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Mid-term review report

"Making Markets Work for the Jamuna, Padma and Teesta Chars" (M4C)

12 to 28 May, 2015

Roel Hakemulder, Khairul Islam

Executive summary

"Making Markets Work for the Jamuna, Padma and Teesta Chars", or M4C, is a project funded by the Swiss Agency for Development Cooperation (SDC) and implemented by Swisscontact and Practical Action, in collaboration with the Rural Development Academy (RDA) in Bogra. It resorts under the Rural Development and Co-operatives Division of the Ministry of Local Government, Rural Development and Cooperatives. It covers chars in 10 Districts in North and North-West Bangladesh. The current Phase 1 started in June 2012 and will run to November 2016.

A mid-term review was conducted between May 12 and 28 2015, by two independent consultants, Roel Hakemulder and Khairul Islam. The objectives were:

1. To assess project results achievement, strategic orientation and organisational fitness to deliver according to objectives specified in the Project Document.
2. To make recommendations for the remainder of Phase 1 based on objective 1 and 3.
3. To analyse possible scenarios for a next phase of M4C; including a potential scale-up/ replication to new areas.

Summary of findings

Effectiveness

M4C's goal is "Poverty and vulnerability of char dwellers in the North and Northwest of Bangladesh is reduced". The project assesses progress applying good practice principles laid down in the Monitoring and Results Measurement (MRM) Standard of the Donor Committee for Enterprise Development (DCED). Its findings and internal projections show that it is well on track to reach its targets. This is an important achievement. Various aspects of the project's approach have made different contributions to this, as reviewed below.

The project's sectoral approach resulted in a portfolio of mostly agricultural sectors with good potential for poverty reduction. The exclusion of livestock, which the Char Livelihoods Programme (CLP) took on, limited potential for outreach to the poorest, many of whom are engaged in this sector. This situation was beyond the project's and SDC's control.

The main building blocks for interventions are the formation of producer groups, contract farming and other trader-producer relations, and facilitating entry into the chars of lead input/service providers. Producer groups have overall been effective in terms of developing relations between farmers and other market actors, enabling them to access services and increase incomes. Their outreach is limited, though (9% of the total number of households reached), and has come at a high cost.

Contract farming (in two sectors) has also been effective, but arrangements between farmers and contractors are loose, which may limit benefits to both parties. Its scale of outreach is also limited (less than producer groups, though at a much lower cost). Support to traders has improved post-harvest practices and incomes. Success in linking contractors and traders to institutional buyers has so far been limited.

Partnerships with lead firms, well-tested on the mainland, are functioning and provide the expected benefits to lead firms, local market players, and the target group. Their scale of outreach largely accounts for the number of households that have increased access to services/inputs so far.

Reported results on Women's Economic Empowerment (WEE) are good, but have generally not come as a result of identification of and addressing systemic constraints on women's participation in and benefits of economic activities. Disaster Risk Reduction (DRR) has been well-integrated into interventions. Its main focus is on introducing crops, seed varieties, inputs and cultivation practices that have the potential to reduce damage due to flooding and weather. This is appropriate.

Applying these approaches the project has done well at reaching its target group of poor households with functional access to land, including the disadvantaged (extreme poor and marginalised). Depth of outreach and impact can be further increased by inclusion of the livestock sector, dropping the "functional access to land" criterion, and more attention to opportunities for paid labour and value adding activities.

Systemic change

Systemic change is large-scale, sustainable and resilient. It is too early to assess the latter. The scale of outreach achieved is significant (133,400 households with access to services/inputs) and more than targeted. It was mostly realised through the lead firm interventions. The project's scale strategy largely depends on char-by-char replication of "localised interventions" (e.g. contractors, char vehicles). Lead firms expect that replication, with similar levels of support will also be the strategy for their expansion to other chars. This is, in our view, inadequate as it limits potential for scaling up as well as sustainability.

There are encouraging signs that changes facilitated by M4C are or will become sustainable, which are detailed in the report. Benefits to beneficiaries are likely to prove sustainable if changes in support markets (inputs, services, market linkages) prove to be so. However, the producer group intervention lacks a clear vision of the groups' function and their future, if any, in the market system. In our view they are unlikely to prove sustainable as they are not self-formed and incentives to maintain them are weak. They are best regarded as a temporary catalytic intervention to develop the market for services and inputs. This could probably also have been achieved in less costly and socially exclusive ways.

