The results achieved by programmes that use the MSD approach

BEAM Evidence Review 2024

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The DCED is a forum for funding and inter-governmental agencies to learn about the most effective ways to create economic opportunities for the poor. The DCED supports the BEAM Exchange, a platform for knowledge exchange and learning specifically about the Market Systems Development (MSD) approach.

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The market systems development (MSD) approach seeks to reduce poverty by leveraging lasting impact at scale in markets. Where conventional aid delivery models involving heavily subsidised provision of goods and services tend to suffer from a lack of scalable, sustainable results, MSD focuses on facilitating change through existing market actors in order to drive transformation change in markets that endures long beyond the programme lifetime.

Methodology

Since 2016, the BEAM Exchange – the foremost MSD practitioner network and knowledge hub – has commissioned a series of reviews to take stock of the MSD evidence base. This latest review updates this series, incorporating 72 new evidence documents published between 2021 and 2024. Evidence was selected according to the BEAM Exchange's established screening criteria and analysed to extract findings relating to each level of the standard MSD theory of change, as well as a range of cross-cutting themes, including gender and social inclusion, decent work and employment, climate and environment, and finance and investment.

Findings

Overall, evidence published since the previous BEAM Evidence Review in 2021 remains consistent with findings of the wider evidence base to date, telling a positive story of the far-reaching and long-lasting impacts that can be delivered by programmes using a market systems development approach.

As long-running programmes mature and close, a growing number of final impact evaluations are documenting significant poverty reduction impacts for hundreds of thousands of people around the world. While still rare, a small number of ex-post evaluations, conducted several years after programmes close, point not only to sustained results, but to continued organic growth of pioneered business models and the ongoing spread of systemic change and pro-poor impacts.

Across the evidence base, agriculture programmes in Africa and Asia remain dominant. However, a growing number of programmes are demonstrating wider applications of the approach, from water conservation to financial services for refugees, to Eastern European labour markets, land reform, and women's economic empowerment.

At the same time, it is likely that the evidence base remains subject to a strong degree of publication bias, whereby success stories are selected for publication, and little evidence is publicly available on unsuccessful interventions. The existence of "failed" interventions would not detract from the positive results presented here – indeed, given the innovative, entrepreneurial ethos of MSD, it would be natural to expect more failures than successes in the average MSD portfolio. The approach may still be commendable if one success in ten MSD interventions outweighs the impact of ten "direct delivery" interventions. However, greater transparency in the full range of results delivered by MSD programmes is required to inform this judgement.

Recommendations

...for MSD practice

The main lessons for MSD practice can be summarised as follows:

- Ensure that partnership selection and business model design is geared towards win-win models where incentives align with programme goals.
- Once successful models have been proven, use complementary interventions to drive systemic change through crowding-in and replication.
- Use a flexible, adaptive approach – even if this means large-scale redesigns of programme strategy during implementation. Some of the more successful, long-running MSD programmes have evolved significantly over time before arriving at successful models.
- Where relevant, treat cross-cutting themes with the rigour that they require, avoiding "bolt-on" themes limited to simple results disaggregation:
    - In gender programming, be mindful of the deep-seated societal attitudes that serve as barriers to women's economic empowerment.
    - In jobs programming, pay attention to job quality and the "decent work" agenda, targeting systemic barriers in labour markets.
    - In environmental programming, while climate adaptation is increasingly incorporated in agriculture programmes, the MSD approach could be more widely applied in climate mitigation and conservation of biodiversity and natural resources.
    - In all of these cases, successful strategies require mainstreaming of priority themes in all programme areas, including staffing, monitoring and evaluation, and wider management systems.

...for research and evidence generation

The main priorities for further developing the evidence base are as follows:

- Address the publication bias issue by incentivising publication of lessons learned from less successful interventions, including candid reflections on what didn't work and why.
- Donors could consider funding research that specifically gathers such lessons from practitioners, potentially anonymising results in order to extract more insightful reflections.
- Donors could also consider making publication of various evidence products standard practice, regardless of the findings of the research, and providing additional resources to do so (e.g. for editing or graphic design).
- The ongoing USAID work on ex-post evaluations is commendable for its insights into which desired systemic changes did not take hold in reviewed programmes. Such findings should be amplified not as a sign of "failure", but rather as a demonstration of how honest reflections can inform future strategy.
- Address the self-reporting bias by continuing to commission more independent evaluations, with a particular focus on ex-post evaluations that examine the legacy of programmes several years after they close.
- Work to standardise reporting of value for money metrics, including consistent and transparent reporting of costs. Identify benchmarks for comparison of different delivery models.
- Increase reporting of quantitative impacts (alongside qualitative evidence) in order to better assess scale of impact and inform value for money assessments.

1. Introduction

The market systems development (MSD) approach seeks to reduce poverty by working through partnerships to facilitate lasting change at scale in the way that markets work. By avoiding distortionary subsidies and targeting the root causes - rather than symptoms - of market failure, MSD practitioners aim to generate impacts that live far beyond a programme's lifetime, at a scale that represents far greater value for money[1] than conventional aid delivery models.

However, while the conceptual merits of MSD are widely appreciated in the economic development field today, it is important to take stock of the empirical evidence for the approach to determine the extent to which MSD is delivering on its promise in reality, and to inform future programming and research. To this end, the BEAM Exchange – a dedicated MSD knowledge hub – compiles documentation on the approach on an ongoing basis, and periodically produces a synthesis of the latest evidence in its BEAM Evidence Review series (in 2016, 2017, 2019, and 2021). This latest iteration reflects on evidence produced between January 2021[2] and May 2024.

The paper proceeds as follows. Section 2 provides an overview of the MSD approach and the findings of previous evidence reviews. Section 3 outlines our methodology. Section 4 provides a summary of the nature of evidence gathered for the present review. Section 5 summarises the results achieved by MSD programmes at each level of a conventional MSD theory of change, and Section 6 examines the cross-cutting themes of employment, gender, finance, and environment. Conclusions and recommendations are provided in Section 7.

2. The market systems development approach

2.1 Rationale, principles, and theory of change

The MSD approach emerged in the early 2000's in response to criticisms of a history of development programming that had largely failed to deliver on its goals of driving lasting poverty reduction outcomes at scale. Conventional "direct delivery" aid models, where goods and services are provided for free to aid recipients, tend to create donor dependency effects, and their resource-intensive nature leaves limited potential for scaling results without vast amounts of donor funding. At the same time, the benefits of direct delivery models tend to expire once a programme ends and subsidy is removed.

By comparison, MSD seeks to leverage fundamental change in markets that lasts long beyond the lifetime of a programme, adopting a complex systems approach to facilitate change through existing market actors. Key principles include:

- Use of robust **evidence and analytics** to inform an understanding of how complex market systems function, using market mapping and diagnostics to identify the root causes of system failure with respect to development goals.
- A **facilitative, partnership-based approach**, working with existing market actors to promote innovative business models, and avoiding the distortionary effects of excessive subsidies and handouts.
- A focus on **scale and sustainability** from the outset, with a clear exit plan in place to ensure that results live well beyond the programme's lifetime.

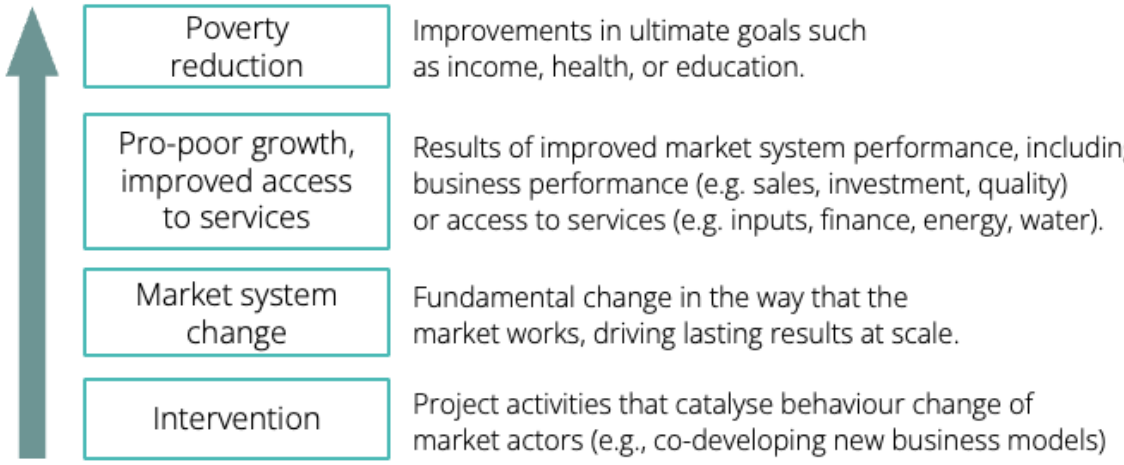
[1] Impacts per unit input.

[2] Work on the 2021 review concluded in late 2020.

- **Nimble, adaptive and innovative** programming, relying on strong market intelligence and monitoring, evaluation and learning systems to inform evidence-based adaptive management throughout the course of the programme.

