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Working Paper on 'Facilitating change in M4P programmes'

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Preface

Making markets work for the poor (M4P) is a practical approach to reducing poverty, grounded in best practice and guided by four underlying principles: focusing on systemic action, seeking sustainable change from the outset, pursuing large-scale impact, and adopting a facilitating role. In terms of implementing the M4P approach, good practice in facilitation remains a core challenge. The challenge is a recurrent and cross-cutting feature found in all stages of a programme life cycle. The facilitative role of the programme should enable to lever and catalyse relevant and significant changes in a market system without the programme taking over any market function.

But what does facilitation mean in practice? This question is at the centre of this working paper. The arguments and theses of this paper were triggered by the online debates of SDC's employment and income network during 2010 and 2011. Another occasion was the e+i networld Café during the face to face meeting in May 2011 in Gwatt, Switzerland. Additional experiences and background papers were integrated in order to complement the findings from the online discussions.

It discusses the implications of being a facilitator in a M4P programme: not only the facilitation alternative options and choices that need to be made, but also the practical implications for strategic, conceptual and operational planning, implementation, monitoring and evaluation. Therefore, the paper looks critically at the current practice and experience concerning the roles and responsibilities of donors and implementing partners, complemented with broader background reflections about facilitation within M4P initiatives.

I hope that this paper will stimulate our on-going debate around the M4P approach in order to contribute to meeting our challenge of constant improvement of the approach for large scale benefits of poor people.

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Summary

Because conventional programmes dealing with private sector or value chain development tend to provide direct support to enterprises or other actors in the market, they rarely achieve scale or sustainability. They often assume a market function, introducing market distortions. The M4P (making markets work for the poor) approach introduces a shift in paradigm from direct intervention to facilitation, catalysing change in the market system as a whole. Facilitation is therefore one of the four core principles of M4P (along with a systemic market approach, sustainability and scale) and a cross-cutting feature across the entire life-cycle of the programme. But what does facilitation mean in practice and what do facilitators do?

Facilitators are bodies (e.g. NGOs, programmes, government departments, business development services) that intervene in markets so that these achieve social/public objectives. Their role is time-bound and finite, an 'agent' (or catalyst) for positive market change but without taking up a function in the market system. A facilitator must clarify its role and responsibility and constantly update its understanding of the system, catalyse change and engage with all actors and functions while at the same time remain neutral.

There is no template for facilitation but it depends highly on the context, the phase of the programme and the type of interventions. It ranges from a 'facilitative attitude' influencing decision-making to concrete facilitation activities. It should respect core rules such as valid information shared by all stakeholders (transparency), free and informed choices by the participants (self-determination) and internal commitment to those choices (ownership and responsibility). M4P facilitation also requires understanding and responsiveness to local context, flexibility, leadership and entrepreneurial thinking. However, although requiring flexibility, facilitation should always be guided by the overarching strategy to crowd in other actors into the system and underpinned by appropriate analysis. The art of facilitation lies in the balance between flexible and strategic interventions, and a golden rule could be "act and tread lightly". In addition, it should not be forgotten that facilitators are not only interacting with market systems but also with social systems which need to be analysed and taken into account.

The main areas where facilitation intervenes include capacity building (training, coaching and promoting exchange), research and development, promoting a shared vision among stakeholders, defining roles and responsibilities, supporting the creation of linkages and networks, identifying business opportunities and supporting joint monitoring and evaluation by fostering mutual learning processes by all parties. However, it is necessary to constantly check that potential system actors that could take up these functions are not being crowded out of the system.

Different stakeholders have different roles and responsibilities during the different phases of a programme that need to be clearly defined, and this also applies to the facilitator. Every participant needs to know what she/he will and can do, and what she/he can or will not do. Mapping all the actors, building a project on their incentives and capacities and clarifying 'who does' and 'who pays' can help position the facilitator and the other stakeholders in the project environment.

Facilitation is not restricted to programme implementation or to the implementing agent. It needs to be included at all stages of the programme cycle, from initial design to evaluation and it concerns all agents, from donors to strategic partners. This also implies that the governance structure of the programme has to be adapted to an involvement of endogenous stakeholders (the concerned population, enterprises, government agencies, social networks, etc.) right from the planning stage of the intervention in order to promote local ownership and sustainability.

Finally, the Working Paper contains a checklist that donors and implementers can use to help them think through their role as a facilitator, according to the M4P principles.

Résumé

Faciliter le changement dans les programmes M4P

Document de travail basé les cycles d'apprentissage électronique du réseau Emploi et Revenu de la DDC, 2010 et 2011.

Les programmes conventionnels de développement du secteur privé ou de chaines de valeur ont tendance à fournir un appui direct aux entreprises ou à d'autres acteurs et par conséquent atteignent rarement un impact à grande échelle ou durable. Ils assument souvent une fonction du marché, introduisant ainsi des distorsions de marché. L'approche M4P ("Faire fonctionner les marchés pour les pauvres" par son acronyme en Anglais) introduit un changement de paradigme d'une intervention directe vers la facilitation, catalysant des changements dans le système de marché dans son intégralité. C'est pourquoi la facilitation est un des quatre principes fondamentaux du M4P (avec une approche de marché systémique, un impact à grande échelle et durable) et une caractéristique transversale au cycle de vie du programme. Mais que signifie la facilitation en pratique? Et que font les facilitateurs?

Les facilitateurs sont des organismes (ONGs, programmes, départements gouvernementaux, services de développement d'entreprise) qui interviennent dans les marchés pour atteindre des objectifs sociaux/publiques. Leur rôle est temporel et fini, un agent (ou catalyseur) de changements positifs dans les marchés mais sans pour autant reprendre une fonction du système de marché. Un facilitateur doit clarifier son rôle et ses responsabilités et constamment mettre à jour sa compréhension du système, catalyser et s'engager avec tous les acteurs et fonctions tout en restant neutre.

La facilitation n'a pas de modèle prédéfini mais dépend hautement du contexte, de la phase du programme et du type d'interventions. Elle regroupe une gamme de significations, d'une 'attitude facilitatrice' jusqu'à des activités concrètes de facilitation. Elle doit respecter des règles fondamentales comme une information valable partagée par toutes les parties prenantes (transparence), des choix libres et informés par tous les participants (auto-détermination) et engagement interne à ces choix (appropriation et responsabilité).La facilitation M4P requière aussi compréhension et réceptivité au contexte local, flexibilité, qualités de direction et un mode de pensée entre-preneurial. Cependant, bien que flexible, la facilitation doit toujours être guidée par une stratégie générale et appuyée par une analyse appropriée. L'art de la facilitation réside dans l'équilibre entre des interventions flexibles et stratégiques ; une règle d'or pourrait être « agit et avance avec légèreté ». Il ne faut pas oublier que les facilitateurs n'interagissent pas seulement avec des systèmes de marché mais aussi avec des systèmes sociaux qui doivent être analysés et pris en considération.

Les principaux secteurs d'activité où intervient la facilitation incluent le développement des capacités (formations, suivi et échanges), recherche et développement, créer une vision partagée entre les parties prenantes, définir les rôles et responsabilités, appuyer la création de liens et de réseaux, identifier des opportunités pour les affaires et appuyer un suivi et une évaluation conjoints en encourageant des processus d'apprentissage communs entre toutes les parties. Cependant, il est nécessaire de vérifier de façon permanente que des potentiels acteurs du système qui pourraient reprendre ces fonctions ne soit pas exclus ou pousses hors du système.

Différentes parties intéressées ont différents rôles et responsabilités durant les différentes phases d'un programme qui doivent être définis clairement et ceci s'applique également aux facilitateurs. Tous les participants doivent savoir ce qu'ils vont ou peuvent faire, et ce qu'ils ne vont pas ou ne peuvent pas faire. Faire un plan de tous les acteurs, se fonder sur leurs motivations et clarifier « qui fait « et « qui paye » peut aussi aider à positionner le facilitateur et les autres parties intéressées dans l'environnement du programme.

La facilitation n'est pas limitée à la mise en œuvre du programme ou à l'agent qui le met en œuvre. Elle doit être inclue dans toutes les étapes du cycle de programme, de sa conception initiale à son évaluation et concerne tous les agents, des bailleurs de fonds aux partenaires stratégiques. Ceci implique que la structure de gouvernance du programme doit également être adaptée afin d'inclure toutes les parties intéressées endogènes (la population concernée, entreprises, agences du gouvernement, réseaux sociaux, etc.) et ce depuis la phase de planification des interventions, dans le but de créer une appropriation locale et un impact durable.

Finalement, ce document de travail contient une liste que les bailleurs de fonds et les agences de mise en œuvre peuvent consulter pour les aider à repenser leur rôle de facilitateur, en accord avec les principes M4P.

Resumen

Facilitando cambio en programas M4P

Documento de trabajo basado en los ciclos de aprendizaje electrónico de la red Empleo e Ingreso de COSUDE, 2010 y 2011.

