External advisors used by SDC are independent of the implementing organisation and SDC, meaning advice is impartial. SDC has good experience of separately budgeting for backstopping support alongside project implementation, especially when project staff are new to the approach.<sup>40</sup> SECO draws on external advice and support provided by The Lab at the ILO to backstop MSD project managers and fill capacity gaps within the organisation. SECO also draws on the expertise of the Lab to carry out independent sector analysis to inform project level implementation strategies.

<sup>37</sup> Goeldner Byrne, K. Sparkman, T. Fowler, B. (July 2016), The road to adaptive management: knowledge, leadership, culture and rules. The BEAM Exchange.

<sup>38</sup> Goeldner Byrne, K. Sparkman, T. Fowler, B. (July 2016), The road to adaptive management: knowledge, leadership, culture and rules. The BEAM Exchange.

<sup>39</sup> DFAT (2017), Market Systems Development Operational Guidance Note, Australian Government Department for Foreign Affairs and Trade.

<sup>40</sup> SDC (2017), Managing MSD projects: Internal guidance paper for SDC head office and cooperation office staff.

**DFAT has recently introduced a capacity building component for DFAT staff into one of their MSD projects.** The second phase of the Market Development Facility will include a learning and development module for DFAT staff. This approach seeks to formalise capacity building efforts already carried out within the agency, such as pre-posting preparations for incoming project managers, reflection workshops and ad-hoc training courses.

**Some USAID missions are able to allocate sufficient time and resources to the management of MSD projects.** The decentralised nature of USAID places a lot of the decision-making power in the hands of country missions. In Uganda, their MSD projects are flagships, so while the mission has many competing demands for their resources, they are able to prioritise. They conduct field trips, attend work planning meetings, maintain open communication channels, and build relationships with their implementers. However, we understand that the picture is mixed across the agency, with missions adopting 'good practice' to varying degrees.

**The USAID Program Cycle Operational Policy uses clear and transparent language to differentiate between mandatory and non-mandatory procedures.** While this document is primarily aimed at USAID Mission staff, important lessons can be drawn for how donors can communicate their policies to implementing organisations. The mandatory procedures are identified by the words 'must' or 'required'. Non-mandatory procedures are identified by the words 'should', 'recommend', or 'may'. The policy clearly states that Missions only have to document deviations from mandatory procedures; however, they may wish to document deviations from non-mandatory procedures for the purposes of agency learning.

**DFID does not offer internal training on MSD but developmental budgets for human resource development can be used to attend external training.** For DFID's Private Sector Development Advisers, MSD is one of four specialist competencies within their competency framework. Advisers have to choose a number of specialisms (depending on their level of seniority) and their ability to demonstrate expertise in each area is a factor in promotion and career progression.

All DFID advisers are compelled to spend 10 percent of their time contributing to their professional cadre. For example, all Private Development Advisers spend 10 percent of their time supporting PSD work outside of their immediate responsibilities. This offers the opportunity for learning across the cadre, including in MSD approaches, and for cross-pollination of ideas.

### 5.3.5. RBM

#### Specificities of the MSD approach

**Funders must consider at which point in the commissioning process sufficient analysis has been completed to warrant setting detailed targets.** During the design and early stages of implementation, it is suggested that donors might want to keep the project accountable by focusing on methodology and on process milestones rather than specific interventions.<sup>41</sup> Indicators and targets can be made more precise as the project's understanding of market systems grows. Realistic objectives and targets can only be set once sufficient analysis has been completed.

**Donors must also consider what the implementer should be held account for.** The MSD approach is characterised by facilitation, is market systems-centric and adaptive. The implementing organisation is therefore somewhat detached from change processes, making it difficult to assess implementer performance using traditional metrics. It has been suggested that MSD projects should be held to

<sup>41</sup> DFAT (2017), Market Systems Development Operational Guidance Note, Australian Government Department for Foreign Affairs and Trade.



account for process-oriented indicators such as ‘good analysis’ and ‘suitable facilitation’. However, these indicators are more difficult to define and measure.<sup>42</sup> Unrealistic or inappropriate targets can pressurise a project into taking the wrong actions or intervening intensively to ‘buy’ quick results at the expense of impact that is sustainable in the longer term; and create incentives for the project to adopt direct delivery approaches.<sup>43</sup>

**Funders must support and encourage changes to indicators when appropriate.** Fixed indicators, especially at lower levels of the results chain, are likely to inhibit adaptation, which can prevent the project from achieving higher level results. Indicator reviews can be integrated into a project review cycle so the question donors ask is not ‘have you met your targets?’ but ‘have you hit the right targets?’.<sup>44</sup>

**Funders also need the capacity to probe projects to understand the reasons for poor performance.** This can be a real challenge for donors who are not as close to the project and the local context as the implementers. However, it is important that they are able to effectively interrogate the evidence presented by implementers and make sure that justifications of why things are not on track are plausible and their reasons for changing strategies and indicators make sense.<sup>45</sup> Therefore, within MSD monitoring and reporting, the right balance needs to be found between project accountability and learning.

### Donor response

**The timeframe within which donors need to set targets will vary depending on the project.** DFAT guidance suggests a period of 18 months may be required before targets should be established, by which time a much more informed basis for the targets will have been established.<sup>46</sup> However, the approach varies depending on the project manager and the time at which the project was designed. Earlier MSD projects were under more pressure to define targets before funding was approved as the approach was not well known; however this pressure has reduced as the agency now has several large MSD programmes which can be used as reference points during the approval process.

**USAID has two levels of indicators which satisfy agency-wide accountability and project learning respectively.** At the top level, USAID has ‘universal indicators’ which are rigid and linked to an online agency-wide system. Indicators at this level are common across similar intervention types and easily allow data aggregation for reporting to US Congress, and allow the agency to justify its budget allocation. The other level is ‘custom indicators’ which are learning-focussed and tailored to the activity. These indicators are monitored and interpreted at the Mission level.

**DFID has made the Logframe optional.** While still widely used, Logframes are no longer compulsory for DFID programming. In 2017, DFID’s Better Delivery Department – the department responsible for

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<sup>42</sup> The BEAM Exchange (2016), Improving the Design of Market Systems Programmes: Proceedings from the East Africa Donor Workshop 2016, The BEAM Exchange.

<sup>43</sup> The Springfield Centre (2014), The Operational Guide for the Making Markets Work for the Poor (M4P) Approach, 2nd edition funded by SDC and DFID.

<sup>44</sup> Goeldner Byrne, K. Sparkman, T. Fowler, B. (July 2016), The road to adaptive management: knowledge, leadership, culture and rules. The BEAM Exchange.

<sup>45</sup> The BEAM Exchange (2016), Improving the Design of Market Systems Programmes: Proceedings from the East Africa Donor Workshop 2016, The BEAM Exchange.

<sup>46</sup> DFAT (2017), Market Systems Development Operational Guidance Note, Australian Government Department for Foreign Affairs and Trade.

developing and supporting DFID's Smart Rules – released a document suggesting alternative means of setting out a project results framework. There is growing acceptance within the organisation, including at senior levels, for alternative project results frameworks and less ex-ante certainty about activities and results.

**Some donors advocate for the use of the DCED Standard or commission independent monitoring and learning contracts.** SDC guidance advocates for MSD tender documents to require a monitoring system that is either compliant with or comparable to the DCED Standard<sup>47</sup>. DFID has favoured the commissioning of independent MEL contracts that work alongside the implementing organisation to fulfil a number of roles: (i) support project monitoring, (ii) verify results, (iii) stimulate learning, (iv) measure the extent to which the project is adhering to the principles of the MSD approach, and independently evaluate the programme. This overcomes some of the capacity, resources and trust issues noted above. Most MSD projects and some non-MSD projects funded through DFAT use the DCED standard and most DFAT projects also have an independent advisory group or monitoring team to independently verify and carry out RBM activities.

### 5.3.6. Evaluation

#### Specificities of the MSD approach

**Donors should commission evaluations of MSD projects that serve both 'proving' and 'improving' functions.** Due to the adaptive nature of MSD projects, the best evaluation approaches are those that facilitate adaptive management and help contribute to improved project performance.<sup>48</sup> To do this, the donor should consider the following:

- **Competency of the evaluation team:** It is important that the evaluation team is familiar with the MSD approach and is able to design evaluation methodologies that account for the project's unpredictable, adaptive and non-linear nature. If evaluators do not understand the MSD approach, they are likely to evaluate the project through the lens of a traditional direct delivery project.
- **Independence of the evaluation team:** In-depth understanding of project interventions and context are as important as independence and impartiality. Therefore, a combination of internal data collection, external evaluations and / or longitudinal collaborations between the evaluator and evaluand is advised for MSD projects over purely internal or purely external evaluation arrangements.<sup>49</sup>
- **Timing:** The impact of MSD interventions is likely to occur after the intervention has completed. Therefore, evaluation data should be collected several years after an intervention has concluded to assess the extent to which impacts have been achieved and sustained after project activities have ended. Evaluations conducted during project implementation are still desirable to inform ongoing learning and adaptation, but they should set realistic expectations of the results that are likely to have materialised at the time of the evaluation. While ex-post evaluations cannot feed into project learning, lessons can be used by donors and the wider development community to improve ongoing or future development interventions. The combination of these factors points to benefits of commissioning longitudinal evaluations which continue during project implementation and continue after the project has ended.

