

Market System Approaches to Food Security and Nutrition Programming

Module 2

**FROM THEORY TO
PRACTICE:** Achieving FSN
outcomes through Market System
Development Programming



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Learning Objectives

- **Applying market system development (MSD) principles to real-life FSN programs** – you will become more familiar with applying market systems principles in real contexts to achieve food security and/or nutrition outcomes.
- **Identifying MSD programming improvement opportunities and fails** – you will become more familiar with examples of good and poor MSD programming in order to understand what to look out for in your programming
- **Understanding key things to consider when applying MSD in different market contexts** – you will gather a mental ‘checklist’ of things to consider when attempting to deliver MSD programming in different contexts and how this may influence program management and delivery

This module will focus on three detailed case studies to illustrate these learning objectives but first let's recap what we learned from Module 1 as we will be using this knowledge to explain the case studies.

Module 1 Recap

Learning Objective 1

You became familiar with the **market systems terminology**: core functions, supporting functions, rules & norms and the market actors.

We now know that:

A market is a where an **exchange** of a good or service takes place.

A **marketplace is not a market** - it is a space (physical or virtual) where an exchange takes place

How and why a market performs as it does is facilitated, influenced and governed by the market system which consists of the target (or core) market, the supporting functions; and the rules/norms

We visualize market systems (the donut diagram!) to help us simplify communicating and navigating them

Every market system is unique but can have similar characteristics that can help speed up knowing where to start your market system research

Disaggregating the target group helps us to understand the differences in how and why different groups access the market (we shouldn't always just do our research on the target group as identifying how others access goods and services might identify new opportunities / ideas for us)

Module 1 Recap

Learning Objective 2

You learned to understand what a market system constraint is; the impact of constraints on the functionality and accessibility of a market and how this impacts on food security and nutrition.

We now know that:

A market may be performing really well for some groups in the system; and not so well for others. This can be in both crisis and non-crisis contexts.

When we look at a market system we are seeing it as a 'snapshot' in time and must remember this may change due to crisis or other external influences.

The market system's supporting functions, rules and norms influences the performance of the market exchange.

The performance of the market exchange can be broke down into the following and will be different for different groups (e.g. low income refugees vs high income residents):

Quality

Availability

Affordability

Accessibility

Inclusivity

The FSN pillars mirror the market exchange performance indicators. This can be useful when explaining how MSD can help support FSN objectives.

Addressing how the supporting functions, rules and norms in the market system work or behave, will change the performance of the market exchange. **Finding out how the market system currently works; how this affects the target group; and how they need to change to improve outcomes for the target group; and how this can be done at scale and sustainably is the core of MSD.**

Module 1 Recap

Learning Objective 3

You began to understand the fundamental objectives of MSD programs and how they are different to traditional programming in achieving long-lasting and scalable change.

We now know that:

Conventional programming

Conventional programming attempts to solve the ‘symptom’ of a problem in a market that is resulting in populations being underserved or excluded from accessing quality and affordable goods and services for their wellbeing and livelihoods. The challenge with this approach is:

Unsustainable: The intervention impact only lasts as long as the program. Once the NGO stops financing the program, the access to training will stop.

Unscalable: The intervention will be limited to the amount of people that NGO can serve only.

Direct (e.g. providing seeds and inputs for farmers, providing food baskets) is always a **temporary fix**. Eventually the program will end and a key function influencing the performance of the market system will disappear. As such the market may begin to exclude and underserve populations again and potentially even worse than before.

The presence of NGOs providing free access to goods and services can cause **market distortion** whereby local market actors (public or private) decide not to invest in being, in this case, training centres, because they cannot compete with NGOs. They have been **disincentivized** in providing that function in the market system - we need to avoid this.

Module 1 Recap

Learning Objective 3- continued

You began to understand the fundamental objectives of MSD programs and how they are different to traditional programming in achieving long-lasting and scalable change.

We now know that:

MSD programming

MSD looks to facilitate long-lasting and scalable change in a market system by investigating:

Why market actors are doing what they are doing that may be causing constraints on the supply or demand sides of the market exchange;

Why the market is not incentivised to change this behaviour to better serve all groups; and

Identify ways to shift incentives such that the market behaves differently to address the constraint and ultimately improve the market for those excluded and underserved.

MSD practitioners look to find out what is really preventing the market from solving the problem itself by identifying the **root cause** of the market constraints - **they use the Five Why's technique.**

MSD programs acknowledge that in order to achieve a change in the market that is **sustainable** then they need to facilitate (not deliver directly) any change through those that exist in the market system.

MSD programs **aim for scale** - if one market actor is incentivised to change their behaviour; others may follow. This creates a **multiplier effect** and allows positive changes in the market to reach more people. The trick is figuring out what it might be that will shift a market actor's behaviour in the way we need to achieve the change we need to see in the system.

Module 1 Recap

Learning Objective 4

Towards the end of Module 1 you started to understand the typical market systems constraints in FSN systems. We discovered the common constraints in achieving nutrition aims in agro-food and health systems (focusing on maternity services).

We will use Module 2 to continue building your appreciate of market systems for FSN and applying MSD techniques to real-life contexts.

Module Structure

You will be presented with 3 case studies. All of them will discuss how MSD programming has or might have been better applied in their contexts.

All the case studies are related to meeting food security and / or nutrition outcomes but may have interconnected livelihoods, health, gender and environment outcomes too.

Each case study will also reiterate some of the key concepts from the Market Systems Principles module to help understand how to take **theory to practise**.

The case studies you will be presented with are

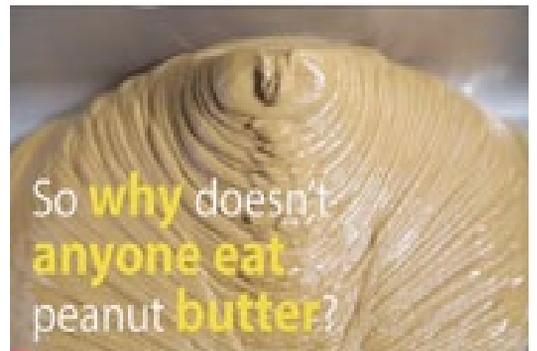
1. Mozambique (GAIN)

Agro-food markets

Gender, Health & Nutrition

A multifaceted program looking at how to increase the exchange of micronutrients from suppliers into consumer diets.

The case study will discuss the link between MSD and value chain development.



Module Structure

The case studies you will be presented with are:

2. Mozambique (DAI)

Smallholder Farming

Food Security, Livelihoods & Nutrition

The program identifies ways to improve smallholder farming income and overall food security.

The case study will discuss how often we work in supporting markets (in this case the seed market), not the core market (e.g. dominant farmer's food markets), to deliver food security and income outcomes to the farmer's food markets.



3. Bangladesh (WVI)

Finance supporting market

Nutrition

The program identifies how to improve nutrition for the majority of the poor population dependent on the rice market for food security and income.

The case study will also focus on a supporting market, not the core (rice) market, to deliver nutrition outcomes. The difference in this case study is that the supporting market is a non-traditional sector for FSN practitioners (financial services).



Case Study Structure

Each case study will follow a similar pattern in order to help you understand what you are learning and when:

1. **Situation / Contextual Overview** - *opening with a summary of the problem*
1. **System Constraints** - *providing a visual representation of the constraints in the market system*
1. **Intervention Opportunities** - *showcasing opportunities to address the constraints and how*
1. **Outcomes** - *(if available as some programs are ongoing)*
1. **Theory to Practise** - *we take a moment to reflect on how Module 1 learning is being used in the case study*

Section 1



Case Study 1: Mozambique GAIN

A multifaceted program looking at how to increase the exchange of micronutrients from suppliers into consumer diets. the case study will discuss the link between MSD and value chain development.

this case study has been adapted from information provided by **gain**.