Programas convencionales de desarrollo del sector privado o de cadenas de valor tienen la tendencia de proveer un apoyo directo a las empresas o a los actores del mercado, y por lo tanto raramente logran escala o sostenibilidad. A menudo asumen una función del mercado, introduciendo distorsiones de mercado. El enfoque M4P ('Hacer que los mercados funcionen para los pobres' por sus siglas en ingles) introduce un cambio en el paradigma, de intervención directa a facilitación, catalizando cambios en el sistema de mercado entero. La facilitación es por lo tanto uno de los valores clave del M4P (los otros siendo un enfoque sistémico de mercado, sostenibilidad y escala) así como una característica transversal a través de todo el ciclo del programa. Pero que significa la facilitación en practica y que hacen los facilitadores?

Los facilitadores son organismos (por ejemplo ONGs, programas, departamentos gubernamentales, servicios de desarrollo empresarial) que intervienen en los mercados para lograr objetivos sociales o públicos. Su rol es limitado en el tiempo, un agente (o "catalizador") de cambio positivo en el mercado pero sin tomar una función del sistema de mercado. Un facilitador debe clarificar su rol y responsabilidad y constantemente actualizar su entendimiento del sistema, catalizar y atraer a todos los actores y funciones pero siempre permaneciendo neutral.

La facilitación no tiene un modelo predefinido pero depende del contexto, de la fase del programa y del tipo de intervenciones. Abarca una amplia gama de significados, desde une 'actitud facilitaría' hasta acciones de facilitación concretas. Debe respetar reglas centrales como información válida compartida por todas las partes involucradas (transparencia), decisiones libres e informadas por todos los participantes (auto-determinación) y compromiso a esas decisiones (responsabilidad y apropiación)La facilitación M4P también requiere comprensión del y receptividad al contexto local, flexibilidad, liderazgo y pensamiento empresarial. Sin embargo, aunque flexible, la facilitación siempre debe de ser guiada por una estrategia general y apoyada por un análisis apropiado. El arte de la facilitación reside en el equilibrio entre intervenciones flexibles y estratégicas, y una regla de oro podría ser " actúa y avanza con cautela" . No se debe olvidar que los facilitadores no solo interactúan con el sistema de mercado si no también con sistemas sociales que necesitan ser analizados y tomados en cuenta.

Las áreas principales donde interviene la facilitación incluyen el desarrollo de capacidades (capacitación, acompañamiento e intercambio), investigación y desarrollo, crear una visión compartida entre las partes interesadas, definir roles y responsabilidades, apoyar la creación de vínculos y redes, identificar oportunidades de negocios y apoyar un monitoreo y evaluación conjuntos fomentando procesos de aprendizaje mutuos por todos los interesados. Sin embargo, es necesario controlar constantemente que potenciales actores del sistema que puedan retomar estas funciones no sean excluidos o empujados fuera del sistema.

Diferentes partes interesadas tienen diferentes roles y responsabilidades durante las distintas fases de un programa que necesitan ser claramente definidos, y esto también aplica al facilitador. Todos los participantes tienen que saber que va o puede hacer, y que es lo que no va o no puede hacer. Mapear todos los actores, basarse en sus incentivos y clarificar 'quien hace' y 'quien paga' también puede ayudar a posicionar al facilitador y otras partes interesadas en el entorno del proyecto.

La facilitación no se limita a la implementación del programa o al agente implementador. Necesita ser incluida en todas las etapas del ciclo del programa, de su diseño inicial a su evaluación, y es asunto de todos los agentes, de los donantes a los socios estratégicos. Esto implica que también la estructura de gobernabilidad del programa debe de ser adaptada para involucrar a las partes interesadas endógenas (la población meta, empresas, agencias gubernamentales, redes sociales, etc.), y esto desde la fase de planificación de la intervención con el propósito de crear apropiación local y sostenibilidad.

Finalmente, el documento de trabajo contiene una lista que donantes e implementadores pueden usar para ayudarles en pensar su rol como facilitador, de acuerdo con los principios del M4P.

1. A shift of paradigm: from direct intervention to market development and facilitation

The importance and role of market systems in reducing poverty is widely acknowledged. However, "conventional" approaches to market development (for example by focusing only on farmer cooperatives' productivity issues) have often failed to achieve large scale or sustained impact. By intervening directly in the value chains, providing services to micro and small enterprises - either via public or private providers, donor programmes often introduce distortions and when withdrawing, changes and intended results do not last. These programmes often assume a market function, possibly crowding out existing or potential commercial providers of services. These conventional approaches have failed to achieve high outreach, i.e., access to services by a large proportion of the target businesses, since the number of enterprises served is limited by the amount of subsidies available. In addition, institutional sustainability is low, since the interventions of the programmes do not have a lasting effect once public funds are exhausted. Currently, a shift of paradigm can be observed, which is driven by the belief that the objectives of outreach and sustainability can only be achieved in well-developed markets and not by direct provision of services funded by donors and governments.[1]

Figure 1: Shift in approach
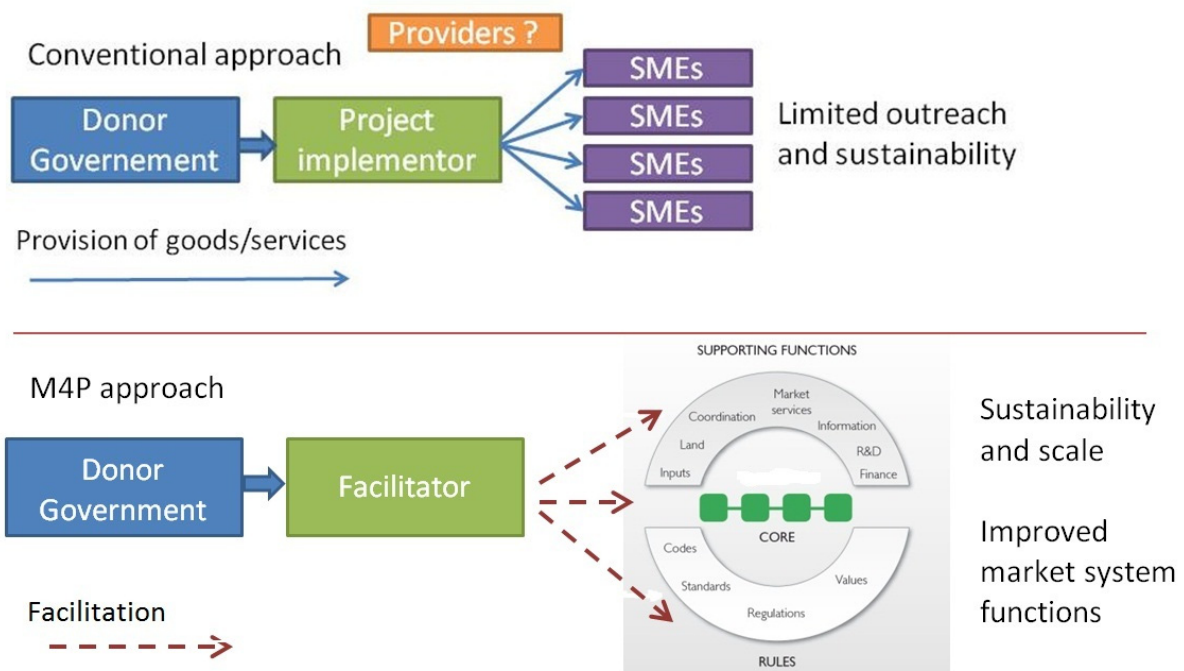
Source: Committee of Donor Agencies for Small Enterprise Development (2001) Business Development Services for Small Enterprises: Guiding Principles for Donor Intervention. Washington DC <u>and</u> DFID, SDC, Springfield Centre (2008)

The Making Markets Work for the Poor (M4P) approach shifts the focus of public and donor intervention away from direct provision towards the facilitation of a sustained and inclusive markets. Donors and governments should shift their focus away from direct support towards facilitative and catalytic functions that develop the market in a sustainable way. Therefore, the role of a facilitation team, as introduced by the M4P approach assuming an independent and temporary, catalysing function in the market, is at the core of this working paper.

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[1] http://www.enterprise-development.org/page/business-development-services

The difference between M4P and conventional interventions

The characteristics in table 1 define M4P and clarify its difference with conventional approaches.

Table 1: Characteristics of the M4P approach compared with conventional approaches

Characteristic	Conventional	M4P
Approach	Different frameworks and good practice guidelines. Often lack of connection or poor coherence between analysis and actions.	Combines coherent rational, analytical framework and guidance for action applicable in different market systems
Market system focus	Focus on addressing firm-level problems rather than underlying causes of those problems.	Priority and focus on changes in market systems, driven by a detailed understanding of underlying constraints (causes).
Scale	Limited scale of impact because of reliance on direct support. More impact needs continual infusion of more aid resources.	Priority is to identify and address system constraints whose business oriented solution can leverage wider change and 'crowd-in'[2] other players.
Sustainability	Limited strategies to ensure sustainability. Focus on specific transaction points at producer/beneficiary level and not on the wider market system	Explicit consideration of the alignment of roles and players (and incentives and capacities) in market systems - now and in the future.
Implementer's role	Often a very direct provider role in the market which, while achieving short-term results, can distort market systems and increase their reliance on aid.	An active role to facilitate market players to be more effective and recognition that the facilitator cannot be part of market system in the longer-term.