Contract farming is in principle commercially viable, but the fact that expansion with new contractors still depends on project support may indicate that incentives are insufficiently strong. Contract farming functions best when products are not readily available on the spot market, or prices are highly competitive, which is not the case in the selected sectors. Another conducive condition is a requirement for product differentiation of which the project's understanding is still limited. Sustainability is therefore uncertain at this stage

With regard to links between traders and producers in other sectors, much of the above applies. The need for involvement of traders in training farmers on post-harvest practices may be limited as lead firms that provide inputs could fulfil this function and are already doing so.

Lead firms still depend on high levels of project cost-sharing. The indications that they can or are willing to do without these are still few. It is therefore too early to ascertain sustainability. This is true in particular for the lead firms' promotional and service functions (e.g. training, information). The continuation of retail of inputs is more likely, especially if distribution issues can be addressed. The project's plans for doing so run the risk to disrupt rather than strengthen market systems.

Sustainability (and the target group) can be affected by unintended negative effects on paid labour, power relations, and the natural environment. Environmental sustainability was assessed in a separate study, with positive conclusions. The project has also started to assess the first two areas, but this, and the “do-no-harm” approach more generally, are not systematically integrated into the intervention design, implementation and assessment cycle.

Overall, therefore, although there are encouraging signs of sustainability there are significant risks too, which need to be addressed. These are detailed in the body of this report.

Building on CLP and collaboration

On the whole the relationship with CLP has been positive and M4C has built on CLP achievements where possible. CLP “adopting” the livestock sector has not worked in M4C’s favour, especially with regard to its ability to reach the poorest.

The project has made very good efforts to collaborate and share with other projects and public institutions, with good results. The RDA has been a very conducive and supportive home for the project, though its role in implementation has been minimal. There is little scope for changing this.

Relevance

The relevance of the project, its facilitative approach and achievements, are high for beneficiaries, market actors, the Government of Bangladesh and SDC.

Efficiency

We found that project structures, procedures, capacity and use of external expertise are appropriate and have contributed efficiently to the project’s achievements. This includes the subcontracts for implementation of some of the interventions. The objectives of moving the role of sub-contracted NGOs from support to producer groups to the sectoral interventions need to be clarified. The MRM system is excellent and well-used, but the MRM budget is insufficient. Funds for communication and capitalisation are also inadequate.

Possible expansion to the chars in the South-East

Our brief exploratory assessment in the chars in the South-East indicated that, compared to the North, the level of penetration of lead input firms is better and improving; links to markets are better; the level of poverty is lower and cropping intensity is slightly higher than the country average; vulnerability to disasters is lower and of a different nature; physical infrastructure and water-way communication are better. Applying M4C’s approach to the southern chars is therefore not a priority.

Recommendations

Phase 1

To strengthen the project’s approach to achieving systemic change we recommend the following.

1) Conduct an in-depth analysis of the cross-cutting agricultural input market and restructure the portfolio and consolidate and design interventions on that basis. This will enable the project to address cross-cutting systemic constraints (e.g. in logistics), increase incentives for lead firms (no sectoral limitations) and benefits to households,

and identify opportunities for scaling up that do not depend on char-by-char replication (analysis by December 2015).

2) The distribution model M4C designed should be reconsidered and refocused on logistics, as this is the key weakness in the system it has so far been developing (by December 2015).

3) Continue to address sector-specific constraints where this is appropriate (on a continuous basis).

4) Lift geographical and sectoral limitations on partner lead firms and develop partnerships with new lead firms, to increase competition. This will increase choices of and benefits to households, and may contribute to lowering levels of project cost-sharing (by December 2015).

5) Make all possible efforts to reduce the level of cost-sharing to lead firms, attempt to shift support to more facilitative activities (e.g. a database on char households, their crops and locations the project is already planning), and, crucially, make support time-bound (in all new agreements).

6) Develop an exit strategy for the project to disengage from the producer groups within a period of 6 months from September 2015. Following a period of at least one year without support and without formation of new groups (i.e. in Phase 2) have a fully independent assessment done of the groups' sustainability and functions (including their catalytic effects). If this is positive, assess costs and benefits (including social) in comparison to other models for bringing lead firms into the chars and consider forming groups on new chars if this is justified (design strategy in August 2015).