<sup>47</sup> SDC (2016) Monitoring and Measuring Results in Private Sector Development

<sup>48</sup> Ruffer, T. Wach, E. (2013), Review of M4P Evaluation Methods and Approaches, Itad Report.

<sup>49</sup> Ruffer, T. Wach, E. (2013), Review of M4P Evaluation Methods and Approaches, Itad Report.



## Donor response

**Competency of the evaluation team:** SECO draws on the expertise and networks of The Lab at the ILO to identify competent evaluators for their MSD evaluations. The Lab can conduct evaluations on behalf of SECO or use its networks to assist SECO in the search for competent independent evaluators.

**Independence of the evaluation team:**

- DFID is increasingly commissioning evaluations which are based on a longitudinal collaboration between the evaluator and the evaluand through the commissioning of independent MEL contracts (as noted above).
- USAID is increasingly commissioning long-term monitoring, evaluation and learning support across the spectrum of a Mission's projects. This is currently being used by the Uganda Mission which has a high proportion of MSD projects.

**Timing:** SDC guidance suggests that a 'stand-by phase' after the project closure can be used to measure system changes after the project has completed. This allows SDC to observe how benefits continue to accrue.<sup>50</sup>

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<sup>50</sup> SDC (2017), Managing MSD projects: Internal guidance paper for SDC head office and cooperation office staff.

## 6. Sida's MSD portfolio and relevant practices

### Key conclusions:

Before 2010, a small handful of flagship MSD projects were funded by Sida. Following 2010, there was a surge of MSD programming, which intensified after 2013.

This surge took place at a time when the tightening of controls on Sida's contribution management led to institutional impediments to flexible, adaptive development management and risk aversion across the organisation. The emergence of MSD bucked this trend.

This appears to have been due to a combination of factors:

1. **Growing formal recognition of MSD** as an approach that Sida should follow in its development programming, particularly in relation to private sector development.
2. **A bottom-up drive:** while formal recognition played a part, the early emergence of MSD projects was driven by a small number of individuals within Sida. MSD training for Sida staff appears to have played a part in generating buy-in and enthusiasm for the approach.
3. **New guidelines for results strategies** that were introduced in mid-2013, which led to a more cross-sector view of development programming in Sida, and in some cases provided a stronger foundation for MSD interventions. The guidelines also stated that Sweden should look for a wider range of cooperation partners, including the local private sector.

### 6.1. Introduction

Our review of Sida's MSD portfolio and relevant practices seeks to address EQs4-5:

**EQ4:** How has Sida's portfolio of MSD projects evolved over time?

**EQ5:** What major changes in Sida's practices of relevance to the MSD approach have occurred at Sida, during the life time of the portfolio?

Data for this module has been collected through:

- **Documentary evidence from Sida** – including (i) policies, processes and structures which guide management practice; (ii) methodological tools and guidance; (iii) information on Sida's portfolio of MSD projects; and (iv) associated evaluations and reviews.
- **Interviews with key informants** – including a selection of Sida staff from the Reference Group.
- **Timeline workshop** – in February 2018, we held a workshop with Sida staff (from the Steering Group and Reference Group), to develop a timeline of Sida's MSD projects and associated guidelines and practices.

In Section 6.2, we map the evolution of Sida's portfolio of MSD projects over time and identify patterns that emerge from this (EQ4). In Section 6.3, we identify both external and internal factors

which may have influenced Sida's MSD portfolio and how it has been managed (EQ5). In Section 6.4, we conclude by providing an analysis of what drove Sida's growing MSD portfolio.

## 6.2. How has Sida's portfolio of MSD projects evolved over time?

The timeline diagram in Figure 6 lists Sida's MSD projects and maps the evolution of the portfolio over time. This has been developed based on a list provided by the evaluation Steering Group<sup>51</sup>. However, Sida has not systematically tracked its MSD interventions and we have not as an evaluation team assessed the extent to which these each of projects applies market systems principles and whether this list is fully comprehensive<sup>52</sup>. The case studies that will be undertaken during the implementation phase will consider this question for a sample of Sida's MSD projects.

### Market development or market *systems* development?

The differential use of the terms 'market development' and 'market *systems* development' by Sida can be confusing. When used by Sida, the term 'market development' often encompasses all interventions that engage in some way in private sector markets – including the 'core' of the market system, as well as rules and supporting functions (see Figure 5). In this regard, market development and private sector development appear to be terms that are applied synonymously.

For example, a 2011 Sida publication<sup>53</sup> lists a wide range of Sida-funded interventions under the 'market development' banner, including trade policy capacity building and support to the IMF in financial crisis management; and a 2013 Sida publication<sup>54</sup> which maps its market development portfolio lists a variety of projects (for example covering trade policy, regulatory reform, and capacity building for management in the areas of banking, securities and insurance regulation and supervision).

By contrast, 'market *systems* development' is defined as an *approach* to development rather than an area of development intervention. This approach is specified in Section 5.2.2 according to three features – facilitation, markets systems-centric, and adaptive.

<sup>51</sup> Some gaps in the information provided by Sida have been filled by the evaluation team using Open Aid data.

<sup>52</sup> Discussions between the evaluation team and some Sida staff following the development of this list indicate that there are projects funded by Sida that have MSD characteristics that are not on this list.

<sup>53</sup> Sida (2011), Market Development in Swedish Development Cooperation.

<sup>54</sup> Sida (2013), Sida's Portfolio within Market Development 2012.

Figure 6: Timeline of Sida's MSD projects<sup>55</sup>

Years	Country	Program Title	Approximate Budget	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
1999-2005	Uganda	ILO – FIT/SEMA	USD 920,000																								
2003-2008	Bangladesh	Katalyst	USD 2.9m																								
2004-2014	Global	CGAP	400 MSEK																								
2005-2009	Sri Lanka	ILO Entergrowth	27 MSEK																								
2010-2014	Uganda	International Rescue Committee – PEEP	38 MSEK																								
2010-2017	Kenya	Financial Sector Development Phase III	50 MSEK																								
2011-2017	Zambia	Musika Phases I & II	40 MSEK																								
2011-2018	Regional Africa	AECF (African Enterprise Challenge Fund)	USD 25.6m																								
2013-2019	Liberia	GROW	141 MSEK																								
2014-2017	Afghanistan	Road2Jobs ILO	60 MSEK																								
2014-2018	Uganda	International Rescue Committee SPEED	USD 0.92m																								
2014-2018	Regional Asia	GRAISEA Oxfam	28.7 MSEK																								
2015-2018	Zambia	Biogas	USD 5.2m																								
2015-2019	Uganda	Uganda Afribusiness Trust Initiative aBi Trust																									
2015-2020	Palestine	Oxfam/Market Development Programme	91 MSEK																								
2015-2021	Tanzania	Financial Sector Deepening Trust – Tanzania phase III	48 MSEK																								
2016-2019	Ethiopia	Livelihood Support Mejang Biosphere	15 MSEK																								
2016-2019	Guatemala	We Effect – WEE	48,5 MSEK																								
2016-2020	Tanzania	Agriculture Market Development Trust (AMDT)	USD 5.1m																								
2016-2020	Rwanda	Access to Finance Rwanda	25 MSEK																								
2016-2020	Zambia	Financial Sector Deepening																									
2016-2021	Zambia	Off grid energy (REEEP)	125 MSEK																								
2016-2021	Ethiopia	Farm Africa: Integrated approach to improve rural livelihood	56.5 MSEK																								
2016-2021	Bangladesh	WEESMS	64 MSEK																								
2017-2020	Afghanistan	SPEDA	140 MSEK																								
2017-2021	Bolivia	Inclusive Rural Markets	45 MSEK																								
2017-2021	Guatemala	Helvetas – PRODERT M4P, scaling up phase	80 MSEK																								
2017-2021	Tanzania	UNDAP II – Joint UN Youth employment program	78 MSEK																								
2017-2021	Regional Africa	REACT SSA	58.5 MSEK																								
2017-2022	Ethiopia	Addis Abeba Livelihoods Improvement for Women and Youth	168.5 MSEK																								
2017-2022	Kenya	FSD Phase IV	50 MSEK																								
2017-2022	Kenya	Agriculture Sector Development Support Programme II	300 MSEK																								
2018-2020	Rwanda	Promoting decent work in the informal economy - ILO	USD 30m																								
2017-2020	Ethiopia	Farm Africa & World Food Programme	79.5 MSEK																								
Jan-Sep 2018	Guatemala	Swisscontact – Inception phase	5 MSEK																								

<sup>55</sup> Some gaps in the information currently available to us on the portfolio of MSD projects are highlighted in red.

A number of clear patterns emerge from this:

### Timeline

**Before 2010, a small handful of Sida MSD projects existed:**

- ILO FIT/SEMA in Uganda (1999-2005)<sup>56</sup>.
- Katalyst in Bangladesh (supported by Sida 2003-08, but has continued with support from other funders to this day).
- ILO Entergrowth in Sri Lanka (2005-09).