Source: SDC e+i network synthesis papers from e-learning cycle, AGRIDEA (2010)

Many of the distinctive features of M4P are manifested in its 'systemic' character. As table 1 and box 1 & 2 illustrate, conventional approaches commonly 'miss' the means through which growth and access are achieved – i.e., they seek to provide direct support to producers and enterprises.

Box 1: Example of a shift from a conventional to an M4P approach

A horticulture development project in Kosovo (Horticulture Promotion Kosovo, HPK) and a livelihoods and market development project in Bangladesh (Samriddhi) can share many similarities and illustrate the trend towards more facilitation and less direct interventions. Addressing problems of low productivity, lack of knowledge and access to appropriate goods and services, both projects started by investing substantially in directly increasing the capacities of and provide (in case of HPK) inputs for the producers to produce and engage in the market. Now both projects have shifted to a more facilitative approach, working with the private sector and engaging with lead firms and other key players. In the case of Kosovo for example, the previous direct provision of inputs has now been transformed into a Competitive Fund.

Source: Intercooperation

[2] Crowding-in: see definition in glossary

Box 2: Paradigm shift from direct intervention to facilitation – experiences with the BioCotton Project in Kyrgyzstan

In 2004, a project for the establishment of organic export value chains in Kyrgyzstan was launched: the BioCotton Project. In Europe, a rising demand for organic products had been identified and importers and processors were interested in new origins for organic production. In Kyrgyzstan, poor farmers in remote areas of the south were looking to improve their income and livelihoods. They were also concerned about the negative impacts of monoculture, pesticides and fertilizers on the environment. Building up organic product value chains from Kyrgyz organic farmers to consumers in Europe seemed to be a promising approach to match the needs of the market with the potential of the small scale farmers of Kyrgyzstan, satisfying the demand for organic products in overseas markets and improving the livelihood of small farmers in Kyrgyzstan at the same time.

In the **first phase,** the BioCotton Project established organic cotton farming in Kyrgyzstan, from input supply to production. The project was also successful to link the production to processing and export markets. **It intervened directly**, supporting farmers and providing services to actors in the value chain. At the end of Phase 1, about 200 farmers proved that organic production is feasible in Kyrgyzstan and that markets were demanding the products. Questions of sustainability and outreach were arising. Who will provide all these services to farmers and other value chain stakeholders in the long term? How to make service provision cheaper, more demand driven, how to reach more farmers?
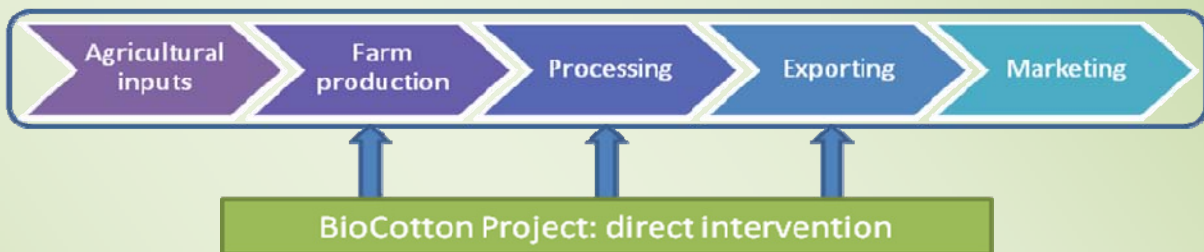
In the second Phase the Project **shifted from implementation to facilitation**. Farmers gathered in a cooperative and the project staff founded a service provider that provided paid services to value chain stakeholders. The Project stopped working directly with value chain stakeholders and focused on provision of market data, linking value chain actors and supporters, and on capacity building of the local organisations. At the end of phase 2, more than 1000 farmers were reached and a remarkable social, economic and environmental impact for the target farmers could be witnessed.
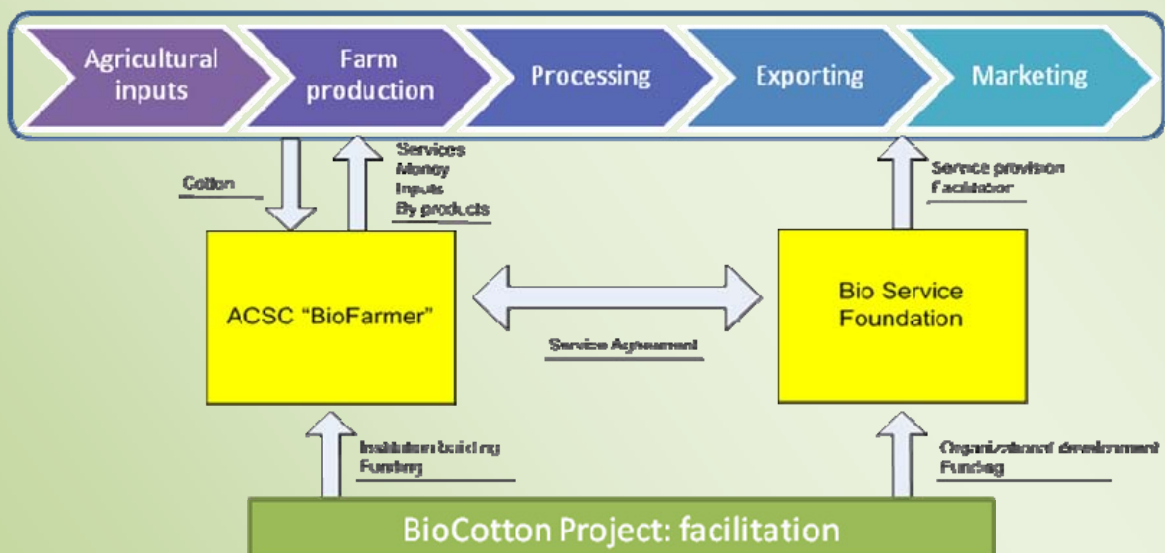
For phasing out, the questions still remain:
- Will the links in the value chain be strong enough after the project closes?
- Is a facilitation role still needed?
- Who will take up this facilitation role?

Source: HELVETAS Swiss Intercooperation

Conventionally, a development programme's approach is to ask the question "what problems do businesses have and how can I solve them?" What they should be asking themselves is: "why is the market environment not providing solutions?" and, therefore, "who can address (and how) the constraints that prevent it from effectively doing so?" Similarly, governments all too often throw money at problems, provide direct solutions or invite development agencies and NGOs to solve the problems for them – rather than identifying constraints and addressing their underlying systemic causes. Because M4P focuses on the underlying causes of market systems dysfunction, it has the potential to trigger sustainability and large-scale impact. By shifting to facilitation from direct, often inadequate intervention, programmes have the possibility to leverage and catalyse sustainable, large-scale systemic change. This shift in paradigm is not only valid when designing new programmes but also in on-going programmes as shown in the organic cotton programme in Kyrgyzstan (see box 2).

2. Brief introduction to M4P

M4P is an approach to develop market systems so that they function more effectively, sustainably and beneficially for poor people, building their capacities and offering them the opportunity to enhance their lives. The M4P approach provides guidance at all the stages of a programme, from the analysis and design to planning, implementation, monitoring and evaluation. The approach is based on the following principles: [3]

I.   **A market system focus**: the focus goes beyond the value chain and considers entire market systems, acknowledging their multi-function and multi-player characteristics. Market system development is based on a thorough analysis and understanding of the market system; beyond the identification of players, it analyses a range of characteristics, parameters and functions (figure 2).

This systemic view of markets is not only relevant to commercial markets (e.g. industry or agriculture), but also to 'markets' traditionally seen as belonging to the public/government domain – such as healthcare, education, water and sanitation, infrastructure, climate change, etc.

Figure 2: Stylized view of the market system
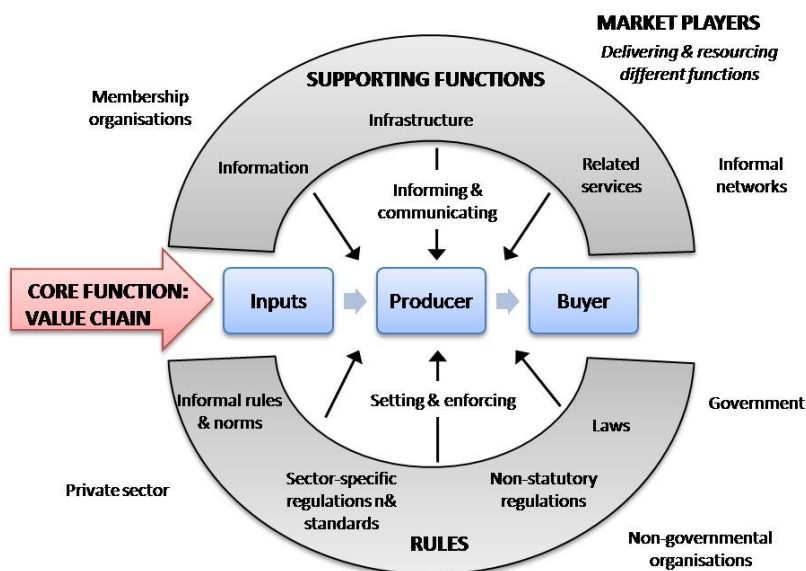
- The *core functions* between producers and consumers (the sequence of value addition in the value chain),

- The *formal and informal rules and regulations* shaping behaviour and relationships

- The *supporting functions* such as information, services, etc. enabling the functioning of core transactions, to be improved.

