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# MARKET SYSTEMS DEVELOPMENT (MSD) RESOURCE GUIDE

## A guide for Mercy Corps MSD practitioners

**Last updated:** September 2019

**MERCY CORPS**

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If you want to download the MSD Resource Guide to your computer, a PDF version is also available here.

# INTRODUCTION

Welcome to the Mercy Corps 'Market Systems Development (MSD) Resource Guide'.

*This Resource Guide aims to make it easier for Mercy Corps staff involved in designing and implementing MSD programs to access the information and resources they need. The Guide is a user-friendly library of resources that includes links to tipsheets, tools, examples and templates.*

The guide has been developed by Mercy Corps' 'Markets, Economic Recovery and Growth' (MERG) technical support unit, and is intended to help overcome two main problems faced by MSD practitioners.

Firstly, we have found that Mercy Corps field teams were frequently having to 'reinvent the wheel' in developing MSD program documents and tools from scratch (for example market assessment survey questions, position descriptions for MSD staff, or business training curricula). This results in wasted time and money, and variable quality. Secondly, as MSD approaches become more widespread among development agencies, the range of available tools has increased exponentially, and it can be confusing for field teams to know which methodology and particular resource or tool they should be using.

The Resource Guide aims to address both these problems. It includes an extensive collection of easy-to-access tools and examples that can be downloaded by field teams and adapted to their specific context. At the same time, we want to reduce confusion during program implementation, so the Guide offers a recommended Mercy Corps approach to each aspect of program implementation and management with clear guidance on the associated tools.

The Resource Guide, and many of the tipsheets to which it links, have been created as living documents on Google Drive that will be be updated on an on-going basis as new content is developed, and as we receive additional examples from teams in the field (see 'We need your input' box at the end of the Introduction section). The Guide is also being released in stages with the current version covering the first two sections.

## ) A NOTE ON TERMINOLOGY

*There is significant diversity in market-focused programs within the Mercy Corps world.*

*While some programs take a very pure 'market systems' approach and strictly apply MSD principles of facilitation, many others take a 'market development' or value chain approach without fully incorporating systems thinking.*

*This Guide is aimed at all types of market-focused programs. We recognize that Mercy Corps works in many of the most challenging contexts in the world, where applying a strict MSD approach is often not possible.*

*The title of the Guide uses the term MSD as this is the approach that we want programs to be striving towards. However, just as importantly we want it to be useful for countries and programs that are implementing market development programs in these challenging contexts. To reflect this, throughout the Guide and in the linked resources, we use the terms 'market systems development (MSD)' and 'market development' interchangeably. .*

## PURPOSE

This MSD Resource Guide has been designed to make it easier for Mercy Corps staff to access the resources they need to implement and support technically sound, thoughtful and impactful MSD programs.

It aims to:

- Provide easy access to a wide variety of tipsheets, tools, templates and real-world examples from Mercy Corps programs, to enable field teams to access best-practice ideas and avoid them having to constantly 'reinvent the wheel'.

- Provide a user-friendly overview of key topics related to MSD programming, enabling Mercy Corps staff to quickly focus on the topics most relevant for their immediate needs.

- Provide a sequenced structure aligned with the program lifecycle, enabling users to access guidance and resources in a step-by-step process that reinforces Mercy Corps' recommended approach to program design, management and implementation

- Regularly incorporate new tools and resources that Mercy Corps field teams are developing, resulting in on-going cross-pollination of ideas and practices across field teams, supported by real-time content updates and distribution.

The Guide does *not* aim to:

- Serve as a comprehensive training manual on the MSD approach and methodology (though it does provide links to such material).

- Replace the need for critical thinking, adaptation for context and innovation by field teams, which are crucial characteristics for individuals implementing market development programs. The resources in this guide should serve as a useful starting point and can be adapted for your specific needs.

- Be a "one-size fits all", rigorous roadmap to market systems development. Context, budget, previous program experience, and internal capacity all influence how much of this Guide is relevant for a particular program or project.

- Provide comprehensive guidance on market-related programming in emergencies.

- Provide information on general program management requirements. The guide is intended to complement, not replace, Mercy Corps' program management manual.

## INTENDED USERS

The MSD resource guide has been designed for Mercy Corps staff responsible for implementing or supporting market development programs.

Specifically, it targets:

- Field staff involved in designing and managing market development programs, in particular: Program Managers; Chiefs of Party; market development specialists; M&E staff; and senior country leadership. The guide and resources will also be useful for more junior team members, but they are likely to need some additional guidance and support in order to use the resources with confidence.

- HQ staff supporting the design, implementation and evaluation of market development programs, in particular: MERG; New Initiatives; and SPOs

- Staff that work on a wide variety of market development programs, ranging from those that are just starting to introduce market development components, to those that are rigorously applying a strict MSD methodology.