**In the following two years, funding for four additional MSD projects came onstream:**

- PEEP (International Rescue Committee) in Uganda (2010-14).
- Financial Sector Development III in Kenya (2010-17).
- Musika in Zambia (2011-17).
- Africa Enterprise Challenge Fund (2011-18).

**There was subsequently a surge in MSD programming**, with 16 projects beginning from 2013 to 2016, and a further eight projects beginning in 2017.

### Institutional arrangements

**Sida relies on implementing partners to manage the MSD projects it funds. It has funded a variety of different types of organisation:**

- **Multilateral agencies** – e.g. ILO in Uganda, Sri Lanka, Afghanistan and Rwanda.
- **Independent trusts** established as organisations to deliver donor-funded MSD projects – e.g. FSD Kenya and Zambia.
- **International NGOs** – e.g. Oxfam, Swisscontact (implementing Katalyst in Bangladesh), and the International Rescue Committee in Uganda.
- **Private contractors** – we are aware of only one example of a private contractor implementing a Sida-funded MSD project – Liberia GROW (implemented by Adam Smith International).

### Funding arrangements

**Across the portfolio, some projects are solely funded by Sida, whilst others are jointly funded with other donors.** The implications of this for Sida's management of its MSD projects will be considered in the case studies undertaken during the implementation phase.

### Market focus

Sida's early support to MSD covered commercial radio (Uganda), SME development with a focus on agriculture (Bangladesh), agriculture, fisheries, dairy and tourism (Sri Lanka), and financial sector development (CGAP).

Subsequent support has spanned numerous markets, although most projects have tended to focus on agriculture (as is typical of MSD projects). Another significant area of focus has been financial sector development (through Sida's support to 'FSDs' in Kenya, Zambia, Tanzania and Rwanda). There are various

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<sup>56</sup> This project is often used internationally as an early example of good MSD practice.

examples of engagement in other markets (such as off-grid energy), but these are relatively uncommon to date.

Decent work – particularly through Sida’s work with ILO – and women’s economic empowerment are common themes across the portfolio.

### 6.3. What major changes in Sida’s practices of relevance to the MSD approach have occurred at Sida during the lifetime of the portfolio?

#### Introduction

**To address this evaluation question, we have identified both internal and external factors that may have influenced the emergence of Sida’s MSD portfolio and how it has been managed.** By extension, many of these factors may also have impacted on broader adaptive contribution management within Sida<sup>57</sup>.

Among the internal factors, the most obvious is Sida’s contribution management procedures, especially the computer-based support system (Trac). This is linked to the evolution of Sida’s approach to results-based management (RBM). A third factor is that Sida went through several fundamental organisational shifts during the period from 2005 to 2014, which included a substantial reduction and later an expansion of staff to almost the same number as before the reduction. Within this context, there was a significant evolution of Sida’s approach to private sector development (PSD), with a more holistic view of markets emerging in the early 2000s. This was coupled with a growing recognition of MSD as a preferred approach to engaging with the private sector to improve economic wellbeing and reduce poverty.

Among the external factors is the introduction of new or revised policies, issued by the Ministry for Foreign Affairs (MFA) that have affected both the direction of development cooperation and the way it has been executed. Country strategies, formally decided by the MFA, are crucial for the selection of sectors for support in a specific country and also for the size of funds allocated for the strategy period. Shifts in the general operating requirements on Swedish government agencies may have indirectly influenced the handling of MSD and similar projects. A separate factor, although more difficult to define, is the broader political atmosphere in relation to development cooperation.

The historical dimension is important in determining cause and effect, although there may be a considerable time lag between the introduction of, for instance, a new policy and its concrete effects on portfolio composition and contribution management. Linking back to the surge of MSD projects from 2013 identified in our response to EQ4, it is logical that, in particular, we look for possible changes around the years 2012 to 2014.

The remainder of this section considers these factors in more detail – looking in turn at Swedish international development policy, administrative and organisational factors within Sida, contribution management procedures, and the emergence of MSD thinking in Sida.

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<sup>57</sup> Sida’s management of projects that it funds is referred to as ‘contribution management’. As a minimum, contribution management includes assessing a proposal and deciding on the basis of this assessment whether or not to provide support; receiving and assessing regular reports from implementing partners; and initiating audits and evaluations from time to time, in consultation with the partner.

## Policy factors

In 2002, Sweden launched a government bill on support to international development<sup>58</sup>. This was the first major change in Sweden's overall aid policy since 1978. The most significant change in this policy compared to previous ones was that the main goal of the bill (*"to contribute to equitable and sustainable development"*) was to be applied not only in development aid, but in all policy areas. RBM was also mentioned, with the Bill stating that *"simplifying procedures and ensuring more careful monitoring and evaluation"* needed to gain more focus. However, the bill did acknowledge that *"It is difficult in practice to measure the concrete results of the efforts made by individual donors"*, and it did not emphasise RBM strongly.

Sweden's government changed in 2006 to a Centre Right majority after over a decade under the Social Democrats. Gunilla Carlsson took over as Minister for International Development Cooperation and remained in this post until 2013. A former auditor, she strongly emphasised the need for Sida to reduce programmatic risk and focus on measurable results. This was partly in response to a 2004 external audit which criticised Sida for not collating sufficient results information to effectively manage Sweden's aid portfolio. She pushed through a series of reforms to achieve this, which happened to coincide with increased control mechanisms for all Swedish government agencies and a wider international trend for RBM in international aid (for example, in the UK and Netherlands). The 'results agenda', as it became known, also sought to provide greater transparency to Swedish taxpayers on how aid funds were used.

Many Sida staff believed that the results agenda received disproportionate attention and that instead of being an instrument to enhance the achievement of development results, the reporting of results had become a development objective in itself. There was a shift in focus from analysing and understanding the needs of intended beneficiaries to controlling, reporting, and communicating the results that aid achieved. As a consequence, there was less legitimacy and space for trying out different 'out of the box' approaches for actually achieving results<sup>59</sup>.

Criticism of Sida grew over the following years, for example from the National Audit Office regarding budget support, support to civil society, and capacity development. Triggered by a corruption scandal relating to the use of Swedish aid in Zambia, Carlsson publicly criticised Sida<sup>60</sup>. This criticism and a series of new management reforms provoked pushback from civil society organisations, opposition parties, and notably Sida staff, generating a heated debate about increased requirements to quantify precisely how Swedish funds had been spent and how to attribute results<sup>61</sup>.

In 2010 'Guidelines for cooperation strategies'<sup>62</sup> were introduced. The guidelines placed increased focus on aid effectiveness and instructed that *"the agency's core task is to administer aid assistance or other*

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<sup>58</sup> Gov (2002), *Gemensamt ansvar: Politik för en global utveckling* (Shared Responsibility: Sweden's Policy for Global Development), Government Bill 2002/03:122.

<sup>59</sup> Janet Vähämäki (2015), *The results agenda in Swedish development cooperation: cycles of failure or reform success?* In Eyben, R., Guijt, I., Roche, C. and Shutt, C. (eds) (2015) *The Politics of Evidence and Results in International Development: Playing the game to change the rules?* Rugby, UK: Practical Action Publishing.

<sup>60</sup> Carlsson, G. (2009), *Dags för en mer uppriktig debatt om biståndet*. Article in Newsmill, 28 August.

<sup>61</sup> Janet Vähämäki (2015), *The results agenda in Swedish development cooperation: cycles of failure or reform success?* In Eyben, R., Guijt, I., Roche, C. and Shutt, C. (eds) (2015) *The Politics of Evidence and Results in International Development: Playing the game to change the rules?* Rugby, UK: Practical Action Publishing.

<sup>62</sup> Sida (2010), *Guidelines for Cooperation Strategies*, Article no: UD10.087. 2010.

*financing that contributes to the fulfilment of development goals*”, dampening Sida’s earlier core roles relating to policy and knowledge.

In August 2013, a new government decision on ‘Guidelines for results strategies’<sup>63</sup> came into effect. The guidelines emphasised that the previous sector-based strategies were a thing of the past. Under the headline ‘innovation’, the guidelines stated that Sweden should look for a wider range of cooperation partners, including the private sector to achieve country-level results strategies<sup>64</sup>.

In 2014, a new minister for International Development Cooperation followed the change in government. The new government placed greater emphasis on a trust-based administration, with less focus on standardised guidelines. Within Sida, there has since been growing explicit recognition of the complexity of development programming, reflected in the ‘Simplification Agenda’, which seeks to reduce the burden of complicated rules and procedures, and thereby provide more room to tackle complexity through flexibility and agency for programming staff.

In late 2016, a new policy framework was launched<sup>65</sup> to take into account and reflect the new global goals (the Sustainable Development Goals), Addis Ababa Action Agenda and Paris Climate Agreement, input from a broad consultative process, and the perspectives of the current government. The updated policy framework stressed the need to take a holistic and contextual view on sustainable development and emphasised local ownership in development programming.

### Administrative and organisational factors

In 2007, a new Sida director general, known for reforming management in another aid organisations, was appointed<sup>66</sup>. Sida went through a reorganisation where the previous matrix organisation with one geographical and one subject area or thematic dimension was replaced by what was known as the three pillars: one for administration, one for thematic knowledge, and one for operations.

