PROGRAMME MANAGEMENT
FOR MARKET SYSTEMS DEVELOPMENT APPROACHES

Lessons from the Rural Livelihood Development Programme Tanzania
BACKGROUND

The Rural Livelihood Development Programme (RLDP) in Tanzania was financed by the Swiss Agency for Development and Cooperation (SDC) and implemented by a consortium of HELVETAS Swiss Intercooperation and Swisscontact between 2005 and 2015. It aimed to improve livelihoods of smallholder producers and related enterprises in the Central Corridor of Tanzania through increased income and employment opportunities. From 2008 onwards, RLDP shifted to the Making Markets Work for the Poor (M4P) approach – also called the Market Systems Development (MSD) approach. In its final phase (Phase V, 2012-2015) RLDP worked in four agricultural sub-sectors (cotton, rice, sunflower, and poultry) aiming at two outcomes: (1) Increased market access, production, productivity of and value addition by farmers through availability of improved inputs, skills, knowledge, services, and bargaining power, as well as awareness on gender equality; and (2) Systemic change in the business environment and services markets for agricultural sub-sectors and related growth of micro and small enterprises.

In 2015, RLDP engaged in a Capitalisation of Experience (CapEx) process to understand what lessons could be learned from its work focussing on three topics: Programme Management applying the MSD approach, Contract Farming, and Gender Mainstreaming. The CapEx of all three topics are available in long and short document versions. This short version contains key experiences and lessons learned from RLDP in Programme Management applying the MSD approach. For more background, examples and lessons learned, the reader is invited to consult the full version which is available on the HELVETAS Swiss Intercooperation website under “Publications on Market Systems”: https://www.helvetas.org/news_blog/publication/valuechains.cfm.

CAPEX OBJECTIVE, TARGET AUDIENCE AND PROCESS

This learning document explores RLDP’s main challenges in programme management applying the MSD approach encountered throughout its final phase, but takes into account experiences from previous phases where relevant. Based on these experiences, lessons are drawn that may guide future programmes to effectively implement an MSD approach.

The target audiences for this document are the two implementing organisations, the donor involved in RLDP, as well as other implementing organisations and donors engaged in projects applying a market systems development approach.

Data collection for this learning piece involved key informant interviews with various internal and external stakeholders, such as RLDP staff, SDC, local government, and project partners.

The present summary of the CapEx contains 10 key takeaways – experiences and lessons learned – on programme management in MSD. They are structured along the main elements in the MSD project cycle (see figure 1) as outlined in the second edition of the M4P Operational Guide. They are also informed by the Components of Programme Management Framework developed for this CapEx piece. For each of the 10 key takeaways, the most relevant RLDP experience is briefly presented followed by the key lesson learned.

Figure 1: MSD project cycle
TEN KEY TAKEAWAYS

STRATEGY

1. Theory of change and team set-up: RLDP’s logical framework for Phase V, as outlined under “background” above, was in line with the MSD logic. The project document focussed on achieving impact at scale in four sub-sectors: cotton, rice, sunflower and poultry. Technical staff – called Business Analysts (BAs) in RLDP – were not only allocated to each sub-sector, but also to cross-sector services such as financial services, rural advisory services, media and information. This arrangement had potential to foster the needed exchange between staff in an MSD programme. In the end, however, “silo-thinking” still emerged within the team.

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<thead>
<tr>
<th>Sub-sectors</th>
<th>Cross-sector services</th>
<th>Cross-cutting issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cotton</td>
<td>Financial Services</td>
<td>Gender, HIV / AIDS, Social accountability</td>
</tr>
<tr>
<td>Rice</td>
<td>Market Oriented Agricultural Advisory Services</td>
<td></td>
</tr>
<tr>
<td>Sunflower</td>
<td>Media and Information Services</td>
<td></td>
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<tr>
<td>Poultry</td>
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The lesson to draw here is that establishing a theory of change and team set-up that is consistent with a systemic approach is a necessary first step for good programme management in MSD. However, even more than the formal structures and design, it is organisational culture as well as the capacities of management and staff throughout the project cycle that determine how well a project will ultimately perform.

DIAGNOSIS

2. Understanding market systems in depth: Based on market analysis from the previous phases, RLDP identified various constraints in the different sub-sectors located at all three levels of focus market systems (core, supporting functions, and rules). Contract farming was supposed to address constraints in the core and in supporting functions across all sub-sectors (see CapEx on contract farming for more details). RLDP had also found a limited number of other entry points to improve supporting functions and rules but did not address those in a systemic way. For example, in the rice sector, lack of access to finance was an issue for both millers and producers. RLDP chose to address this issue through Village Savings and Lending schemes. However, a more in-depth understanding of the financial services market system may have helped RLDP to work in a more systemic way to facilitate appropriate financial products and services for micro, small and medium enterprises within, but also beyond, the rice sector.

