

# Rural Advisory Services (RAS) and Making Markets Work for the Poor (M4P)

Synthesis paper of the joint e-discussion of the A+FS and e+i networks in June 2012

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## Introduction

This paper is a synthesis of the first joint e-discussion in June 2012 of the two thematic networks of the Swiss Agency for Development and Cooperation (SDC) – Agriculture and Food Security (A+FS) and employment and income (e+i) – on Rural Advisory Services and Making Markets Work for the Poor (M4P).

It builds on a joint session of both networks in May 2012 during the face-to-face event of the A+FS network in Switzerland. The intention was to facilitate a meeting of minds in order to search for the complementarities of the two approaches, since RAS and the M4P approach historically have been dealt with in two separate networks within SDC: the former within the A+FS network and the latter in the e+i network.

The objectives of the e-discussion were defined as follows:

- achieve a common understanding of the concepts RAS and M4P by the enlarged community of the two networks.
- develop framing questions and guidance for using principles of M4P in RAS and to integrate RAS in market development programmes.

The lively e-discussion included more than 120 emails from 49 practitioners from around 18 countries. The emails were read by the 430 members of the RASandM4P dgroup community (SDC's online discussion group). Active contributors were mainly from Asia, Africa and Europe – ranging from SDC's partner organisations to the wider public, from research institutions to the private sector.

## What is RAS – Rural Advisory Services?

Definition of RAS according to GFRAS (2011): "Rural advisory services are all the different activities that provide the information and services needed and demanded by farmers and other actors in rural settings to assist them in developing their own technical, organisational, and management skills and practices so as to improve their livelihoods and well-being."<sup>1</sup>

In the 70s and 80s RAS was widely understood as a mechanism for disseminating agricultural technology and research results. Due to constant changes in the social, political, and economic context, RAS became more pluralistic and driven by multiple purposes. RAS providers are still involved in providing access to knowledge and technology, but increasingly play a key brokering role

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1 GFRAS, 2011. Rural Advisory Services Worldwide: A Synthesis of Actors and Issues. Synthesis Report. B. Adolph, Triple Line Consulting, 65 p.

with actors in the agricultural innovation system, such as farmer organisations, market players, research, and education. RAS providers help these actors improve their activities and linkages through knowledge sharing and capacity building.

Pluralism of approaches, providers and funding sources is key to ensure that RAS fit to local conditions and the demands of clients, i.e. the rural actors. The Global Forum on Rural Advisory Services (GFRAS) describes the public, civil society, and private RAS as the three basic categories of RAS, focusing on different activities<sup>2</sup>:

- **Public RAS** providers are important to coordinate different RAS activities, assure quality, and give technical backstopping. They ensure that national development objectives, such as poverty reduction, are met. Public RAS offer impartial advice and provide services of public good, such as dealing with sustainable natural resource management. They are crucial to finance RAS that reach all rural producers, including vulnerable groups, even when services are carried out by non-state providers.
- **Civil society RAS providers** play a critical role in reaching disadvantaged groups. Farmer organisations often give advice related to commodities along an entire value chain and are therefore critical to improve access to markets. They also provide important organisational and social services.
- **Private RAS providers:** There is a range of private sector actors providing RAS. Private advisors tend to reach a clientele that is engaged in high-value products and is rather well-off. Input suppliers provide information on new varieties and planting methods. They also play an important role in linking producers to markets.

Therefore rural advisory services include a variety of activities, such as:

- providing technical advice
  - facilitating knowledge and experience exchange
  - enabling processes for innovation development
  - promoting multi-stakeholder innovation processes
  - supporting business development by facilitation and capacity strengthening
  - topics of capacity strengthening include evaluation of business performance; market analysis; selection of products; upgrading opportunities in a value chain (quality improvement, diversification, increased efficiency, etc.); business planning
  - establishing links to financial services, input suppliers, transforming entities and traders
  - supporting organisational development and conflict management
  - brokering and coordinating among actors
- ....and many other tasks.

As mentioned above, besides pluralism of approaches and providers, pluralism of funding for RAS is crucial. RAS funding can come from the public (e.g. local government, state budgets, international donors) or private (e.g. producers or producer organisations and companies) sector. Funding from the public sector is used in the context of public goods and for services in the overall interest of a society, e.g. poverty reduction and the sustainable use of natural resources. Private sector funding for RAS through companies is increasing, for example with the practice of providing RAS when supplying inputs or from the margin between the procurement price and the sales price. Experience shows that funding through the clients themselves – who often are producers or producer organisations – remains rare. It is important to note that in a pluralistic RAS system the source of funds does not necessarily determine who will provide the service.<sup>3</sup>

<sup>2</sup> Based on the e-discussion quote by Dorothee Lötscher from Global Forum on Rural Advisory Services (GFRAS).