The standard MSD theory of change is depicted in Figure 1. MSD interventions seek to work with partners to pilot innovative business models that have transformative potential within market systems. If successful, such models should drive market systems change, as success creates positive demonstration effects that encourage crowding-in and replication, which in turn stimulate positive responses from other market actors.

Figure 1: MSD theory of change



Ultimately, these systemic changes should lead to pro-poor growth and/or improved access to services related to the new business models and market functions. A diverse range of results could be seen at this level, from businesses having increased access to finance, technology, skills, and other inputs, to associated improved business performance in terms of product quality, sales, investment, job creation, and so forth. Alternatively, households and individual access to services could be improved through market systems approaches, increasing access to, e.g. clean water, healthcare, transport or housing[3].

Ultimately, the end goal of MSD programmes is poverty reduction, typically in the form of raising the incomes of the poor, but potentially also relating to other dimensions of poverty such as health or education.

Notably, it is the systemic change results level that sets MSD programmes apart from "direct delivery" aid models. While conventional programming can deliver poverty reduction through interventions that drive growth or improved access to services, the effects may be short-lived or on a limited scale unless fundamental, lasting change can be leveraged in the structure and dynamics of the market, and the behaviour and incentives of the actors within it.

Increasingly, MSD specialisms are being developed and applied to a range of cross-cutting themes, including decent work and employment, gender and social inclusion, finance and investment, and climate and environment. Special attention is given to these in Section 6 of the review.

[3] While MSD projects typically work with private sector partners, the principles and approach can equally be applied to working with government or nonprofit partners in pursuit of a diverse range of goals.

2.2 State of the evidence to date

Each of the previous four BEAM Evidence Reviews since 2016 have documented a largely positive picture of the results achieved by MSD programmes, with many positive examples of practitioners facilitating systemic change through innovative, market-oriented partnership work. However, multiple rounds of Evidence Reviews have also raised common caveats:

- The evidence base is subject to publication bias, whereby successful interventions are selected for publication, with little to no documentation of unsuccessful ventures.
- Most evidence is self-published by programmes, rather than by independent evaluators.
- Evidence documents often lack clarity on the methodology used (e.g. sample sizes, analytical methods, data quality, limitations), leaving questions as to the credibility of results.
- There are relatively few end-of-programme impact evaluations in the evidence, and even fewer ex-post evaluations (i.e. conducted several years after the end of the programme).
- The evidence base is overwhelmingly derived from work in the agriculture sector. While this largely reflects the focus of MSD programming globally, the approach has increasingly seen applications in other sectors.
- Limited ability to assess value for money – costs are rarely reported, and impacts are inconsistently quantified, hindering cross-programme assessments of overall value for money.

However, while these caveats point to priorities for future research and strengthening of the evidence base, they do not negate the positive stories documented on MSD practice to date. As such, it is important to consider the present review (and previous reviews) not as a comprehensive evaluation of global MSD programming, but rather as a narrative synthesis of what is possible under an MSD approach, as well as the key factors that can underpin success or failure.

3. Methodology

3.1 Selection of evidence

Evidence was gathered through two routes – an appeal to practitioner networks via email, plus identification of potential evidence sources that have been published in the BEAM Exchange resource library since the previous review, leading to 115 documents in total.

These 115 submissions were then screened according to the BEAM evidence review criteria (Annex 1). A total of 88 (77%) passed the primary screening for relevance, currency, accessibility and language. The main reason for documents failing the initial screening was that they did not provide evidence (e.g. thought pieces) or interventions were not considered sufficiently aligned with MSD principles.

The remaining 88 documents were then reviewed according to the secondary screening criteria of transparency, credibility and cogency – i.e. their demonstration of a clear and robust methodology that results in a convincing, plausible and coherent argument to explain the results achieved. Initially, only 39 passed these criteria, with many documents having insufficient details on their underlying methodologies. Follow-up with authors and programme staff to clarify the methodologies used allowed a further 33 documents to be included[4], leading to a total of 72 new documents added to the BEAM Evidence Map and reviewed in this report.

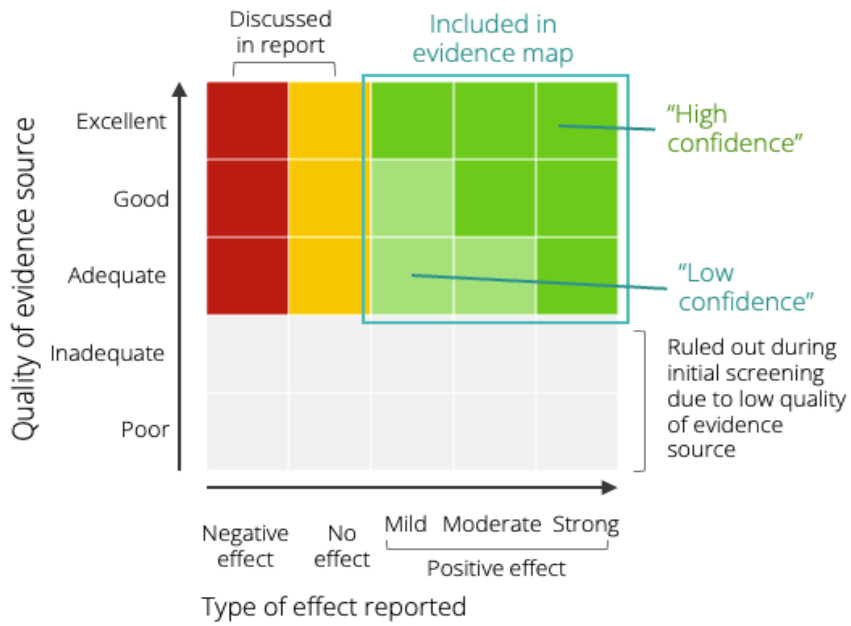
[4] In most cases, additional documents were included where use of the DCED Standard lent confidence to the quality of evidence generated even if individual documents did not provide in-depth methodological descriptions.

3.2 Analysis

Given the wide variety of evidence sources, varying underlying methodologies, and a lack of access to underlying data, detailed comparisons between programmes and results aggregation are not feasible in the present review. Instead, we take a narrative synthesis approach, seeking to extract key lessons from recent years of MSD programming. Throughout, case studies are used to illustrate the results achieved by MSD programmes at different levels of the Theory of Change, as well as across different cross-cutting themes.

Analysis was conducted using a combination of manual document coding and use of artificial intelligence (via GPT-4) to generate draft text summaries, which were subsequently reviewed and edited by the author. Overall confidence (high/low) in each document was assessed using the evidence assessment matrix in Figure 2, with each evidence source being scored according to the quality of the evidence and the type of effect reported.

Figure 2: Evidence assessment matrix[5]



Quality of evidence was assessed as follows:

- **Excellent:** Use of advanced research methods to generate robust evidence (e.g. sophisticated counterfactual methods, triangulation of multiple data sources, analysis of complex systems change elements such as feedback loops or unintended negative effects).
- **Good:** General adherence with best practice in results measurement as set out in, e.g. the DCED Standard. Sufficiently robust methodology to give confidence in overall results.
- **Adequate:** General adherence with best practice in results measurement, albeit with relatively limited data sources and/or sample sizes (e.g. light-touch case studies relying on a limited number of key informant interviews alone).
- **Inadequate:** Lacks clarity on methodology and/or underlying data quality leading to uncertainty in reported results. Fails to meet BEAM evidence screening criteria and is omitted.
- **Poor:** Low quality research methods and/or underlying data leading to lack of credibility in reported results. Fails to meet BEAM evidence screening criteria and is omitted from the study.

[5] Note that in practice, no evidence sources were found which fell into "negative effect" or "no effect" categories.

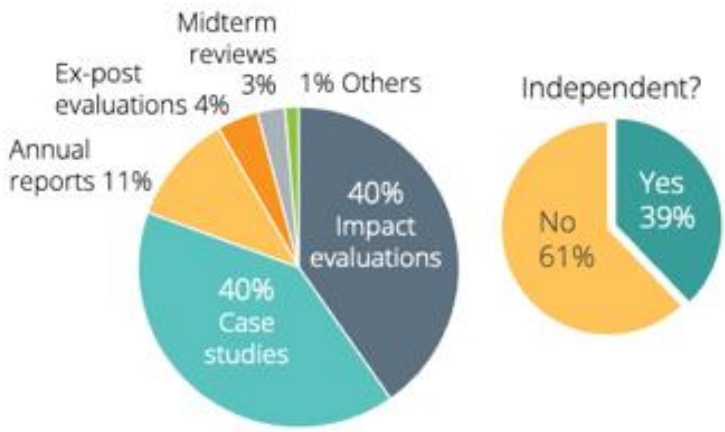
Effect types were assessed as strong, moderate, mild, neutral, negative, or "no evidence" for each of the four steps in the theory of change (intervention, systemic change, growth and access to services, poverty reduction). Each evidence source was ascribed an overall "results level" tag according to the highest results level for which evidence was provided. The "effect type" for this results level was taken as the effect type used in the assessment matrix, above[6].