The experience reconfirms that market systems analysis needs to go in-depth and explore interconnected systems. This helps a programme to find entry points that are able to transform services and business environment aspects more broadly, which has important implication for the scale of impact (see 5. below). Programmes should build an organisational culture that values analysis and ensure that staff are guided and have the capacity to explore and get a deeper understanding of interconnected market systems.
VISION

3. Understanding motivation and capacities of market actors: BAs used a checklist for assessing potential partners, according to a set of criteria. However, the checklist was not always applied due to several reasons: a perceived pressure to engage with new partners each year linked to outreach (see also lesson 5 on scale strategy), time pressure linked to agricultural seasons, and a scarcity of potential partners in a “thin” market like the Central Corridor. This resulted in RLDP collaborating with market actors who were not always best placed or internally motivated to take up pro-poor changes.

Market systems programmes must thoroughly understand the motivations, vision and capacities of the market actors with whom they engage. A list of criteria and a checklist with questions as developed by RLDP are good tools. But even more important are that staff have an entrepreneurial mind-set as well as the time investment to exchange with potential partners. Time can be saved if during the diagnostic process project staff are attentive to potential partners.

INTERVENTION

4. Capacity around various facilitation instruments: In Phase V of RLDP, there was quite a heavy reliance on grants as a facilitation instrument. This was partly due to staff’s understanding of the facilitation role as not being visible to project beneficiaries. Still, examples were found of other facilitation techniques, e.g. linking and networking public and private stakeholders in market development forums to create debate and interest around sector development, and capacity building for advocacy of producers’ and processors associations in the cotton and sunflower sectors.

An important lesson is that staff should have the capacity and creativity to employ a variety of facilitation instruments. When negotiating agreements that involve grant instruments to private companies, staff need to be careful not to provide money for core business activities. A programme’s Technical Advisor can guide staff by asking critical questions about what is being financed. Non-financial facilitation instruments also have an important role to play to stimulate behavioural change in market actors. Donors need to be aware that non-financial facilitation often involves more staff time than providing grants, which has an implication for budget structure.

5. Creating space for innovative scaling strategies: RLDP intended to reach scale primarily by investing in private sector partners who would expand their business by reaching out to more smallholder producers each year. Many partners were, however, neither capable nor willing to sustain this growth without programme support. Thus, the RLDP’s strategy for scale was short-sighted as it focused on increasing the outreach of individual partners rather than embracing other pathways to scale. There was certainly an element of convenience in continuing with already tested approaches like contract farming instead of engaging in new strategies with different types of partners. An exception to this general observation was RLDP’s work to strengthen the advocacy capacity of apex organisations in sunflower and cotton, which resulted in changes at the business environment level (see CapEx on contract farming for further details).

The lesson is that scale within market systems development, in many ways, is more about sustainability than outreach. Beyond initial programme partners, programmes should aim to stimulate the way competing (other similar businesses) and non-competing (government, research institutions, service providers, etc.) actors behave due to an intervention (crowding-in). This is different than simply replicating the same business model. Programme managers and advisors therefore need to challenge staff to think outside the box. They should also seek open dialogue with the donor to discuss new strategies that may not have impressive outreach figures in the short run.
**MEASUREMENT**

6. Processes for independent verification on partners’ reporting of results: Within RLDP there was an understanding that to be facilitative the programme should have little or no visibility at the direct beneficiary/field level. While this attitude may foster ownership by market actors, it hampered RLDP’s monitoring processes. Field visits were mostly conducted with staff of the contracted partner with limited independent verification on reported progress.

A lesson learned is that MSD programmes must apply a Monitoring and Results Measurements (MRM) system based on triangulation, using information from multiple sources and allowing for independent verification. The principle of low visibility does not mean that programmes cannot engage in independent MRM activities to verify claimed achievements by partners. For example, programme staff can play the role of market researcher instead of outing themselves as being part of a donor-financed programme. This said, triangulation needs to be strategic, especially in a context of vast geographical distances that make a systematic verification of each intervention challenging.

**MANAGEMENT**

All of the above takeaways are related to managing an MSD programme at different stages of the project cycle. The following takeaways concern the whole project cycle; they are related to the three dimensions of MSD programme management as outlined in the previously cited second edition of the M4P Operational Guide: readiness, willingness and ability.