7) Develop and pilot models to facilitate lead farms reaching farmers with their promotional and information activities that are not based on producer groups, the database mentioned under 5 being an example (from August 2015).

8) In any new market systems analysis (e.g. the inputs market) apply the Gender Strategy's gender analysis framework to identify systemic constraints on participation of and benefits to women, and design and implement interventions on that basis (on a continuous basis).

9) In any new market system analysis include analysis of the formal and informal rules that govern them and consider the chars in their wider economic context rather than as local economies (on a continuous basis).

10) Fully integrate "do-no-harm" principles and practice, including with regard to displacement of labour, WEE and power differences, into the intervention design, implementation and assessment cycle. Address unintended negative effects when possible (on a continuous basis).

With regard to other issues we recommend:

11) Increase depth of outreach and impact on the poor and disadvantaged by inclusion of the livestock sector, dropping the "functional access to land" criterion officially, and more attention to opportunities for paid labour, value addition and off-farm activities (from August 2015 and on a continuous basis). We would prefer the inclusion of the livestock sector to happen in Phase 2, given many other tasks, but this may not be under the project's control.

12) Consider increasing budget allocations for (internal) capacity development, communication and capitalisation, and MRM. The last should have the highest priority (August 2015).

13) Reinstate a full-time gender focal point and have her supported by a senior Bangladeshi gender consultant (August 2015).

14) Develop a vision and strategy for the future functions of the partner NGOs, if any, in the market system, as facilitators, or otherwise, and implement (strategy by September 2015).

Phase 2

Widen

15) Widen the geographical coverage of the project to include more charts in the North, of which many are as yet untouched and which suffer similar levels of poverty, vulnerability and marginalisation as chars that have been covered, as a result of the same systemic causes. Widening to include the southern chars is not recommended.

16) Widen the geographical scope of partnerships with lead firms, to include more chars by partnership.

Deepen

17) Continue the reduction in project cost-sharing in lead firm interventions, develop and pilot more facilitative interventions, and ensure partnerships are time-bound on the basis of a clear objective beyond the partnership (what is expected when support is terminated?), and of business plans that indicate when operations become profitable.

18) Terminate lead firm partnerships in which the scope for sustainable change proves to be small (e.g. partners refuse to increase their cost-sharing). Continue to add new partners to increase competition.

19) Pursue the interventions in finance and transport that demonstrate good potential for bringing systemic change without char-by-char replication.

Diversify

20) Carry out an in-depth analysis of end-markets for char products, as recommended for the input market in Phase 1. Redesign interventions to access markets, including institutional buyers, on that basis.

21) Review the roles contract farming and support to other relations between farmers and local traders would have in such interventions, including the effectiveness and sustainability of what was achieved in Phase 1, traders/contractors incentives, the need to formalise contracting arrangements, scale strategies. This could, for instance, result in a greater emphasis on strengthening the role of traders as traders while input firms take on the function of providing information on post-harvest practices.

22) Do a feasibility study for systemic change in the “advocacy market”. The (recent) experience with Char Coordination Committees indicates that such bodies may have the potential to access funds for much-needed improvements in infrastructure or other public services. There may be scope for broader strengthening of such market functions. The project itself should not take up an advocacy role.

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Acronyms

BARI	Bangladesh Agricultural Research Institute
BJRI	Bangladesh Jute Research Institute
CDRC	Char Development Research Centre
CDSP	Char Development and Settlement Project
CLP	Char Livelihoods Programme
DAE	Department of Agricultural Extension
DCED	Donor Committee for Enterprise Development
DRR	Disaster Risk Reduction
ESIA	Early Signs of Impact Assessments
GoB	Government of Bangladesh
IA	Impact Assessment
IFAD	International Fund for Agricultural Development
LGRDC	Ministry of Local Government, Rural Development and Cooperatives
M4C	Making Markets Work for the Jamuna, Padma and Teesta Chars
M4P	Making Markets Work for the Poor
MJSKS	Mahideb Jubo Samaj Kallyan Samity
MRM	Monitoring and Results Measurement
NDP	National Development Programme
PMSD	Participatory Market System Development
PPI	Progress out of Poverty Index
RDA	Rural Development Academy
RDCD	Rural Development and Co-operatives Division
SDC	Swiss Agency for Development Cooperation
SFYP	Sixth Five-Year-Plan
SKS	Samaj Kallyan Sangstha
WEE	Women's Economic Empowerment