[additional information can be found here.](#)

1. Situation/Contextual Overview



More than **half** of adolescent girls are **anaemic**



95% of adults eat less than 5 combined servings of **fruits** and **vegetables** per day



43% of children under 5 are **stunted**

- One third of the population are chronically food insecure.
- There are major deficiencies in vitamin A and iron.
- About 30% of the Mozambican population tends to consume too much of one type of food – e.g. maize, cassava, rice and wheat, or ultra-processed foods, which are inexpensive and filling, but lacking in vital micronutrients
- Urban dwellers - greater than 1/3 of total population - are particularly vulnerable to malnutrition.
- Urban residents tend to purchase food in bulk monthly from retailers equating to over half of household budgets leading to less fresh produce consumed
- Generally, citizens lack of awareness of nutrition requirements and lack of choice of packaging sizes affects consumer choices

1. Situation/Contextual Overview

ISSUE: A quick diagnosis of the malnutrition problem affecting the target group was the shortage of micro-nutritious elements, such as vitamin A and iron in people's diets. This shortage was linked directly to constraints affecting the performance of the agro-food market systems to provide these nutritious elements in local diets.

Nutritious agro-foods are our core market - we are investigating how micronutrients are exchanged to reach different parts of the population, how and what influences this.

Why 'nutritious agro-foods' and not one specific agro-food market?

The choice to start broadly is because it is clear that not just one agro-food market is experiencing challenges to reach populations. The population is not consuming nutritious foods in general and there are likely common issues affecting uptake and consumption of all agro-food markets.

The starting point for this research was to find out **why** nutritious foods in general were not being purchased and consumed by the target group.

Once that is established, the project might focus on specific agro-markets like milk or on supporting markets or rules/norms that have common issues affecting multiple agro-markets at the same time e.g. consumer awareness of nutritious food - what they are, where to find/grow them and how to cook them.

2. Overview of Systemic Constraints

Thinking back to Module 1, we have created a visualisation of the market system for nutritious agro-foods in general. The donut shows the common supporting functions, rules and norms that influence the exchange of nutritious foods between suppliers to consumers.

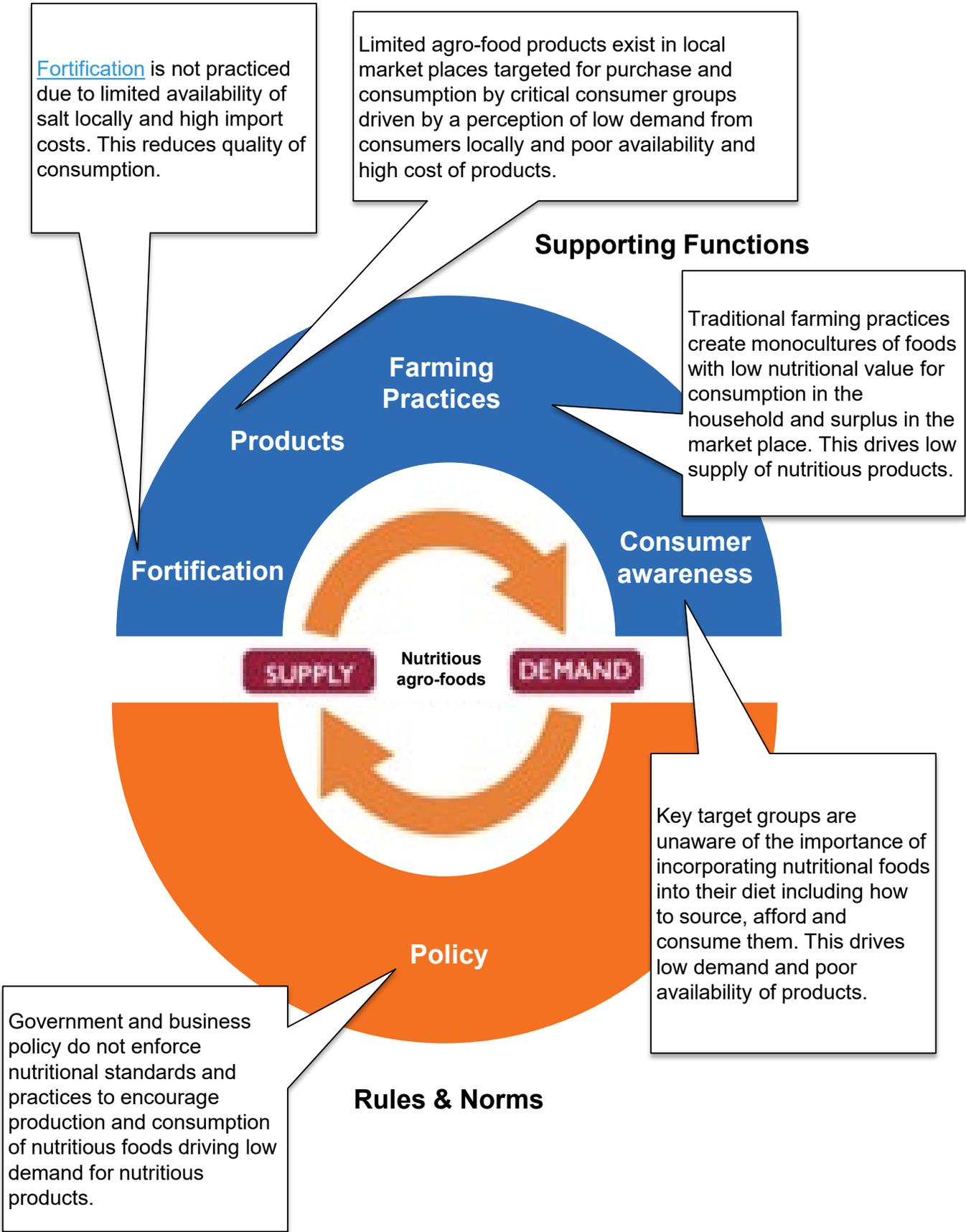
All the constraints detailed below are causing the exchange of nutritious foods to underperform for vulnerable Mozambique populations.

These constraints are the **root cause** of the issues with access and/or availability and/or quality and/or affordability of nutritious foods (these are the symptoms of the constraints).

It is these constraints that inhibit the equitable access of affordable and high quality nutritious foods in sufficient amounts to target groups.

Remember: In MSD we look to investigate what is driving the behaviour that causes these constraints and work out how to incentivise a change to this behaviour. We do not fix the symptoms of the constraint directly as it does not solve why the symptom (e.g. high cost) exists in the first place.

2. Overview of Systemic Constraints



Click here for an explanation of [fortification](#).