<sup>3</sup> More on funding sources and combinations of “mixed funding models” can be found in the [Input Paper on Pluralistic Advisory Services](#) (for the joint f2f of the e+i and A+FS networks)

### What is M4P – the Making Markets Work for the Poor Approach?<sup>4</sup>

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.

#### Quotes from E-discussion

“To make market for poor needs a combined effort of locally owned programs coordinated by the local state, supported by both state and other actors in an equitable manner, otherwise women and landless/land-poor farmers hardly benefit in the longer run.”

- Yamuna Ghale (email 08.06.2012)

“In my perception M4P is an approach providing (mental and conceptual) tools to think globally (or in larger systems) and to act locally by defining interventions in a market system where we have the means to do so, be it in the role of a minister, of a donor representative, of a project agent, of a cooperative leader or of a farmer. Maybe this is the real value of the M4P approach.”

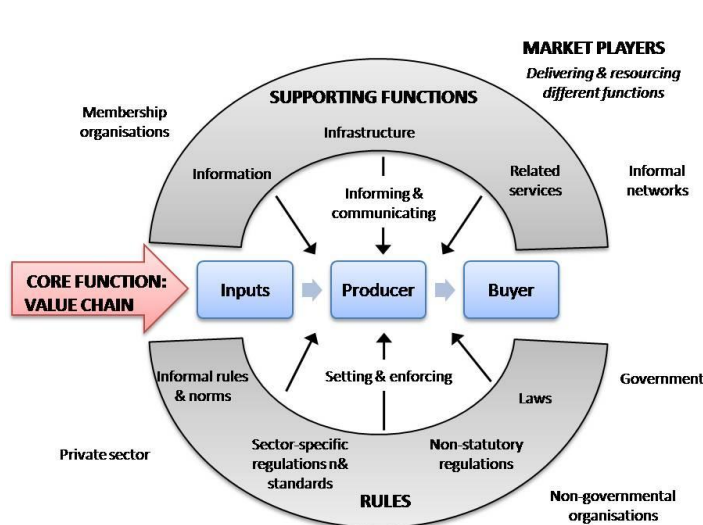
- Ernst Bolliger (email 16.06.2012)

The approach is based on the following principles:

- 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 (see figure 1).

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 1: Stylized view of the market system in an M4P approach



The **core functions** between producers and consumers (the sequence of value addition in the value chain),

- The **supporting functions** such as information, services, etc. enabling the functioning of core transactions, to be improved.
- The **formal and informal rules and regulations** shaping behaviour and relationships

Source: DFID, SDC, Springfield Centre (2008)

<sup>4</sup> For more details see the “Working Paper on ‘Facilitating change in M4P programmes’ by Roduner, Schulz, Fragniere 2011

- 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, 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 development organisations to play a facilitating role in market systems, i.e. a programme should never assume a market function. External players, programmes, development organisations, etc. should seek to catalyse change in the market system (avoiding assuming any market function themselves) and work with market players so they perform better. Hence, the intervention role of development organisations is clearly temporary and catalytic.

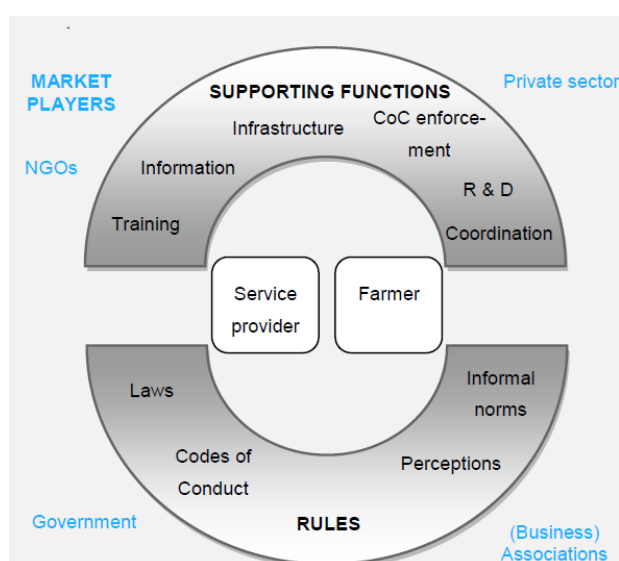
Consequently, interventions need to be sensitive to local market conditions and stimulate more fundamental and larger scale changes. It is expected that the improvement of the market system as a whole leads to “crowding in” of other players. In order to succeed in such facilitation (for which there is no set model), organisations must be credible, independent and have the relevant knowledge and skills.

