

MARKET SYSTEMS DEVELOPMENT TOOLKIT



Toolkit to support the implementation of market systems
development programming within World Vision

September 2019

© World Vision 2020

World Vision is a Christian humanitarian organization dedicated to working with children, families, and their communities worldwide to reach their full potential by tackling the causes of poverty and injustice.

Table of Contents

Table of Contents	2
Acronyms	3
i. Market Systems Development	4
Mental Models	5
Understanding Market Facilitation in comparison to Market Systems Thinking	6
I. Market Systems Development Project Management Tools	8
🔧 Tool: Human Resources	9
🔧 Tool: Budgeting	12
🔧 Tool: Market Actor Selection Process	17
🔧 Tool: Structuring and Managing Agreements with Market Actors	21
II. Market Systems Development Project Implementation Tools	24
🔧 Tool: Project Funds and Facilitation	25
🔧 Tool: Embedding Project Funding into Market Actors' Promotional Interventions	29
🔧 Tool: Embedding Project Funding into Market Actors' Performance Management Interventions	32
🔧 Tool: Linking Multiple Interventions with Multiple Market Actors to Drive Change	35
III. Market Systems Development Tools for Incorporating Women	38
🔧 Tool: Business Rationale for Incorporating Women in Input Market Systems as Customers	39
🔧 Tool: Business Rationale for Incorporating Women in Output Buyer Market Systems as Suppliers	45

Acronyms

DFAT	Department of Foreign Affairs & Trade
DfID	Department for International Development
M4P	Making Markets Work for the Poor
USAID	United States Agency for International Development
WV	World Vision

Key



Wherever this icon appears in the text, it indicates a reference to strategies that promote the inclusion of women.

i. Market Systems Development

This toolkit provides practical guidelines for World Vision (WV) programs on how to apply a more systemic lens to their livelihood, economic, and private sector development portfolios. The toolkit achieves this through providing a series of worksheets which can be used by project staff during the program design and implementation phases.

The Market Systems Development approach is being increasingly embraced by donors across the globe. The approach applies a systemic lens to market development which translates into more sustainable development outcomes for donors and their implementing partners. This includes development outcomes around more inclusive development, such as those impacting women and children through market development strategies. The United States Agency for International Development (USAID) has published much on “inclusive market systems development” which is the continuation of USAID’s evolution of thinking around private sector development. It builds on the Making Markets Work for the Poor (M4P) approach implemented by the United Kingdom’s Department for International Development (DfID) and Australia’s Department of Foreign Affairs & Trade (DFAT), among others, on the delivery of goods and services through market actors; and on the subsequent value chain approach developed by USAID and its implementing partners.

USAID explored market systems development and published a brief on a framework for inclusive market systems development¹ programming by enabling the development of inclusive market systems. The figures below are drawn from this USAID brief and show both a market system and the interconnected systems linked to it.

Figure 1: Market system

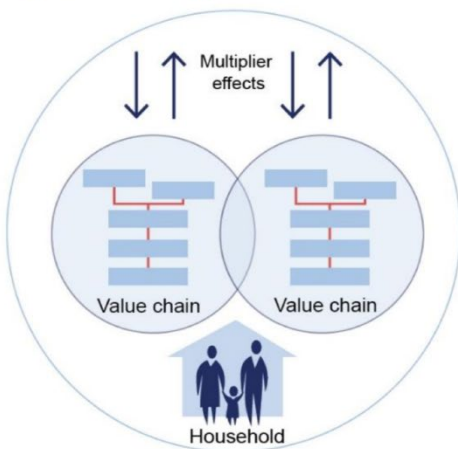
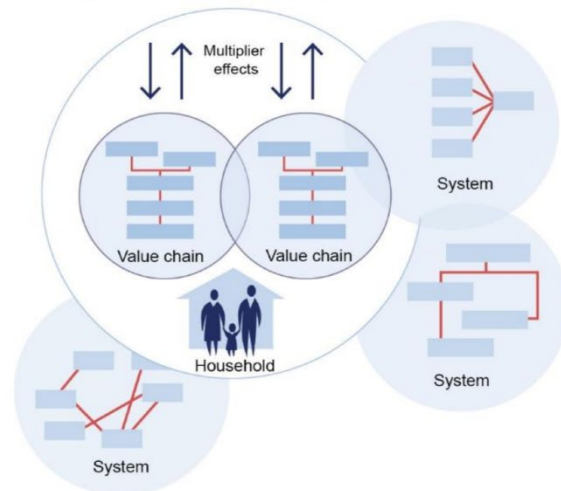


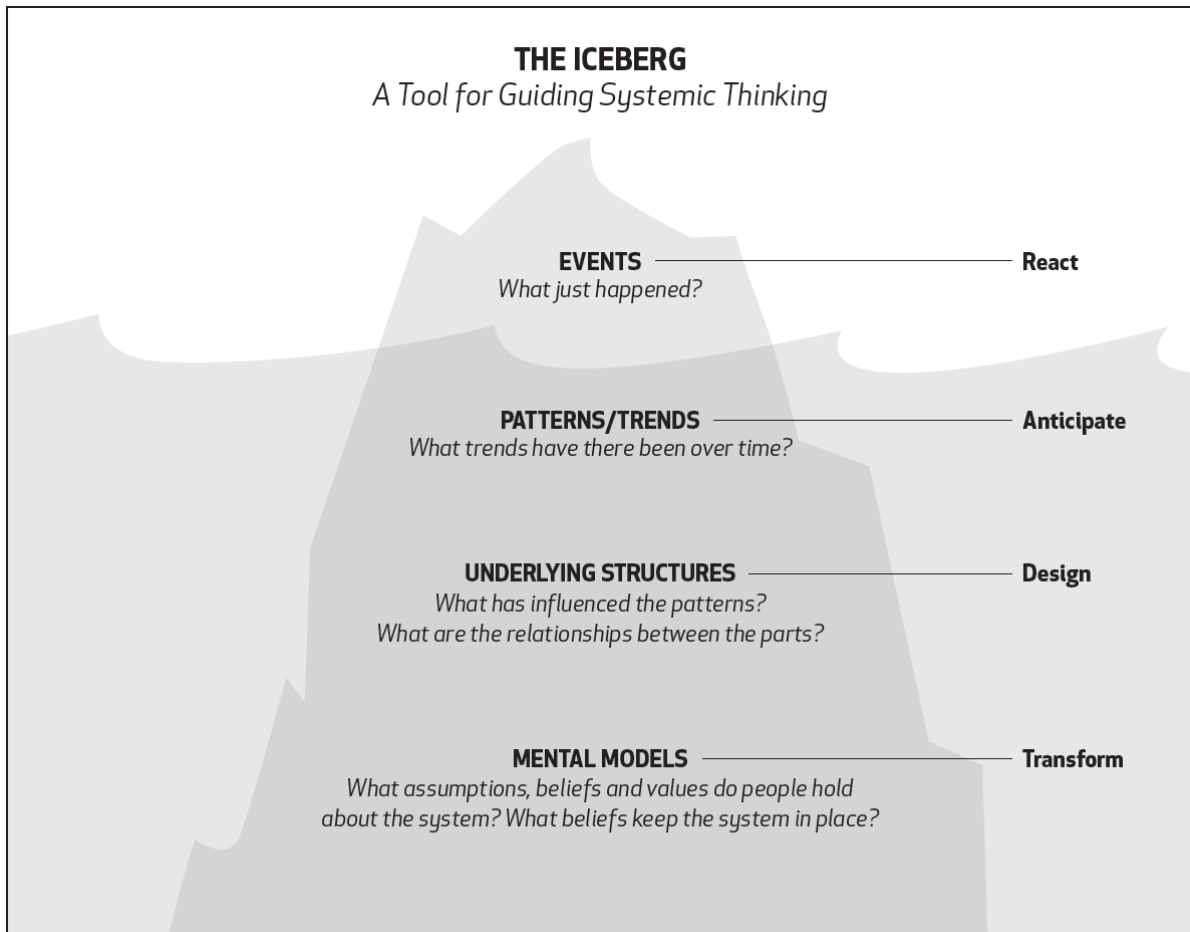
Figure 2: Interconnected systems



¹ <https://www.marketlinks.org/library/framework-inclusive-market-system-development>

Mental Models

A key foundation to understanding systems thinking is to understand the mental models described in the North West Institute's systems thinking.² The iceberg shows that, as development practitioners, we often react to what we see above the surface by asking ourselves, "What just happened?". Instead, systems thinking allows us to start considering patterns and trends in behaviours, the underlying structures driving these, and ultimately the mental models keeping these behaviours in place.