3. Intervention Opportunities

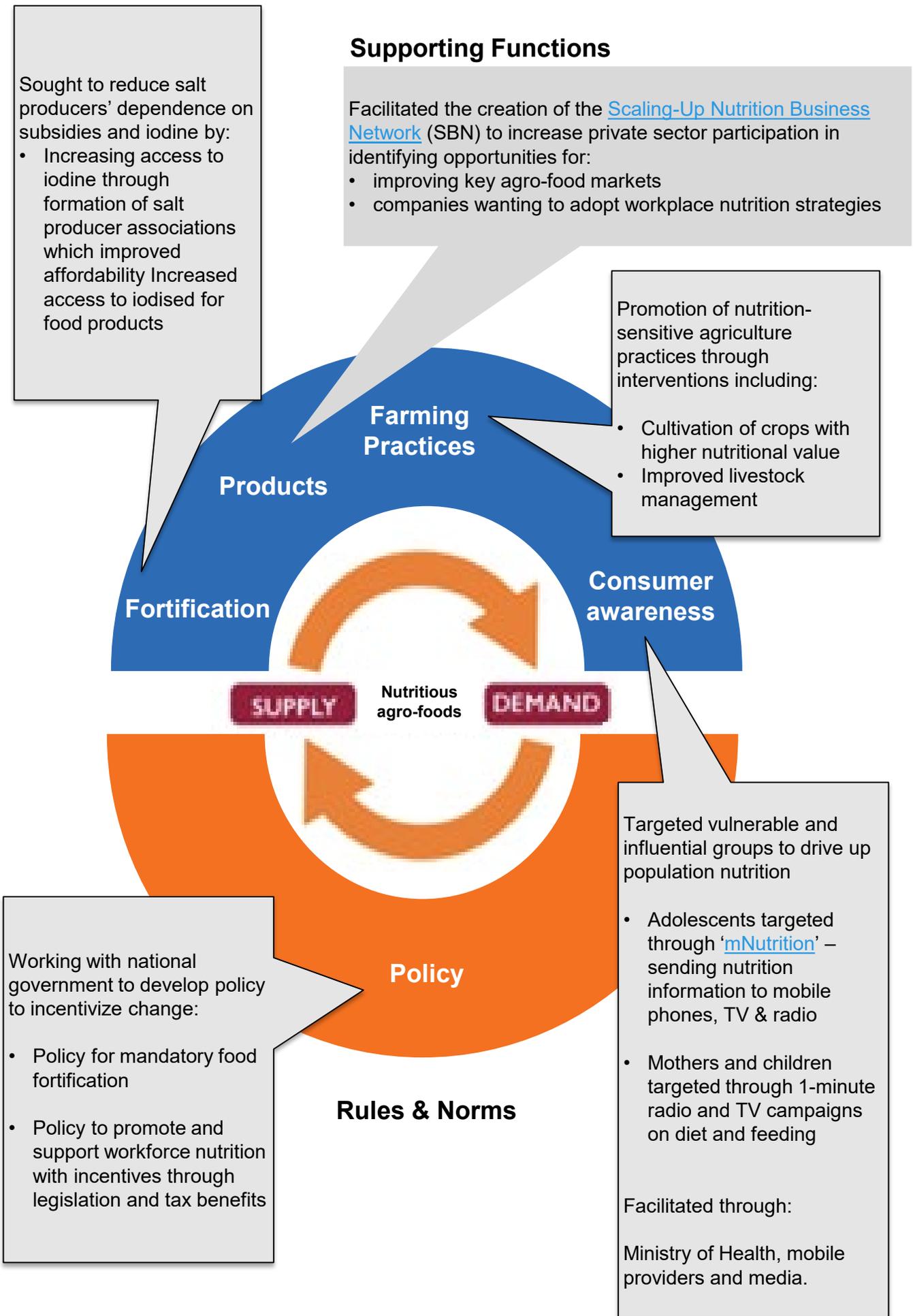
The initial market systems analysis identified the most influential factors affecting the exchange of nutritious agro-foods with the target population. This is important as there can be so many issues affecting the exchange. The broad market systems analysis was a 'short-listing' or 'finger-pointing' of where to focus further GAIN's resources in doing further research in specific intervention areas to create solutions to the constraints found.

So having identified the major influencing constraints in the market system, GAIN identified:

- i) what needed to happen to address the constraint; and then
- ii) how to incentivise that change to be delivered and financed through local market actors.

The diagram in the next slide shows the five intervention areas chosen to deliver change. Every intervention area has a comprehensive plan to design and deliver activities to achieve its outcomes. For this case study we will only focus in on the Products Intervention Area in more detail (the blue box) to see how they moved from identifying what needed to happen to address the constraint to how they did that.

3. Intervention Opportunities



3. Intervention Opportunities – Products 1

GAIN identified that there was limited availability of nutritious agro-foods in the local market for local consumers. Despite the raw materials being grown locally, the processed products were imported as the local value chain did not process locally. This was driven by the perception of low demand for such products by local consumers.

The market systems analysis identified **product constraints** as a major influencing factor inhibiting access to nutritious foods for consumers and, if improved, would have the potential to result in systemic change throughout key agro-food markets.

The Scaling Up Nutrition Business Network (SBN) was created to work with multiple agro-food suppliers to challenge this perception and increase the supply of local produce.

Part of challenging the low demand perception was identifying which nutritious agro-food markets with local raw materials had the potential to process and produce locally, rather than exporting these activities to other areas/countries.

A major agro-market with potential to redesign its value chain was the **peanut butter market**.

3. Intervention Opportunities – Products 1

What this video below....



Remember, however, that improvements in the peanut market will not happen in isolation.

All the other intervention opportunities noted on the previous slide will lead to creating a better market environment for the peanut butter market to thrive and allow access to target populations.

GAIN was simultaneously delivering 5 intervention areas at the same time. Sometimes projects will not have the resources to deliver in all areas. Later case studies will show methods for choosing where to focus when program resources are limited.

3. Intervention Opportunities – Products 2

GAIN leveraged existing, untapped and surplus market supplies in peanuts to attempt to bring local produce for local consumption.

However they needed to facilitate interventions in the peanut market system to do this using existing capacities in the system and incentivising existing market actors to shift their behaviour to try something different.

The table below helps us trace the symptoms to their causes and the interventions used to incentivise an output resulting in changes in the market system that address the initial symptom.

Symptom and Root Cause	Intervention	Output -> Outcome
Affordability – peanut butter imported only	Facilitated pilot for processing peanut butter locally. Worked with local input suppliers, equipment manufacturers and financiers to facilitate creation of processing facilities for SMEs.	Reduced cost to consumer -> Increased demand & supply
Availability – local businesses do not sell locally due to perceived low demand	Facilitated pilot sales with local businesses to gauge true not perceived demand	Proven demand from consumers -> Increased supply due to market confidence
Availability – consumers unaware of the need to diversify diets thereby keeping demand low	Facilitated marketing campaigns to increase awareness of peanuts for nutrition and affordable new products to satisfy that	Greater knowledge of nutrition and products to support that -> Increased demand from consumers leading to increased supply

3. Intervention Opportunities – Products 3

Instead of providing the target group directly with in-kind distributions of nutritious food that could improve their nutritious status until the end of the program period (thus providing a temporary, short-term solution only), the program has worked on triggering a change within the system by finding incentives for it to behave differently to stimulate improvements in the nutritious elements reaching the target group.

By understanding the existing **behaviours and capacities** of the market actors, we can design interventions accordingly to incentivise a change in behaviour in the market system and address the constraints identified on **both** the supply and demand side of the market exchange.

3. Intervention Opportunities – Products 3

Summarising this for improving access to peanut butter:

Supply Side:

A peanut aggregator or processor might have always had the **ability** to produce peanut butter from the local peanuts they collected, but they needed an **incentive** to take the risk of investing in a new production activity. They did not know if there would be demand for local peanut butter and the current way of working was okay.

The project intervention was to **prove the business opportunity** and to **share the risk** with the private sector by **the facilitation activities** (e.g. provide technical assistant, give matching-grant to reduce financial risk, help in marketing activities, create linkage with other actors,....etc).

Usually the incentive of private sector is linked with profitability, so creating a continuous significant demand on this product, will incentivize the producer to continue the production, even after the project period.

Demand Side:

For the target group (consumers), they have great incentive to buy the peanut butter because it is a nutritious food that improve their health issues, but they have limited financial **capacities**, so they need to find it with suitable price.

So producing it locally will provide them with a peanut butter with lower price than the imported one (more affordable), and will guarantee continuous demand. In addition, complementary activities such as increasing nutritional awareness through targeted policy campaigns (discussed earlier in the case study) would help increase demand too by educating consumers. Price is not the only incentive.

4. From Theory To Practice 1

In Module 1 we explored the importance of facilitation, rather than direct delivery, in ensuring the sustainability of market system changes as well as to minimize market distortion.

The way we intervene in a MSD program is as critical as understanding the market system. If we intervene directly, we are not following a MSD approach.

The previous page detailed the interventions taken in the peanut butter market but these were very general e.g. *facilitated pilot for processing peanut butter locally*. **What does that actually mean, to facilitate a pilot?**

To help understand what type of facilitation techniques are used to minimise direct NGO involvement in an intervention, the table for this case study has listed the techniques likely used to do the interventions (see orange box).