4. Summary of new evidence reviewed

Evidence sources included in the review primarily included end-of-programme impact evaluations[7] (40%) and case studies (40%), as well as other internal monitoring reports such as annual reports and midterm reviews (Figure 3). Most evidence sources were produced by the underlying programmes themselves, with only around a third being the product of research conducted by independent third parties (Figure 3), raising questions around the potential for positive bias in reported (and specifically published) results (see Limitations, below).

A total of three ex-post evaluations were identified for the review, conducted via the USAID-funded Feed the Future Market Systems and Partnerships Activity (two of these are examined in detail in Box 3 and Box 6, below). These studies seek to follow up several years after the close of a given programme to assess its legacy. Given that sustainable results delivered through fundamental market systems change are at the core of MSD thinking, more resources should be dedicated to such research efforts[8].

Figure 3: Evidence source by type



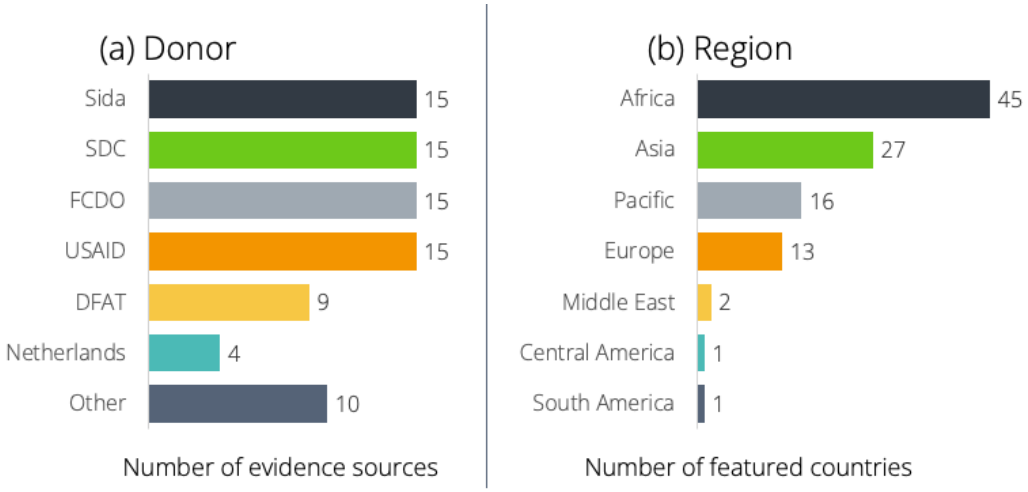
Evidence used in the review primarily came from the programmes of a handful of major donors (Sida, SDC, FCDO, USAID, and DFAT) (Figure 4a). While these leading actors have been instrumental in driving MSD thinking and programming over the years, more work is needed to generate and synthesise evidence on MSD programming from other funders.

[6] For example, if an evidence source provides at least adequate evidence for the "intervention", "systemic change", and "growth and access to services" level, but no evidence on "poverty reduction", the "results level" of that evidence source is judged to be "growth and access to services". The type of effect reported on growth and access to services is in turn used to assess confidence in the evidence source using the matrix in Figure 2.

[7] For the purposes of the present review, we broadly define an "impact evaluation" as any study that seeks to estimate the overall results of a project or intervention at the highest level of its theory of change (often household income effects) once the project or intervention is complete. Note that in some contexts, an "impact evaluation" is more strictly defined based on certain methodological requirements (e.g. experimental or quasi-experimental designs, robust counterfactual methods, detailed cost analysis).

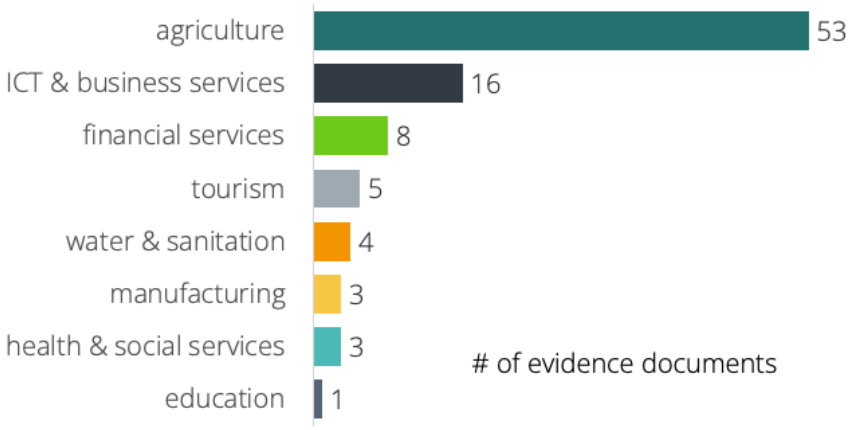
[8] A synthesis of USAID's ongoing suite of ex-post evaluations is available here: beamexchange.org/resources/1992/

Figure 4: Evidence source by donor and location



Projects in Africa and Asia unsurprisingly dominate the evidence base, broadly in line with the funding priorities of major donors, though there is also substantial representation from the Pacific (through DFAT's Market Development Facility, MDF) and Eastern Europe, through programmes such as RisiAlbania (SDC) and RECONOMY (Sida) (Figure 4b). In terms of sectoral focus, as with previous reviews, the evidence base remains dominated by the agriculture sector, which accounts for almost three quarters of programmes assessed (Figure 5).

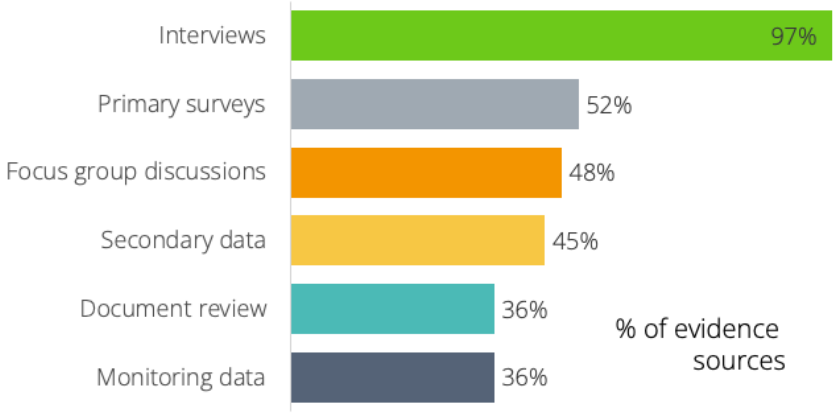
Figure 5: Evidence source by sector



Most evidence sources relied on some combination of key informant interviews, focus group discussions, and reviews of programme documents (Figure 6). Primary surveys (typically household surveys in rural agricultural settings) were also common, particularly as part of impact evaluations. Most papers sought to triangulate evidence from multiple data sources, but on the whole evidence tended to be more qualitative than quantitative.

While one data type should not be considered superior to the other, the tangible scale and nature of results can often be hard to discern from qualitative evidence alone, making judgements of programme performance, or comparison between programmes, difficult (see Value for Money (VFM) below). While the generation of rich qualitative evidence should not be discouraged, more work is needed to promote clear, standardised quantitative reporting of results.

Figure 6: Sources of data



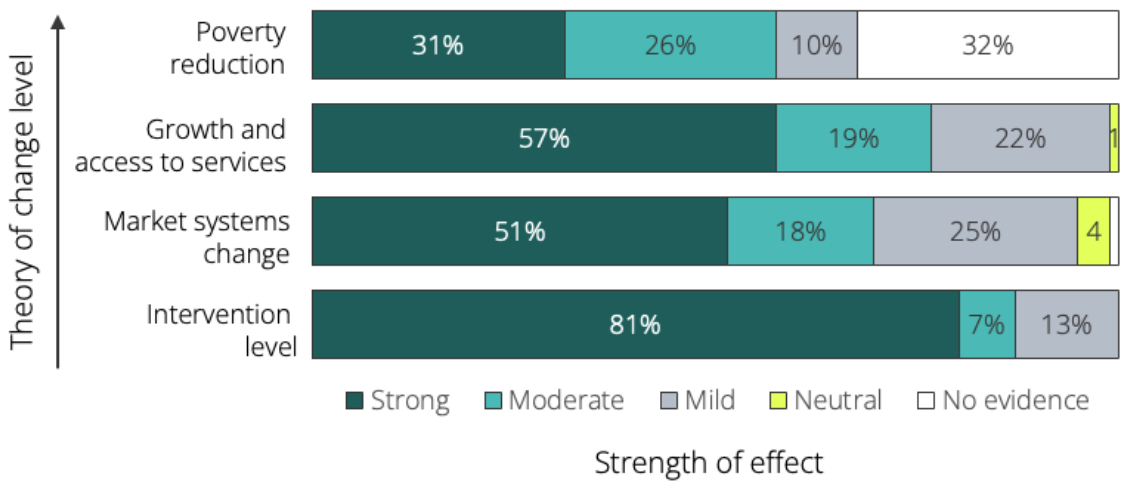
In line with past reviews, therefore, it is clear that a number of caveats regarding the evidence base remain consistent – evidence sources being largely self-published, overwhelmingly focused on the agriculture sector, lacking in reliable VFM analysis, and fairly often lacking clarity on methodological details. As MSD programmes mature and reach completion, impact evaluations are making up a greater share of the evidence base – though ex-post evaluations remain rare.