The World Bank's 2015 World Development Report on Mind, Society and Behaviour³ explains that "firstly, people make most judgments and most choices automatically, not deliberately: we call this "thinking automatically." Second, how people act and think often depends on what others around them do and think: we call this "thinking socially." Third, individuals in a society share a common perspective on making sense of the world around them and understanding themselves (through their cultural and social norms): we call this "thinking with mental models"."

² <https://nwei.org/iceberg/>

³ World Bank. 2015. World Development Report 2015: Mind, Society, and Behavior. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/645741468339541646/pdf/928630WDR0978100Box385358B00PUBLIC0.pdf>

Understanding Behaviours

- **Thinking Automatically** - People make most judgments and most choices automatically
- **Thinking Socially** - People act and think often depends on what others around them do and think
- **Thinking with Mental Models** - People in a given society share a common perspective on making sense of the world around them and understanding themselves

Market actors, members of communities, and project beneficiaries all respond according to their mental models. In addition, development professionals themselves “think automatically, think socially, and think with mental models and, as a result, may incorrectly identify the causes of behaviour and overlook potential solutions to development problems”. For example, development workers may assume a smallholder farmer is not growing their farm business because they lack finance or a market for their produce, whereas the social norms in the community may frown on any one individual becoming too successful in comparison to others, leading the smallholder to instinctively invest less time and resources if they feel their success could be seen as negative among others in their community.

Understanding Market Facilitation in comparison to Market Systems Thinking

Market systems thinking is often misinterpreted as meaning market facilitation. Market facilitation is a type of market intervention, agent or action, which works to stimulate markets while still remaining outside of the market themselves. Development projects play a behind-the-scenes role in introducing ideas, brokering relationships, and working through local market actors to stimulate changes in the market. thinking, Market facilitation tactics are a tactical set of practices that have been used in value chain and other approaches beyond systems thinking approaches. WV's Local Value Chain Development Approach promotes a market facilitation approach to development.

Instead, in market systems approaches, while a facilitative approach is critical, there are some important considerations/adaptations to facilitating using a systems thinking approach. In particular, the focus of what is being facilitated is different. Often, in the local value chain approach, a technical or transactional solution is propose to achieve a target or specific outcome. Systems thinking approaches address an even deeper level of change, with the aim of the facilitation efforts being to **catalyze a change process that would lead to another facilitation effort, that in turn leads to a sequencing of facilitation activities that lead to a more sustainable, localized change process,** as far as possible given resources and time.


While these tools focus on how to work with market actors in various parts of the system and how to use funds in a systems approach context, and examples may seem like discrete project interventions, that is never the case. Instead, the **aim of each project intervention is to feed into an ongoing change process that allows the market system to start operating in a more healthy way, even if an intervention does end up being discrete owing to budgetary or time limitations.**




Healthy market systems are ones that are growing and value the participation of all groups as important in growing the system. For example, a healthy market system would recognize that the inclusion of women is important for adding diversity of thought and innovation in solving problems, and for gaining insights on how other women can be most effectively targeted and reached as an important smallholder customer and supplier segment. Women's inclusion would be valued as an important part of growing the market and making it more resilient. The areas that firms invest in would reflect the value they place on this. (As markets mature, they increasingly recognize and value the inclusion of vulnerable groups, such as youth, the differently-abled, pastoralists, etc.)

I. Market Systems Development Project Management Tools

The following series of tools are designed to support projects in managing market systems development approaches. The tools included in this section are as follows:

 Tool: Human Resources

 Tool: Budgeting

 Tool: Selection Process of Market Actors to Support

 Tool: Structuring and Managing Agreements with Market Actors

Who are the market actors that the project will be working with?

In applying the tools, it is useful to consider who the market actors are that the project will be working with. In market systems projects, the project typically works beyond the smallholder producer level. Instead, the project works through other market actors in the system in order for those market actors to have a long-term positive impact on the smallholder producers and their households, including women and children. Typical market actors that the project might work with include:


- **Inputs retail markets:** National input supply firms, local agrodealers (distributors and retailers), local stockists
- **Output buyer markets:** Traders, processing firms, buyers, supermarkets
- **Support markets:** Financial institutions, marketing firms, market research firms, business service providers, ICT providers
- **Business structures:** Local chambers of commerce, local business networks, trader associations
- **Academic structures:** Educational institutions, technical training institutions, internship programs
- **Public sector:** Local government development authorities, local government units, national policy units


TOOL: Human Resources
Key Messages

- Projects need to be able to deal with complexity, with teams that are diversified, structures that are flatter, and performance incentives that support creativity and entrepreneurialism.
- Projects tend to have less field staff with higher education levels, younger ages, and who are more entrepreneurial with some business background.
- Performance incentives are linked to learning through testing and trying strategies with market actors in the market rather than defined task-based performance.

What type of staff and consultants are most suited to market systems projects?

Staff and consultant costs are almost always the largest part of any market systems project. Staff and consultants play a continuous facilitation role in introducing ideas, creating linkages between market actors, and supporting the testing of new business strategies through the market actors. The practical implications of this are:

- Market systems approaches are grounded in a project's capacity to deal with complexity, which means the team should be diversified, structures should be flatter (less hierarchical), and performance incentives should support creativity and entrepreneurialism.
- Specifically, management needs to shift from a more traditional, control-defined management style to a more creativity/problem solving management style. Any effective management style will require a blending of controls and mechanisms to foster creative problem solving, but for systems thinking that balance has to be weighted towards creative problem solving.
- Staff roles tend to be different in market systems projects as the focus on complex problem-solving does not align with traditional expert-driven staffing strategies. This means that their ability to see opportunities and take informed risks are more valued than academic expertise in a particular technical area.
- In practice, this means that market systems projects tend to have less field staff, field staff tend to have higher education levels, and are often younger and therefore be more entrepreneurial and ready to think in more creative ways.
-  National project staff, head quarter staff, and field staff tend to have more diversified skills and profiles. Skill areas represented could include experience in private sector marketing and branding, finance/investment, business, agriculture, and an understanding of the realities of women operating in local business contexts. Diversified profiles could include diversity in gender, age, entrepreneurial/risk taking, culture. Experience beyond typical development contexts is generally preferred.

- Short term technical assistance can be provided through consultants. Wherever possible, these should be sourced locally, limiting the international expertise brought in if possible. This is an important part of the larger market systems change process as it allows this local expertise to be built up and valued in the market system. Local consultants can be drawn from other sectors in the country with the project supporting their orientation to the region or sector that the project is working in. The project could, for example, introduce branding specialists or professional stakeholder dialogue facilitators to firms working in rural agricultural regions of the country, which may be a sector and region they are not familiar with and need support in adapting their expertise to these areas.