Source: DFID, SDC, Springfield Centre (2008)

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[3] Based on Herr M. (2010). The market development (M4P) approach: a summary. Springfield Centre

II.   **A large-scale change**: by addressing underlying causes (rather than symptoms) of under-performance of market systems, M4P aims at achieving large-scale change. Interventions may be small in themselves, but should trigger and leverage actions of key market players to bring about change at a larger scale.

III.   **Sustainability** is a prime concern of M4P. By working on (and with) the incentives and capacities of market players, the aim is to achieve systemic and sustainable changes in the functioning of the market system. This means in particular looking at how core and supporting functions in market systems as well as continuous improvement of the regulatory and policy environment can be sustained in the long run without external support.

IV.   **A facilitating role:** M4P requires that development organisations play a facilitating role in market systems; therefore a programme should never assume a market function. As external players, programmes, development organisations, etc. seek to catalyse change in the market system while not assuming any market function themselves, they seek to facilitate market players to perform more efficiently. Their intervention role is temporary and catalytic.

Interventions therefore need to be sensitive to local market conditions and stimulate more fundamental and larger scale changes; by improving the functioning of the market system, other players will 'crowd in'. Successful facilitation, for which there is no set model, requires organisations that have credibility, independence and relevant knowledge and skills.

3. Facilitation: one of the core elements of M4P

3.1   What do we mean by facilitation? From an attitude to its implementation

The M4P approach seeks to change market systems through interventions that are facilitative or catalytic in nature, i.e. they bring about change which alters the way a market system operates. In such M4P programmes, if the facilitator needs to enter the system temporarily in order to change the way it works, the facilitator should not take up any market function. If this then is the principle, **what does facilitation actually mean in practice** and what might facilitators actually do?

Different definitions of facilitation

"The term **facilitation** is broadly used to describe any activity which makes tasks for others easy", as it is defined in very general terms by Wikipedia. In the context of business and organisational settings, it can simply mean "to ensure the designing and running of successful meetings". Wikipedia goes on to describe a **facilitator** as "someone who helps a group of people understand their common objectives and assists them to plan and achieve them without taking a particular position in the discussion". A facilitator is also used in a variety of group settings, including business and other organisations to describe someone whose role it is to work with group processes to ensure meetings are run well and achieve a high degree of consensus.

The researcher Dee E. Burrows gives a broader picture of its process: "**Facilitation** is a goal-orientated dynamic process, in which participants work together in an atmosphere of genuine mutual respect, in order to learn through critical reflection." He gives 4 critical attributes for effective facilitation: 1) genuine mutual respect; 2) a partnership in learning; 3) a dynamic, goal-orientated process; and 4) critical reflection. *(Source: Burrows 1997)*

A wealth of definitions on facilitation exists, but how to translate these definitions and principles into our daily work?

Definition of facilitation in an M4P context

Facilitators are bodies (e.g. NGOs, programmes, government departments) that intervene in markets to achieve social/public objectives. Their role is time-bound and finite and as 'agents' (or catalysts) for positive and inclusive market change, they do not take on any market function.

Facilitation in market development operates in highly complex and diverse systems, each with its own particularities to which a programme (and therefore its facilitating role) needs to adapt. Facilitation cannot follow a ready-made formula or rely on a step-by-step handbook. In fact, in an M4P context, facilitation takes a different meaning not only according to the context, but also depending on the phase of the programme and the type of interventions planned. The strongest distinction between different forms of facilitation is perhaps the one between the **facilitative attitude** that should influence all decisions and be present throughout the programme, particularly during the planning/inception stage, and **facilitation activities** during the implementation stage and which entail concrete actions as diverse as coaching or brokering deals or negotiations.

> **Box 3: Different meanings for facilitation in market development programmes**
>
> - **An attitude** that influences all our decisions and actions
> - **Coaching** of stakeholders in their own development processes
> - **Guiding processes** for market actors to optimise their performances
> - **Brokering** for changes and **moderating** discussions and negotiations
> - **Light touch interventions** to catalyse change and launch innovations
> - **Filtering** appropriate actors and interventions for pro-poor growth

M4P facilitation implies and requires understanding and responsiveness to local context, as well as creativity, **flexibility, leadership and entrepreneurial thinking**. However, successful (facilitative and catalytic) interventions, although necessitating flexibility, should not be conceived and executed in an *ad hoc* way: they are guided by an overarching strategy and underpinned by an appropriate analysis. The art of facilitation lies in the balance between flexibility and strategic interventions. It requires organisations that have **creativity, credibility and independence**.

> **Box 4: Characteristics of facilitation in market development programmes**
>
> - **Informed**: facilitation is based on a deep and sound understanding of the market system. Information is regularly updated and shared
> - **Temporary and catalytic**: facilitators do not take on any market function but support market actors to improve their processes and functions
> - **Demand and strategy driven**: it is based on the demands of the actors in the system, on their incentives and capacities. Facilitation builds on existing initiatives, but also always guided by the overall programme strategy
> - **Transparent and impartial:** information, roles, objectives and goals but also conflicts of interest are openly acknowledged. Facilitators remain impartial.
> - **Inclusive**: facilitators strive to work with all types of relevant actors that can be agents of change
> - **Contextual and flexible**: facilitation activities are continuously redefined based on the context and the changes in the environment.

Act and tread lightly in all the areas of intervention

Facilitation can, and should, be applied in many different areas. The facilitator engages in supporting capacity building and action-research, provides technical advice, finances activities or provides so called 'smart' subsidies, promotes networks and builds up new linkages, and maintains connections that allow new synergies and opportunities (see also box 3). The *M4P intervention star* gives a visual overview and offers an alternative for clustering the different intervention practices (see figure 3). How then to apply facilitation in such different areas of intervention?

Figure 3: the M4P intervention star
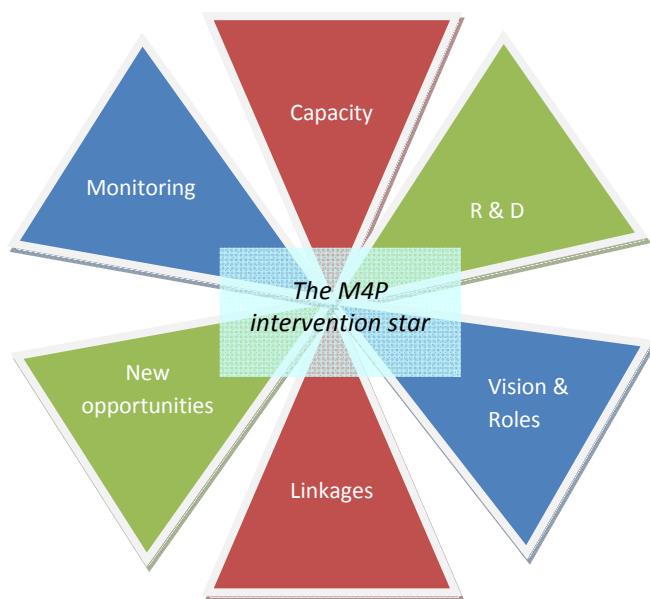
Source: SDC e+i network synthesis papers from e-learning cycle on
‘Implementing, coordinating, facilitating an M4P programme’,
AGRIDEA (2010).

Facilitation is a delicate art. A poorly focused or overly aggressive facilitator has the potential to negatively impact on markets, undermining their operation, efficiency and possibly their viability. A facilitator therefore needs to have a business-like attitude to improve the functioning of markets. For this reason, an appropriate ‘golden rule’ of facilitation is **to act and tread lightly**. Flooding markets with finance and/or technical support is recognised as potentially dangerous, whereas leveraging private sector investment - with limited but focused financial support and technical assistance - has the potential to yield more positive results. This ‘golden rule’ is particularly important when working in weak or emerging markets which can be more easily distorted (see box 2). To push this argument further, one might even argue that truly successful facilitation has been achieved when the market system actors do not even perceive that a donor-driven programme is influencing the system.

3.2   Facilitation involves all stakeholders throughout the programme stages

Who is involved in facilitation? Defining roles and responsibilities

The facilitation role and behaviour is not restricted to the implementing agency but should be assumed by all agencies involved in the programme, from donors to strategic partners. Systemic changes in a market system are triggered and supported by different stakeholders in a variety of ways. By definition – as well as in practice – all involved stakeholders have different roles and responsibilities, as they often have different capacities and incentives for participating in an M4P initiative (boxes 5 and 6). The critical point is to ensure **roles and responsibilities of all are based on capacities and incentives and are clearly defined, communicated and regularly updated**. Complementarities and value-added of coordinated action between stakeholders can be enormous, if the roles and responsibilities of each party are clear.