Budget deficits caused by an overspend on Sida’s administration led to the MFA demanding closer scrutiny with more frequent reporting. In 2010, the director general was replaced and staff cuts of 25 per cent were introduced to balance the budget. This led to significant loss of expertise and capacity across Sida (including in MSD).

In 2011, the newly appointed state secretary for international development further intensified the results agenda<sup>67</sup>. More reforms were introduced and all recent government aid guidelines were revised or

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<sup>63</sup> Ministry of Foreign Affairs (2013), Guidelines for results strategies within Sweden’s international aid, Appendix to Government Decision 11/07/2013, (UF2013/41712/UD/USTYR).

<sup>64</sup> Gov (2013) ‘Nya riktlinjer för svenskt bistånd’, introduction to new results strategy guidelines on Government Offices of Sweden.

<sup>65</sup> MFA (2016), Policy Framework for Swedish development cooperation and humanitarian aid.

<sup>66</sup> Janet Vähämäki (2017), Matrixing Aid: The Rise and Fall of ‘Results Initiatives’ in Swedish Development Aid, PhD Thesis, Stockholm University.

<sup>67</sup> Janet Vähämäki (2015), The results agenda in Swedish development cooperation: cycles of failure or reform success? In Eyben, R., Guijt, I., Roche, C. and Shutt, C. (eds) (2015) The Politics of Evidence and Results in International Development: Playing the game to change the rules? Rugby, UK: Practical Action Publishing.



replaced. The combination of organisational changes, cutbacks, and administrative reforms had by this stage greatly affected Sida's culture and mandate<sup>68</sup>.

In 2012, a project for 'standard indicators' was initiated to increase the use of quantitative indicators and enable the introduction of an aggregation framework with indicators at different levels that would give an overview of results to which Sida had contributed<sup>69</sup>. Results summaries for all projects became obligatory, including a baseline, annual targets for outputs, interim outcomes, and final outcomes.

An internal quality review undertaken in 2013 found that the application of the new requirements was weak. The results summary requirement was replaced with a 'results register', removing the obligation to prove causality between outputs and outcomes, and allowing for voluntary decisions about which outputs and outcomes to report on. Standardised results reporting requirements were significantly diluted, with reporting only required on the three most important objectives and indicators. In 2016, even this became voluntary<sup>70</sup>.

### Contribution management

The first method manual for contribution management in Sida was published in 1972. Following the merger of Sida and several smaller Swedish aid organisations in 1995, a new methodology manual was drawn up in 1997 entitled 'Så arbetar Sida' ('Sida at work'). The main purpose of the methodology was to provide a common and unified approach to project assessment, implementation and completion. 'Så arbetar Sida' was a brief document with relatively simple instructions.

A new and more detailed handbook was published in 2003<sup>71</sup>. Whilst previous methodological instructions were deliberately loose – acknowledging that aid management is a complex process and cannot be tightly defined by detailed instructions – it was felt that the contribution assessment process required clarification and the new handbook set out a more formalised contribution management process.

The current contribution management process and Trac (Sida's computer-based contribution management system) were introduced in 2012. The terms of reference for the development of the system was driven by three principles – effectiveness, compliance (with rules) and simplicity. This was driven by a combination of factors<sup>72</sup>. The introduction of the system was driven by a wish to help programme officers

<sup>68</sup> Janet Vähämäki (2015), The results agenda in Swedish development cooperation: cycles of failure or reform success? In Eyben, R., Guijt, I., Roche, C. and Shutt, C. (eds) (2015) The Politics of Evidence and Results in International Development: Playing the game to change the rules? Rugby, UK: Practical Action Publishing.

<sup>69</sup> Sida (2013), Uppdragsbeskrivning: Indikatorer i biståndet 2013-02-08. 13/000211 UTV/VU.

<sup>70</sup> Janet Vähämäki (2015), The results agenda in Swedish development cooperation: cycles of failure or reform success? In Eyben, R., Guijt, I., Roche, C. and Shutt, C. (eds) (2015) The Politics of Evidence and Results in International Development: Playing the game to change the rules? Rugby, UK: Practical Action Publishing.

<sup>71</sup> Sida (2003), Sida at Work - A Guide to Principles, Procedures and Working Methods. This was complemented by two shorter publications: Sida (2003), Manual on Contribution Management; and Sida (2003), Guidelines for Country Strategies in Swedish Development Cooperation.

<sup>72</sup> Our analysis of Sida's contribution management system in this section is largely based on an evaluation 2016 of Trac and the Sida regulation that governs the contribution management:

- Sida (2016), Utvärdering av ändamålsenligheten i Sidas arbete med insatshantering – Slutrapport (Is Sida's contribution management system fit for purpose? Final report), Sida Evaluation 2016:2.
- Gov (2012), Beslut om insatshanteringsprocess; Regel för att hantera biståndsinsatser. Beslut 03079 2012-03-05 (Decision on contribution management process; Rule for handling contributions. Decision 03079 2012.03-05).

and the responsible department or unit head to concentrate on essentials in contribution management by developing an all-encompassing system which brought together all aspects of the contribution cycle. It was also the result of defensive actions against what was perceived as a multi-faceted attack on Sida's credibility and professionalism, the creation of the government's Internal Control and Regulation Act (FISK)<sup>73</sup> and the Auditor General's repeated critical reports (which largely were caused by the fact that the FISK raised the bar for management requirements)<sup>74</sup>. To ensure compliance with contribution management rules, Sida expanded the number of Controllers within the organisation.

Trac was developed in a short space of time, and although it was received with strong doubts and protests, it became Sida's prime instrument for unified contribution management. An evaluation of Sida's rule for contribution management and the linked application Trac in 2016<sup>75</sup> showed that the view on the system among Sida's staff members was divided. While many appreciated having a systematic and comprehensive tool for contribution management, others were frustrated by what they felt was a rigid approach which encouraged focus on compliance, rather than wider issues influencing project delivery and performance. The division in views was largely linked to the experience of Sida staff: many less experienced programme officers liked Trac because the application gave valuable guidance at each step and reduced the risk of missing essential components of the contribution management system.

The critical view – particularly of more experienced staff members – was partly to do with a somewhat clumsy user interface. But it was mainly because Trac was considered to have forced the programme officers to cut contribution management into bits and pieces that had to be handled separately because the computer system was designed that way – results in one bin, risks in another, partner capacity in a third, etc. The evaluation concluded that another qualitative change that had resulted from Trac had been that two useful analytical instruments – risk analysis and the log frame – became enforcement instruments rather than management tools.

The 2016 evaluation found that Sida's approach to contribution management has changed considerably over the last decade, initially responding to external accountability requirements and reflecting the then on-going discussion on RBM. Later, based on experience of what works well and less well in relation to cooperation with partners, the approach shifted towards greater flexibility. However, the evaluation concluded that the system remains unnecessarily complicated and has a number of undesirable effects. It recommended a review of the rules and procedures, moving towards a more simplified and flexible contribution management system.

A significantly revised and simplified version of Trac (Trac 7.0) will be launched in March 2018<sup>76</sup>. The new Trac explicitly endorses adaptation in project design and has less of what some staff call 'tick box decision making'. This version puts less emphasis on what was previously mandatory key documentation and more attention on *how* RBM is applied and used to inform learning and adaptation.

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<sup>73</sup> Gov (2007), Förordning om intern styrning och kontroll. SFS 2007:603 (Statute on internal management and control. Swedish Statute Book 2007:603).

<sup>74</sup> The Auditor-General's report on Sida: Intern styrning och kontroll samt Sidas årsredovisning 2012 (Internal management and control and Sida's Annual Report 2012) summarises and comments on the previous years' critical reports and notes a number of improvements.

<sup>75</sup> Sida (2016), Utvärdering av ändamålsenligheten i Sidas arbete med insatshantering – Slutrapport (Is Sida's contribution management system fit for purpose? Final report), Sida Evaluation 2016:2.

<sup>76</sup> Key informant interviews in Stockholm 31 January – 2 February 2018

## Emergence of MSD thinking in Sida

Swedish development cooperation has always engaged in private sector development: in the first major Government Bill on Swedish development cooperation in 1962, trade, finance and employment creation were identified as important drivers for development<sup>77</sup>. The development theories underpinning the Government Bill were also driven by a growth paradigm where capital investments were considered crucial for economic growth and hence for development.

### Evaluation of Sida's support to PSD

Sida's support to PSD was evaluated in 2001. The evaluation<sup>78</sup> found that Sida's funding of PSD was more significant than official figures indicated, because these figures excluded interventions in other sectors – such as agriculture, forestry health and education – which worked closely with the private sector. The evaluation also highlighted that the focus of Sida's PSD engagement was on macroeconomic policy. It argued that where considered, micro and meso level bottlenecks were not tackled in a holistic manner which took account of the enabling environment or other binding constraints for development<sup>79</sup>.