## HOW TO USE THE GUIDE

This resource guide is structured to align with the phases of the program lifecycle described in the Mercy Corps [Program Management Manual](#) (see diagram below[1]). It consists of the following chapters:

1. General
2. Program identification and design
3. Program set-up and planning
4. Program implementation
5. Monitoring and evaluation
6. End-of-program transition
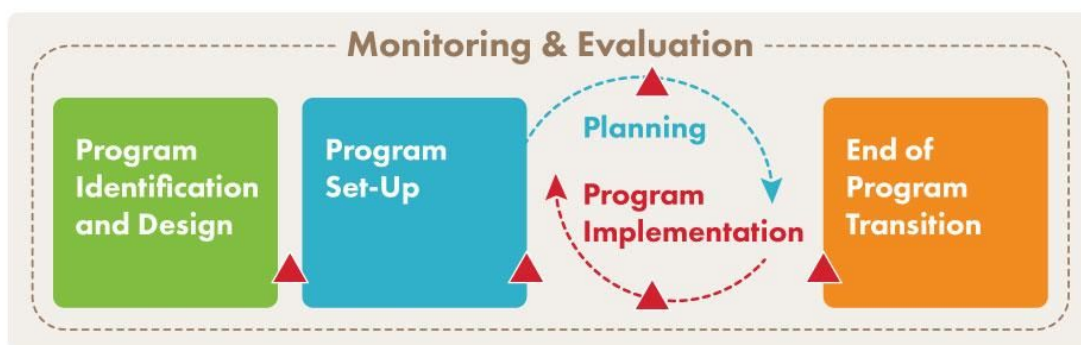


One way to use the resource guide is as a **step-by-step process** to follow sequentially as you implement your program. The structure of the guide is intended to support this, as the chapters follow the PM@MC-defined program lifecycle and, within each chapter, the sub-sections and resources are also roughly in chronological sequence. This usage of the guide will help ensure that you cover all the important steps, and is particularly relevant for individuals with overall responsibility for program management, such as Chiefs of Party and Program Managers.

The resource guide is also intended to be used as a **reference handbook**, which users can dip into when they need it, focusing on the topics relevant to them. This is particularly important for Mercy Corps staff involved in supporting particular components of MSD programs. For example, individuals supporting recruitment can refer to the sub-sections on 'Structuring and recruiting your MSD team'.

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[1] *The program lifecycle is adapted from the PMD Pro, which is adapted from the Project Management Institute's (PMI) Program Management Body of Knowledge (PMBOK) Guide*

The resource guide will be updated on an on-going basis as additional resources are developed. Many of the resources the guide references are also living documents, for example tipsheets will be updated to incorporate new examples and tools that emerge from our field programs. For this reason, most of the resources are documents on Google Drive. You can download them as Microsoft documents if necessary, but as much as possible we encourage users to access them on Google Drive, where you can be sure you are looking at the most up-to-date version.

The MSD resource guide includes several types of resources, but the focus is Mercy Corps tipsheets. Each tipsheet includes the same structure: 1) Tips; 2) Mercy Corps examples; 3) Templates; and 4) Other resources.

Click HERE to learn more about the structure of tipsheets and their content.

# ❯ WE NEED YOUR INPUT!

This resource guide will be updated on an on-going basis by the MERG team. To help us make this guide as useful as possible for our Mercy Corps colleagues, we need your input. All feedback and comments are welcome, in particular:

- Send us examples and tools that you develop for your own market development program, in particular if they are related to a country or type of market system that is not yet covered in the resources

- Send us links to any external resources or tools that you have found useful for your program, which we can add to the guide

- Suggest ideas for resource topics that are not yet covered by the resource guide, but which you think would be useful for your program

- Ask us any questions about the resource guide and tipsheets, and how to use the MSD tools in your own program. This is part of the helpdesk support that the MERG team provides to field teams.

You can email any of the above to Ted Volchok (tvolchok@mercycorps.org)

# 1. GENERAL

This chapter highlights general resources that have cross-cutting relevance across the program lifecycle. Resources in this section are divided into the following sections:

- **1.1.** **Introduction to MSD**
- **1.2.** **Learning and support**
- **1.3.** **Mercy Corps strategy**
- **1.4.** **Other related resources**

## 1.1. Introduction to MSD

The following resources provide an overview of the MSD approach and methodology.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Introduction to MSD | MSD factsheet | *This resource is a four-page overview of Mercy Corps' MSD approach, including brief descriptions of five MSD programs.* |
| Short introduction to MSD | 4-minute video | *This 4-minute video produced by the Beam Exchange provides a nice introduction for MSD newcomers.* |
| MSD case studies from the Mercy Corps world | Infosheet | *This infosheet contains links to a number of case studies of Mercy Corps MSD programs, describing the approach they took, the contrast with a 'direct-delivery' approach and the impact they achieved.* |
| Introduction to the MSD methodology | Fundamentals of market development webinar | *This one-hour Mercy Corps webinar recording introduces the fundamentals of market development, including a real-program example (you'll need to install the Blackboard software).* |
| MSD reference guide | M4P Operational Guide | The M4P Operational Guide was developed by the Springfield Centre, the institution that created much of the MSD methodology (which they refer to as M4P – Making Markets Work for the Poor) and many of the tools. *This resource is a comprehensive guide to designing and implementing MSD programs that makes an excellent reference manual for MSD field-practitioners (updated in 2015).* |