- It is important to include staff and consultants who are comfortable interacting with the national and local private sector and who understand issues relating to the smallholder customers and suppliers of those businesses, such as women as smallholder customers and suppliers.

What type of performance incentives support market systems development approaches?

Annual staff performance incentives are ideally tied to a competency framework that favors learning (i.e. staff are rewarded for testing and trying activities with market actors and demonstrating that they are adapting activities as they learn by doing). Staff performance incentives are therefore typically not tied to task-based results, as these results are typically evaluated at the team level.

 Consider your practical context:

What type of staff and consultants might we need for this project that we don't already have?

Where could we find staff and consultants who have more of a business background, are more entrepreneurial, and more comfortable with creative problem solving?

How could we find local consultants rather than international consultants to provide short-term technical assistance? What type of support may they require to become familiar with a new sector or function?

How might we need to change our HR performance assessment and performance incentive structures to align more with a market systems approach?



How do we ensure the inclusion of gender specialists and what role might they play? How do we find gender specialists who can relate to gender issues above the smallholder producer level, but also within the business context more broadly?


TOOL: Budgeting
Key Messages

- In budgets, the more flexibility the better!
- Don't lock in the purpose of the funding to market actors upfront.
- Recognize that it is impossible to know how best to use project funds for any given context as contexts are always changing.
- In systems thinking you are not funding a partner to provide the project with a service or a product.
- Typically include a line item for a fund in budgets, which could be called something like a Facilitation / Innovation Fund.

Who are the market actors that the project might be working with?

As a reminder, in market systems projects, we are typically working with market actors above and beyond the producer and savings group level. These include market actors such as those outlined on page 7 of this toolkit (such as national input supply firms, agrodealers, traders, processing firms, buyers, supermarkets, financial institutions, marketing and market research firms, business service providers, local chambers of commerce, local business networks, trader associations, educational and technical training institutions, and local government development authorities.)

What types of activities might we be funding?

In market systems projects we are not funding a partner to provide the project with a service or a product, but instead to try a new strategy or behaviour that leads to a bigger systems change goal. For example, a project might cost-share the activities of a local agrodealer to test the running of promotional events at a local market day in order to allow smallholders greater access to agricultural inputs in rural areas not typically serviced by agrodealers, and to obtain more first-hand information on how to apply and use the inputs. The bigger systemic change goal is to influence agrodealers to become more customer-focused, thereby providing smallholder farmers with greater access to appropriate and high quality agricultural inputs and information on how to use these. This ultimately translates into greater incomes and healthier nutrition for households, including children.

Why do we require greater flexibility when budgeting?

Although WV budgeting processes can require rigidity, a general rule with all systems thinking approaches is that more flexibility is better. Many projects assume that grants, with detailed budget line items, are preferable to other ways of funding partners. For many donors, grants have requirements that might be problematic from a systems thinking perspective. For example, grants often have specific fair competition procurement requirements, but in market systems projects we are not funding a

partner to provide the project with a service or a product. In addition, when funds are organised in a budget that has more details, it tends to lock in the purpose of funding. In systems thinking, it is hard, if not impossible, to know how best to use project funds for any given context as contexts are always changing. Since good practice in market systems development involves testing and pushing a change process on an ongoing process, instead of about fixing a narrowly defined problem, the more flexible the budget structure the better able the project is to adapt to local market systems dynamics.

How can we use Innovation Funds and other mechanisms to allow for greater flexibility?

When budgeting for a market systems approach, there is typically a fund line item that is called a Facilitation / Innovation Fund. Innovation Funds are often recommended as a way to allow a market systems project to have flexibility in what/how they reduce (buy-down) the risk for firms to test new practices. The purpose of this fund is to budget for implementation activities that allows for maximum flexibility. Of course, in circumstances where having a single fund line item is not possible, it is preferable to maintain as much flexibility as possible in both the use of the funds and the process by which they can be used.

How do we determine the activities to be supported through an Innovation Fund?

It is most effective if the project uses a co-creative grant making process where the project staff work with the local firm to develop the goals and activities to be supported through the Innovation Fund. In this way the firm is not simply implementing the project's goals, but rather the project is supporting activities that the firm is genuinely interested in, and will therefore more likely have a long term, positive benefit on smallholders and their households.

Why is it better not to predefine market systems activities?

Good practice in market systems recommends that projects evolve with the market as it changes and grows. If a market starts to normalize a specific behavior, such as businesses investing in relational market strategies to build loyal smallholder customers, a project may need to shift resources from risk-sharing those business investments to supporting activities that deepen the roots of those business behaviors elsewhere in the market system. For example, a project might shift resources away from supporting agrodealers into media, civil society, or marketing service providers, that can reinforce the value of those relational marketing strategies.

Can we determine the budget to allocate to activities?

Even though it would be easier to know exactly how much budget to allocate to specific activities upfront, this is not how it works in market systems development contexts. Why not? Each market context is different and that context is continually changing. Good practice in market systems projects recommends that projects dynamically manage their funds in response to market conditions and the market actors' willingness to take risks in new areas of the market. Consider these market contexts:

- **Very active markets**

In very active markets, there is often less need to put a lot of budget to incentivize businesses to test new business tactics and strategies. But even very active markets may be perceived as highly uncertain by businesses which might make these market actors very hesitant to try anything new or invest in any new business practice that has a longer than normal time horizon for a return. In this type of context, a project may need to increase the budget used to risk-sharing investments with the local private sector.

- **Thin markets**

In thin markets, where there is not a lot of business activity and few market actors present, there may be the need for the project to invest more budget in cost-sharing firms to enter or test strategies in these areas. But, even in thin markets with few market actors, there may be emerging market trends in which firms are seeing opportunities to invest and start businesses and activities in those areas. In such contexts, a project may not need to provide much cost-share (risk sharing capital) as a way to catalyze more firms to jump into the thin market.

What are examples of typical budget line items and tips on how to address these?

- **Human Resource / Labour Costs**

- Staff / consultant costs are usually the largest part of a market systems project budget.
- Labor categories and proportional allocations tend to be different in market systems projects, focused more on cross-cutting, complex problem-solving rather than traditional, expert-driven staffing strategies. This could mean having a marketing or branding specialist position rather than a horticultural specialist.
- Annual staff performance incentives, which reward a culture of constant learning within the project, are often budgeted as annual bonuses.

- **Facilitation / Innovation Fund**

- Facilitation or Innovation Funds can be grant based or procurement based. This means that firms could be provided the funds through a grant agreement with associated grant requirements, or through a more simplified procurement process, such as a Purchase Order supporting a specific activity.
- Managing the funds in an Innovation Fund by providing grants to firms can present challenges if the grant-making policies are overly cumbersome. Cost share is a very important principle in market systems programs, but many donors' grant-making policies often place a very high administrative burden on the grantee to prove their cost share. This can result in unintended consequences such as driving away more serious businesses and/or shifting messaging to suggest that the firms are working for

the project rather than implementing activities because they are interested in doing so as a part of their normal course of doing business.

- Procurement-based funds can work better than grants, but it is important that the cost share components are clear in terms of what the project is specifically procuring.
 - Example: A firm may want to introduce a new environmentally-friendly pesticide to smallholders in a particular rural area that would increase the production yields and be less harmful to the environment and to the children and other household members handling the produce. The firm wants to provide the new pesticide at a 50% discount to encourage more smallholder producers to try it. To budget for this, projects can agree to support a firm to offer 100 smallholder customers a 50% discount when the customers purchase the specific input. Practically the project could just be procuring 50 items and then agreeing with the firm that they would sell 100 at 50% off the original price.