These techniques attempt to **provide visibility to and/or de-risk an opportunity** for change for any market actor. As a *rule of thumb* any pilot investments should never be fully financed by the NGO. Expectations on sharing of learning to all in the market and the sharing of costs should be made upfront. You need to know that a market actor is willing to invest / put their 'skin in the game' otherwise it is unlikely they will be motivated to continue with the behaviour change once the initial program support is over.

Some useful documents on [facilitation techniques](#) can be found here on the BEAM Exchange. This is a different set of skills for practitioners and often requires a business or policy mindset to support negotiations.

4. From Theory To Practice 1

Symptom and Root Cause	Intervention	Facilitation technique from NGO
Affordability – peanut butter imported only	<p>Facilitated pilot for processing peanut butter locally.</p> <p>Worked with local input suppliers, equipment manufacturers and financiers to facilitate creation of processing facilities for SMEs.</p>	<ul style="list-style-type: none"> • Published business case for investment in peanut butter to incentivize change (match-grants are sometimes used to encourage the private sector to engage and as a way of risk sharing) • Linked non-traditional market actors • Underwrote pilot loans from banks • Encouraged government to support less exports of peanuts
Availability – local businesses do not sell locally due to perceived low demand	Facilitated pilot sales with local businesses to gauge true not perceived demand	<ul style="list-style-type: none"> • Published business case for investment in peanut butter to incentivize change • Studied packaging and marketing needs for consumers
Availability – consumers unaware of the need to diversify diets thereby keeping demand low	Facilitated marketing campaigns to increase awareness of peanuts for nutrition and affordable new products to satisfy that	<ul style="list-style-type: none"> • Provided nutritional information to support media campaigns • Worked with government, standards agencies and local media to pay for and deliver targeted nutritional information sharing

4. From Theory To Practice 2

How do we choose which interventions to use?

Programs may identify multiple systemic constraints that need to be addressed to improve market performance to achieve outcomes. In this case study we noted that there were five intervention areas in which GAIN were focusing their activities.

Collectively, all the constraints will need to be addressed to achieve the most impact but, in reality, programs may only be able to focus on a few areas.

There may be multiple reasons for this:

- Timescales too long to realize outcomes
- Talent / skills available in the organization or to procure to deliver the interventions
- Finance required to support the intervention delivery
- Availability of appropriate market actors to adopt the system change we look to achieve with our interventions

The trick is for program managers to select the intervention areas that will achieve the most impact within the parameters of: (i) the program and (ii) the market context.

Analysis of the possible interventions should be performed in order to select which intervention to implement:

- **Feasibility** (can it be done?)
- **Relevance** (will the impact reach the target group?)
- **Scale** (is there potential for crowding in and reaching how many in the target population?) and;
- **Sustainability** (will it be sustained when we leave?)

***Crowding in** refers to other market actors adopting the new behaviours / ideas / practises that the ones you have been working with without you asking them or incentivising them to (e.g. providing them a grant or training them). They see the opportunity of investing in the change because of the outcomes it is achieving.

4. From Theory To Practice 3

Value Chain Development & MSD

For this case study we talked about how the market systems analysis directed the GAIN team to investigate opportunities for improving the value chain for peanut butter in order to address the constraints related to nutritious product access and affordability.

The difference between value chain development and MSD often creates confusion so we want to explore it a little more here.

A value chain is a model that describes the full range of activities needed to create and deliver a product or service from raw materials to the end-user.



Traditional value chain development only tends to focus on understanding the value chain for a target good or service e.g. what is happening at each stage of the value chain that could be causing an issue with the quality, cost, availability or accessibility of the product or service.

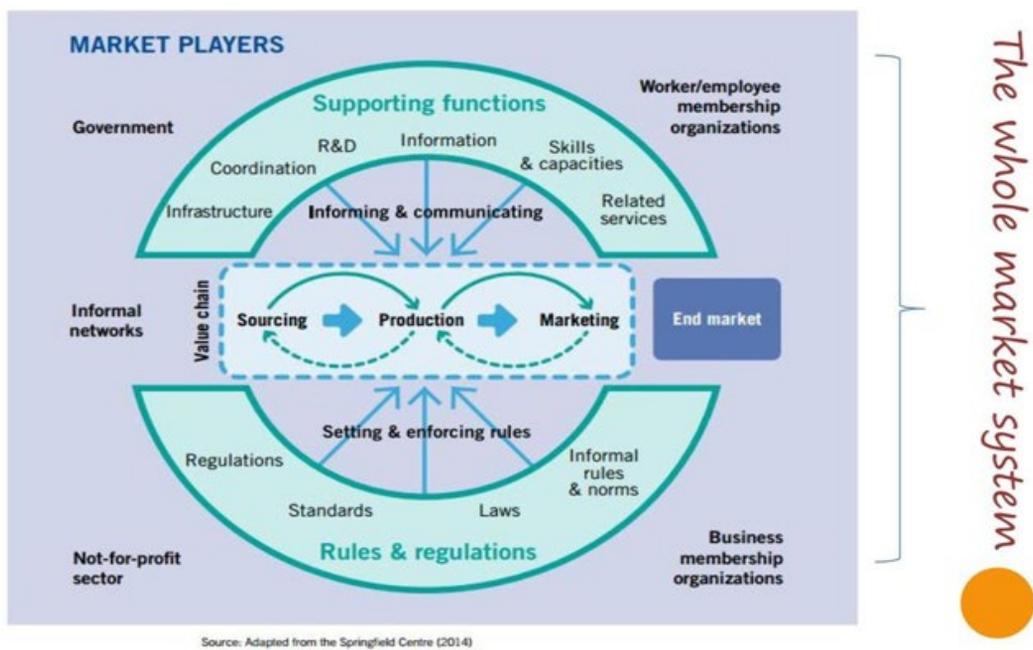
The focus is only on the process not the market system influencing each stage of the process. This may mean that we only influence on value chain at a relatively small scale rather. **This** is the difference between only looking at the value chain and a market systems development approach.

Every value chain is influenced by a market system and the market system elements (e.g. supporting functions and rules) will change as you progress along the value chain.

4. From Theory To Practice 3

Value Chain Development & MSD

Market systems approaches firstly look to understand the entire system influencing the exchange of nutritious agro-foods between suppliers and consumers, how these may influence different parts of the value chain and then deep-dive on the most influential areas impacting the market system (see diagram adapted from the Springfield Centre, 2014)



Mapping out and understanding the value chain is still an important part of the analysis because it may be that a certain part of the value chain is what is causing issues in the market – whether that be price, quality, availability and so on.

But by considering the market systems first within value chain development we do not only focus on the value chain in the beginning of our analysis; we look at all the supporting functions and rules influencing how the market functions to find the root causes of constraints.

This is what GAIN did in their case study. They conducted the market systems analysis for nutritious agro-foods first to find out what the constraints were e.g. lack of locally produced agro-food products and then did deeper value chain analysis to identify which of all the agro-food value chains had the potential to improve local production of processed agro-foods.

The [ILO video](#) helps explain this in a different way!

Section 2



Case Study 2: Mozambique DAI Program

The program identifies ways to improve smallholder farming income and overall food security.

The case study will discuss how often we work in supporting markets (in this case the seed market), not the core market (e.g. dominant farmer's food markets), to deliver food security and income outcomes to the farmer's food markets.

And if you want to learn more about this case study, go to DAI's [website](#).

1. Contextual Overview

We return to Mozambique to look at market systems development programs looking to improve food security, rather than nutrition, outcomes in the country.

We will specifically look at the **InovAgro** program implemented through SDC and DAI over a **10 year period**.

This is a three-phase program predominantly looking to improve overall food security, by improving the smallholder farmers productivity and livelihoods.

If you recall in Module 1, we discussed how we can achieve scale through supporting markets. InovAgro was able to work across **five** dominant local markets (or value chains) for smallholder farmers in the target group at the same time by using this technique. **This case study shows you how a program used this technique.**

2. Systemic Constraints

Identifying common constraints

The dominant food markets / value chains for smallholder farmers in the area were soya, pigeon pea, maize, sesame and groundnuts. The five value chains were analyzed, to find the crosscutting constraints that affect their performance affect the food security status of the target group.