### RAS and M4P – contradictory or complementary?<sup>5</sup>

There often exists the perception that RAS and M4P are contradictory, e.g. that a project could use either one or the other, but not both. However, it can be argued that M4P and RAS are complementary: **M4P sets out the overall framework conditions under which the RAS are applied.**

M4P frameworks and principles provide a useful tool for RAS projects to think about large-scale and sustainable solutions. Figure 2 and the bullet points to the right illustrate how an M4P market system diagram can be applied to rural advisory services. Doing this helps projects analyse and understand the functions and players that constitute an effective and pluralistic rural advisory services system.

Figure 2: A typical Rural Advisory Services (RAS) market



- The **core transaction** concerns the exchange of for example productivity related information between **farmers** and **service providers** (e.g. government extension, private providers, input suppliers etc.).

- A variety of **functions and rules** are necessary to support such an exchange of information. For example: training of service providers, coordination amongst farmers, quality standards for information provision, access to finance as means of financing such services etc.

- A number of public and private **players** are involved in a typical RAS system – for example: associations of service providers for quality assurance, government institutions for training of service providers, private businesses or input retailers that provide information to farmers etc..

<sup>5</sup> For more details see the input paper on “[Making Markets Work for the Poor](#)” written by Mathias Herr, HELVETAS Swiss Intercooperation.

The application of the M4P market system framework (Figure 1) to a typical RAS system (illustrated in Figure 2), shows on the one hand the usefulness of this framework and on the other hand how important it is that RAS projects take into consideration the wider system necessary to support RAS in a given context. For example, a RAS project should not take on certain functions in the system if these are critical to the sustainability of the RAS system as a whole, e.g. a RAS project should not provide training on its own. RAS projects should stimulate different local players to take on more valid roles in the RAS system. They need to act as facilitators in order to achieve sustainable change in the RAS system as well as large-scale impact on the intended target population (e.g. farmers). Hence the M4P principles and frameworks are applicable to and valid for RAS projects in order to be effective.

### What can M4P learn from RAS? - What can RAS learn from M4P?

The section above illustrates the added value of seeing M4P and RAS as complementary. M4P can help understand the framework conditions and key stakeholders for the design and implementation of sustainable RAS. In turn, the experience and objectives of RAS can contextualise an M4P intervention and help keep a pro-poor orientation, e.g. through the choice of interventions and actors to work with and strengthen. As illustrated by the quotes from the e-discussion in the box below, experience also suggests that M4P and RAS provide two perspectives of many and while they can be mutually reinforcing at any given point in time, key aspects of each approach may also be highlighted in a sequenced way, i.e. consciously move from pluralistic RAS support (including training, empowerment elements, smart subsidies) to a more hands-off M4P approach throughout the life of an intervention.

#### Quotes from E-discussion

“For me it sounds like “egg or hen”. What is first, what is more important? RAS can be sufficient in one situation whereas M4P is a good way to go in another. For me this RAS / M4P becomes now a bit too stringent. We should not forget to remain open for other frames, approaches or tools to be used depending on a given situation. Pluralism is important.”

- Hans Schaltenbrand (email 06.06.2012)

“From the above examples I can now see how the project has graduated, if you like, from RAS type of approach to M4P approach without saying it. Therefore I can deduce that these approaches have been used depending on the developmental stages of the communities that we served. Now following these discussions I can consciously embed the approaches in the implementation of the project for holistic consideration of the benefits that can accrue from the project.”

- Chhimi Dorji (email 08.06.2012)

The points below summarise inputs from the e-discussion and highlight in more detail what the two approaches can learn from each other.

#### 1) What can M4P practitioners learn from RAS practitioners?

- M4P projects should understand the important role of **RAS as a catalyser** of rural and value chain development. As real sustainability is achieved if a system is capable to renew itself, the role of a facilitator from within the system should not be neglected by an M4P intervention.
- M4P projects could learn from the **dynamics of common public interests**, i.e. that sometimes governments could or should use public funds to subsidise certain development efforts.
- When incorporating RAS in M4P projects, it is crucial to go **beyond economic logics** i.e. do not neglect the **capacity-building** of target groups so they become agents of their own

change. M4P can learn from one of the key functions of a pluralistic RAS which is the **empowerment** of local stakeholders to take informed decisions and to constantly develop innovations in order to adapt to an ever changing environment.