Market development programs and teams are most successful when they communicate and connect with other programs, technical support from HQ, and the rapidly expanding global community of MSD practitioners. Market development programs that operate in isolation tend to waste time and resources 'reinventing the wheel'. The following resources provide recommendations for how MSD practitioners in Mercy Corps can improve their knowledge and skills, and stay connected to MSD thinking within Mercy Corps and in the wider practitioner community.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| How to access technical support within Mercy Corps | Introduction to the MERG team | The MERG (Markets, Economic Recovery and Growth) technical support unit is the team responsible for supporting MSD programs across the Mercy Corps world. We are here to help, and encourage all field practitioners to get in touch with any questions. *This webpage provides an overview of the objectives of the MERG team, and introduces the MERG team members including contact details for any questions or advice.* |
| MERG team principles | MERG principles | *This document provides an overview of the technical sectors within the MERG team, the common principles across all sectors, a number of short program examples.* |
| Communities of practice | MSD communities of practice | Communities of practice are a great way of keeping up-to-date with the latest MSD best practice and ideas, and sharing information about your own MSD program. *This infosheet provides recommendations for MSD communities of practice and the services they provide.* |
| MSD training | MSD training opportunities | Formal training in MSD theory and application is a valuable foundation for field practitioners. *This infosheet provides a brief description of MSD-related training courses that we recommend, and links for more information.* |

## 1.3. Mercy Corps strategy

The following resources are strategy and methodology documents related to particular sectors of MSD programming. They provide an overview of why the sector is important for Mercy Corps contexts, and Mercy Corps' approach and principles to addressing the many challenges.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Financial services | [Financial services strategy paper](#) | Financial services are a vital crosscutting component of many MSD programs, enabling target beneficiaries and market actors to access the capital they need to adopt new market behaviors.<br><br>*This strategy paper provides an overview of the problems and opportunities related to financial inclusion, and the approach and principles that Mercy Corps uses for the sector, including illustrative examples.* |
| World of Work: Employment, Entrepreneurship and Jobs | [World of Work strategy paper](#) | In many of the countries in which Mercy Corps works unemployment rates are staggeringly high, particularly among youth, and a large number of programs work in the market system for jobs and labor.<br><br>*This strategy paper presents Mercy Corps' theory of change for the sector, and provides an overview of the key principles of our approach. It includes useful definitions, and highlights the special focus placed on youth and work.* |
| Agricultural Development Sector Approach | [Agricultural Approach](#) | Promoting agricultural systems that combine economic growth, nutritional diversity, and agricultural productivity and efficiency will increase the resilience of the communities with whom we work, and help alleviate poverty, hunger and malnutrition.<br><br>*This strategy paper provides an overview of the challenges commonly constraining agricultural markets, and the key principles of Mercy Corps' approach. You can also access [French](#) and [Spanish](#) versions.* |
| Private sector engagement (PSE) | [PSE Toolkit](#) | Engaging private sector actors is at the heart of the MSD approach, and involves specific challenges and approaches that require particular skills and tools.<br><br>*This toolkit is a comprehensive guide to Mercy Corps' PSE approach, including different models for engagement and a wide range of examples and tools. If you are planning to engage private sector actors, or already working with them, we recommend you refer closely to this toolkit.* |
| Market-sensitive programming in emergencies | [Cash transfer programming toolkit](#) | In emergency contexts, Mercy Corps is increasingly using cash transfer programming to enhance impact for beneficiaries while also supporting local markets.<br><br>*This toolkit is a comprehensive guide to designing and implementing cash transfer programming, including cash transfers, vouchers and cash-for-work.* |

## 1.4. Other related resources

The following are resources for program management initiatives that are broader than just MSD programs, but which are also important for field practitioners in the MSD sector.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Program Management | Mercy Corps program management website | The PM@MC website provides links to key program management documents, in particular Mercy Corps' Program Management Manual and the supportive toolkit. These are designed to assist field and headquarter teams to effectively and efficiently manage programs. *The manual includes comprehensive guidance and recommendations, and the toolkit includes tipsheets, examples, forms and tools, applicable to programs in all sectors and scales. All programs over $250,000 must adhere to the minimum standards included in the manual.* |
| Adaptive management | Managing complexity: Adaptive management at Mercy Corps | Adaptive management is particularly important for MSD programs, given the complexity of market systems and the potential for rapid change. *This resource provides an overview of why adaptive management is important, and the principles of what is required to take an adaptive approach.* |

# 2. PROGRAM IDENTIFICATION AND DESIGN

Program identification and design is the first phase of the program lifecycle. The resources in this chapter are sequential, categorized into the following steps:

2.1.  **Develop your program strategy**

2.2.  **Conduct market assessments and analysis**

2.3.  **Design your interventions**

You can find a process guide for program identification and design HERE.

In practice, program identification and design is not something you only do at the beginning of the program, but should be integrated throughout implementation and is also closely related to M&E systems. This means that, while the start of your program will involve particularly intensive assessment and design work, throughout implementation you will be monitoring and evaluating the failure and success of interventions, and adapting your intervention design in an on-going and iterative process.