- **Travel**
 - Local travel is often under-budgeted in market systems projects as it is perceived that travel should be limited for operations staff, field-based technical teams moving from region to region, or head quarter teams spending more time working with field team in the field. In reality, market systems projects need to include much learning among staff at all levels of the project with more of a temporary field presence.
 - Per diem for regional travel needs to reflect real local costs to ensure staff are not punished for being in the field, but are also not encouraged to be in the field to increase their income.

- **Learning Events**
 - Expenses for learning events, such as quarterly and annual all-staff events, are often under-funded in market systems projects since traditional approaches tend to devalue learning and sharing. Associated costs could include venues, specific investments in skills/learning, facilitators, mentors, etc.

What if we cannot use less defined budgets such as a general Innovation Fund?

For projects that are not going to use a grant fund and are unable to structure of more flexible Innovation Funds, line items expenditures such as agricultural inputs, equipment, and venues/training can be used to budget for interventions that will lower the risk of market actors trying new strategies and tactics. Using these specific lines items is more likely to cause issues as it will be very difficult to know ahead of time which types of activities would be most effective, and what works at the start of a project should change as the project progresses. Pushing for a higher interchangeability between lines items would be recommended in such cases.

Consider your practical context:

What challenges might we face in implementation by specifying a very rigid and pre-defined budgeting process upfront?

Where / how can we allow for greater flexibility in who our partners are and how we provide funds to them through the budgeting process?

What can we do instead of budgeting for grants to market actors by using procurements instead?

What type of one line Fund could we budget for and how might this work?

TOOL: Market Actor Selection Process

Key Messages

- Market actors that agree to take on business practices that are value-added and customer/supplier-oriented should qualify for support.
- The selection process should include a co-creation process between the project and the market actor.
- For compliance reasons, it is important to firewall (i.e. separate) any co-creation process with market actors from any resource decision.
- The selection process needs to be structured to ease likely adaptation.

How do we know who the market actors are in the market?

It is important to undertake a market mapping process to understand who the market actors are in the various part of the market. Market maps typically include information on each of the processes in a sector and who the key actors are playing this role. The mapping process should include gender considerations as applicable, such as which parts of an industry women are already more included in and areas where it is difficult for women to be involved. There are various market mapping / value chain mapping tools available online that can be used to support this process. For example:

- Emerging Market Mapping and Analysis (EMMA) Toolkit's online mapping program: <https://www.emma-toolkit.org/market-system-mapping-tool>
- MarketLinks value chain mapping guide: <https://www.marketlinks.org/good-practice-center/value-chain-wiki/value-chain-mapping-process>
- Making Markets Work for the Poor (M4P) Approach: <https://www.enterprise-development.org/wp-content/uploads/m4pguide2015.pdf>

How and when do we select which market actors to support?

If the smallholder farmers are buyers of inputs, they are customers to the input suppliers. If smallholder farmers are suppliers of crops to buyers, then they are suppliers to buyers and processors of crops. The process of selecting which market actors to support could include qualifying any market actor that agrees to take on key business strategies and practices that are in line with a value-added, customer/supplier-oriented business model. If those businesses start showing a willingness to take on a value-added, customer/supplier-oriented business model this shows that they could start having a long-lasting, positive impact on smallholder farmers.



What are examples of selection criteria when selecting market actors to support?

A public solicitation (for example, in a local newspaper or through a business network) targeting improved agricultural inputs market systems could set as selection criteria the following, for example:

- Commitment to a value added and customer-oriented growth strategy.
- Commitment to investing in a relational market strategy that includes building a loyal customer base through the use of testimonial advertising.
- Commitment to very specifically, for example, investing in a preferred distributor and retailer scheme that builds an alliance with other customer-oriented distributors and retailers along a firm's distribution network.
- Commitment to understanding different customer segments, including women, and how to best target those segments with strategies most appropriate to them.



What are examples of components of a selection process?

Ideally, the selection process should include a co-creation process between the project and the market actor. In this way the final agreements are oriented to the specific needs of the market actors, and align with the project's systemic change goals. This co-creation process takes place before any agreement is reached between the market actor and the project, and takes place through a series of meetings to define what the activities will be that the project will support the market actor with.

What are some considerations in ensuring that we comply with procurement guidelines?

Note: It is important for compliance reasons to firewall (i.e., separate) any co-creation process from any resource decision (i.e., grant or contract procurement process). In some instances, projects define very clearly which project staff play which roles during the selection process and the process working with market actors in order to define how their business strategy can be best supported.

Consider your practical context:

How can we map the market to understand the market actors more?

Which type of behaviours could market actors be showing that would encourage us to support them?



Which functional areas of the market are women already more included in and which are they still excluded from?

What specific / general selection criteria could we use?

How might we include a co-creation process between the project and the firm during and/or after the selection process (i.e. not having the project simply decide upfront what it wants a firm to do, but rather tailoring the strategy around the firm's interests too)?

How could we ensure that we remain compliant in terms of procurement requirements during the selection process while still working closely with market actors?



How and where might it make sense to target women-owned or orientated businesses during the selection process? (This may include ensuring that solicitations are placed within networks that have greater reach into women-owned / run businesses to ensure that women are included as a part of the selection process.)

TOOL: Structuring and Managing Agreements with Market Actors

Key Messages

- Agreements should be oriented to the specific interests and needs of the market actors.
- Agreements should align with the project's systemic change goals.
- The procurement process should be run in a way that supports market actors as change agents in their market contexts.
- Adherence to an agreement should mean that the market actor is showing real intent to take on and own the behaviours or practices being suggested.
- The agreements need to be structured to allow the project to allocate resources in response to market actor behaviours.

What are important principles when structuring and managing agreements with market actors?

- The purpose and deliverables of an agreement between the development organisation and market actors should align with market actors' interests and be oriented to the specific needs of the market actors. This is so that the market actors will continue to invest in the business strategy (such as being more-customer focused in providing goods or services) beyond the life of the funding from the development organisation, and doing so with greater energy and effectiveness because they have a vested interest as part of their business strategy.
- Final agreements should at the same time be aligned with the project's systemic change goals.
- Agreements (and the entire procurement process) should be structured so that the project will support market actors as change agents in their market contexts, influencing others to take on better business approaches, rather than as entities delivering a good or service on behalf of the project!

What are examples?

- For example, an agreement between the project and an input firm should be about growing their loyal customer base through the delivery of value to their customers/farmers.
- The deliverables in the agreement could be promotional events, educational-based marketing materials, use of promotional tactics that get the products in the hands of farmers, use of testimonial advertising, etc.

How should agreements be managed?

- Managing agreements should be based on structuring the agreements such that adhering to the agreement would mean the firm is showing real intent to take on and own the behaviours or practices being suggested.

- This is sometimes called the principle of self-selection. Market actors get more support if their behaviour in the market is investing in and valuing smallholder farmers. Market actors get less support if their business practices are more predatory and trying to take advantage of smallholders.

What could deliverables or procured items be?

Deliverables in grant-based procurements or specific activities or items in procurement-based agreements could include the payment for agricultural inputs which firms then use to sell to smallholder customers at a discount in order for them to try out the new technology, the fuel and vehicle for transporting a firms' products and staff to a rural market day where the firm will set up a stall, the tents for a local village fair where firms will be exhibiting their services and agricultural inputs, etc.

Consider your practical context:

What could be approaches that we could keep in mind or integrate when structuring and managing agreements with market actors?

How could we actually ensure that agreements are actually aligned with market actors' interests and are oriented to their specific needs?