5. Results by theory of change level

Most evidence sources presented a generally positive view of MSD programming - although the availability of evidence, and strength of effects observed, declines slightly at higher levels of the TOC (Figure 7). All evidence sources presented at least mildly positive evidence of success at the intervention level, and the vast majority (80%) claim strongly positive results at this level (e.g. securing initial buy-in from partners to promoted business models).

While these positive results are encouraging, they do raise the question of possible publication bias in the evidence - i.e. the tendency not to publish evidence on "failed" interventions. Since MSD involves a level of innovation, experimentation and risk more akin to private enterprise than to conventional "direct delivery" of aid, a lower success rate of interventions may perhaps be expected than is demonstrated here. In future, more emphasis should be placed on publishing what didn't work, allowing important lessons to be documented to support the ongoing process of innovation and business model design.

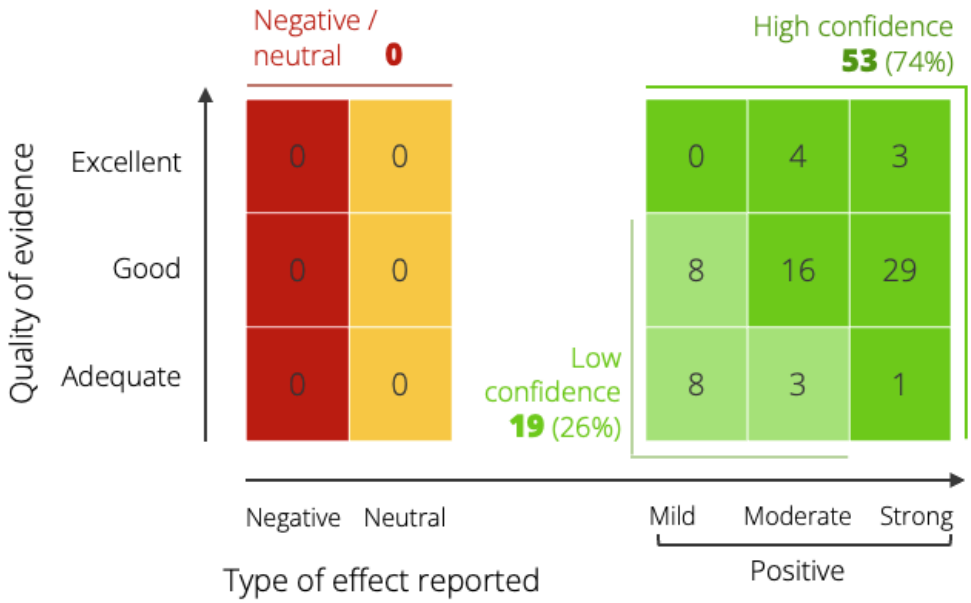
Figure 7: Results by theory of change level



Moving to the market systems change and growth and access to services TOC levels, the prevalence of "strong" positive results falls from 80% to around half, with almost a third of evidence sources finding only mild systemic change effects, or none at all. In many cases, however, this was because programmes were at an early stage of the implementation cycle, so wider systems change may not have been expected at the time of publication. One exception to this was in USAID's ex-post evaluations, which highlighted desired systemic changes that had not materialised several years after programmes closed. Overall, however, the picture remains highly positive at these levels of the TOC.

Finally, the poverty reduction level of the TOC featured the least supporting evidence – though this again was more often a factor of the nature and timing of the evidence source rather than an indication of failure (e.g. case studies of innovative business model pilots released in the early years of a programme tend not to feature evidence on poverty reduction). Among documents that sought to evaluate poverty reduction effects of MSD programmes, almost half demonstrated strong effects – often as much as doubling household incomes.

Figure 8: Evidence source confidence assessment

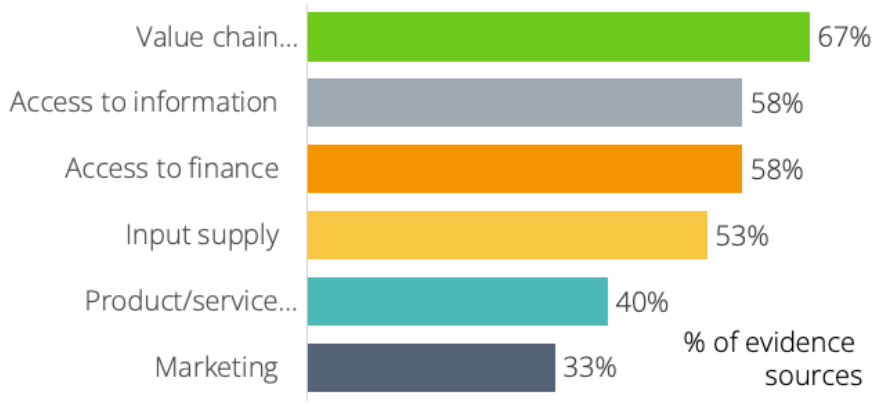


Overall, around three quarters of reviewed documents were rated as high confidence – i.e. demonstrating a combination of high-quality evidence and strongly positive results. Just over a quarter were rated as low confidence, featuring a combination of lower quality evidence and weaker results (Figure 8). While some reports acknowledged shortcomings in programme performance, none of the reviewed evidence sources fell into the overall categories of neutral or negative evidence. A closer examination of the results achieved by MSD programmes at each level of the TOC, along with examples from the evidence, is provided below.

5.1 Intervention level

Interventions covered by the review typically involved programmes partnering with local firms to co-develop and pilot innovative business models with the potential to alleviate systemic constraints that undermine the performance of the market system. Focal intervention areas included improved value chain coordination, as well as improved access to information, finance and inputs, plus improvements in product quality and marketing (Figure 9).

Figure 9: Intervention types



Key to the success of MSD interventions is an ability to identify win-win propositions whereby market actors have incentives to work together with minimal support from the programme. Where support is provided, it typically takes the form of initial de-risking of innovative models through partial, time-limited subsidies – so long as partners have some "skin in the game" to ensure buy-in and an avoidance of donor dependency, as in the case of IMSAR's (FCDO) interventions in horticultural certification services in Rwanda (Box 1).

Box 1: Horticulture certification services in Rwanda

In Rwanda, FCDO's Improving Market Systems for Agriculture in Rwanda (IMSAR) identified the high cost of product certification as a barrier to horticultural export firms accessing high-value European retail markets. To address this, the programme partnered with Control Union, an international testing and compliance company, who provided training to a cohort of local consultants who subsequently formed their own pre-audit services company, Bridge to Rise.

By hiring the services of Bridge to Rise, local exporters have reduced their compliance costs by avoiding reliance on expensive international consultants. Several exporters have gone on to achieve certification via Control Union and access new, higher-paying markets because of the services contracted from Bridge to Rise.

Crucially, IMSAR identified a win-win whereby Control Union was able to expand their business in Rwanda through the training of local consultants. IMSAR's contribution included an initial needs assessment and partial subsidies for the training courses.

Evidence document: beamexchange.org/resources/1809

Project details: beamexchange.org/practice/programme-index/306

The strongest programmes (and evidence sources) demonstrated a clear understanding of the systemic constraints that have thus far prevented the focal business model from emerging naturally in the market. As discussed in *Market systems change*, below, understanding and addressing these constraints is the key difference between a market systems approach and narrow enterprise development approaches that focus on support to individual businesses without a clear vision for how the model may be scaled and replicated. MDF's work in silage markets (Box 2) is a good example of how an initial pilot business model was supported by complementary interventions addressing systemic constraints in markets for machinery and agricultural finance.

Box 2: Silage markets in Pakistan

In Pakistan, DFAT's Market Development Facility (MDF) identified silage (a type of fodder used as feed for livestock) markets as a key intervention area to promote improved livestock productivity. The programme noted that while conventional (non-MSD) programmes had trained farmers on the benefits of silage for many years, uptake remained minimal. A key constraint to uptake was that silage was only available on the market in large bales of 300kg and upwards, which are far more expensive than smallholders are willing or able to purchase, as well as being difficult to handle without specialist equipment. MDF's goal was to bring affordable 60kg packs of silage to market.

To do this, MDF partnered with a large agricultural inputs supplier, Corteva Agriscience, who identified and trained local mid-sized farmers to become silage producers who could then sell small bales of silage to nearby smallholders. In return, Corteva was able to expand their input supply business into the focal regions via the silage entrepreneur networks.

Critical to the success of this business model was MDF's attention to the underlying constraints faced by potential silage entrepreneurs – namely a lack of access to the specific machinery (and finance for machinery) required to produce small bales of silage. To address this, MDF worked with Cattlekit, a machinery supplier, and Bank Alfalah, to pilot a model whereby Bank Alfalah would give concessional loans to farmers to purchase equipment from Cattlekit, with the concessional rates being made possible by a guarantee fund provided by Cattlekit.

Evidence document: beamexchange.org/resources/1985

Project details: beamexchange.org/practice/programme-index/308

5.2 Market systems change level

The systems change level of the TOC is the defining characteristic of MSD programming. By driving fundamental, lasting change to the way that market systems perform, MSD programmes are, in theory, able to have far wider and longer lasting impacts than conventional "direct delivery" models. Key signs of systems change include scaling and replication effects, crowding-in, and positive responses from other actors in the market system.