Quite often, the program implementation teams for market development programs have had little, if any, involvement in the proposal development process. In this case, it is particularly important that you do not assume that the intervention design you have inherited is fixed, or even optimal. Proposal development processes are often rushed, and individuals developing proposals have limited access to information. At the start of your program you should therefore review any assessments already completed, and where necessary undertake your own additional assessments and analysis to ensure you have a detailed and up-to-date understanding of the market system and the constraints. Using this information, you should also revisit the intervention design. Although a radical change in strategy is unlikely to be possible, most donors will be receptive to changes in program design if communicated early and in a compelling way, backed up by evidence.

## 2.1. Develop your program strategy

Your program strategy lays the foundation for the entire MSD program, but program teams often cover this step superficially and rapidly, with inadequate documentation of their thinking. The resources in this section will help guide you and your team as you develop a rigorous and transparent strategy.

Developing the strategy for an MSD program consists of three main steps: Firstly, defining the target group that you aim to benefit; secondly, selecting the market system to target that will have the maximum positive impact on your target group; and thirdly, developing a strategic framework, which provides a high-level theory of change for your program.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Define and profile the target group | Mercy Corps tipsheet | The first step in designing a market systems development (MSD) program is to clearly define the vulnerable individuals or households that you aim to benefit from your program, and ensure you have a good basic understanding of their situation and characteristics. *This tipsheet includes advice, examples and templates to help you define the households / individuals you intend to impact, in terms of their wealth profile and vulnerable demographics.* |
| Select and evaluate the target market system | Mercy Corps tipsheet | Once you have identified the target group that you aim to reach, the next step is to select the target market system (e.g. vegetables, labor, energy, etc.) through which your program will aim to improve their lives. *This tipsheet includes tips, examples and templates to help you use a clear and transparent process for selecting and evaluating your target market system.* |
| Develop a strategic framework | Mercy Corps tipsheet | The strategic framework provides a high-level overview of your program strategy, showing how the target group will be impacted by change in your target market system. It is essentially a theory of change, which ensures that the desired market systems change is captured clearly. *This tipsheet includes tips, examples and templates to make it easy for you to create a strategic framework for your program.* |

## 2.2. Conduct market assessments and analysis

A detailed and effective market assessment and analysis process is at the heart of every successful MSD program. The resources in this section will guide you through the process of designing, undertaking and writing-up your market assessment and analysis.

The process includes three components: firstly, mapping the market system structure; secondly, mapping the market actors and their linkages; and thirdly, analyzing how the market system is functioning in relation to vulnerable households and individuals you are targeting, by identifying the capacities, constraints and incentives.

The market assessment and analysis process is not linear and so, while we recommend accessing the resources in the order presented here, in practice you will refine your market system map, market actor map and your understanding of capacities, constraints and incentives as part of an iterative process throughout your market assessment.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Map the market system structure | Mercy Corps tipsheet | The first step in the market assessment and analysis process is to map the structure of your selected market system including the core function, supporting functions and rules, using the 'donut' tool. *This tipsheet includes multiple examples of market 'donuts' from a range of sectors, and a template for you to create your own.* |
| Map the market actors and their linkages | Mercy Corps tipsheet | The second step in your market assessment and analysis is to identify the key actors involved in the various functions of your selected market system, and to map the linkages between them. *This tipsheet includes examples of market actor maps from agricultural and financial services markets, and a template for you to create your own.* |
| Identify the capacities, constraints and incentives | Mercy Corps tipsheet | The third component of the market assessment and analysis process is to get a deep understanding of how your target system is functioning in relation to the target group. This will focus on identifying the capacities, constraints and incentives related to each of the core functions, supporting functions and rules in your target market system. *This tipsheet includes multiple examples of market assessment tools, including interview guides for a range of market actors. It also includes examples and templates to help you write-up your assessment findings.* |
| Integrate gender into market assessments and analysis | Mercy Corps tipsheet | Gender analysis should be an essential component of all market assessments, as the capacities, constraints and incentives in the market system are different for men, women, boys and girls. If we fail to address gender dynamics, we could end up privileging some gender and age groups and disadvantaging others. *This tipsheet provides guidance on how to integrate gender analysis into market assessments, when selecting your target market system, when designing and implementing the assessment, and when analysing the results.* |
| Compile your market assessment report | Mercy Corps tipsheet | The market assessment report is a compilation of all the key steps taken in developing the program strategy, and conducting market assessments and analysis. *This tipsheet includes examples of market assessment reports from Mercy Corps countries, and a template for you to use as the basis for your own report.* |

## 2.3. Design your interventions

Your market assessment and analysis in the previous section identified the key constraints preventing the effective participation of vulnerable households in your target market system. The resources in this section will now guide you as you identify a vision for the future functioning of the market, and select interventions that will stimulate the changes you wish to see. Sustainability and replication is at the heart of MSD approaches and the tools included here are designed to ensure the market system changes you are working towards will continue to function and grow beyond your program lifetime.

The process of designing your interventions involves three main steps: Firstly, creating a 'Who does, who pays?' matrix to set your vision for how you want the market system to function in the future; secondly, developing a list of anticipated interventions and activities; and thirdly, developing a results chain to check the logic of your interventions.