- Pluralistic RAS practitioners often consistently consider questions around the **long term financing** necessary for the whole **system** to work – M4P practitioners can learn to think about this long term financing issue in the context of sustainability beyond single M4P interventions

## 2) What can RAS practitioners learn from M4P practitioners?

- M4P provides an important **framework** to explain the facilitating and brokering role of RAS and how this role can be strengthened;
- When designing RAS, think it through with a **systemic focus** and consider sustainability issues. RAS should base their activities on a systemic understanding and in view of contributing to systemic change. Instead of directly supporting RAS, projects should strengthen the RAS enabling environment. Also, working with **results chains** for planning RAS interventions can help make causalities and links within the system more visible.
- The systemic analysis helps identify the **trigger** in the system that allows achieving a real change with effects at scale. RAS practitioners may realise that this is not always “more training to farmers” but a completely different intervention such as a policy change, access to markets, pricing of an agricultural input etc.;
- M4P puts the **sustainability** question rigorously into the centre of attention, an aspect that RAS initiatives in the past have not always sufficiently considered (as many non-sustainable RAS systems all over the world show);
- An M4P lens promotes thinking of **scale** from the beginning when designing RAS, i.e. instead of going for well-functioning pilots, develop strategies to reach **scale** right from the beginning.

## Guiding questions to be answered when planning a M4P / RAS intervention

The lively e-discussion led to the identification of guiding questions to

- lead us when we design new projects based on RAS and M4P principles; and/or
- check if our running project interventions take into account RAS and M4P principles.

The questions are clustered around key issues that were identified as important in the different stages of M4P / RAS interventions.

Key issues	Guiding questions
Flexibility of the donor agency when it comes to planning and strategy adaptation	<ul style="list-style-type: none"> <li>• Does the used approach/framework allow flexibility in planning and implementation?</li> <li>• Is the donor showing interest and willingness to understand and to adapt to local circumstances?</li> <li>• Is the donor agency ready to finance a medium to long-term project, if the intervention is successful?</li> <li>• ...</li> </ul>
Stable framing conditions	<ul style="list-style-type: none"> <li>• What are possible and required interventions in a context of absent stable framing conditions, e.g. fragility, lack of rule of law, corruption?</li> <li>• Are there specific roles of local government structures and the civil society to contribute to more stable framing conditions?</li> <li>• ...</li> </ul>
Clarification of roles	<ul style="list-style-type: none"> <li>• What are the (market) functions that are required for the system to work better?</li> <li>• What are the roles and responsibilities of each of the actors involved in and targeted by our intervention: the private sector, the civil society, the public sector, the donor organisation and others, i.e. who does, who pays; who will do, who will pay?</li> </ul>