After analyzing the five value chains, it was concluded the **LOW PRODUCTIVITY** is one of the common problems/symptom affected the five value chains (soya, pigeon pea, maize, sesame and groundnuts)

By addressing productivity constraints (a key issue for all markets), InovAgro could achieve greater scale and impact through multiple food markets rather than focusing on just one food market alone.

Recall this diagram from Module 1



Markets critical to target group food security	Market System Components (Common to All Markets)			
	Finance	Information	Productivity	Standards
Maize	Red	Orange	Red	Yellow
Peas	Red	Orange	Red	Yellow
Peanuts	Green	Orange	Red	Green

Farmers are suffering from the **low productivity** of their lands. In the long-run, this affects the food security status by impacting the exchange due to:

Low availability: the low productivity reduces the quantity available in markets which affect the availability negatively and could lead to increase in the market prices.

Low affordability: the lower income for farmers due to the low yield limits the affordable food options for them. Also, the low supply increases the market prices and affect the food affordability to the population in general.

2. Systemic Constraints

Which market?

Working in supporting markets

Once the DAI program identified that farming productivity was a common constraint for all five value chains it attempted to start investigating what the **root cause** of the farming productivity constraints was.

Issues affecting farming productivity can be linked to many supporting markets such as agricultural equipment, access to extension services, water availability, energy availability, seeds, seedlings, fertilizers, agricultural policy, standards etc.

Research by DAI concluded that the major influencing factor for farming productivity affecting all the value chains was **access to certified, quality seed**. This posed a huge difficulty for small scale farmers in northern and central Mozambique because of the lack of formal channels for sale and purchase of seeds.

Therefore, DAI chose to create intervention areas in Mozambique's seed market system.

The project is addressing constraints in a supporting market not the core food market(s). The seed market system was the main point of leverage to address productivity issues across all five food markets.

2. Systemic Constraints

Which market?

Techniques to choosing the right market

Addressing all the issues in every supporting market contributing to low productivity was not the best use of the DAI's program resources. As such a ranking of the different supporting markets would have been conducted to choose the right market to focus their work.

This was done by assessing the:

Relevance: ability of this market system to support the targeted vulnerable group, and its alignment with the scope of work.

Opportunity: the potential of this market system to grow and attract more actors

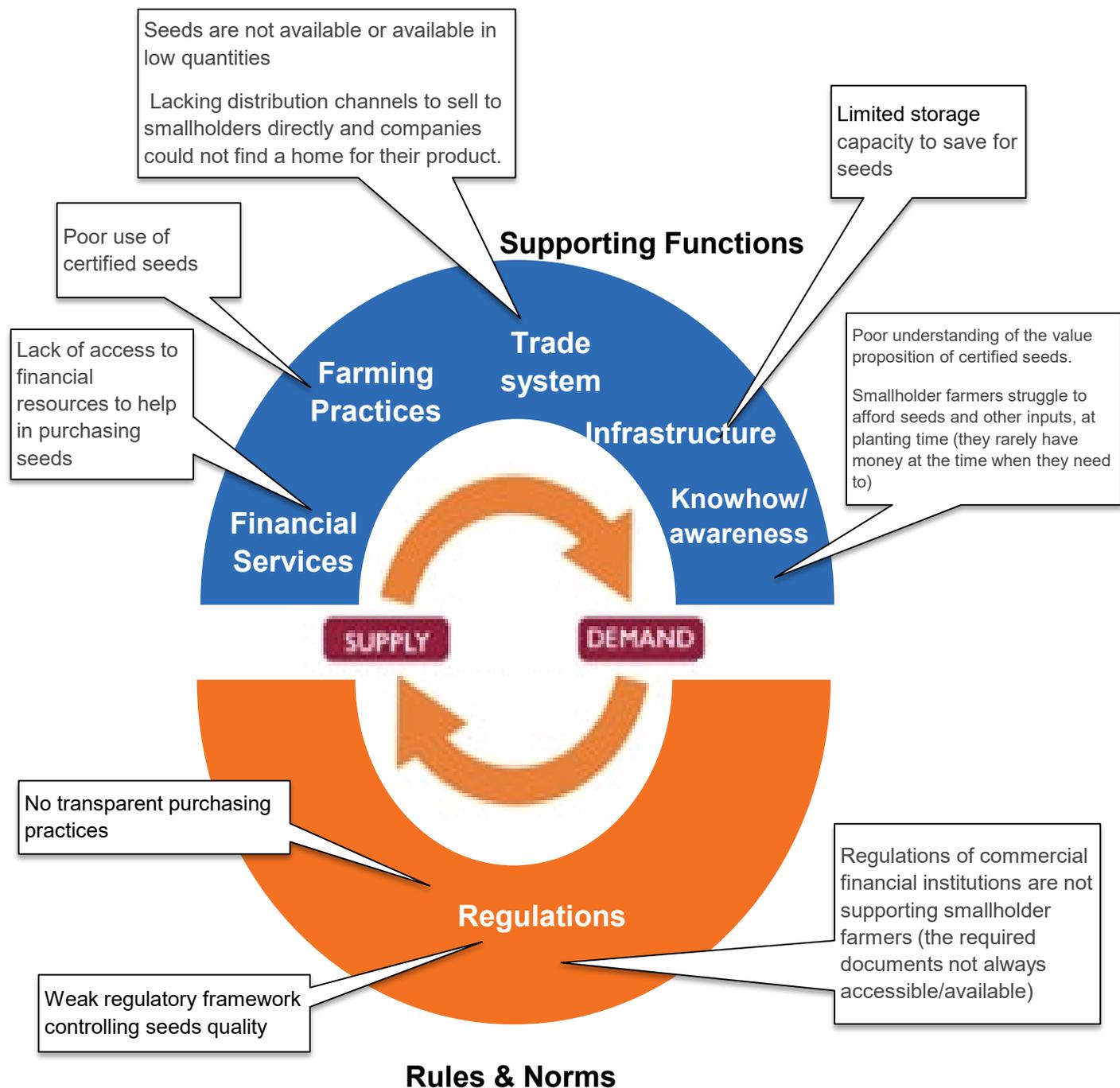
Feasibility: ability of the market system to change/develop/grow within the current external conditions

The matrix below (Springfield Centre, 2014) is just an explanatory example that could be used to prioritize market systems, and to select which market system could be the entry point for your work. It can be tailored and contextualized based on the market systems under-investigation, context and scope of work. For instance: if your scope of work is food security, you can add extra criteria about the food security pillars, to define the sectors that have the highest relevance, opportunity and feasibility of making a change in the food security status.

	POTENTIAL CRITERIA	TRAFFIC LIGHT		
		High	Med	Low
RELEVANCE	Number of poor women/men with potential to be active in the market system			
	Scope for poor women/men to improve their incomes or access basic services			
	Ability to address vulnerability and/or disadvantage			
OPPORTUNITY	Economic and/or social value of the market system			
	Previous and forecast growth of market or access trajectory of service			
	Likelihood of economic growth/service access being genuinely pro-poor			
	Apparent dynamism/robustness of the market system			
	Prospects for attracting public and/or private sector investment			
FEASIBILITY	Availability of market player 'drivers' with leverage			
	Prospects for attracting more players or services			
	Conduciveness of political economy (eg absence of conflicts, barriers to reform etc)			
	Willingness of market players to change business model/adopt new practice			
	Likelihood of distortion/inability to apply market system development principles			

2. Systemic Constraints

The market system diagram below shows a market system for the **seed market**. Envision on the demand side are all the market actors in the five food markets purchasing and using seed.



3. Intervention Opportunities

As explained in the first case study, all the constraints will need to be addressed to achieve the most impact but, in reality, programs may only be able to focus on a few areas.