What could we say in an agreement to show that the purpose and deliverables align with market actors' interests and are oriented to their specific needs?

What could the deliverables or procurements in our agreements be?

How could adherence to an agreement be managed to emphasize the changes in market actors' behaviours rather than just activities being undertaken, i.e. that the market actor is showing real intent to take on and own the behaviours or practices being suggested?

II. Market Systems Development Project Implementation Tools

The following series of tools are designed to support projects in implementing market systems development approaches. The tools included in this section are as follows:

 Tool: Project Funds and Facilitation

 Tool: Embedding Project Funding into Market Actors' Promotional Interventions

 Tool: Embedding Project Funding into Market Actors' Performance Management Interventions

 Tool: Linking Multiple Interventions with Multiple Market Actors to Drive Change

It is important to note that the tactics that one project employs cannot simply be cited as replicable tactics in other contexts. The very nature of systems thinking is to consider the local context and the broader systemic change to be addressed. This systemic change is linked to the understanding that markets function better when they are more inclusive of and value the inclusion of actors such as smallholder farmers, women and other vulnerable groups.

TOOL: Project Funds and Facilitation

Key Messages

- Project funds should strengthen market actor to market actor relationships rather than project to market actor relationships. ... If, instead, the project emphasizes the relationship of the project over the relationship of market actors, then the project should redesign the intervention.
- Project funds should drive market actors to 'own' / lead the targeted internal behaviour change process for their own purposes. If, instead, the project emphasizes its own objectives and interests, rather than the market actors', then the project should redesign the intervention.
- Project funds should support local market actor relationships and ownership of the change process in a way that resources, either financial or technical, focus the market actors on relationships with other market actors and on their interests in testing and trying a new practice or tactic. ... If, instead, the project shifts the emphasis of a relationship to the project or shifts the ownership of the change process to the project, then the project should redesign the level of financial or technical subsidy.

A project could work with any type of market actor, including national or local businesses, financial institutions, processing firms, media companies such as radios, etc. Project funds could be used to cost-share or simply cover the expenses of activities relating to these entities. Once a project organises its procurement process so that it will support market actors as change agents, it will also have to define the specific way that funds will be used. For market systems approaches a simple guiding framework on the use of funds is useful. This is sometimes referred to as ROI, but not in the traditional sense. In this case it refers to Relationships, Ownership, and Intensity.

Should a project redesign its strategy of working with market actors?

R = Relationships

Relationship is defined by catalyzing market actor to market actor (i.e., the target beneficiary) relationships.

- Guiding question: Does the subsidy (i.e., the project funds which are being used in the market system) strengthen the relationship(s) between market actors, especially between market actors and the target beneficiary, or does the subsidy emphasize the relationship with the project and market actors / target beneficiaries?

✓ If the answer to this question is yes, that the subsidy strengthens market actor to market actor relationships, then the project should move on to ask the guiding question about ownership.

- For example: Are project funds allowing for relationships and/or transactions to take place between input suppliers and farmers directly, or buying firms and farmers directly, without the project visibly playing a role in this arrangement?

✗ If the answer to this question is no, that the subsidy emphasizes the relationship of the project over the relationship of market actors, then the project should redesign the intervention.

- For example: Are project funds primarily brokering relationships and/or transactions between the project staff/volunteers and the farmers, even if ultimately the farmers and the firms might be involved directly?

O = Ownership

Ownership is defined by the market actor 'owning' or driving the targeted behaviour change process.

- Guiding question: Does the subsidy support the market actor in leading, for their own purposes, an internal change process?

✓ If the answer is yes, that the subsidy does support a market actor, for their own purposes, to test a new promotional tactic, supply chain management practice, internal management practice, etc., then move to asking the guiding question on intensity.

✗ If the answer is no, that the subsidy emphasizes the project's objectives and interests, then the project should redesign the intervention.

I = Intensity

Intensity is defined by two aspects of intensity that include resources (i.e. both financial and technical) and profile/role.

- Guiding question on the level of resources applied: Does the level of resources, either financial or technical, focus the market actors on relationships with other market actors and on their interests in testing and trying a new practice or tactic?

✓ If the answer is yes, that the subsidy level does support local market actor-to-market actor relationships and ownership of the change process, then move forward with the intervention.

✗ If the answer to the question is no, that if either the subsidy shifts the emphasis of a relationship to the project or shifts the ownership of the change process to the project, then the project should redesign the level of financial or technical subsidy.

Consider your practical context:

To what extent do our project strategies/activities strengthen market actor-to-market actor relationships rather than project-to-market actor relationships, i.e. do they emphasize the relationship of the project over the relationship of market actors? For example, do the project activities emphasize the project-to-smallholder farmers' relationships more, or the agro-dealer-to-farmer relationships more? Explain.

If our project emphasizes the relationship of the project over the relationship of market actors, then what could we do to adapt or redesign the project?

Does our project support the market actor in leading, for their own purposes, an internal change process? Explain.

If our project emphasizes the project's objectives and interests, rather than primarily the objectives and interests of the market actor, then what could we do to adapt or redesign the project?

Does the level of resources, either financial or technical, that are being put to this activity focus the market actors on relationships with other market actors rather than the project (such as what they do with farmers or other distributors down their chain), and on their own business interests in testing and trying a new practice or tactic? Explain.

If the investment of our project's time and resources shift the emphasis of a relationship to our project or shifts the ownership of the change process to our project, then how can we redesign the level and nature of financial or technical subsidy that we are providing.

TOOL: Embedding Project Funding into Market Actors' Promotional Interventions

Key Messages

- Project funds should ideally be intertwined within normal business interactions of the market actors, without distorting the market actors' roles or business objectives.
- This allows a project to be able to remove the project resources (financial or technical) in a way that does not have beneficiaries notice this as they continue their relationships and transactions with market actors.
- Product discounts can be cost shared by the project to deduce the risk of the market actor to try this as a promotional tactic, and in turn, target beneficiaries to test a product or service.

How can we weave project funds (subsidies) into business practices to ease exit?

Project funds (which are subsidies in the marketplace) should be, to the extent possible, intertwined within normal business interactions of the market actors to allow a project the ability to remove its subsidy (financial or technical) in a way that does not message anything to the target beneficiary. The target beneficiaries should be able to continue their usual business relationships and transactions with market actors. For example, if the project removes its funds it should not result in smallholder farmers no longer having trainings, or knowing that a different entity will be running them. Ideally, rather, smallholders should continue receiving training/information through promotional type strategies or whatever the market actors were giving them from the start, whether the project funds are supporting these or not.

What type of promotional interventions could be leveraged by the project in input supply markets?

Marketing and promotional business tactics by retail firms in input and service provision markets have evolved over decades to foster behaviour change. For example, input supply firms may run competitions or provide trial packs for their customers to receive new information and try out new products. In rural agricultural settings, firms have been less aware of how such promotional tactics can rapidly grow their businesses. Marketing and promotional tactics can be easily leveraged to drive not only behaviour change, but improved relationships by embedding project funds within these promotional tactics.

The following are examples of promotional interventions. As stated before, it is important to note that the tactics that one project employs cannot simply be cited as replicable tactics in other contexts. The

very nature of systems thinking is to consider the local context and the broader systemic change to be addressed.

- **Cost shared discounts**

The discount is offered by a market actor to the target beneficiary as part of a wider effort to market a specific product or service. The project would cost share the discount to reduce the risk of the market actor (i.e., testing discounts as a promotional tool), and the target beneficiary to test/try a product.