### Sida's first publication on Making Markets Work for the Poor

In 2003, Sida published a document on Making Markets Work for the Poor (M4P)<sup>80</sup>. This was a part of a policy process initiated in 2002 with the aim of preparing policy guidelines for poverty focused support to PSD. The report was prepared by an external consultant, but based on dialogue with members of the PSD Project Group within Sida's Department for Infrastructure and Economic Cooperation (INEC) and the PSD Steering Group in which different Sida departments were represented. The report emphasised that it was not a Sida policy document, but was an important input into emerging thinking on PSD as a cross-sectoral theme within Sida. It highlighted that PSD is at the heart of Sida's work across most sectors, and argued that these linkages (including with the private sector, labour market organisations, and public sector organisations that influence the functioning of markets) should be made more explicit.

To achieve this, the report highlighted the need for Sida to:

- Develop its competencies in PSD and pro-poor growth.
- Develop specific analytical instruments to integrate PSD into its operations, including through the identification of key constraints.

The report was published in the context of a wider international emergence of market systems thinking. For example:

- In 2000, DFID commissioned a framework paper on 'Making Markets Work for the Poor', which introduced concepts of systems thinking.
- In 2003, DFID and the ADB launched a research project in southeast Asia on markets for the poor.

<sup>77</sup> Annika Billing, Maja Forslind And Karin Metell Cueva (2012), Swedish Development Cooperation in the Private Sector, The role of business in poverty alleviation and the role of donors in promoting private sector contributions to development, Perspectives No. 22, School of Global Studies, University of Gothenburg.

<sup>78</sup> Sida (2001), Approach and Organisation of Sida Support to Private Sector Development, Sida EVALUATION REPORT 01/14.

<sup>79</sup> Sida (2005), Support for Private Sector Development: Summary and Synthesis of Three Sida Evaluations. Sida Studies in Evaluation 03/05. Danielsson.

<sup>80</sup> Sida (2003), Making Markets Work for the Poor, Challenges to Sida's Support to Private Sector Development, Provisional Edition, October 2003.

- In 2004, an issue paper was launched under DFID's ComMark project ('The Remote Reformers vs The Impulsive Interveners').

### **Sida's 2004 PSD Policy**

In 2004, Sida adopted a new Private Sector Development Policy<sup>81</sup>, which drew strongly on the 2003 M4P publication. The stated purpose of the policy was to *"...describe the purpose and key principles of Sida's support to Private Sector Development (PSD) and to provide guidance for the design and implementation of such support"*. The policy took a holistic view of markets which recognised the importance of macro-economic stability, institutions, and the rule of law for market effectiveness. It recognised the importance of *"dynamic processes"* within the market system and the *"interplay between the state as a formulator of the 'rules of the game', the 'players in the private sector', and also of civil society"*.

It asserted that whilst donors have a role to play in PSD, they should mainly focus selectively on markets and market failures where the poor are likely to benefit more from increased opportunities: whilst economic growth is a pre-requisite to poverty reduction, its composition, distribution and sustainability are crucial. It argued against creating market distortions, except when clear positive externalities make it justifiable. The policy stated that Sida will *"give special attention to markets in which the poor are directly involved, primarily agriculture...and the informal economy"*.

### **Wider adoption of MSD**

Up until 2008, technical support on MSD was provided support through a unit under Sida's Department for Infrastructure and Economic Cooperation (INEC). In October 2008, separate market development unit of 10-15 people was established. This unit organised a series of training events on MSD for Sida staff. Over the next few years, around 120 Sida staff attended this training.

Around this time (in 2008) SDC and DFID published three documents aimed at improving the understanding and use of the Making Markets Work for the Poor (M4P) approach: the M4P Synthesis, M4P Perspectives and the M4P Operational Guide.

Around 2012, the market development unit was abolished and MSD technical support was split into regional units. A series of thematic networks were established in the following years, including one for PSD and market development and one for employment. In 2016, these two networks were merged into the existing Network for Employment and Market Development.

### **Policy for Economic Growth in Swedish Development Cooperation (2010-14)**

In 2010, the Ministry for Foreign Affairs adopted a Policy for Economic Growth in Swedish Development Cooperation (2010-14)<sup>82</sup>. This clarified the importance the government attached to economic growth as a means of promoting development and reducing poverty. The policy focused on development cooperation in areas that can have a particularly large impact on reducing poverty by enabling poor people to take part in, contribute to, and benefit from economic growth. The overall objective was improved conditions for sustainable growth processes in poor developing countries. To bring about positive development, the policy stated that growth must be economically, socially and environmentally sustainable in the long term, and characterised by a relatively equal distribution. Three focus areas were identified as being particularly important for promoting economic growth:

- Improving the conditions for poor people to participate in growth processes.

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<sup>81</sup> Sida (2004), Policy Guidelines for Sida's Support to Private Sector Development, Department for Infrastructure and Economic Co-Operation.

<sup>82</sup> Ministry of Foreign Affairs (2010), Policy for economic growth in Swedish development cooperation 2010-2014.

- Improving the conditions for developing markets and entrepreneurship.
- Improving adaptability to changes, threats and opportunities.

### **Sida publication on market development**

Shortly after the adoption of this policy, Sida launched a publication on market development<sup>83</sup>. The document interpreted market development in a broad sense, highlighting four focus areas for Sida's support:

- **Private sector development:** *"e.g. support to reforming the business environment, developing value chains, expanding business development services and strengthening business organisations"*.
- **Trade policy and regulation:** *"e.g. building overall trade policy and planning capacities; training and participating in regional and international trade negotiations; supporting trade facilitation; supporting capacity building related to technical regulations and trade-related standards"*.
- **Financial systems development:** *"e.g. building financial sector legal and regulatory frameworks and supervisory capacity; developing local capital markets; and expanding access to financial services, including microfinance"*.
- **Employment and labour markets:** *"e.g. building institutional capacity in employment policy and planning, labour laws and labour unions"*.

The publication acknowledged that support to market development *"must respond in a flexible way to the underlying causes of why markets fail to serve the poor"*, working at different levels of the economic system as appropriate. It also referred to the M4P approach as one way in which Sida was putting the Policy for Economic Growth in Swedish Development Cooperation into practice.

### **Support to global knowledge sharing for MSD**

In 2011, Sida's endorsement of MSD and a wish to invest in knowledge sharing around the approach led it to work with DFID and SDC to set up the M4P Hub - a web-based knowledge development platform. This later evolved into the BEAM Exchange (launched in early 2014), which was funded by SDC and DFID, but not Sida.

### **Business for Development (B4D)**

Distinct from Sida's MSD work, just ahead of the launch of the new Policy for Economic Growth in Swedish Development Cooperation in 2010, Sida launched the Business for Development (B4D) programme to build systematic partnerships with private sector actors. The goal was to support businesses that contribute to sustainable development, gender equality and poverty reduction through their core business. The purpose of this engagement with the private sector was to mobilise its resources – financial, innovation power, as well as competence – and to encourage companies to develop new approaches to extend their core business to contribute to improved conditions for people living in poverty<sup>84</sup>.

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<sup>83</sup> Sida (2011), Market Development in Swedish Development Cooperation.

<sup>84</sup> Annika Billing, Maja Forslind And Karin Metell Cueva (2012), Swedish Development Cooperation in the Private Sector, The role of business in poverty alleviation and the role of donors in promoting private sector contributions to development, Perspectives No. 22, School of Global Studies, University of Gothenburg.

The instruments used under the B4D programme are challenge funds, public-private-partnerships, drivers of change<sup>85</sup>, and innovative finance<sup>86</sup>. Such instruments are widely considered to be distinct from MSD.

#### 6.4. Conclusions: factors driving the emergence of Sida's MSD portfolio

This section has described an emergence and then sudden surge in MSD programming over a relatively short time around 2011-13. This surge took place at a time when the tightening of controls on Sida's contribution management led to institutional impediments to flexible, adaptive development management and risk aversion across the organisation. The emergence of MSD bucked this trend.

A number of tentative explanations for why this took place are outlined below. We will consider the validity of these preliminary findings further during the implementation phase of the evaluation.

1. **Response to a growing formal recognition of MSD as an approach that Sida should follow in its development programming, particularly in relation to private sector development:** as reflected for example in various early Sida publications on MSD and PSD around 2003-04<sup>87</sup> and again around 2010-11<sup>88</sup>. This occurred in the context of a wider international emergence of MSD programming, including amongst other donors such as DFID, USAID and SDC.

The launch of the B4D programme in 2010, which received strong endorsement from Sida's senior management, occurred shortly before the surge in MSD programming. The focus on private sector collaboration through defined instruments such as challenge funds and other financing instruments was in many ways at odds with the MSD approach. However, the B4D did lead to an increase in Sida's engagement with the private sector and to some extent catalysed a shift in mindset about the role that it can play in development.

2. **A bottom-up drive:** while formal recognition played a part, the early emergence of MSD projects was driven by a small number of individuals within Sida. MSD training for Sida staff appears to have played a part in generating buy-in and enthusiasm for the approach.
3. **The introduction of new guidelines for results strategies that were introduced in mid-2013<sup>89</sup>:** this led to the abandonment of the previous requirement that Sida's country strategies should identify and focus on three sectors. Instead, Sida staff were required to think more creatively about programming strategies to achieve results that were defined ex ante, which led to a more cross-sector view of development programming, and in some cases provided a stronger foundation for MSD interventions. Moreover, under the headline '*innovation*', the guidelines stated that Sweden should look for a wider range of cooperation partners, including the private sector:

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<sup>85</sup> Sida supports organisations whose activities aims to contribute to the fulfilment of the development goals - organisations that drive development within the private sector, such as through CSR or social entrepreneurship, or by improving relations between businesses and civil society organisations (CSOs).