	<ul style="list-style-type: none"> <li>• What is the role of the project team? Do we really have a facilitation role? Are we performing a market function?</li> </ul>
Involvement, ownership and strengthening of local actors	<ul style="list-style-type: none"> <li>• How far is the process thought and carried by local actors? Do the local actors have ownership?</li> <li>• Is the project intervention leading to empowerment and organisational strengthening of local actors?</li> <li>• Through our support do we assist the partners to find an optimum of stakeholder self-organisation?</li> <li>• Is the approach / framework fostering trust among the involved stakeholders?</li> <li>• ...</li> </ul>
Grants / incentives / <u>"smart subsidies"</u> → legitimacy for public funding	<ul style="list-style-type: none"> <li>• What is the 'public' interest of using subsidies, i.e. are there interventions in the public interest or with a public good character that deserve public funding?</li> <li>• If there are subsidies: Are they "smart", i.e. provided for <ul style="list-style-type: none"> <li>○ stimulating or kick-starting?</li> <li>○ avoiding the creation of dependencies?</li> <li>○ including a financial contribution from the receiving party?</li> <li>○ combined with an exit strategy?</li> </ul> </li> <li>• Who actually provides the "smart subsidies"? Is the chosen solution the best option?</li> <li>• Is there a participatory political process in place that legitimizes the subsidies?</li> <li>• Who actually gets the subsidies? Is the chosen solution the best option?</li> <li>• Are criteria in place to assure competitive neutrality of the subsidies?</li> <li>• ...</li> </ul>
Fostering innovation and learning	<ul style="list-style-type: none"> <li>• Is there an enabling environment for innovations?</li> <li>• Which actors need to be involved?</li> <li>• How has the project intervention to be designed to support a working innovation system?</li> <li>• How can innovations be stimulated?</li> <li>• Does the introduction and scaling up of innovations need subsidies for kick-starting?</li> <li>• How are we learning from our interactions in complex and dynamic systems?</li> <li>• Are we promoting the establishment of sustainable learning mechanisms among the key stakeholders within the system, e.g. peer exchange?</li> <li>• ...</li> </ul>
Scale	<ul style="list-style-type: none"> <li>• How do we intend to reach scale?</li> <li>• Is "crowding-in" likely to happen? If not, what do we need to do to make it happen?</li> <li>• How long should our intervention last?</li> <li>• After the project intervention has been finished, what will the endogenous actors do differently?</li> <li>• ...</li> </ul>
Empowerment , e.g. of women, marginalised groups	<ul style="list-style-type: none"> <li>• Who are the disadvantaged and marginalised groups?</li> <li>• How do we ensure that our interventions affect these groups?</li> <li>• Are we really reaching the poor?</li> <li>• ...</li> </ul>
Resilience	<ul style="list-style-type: none"> <li>• Are the interventions by our project enabling the local stakeholders to react to fast changing environments?</li> <li>• ...</li> </ul>

The quotes in the box illustrate some of the key issues which were highlighted in the e-discussion and led to the guiding questions above.

#### Quotes from E-discussion

“I believe the only way to cope with such dynamics is learning. And since this is complex stuff and dynamic, there are no experts out there who can instruct farmers what to do (tell that the RAS!). Learning needs to be farmer-to-farmer, trader-to-trader, transporter-to-transporter, village headwoman to village headman, forester-to-forester, and all of them with each other. Peer-exchange is what is required. And that needs good mentors, moderators, facilitators (also tell that to the RAS!). (...) The skill to learn and adapt is what needs to be sustainable. Nature keeps telling us just that. `We can't stand in a swirling river, we must learn to swim`.”

- Ueli Scheuermeier (email 08.06.2012)

“What happens when we apply the same rigid standards on subsidies to ourselves, recognising that we are less worthy of subsidies than the poor? For example as a manager I find the M4P trainings very expensive. But we send people for them as participation is often subsidised by the organisation, donor or govt funded projects, very (very) rarely paid by the individual. What is the message here? What is the strategy for upscaling such capacity building? Appears to me rich wo/men can get free training but not poor ones as the latter can get confused by the inherent message?”

- Rupa Mukerji (email 06.06.2012)

“Fact is most of the farmer organizations currently lack the intellectual and organizational capacities to take M4P straight from theory to make anything useful out of it for their own plans and strategies. It would not yield an impact to offer them a M4P seminar. At the time being, M4P is the framework for us (and the SDC mandated partners that consult and train the farmer organizations) to understand the system and to guide the dialogue with the farmer organizations.”

- Simon Zbinden (email 06.06.2012)

#### Concluding Remarks

A meeting of minds between the RAS and M4P communities has been facilitated over the past few months through a **joint session** of the A+FS and e+i networks in May 2012 at the face-to-face event of the A+FS network in Switzerland, the **e-discussion** in June 2012 which elicited the experiences of network members in both areas and this **synthesis paper with guiding questions** for planning and implementing M4P and RAS initiatives.

In the beginning of the exchange there was a perceived tension between M4P and RAS, which throughout the dialogue developed into an understanding that they are indeed **complementary**. M4P is an approach that visualises the overall framework conditions to develop market systems, e.g. rural advisory services. RAS is a system that provides information and services for the development of the livelihoods of a rural population, i.e. it's a system that may be analysed and developed through different perspectives, be it M4P or others.

The lively e-discussion showed that much can be learned through this meeting of minds which hopefully will continue and help us reach our common goals, i.e. work towards reducing poverty through enhanced rural livelihoods, food security and more productive market systems in an effective, efficient, sustainable, participatory and empowering way. A **key follow up activity** suggested by the focal point of the e+i network is to validate the **guiding questions** and develop them further into a tool for application in the field.



### Annex: Contributors to the E-discussion

The facilitation team would like to thank all active participants of this e-discussion for their valuable inputs (in order of appearance):

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