- **Contests**

Contest would be run by a market actor and the project can cover part of the cost of the contest like the trial packs that farmers would get for winning a contest. The product or service that is offered as the prize should be the product or service you want the target beneficiary to test/try. Contests are particularly effective at getting a larger group of target beneficiaries to test/try something, which is important in communities that have social norms limiting individualism –i.e. tall poppy or pull him down syndromes. It is important to integrate contests into a wider promotional or market strategy that includes testimonial advertising.

- **E-coupons**

E-coupons are another form of a discount, but delivered through mobile phones. These can be very useful as a way to get a market actor to get information or attract more customers. A project can cost share initial e-coupons to a large number of target beneficiaries as a way to deliver key inputs without the project being a negative presence in the transaction – keeping the relationships building focused on market actor to farmers.

 Consider your practical context:

To what extent are / could our project funds be intertwined within normal business interactions of the market actors, or are they managed through market actors but not as a core part of their usual business tactics, or are they used in project-run activities with beneficiaries directly? Explain.

How could our project funds be even more intertwined within normal business interactions of the market actors?

How could our project potentially cost share product/service discounts with market actors to reduce the risk of the market actor testing discounts as a promotional tool, and ultimately support target beneficiaries to test/try a product?

How could our project potentially cost-share contests and raffle prizes with market actors so that large groups of beneficiaries can use these prizes as a way of trialing products / services?

How could our project potentially cost-share e-coupons delivered through mobile phones by the market actor so that large numbers of beneficiaries can get information and form relationships with strategic market actors?

TOOL: Embedding Project Funding into Market Actors' Performance

Management Interventions

Key Messages

- Supplier management practices by buying and processing firms are effective in encouraging increased performance and loyalty among small-scale producers.
- A project could cost share performance rewards which are run through buyers' performance clubs to improve production quality and relationships with buyers.
- A project could cost share other services run through buying agreements with buyers to support small-scale producers manage their cash better.
- A project could cost share the initial cycle of a pre-paid inputs as part of a buyer's check-off cycle.

How can supplier management practices be used by buying and processing firms to benefit small-scale producers?

When businesses are buying crops or other products from small-scale producers, such as smallholder farmers, they often have a limited relationship with or strategy of how to invest more on their small-scale suppliers. Supplier management practices have, however, evolved over a long time to encourage performance and loyalty. These have, however, not often been applied in rural agricultural settings.

What type of performance management schemes can projects leverage by cost-sharing and promoting them among buyers and processors?

Performance management tactics such as leveraging preferred supplier schemes to improve trust, reduce risk of investment, and increase effectiveness of the system can be an important tactical tool kit for practitioners.

The following are examples of cost sharing around performance. (As stated before, it is important to note that the tactics that one project employs cannot simply be cited as replicable tactics in other contexts. The very nature of systems thinking is to consider the local context and the broader systemic change to be addressed.)

- **Cost share performance rewards through buyers' performance clubs to improve production quality and relationships with buyers**

The project could cost share performance rewards for the target beneficiaries that can be used to create key behaviour changes. For example, the buyer could let all smallholder farmers know that if they adhere to agreements, reach a certain level of performance (e.g., yield), and produce a based level of quality (i.e., percent of a certain grade) that they will then be entered into

performance clubs managed by the buyer. All performance club members can gain access to a range of additional benefits.

To start, it is better to focus benefits on social/prestige rewards and/or productive investments that bind the farmer to the buyer - as opposed to cash/price rewards. This is because the purpose of the underlying relationship is to develop a more stable relationship platform (via loyal suppliers and better manager/buyers) that can build a viable pathway out of poverty (i.e., increasing productivity flowing into a growing market).

- **Cost share other services run through buyers' buying agreement to support small-scale producers manage their cash better**

The project could cost share other services that can run through the buying agreements between small-scale producers and buyers. Examples include insurance or the prepayment of discounted school fees, etc. These can help farmers better manage their wider cash requirements – helping them to focus a greater part of their attention and resources on commercial activities.

- **Cost share the initial cycle of pre-paid inputs as part of a buyer's check-off cycle**

The project could cost share the initial cycle of a pre-paid inputs check-off cycle. Typically, donor programs like to lock in farmers to credit based check-off systems that also essentially add more costs and makes the overall system more fragile. Another option is to maintain the same check-off cycle that would include:

1. Farmer brings the product to the buyer.
2. The buyer takes part of the proceeds to buy next year's inputs.
3. The buyer gives the remainder of the proceeds to the farmer – the remainder should be substantially higher as there is no interest/fee charges and the input firm should be willing to sell the inputs at a discount given the bulked and lock-in pre-sales.
4. At the beginning of the next season farmers pick-up/access the inputs they pre-bought.
5. At harvest, the farmer delivers the crop to the buyer and the cycle continues.

For this cycle to work the key challenge is the first cycle where the farmers have to buy the inputs (i.e., not on credit) which can easily be managed through a promotional offer for a discounted inputs pack, which the project can cost share.

Consider your practical context:

If we have an existing project, to what extent are the project funds be channeled through buying / processing firms? Explain.

How could our project potentially cost-share performance rewards through buyers' performance clubs to improve production quality and relationships with buyers?

How could our project potentially cost-share other services run through buyers' buying agreement to support small-scale producers manage their cash better?

How could our project potentially cost-share the initial cycle of pre-paid inputs as part of a buyer's check-off cycle?

TOOL: Linking Multiple Interventions with Multiple Market Actors to Drive Change

Key Messages

- In a market systems approach, rather than focusing on single interventions, projects use a series of interventions with different market actors to create an experience that becomes a norm within the system.
- Typically, this combination of interventions would include both inputs as well as buying interventions.

Rather than the project focusing on single, discreet interventions, such as a single promotional tactic or activity with one or a few market actors, in a market systems approach the project uses a series of interventions with different market actors to create an experience that is valid and internal to the market system (i.e. becomes a norm within the system). Typically, this would include both inputs as well as buying interventions.

What are examples of generic combinations of interventions that could work together to drive change?

Examples of the combinations of generic interventions that this could comprise of in both the input supply and output buying sides of the market are outlined below. (As stated before, it is important to note that the tactics that one project employs cannot simply be cited as replicable tactics in other contexts. The very nature of systems thinking is to consider the local context and the broader systemic change to be addressed.)

- **Generic input supply side activities that could be supported by the project**

A generic input supply side experience, that could be supported by the project, could follow this process: A promotional event that includes a contest with multiple winners to test/try a new product/service (e.g., seeds, cooking stove, herbicide, water filter, etc. The retailer/seller (market actor conducting the promotional event) conducts a few intermediate promotional events to track usage of the product/service over a period of time. Through the intermediate promotional events, the market actor can identify two or three contest winners to form a new promotional campaign based on testimonial advertising.

- **Generic buyer side activities that could be supported by the project**

A generic buyer side experience, that could be supported by the project, could follow this process: The preferred supplier club that is created by a supply chain manager in the

buyer/processing firm to reward high performing farmers could be used to organise referral programs where all club members that bring in a new farmer that signs an agreement would get a reward (that follows the same sequence – loyalty and improved production rewards first). There would be an additional reward for referring farmers if the farmer they referred made it to be a club member. Each year the club members should be publicly rewarded through an appreciation event in their community.

- **Generic combination of input-buyer side activities that could be supported by the project**

A combination of generic input supply side and generic buyer side experiences, that could be supported by the project, could follow this process: The input firm agrees with a buyer to a strategic alliance where any producer that enters a performance club also becomes a member of the input supplier’s loyal customer program and is able to get discounts on other specialized rewards like training. The input firms could use their loyal customers for testimonial advertising, as well as creating their own referral promotional campaign. The buyer could also entice loyal customers that are not already suppliers to get a special deal if they agree to produce under contract. The pre-paid check off system could also be integrated into the strategic alliance agreement.