For MSD programs, it's important to remember that your 'Who does, who pays?' matrix, your list of interventions and activities, and your results chain are not rigid blueprints. All three are tools to be reviewed and revised throughout implementation, as you access new information about the market and observe the successes and failures of your interventions. More information on management approaches for monitoring impact and revising your strategy are available in the Monitoring and Evaluation section below.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Set your vision for the market system – 'Who does, who pays?' | Mercy Corps tipsheet | The first step in designing your interventions is to develop a vision for how the market system should function in the future in order to better serve your target group. The 'Who does, who pays?' (WDWP) matrix is the tool that helps you to do this. *This tipsheet provides guidance on how to develop your own WDWP matrix, including examples and templates.* |
| Select your interventions and activities | Mercy Corps tipsheet | Once you have established a vision for the future functioning of your target market system, it is time to develop a practical plan for how you will achieve this. This means developing a list of interventions and activities for your program. *This tipsheet provides advice on selecting your interventions and activities, including links to ideas for facilitation activities and examples of intervention and activity lists from other MSD programs.* |
| Develop a program-level results chain | Mercy Corps tipsheet | A program-level results chain enables you to test the logic of your selected interventions and overall program strategy. It is an expansion of your strategic framework, which will reveal any leaps of faith or gaps in your thinking. *This tipsheet provides advice on the process of developing your program-level results chain, and includes examples of results chains for a number of types of market system.* |

# 3. SET-UP AND PLANNING

Resources in this chapter are divided into two sections:

**3.1.** **Establish the program team**

**3.2.** **Develop your program partnerships**


The program set-up and planning phases generally begin immediately after the funding agreement has been signed by the donor, and then pick up pace once the official project start-date arrives.

Activities in the the Set-Up and Planning phases are not linear. In practice, the Planning phase will take place iteratively within the Program Implementation phase, adding more planning detail and reacting to Monitoring and Evaluation feedback. It is expected that Planning starts in the Set-Up and Planning phase and is regularly conducted throughout Program Implementation in response to new information, risks, opportunities, assumptions and constraints. While initial activities will be planned in great detail at the start of a program, later activities will be progressively elaborated during implementation.

Once a program starts, it's amazing how much pressure there often is to immediately get things moving, including engaging communities. This urgency is important, but more important still is to put in place the right personnel, to instill in your team the appropriate understanding and mentality, and to establish the management tools and systems that your team will use.These are the topics covered under '*Establish the program team*'.

Another crucial activity in the set-up and planning phase of MSD programs, is to **conduct detailed market assessments and analysis**. This was covered extensively in the 'Program identification and design' chapter above, and is not repeated here. But it's important not to miss this step. Even if a preliminary market assessment has been conducted during the proposal development process, it's very important to do a detailed assessment during the set-up and planning phase. This will form the foundation for your MSD program, and is the best way for your newly recruited team to learn about the market and engage with market actors for the first time.

Thirdly, also during the set-up and planning phase for MSD programs, you will begin to **develop your program partnerships**. In practice, most MSD programs continue to form new partnerships with private sector actors throughout implementation, as the market expands and new opportunities emerge. But we've included this topic here because the process of establishing these partnerships, and in particular partnerships with lead firms, usually begins in the first few months of a program.

## 3.1. Establish the program team

This section provides guidance on how to approach building an effective, motivated and happy MSD team, drawing on practical lessons from MSD programs and from Mercy Corps' adaptive management approach. The resources are divided into three main steps, which can be followed sequentially.

One of the first tasks for any program is to recruit the program team, which is not always a straightforward process. The first resource in this section provides tips and tools to help that process, such as position descriptions and innovative tactics to identify and select team members. Secondly, once the staff are on

board, you'll need to make sure that everyone in the team is equipped with the appropriate skills and mentality to perform effectively. The second resource in this section provides guidance to help you succeed in this, including tips on how you can orient the team and how to instill an effective and adaptive team culture. The third resource in this section is also concerned with how to build a team that is effective and adaptive, but focuses on practical tools and management processes to achieve this, for example advice on tools for planning and for feedback mechanisms.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Structure and recruit the program team | Mercy Corps tipsheet | The people on an MSD team are the most important asset a program has! And for MSD programs the team structure, the positions you require and the skillsets staff will need, are all somewhat different to more conventional development programs. *This tipsheet provides guidance and resources to help you more effectively recruit your team, including position descriptions and tools for recruitment.* |
| Orient the team and establish the team culture | Mercy Corps tipsheet | Ensuring your team understands the program and has the necessary basic skills for MSD approaches is essential if they are to succeed in their roles. Equally important is that they have the right mentality and ethos. Getting these things right will give you every chance of delivering an impactful and adaptive program. *This tipsheet provides guidance on how you can build the capacity of the team, and how you can establish an appropriate team culture.* |
| Management tools and systems for MSD programs | Mercy Corps tipsheet | When implementing MSD programs, the principles of adaptive management are particularly important. Management tools and systems that enable the program team to reflect and adjust tactics and strategy are therefore crucial. *This tipsheet provides guidance on management tools and systems that you can consider using, which will help you and the team to be reflective and flexible in your work.* |

### 3.2. Develop your program partnerships

The success of an MSD program is dependent on successful partnerships with market system actors, whether private or public sector. How we go about building and nurturing these partnerships is therefore of utmost importance. In practice, MSD programs often form partnerships with market actors throughout implementation, but the early stages of an MSD program is the time when the first partnerships are established and in particular when we build relationships with lead firm partners.