For example, the donor agencies as well as host government agencies strive for inclusiveness, reduction of poverty and increased access to public goods, but their respective roles could not be more different from each other. While the host government has an on-going function towards its local constituency and is responsible for improving and maintaining an enabling environment, the donor agency offers advice, technical expertise and financial support for a limited amount of time.

> **Box 5: Clarifying roles and responsibilities between donor agencies and implementing partners**
>
> Representatives from donor agencies have not only a function of overview, control and guidance to the implementing partner, they also usually have very important roles to play when it comes to harmonisation and policy dialogue (see also checklist at the end of this document).
>
> The implementing agency (often an NGO) often concentrates on the facilitative role ‘in the field’ and does not have access to all high-level or ministerial meetings. It is crucial that the information flow between the donor agency (which has access to these meetings) and the implementing partners is sustained; the donor agency needs evidence from the ‘field’ for policy dialogue, while the implementing partner cannot strive for change without accessing high level decision makers.

For the donors, applying the concept of facilitation to a programme implies new challenges. Their involvement needs to be greater than in more conventional programmes in order to allow the necessary flexibility inherent to M4P programmes. Strategies and interventions need to be adapted as the programme is being implemented, as knowledge of the market progresses and as the system starts to change. Beyond excellent communication with the implementer, building trust with strategic stakeholders is key to a successful outcome.

The private sector consists of different actors having diverging interests and incentives for participating in the programme. Their different incentives need to be made visible – as a first step to define clear roles and responsibilities. The opportunities to leverage action increase enormously if the facilitator can identify the specific drivers of change of each partner. Clearly, a programme should not create new roles or modify existing roles of market actors without building on their incentives and capacities. Furthermore, the facilitator can focus its support, advice and catalytic role more precisely if these incentives and capacities towards systemic change are clarified.

For the facilitator, the rule is always to clarify and re-evaluate its own role and responsibilities. He/she must explicitly state what he/she can and will do, and what he/she will not do. Different partners call for assuming different roles, and these must regularly be revised to respond to the changes in the system. While the definition of roles is highly dependent on context and partners, the following set of guiding rules should be observed for successful facilitation:

- **Visibility** (explicit and valid information): make the different players (i.e., government, non-government, for-profit enterprises, not-for-profit enterprises, networks, membership or representative organisations), visible, for instance with mapping a market system. This is usually done within the systemic analysis.

> **Box 6: Example of definition of roles in the Horticulture Promotion Programme in Kosovo**
>
> The Horticultural Promotion Programme in Kosovo (HPK) began in 2001 and has been promoting the value chains of field vegetables, greenhouse production, soft fruit (such as strawberries), top fruit (such as apples) and medicinal and aromatic plants.
>
> HPK works with (i) producers, nurseries, post-harvest actors (processors and traders); (ii) representative bodies such as producer associations; (iii) service providers – such as input suppliers, advisers and banks; and (iv) government and other national bodies.
>
> The project aims to raise productivity, increase market outlets, facilitate inter-firm cooperation and sector organisation, and promote the development of sustainable business solutions and services.
>
> An area where several stakeholders were involved with a clear division of roles and responsibilities was the definition and enforcement of a list of authorised chemicals in Kosovo. Such a device is particularly important for the producers targeting the export markets since any residue of chemicals which are non-compatible with the EU requirements would entail the rejection of the product at the EU border.
>
> The programme worked on identifying safe and efficient chemicals that could be used in horticultural crops to satisfy the requirements of integrated production. It supported the Ministry of Agriculture, Forestry and Rural Development to establish the list of authorised chemicals in Kosovo. Based on the list, the programme then linked input retailers with the agents of the companies that are supplying the adequate inputs. Field visits and promotional events were also organised to increase the awareness of users, as well as to promote the authorized products. Later on, the programme monitored the imports of horticultural chemicals in order to supply the Ministry with data on the impact of the list so that the Ministry could ensure that no forbidden chemicals entered the country.
>
> Source: Intercooperation

- **Recognise that market systems are multiplayer and multifunctional**; do not engage only with the private sector but also with other types of partners with different functions in the market system. But always assess their commitment and their incentives.

- **Assess your position in the market system**: as a facilitator, you should by no means take on any market function but support and facilitate existing market actors and strive for "crowding in". However, you should know where you stand vis-a-vis the different market actors at all times, assessing the perception they have of you.

- **Incentives and capacities**: define the incentives and capacities of the actors: What are their incentives for participating? What is their capacity to influence the system? This is perhaps one of the most crucial points for successful and sustainable market system change.

- **Doer and payer**: define which actors are mainly in the 'core' of the market system, which ones determine the 'rules' and which ones are in the 'supporting functions'. When defining the involvement of these actors in the different market functions, distinguish between 'who will do' and 'who will pay'!

- **Provide an initial push** only when necessary, keeping these interventions as 'light touch' as possible and with limited financial support to market players. All stakeholders should be aware of the temporary nature of your interventions.

- **Neutrality and transparency**: any programme has an agenda and a target group for which benefits are sought. It is therefore not possible to boast complete neutrality. Appropriate market partners and interventions are filtered to ultimately serve the target group. A good facilitator needs to acknowledge this, be transparent about it and communicate it to its partners.

- **Understand** what is happening through objective assessments, regularly updated.

Facilitation needs to be included at all stages of an M4P programme

M4P does not start with the implementation phase of a programme cycle, and neither does facilitation (see figure 3). Because during the inception phase the programme management team is actively leading the different activities (system analysis, identification of systemic constraints, etc), it is often thought that facilitation does not apply and therefore only concerns the implementation stage (i.e. facilitating system change according to figure 4). Experience shows that **we need to adopt a facilitative attitude from the very first stages**, when designing a programme in order to increase ownership, sustainability and therefore potential for long-term success, as it lays the ground for the facilitation during the implementation stage.

Figure 4: M4P process within a typical project cycle
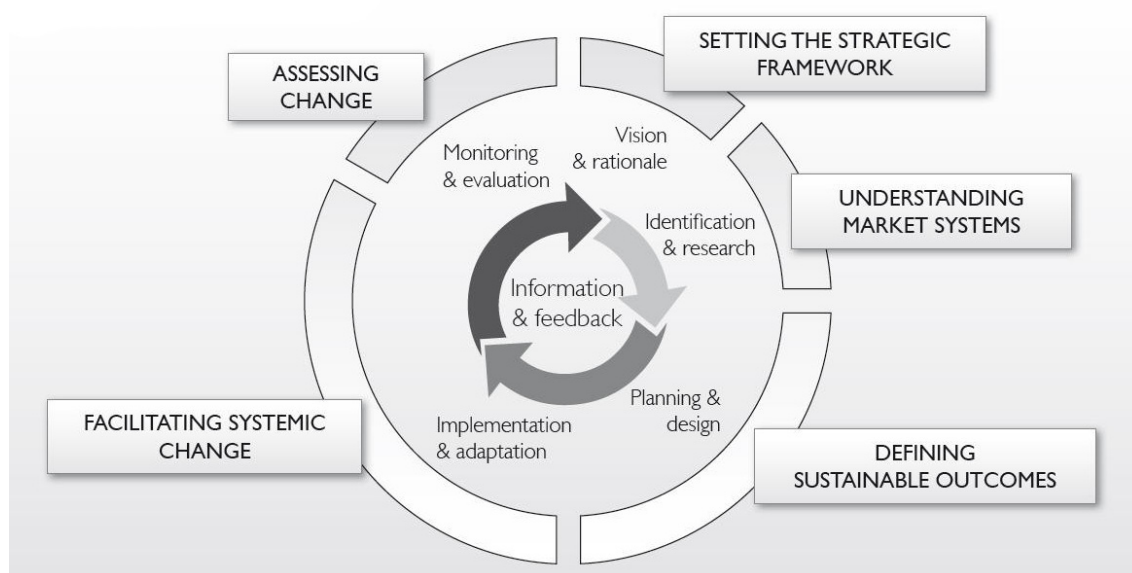
Source: DFID, SDC, Springfield(2008). A Synthesis of the M4P Approach

The facilitative attitude needs to be adopted from the very beginning, i.e., the development of the first programme ideas. The design of the strategic framework, the definition of the vision and the rationale and main lines of intervention of the programme, all need to be developed with a facilitative attitude. Without defining and planning the

programme keeping facilitation always in mind, facilitation during the implementation will be compromised. This facilitation attitude in the design and planning stage will ensure that the necessary flexibility is built into the operational plans and strategies, indispensible for successful facilitation during implementation. In short, **a facilitative attitude during the planning and inception stage is a precondition for successful facilitation during the implementation.** Table 2 highlights what facilitation means at the different programme stages and compares it with a more conventional programme.