*This program has focused on **three areas of constraints identified in the market system diagram on the previous page:***

Intervention	Facilitation Activities
Developing the product and services of the seed companies	<ul style="list-style-type: none">· Partnering (cost-share partnerships) with seed companies to develop new high-quality products, establish demonstration plots, provide embedded extension services to smallholder farmers, and establish distribution network for commercial seed retail.· Build linkage between the seed companies and the agro-dealers to promote their seeds to farmers.
Enhance the access of the small-scale producers (farmers) to the financial services	<ul style="list-style-type: none">· Linking smallholder farmers with formal financial markets through arranging for awareness sessions,· Introduce savings for seeds initiative through leveraging off the extensive networks of village savings and loan associations. This was done by initiate conversations and consolidate efforts, and link facilitate the reach to the farmers.
Strengthen the regulations controlling the seeds market	<ul style="list-style-type: none">· Partnering with the National Seeds Authority to activate the role of private sector seed inspectors by providing them with building capacities activities and linking them with the farmers,· Contribute to the establishment of website for regulatory information.

4. Outcomes

- **InovAgro is a three-phase program, in each phase the program has worked on higher level of outcome:**

Phase I:

- Linked a major contract farming operator with small farmers and improved access to quality seeds, resulting in an 18 percent increase in farmers' incomes.
- Facilitated the multiplication of new varieties of soya bean seed, leading to 175 tons of cheaper certified seed being sold to small farmers in the 2013-2014 season.

Phase II:

- Formed partnerships between 10 agricultural input and output companies to help 2,000 farmers find new markets.
- 4,700 farmers saved for seed and input purchases through village savings groups.

Phase III:

- 5,000 new farmers increased their incomes, bringing the program's total to 20,000 farmers helped.
- Local traders improved efficiency of transactions, leading to a 100 percent increase in purchases from farmers compared to phase II levels, valued at \$3.8 million.
- 8,000 new members joined the village saving groups and promoted a 500 percent increase in total savings for seeds and inputs from 2017 to 2018.
- Grew the [network of Fundo Agricola members](#) in 2019 by 44 percent to 17,445 members (55.3 percent women), who saved \$257,800 specifically for purchase of agricultural inputs.



Watch [this video](#) for more information about the SEED intervention...

5. From Theory to Practice 1

Scaling through Supporting Market Systems

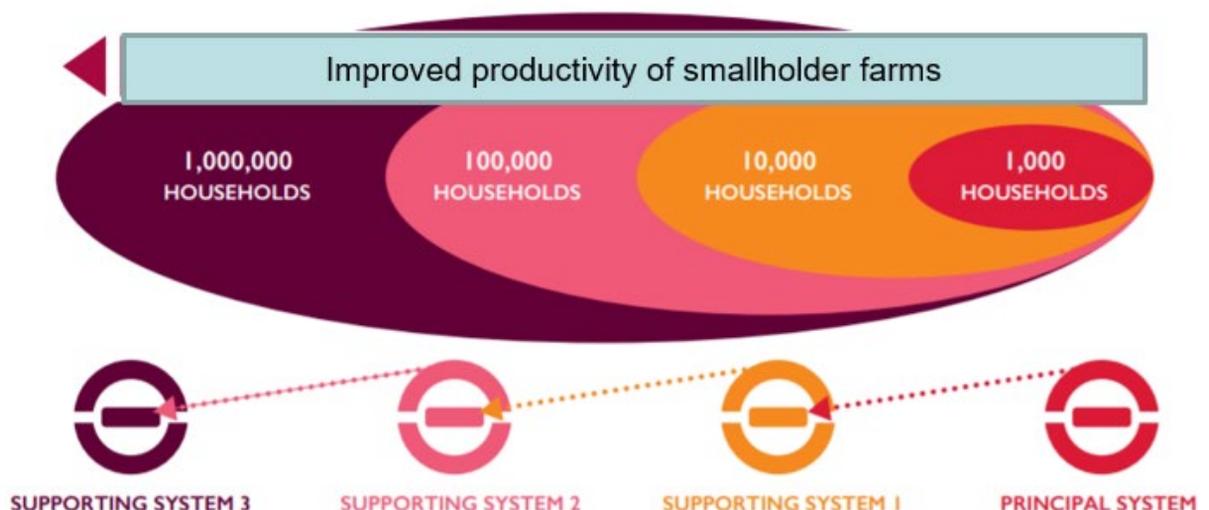
As we discussed in Module 1, sometimes stakeholders involved in MSD programs become confused at why interventions are not directly involving the target market.

This is because the systemic issues tend to be found in the **supporting functions, rules and norms** of the target market system. Each supporting function, rule and norm has its own market system influencing how it functions too.

In this case study, we found that access to quality **seeds** was the major issue affecting the productivity. The limited access to quality seed from suppliers to smallholder farmers was reducing the productivity of smallholder farms. As such the program then decided to investigate what factors were limiting access to quality seeds and develop interventions to address this.

So we moved the potential scale of the project by digging deeper to find the root causes of the problems for smallholder farmer growth we are working on a common issue in a supporting system affecting multiple value chains rather than staying stuck in the principal (or core) market system.

Being able to map how your investigation took you from your core market to intervening in a supporting market is important to measure change and explain the logic to your donors.



5. From Theory to Practice 2

Market Systems & FSN Pillars

Farmers are suffering from the **low productivity** of their lands. In the long-run, this affects the food security status. In Module 1 we noted that the FSN Pillars were similar to the performance characteristics of the market exchange.

For this case study, low productivity was causing:

Low availability: the low productivity reduces the quantity available in markets which affect the availability negatively and could lead to increase in the market prices.

Low affordability: the lower income for farmers due to the low yield limits the affordable food options for them. Also, the low supply increases the market prices and affect the food affordability to the population in general.

As a useful guide, you can generally assume that if you are experiencing any of the 'symptoms' below then a useful 'starting point' for your market system investigation should be as detailed below (click on each tab to find out more) to find the **root causes** of those symptoms.

- **Low Affordability:** you should look at the income generation activities, financial services and what are other challenges hinder the growth of financial capacities of the target group.
- **Low Usability:** you should look at the awareness, knowledge sharing and cultural perspectives.
- **Low Availability:** you should start with the supply side or trading activities if the analysis is linked with imported products.
- **Low Accessibility:** you should investigate the reasons of low accessibility, this could be linked with social, cultural, security, financial and informal norms aspects.

5. From Theory to Practice 3



When we applying the market system development approaches, we are looking forward to have systemic behavioral change across the different functions and actors of the market system. The behavioral change guarantees more sustainable impact.

During our analysis we have to think about the path of the change and how we will trigger it across the different levels of our system.