There are two resources in this section. The first resource covers the process of identifying and selecting *private sector* partners, such as tips and tools to share information and stimulate interest in partnership opportunities, and tools to assess partner suitability. The second resource provides guidance on how to

enter into a formal partnership with private sector actors once you have selected them, for example tips on how to communicate and interact when you are making your pitch, and advice and examples on types of partnership agreements.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Identify and select private sector partners | Mercy Corps tipsheet | Finding the right private sector partners to catalyze market system change can be tricky, as it's often hard to predict how business owners will respond to new opportunities and incentives. *This tipsheet draws on lessons learned from successful and unsuccessful partnerships from other MSD programs, and provides tips and tools to help you find and select businesses with the best potential for success.* |
| Establish partnerships with private sector actors | Mercy Corps tipsheet | Once you have selected a private sector partner, the hard work of developing a transparent and productive partnership begins. We can increase our chances of success by paying careful attention to the details of how we approach this. *This tipsheet provides guidance on how to equip your team to build successful partnerships and take heed of the details, for example maintaining a focus on facilitation principles, preparing your 'pitch', and practicing communication and interactions with business owners.* |

# 4. PROGRAM IMPLEMENTATION

The Program Implementation phase is the point at which you begin to execute all the work you've previously done in <u>conducting market assessments</u>, <u>designing a vision for the future market system</u>, and <u>identifying and establishing partnerships</u> with market actors.

Resources in this chapter are divided into the following sections:

4.1.   **Facilitation options for the private sector**
4.2.   **MSD approaches in agricultural market systems**
4.3.   **MSD approaches to financial services and financial inclusion**

## 4.1. Facilitation options for the private sector

'Facilitation' is the guiding implementation principle for all MSD programs. Managers and field teams implementing MSD programs have a number of facilitation options available to them, and deciding when and how to use each approach is a key decision that implementing teams need to get right. In particular, as implementers of MSD programs, on the one hand we need to avoid intervening too heavily, which risks distorting the market and stimulating behaviour change in private sector actors that is not sustainable. And on the other hand, we need to make sure we don't intervene too little, which can mean there are insufficient incentives to stimulate behaviour change in market actors, in which case nothing will happen. Striking the right balance is essential.
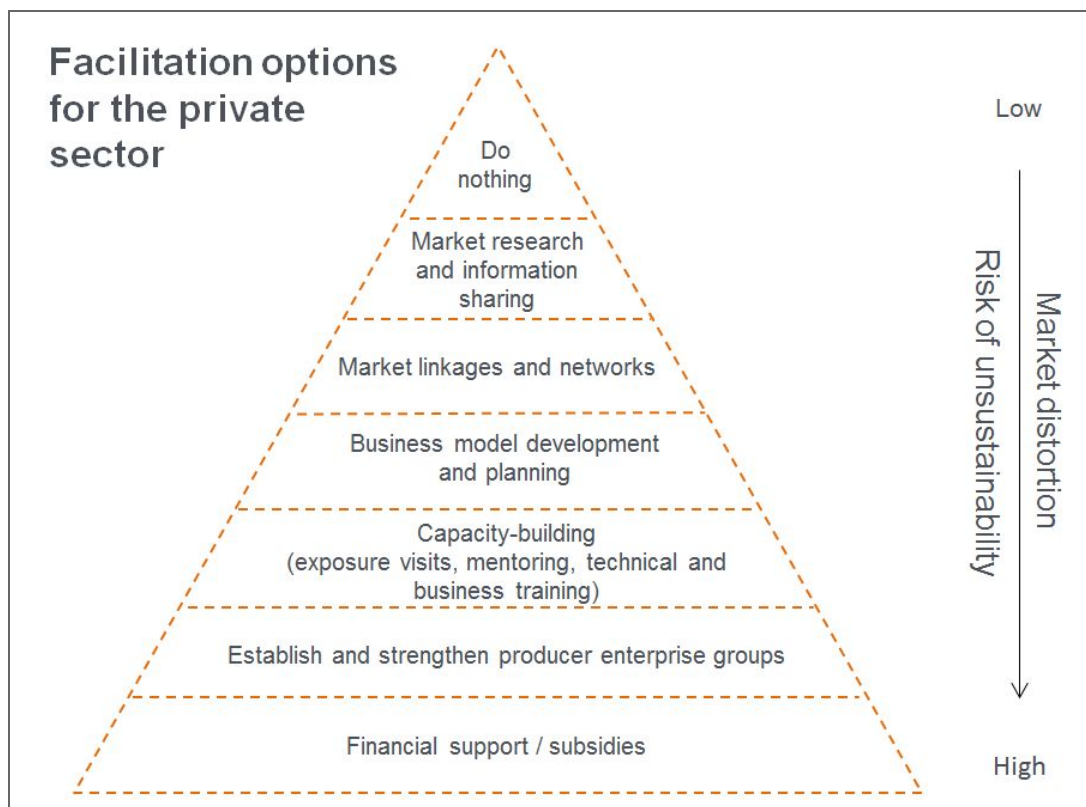
The resources in this section provide detailed information on the main types of facilitation option available to you. The first tipsheet provides an overview of these categories, and presents the 'Facilitation options for the private sector' diagram (above), with guidance on how these approaches can be sequenced and some key overarching principles. Subsequent tipsheets in this section cover each of the categories of facilitation option in detail.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Overview of facilitation options | Mercy Corps tipsheet | There are a number of facilitation tactics available to MSD teams, and deciding when and how to use the relevant approach is a key decision that teams need to get right.<br><br>*This tipsheet provides an overview of different types of facilitation approaches you should consider, and guidance on how to make decisions about which approaches are appropriate for your context and for the private sector partners with which you are engaging.* |
| Market research and information sharing | Mercy Corps tipsheet | Knowledge is power! And for MSD teams, the ability to use detailed information about our target market system to influence market actors is perhaps the most powerful tool at our disposal.<br><br>*This tipsheet describes how to approach market research and information-sharing with the goal of stimulating behavior change in market actors, including identifying information gaps, facilitating research and disseminating information. Includes an INFOSHEET with examples.* |
| Market linkages and networks | Mercy Corps tipsheet | In many of the contexts in which Mercy Corps works markets are fragmented and undeveloped, and these shortcomings in market linkages are a major obstacle to change.<br><br>*This tipsheet describes the key objectives when facilitating market linkages, and the tactics you can use to achieve these. Includes an INFOSHEET with examples.* |
| Business model development and planning | Mercy Corps tipsheet | When partnering with private sector actors to introduce new products or business approaches, a common facilitation role we play is to support them in developing business plans and effective new business models.<br><br>*This tipsheet describes the different types of business planning, what to consider including in the business plans, and guidance on how to use a facilitation approach to achieve this.* |
| Capacity-building for market actors | Mercy Corps tipsheet | If private sectors actors are to adopt new business approaches and practices (to better serve the poor), they almost always require new knowledge and skills, whether related to their 'will' (motivation) or their 'skill' (technical, business or management skills and practices). |