<sup>86</sup> Sida (2011), Business for Development (B4D) Status Report 2011, December 2011.

<sup>87</sup> Sida (2003), Making Markets Work for the Poor, Challenges to Sida's Support to Private Sector Development, Provisional Edition, October 2003; and Sida (2004), Policy Guidelines for Sida's Support to Private Sector Development, Department for Infrastructure and Economic Co-Operation.

<sup>88</sup> Ministry for Foreign Affairs (2010), Policy for economic growth in Swedish development cooperation 2010-2014; and Sida (2011), Market Development in Swedish Development Cooperation.

<sup>89</sup> Riktlinjer för resultatstrategier inom Sveriges internationella bistånd. Promemoria 2013-07-11. Bilaga till regeringsbeslut 2013-07-11 (Guidelines for results strategies within Sweden's international development cooperation. Memo. Annex to cabinet decision 2013-07-11).

*“The results strategies shall indicate expected results for selected domains rather than for the traditional sectors within development cooperation.”<sup>90</sup>*

As a result, although the tighter control mechanisms and pre-defined results attribution arguably conflict with MSD principles, the emergence of MSD programming may ironically have been an unintended consequence of the new guidelines.

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<sup>90</sup> Ibid., p 3.

## 7. Sida's management of the MSD approach – preliminary findings

### Summary of preliminary findings conclusions:

#### Design and appraisal:

- MSD project design typically leaves detailed specification of activities until after the project has started. For many in Sida, this uncertainty has sometimes been perceived as risky, which has led to resistance and delays in the design and appraisal stages.
- Whilst Sida's contribution management system (Trac) has some embedded rigidity, the inhibiting effects of this rigidity are largely manifested in staff interpretation of the system rather than the system itself.
- A combination of cultural factors within Sida and the Public Procurement Act have discouraged the use of private contractors to deliver MSD projects. This may act as systemic barrier to Sida being able to source MSD implementer from a wide pool of service providers.

#### Follow-up (managing implementation):

- Managing an MSD project can demand more donor capacity and resources than traditional development projects. Engagement by Sida programme officers in the follow-up phase is typically fairly light. MSD programme officers who have sought a more intensive engagement have often struggled to make this happen.

#### Results-based management:

- Effective MSD programming requires that results measurement is used to inform ongoing learning and adaptation. Sida's policies and guidance materials provide the right basis for Sida staff to work with MSD implementers to develop fit-for-purpose RBM frameworks. If constraints exist, they appear to be more related to staff capacities and confidence; and, in some cases, to demand from some staff involved in project appraisal for more conventional results reporting.

#### Guidelines and capacity:

- A considerable body of MSD guidance literature has been developed by Sida in the past 15 years. However, awareness of this literature is mixed and there is demand for more specific and tailored guidance and information sharing on how to manage common challenges in MSD programming within Sida.
- There is no unit coordinating Sida's MSD work and technical expertise and support on MSD within Sida's headquarters is dispersed and resource-constrained.

### 7.1. Introduction

The inception phase has focused on addressing EQs 1-5, stakeholder mapping, and preparing for the implementation phase. During the implementation phase the case studies will be used to inform our response to EQs 6 and 7. Subsequently, the combined findings from EQs 1-7 will be used to develop



lessons and recommendations for Sida's management of MSD projects (EQ8) and for wider programming in complex contexts – e.g. appropriate integration of adaptive approaches (EQ9).

In this section, we present our very preliminary findings relating to EQs 6-7. These are based primarily on interviews, a workshop held with Sida staff<sup>91</sup>, and a review of some overarching – rather than project-specific – documents. While not a required deliverable of the inception phase, we present these findings to help inform ongoing discussions with Sida staff as the evaluation proceeds.

The findings are structured around key stages of the Sida project (or 'contribution') cycle: (i) design and appraisal; and (ii) follow-up (managing implementation). Separately, we present findings in relation to RBM, and guidelines and capacity.

## 7.2. Design and appraisal

MSD requires flexibility, experimentation and adaptation based on experience and learning. This requires a willingness to accept uncertainty.

Sida programme officers involved in the design and appraisal of MSD projects have highlighted challenges that they have faced at this stage in the project cycle. Particularly since the introduction of Trac in 2012, Sida project appraisal has required a fairly detailed specification of project activities, areas of intervention, and expected results. By contrast, MSD project design typically leaves detailed specification of activities until after the project has started; and where the core objective of a project is to achieve systemic change, detailed results frameworks are often challenging to specify in advance.

For many in Sida, this uncertainty has been perceived as risky, and the QA Committees responsible for reviewing Sida contributions have often raised concerns at this stage relating to factors which are normal practice for MSD projects:

- Signing off a project with no detailed activity plan, detailed results framework, or phased budget. This has often been viewed with scepticism and considered to be risky.
- Other aspects of MSD programming and budgeting that have raised questions and blockage have included: (i) **Inception phases** – which are generally considered to be a necessary part of an MSD project – have been considered to be unnecessarily long and a waste of resources; and (ii) **Facilitation** is central to most MSD projects. Compared to other forms of programming, this requires high implementer staff costs compared to other budget items (such as grants). Staff costs are often considered as an 'overhead' which should be minimised to ensure efficient delivery.
- MSD, and the facilitation model in particular, requires a relatively high degree of implementer autonomy, e.g. to adjust activities and budgets in the light of experience of implementation.

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<sup>91</sup> During the workshop, participants were asked to reflect on Sida's approach to managing MSD projects, considering: (i) what worked well and why; (ii) supporting and hindering factors; and (iii) what could be improved. They were asked to consider this in the context of how Sida's overall approach to managing projects has evolved, including: formal guidelines and systems; organisational culture; and staff capacities.

**Are MSD projects more risky?**

Compared to more traditional approaches to development programming, projects following the MSD approach do not specify detailed activity plans at the design phase. While this has been criticised as implying greater programming risk for funders, proponents of the MSD approach (and other forms of adaptive programming) assert the opposite.

They argue that, particularly in complex contexts where processes are seldom linear or predictable (such as market systems), adaptation is in fact a sound approach to risk management. By making small bets, learning through experimentation, stopping or adjusting interventions that are not working ('failing fast'), and scaling up or replicating success, the MSD approach can enable more effective risk management, particularly in complex development contexts.

These concerns have sometimes led to resistance and delays in the design and appraisal stages. Depending on the case, resistance has come from various Sida functions involved in project appraisal, including Controllers, legal services, and procurement.

Controllers play a role in reviewing Sida contributions. Their primary role is to manage fiduciary risk – largely through ensuring compliance with contribution management guidelines. Although not a formal requirement, they tend to have a strong preference for detailed financial forecasts. Our interviews have indicated that Managers in embassies are often reluctant to sign off on project spend if this is not supported by the Controller.

Interviews and a recent evaluation of Sida's contribution management<sup>92</sup> have indicated that programme officers are often reluctant to tick 'no' boxes to questions on Trac, which signifies a lack of predefinition which is often inherent in MSD projects – for example, where indicators have not been pre-defined. This appears to be particularly the case with less experienced programme officers who are more likely to be concerned about this leading them to being exposed for 'making mistakes'.

Overcoming these challenges and getting MSD projects through the appraisal stage has required tenacity and significant effort by programme officers. Funding decisions for MSD projects therefore have to overcome significant hurdles, creating very real systemic disincentives for MSD programming. Our conversations during the inception phase have naturally focused on MSD projects which got through the Sida system and moved into implementation. In these cases, QA Committees have shown a willingness to adapt their requirements compared to what would normally be viewed as acceptable for most other types of project.

Anecdotally, it appears that the challenges in getting MSD projects through the appraisal stage were particularly great for some of the earlier MSD projects and that approval is becoming easier now. This is something that we will assess in the case studies. If true, this is likely to be due to some a combination of the following factors:

- The profile and acceptability of MSD programming has increased within Sida as the number of precedents has grown.
- Internal guidance has emerged and the MSD community within Sida has shared lessons on how to work through the system.

<sup>92</sup> Sida (2016), Utvärdering av ändamålsenligheten i Sidas arbete med insatshantering – Slutrapport (Is Sida's contribution management system fit for purpose? Final report), Sida Evaluation 2016:2.

- Relaxation of the ‘results agenda’ since 2014, when the new government placed greater emphasis on a trust-based administration. Related to this, we have been told that the mandate of QA Committees has evolved recently: whereas they previously focused largely on compliance, their role is now shifting to playing a role that is more focused on supporting and coaching for programme officers earlier in the appraisal process. We understand that this is being reinforced through the introduction of Trac 7.0.
- Emerging awareness among Sida staff about the need for ‘doing development differently’ and for recognising complexity in development programming.