7. Contracts with partners – language: At RLDP, contracts with partners and service providers were established in English. The programme came to realize that depending on the particular partner, not all key staff would have fully understood the content of contracts and MoUs due to language barriers for Kiswahili speakers. Also, some MoUs were formulated in a way that put market players in an implementing role rather than a change agent role.

It is important to establish contracts with partners, if needed, in the local language and to ensure that the content is fully understood. Programmes are advised to use language that fosters partners’ ownership and behavioural change (see box). MSD programmes may find some guidance in the topical guide “Speaking a business language” that aims to help programme staff to ‘speak the same language’ with lead firms and other private sector market actors in the value chain.  

8. Contracts with partners – modalities of partner investments: RLDP partnered with a range of market actors, many of them processors engaging in contract farming arrangements. RLDP agreed on one-year contracts for the majority of market actor partners. These contracts outlined the conditions of the partnership and expectations regarding the partner and RLDP’s responsibilities. Many partners presented large financial contributions in the form of investments in their businesses (e.g., infrastructure, equipment, inputs, and services). It was often difficult to verify whether these financial contributions were ever allocated as stated in the budget. Combined with the pressure to implement activities according to the progressing agricultural season, this led
to situations where the next instalment to partners was released without fully accounting for previous instalments.

The lesson learned is that programmes need to define and agree on the modalities of partner investments together with the partners, and ensure that these are implemented as agreed. Investments are an expression of the motivation and ownership of partners towards systemic change. Programmes are advised to structure contributions to partners in clearly defined milestones, and pay subsequent instalments only on their completion.

9. An organisational culture that fosters critical dissent: There was one mechanism in place at RLDP in Phase V that fostered critical reflection and learning, the so-called quarterly peer reviews. The review lasted two days and brought together the whole team. Business Analysts presented the achievements and challenges in selected interventions. The subsequent discussion and constructive critique by peers highlighted needs for adaptation. Unfortunately, this mechanism did not last throughout the Phase as the Technical Advisor and M&E Manager, who were the drivers behind the practice, left the programme and the Programme Manager put less attention on it.

It is proposed that market systems programme managers should lean towards a “creative” management style, creating time and space for critical dissent, as well as institutionalising mechanisms to ensure wider sharing, learning and accountability such as discussion forums, review meetings, and peer-reviews. These mechanisms, which create formal feedback loops for staff and managers to share ideas, question strategy, and critically analyse interventions, are necessary to ensure programme practice is responsive to market dynamics and in line with the overall vision of systems change.

10. Capacity building through on-the-job learning: In previous phases, RLDP invested heavily in training new staff. In 2012, many experienced staff left the team. The newly recruited staff, including the Programme Manager, were new to the M4P approach. At the same time, technical advisory capacities were reduced for Phase V (the final phase).

A key lesson is that learning through on-the-job experience is a key part of building effective facilitators. This is especially true in a country like Tanzania where entrepreneurial competencies are in general less developed than in other contexts. Facilitators should strive to keep a limited visibility towards final beneficiaries in order not to hamper a trustful relationship between them and other market actors. Staff, therefore, require strong communication and negotiation skills so that partners perceive the project as facilitator towards these desired changes rather than as ‘grant-giver’. The skills corresponding to this facilitator role should be included in staff hiring, training and performance evaluation processes.

Technical advisors have a particularly important role in on-the-job training, which can include asking critical questions, providing technical advice on intervention strategies, mentoring (one-on-one and group), linking staff to online learning opportunities (broadcasting webinars, joining online-learning communities), as well as supporting the MRM team. A strong and consistent presence of technical advice is crucial for MSD programmes.

CONCLUSIONS

Programme management is often understood as a set of steps and processes needed to move a programme through the project management cycle. The experience of RLDP has indeed shown that important processes must be in place, such as a clear organisational set-up, guidelines on partner selection and contracting relationships, as well as a functioning and credible MRM system. However, even more than these formal processes, the experience of RLDP has emphasised the importance of the “softer” aspects of management. MSD programmes should give a very high priority to the creation of space and time for critical dissent, learning and creativeness.

Finally, this CapEx has sought to reveal the crucial implications of capacities for MSD programme management, including both staff capacities to foster market system change and management capacity to facilitate a conducive organisational culture.

2 For further information on the Components of Programme Management Framework, please see the long version of this CapEx document.
4 The quarterly peer review mechanism was written up as good practice case for the DCED http://www.rldp.org/downloads/RLDP_case_study_24June2014.pdf
5 This is based on the Management Continuum Brief, for further detail, see excerpt from Management Style and Organizational Culture (USAID knowledge management briefing) in Appendix C of the long version of this CapEx

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