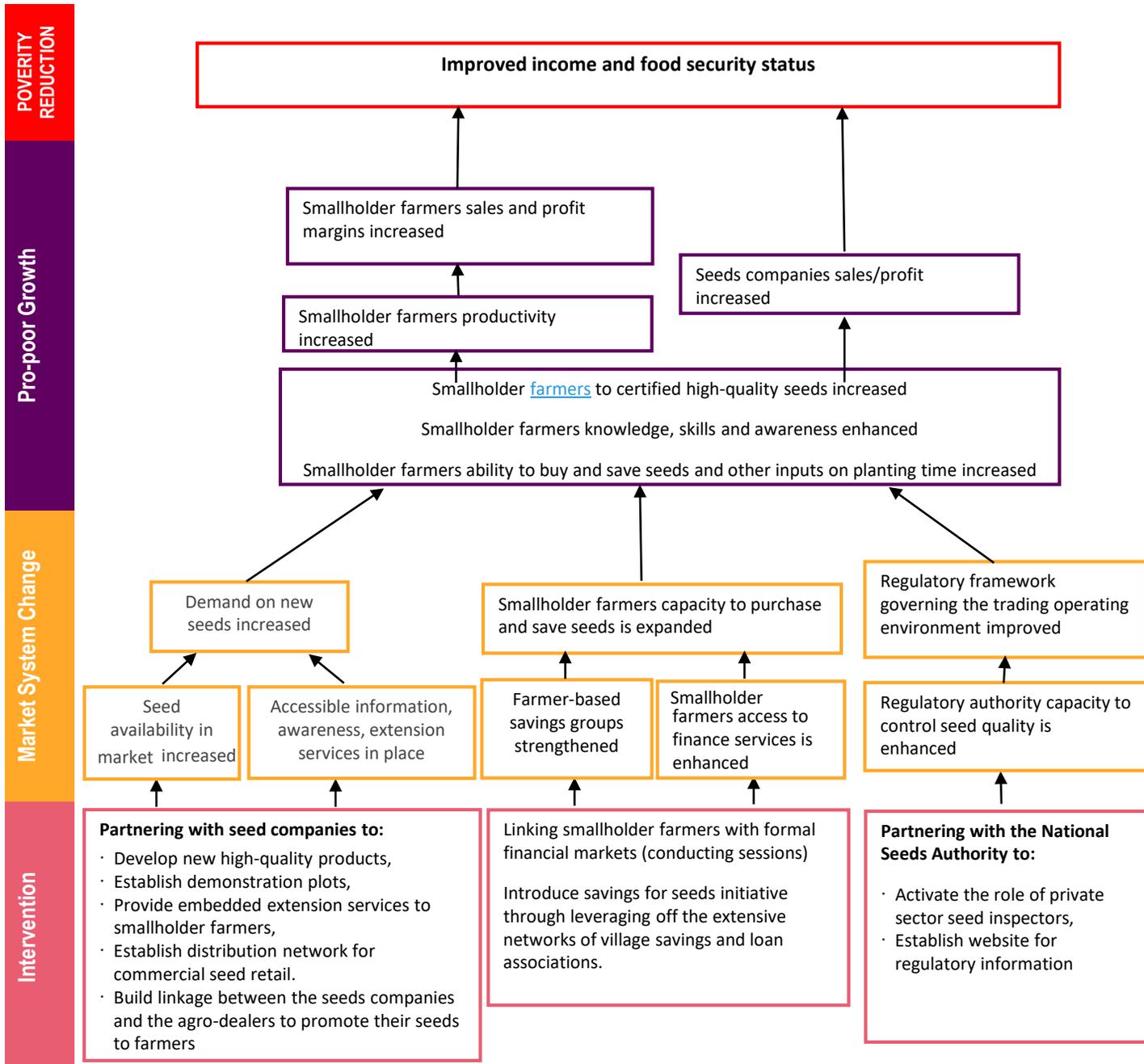
Remember, we are working on facilitation approach, so we are not intending to making a change, we are just triggering it.

Are you familiar with project **logframes**???. Do you remember how we go gradually through the output, outcome and impact levels to measure the results of our activities???

In MSD, we are doing something similar, but we are following the gradual change through the different levels.

We use **Results Chains** is a way to visualize and link the direct output of the interventions to the higher-level impact, and to see how the different actors could be affected by your intervention.

5. From Theory to Practice 3



6. Optional Further Learning

Land is one of the primary resources in agribusiness development. Having a community land delimitation certificate or an individual land leasehold is an essential step to encourage smallholder farmers to make, and safeguard, agricultural investments.

In fact, land ownership is a key constraint identified across multiple sectors when it comes to addressing investments and improvements in shelter, WASH and so on.

InovAgro brought a market systems lens to the land titling process helped to pinpoint the main market failures and to assist in the design of systemic responses to those market failures.

In addition, InovAgro monitored the impact and adaptability of COVID-19 on smallholder farmers and the supporting market system and demonstrated that the stronger market system environment helps mitigate COVID-19 impacts.

Check out the following optional readings:

- [Land Titling](#)
- [Market System Resilience](#)

Section 3



Case Study 3: Bangladesh WVI Nobo Jatra Project

The program identifies how to improve nutrition for the majority of the poor population dependent on the rice market for food security and income.

The case study will discuss will also focus on a supporting market, not the core (rice) market, to deliver nutrition outcomes. the difference in this case study is that the supporting market is a non-traditional sector for FSN practitioners of financial services.

for further information on this case study [click here.](#)

1. Contextual Overview

Nobo Jatra - meaning 'New Beginning' is a five year USAID project that seeks to improve gender equitable food security, nutrition, and resilience in southwest Bangladesh.

The project is currently on-going (2015 to 2022), and implemented by World Vision Bangladesh in South West Bangladesh with specific targeting of the most vulnerable sub-districts of Dacope and Koyra as well as the Shatikra District targeting the most vulnerable sub-districts of Shyamnagar and Kaliganj.

Agriculture is the mainstay of livelihoods of the rural Bangladeshi population. The agricultural sector is a significant contributor to the economy of Bangladesh with around 80% of the people, directly or indirectly, associated with it. Agriculture provides employment for around 48% of the work force.

The majority of the rural population are involved in staple rice production which is subjected to seasonal variations. However, due to the seasonal variation in agricultural employment and limited employment opportunities elsewhere, millions of people in Bangladesh suffer from food insecurity throughout the year. In addition, the diversity of food is limited creating nutritional issues given the dependence on rice production.

2. Systemic Constraints

Food affordability is a major issue for the target rural Bangladeshi population. Job insecurity from seasonal livelihoods result in fluctuating incomes and limited affordability of foods outside of the rice they produce.

However, investigating the root cause of the job insecurity helps us identify the root cause of why a particular constraint exists – and not just to treat its symptoms.

Recall from **Module 1** the use of the Five Why's Technique to identify the root cause of the issue being experienced in the market system.

The diagram below summarises the investigation from the symptom (food insecurity) to the root cause (limited access to appropriate financial services).

Why are the target group not eating nutritious foods?

The target group are food insecure because they cannot afford nutritious foods



Why can they not afford nutritious foods?

The financial capacity of the target group reduces due to seasonal variations in work



Why can't the target group find work all year round?

There are limited opportunities for target group to utilise their other skills for other income generation activities outside of the major livelihood – rice production – in the area



Why can't the target group access other livelihood opportunities?

The finance needed to set up these new business are not available



Why are they not available?

The formal banking structures – which are mostly commercial banks – do not see any incentive in designing products/services for the target group

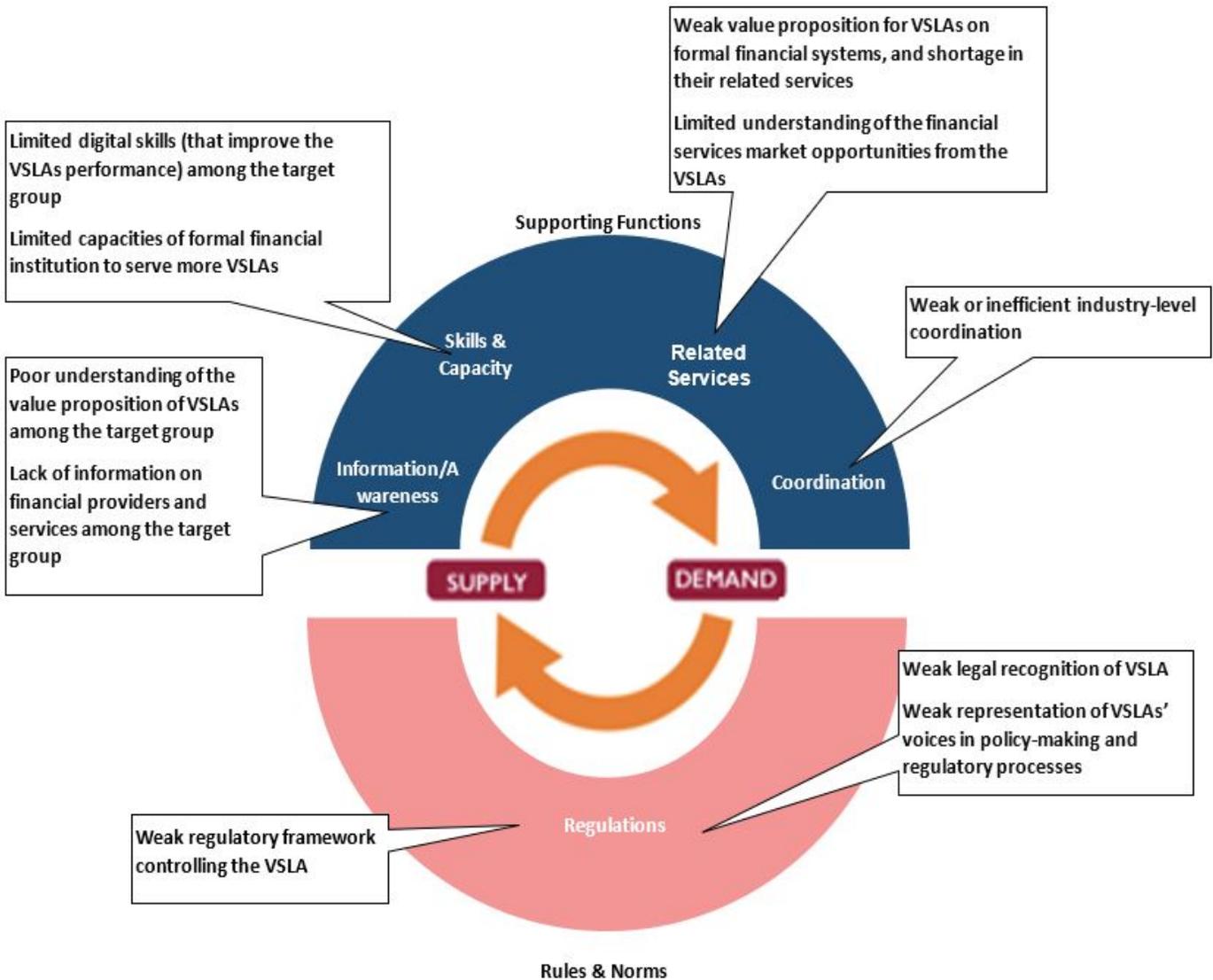
So one of the main hindering constraints affecting the food affordability is the poor access to the financial services.