Assessing systems change poses a number of challenges. Systemic change effects tend to take place beyond the immediate programme partners, often emerging in unpredictable ways, making monitoring and evaluation difficult. Moreover, systemic change is often slow to materialise. While it can be more reliably assessed in long-running programmes, it can be hard to spot (or unrealistic to expect) in earlier years. Around a third of evidence documents reviewed provided mild, neutral, or no evidence on systems change – the critical step in MSD programming.

Ex-post evaluations, while still rare in the field, can shed light on the systems change question, as shown in the case of USAID-funded Feed the Future programmes Naatal Mbay in Senegal (Box 3) and ADVANCE II in Ghana (Box 4). While both of these found very encouraging results of lasting systemic change, more programmes should be subjected to follow-up evaluation work several years after the programme exits or closes.

Box 3: Naatal Mbay and the Integrated Finance Model in Senegal

Feed the Future Senegal Naatal Mbay was a USAID-funded MSD programme running from 2015 to 2019. Prior to the programme, Senegalese rice markets had been characterised by informality, a lack of trust between market actors, low product quality, and resulting import-dependence. To counter this, Naatal Mbay introduced an innovative model whereby financial service providers extend credit to both growers and processors, with loans being backed by purchase agreements with buyers, and the crop serving as collateral. Fulfilment of contracts is overseen by a third-party collateral management company, who verify the quality, quantity and value of rice produced and traded. Through this "Integrated Finance Model", trust is built between actors and access to finance increases, enabling investments in improved production and processing. This allows domestic rice to compete with imports and contributes to higher incomes.

A USAID ex-post evaluation conducted 3.5 years after the intervention found that the Integrated Finance Model had expanded to become the norm, not only across the rice value chain, but also in a range of other commodity value chains, including fertiliser, cashew, salt, sesame, and millet. The Government of Senegal has endorsed the model and made participation a requirement for access to certain subsidies. Investments in new and upgraded processing facilities continue to grow, and domestic rice is now widely considered on a par with imports, with Senegal becoming one of the only West African countries to reduce rice imports in recent years.

Evidence document: beamexchange.org/resources/1866

Across the reviewed evidence documents, reports of systemic change most often took the form of piloted business models proving successful and therefore leading to crowding-in and replication. In some cases, new ways of doing business were replicated in other markets (as with the expansion of Naatal Mbay's Integrated Finance Model from rice to other crops in Box 3). In some cases, the success of innovative business models served as a basis for influencing policy changes, creating an enabling environment for far wider rollout of systems changes, as was the case with FCDO's LIFT in Ethiopia (Box 4) and Sida's RECONOMY in North Macedonia (Box 10).

Reviewed evidence provided mixed views on the extent to which complementary interventions can be used to drive systems change beyond an initial innovation. In the case of MDF's work on silage markets, multiple additional interventions were designed to address barriers in finance and machinery markets to unlock the scaling potential of the business model (Box 2). The policy influencing work described above tends to require sustained advocacy work over time, building an evidence base with which to convince policymakers.

Box 4: Land Investment for Transformation (LIFT) in Ethiopia

In Ethiopia, the FCDO Land Investment for Transformation (LIFT) programme has worked to enhance tenure security and access to finance for millions of farmers. A binding constraint identified by the programme was the inability of farmers to use their land as collateral with formal financial institutions, forcing them to rely on extortionate informal moneylenders, and generally hampering investment in higher-productivity agriculture across rural areas.

In response, LIFT has worked to issue some 14 million second-level land certificates (SLLC), which clarify the rights of farmers to their land. It has also partnered with microfinance institutions (MFIs) to develop new loan products whereby the new SLLCs could serve as

collateral. Critical to the success of the model was securing provisions in the law that enabled the collateralisation of land. Given strict laws in Ethiopia to protect the rights of smallholders, influencing policy required a technicality that temporary land *use* rights – rather than the land itself – would serve as collateral, thereby avoiding risk of displacing farmers who are unable to pay. Having witnessed the positive impact of a pilot programme, the regional government in Amhara enacted a policy change enabling wider rollout of SLLCs as collateral.

As of 2020, multiple regional governments were drafting provisions that would enable wider rollout across the country, while the National Bank of Ethiopia formally endorsed the model. As a result, the total value of SLLC-backed loans stood at £16 million across 138 MFI branches.

Evidence document: beamexchange.org/resources/1467

Project details: beamexchange.org/practice/programme-index/107

Several programmes used awareness-raising activities to promote successful models and encourage crowding-in, while others describe more organic growth and replication effects as other actors in the system naturally respond to positive demonstration effects emerging from a pilot programme. Either way, in some cases questions remain as to whether early signs of crowding-in can be characterised as systemic change, particularly if the overall reach of the model remains limited[9]. In these cases, it is important to define the boundaries of the "system" that you are looking to influence at the outset – while a handful of enterprises may show signs of positive behaviour change (including some beyond the direct reach of the programme), more work may be needed to make this the dominant business model across the market system of interest.

In some cases, crowding-in and replication is less critical to systemic change. In the examples of SHARPE's (FCDO) work on mobile banking for refugees in Ethiopia (Box 13) and IMSAR's (FCDO) work with Equity Bank Rwanda (Box 14), we see that concerted efforts with a single (large) market actor can bring about systemic change in the way that services are delivered to very large numbers of beneficiaries.

Finally, as noted elsewhere, the evidence base features very few stories of unsuccessful interventions or lessons as to why systemic change may *not* occur. While this could be interpreted as an endorsement of MSD (and it certainly stands as encouraging evidence of what is *possible* with an MSD approach), it is also likely a result of publication bias across the field, whereby success stories are primarily chosen for publication. More work is needed to gather evidence of what *doesn't* work in order to inform future programming.

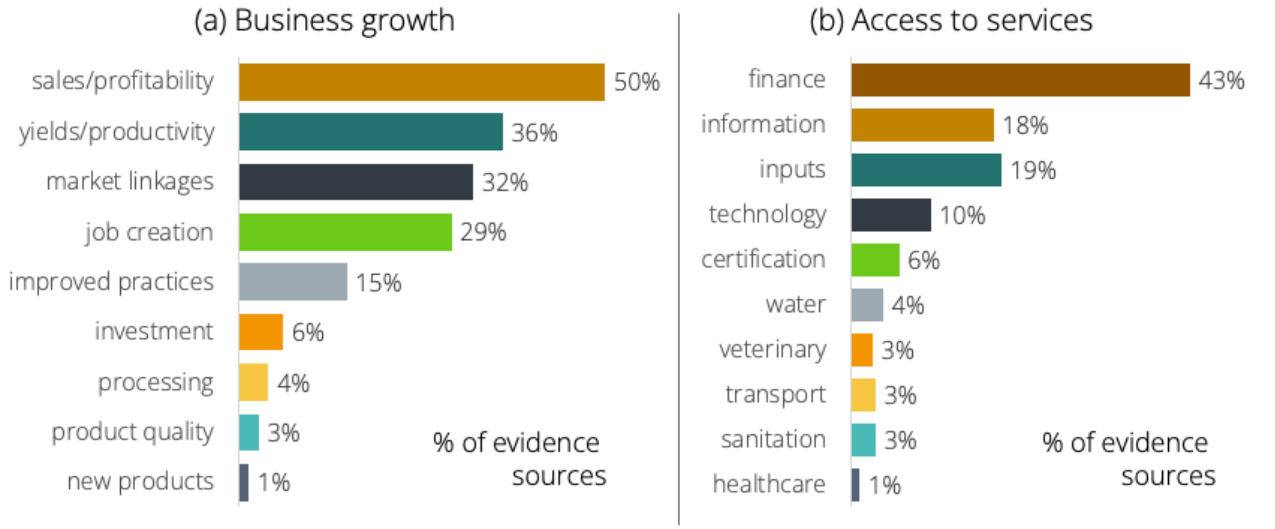
5.3 Pro-poor growth or improved access to services

The range of business growth and improved access to services reported in the reviewed evidence documents is summarised in Figure 10. More than half of documents report increased sales or profitability, with improved productivity, market linkages, job creation[10] and practices also being common. For access to services, the most commonly reported effects are smallholder farmers or small businesses gaining improved access to finance, information, inputs, or technology, though household benefits are also reported in terms of access to clean water, sanitation, and healthcare.

[9] See for example: A Pragmatic Approach to Assessing System Change beamexchange.org/resources/1334

[10] Job creation is often considered an impact – however, we consider it to be a means to an end in reducing poverty (i.e. by allowing individuals to earn more money and access improved education, healthcare, etc.), and not necessarily a poverty reduction impact in itself.

Figure 10: Growth and access to services effects



As the examples in Box 5 and Box 6 show, successful interventions that lead to systemic change in the market through the introduction and scaling of successful business models can have powerful lasting effects on growth and access to services. If enduring, commercially viable solutions can be found, the results can reach tens of thousands of beneficiaries over wide geographic areas, with potential for organic expansion well beyond a programme's lifetime and original focal sector or geography, as scaling and replication effects take hold.