### To what extent has Sida’s contribution management system hindered MSD programming?

Our discussions with Sida staff to date have indicated that while Sida’s contribution management system (Trac) has some embedded rigidity, the inhibiting effects of this rigidity are largely manifested in staff’s interpretation of the system rather than the system itself. This cultural interpretation of contribution management probably stems from the strong control culture that was institutionalised in the early 2010s. For programme officers who are less experienced, the tight structure of Trac provides clarity. However this structure does not guide programme officers to focus on issues that are considered important for good MSD programming. This is also likely to mean that where Managers and Controllers are sceptical of the MSD approach, a hard-line interpretation of Trac’s ‘rules’ may have been used to inhibit the development of MSD proposals.

Whether or not this is the case, it appears clear that Sida’s contribution management system has historically placed heavy emphasis on compliance, particularly during the assessment phase. During implementation, the system has tended to lead to interactions between Sida programme officers and implementers being focused whether a project is ‘on track’ compared to pre-defined activities, financial disbursement plans and results indicators. This has come at the expense of interactions around project strategy, learning and adaptation, and important MSD considerations such as whether results achieved are sustainable and scalable.

Trac 7.0 is intended to address some of these shortcomings<sup>93</sup>:

- The role of Controllers is shifting from a ‘control function’ at the end of the appraisal process to one that involves them earlier – helping to identify and work out how to mitigate risks.
- In relation to RBM, there is less emphasis on checks that pre-defined results and indicators exist. The emphasis is more on whether the implementer has an appropriate RBM system in place that creates conditions for effective steering, learning and sharing, leading to more sustainable results.
- In relation to RBM, pre-defined results and indicators are not a general requirement. The emphasis is on the implementing organisation’s capacity for RBM, relating to its methods, tools, routines and culture.
- Risk categories are no longer standardised. Guidance now says that risk assessments should be developed to be context-specific, focusing on risks that are material for the specific contribution.
- It provides for greater flexibility in the implementation phase, explicitly allowing for adaptation. It is therefore less rigidly structured, leaving greater room for manoeuvre by programme officers.

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<sup>93</sup> Source: Sida (2018), Rule for managing contributions.

## Implementing partner selection

Identifying the right implementing partner (usually a facilitator) is crucial to the success of an MSD project. Good implementers require a combination of:

- Contextual knowledge and experience in the country / region and markets in which the project will operate.
- Understanding and experience of the MSD approach and what it means to be a facilitator.

Finding an organisation (or consortium) with this combination of capabilities is often challenging in the contexts in which Sida (and other MSD funders) operate.

As highlighted in Section 6.2, most MSD projects funded by Sida are implemented by NGOs, UN Agencies or independent trusts. In these cases, the selection process is normally an emergent one, where the Sida programme officer identifies the broad area of intervention for the project and then identifies potential implementing partners with relevant objectives and capabilities. Detailed project specification is then normally an iterative process, whereby a candidate partner develops a proposal in response to Sida's indication of requirement, or even co-creation of the proposal with Sida.

In some cases, (e.g. the Palestine Market Development Programme and Rwanda Promoting Decent Work in the Informal Economy), a single organisation is identified early on in the appraisal process. In others (e.g. Bangladesh WEESMS), Sida invites a short list of potential partners to prepare concept notes in response to terms of reference. In both cases, once a preferred implementer is selected, there is close dialogue between the implementer and Sida in finalising project design and agreeing the contribution.

We have been made aware of only one example of where Sida has procured a private contractor to implement an MSD project: Liberia GROW. This is in contrast to several other MSD funders (e.g. USAID and DFID), which rely on private contractors to implement a large proportion of their MSD portfolio. The focus of Sida's MSD funding on non-commercial entities appears to be down to two main factors:

1. A history and culture in Sida development cooperation of focusing funding on NGOs and multilateral agencies.
2. Challenges in procuring services from private contractors. As a government agency, Sida is bound by the Swedish Public Procurement Act. This appears to have created challenges for procuring MSD projects, which we will explore further in the case studies. Our preliminary finding is that these challenges in procurement relate to a combination of the lengthy time period that procurement takes (particularly when procurement decisions are challenged) and requirements under public procurement for the services being procured to be defined in concrete terms (which is often difficult for MSD projects – see Section 5). This has led to Sida staff finding it is far easier to fund non-commercial organisations to implement MSD projects as this can be done through a non-competitive and less formal process.

### **The procurement of GROW in Liberia**

The GROW project in Liberia is the only example we are aware of where Sida has procured an MSD implementer through a competitive route. This provides useful lessons which we will explore further as one of the case studies in the implementation phase (subject to approval from the Steering Group).

The GROW programme officer decided to select the implementer through public procurement because there were no suitably qualified organisations already present in the country at the time (around 2011). There were some NGOs and UN agencies already working in the sectors that GROW planned to focus on (agriculture); but they were all applying more traditional direct delivery approaches. Liberia was emerging from a prolonged period of conflict, so there was no previous experience of applying MSD in the country.

The procurement process was long and drawn out – it took over two years. Following good MSD practice, the terms of reference for the implementer did not specify a detailed work plan or set of activities. This made it difficult for the programme officer to prepare procurement documents, evaluation criteria, qualification requirements and contracts for the project. There were no precedents or guidelines for the procurement of an MSD implementer within Sida and there was initially significant opposition to this approach from Sida’s legal and procurement staff as it conflicted with Sida’s standard practice.

Private legal advice was sought to guide the procurement process to ensure that it followed the Public Procurement Act; and joint workshops were organised with procurement and legal staff within Sida to find a solution. Significant safeguards were required by (who changed regularly through the process) and assessment committees at different levels to address the perceived higher uncertainty.

The procurement was finalised in 2013. We understand that since then, no Sida MSD project has followed a procurement route – it is perceived as cumbersome and programme officers tend to favour the more straight-forward option of selecting non-commercial implementers – whether or not they are the best placed organisation to implement the project. This may act as systemic barrier to Sida being able to source MSD implementers from a wide pool of service providers.

### **7.3. Follow-up (managing implementation)**

Managing an MSD project can demand more donor capacity and resources than traditional development projects. It requires a relationship between the funder, the implementer and other project stakeholders that is collaborative and encourages learning.

Engagement by Sida programme officers in the follow-up phase<sup>94</sup> of a project is typically fairly light. As highlighted in Section 6, Sida’s role in contribution management is generally seen as being limited to assessing a proposal and deciding on the basis of this assessment whether or not to provide support; and then monitoring (rather than engaging in) implementation. This is reinforced by Sida’s contribution management system which encourages programme officers to focus on compliance with financial and activity plans and reporting against pre-determined results – more of a principal-agent mindset than a collaborative relationship. Whilst there is nothing in the contribution management system to prevent project plans from being adjusted, there appears to have been a culture or perception, particularly

<sup>94</sup> The implementation phase is known as the ‘follow-up’ phase in Sida’s contribution management system.

amongst some Controllers, that this should be avoided where possible. This conflicts with the MSD approach, which encourages adaptation.

There is a strong appetite amongst MSD programme officers for guidance on how contribution agreements and contracts can be tailored to reflect an adaptive management approach – that enables flexibility and that holds the implementer to account less for the achievement of pre-determined and short-term results and more for behaviours that are considered to be good practice in MSD projects – e.g. learning, adaptation and context-specific risk management.

MSD programme officers that we've spoken to have highlighted that management of the follow-up phase has been resource intensive for them – far more so than for other projects. This time has been spent on a variety of activities, including (depending on the case):

- Reviewing and approving detailed sector studies, market analysis, M&E frameworks etc.
- Helping to facilitate the brokering of relationships between the implementer and other market actors.
- Overseeing implementation – sometimes including coaching – and holding implementers to account for their strategies and results.

Taking the example of GROW again, Sida has partly outsourced this role to a 'monitoring consultant'. The consultant has supported Sida in a range of activities, including: reviewing key deliverables, such as the inception report and annual reports; undertaking field visits to monitor the implementation approach; assessing the organisational capacity of the implementer and providing independent recommendations for strengthening its effectiveness; and independently reviewing results (focusing more on emergent results than using the pre-defined results framework as the benchmark for success).

## 7.4. RBM

Effective MSD programming requires that results measurement is used to inform ongoing learning and adaptation. Funders must support and encourage flexibility in results frameworks. Systemic change and sustainability lie at the heart of good MSD programming and results frameworks should be designed to incentivise a focus on this.

Our discussions with Sida programme officers have highlighted uncertainty about: (i) what an appropriate results framework should look like in a contribution agreement for an MSD project; and (ii) what role Sida should play in MSD project RBM – including how to find an appropriate balance between qualitative and quantitative indicators; and between learning and accountability.

A positive starting point is that Sweden places less emphasis on accountability via aggregated quantifiable results than many other DAC providers<sup>95</sup>. Although there have been brief (and aborted) attempts to develop common indicators across projects, Sweden does not employ corporate or strategy level results frameworks for aggregation of results. The 2016 policy framework for Swedish development cooperation and humanitarian assistance<sup>96</sup> underlines the importance of using results information for evidence-based decisions. In addition to accountability, it stresses the importance of dialogue and mutual learning.