| | | This tipsheet describes how to identify capacity-building needs and develop and monitor a capacity-building plan. This tipsheet also includes links to the four main capacity-building tactics available: |
|---|---|---|
| | | 1. [Exposure visits](#) |
| | | 2. [Business mentoring](#) |
| | | 3. [Technical training](#) |
| | | 4. [Business and financial management training](#) |
| Establish and strengthen producer enterprise groups | [Mercy Corps tipsheet](#) | By grouping together to engage in the market system, farmers and livestock producers can often obtain a better outcome than they would as individual market actors. Recognising this, MSD programs often aim to facilitate and strengthen new and existing groups of producers, to become market-oriented enterprises. *This tipsheet explains common structures for producer enterprise groups (PEGs), the types of market services they can provide to members, and the role that MSD programs can play to make them successful and sustainable. Includes an [INFOSHEET](#) with examples.* |
| Financial support / subsidies | [Mercy Corps tipsheet](#) | Financial support is a crucial facilitation tactic for almost all MSD programs, helping to stimulate adoption of new behaviors by business and beneficiaries. But financial support is also the tactic most easy to get wrong, and requires extra care to ensure we don't distort the market. *This tipsheet provides guidance on key considerations when planning financial support in an MSD program, to maximise impact and reduce the risk of distortionary outcomes.* |

## 4.2. Agricultural market systems

Mercy Corps applies MSD approaches to numerous types of market system, but by far the most common application is in agricultural market systems, including market systems for crops and livestock market systems. This section provides guidance on common interventions that MSD programs use to support more effectively functioning agricultural markets. .

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Contract farming | [Mercy Corps tipsheet](#) | Contract farming is a business arrangement that can be a powerful tool to link smallholder farmers to agricultural buyers in competitive markets. Because it is founded on strong market principles it offers great opportunity for achieving sustainable development goals. |

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| | | *This tipsheet describes different models of contract farming, the likely benefits and success factors, and provides guidance on how to facilitate contract farming in your own MSD program. Includes an INFOSHEET with examples.* |
| Establish and strengthen producer enterprise groups | Mercy Corps tipsheet | By grouping together to engage in the market system, farmers and livestock producers can often obtain a better outcome than they would as individual market actors. Recognising this, MSD programs often aim to facilitate and strengthen new and existing groups of producers, to become market-oriented enterprises. *This tipsheet explains common structures for producer enterprise groups (PEGs), the types of market services they can provide to members, and the role that MSD programs can play to make them successful and sustainable. Includes an INFOSHEET with examples.* |
| Resilient seed systems | Agriculture Study | Seeds systems are the heart of agriculture. Identifying the weak points in the seed system and leveraging these points with the right tools and the right varieties can significantly increase yields, reduce risk and increase resilience, and increase nutrition. *This Mercy Corps study defines what seed systems are and how they function, and highlights interventions used in Mercy Corps programs to strengthen these systems.* |

## 4.3. Financial services & Financial inclusion

Lack of access to finance is a key underlying constraint for almost all market systems in which Mercy Corps works. For **poor households**, an inability to access loans from financial service providers hinders their ability to take advantage of new opportunities in emerging market systems. And an absence of suitable services for saving and insurance restricts their ability to manage household finances effectively, save for future investments and cope with shocks. Also important for many MSD programs is to address the challenge that **key market actors** face in accessing finance to improve and expand their business. This is a key underlying constraint preventing development of the market system as a whole.