Box 5: Lessons from ten years of InovAgro

Established in Northern Mozambique in 2010, SDC's InovAgro ran for ten years, seeking to better integrate smallholder farmers in agricultural market systems and improve their access to services including information, finance, inputs. The journey of InovAgro points to the importance of adaptive management in MSD programming. The first three years of the programme focused on efforts to work with large commodity buyers with a vision of buyers providing a range of services to smallholder suppliers. However, the approach was unsuccessful as the large buyers incentives to support smallholders proved insufficient.

From 2014 onwards, the programme pivoted to an approach targeting smaller-scale market actors in closer proximity to smallholders in Northern Mozambique, including seed companies, local "commodity aggregator traders" (CATs), and village savings and loans associations (VSLAs). By building market linkages and supporting win-win business models, the programme was able to facilitate a widespread network of seed retailers, traders who could bridge smallholders to larger buyers, and a dedicated savings windows for input purchases within existing VSLAs.

By 2020, the programme had reached over 37,700 farmers. Seed sales stood at over 800 tonnes per year, CAT purchases reached US$10 million and 22,000 tonnes, and over 19,000 VSLA members purchased almost US$100,000 of seed via the dedicated Fundo Agricolá model. While delivery of these results took many years and several strategic redesigns, the far-reaching and commercially sustainable business relationships in place at the end of the programme should continue to serve smallholders across the region for years to come.

Evidence document: beamexchange.org/resources/1822

Project details: beamexchange.org/practice/programme-index/278

A key question remains as to the extent to which these effects can be considered pro-poor. Typically, the "pro-poor" nature of results is implied in reports – for example, programmes working with smallholder farmers in rural sub-Saharan Africa are often assumed to be largely benefiting people who are living in – or close to – "poverty". However, the evidence sources reviewed feature little in the way of disaggregation of results according to poverty level, or analysis of precisely who is accessing services or benefiting from growth. Since MSD is predicated on partnership work with existing market actors, there is a risk that benefits may disproportionately accrue to those with the resources to participate in promoted business models, ultimately leaving questions as to whether the "poor" – or indeed the "poorest of the poor", as stressed by some donors – are sharing in the results. Further research is needed on this issue.

Box 6: Outgrower businesses in Northern Ghana

The USAID-funded Feed the Future Ghana Agricultural Development and Value Chain Enhancement (ADVANCE) II activity supported 193 lead farmers to set up "Outgrower Businesses" (OBs) to provide inputs and services to other farmers in the surrounding area. At the close of the programme, 91% of the supported OB farmers were using advanced practices and inputs themselves, while providing information, inputs, and mechanisation on a commercial basis to some 42,000 local farmers.

An ex-post evaluation published in 2024, three years after the close of ADVANCE II, found that the OB model had continued to grow after the end of the programme. Farmers accessing services grew by 37% over the period, while input suppliers and agro-dealers have seen their revenues grow as a result of working with OBs and have further expanded their distribution networks in the region. Buyers and processors spoke positively about relationships with OBs and the quality of grains being supplied from Ghana's northern region.

Evidence document: beamexchange.org/resources/1959

5.4 Poverty reduction level

Poverty reduction, the ultimate goal of MSD programming, is typically reported in the evidence base as increased incomes for poor households. Consistent with the potential for large-scale business growth and improved access to services described above, many MSD programmes report poverty reduction impacts reaching tens if not hundreds of thousands of individuals. This is illustrated in the example of FCDO's Improving Market Systems for Agriculture in Rwanda (IMSAR) (Box 7) below.

Box 7: Improving Market Systems for Agriculture in Rwanda (IMSAR)

FCDO's Improving Market Systems for Agriculture in Rwanda (IMSAR) ran from 2018-22, seeking to support smallholder agriculture through improved access to inputs, finance, and aggregation, facilitated through a range of MSD interventions working with private sector partners. In just four years (shorter than most MSD programmes), IMSAR delivered an impressive array of results, facilitating over £5 million in investment and £9 million in sales, creating 1,374 jobs, and raising incomes for 111,721 rural households by a total of £6.9 million, with a strong focus on women's economic empowerment throughout.

Evidence document: beamexchange.org/resources/1806

Project details: beamexchange.org/practice/programme-index/306

Beyond these case studies, the latest evidence reviewed for this report features a range of positive impact stories:

- Market Development Facility (MDF) (DFAT) reached 450,185 beneficiaries and generated US$166 million in net attributable income by 2023.
- Feed the Future Bangladesh Rice and Diversified Crops (RDC) (USAID) generated US$378 million in additional income.
- Feed the Future Mozambique Agricultural Innovations Activity (Inova) (USAID) raised 85,000 farmers' incomes by 115% to 300%.
- InovAgro (SDC) raised incomes of 37,786 farmers by US$34 million.
- Alliances Lesser Caucasus Programme (ALCP) (SDC/DFAT) generated US$6.7 million in milk sales from 25,000 farmers to 41 partner enterprises, created 300 jobs paying US$1.8 million in salaries, and generated US$7.2 million in net attributable income.
- Alliances Lesser Caucasus Programme 2 (ALCP2) (SDC/ADA/Sida) generated 5 million Georgian Lari (US$1.8 million) for supported beekeepers.

5.5 Value for money

In most cases, an assessment of value for money in MSD programmes was not possible, given limited and inconsistent reporting of costs and quantified results. This is particularly problematic for the large number of evidence sources that focus on specific interventions that sit within wider programmes. Such studies typically document success stories, which in isolation may comfortably justify the funds invested in them. However, it is usually unknown how many unsuccessful interventions were carried out for every success story, and what the broader cost effectiveness implications of this are for MSD programmes as a whole.

Despite these limitations, Table 1 presents data on household income effects and cost-per-household of programme delivery from the final evaluation of three MSD programmes for which comparable cost and benefit data were available - Commercial Agriculture for Smallholders and Agribusiness (CASA), Improving Market Systems for Agriculture in Rwanda (IMSAR), and More Income Generated for Poor Farmers in Indonesia (MORINGA).

On average, across over half a million beneficiary households, these programmes delivered annual income increases of US$213 per household. While the significance of this varies by context, it potentially amounts to a 10% increase in household income relative to the UN International Poverty Line of $2.15 per day and an average household size of five in low-income countries[11]. While modest in absolute terms, such an increase is potentially transformative in lifting rural agricultural households out of poverty.

On the cost side of the equation, the average cost-per-beneficiary household was US$230. The final column in Table 1 uses the number of years of benefits required to recoup this up-front cost as an indicative measure of VFM, finding that on average, a single year of income gains more than justifies the cost of intervention.

[11] Based on UN statistics https://unstats.un.org/sdgs/metadata/files/Metadata-01-01-01a.pdf

Table 1: Value for money in three MSD programme evaluations

		Benefits		Costs	VFM
Project	Country	Additional annual household income	Number of households	Cost per household	Years to break even
CASA (FCDO)	Malawi, Nepal, Rwanda, Ethiopia, Uganda	$ 256	293,694	$ 292	1.1
IMSAR (FCDO)	Rwanda	$ 80	111,721	$ 72	0.9
MORINGA (DFAT)	Indonesia	$ 441	9,640	$ 161	0.4
Average		**$ 213**	**138,352**	**$ 230**	**1.1**

However, if these programmes are successful in delivering sustained income increases through lasting systemic change in the market, the VFM proposition is far more convincing. While a comprehensive cost-benefit analysis is beyond the scope of this review, extrapolating the average income gains twenty years into the future and applying a 12% discount rate yields benefit-to-cost ratios of roughly 7-to-1[12]. Even a more conservative 10-year outlook and 20% discount rate yields a benefit-to-cost ratio of almost 4-to-1. While this result makes a strong case for the MSD approach, more work is needed to verify the VFM case, including:

- Comparison of MSD VFM metrics with benchmarks from other aid delivery models.
- Increased use of ex-post evaluations to verify how far into the future benefits are sustained.
- More transparent cost reporting to ensure that all relevant costs are being captured.
- Increased consistency in cost and benefit reporting to allow conclusions to be drawn from a larger sample of MSD programmes.

[12]Cost-benefit analysis compares the net present value of a stream of costs and benefits over multiple years to assess value for money. Net present values are calculated using a discount rate, which places reduced emphasis on values in the future relative to today, reflecting a general time preference for payoffs sooner rather than later. USAID recommends using a 12% discount rate in development programming. Discounting a 20-year stream of US$213 benefits (totalling $4,258) at 12% gives a net present value of $1,590, compared to $230 up-front cost.

6. Results by cross-cutting theme

The cross-cutting themes featured in reviewed evidence are summarised in Figure 12. The four most prevalent themes – decent work and employment, gender and social inclusion, finance and investment, and climate and environment – are examined in more detail in the following sections.

Figure 12: Cross-cutting themes

6.1 Decent work and employment

Decent work and employment was a cross-cutting theme present in around a quarter of evidence sources reviewed. The strongest evidence of programmes seeking to directly address labour market constraints came from Eastern Europe and the Caucasus, such as Enhancing Youth Employment (SDC; Box 8), RECONOMY (Sida; Box 9), and RisiAlbania (SDC), who focused on a range of market functions relating to job seeking, skills development, entrepreneur services, and labour laws.