Recently developed e-learning materials for staff<sup>97</sup> promote RBM as a 'mind-set' and focus on its use for adaptive management at the project level. The training materials warn against the risks of a reliance on

<sup>95</sup> OECD (2017), Provider Case Studies: Sweden Ministry of Foreign Affairs and Swedish International Development Co-operation Agency.

<sup>96</sup> Ministry of Foreign Affairs (2016), Policy framework for Swedish development cooperation and humanitarian assistance, Government Communication 2016/17:60.

<sup>97</sup> Sida (2016) "Rules for managing contributions", guideline, internal document.

quantitative indicators in some contexts and encourages staff to use 'learning-based methods' and work with their partners to build monitoring systems that are relevant to context.

It therefore appears that policies and guidance materials provide the right basis for Sida staff to work with MSD implementers to develop fit-for-purpose RBM frameworks. We have heard of multiple examples of where results frameworks have been adapted over time to reflect changes in project design (e.g. in Zambia, Afghanistan, and Liberia). If constraints exist, they appear to be more related to staff capacities and confidence; and, in some cases – at least historically – to demand from some staff involved in project appraisal (such as embassy Controllers and managers) for more conventional results reporting.

We have been told of examples of where MSD project results frameworks have set targets which may have incentivised implementers to employ strategies that enable the achievement of large scale and short-term beneficiary reach, which may conflict with more systemic and sustainable change or focusing on more challenging markets and beneficiary groups.

An initial finding is therefore that MSD programme officers would benefit from clear (and Sida-specific) guidance on RBM in MSD, which among other things sets the right incentives

## 7.5. Guidelines and capacity

In this section, we provide our initial assessment of the extent to which the following are conducive to good MSD programming in Sida (i) formal policies, guidelines and systems; and (ii) staff capacity.

### Policies, guidelines and systems

The extent to which Sida's contribution management system enables Sida staff to handle the requirements of the MSD approach has been assessed in previous sections. Here we focus on guidelines on MSD that are available to Sida staff. A considerable body of guidance literature on MSD and broader market development approaches has been developed by Sida in the past 15 years. This includes:

#### 1. Documents affirming Sida's endorsement of the MSD approach:

- Sida (2003), Making Markets Work for the Poor, Challenges to Sida's Support to Private Sector Development, Provisional Edition, October 2003.
- Sida (2004), Policy Guidelines for Sida's Support to Private Sector Development, Department for Infrastructure and Economic Co-Operation.
- Sida (2011), Market Development in Swedish Development Cooperation.

#### 2. Internal guidance:

- Sida (2012), Introductory Notes on the Market Systems Development Approach: Sida, Adam Smith International, SIPU International.
- Sida (2013), Tool: Integrating Women's Economic Empowerment into M4P approaches.
- Sida (2013), What Works for Market Development - A Review of the Evidence.
- Sida (2013), Policy overview on Sida's support in the field of overall Market Development (MD).
- Sida (2015), A Human Rights Based Approach to Market Development.

#### 3. External guidance:

- The Springfield Centre (2015), The Operational Guide for the Making Markets Work for the Poor
- (M4P) Approach, 2nd edition.



- ILO (2016), A Market Systems Approach to Decent Work.
- CGAP (2015), A Market System Approach to Financial Inclusion – Guidelines for Funders, Consensus Guidelines. Washington, D.C.

Although a considerable body of MSD literature and guidance exists, our interviews with Sida staff have suggested the following:

- While this is available on the Sida intranet, it is not easy to find and awareness of the literature is mixed.
- Despite formal endorsement of the MSD approach in policy guidelines, acceptance of the approach and its implications for contribution management is patchy across Sida.
- There is a demand from programme officers managing MSD projects for more specific and tailored guidance and information sharing on how to manage common challenges in MSD programming within Sida.

### Capacity

Initiating and managing MSD projects successfully requires a particular set of skills and, for many who have previously followed more traditional development cooperation approaches, a shift in mindset. As highlighted in Section 6.4, the early emergence of MSD projects in Sida was partly in response to new policy guidelines that endorsed the approach, but this emergence was largely bottom-up. It was centred around a small number of staff who had attended MSD training, believed in and had tenacity and passion for the approach, and the skills needed to sell it internally and get around various institutional obstacles.

Since 2012, there has been no unit coordinating Sida's MSD work and technical expertise and support on MSD within Sida's headquarters is dispersed. Each regional department has a number of PSD advisers who provide some degree of MSD support, but whose areas of support is largely responsive to demand from embassies.

Sida's 'MSD community of practice' is coordinated by the Network for Employment and Market Development. This network has 76 members of which around 20% are local embassy staff. It is coordinated by a 'Hub' of 10 Stockholm-based staff who organise knowledge sharing events.

We understand that demands for information and knowledge exchange through the Network have included how to:

- Formulate terms of reference for MSD implementers.
- Get MSD projects through the appraisal stage.
- Identify, approach and contract MSD implementers.
- Manage MSD project implementation (including RBM).

The Network is resource-constrained and, despite high demand, is not currently able to prepare guidance briefs and training; or to engage in outreach and sensitisation to the MSD approach to Sida staff outside of the Network (e.g. to Controllers).

There is no longer any structured approach to MSD skills development. Although some staff do continue to attend external training, many Sida staff move into new roles of managing MSD projects without any training on the approach.



## Annexes

### Annex 1: References

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## Annex 2: People met during inception phase

### Steering Group

Name	Title/role
Gun Eriksson Skoog	Senior Policy Specialist Employment; network coordinator.
Åsa Heijne	Senior Advisor Market Development; network hub member
Karolina Hultström	Head of Unit for Learning and Organisational Development; Sida Vision project, DDD core group
Pernilla S. Rafiqui	Senior Evaluation and Monitoring Specialist

### Workshop held in January 2018

Name	Unit
Elina Scheja	ITEM/CET
Eva Ohlsson	Emb Monrovia
Verena Knippel	VERKS/INPRO
Rebecka Kitzing-Ivarsson	VEKRS/INPRO
Gun Eriksson Skoog	INTEM/TEMA
Ola Sahlén	INTEM/GECO
Christina Sandberg	LED/KUT/Controller network
Anna Rahm	VEKRS/INPRO
Carmen Lopez-Clavero	INTEM/GECO
Hanna Marsk	INTEM/GECO
Linnea Almqvist	LED/UPPIS/Procurement
Pernilla S. Rafiqui	INTEM/TEMA/Eval

### Workshop held in March 2018

Name	Role / Unit
Pernilla S Rafiqui	INTEM/TEMA/Eval
Jonathan Francis	
Christina Sandberg	LED/KUT/Controller network
Verena Knippel	VERKS/INPRO
Karin Metell Cueva	
Anna Rahm	VEKRS/INPRO
Rebecka Kitzing Ivarsson	VEKRS/INPRO
Åsa Heijne	Senior Advisor Market Development; network hub member
Felicia Sen	
Henrik Riby	Advisor for Market Development, Europe and Latin America Department
Anne Kullman	
Sofie Berghald	
Elina Scheja	ITEM/CET
Elisabeth Montgomery	Embassy, Kigali
Elin Carlsson	Embassy, Addis Ababa

## Interviews with Sida staff

Name	Role / Unit
Elin Carlsson	Embassy Addis
Karin Metell Cueva	DDD. Ref group
Gun Eriksson Skoog	Senior Policy Specialist Employment
Rebecka Kitzing-Ivarsson	Adviser RBM
Anna Rahm	Head of Contribution Management
Erik Pettersson	Peacebuilding and Human Security Unit
Elisabeth Montgomery	Embassy Kigali
Magdalena Svensson	Embassy Lusaka
Åsa Heijne	Senior Adviser Market Development
Elina Scheja	Lead economist
Karolina Hulterström	Head of Unit for Learning and Organisational Development
Eva Ohlsson	Embassy Monrovia
David Wiking	Head of Department for Operational Support
Henrik Riby	Advisor for Market Development, Europe and Latin America Department
Christina Sandberg	Senior Adviser to the Chief Controller
Sara Ulväng Flygare	Embassy Afghanistan

## Interviews with secondary stakeholders

Name	Job Title	Organisation
Ben Taylor	Director	The Springfield Centre
Jim Tanburn	Coordinator	DCED
Mike Albu	Director	BEAM
Steve Hartrich	Technical Officer - Market Systems Development	The Lab at ILO
Francesca Brown	Private Sector Development Head of Profession	DFID
Patricia Seex	Former Private Sector Development Head of Profession	DFID
Kristin O'Planick	Market Systems and Enterprise Development Specialist	USAID
Peter Beez	Coordinator Focal Point e+i.	SDC
Natalie Rast	Programme Manager	SECO
Valerie Bersetbircher	Deputy Head of International Labour Affairs	SECO
Julie Delforce	Senior Sector Specialist, Agricultural Development and Food Security	DFAT

### Annex 3: Document requirements for case studies

- Project Document/Proposal
- Sida's Assessment Memo (of the proposal)
- Sida's decision (based on the memo)
- Agreement(s) defining obligations and roles between the partners (implementation and also co-financing)
- Regular reports (annual, semi-annual; narrative, financial)
- Minutes from annual (or other) consultation meetings
- Any other studies, e.g. evaluations, other reports from partners, other case studies.

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