Support for strengthened financial services, promoting both financial inclusion for the poor and financial access for larger market actors, is therefore a key cross-cutting strategy for many Mercy Corps MSD programs. This section provides links to resources:

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Savings groups (SGs) | Mercy Corps tipsheet | Supporting savings groups (SGs) is a common intervention strategy for MSD and non-MSD programs alike, with the aim of improving |

| | | financial literacy, social safety nets, building savings, and enabling linkages to formal financial services and other market actors. |
| --- | --- | --- |
| | | *This tipsheet provides guidance on why SGs are important, links to guidance and tools for establishing SGs, and information on how MSD programs approach SGs to maximise their effectiveness and linkages to emerging market opportunities.* |
| Microinsurance | Starter Guide | Microinsurance is a type of insurance that targets low-income populations, or populations that do not currently have access to traditional insurance products. |
| | | *This Starter Guide provides an introduction to microinsurance, including information about the key actors and guidance on key considerations for implementation.* |
| Warehouse credit | Technical brief | Warehouse credit is a financing mechanism that enables farmers to get access to loans and store their product to sell at a time when the price is higher. |
| | | *This technical brief from Mercy Corps' agricultural TSU explains how a warehouse credit system works, the risks and challenges, and what role Mercy Corps can play to facilitate it.* |

# 5. MONITORING, EVALUATION AND LEARNING

Monitoring, evaluation and learning (MEL) is a phase that spans across the program lifecycle and a key factor in the success of any MSD program. Teams should be thinking about how to monitor, evaluate and learn from activities and impact during identification and design, set up and planning, implementation and close out.

When designing and using M&E systems for MSD programs, it's important to be aware that *results measurement for MSD has some unique characteristics that pose particular challenges*. The most significant difference is that MSD programs do not usually select end participants[2] directly, as is often the case for conventional development programs. End participants are the customers who start buying products or services from businesses we've supported, or the farmers that start supplying produce to our partnering traders and processing businesses; who these people are is beyond an MSD program's direct control. In this way, we can say that MSD program participants are 'self-selecting'.

This fundamental difference poses a number of challenges for results measurement in MSD programs. One such challenge is that it's impossible to predict in advance who our end participants are going to be, and once our interventions have been implemented it can be very difficult to 'find' these individuals. A second major challenge is that in MSD programs it is particularly difficult to separate out the impact of our interventions on end participants, from the ways that they've been impacted by other external factors (the attribution question).

The particular challenges of results measurement for MSD programs has led to a concerted effort in the global MSD community to develop rigorous and reliable approaches to M&E. *The most widely recognised standards for results measurement in MSD programs are the 'DCED Standards for Monitoring and Results Measurement (MRM)'*. Here is a one page summary, and here is the website home page. The DCED Standards is an excellent initiative, but is often overwhelming for field teams to navigate and use. The guidance provided in this section of the resource guide will draw heavily on the DCED resources, but aims to offer more accessible guidance on how to approach M&E for MSD programs, including common problems and examples from our own programs.

| TOPIC | RESOURCE | DESCRIPTION |
|---|---|---|
| Review of M&E practices used by Mercy Corps MSD programs | Review document | This review was conducted in 2018 to document the M&E practices of thirteen Mercy Corps MSD programs. It's an excellent resource to understand the key results measurement challenges and successes of programs implementing MSD across the Mercy Corps world. |

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[2] *Mercy Corps as an agency chooses to use the term "participant" in place of the more traditional term "beneficiary". During the identification and design phase, MSD programs identify a target population. In this section of the guide, "target population" represents the individuals a MSD initiative seeks to impact. This population is made up of "end participants" to differentiate between the individuals benefiting from private sector goods and services and "participants" as this term may also include businesses with which MSD initiatives partner to reach a target population.*

| | | |
|---|---|---|
| Managing MEL for MSD teams | [Mercy Corps tipsheet](#) | Integrating MEL and program implementation is crucial to ensure results can consistently be analyzed and feed into the adaptation of activities.<br>*This tipsheet provides an introduction to general principles related to MEL for MSD and some initial considerations for integrating MEL and program functions.* |
| Planning MEL for MSD programs | [Mercy Corps tipsheet](#) | Key considerations to keep in mind when you are developing your results chains, indicators and thinking about measuring your baseline.<br>*This tipsheet provides an overview of the different levels of results chains available to program teams, discusses assigning indicators to result chain boxes, and some of the challenges related to designing a baseline appropriate for the MSD approach.* |
| Measuring throughout the program lifecycle | [Mercy Corps tipsheet](#) | Working through market actors to facilitate systems change means we don't always have control over how quickly progress is made and it is often challenging to separate the impact of the intervention on the target population versus other external factors.<br>*This tipsheet provides an overview of the key components related to measuring systems change, the attribution question, and managing donor expectations related to reporting and showing impact over time.* |

# 6. END-OF-PROGRAM TRANSITION

This section of the MSD resource guide is in development.