Box 8: Online job matching portals in Kosovo

SDC's EYE (Enhancing Youth Employment) programme in Kosovo facilitated the transformation from traditional job matching services to digital platforms. In phase one (2013-2016), EYE connected emerging private job matching service providers in Kosovo with a provider from Bosnia and Herzegovina to transfer know-how and business models. EYE provided co-sharing grants to two market players to upgrade their ICT infrastructure and enhance service accessibility. In phase two (2017-2020), the programme aimed to expand services and supported job matching models for vulnerable groups in Roma, Ashkali, and Egyptian communities. In phase three (2021-2024), EYE focused on advancing online platforms and promoting cooperation between private job matching services and the Ministry of Labour.

As a result, it is estimated that over 10,000 jobs have been created, as online job matching platforms increasingly become the norm across the country, suggesting lasting systemic change in support of ongoing job creation.

Evidence document: beamexchange.org/resources/1897

Project details: beamexchange.org/practice/programme-index/311

By contrast, in programmes across the Global South, job creation was primarily treated as a biproduct of other interventions (e.g. agribusiness processing jobs created as a result of wider interventions in crop market systems). In these cases, as well as more generally across the reviewed documents, there is little evidence on the "decent" work agenda specifically. While it is clear that MSD is applicable in

labour markets generally, more evidence would be helpful on how the quality of jobs can be assured and promoted, particularly in countries with less developed labour protections and a higher prevalence of relatively high-risk manual labour.

Box 9: Promoting freelance work in North Macedonia

In North Macedonia, RECONOMY (Sida) has taken a market systems approach to promoting freelance employment, motivated by global trends towards remote and independent working following the COVID-19 pandemic. Various systemic constraints were identified, including a lack of awareness about freelance opportunities, a lack of access to finance for freelancers, and a suboptimal policy environment.

To address this, RECONOMY has worked with private training providers to develop modules aimed at building freelancing skills, while raising awareness through a series of events and mentoring programmes. At the same time, the programme is working with ProCredit Bank to provide tailored services to freelancers, and with the Ministry of Labour and Social Policy to develop an online platform through which freelancers can make contributions to their health and pension benefits. More time is needed before the full impact of the interventions can be appraised, but the systemic approach taken has the potential to benefit large numbers of workers across North Macedonia.

Evidence document: beamexchange.org/resources/1857

Project details: beamexchange.org/practice/programme-index/319

6.2 Gender and social inclusion

As with the decent work and employment theme, treatment of gender and social inclusion varies across the evidence base, with a handful of programmes pursuing women's economic empowerment as a core mission (see, e.g. Sida's Women in Business in Box 10), while many others include a focus on gender within wider programming.

In several cases, this still involves little more than disaggregating results by gender, with limited attempt to use MSD to target the specific constraints faced by women in focal markets. While the evidence base provides few answers as to how MSD can address this, the case of Women in Business' work on gender-responsive media in Mozambique serves as an innovative example of using a market systems approach to influence deep-seated societal attitudes towards women (Box 10).

Box 10: Women's economic empowerment through gender-responsive media

In Mozambique, the Women in Business programme (Sida) aimed to economically empower women through gender-responsive media. Key interventions included developing and broadcasting media content tailored for women entrepreneurs, such as TV shows, radio programmes, and interactive voice response (IVR) services. The programme partnered with local media companies including TV Sucesso, Anima, Panavideo, and TV Miramar. Specific activities included co-designing content, training media partners, and supporting the production of shows that highlight women's entrepreneurship and business skills. For example, the TV show "Clínica de Negócios" on TV Sucesso featured female micro-entrepreneurs and business experts discussing topics such as stock management and financial literacy. Media partners adopted the promoted models, increasingly integrating gender-responsive content into their programming.

By targeting gender-responsive systemic change in the media, the programme has been able to reach some 450,000 women across the country. As a result, it is estimated that some 56,000 women adopted improved business practices, 25,000 women gained greater control over household income and savings, and 28,000 men developed improved attitudes relating to gender norms.

Evidence document: beamexchange.org/resources/1800

Project details: beamexchange.org/practice/programme-index/304

6.3 Finance and investment

Access to finance featured prominently across the evidence documents reviewed, primarily in the context of navigating the constraints of high risk, uncertainty, and transaction costs of finance for smallholder agriculture across the Global South. Solutions in this regard were often layered into wider value chain coordination efforts, as with USAID-funded Feed the Future Senegal Naatal Mbay's Integrated Finance Model (Box 3) or the Feed the Future Bangladesh Rice and Diversified Crops activity. Successful interventions typically related to adaptations of proven models in microfinance, mobile banking, value chain finance, and village savings and loans associations (see, e.g. InovAgro's Fundo Agricola in Box 5).

Elsewhere, standout business models included SHARPE's (FCDO) work to extend mobile banking to refugee populations in Ethiopia (Box 11), LIFT's (FCDO) work to transform the use of land rights as collateral (Box 4), and IMSAR's (FCDO) work with Equity Bank Rwanda to promote improved access to finance in agriculture with one of the country's leading commercial banks (Box 12).

Box 11: Expanding mobile banking to refugees in Ethiopia

FCDO's SHARPE (Strengthening Host and Refugee Populations in Ethiopia) programme implemented interventions to promote digital financial services in refugee and host communities in three areas of Ethiopia – Jijiga, Dollo Ado, and Gambella, taking advantage of new legislation permitting refugee access to phone and banking services in the country. SHARPE partnered with Shabelle Bank to onboard customers, agents and merchants to the bank's pre-existing HelloCash mobile money platform. Activities included door-to-door visits by Know Your Customer (KYC) officers, distribution of promotional materials, public meetings, and advertisements through TV, radio and billboards.

The programme specifically targeted small businesses to become mobile money agents and signed up merchants to accept HelloCash. During the intervention period (August 2020 to November 2022), over 75,000 individuals enrolled in HelloCash. By facilitating Shabelle Bank's expansion into refugee areas, it is hoped that financial services can be scaled and sustained for these vulnerable populations.

Evidence document: beamexchange.org/resources/1884

Project details: beamexchange.org/practice/programme-index/312

Box 12: Increasing agricultural finance with Equity Bank Rwanda

Having identified limited access to finance as a critical constraint in the Rwandan agricultural sector, FCDO's Improving Market Systems for Agriculture in Rwanda (IMSAR) partnered with Equity Bank Rwanda (EBR) to develop new financial solutions for farmers. Four categories of financial products were developed: commercial agriculture working capital loans, investment loans, agriculture-funded trade finance facilities, and non-funded trade finance products. Training and coaching was provided to EBR staff to improve their ability to serve the agriculture sector, while a shift from individual lending to value chain finance was encouraged.

As a result of IMSAR's support, EBR hired four agricultural loan officers and increased their agricultural lending portfolio by 17% to £2.5 million. Lending to six farmer cooperatives has allowed inputs to be provided on credit to some 18,000 smallholder farmers who have raised their yields and incomes as a result, with rice yields rising by 118%. 16 agribusiness accessed loans totalling £2.4 million and were subsequently able to expand their operations and increase sales. Finally, EBR's overall agricultural portfolio is performing well, with a non-performing loan rate of just 1.6% - well below the bank's limit of 5%.

By facilitating an expansion of EBR's activities into a range of tailored agricultural financial services, and proving their commercial viability, it is likely that access to finance will grow to reach many more agribusinesses, cooperatives and smallholders in the coming years.

Evidence document: beamexchange.org/resources/1808

Project details: beamexchange.org/practice/programme-index/306

6.4 Climate and environment

While climate change and biodiversity loss are increasingly becoming central themes in global sustainable development, they most commonly appear in the MSD evidence base through efforts to integrate climate resilience and adaptation into agricultural programming across the Global South. These typically include interventions such as the promotion of climate resilient inputs (e.g. drought-tolerant seeds) and climate-smart agricultural practices (e.g. intercropping with trees).

Despite climate mitigation programming being widespread in the development field (such as work on renewable energy, forestry, and green infrastructure), there was little evidence of market systems approaches to such issues in the documents reviewed. Similarly, there is little evidence yet of MSD being used to address environmental issues beyond climate change, such as conservation of biodiversity and natural resources. The case of USAID's Water Innovations Technologies programme in Jordan is a rare example, with a market systems approach being used to conserve water through the promotion of water saving technologies (Box 13).

While climate and environmental concerns are yet to be mainstreamed in MSD programming, the case of DFAT's MDF – one of the largest and longest-running MSD programmes to date – is a positive example of an MSD programme making climate change a priority and building it into all areas of their work (Box 14). Crucially, the case of MDF demonstrates how incorporating climate change into programme strategy requires substantial modifications to programme management systems, from staffing and team structure, to monitoring and evaluation systems, to communications and outreach work.

Box 13: A market systems approach to water conservation in Jordan

USAID's Water Innovation Technologies (WIT) programme in Jordan focused on promoting the sustainable adoption of water-saving technologies (WSTs) and practices among farmers and households. The programme worked with key partners, including the International Center for Biosaline Agriculture, the International Water Management Institute, the Jordan River Foundation, and the Royal Scientific Society. Specific interventions included improving marketing strategies for WST suppliers, training journalists and media staff on water conservation issues, and providing financial incentives through an Investment Fund to encourage innovation among WST suppliers.