Of course, **facilitation techniques** can still be included in the inception stage, for example when trying to build a common vision among partners or facilitate market actors to suggest new lines of intervenion. It must however be recognised that a facilitative attitude does not automatically lead to a fully participatory bottom-up process. As described previously in this chapter, the clarification of roles and responsibilities is the key element for joint action and learning as well as for successful outcomes, already during the planning stage of a project.

When should then one switch from just an attitude to concrete facilitation? This happens gradually, when the programme starts its first interventions; but most importantly, it starts as soon as we interact with the market system, trying to influence its actors. The next question would naturally be, when do we phase out our interventions? The only rule that can be stated here is that exit strategies, for the overall programme as well as for each line of intervention should be carefully planned already when developing the intervention.

Implications on programme processes and set-up

We have seen that the facilitation role and behaviour is not restricted to the implementing agency but should be assumed by all actors involved in the programme, from donors to strategic partners. Experience shows that we need to adopt a facilitative attitude when designing a programme in order to increase ownership, sustainability and therefore potential for long-term success[4], as it lays the ground for the facilitation during the implementation stage.

To include facilitation throught the programme stages and involving as much as possible the different stakeholders implies changing the processes follwed to design, plan, implement and monitor a programme. Table 2 provides an overview of how adopting facilitation influences the different M4P programme processes compared to more conventional programmes.

Table 2: Overview of key differences between processes in conventional and M4P programmes

Key processes in M4P	Conventional programmes: a top-down process	M4P programmes: facilitating processes
Setting the strategic framework *Vision & rationale*	The **donor** (with support of NGOs, research centres, consultants) defines objectives for - poverty reduction - access and growth - systemic change and defines the - intervention framework, and - assessment framework	Donors and implementation agencies (as well as research centres and consultants) **align to existing government policies and strategies**. They **facilitate a process** of joint visioning - developing a common vision for the future - and the development of high level trust (see also Bernet T. et.al., 2006 and Earl S. et.al., 2001)

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[4] The need for better coordination among donor agencies and the host governments has been agreed at international level. The Paris Declaration, endorsed in 2005, is an international agreement to which over one hundred Ministers, Heads of Agencies and other Senior Officials adhered to and committed their countries and organisations to continue to increase efforts in harmonisation, alignment and managing aid for results with a set of monitorable actions and indicators.

Understanding market systems *Identification & research*	The **donor** conducts or tenders a series of studies, assessments or research for improving his understanding of the underlying causes of a market system's underperformance, among other questions.	**Participatory or expert market assessments**, studies and research are conducted – based on use-oriented principles. The implementing agency facilitates the process of understanding market systems. All key stakeholders participate in analysing results, constraints and their underlying causes. (see also Joss S. et.al., 2004 and Meyer-Stamer J., 2004)
Defining sustainable outcomes *Planning & design*	Future sustainable change is defined trough commissioned studies and assessments (by the **donor**) in order to design a vision on *who does what*? and *who pays for what*?	Market players, as well as key actors having supporting functions as well as rules **are guided** by the facilitator-team in a process for jointly defining a **realistic set of outcomes** (including the assessment of roles, motivation and incentives), where relevant.
Facilitating systemic change *Implementation & adaptation*	The implementing agency or programme team 'facilitates' systemic change based on the programme plan developed by and for **donors**; using the "crowding-in" model.	Based on the *planning & design* stage the facilitation team **implements** its agreed tasks (the facilitative and catalytic tasks agreed with local actors and stakeholders). The programme strategy is shared and applied by all participating parties.
Assessing change *Monitoring & evaluation*	The **donor** (with support of NGOs, research centres, consultants) defines impact logics, indicators, and base line data; and collects and analyses the information for decision making (internal) and reporting (external).	Results chains and indicators are defined in **coordination** with partners. The facilitator-team supports financially and technically the establishment of baselines, the collection, analysis and synthesis of data. The assessment of the M&E information (sense making and use of data) is done in collaboration with local actors where appropriate, for **joint learning** and steering of the market change process.

In reality most M4P programmes have a certain mix or overlap of both processes. Contextual factors have a strong influence on the range of strategic and operational choices of development programmes. These factors include, among others, the existence or absence of policies and strategies at national level and the capacities in local agencies and organisations for conducting market assessments, monitoring and evaluation.

Programmes and initiatives need to be adapted to the context and so do their specific governance structures. To accommodate the new process described in Table 2, **a market development programme's governance structure needs to be adapted**.

A conventional programme structure conceives a programme as an intervention formulated, steered, managed and monitored by an external entity – such as an NGO implementing a programme funded by a donor agency – and therefore follows a rather top-down approach. The market players are not actively involved in programme design and monitoring, which could jeopardise the M4P approach. If local stakeholders (i.e. private entrepreneurs, political decision makers, service providers, etc.) are not involved (or at least consulted), to the extent of their capacities and incentives, in formulating a common vision, conducting market studies, and developing a common objective and a joint working agenda, ownership will be limited to the external programme team. In order to accommodate the new processes and ensure that facilitation is included at all stages, **new programme set-ups and governance structures need to be developed** and tested. A similar set-up as shown in figure 5 could be adopted.

Figure 5: Programme set-ups in conventional and M4P programmes.
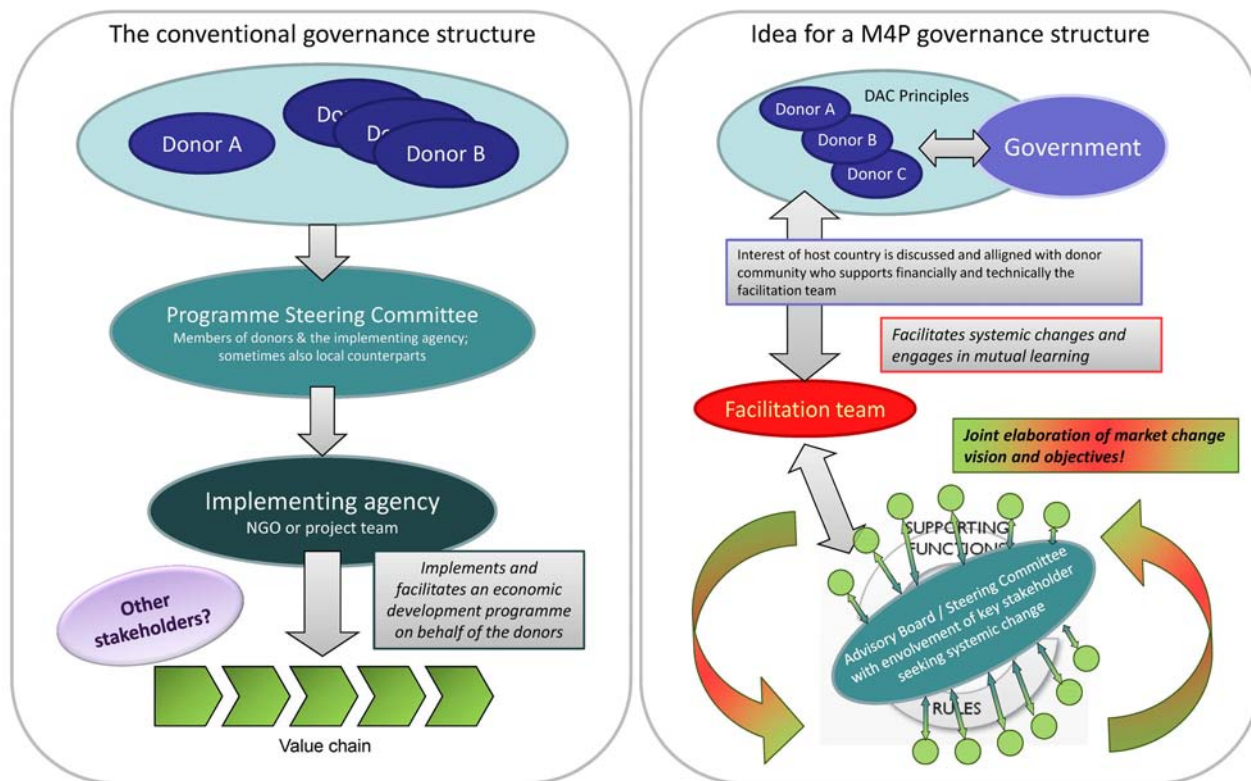
This suggested M4P governance structure takes into consideration the DAC principles for the evaluation of development assistance[5] as well as success factors from programmes around the world. It is essential that the concerned population, enterprises, government agencies, social networks, etc. are involved in defining their development vision. Developing vision, however, is a long process for which many market players have no incentives to participate in. Here again, the key word is 'flexibility'. There isn't always a clear market actor able, or willing, to participate in the steering committee. Advisory boards can then be a solution bringing in the perspective from the different constituencies. Many preparatory steps – including a joint assessment of challenges, risks and potentials, as well as the formulation of a common vision – are essential for creating an environment of trust and learning; and most importantly, it is the basis for local ownership and long-term sustainability. It is particularly important that the implementing agency can carry out these preparatory steps at least with the donor, as not all market players are willing to invest time and resources in such a lengthy exercise with no immediate benefits for them. As stated before, giving as much flexibility as possible to the implementing agency is crucial for successful facilitation.