2. Systemic Constraints in Financial Services

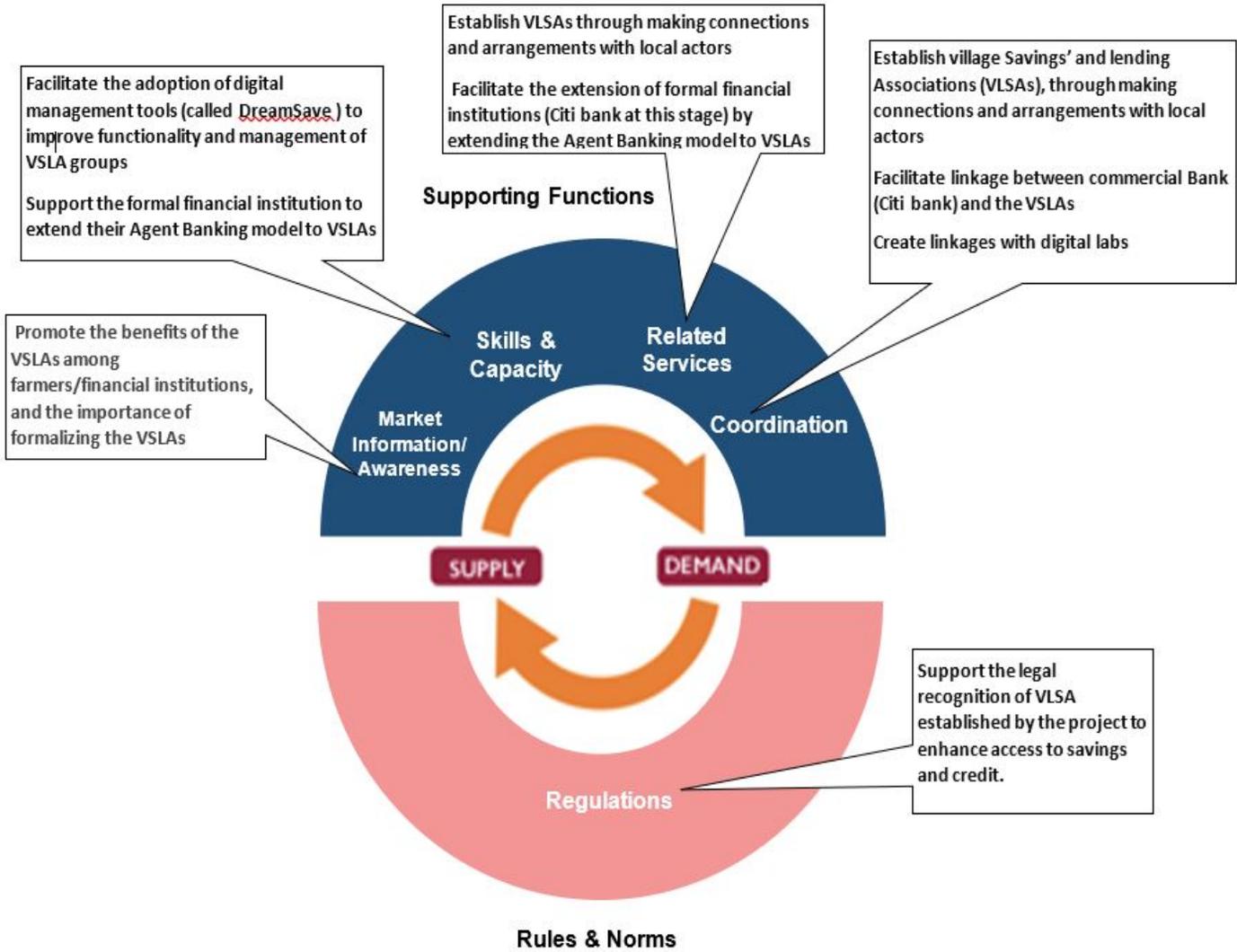
The root cause analysis showed the **supporting market** of Financial Services as the area needed for investigation to improve the livelihoods and therefore food security and nutritional status of rural Bangladeshi farmers.

We are looking at this case study to bring a familiarity to working in markets that may not be so familiar to FSN practitioners who need to be able to justify why working in non-traditional areas may be needed in some areas (and why, therefore, you may need to recruit experts outside of FSN for supporting programs).

(notes: **VSLA** stands for village Savings' and lending Associations)



3. Intervention Opportunities: Financial Inclusion System



If you are interested to learn more about applying A Market Systems Approach to Financial Inclusion, check out [these guidelines](#).

4. Outcomes

Intervention Outputs:

- 1974 VSLAs are established and facilitated to enhance operations capacity.
- 400 VSLAs adopted and using DreamSave savings group applications.
- The City Bank established 8 Agent outlets to increase outreach in remote project locations
- Other 297 VSLA groups opened accounts and started cash deposit
- The Agent Bank facilitated 184 financial literacy training to the 3032 VSLA members where disseminated information of commercial bank product, process to avail the products and changing the transaction behaviour with commercial bank.

Intervention Outcomes:

- Since 2017, Nobo Jatra has facilitated the most vulnerable, marginalized and extremely poor populations of South Bangladesh in Khulna division to access financial services through village Savings' and Loans' Association.
- In the past four years over 56,796 extremely poor farmers and micro small entrepreneurs have participated in VSLAs with an average savings of USD \$ 24 and each person has been able to access on average USD \$ 31 as a loan.
- It has been noted that a majority of the VSLA participants borrow money to invest in essential needs such as education, health, **buying food** and investment in small enterprises **such as buying seeds, fertilizer, pesticides and livestock mostly chickens, ducks and goats**, which contributed to their food security and **nutritious status**.

5. From Theory to Practice



Before talking about the results of the implemented interventions, let's keep in our mind that the facilitation interventions results need time to be witnessed clearly, because we are changing a system or a behavior.

However, there should be a way to check if we are on the right track

So we have to ask ourselves:

What are signs/signals do we look for to determine if an intervention is having its intended outcome?

MSD practitioners are sometimes using the Systemic Change Framework which helps programs determine the extent to which market players have reacted to interventions