These interventions resulted in the optimisation of over 2,000 hectares of farmland and savings of 24 million cubic meters (MCM) of water in the agricultural sector, which represents almost 10% of all underground water consumed by the sector in 2017. The adoption rate of WSTs by farmers increased significantly, with farmers who invested in WSTs seeing a rate of return of around 450%. Many partners indicated their intention to continue using the promoted models beyond the programme's support, with water savings forecast to reach 65 million cubic metres by 2029. By applying a market systems approach to an environmental problem, the programme has been able to align large-scale economic incentives with solutions that will be critical in a region of high water stress in a changing climate.

Evidence document: beamexchange.org/resources/1776

Project details: beamexchange.org/practice/programme-index/255

Box 14: MDF mainstreams climate change considerations

In 2022, DFAT's Market Development Facility (MDF), a long-running MSD programme in Asia and the Pacific, finalised its Climate Change and Disaster Risk Reduction Strategy, seeking to sharpen the programme's focus on climate change across all its programme areas. A climate change audit was conducted to identify key climate risks and opportunities across the MDF portfolio, while a cross-programme climate working group was established, climate workshops held, and new tools and processes developed to integrate climate action into programming.

The climate audit found that more than half of MDF's portfolio had climate-relevant interventions, primarily relating to climate adaptation in the agriculture sector. As a result, agricultural interventions are increasingly focused on climate resilient inputs (such as drought-tolerant seeds), access to climate change information, and promotion of climate-smart agricultural practices.

In 2023, MDF continued to build a portfolio of climate change interventions, including sustainable tourism, renewable energy, electric vehicles, sustainable biomass, mangrove regeneration, biosecurity, and sustainability certifications. Behind the scenes, dedicated climate change staff have been hired, climate metrics have been built into monitoring systems, and climate change has been mainstreamed in MDF communication and outreach activities.

Overall, MDF represents a strong example of how existing MSD programmes – originally designed with an economic development focus - can quickly adjust to better incorporate environmental concerns.

Evidence docs: beamexchange.org/resources/1987 & beamexchange.org/resources/1970

Project details: beamexchange.org/practice/programme-index/308

7. Conclusions and recommendations

7.1 Summary of findings

Overall, evidence published since the previous BEAM Evidence Review in 2021 remains consistent with findings of the wider evidence base to date, telling a positive story of the far-reaching and long-lasting impacts that can be delivered by programmes using a market systems development approach.

As long-running programmes mature and close, a growing number of final impact evaluations are documenting significant poverty reduction impacts for hundreds of thousands of people around the world. While still rare, a small number of ex-post evaluations, conducted several years after programmes close, point not only to sustained results, but to continued organic growth of pioneered business models and the ongoing spread of systemic change and pro-poor impacts.

Across the evidence base, agriculture programmes in Africa and Asia remain dominant. However, a growing number of programmes are demonstrating wider applications of the approach, from water conservation to financial services for refugees, to Eastern European labour markets, land reform, and women's economic empowerment.

At the same time, it is likely that the evidence base remains subject to a strong degree of publication bias, whereby success stories are selected for publication, and little evidence is publicly available on unsuccessful interventions. The existence of "failed" interventions would not detract from the positive results presented here – indeed, given the innovative, entrepreneurial ethos of MSD, it would be natural to expect more failures than successes in the average MSD portfolio. The approach may still be commendable if one success in ten MSD interventions outweighs the impact of ten "direct delivery" interventions. However, greater transparency in the full range of results delivered by MSD programmes is required to inform this judgement.

7.2 Limitations

The limitations of the evidence review can be summarised as follows:

- **Challenges in searching for evidence:** While the BEAM Exchange has wide-reaching networks in MSD practice, the search for evidence carried out for the present report is not expected to be a comprehensive review of everything published since 2020.
- **Limited publicly available evidence:** Many, if not most, programme evaluations remain unpublished. In many cases, it is simply not the policy of programmes or donors to make reports public, in part due to the additional work required to prepare reports for publication. In other cases, reports may be held back from publication because of their findings (see Publication bias, below).
- **Publication bias:** Most published evidence within the field focuses on selected success stories, given the understandable incentive to not advertise "failure" in the use of public funds.

- **Self-publishing bias:** Most evidence documents in the review are self-published by programmes, who similarly have an incentive to present their programme in a positive light.
- **Limited data for value for money assessments:** A lack of consistency and transparency in the quantitative reporting of results and costs across programmes limits an assessment of value for money to a handful of programmes.
- **Lack of non-MSD comparators:** While the present review finds a range of positive evidence in support of the MSD approach, a comparison with other approaches is beyond the scope of the present review.

7.3 Recommendations

...for MSD practice

Key lessons for MSD practice can be summarised as follows:

- Ensure that partnership selection and business model design is geared towards win-win models where incentives align with programme goals.
- Once successful models have been proven, use complementary interventions to drive systemic change through crowding-in and replication.
- Use a flexible, adaptive approach – even if this means large-scale redesigns of programme strategy during implementation. Some of the more successful, long-running MSD programmes have evolved significantly over time before arriving at successful models.
- Where relevant, treat cross-cutting themes with the rigour that they require, avoiding "bolt-on" themes limited to simple results disaggregation:
    - In gender programming, be mindful of the deep-seated societal attitudes that serve as barriers to women's economic empowerment.
    - In jobs programming, pay attention to job quality and the "decent work" agenda, targeting systemic barriers in labour markets.
    - In environmental programming, while climate adaptation is increasingly incorporated in agriculture programmes, the MSD approach could be more widely applied in climate mitigation and conservation of biodiversity and natural resources.
    - In all these cases, successful strategies require mainstreaming of priority themes in all programme areas, including staffing, monitoring and evaluation, and wider management systems.

…for research and evidence generation

The main priorities for further developing the evidence base are as follows:

- Address the publication bias issue by incentivising publication of lessons learned from less successful interventions, including candid reflections on what didn't work and why.
    - Donors could consider funding research that specifically gathers such lessons from practitioners, potentially anonymising results to extract more insightful reflections.
    - Donors could also consider making publication of various evidence products standard practice, regardless of the findings of the research, and providing additional resources to do so (e.g. for editing or graphic design).
    - The ongoing USAID work on ex-post evaluations is commendable for its insights into which desired systemic changes did not take hold in reviewed programmes. Such findings should be amplified not as a sign of "failure", but rather as a demonstration of how honest reflections can inform future strategy.
- Address the self-reporting bias by continuing to commission more independent evaluations, with a particular focus on ex-post evaluations that examine the legacy of programmes several years after they close.
- Work to standardise reporting of value for money metrics, including consistent and transparent reporting of costs. Identify benchmarks for comparison of different delivery models.
- Increase the evidence base of MSD applications beyond agriculture.
- Increase reporting of quantitative impacts (alongside qualitative evidence) to better assess scale of impact and inform value for money assessments.

Annex 1: BEAM evidence inclusion criteria

Primary criteria	
Criteria	**Description**
Relevance: The document is aligned with the objective of the BEAM evidence base.	The document contains evidence of results from programmes using a market systems approach. Documents may include evidence of results from programmes which are designed using a market systems approach only for one component of the programme. Some documents contain evidence of results from multiple programmes using a market systems approach. In particular, the document should illuminate the connection between market system interventions and the intended or unintended results. It is not essential for results to be measured by an independent party or against a counterfactual for the document to be included in the evidence base. The database does not include theoretical or conceptual studies which focus on the construction of new theories rather than generating or synthesising empirical data. The database also does not include knowledge products, such as guidance, think pieces, blogs, etc.
Currency: The document has been produced no earlier than 2000.	The start date for evidence documents included in the database is 2000 because this is when the original framework document for making markets work better for the poor (M4P) was developed.
Accessibility: The document is publicly accessible or publication on the BEAM website has been approved by the owner of the copyright.	All documents are published or publicly available. If not publicly available, BEAM Exchange must have the written consent of the organisation or programme/project to publish it in its evidence database.
Language: English language documents only.	Only English documents are included in the evidence database at present as the BEAM Exchange team does not currently have the capacity to review and assess documents in other languages.

Secondary criteria	
Criteria	**Description**
Transparency: The document is transparent about the data collection and analysis methodology used to measure results.	All documents included describe the methodology used to collect and analyse data, and the sample frame used to select data sources (including size and composition) to measure results. Documents based on secondary sources must all describe the methodology to select, assess and compile these sources. Programme documents which self-report results and have successfully passed a DCED audit are rated as partially achieving the criteria. The rationale is that if DCED-audited, the programme has been certified as using good measurement techniques, even if the exact methodology is not shared in the document.
Credibility: The data collection methods generate a credible dataset, and analysis methods generate credible results.	All documents included describe a methodology that applies robust measurement and analysis practices that are generally accepted to represent best-fit for the study design to generate data and study results.
Cogency: The report presents a convincing argument.	All documents included deliver a plausible, coherent and convincing argument (from design, through data collection, analysis to conclusions) to explain results achieved.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