3.3 Facilitation - a long term activity?

Practitioners (and many of the thematic advisors and 'experts') have been discussing whether a facilitative role in the long term should be considered to be a private role (and therefore a commercial venture) or rather a public role (i.e. in the interest of the public and therefore financed through tax-payers' money).[6]

The discussion is by no means endless if we accept that in different contexts different solutions are better suited. Facilitation being highly contextualised, it is difficult to find any 'best practices' in the classical sense; rather, we can speak of contextually adapted practices. In general, we can distinguish between three context oriented types of facilitation (aiming at improved markets systems serving the poor):

A) **Facilitation as a temporary feature provided by a programme**: The facilitative intervention of a programme promotes the creation of trust, new relationships, new ways of working, contracting, sub-contracting and collaborating. Networks or interest groups may evolve and engage in on-going learning and improvement for the benefit of the market system and its players. In such a case, the programme achieves what it set out to do: a systemic change has happened. And once the system is changed or improved, things work on their own (this is real sustainability!) and no more external inputs are required. This is actually the "beauty" of systemic approaches and what we always wish for.

B) **Facilitation as a commercial business**: Providing access to information, platforms of exchange or new business contacts can be a commercially interesting function for market players. These 'market players' (i.e. businesses) offer neutral information, as they earn from commissions and not from the actual buying and selling products. The value of accurate information and access to honest (i.e. registered and supervised) businesses, as well as the facilitative activities (such as brokerage, transaction of security services, etc.) shall be reflected in a price that has to be paid by the consumer (i.e. the farmers, traders, transporters etc. seeking this information).

C) **Facilitation as an on-going task for the public sector**: Providing a space where market players can meet and exchange, or providing information on actual market prices, or even information on demand and supply of specific products can be in the interest of the public sector. Enhancing economic development within a region that will generate future tax money and is inclusive for small holders can be the driving argument for a government to spend money on good facilitation. Especially in weak markets, or where private facilities show conflicts of interest, the public sector can offer boards, platforms and information services for stimulating trade and regional value addition (box 7).

These three types of facilitation (A, B, C) are not mutually exclusive; any M4P programme can use a combination of them. One could very well think of the following case: a portion of the catalytic work of a programme is not required anymore after programme completion; but commercially viable facilitation services that are still required (such as on-going brokering services and transaction security services) continue to be offered by private businesses; and specific market facilities – such as marketing boards or platforms – are offered by a local government (i.e. the public sector) after programme completion. A mix of private and public services is common in most countries.

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[6] SDC e+i network synthesis papers from e-learning cycle on 'Implementing, coordinating, facilitating an M4P programme', AGRIDEA (2010).

Box 7: Example: Transaction Security Service System in East Africa

In the rural areas of East Africa, most business deals for agricultural products between small-scale farmers and traders are quite problematic. Farmers complain of low prices, of being badly treated by traders, of getting no cash reward on quality goods, of not having a choice as to whom to sell their produce, of lack of market information regarding the relation between price and quality, etc. which leads to a demotivation in increasing their production. On the other hand, the traders complain about their uncertainty in getting products of the required quality and volume, and therefore of their logistical costs for collecting required amounts, etc. The associated increased logistical costs are born by the trader.

To ease these constraints the Transaction Security Service (TSS) was created with donor support. It ensures that sellers and buyers - who are remote from each other - can agree in advance what their deal will be and make sure that the deal will happen exactly as agreed.

In detail, the TSS service makes sure that:

- The agreed amount and quality of produce is transacted

- The payments are made as per agreement

- It is possible to track each bag, crate or basket from the buyer back to each individual farmer

- It is possible to track the transaction so that if something doesn't work out as agreed, the mistake can be identified and corrected.

TSS is working with simple but efficient information communication technology such as mobile phones, simple tracing systems or low band internet connections.

This effort can be seen as a kind of market facilitation on a commercial basis which is leading to a win-win situation for both: for the farmer having a better price for his produce and for the trader having a controlled buying procedure with a minimum of risk.

Source: http://www.linkinglearners.net

4. Facilitation and monitoring and evaluation

When planning interventions we always develop certain hypotheses on cause and effect of our own intervention strategies. Developing a strategic framework including the establishment of clear results chains is a crucial step in the M4P planning process.[7]

Therefore, having based the intentional design explicitly on objectives, logics and underlying hypothesis, the facilitator must assess them in order to verify if it is on the right track.

Assessing change serves two main objectives: (a) **Prove** (accountability): so that programmes can be transparent and accountable to their funders and other stakeholders. (b) **Improve** (learn): to provide programmes with feedback on implementation so that they can improve their performance and contribute to wider learning.

Learning is therefore at the core of any result measurement, whether the information is needed for improvement of the project interventions or for accountability; in many cases it is a mix of both.

The whole M&E effort becomes even more powerful if the partners are involved from the very beginning, as this allows building learning into programme management and market system change.

> **Box 8: The main steps in M&E for M4P**
>
> Step 1: Develop results chains for each market system and related interventions in that market system.
>
> Step 2: Define indicators of change.
>
> Step 3: Establish a baseline of key indicators.
>
> Step 4: Predict at the beginning of any intervention the amount of change that may be expected for each indicator.
>
> Step 5: Design and implement a plan for collecting data to monitor and measure performance.
>
> Step 6: Analyse the information generated and feed into regular decision-making (internal) and report the appropriate outputs of analysis (external).
>
> Source: Adapted from DFID, SDC, Springfield (2008)

The M4P facilitator assures the involvement of local partners at various stages within the M&E steps. **Depending on their interest, incentives and capacity**, they can participate in all six steps mentioned in box 8. Many activities in M&E, such as the establishment of baselines or the collection of data, need specific expertise and cannot be done in a purely participatory manner; however the value added of participatory approaches must be assessed carefully. There is no doubt that the assessment of the findings (sense making & decision making) must be done with the involvement of the local partners, as they are responsible for sustained change.

Therefore, the creation of ownership and sustained changes within the market system is not only a core principle during the design and implementation phase, but also for the monitoring and evaluation activities. The need for accountability and learning among implementing agencies as well as funding partners is complementary with the interest of local partners (businesses, service providers, NGOs and governmental agencies) in learning from experience in order to adapt and become more effective.

By establishing an M&E system without the participation of the local stakeholders, a crucial instrument for building enhanced ownership and building learning into programme implementation is lost. The facilitator is advised to weigh up the relative value of mid-term and long-term gains by involving local stakeholders in these processes, versus a faster and probably more expert driven process without local ownership.

The result measurement fulfils a series of functions, for instance:

- Accountability towards the donor agency, taxpayers and their money invested

- Demonstrating transparency (=accountability) to beneficiaries and programme stakeholders in general

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[7] SDC e+i network synthesis papers from e-learning cycle on 'Assessing Change: Monitoring and measuring results on outcome or even impact level', AGRIDEA (2010).

- Providing feedback to the facilitators as well as programme staff and partner organisations for improving their work

- Reflection and learning among all involved parties

- Adaptation of practices, strategies and activities

- Capacity building of involved stakeholders

The achievement of the above mentioned functions can be done without extra financial costs. The additional investment in time needed for participatory processes is usually compensated twice over by the value added of improved access to data, interpretation and most importantly, by the use of evaluation results in adapting the programme to become more efficient and effective.

Some guiding principles for including the programme partners into the M&E activities:

Participation from the beginning: Programme stakeholders should be involved when defining the impact logic, indicators and the programme framework, whenever relevant for themselves. Integrating different perspectives on findings is not an easy task, but enlarges the potential for success and increases local ownership.

Shared responsibility: While the donor of a programme has a certain interest in specific indicators (such as the universal indicators specified by the DCED[8]), the participating private businesses, government agencies and even the programmes all have access to and need of different sets of accurate data. The division of tasks and responsibilities must therefore be clarified. The programme can support local stakeholders with technical advice on database management, on data collection methods, monitoring systems etc. If because of lack of available and reliable data the programme team may have to collect or even produce its own monitoring and evaluation data, the inclusion of the different stakeholder in this exercise (where feasible) can prove mutually beneficial.

Combination of levels: It is important to understand *what* has worked and *what has not*. But it is as important to know *why* it has worked and *why not*. The technical aspects in changing market systems or upgrading value chains must be complemented by studies on social aspects, power relations, gender implications etc. Without integrating the 'social part' we often fail to understand the reasons for or barriers to change.

Capacity building: Market players can have different sets of monitoring systems. In that case, there is no need for private businesses to adopt donor-driven result frameworks; a local business is driven by different goals and indicators than a donor-programme and should use the most valuable and adequate planning and M&E tools for its own purposes (business plan, for instance). However, many programme partners are not well informed or trained in monitoring and evaluation. Training and involving partners in M&E activities can be a great vehicle for increasing capacity within stakeholders, leading to a better understanding, and more accurate data bases, transparency and informed decision making.