 Consider your practical context:

If we have an existing project, to what extent is our project currently using multiple interventions with different market actors on both the input supply side and buyer side of the market to support greater positive change for beneficiaries? Explain.

How could our project do more in the future to use multiple interventions with different market actors on the input supply side and buyer side of the market to support greater positive change for both men and women as beneficiaries? Explain.



How could our project do more to use multiple interventions with different market actors on the buyer side of the market to support greater positive change for both men and women as beneficiaries? Explain.

How could our project do more to use multiple interventions with different market actors on the integrated input-buyer side of the market to support greater positive change for both men and women as beneficiaries. Explain.

III. Market Systems Development Tools for Incorporating Women

The following series of tools are designed to support projects in incorporating the inclusion of women as producers and consumers using market systems development approaches. The tools included in this section are as follows:



-  Tool: Business Rationale for Incorporating Women in Input Market Systems as Customers
-  Tool: Business Rationale for Incorporating Women in Output Buyer Market Systems as Suppliers

It is important to note that the tactics that one project employs cannot simply be cited as replicable tactics in other contexts. The very nature of systems thinking is to consider the local context and the broader systemic change to be addressed. This includes both formal and informal rules and norms. Informal rules and norms often have to do with cultural norms and social norms that are often less evident or defined, but which often have a greater influencing power over the way individuals, households, and firms make decisions.



TOOL: Business Rationale for Incorporating Women in Input Market Systems as Customers

Key Messages

- Businesses need to see the business rationale for the case of focusing on and investing in women as customers.
- There is often already purchasing taking place by women from input supply stores, but these are not tracked and therefore women-specific promotional messaging or women-suitable venues for information and training on input products is not taking place.
- Projects could support input firms, that influence others in the market system, to: (1) develop marketing and branding strategies and tactics that build a relational foundation with women, (2) develop preferred distribution networks to deliver greater value to women farmers as customers (e.g. information sharing, training, promotional campaigns), (3) develop volunteer network schemes to work with others on inventory management, promotional efforts, transportation, code of conduct, etc., and/or (4) work with radio and consumer protection organizations to co-create organizational strategies and tactics that raise the voice of women farmers through their role as an audience or consumer.

To bring about systemic change in a market, it is critical that projects focus on the business rationale for the change. In the case of gender, there is often a need to increase opportunities for the participation of women in the market. What is the business rationale for this type of change?



Why would an agricultural inputs firm invest in women as customers?

An agricultural inputs company is more likely to target women if they see women as an important market segment for their business. The inputs company might recognize, for example, that women are a very large untapped market in the areas they could serve, that women play a major role in agricultural decision-making, that women in rural areas are increasingly head of household and therefore make decisions on household expenditures for urban migration and other reasons, etc. (Development projects can assist inputs firms in seeing the opportunities of women as an important customer segment by potentially testing promotions to this market segment and/or linking the inputs supply firms with research on the size and characteristics of women as a potential customer group.)

Often, there is probably already a lot more purchasing taking place by women from input supply stores, but that these are just not being tracked by the input supply stores. The input supply stores are therefore not targeting women specifically with women-specific promotional messaging or women-suitable venues for information and training on their products.



How could women benefit by being valued and targeted by input supply firms?

If an input firm perceives, in order to be more productive and successful, that their company's core business is tied to having farmers that include women as part of their customer base, they will invest in and advocate for these women customers. If inputs firms start to value and hence target women as customers, this helps both the firm grow their business with loyal, return customers and helps the development outcome of having women be more valued and invested in by market actors, and hence a more functioning part of the market system.

For example, input firms that are convinced that women are a critically important market segment, will influence distributors and retailers in their distribution networks to act in ways that ensure women farmers know of the input company's brand and maximize the value for women when they use the input company's products and services. Practically, this could mean selling goods in places where women can buy them, providing training to women on their products, caring about providing good customer service so that the women return as customers and spread positive word of mouth, providing marketing and promotional messaging that appeal to women, etc.

What are examples of interventions with inputs firms that create opportunities for women?

Key tactical areas that a project can support with an input firm around gender include:



- **Marketing and Branding Strategies**

The project could support the development of marketing and branding strategies and tactics that input supply firms can apply in a way that builds a relational foundation with women. The key is for input supply firms to learn how to generate an ongoing relationship with women customers.

From a market systems perspective, this effort works with input supply firms to shift the firm toward being more growth- and customer-orientated as central to their core model. It is also important that a project plan to amplify (intensify and showcase) input supply firms' behaviours that target women as customers as a way to create competitive pressure on other input supply firms to invest in building women customer bases. What does this mean? For example, the project can find ways for local rural media channels, such as local radio stations, to connect directly to input supply firms that are investing in women as customers to interview them to intensify the messages that this is good practice to other market actors.



- **Preferred Distribution Networks**

The project could support input supply firms to develop preferred distribution networks. In this way larger input supply firms brand smaller firms down the chain as being preferred suppliers in their network and offering some of the additional support to farmer customers that the input supply firm wants to promote as part of their brand. In this way input supply firms can be more

effective at delivering value to their customers (including the women farmers) in the form of information sharing, training, promotional campaigns, quality products, regular stock levels, etc.

From a market systems perspective, preferred distribution networks catalyze improved cooperation between women smallholders and input supply firms. This can ultimately lead to a change in the input supply environment with input supply firms starting to compete on delivering value to smallholder farmers, and especially women farmers.



- **Volunteer Network Schemes**

The project could work with willing input supply firms to form volunteer network schemes that help input supply firms to work together on important joint efforts like inventory management, promotional efforts, transportation, code of conduct, etc.

From a market systems perspective, the formation of volunteer network schemes help input supply firms to work together and to end up competing on delivering value to smallholder farmers, especially women farmers.



- **Media and Consumer Protection Organizations**

The project could work with media (such as radio) and civil society (such as consumer protection organizations) to co-create organizational strategies and tactics that raise the voice of women farmers through their role as an audience or consumer.

What are tips for projects to take into consideration when intervening on the input supply side?

A project could consider the following when intervening on the input supply side:



- **Promotional events in local areas**

It is often useful to start with input supply firms running promotional events that focus on establishing a relational foundation with women customers. The promotional event should take place in the village or in a small town close to the targeted women farmer/customers.



- **Collections of firms that influence other firms to then change the way the market works**

Starting with one input supply firm is fine, but the goal is to change the competitive landscape to favor input supply firms that target female farmers as customers. For this reason, it is important to work with several input supply firms and to intentionally focus on how their strategies will influence other input supply firms that the project is not even working with. The market systems change goal needs the overall input supply market (i.e. many of the input supply firms' strategies) to change in a way that they focus on the growth of the input supply firms and investing in long term, happy customers. These firms can all be leveraged so that all / most firms

in the sector are being forced to compete on how many services they provide to farmers, especially women farmers, and the strength of the relationships that they are forming.



- **Customer (farmer) feedback loops**

In order to make a longer and deeper change to the market system, projects need to amplify (Increase) the influence of customer feedback loops. In this case, the feedback would be going from the farmers, especially women, back to the input supply firms. This is most effectively done through interconnected systems like media and/or civil society (i.e., consumer protection) that can raise the voice/influence of customers (the farmers, especially women).



 Consider your practical context:

What constraints do women face in accessing input supply markets as consumers?

How does gender affect input supply market relationships and interactions?

How do women typically access market information? Do they receive the same information as their male counterparts? What are sources of information that they trust? How can input supply firms tap into these information sources to reach more women as customers, thereby creating more access to inputs and information by women?