Custom made reports: Analytical frameworks must be adapted to the user of the information. For instance, the local business owner and the funding agency will have a different information needs and uses. It is important that the local business gets a report that is interesting to them i.e., that provides new valuable information – while another report is prepared for other audiences.

M&E leads to action: Any collection of data needs to be processed and interpreted from different angles. Unfortunately, a common mistake is to take data as 'facts'; data needs to be interpreted and used for making sense. Based on a common interpretation of data – a fact, a result is agreed upon. These facts must be used for decision making, changing and adapting strategies and activity plans. If M&E results are not translated into actions, the core concept of M&E is lost (i.e. improved performance).

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[8] The Donor Committee for Enterprise Development's universal indicators are scale, income and employment

5. M4P facilitation checklist

The following list is a guidance tool for M4P facilitators to think through your role being a facilitator. *It should be further developed and complemented by its users.*

We suggest using the checklist several times during a programme cycle, first when initiating a new programme, and also from time to time during the implementation phase. Check if you are still applying principles and success factors!

A. Checklist on facilitation aspects for the responsible person in a donor agency (i.e. National Programme Officer).

Please note: Everybody is invited to adapt and complement these lists for your own use. The authors are happy to receive a feedback.

Alignment and Vision Building: Facilitation across the board	Yes	No
Is your programme aligned with the relevant government strategies?	❏	❏
Have you discussed the relevance and importance of the M4P programmes in your programme portfolio with other donor agencies, the line ministries or the relevant governmental structures?	❏	❏
Have you developed with the implementing agency and other relevant stakeholders a common understanding and vision of the market system as well as a common agreement on the way to get there?	❏	❏
Have the national partners understood the concept of facilitation and the implications on the implementation of the programme?	❏	❏
Do the steering and advisory boards understand and share the concept of facilitation?	❏	❏
Have you defined principles and guidelines on what facilitation means in your context or programme?	❏	❏

Planning facilitation: exit before you enter!	Yes	No
Is it clear which facilitation activities are planned as temporary and which ones are foreseen to be continued after project completion?	❏	❏
Have you developed scenarios together with the Facilitation Team on if and how the facilitation function might be sustained after the end of the intervention?	❏	❏
Has an exit strategy been defined? Do your facilitation activities have a specific and limited timeframe?	❏	❏
Does the programme have a clear inception period before implementation and where facilitation is defined and planned?	❏	❏
Have you given the implementing agency enough flexibility to design and modify the interventions and activities (based on the common vision)?	❏	❏
Is there a process, and enough flexibility to revise strategies and targets with the implementing agency as the programme progresses?	❏	❏
Does the programme already have a vision of the pathway to crowding in?	❏	❏

Clarification of roles

	Yes	No
Has your specific role and involvement in the different programme stages (being the donor agency of the M4P programme) been discussed and clarified with the Facilitation Team?	❏	❏
Has the role and responsibility of the Facilitation Team been made explicit to other strategic partners at national level?	❏	❏
Does the programme have a clear inception period where roles and responsibilities are defined among the relevant stakeholders?	❏	❏
Have you discussed the present <u>and future</u> role of the different stakeholders?	❏	❏
Are these roles consistent with their incentives?	❏	❏
Are the stakeholders aware of these roles and do they embrace them?	❏	❏
Do you revise the roles of the different stakeholders as the programme and your knowledge of the system progresses?	❏	❏

Monitoring and Evaluation

	Yes	No
Is there enough flexibility to revise the M&E system after the inception period?	❏	❏
If a log frame is used, is it aligned and consistent with the impact logics?	❏	❏
Have you integrated relevant stakeholders in defining realistic outcomes?	❏	❏
Is there a system in place to evaluate the facilitation activities at all levels of the programme?	❏	❏
Have you defined progress markers together with the Facilitation Team when their facilitation work can be considered to be successful?	❏	❏
Are you or the facilitation team responsible for the dissemination work of the results of the M4P programme on national level?	❏	❏
Is this the task of the Facilitation Team – or do you, as representative of the donor agency, have a special role (e.g. door opener for like-minded donors or the Government)?	❏	❏

Checklist for the Facilitation Team on aspects of planning, implementation, and monitoring and evaluation

Please note: Everybody is invited to adapt and complement these lists for your own use. The authors are happy to receive a feedback.

Definition of roles	Yes	No
Have the roles and objectives of the Facilitation Team been clarified? Are they clear to all the relevant market players?	❑	❑
Does the Facilitation Team stay clear of taking up any market function?	❑	❑
Has the Facilitation Team a clear picture of the present and future role of the different market players? Has it identified their respective capacities and incentives?	❑	❑
Are these roles based on their capacities and incentives?	❑	❑
Are the market players aware of these intended roles?	❑	❑
Does the facilitation team encourage the market players to clarify and commit to their roles and responsibilities?	❑	❑
Are the market players aware of the temporary function of the programme?	❑	❑

Transparency... and neutrality?	Yes	No
Is the facilitation team transparent about its objectives?	❑	❑
Is the Facilitation Team respecting the culture, rights and autonomy of all participating groups?	❑	❑
Is the Facilitation Team managing the process with impartiality toward content?	❑	❑
Is the Facilitation Team enhancing an environment of respect and safety where all participants trust that they can speak freely and where individual boundaries are honoured?	❑	❑
Does the Facilitation Team have principles and guidelines to select market partners?	❑	❑
Do the market players know what they can expect from the facilitation team?	❑	❑

Planning facilitation	Yes	No
Is the Facilitation Team seeking information and understanding the system before developing its interventions?	❑	❑
Is the Facilitation Team working upon the demand of the actors in the market system?	❑	❑
Is the Facilitation Team aware that they are working as market facilitators in a temporary function and is there a clear timeframe for each of the planned interventions and activities?	❑	❑
Do you have a clear exit strategy for your interventions and are the market players aware of it?	❑	❑
Does the facilitation team regularly update its intervention and facilitation strategy according to the latest system information?	❑	❑
Have you defined a pathway and strategy to crowding in?	❑	❑

Facilitation in action	Yes	No
Has the Facilitation Team defined their main intervention areas?	❏	❏
Is the Facilitation Team aware of a clear division of tasks between market actors?	❏	❏
Has the Facilitation Team identified partners who behave as change agents and leaders and is co-operating with them?	❏	❏
Does the programme have a clear market system focus; does it aim at sustainable changes at large-scale?	❏	❏
Are the activities you are undertaking as Facilitation Team temporary?	❏	❏
If the action is becoming a function in the future: Is there a market player that can take up the functions provided by the Facilitation Team?	❏	❏
Do you have the potential for engaging in an effective relationship with the market players?	❏	❏
Do you have the capacity, know-how and potential for effective right-sized support to market system players?	❏	❏
Are all your actions consistent with 'pathway to crowding-in' of other market players?	❏	❏
Is the Facilitation Team building on the initiatives taken by market actors and existing organisation and institutional set-up?	❏	❏
Is the Facilitation Team taking up self-initiatives of market leaders, private enterprises or business associations – and encouraging them to develop further?	❏	❏

Glossary[9]

Core function: the central set of exchanges between providers (supply-side) and consumers (demand-side) of goods and services at the heart of a market system. The medium of exchange can be financial or non-financial (such as through accountability mechanisms).

Crowding-in: the central process in – and purpose of – facilitation through which interventions catalyse or bring other players and functions into the market system so that it works better for the poor. Crowding-in can result in enhanced breadth (more transactions in the core of a market), depth (more/new supporting functions) or reach (new areas or markets).

Crowding-out: the opposite of crowding-in; the process of driving other players and functions out of the market. For instance by the provision of free services to market players results in crowding-out of a number a local businesses.

Facilitation/facilitator: (in an M4P context): action or agent that is external to a market system but seeks to bring about change within a market system in order to achieve the public benefit objective of systemic change.

Intervention: a defined package of temporary activities or actions through which facilitators seek to affect change in a market system.

M4P: M4P stands for "Making Markets Work for the Poor". The term 'market' includes goods and services sectors that are traditionally seen as public or government driven. 'Market development' therefore does not imply a focus solely on the private sector.

Market player: organisations or individuals who are active in a market system not only as suppliers or consumers but as regulators, developers of standards and providers of services and information, etc. Organisations in the private and public sectors may therefore be included, as well as non-profit organisations, representative organisations, academic bodies and civil society groups.

Market system: the multi-player, multi-function arrangement comprising three main sets of functions (core, rules and supporting) undertaken by different players (private sector, government, representative organisations, civil society etc.) through which exchange takes place, develops, adapts and grows.

Public goods: goods or services which are non-rival and non-excludable and therefore should not be offered by private firms.

Supporting functions: a range of functions supporting the core exchange, helping the market to develop, learn, adapt and grow including, for example, product development, skills enhancement, R & D, coordination and advocacy.

Sustainability (M4P definition): the market capability to ensure that relevant, differentiated goods and services continue to be offered to and consumed by the poor beyond the period of an intervention.

Systemic change: change in the underlying causes of market system performance that can bring about more effective, sustainable and inclusive functioning of the market system.

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