Why might input supply firms, in the areas that we are working, be convinced to focus more on investing in women as customers?

How might it help women smallholders, in the rural areas that we are working in, to be targeted as customers of input supply stores?

How and why might our project help input supply firms to invest in marketing and branding strategies?

How and why might our project help input supply firms to invest in preferred distribution networks?

How and why might our project help input supply firms to invest in volunteer network schemes?

How and why might our project help input supply firms to invest in media (such as radio) and / or civil society (such as consumer protection organizations)?

What type of promotional events could input supply firms run to target women as customers?

How could our project ensure that we do not only limit our impact to the firms we are working with directly, but ensure that they become an influencing factor to other input supply firms in the market system?



TOOL: Business Rationale for Incorporating Women in Output Buyer Market Systems as Suppliers

Key Messages

- Businesses need to see the business rationale for focusing on and investing in women as suppliers.
- This business rationale is often tied to the needs of the end market.
- Projects could support buyer firms that influence others in the market system by supporting, for example: internships around female supplier management, costs share of performance rewards, cost share of IT management system, or technical assistance/training support around supply chain management.

From a supply chain perspective, it is critical that any effort to catalyze the role of women as suppliers or supply chain managers needs to align with market actors' commercial interests. In practice, it is often the case that the commercial interests/benefits have to be substantial to outweigh the likely negative feedback if the firm goes against gender norms. For buyers or supply chain managers it is critical to target entry points that have the potential (i.e., commercial benefits/returns) to leverage market system forces to catalyze change in gender norms.



How might firms see the rationale of investing in women as suppliers?

For supply chain/buyer firms to realize the value of female suppliers or traders there has to be a market rationale that is often tied to an end market. Ensuring there is alignment from end market requirements to the way that female producers are managed is critical. In this context, it is important to ensure that the firm's potential margins are sufficient to not only cover the costs of investing in effective supply chain management tools and tactics, but also the perceived costs/challenges of pushing against gender norms.



What could the project do to support the role of women more?

- The project could engage a range of lead firms that indicate an interest in growing their supply chain around or at least to include female farmers as an important component.
- The project could also establish some basic criteria for working with a lead firm that includes commitment to investing in performance-based management, establishing clear and consistent performance criteria, and engaging female suppliers in a fair and transparent manner.
- For lead firms agreeing to the criteria, the project can agree to a co-creation process to define interventions that support the firm's goal of growing a more stable supply chain.



What specific type of project support could be provided?

The project needs to make very clear that any support is contingent on the firm adhering to good practices in supply chain management that include transparent, fair and consistent treatment of their female suppliers. The project support could include:

- internships around female supplier management
- costs share of performance rewards
- cost share of IT management system
- technical assistance/training support around supply chain management



What are important considerations when projects try to support women as suppliers?

Common risks associated with supporting a lead firm in establishing a more structured and formal supply chain, especially in a market system that is characterized by low levels of trust, dysfunctional competitive landscapes (i.e., the market is full of firms that cheat, wield power inappropriately, and that benefit the powerful and connected), and strong gender norms that limit women participation, include:

- Either a high-enough margin and/or limited competition from other buyers is needed for there to be alignment around a firm's investment requirements to support women as suppliers, farmer adherence to agreements, and growth. Especially in low trust environments, agreements are unlikely to be maintained unless incentives align with adherence to agreements. It is more difficult to change the current market behaviour on how women are valued and invested in when there are multiple buyers and multiple crop options.
- The margin would also have to be sufficient enough to cover the costs of investing in and maintaining supply chain management tools, mechanisms, etc. A specific consideration related to gender is the that the margin would have to be compelling enough to withstand any social/political feedback related to gender norms that the firm may need to push against. As a result, focusing on niche or high value crops that can also be marketed in ways to encourage women farmers' participation is a commercial advantage.
- Demand signals/patterns need to reinforce and validate the criteria the lead firm sets for quality and transparency. Experience is showing that projects may need to support firms on their end customer marketing and branding strategies and tactics. This may be even more important for early adopting firms that integrate women farmers, traders, etc., as there are opportunities to turn women's participation into a branding benefit, but firms are often have an unsophisticated understanding of branding tied to social messaging.



What are other areas that the project would need to support for effective supply chain management to emerge in the market?

A motivated buyer that needs to invest in a management regime to lock in supply which includes

women suppliers, would also need to invest in the following:

- **Performance driven farmer selection and investing processes:** A clear process for selecting the initial best available female farmers who are willing to work hard and make best use of the available resources, as well as a clear set of performance metrics to use as a tool to prioritize ongoing investments in high performing female farmers.
- **Trust building:** Develop trust, as a formal agreement will only work when both parties believe they are better off by staying in the commercial relationship. An explicit willingness by the buying firm to collaborate, share information and invest in female farmer performance are foundational to forging the required trust.
- **Build performance and trust over time:** The management of the scheme needs to include specific methods to learn and build from the previous season's performance. Regular post season review, post season farmer/intermediary award programs, farmer referral schemes, etc., are typical tools/tactics to ensure better performance and trust over time. Regular two-way communications would also be important as female farmers may be subject to additional dynamics as gender norms begin to shift.
- **Unambiguous product specification:** Provide clear and simple product specifications. Transparency and fairness are central so it is often recommended that farmers, in this case female farmers, or their representatives, are present when the produce is graded to ensure trust and transparency.
- **Terms of payment:** Late payment can immediately cause a breakdown of trust and must be avoided. Clear and consistent communications around timing is very important. Additional option around payment terms could be important for female farmers as control of funds, priorities (i.e., children's school fees), etc. For example, some projects have tested the idea of part of the farmer proceeds going directly to pay for school fees. Other projects have tweaked how payments are made to improve the control of proceeds by female farmers.
- **Flexibility in the agreements:** Agreements should be flexible to take into account the possibility of extreme events such as high open market prices or bad weather. Clear and consistent communications with farmers to limit any expectation gaps is critical.
- **Provision for mediation:** However hard the parties try, disagreements are inevitable. Agreements should ideally make provision for mediation by someone acceptable to both the company and the female farmers.
- **Supply of quality inputs and services:** The buying firm can substantially improve productivity and consistency of quality by ensuring the supply of the right inputs at the right time. Building strategic alliances with input firms and services providers, including integrating them into the agreement mechanism can have a substantial and positive impact on their supply chain.

- **Managing risks:** Where possible the buyer should integrate risk mitigation tools and tactics. For example, check off systems, integrated insurance, farmer savings schemes, use of derivatives (if available), etc. are all potentially useful ways to reduce or manage known risks.



What other areas can projects work on in support of gender norms?

As momentum begins to emerge in the supply chain market system, it would be particularly key to connect momentum to other social/political movements around gender equality. Markets can be leveraged to drive positive social change, but this can only happen once the market forces align in support of the social change. In a market systems context, it is recommended to catalyze shifts in market forces that align in support of women playing more and more varied roles in a fair, transparent, and merit-based way.



Consider your practical context:

What constraints do women face in supplying into markets as suppliers?

How does gender affect output buyer market relationships and interactions?

How do women typically access output buyers? Do they receive the same information as their male counterparts? What are relationships that they trust?

Why might buying firms, in the areas that we are working, be convinced to focus more on investing in women as suppliers? Consider the end markets that they are selling to, how could these influence them?

How might it help women smallholders, in the rural areas that we are working in, to be targeted as suppliers to buying firms?

How and why might our project help output buying firms to invest in supply chain management strategies?

How could our project ensure that we do not only limit our impact to the firms we are working with directly, but ensure that they become an influencing factor to other buying firms in the market system?