1. Introduction

This is the report of the mid-term review of “Making Markets Work for the Jamuna, Padma and Teesta Chars”, or M4C. Chars are semi-permanent islands formed by silt deposition and subject to erosion and seasonal flooding. They are relatively thinly settled by people who may have to move several times in their lives, in search of land and security. The project covers chars in 10 Districts in the North and North-West, with an estimated 300,000 households.

M4C is funded by the Swiss Agency for Development Cooperation (SDC) and implemented by Swisscontact and Practical Action, in collaboration with the Rural Development Academy (RDA) in Bogra. It resorts under the Rural Development and Co-operatives Division (RDCD) of the Ministry of Local Government, Rural Development and Cooperatives (LGRDC). An inception phase ran from December 2011 to May 2012. The current implementation phase started in June 2012 and will run to November 2016. The overall budget is 7.2 million CHF. A second phase is foreseen. The project takes the facilitative approach to pro-poor private sector development known as Making Markets Work for the Poor (M4P), or more generically Market Systems Development.

The mid-term review was planned for January 2015, but had to be postponed twice due to the security situation. In-country work took place between May 12 and 28. The review was conducted by two independent consultants, Roel Hakemulder and Khairul Islam.

The objectives were:

1. To assess project results achievement, strategic orientation and organisational fitness to deliver according to objectives specified in the Project Document
2. To make recommendations for the remainder of Phase 1 based on objective 1 and 3.
3. To analyse possible scenarios for a next phase of M4C; including a potential scale-up/ replication to new areas.

The Terms of Reference includes a comprehensive set of specific questions for each of these. For objective 1 these fall under the usual headings of relevance, effectiveness, efficiency, impact and sustainability (see Annex 1).

Fieldwork included visits to the project area and to the south-eastern chars as a potential area of expansion, complementary to the IFAD/Government of the Netherlands/Government of Bangladesh Char Development and Settlement Project (CDSP).

M4C prepared an intensive programme for the North, and in Dhaka. This allowed us to see a good cross-section of its interventions and to interview and have discussions with relevant market actors at all levels and in different sectors, from producers to management of lead firms. We also met with management of the RDA, with Innovision Consulting, to which the project has subcontracted part of its implementation in the northern part of the project area, subcontracted NGOs involved in producer group formation and staff of the Market Development Unit of the Char Livelihoods Programme (CLP), which M4C was expected to complement. In Dhaka we met with the Department of Agricultural Extension and the Bangladesh Jute Research Institute, as well as the Secretary of the RDCD. We benefitted much from excellent briefings/presentations by and discussions with project staff, full access to documents and data, and the project's tireless efforts to respond to our questions, also after fieldwork had been completed. We gave two informal debriefings to the project, and a mid-term and final debriefing to SDC. A briefing by SDC at the start of the assignment helped us focus on the essential issues. A full programme is attached in Annex 2. We are very grateful to all those met, and especially to the project for the excellent support to this assignment.

For the South we organised our programme in collaboration with CDSP staff, whose support we much appreciate. We met a similar range of market actors as in the North on chars and Hatia Island, over a brief period of four days.

Our report starts by a brief consideration of M4C's design, which has been the basis for implementation. We then consider questions of effectiveness, including with respect to impact, cross-cutting themes and reaching the target group. Chapter 4 covers key issues related to systemic change and therefore sustainability. This is followed by consideration of M4C's collaboration with other projects and institutions (Chapter 5) and questions of relevance of the approach and achievements (Chapter 6). Consideration of efficiency concludes the mid-term review findings and is followed by our findings relevant to a possible expansion to the southern chars (Chapter 8). An overall conclusion and recommendations for Phase 1 and for Phase 2 conclude the report.

2. Project design and approach

The char population is amongst the poorest in Bangladesh and particularly vulnerable due to flooding, erosion, and remoteness from the mainland. Agriculture and livestock are the main livelihoods, but productivity and therefore incomes remain low due to households' lack of access to services and inputs. Knowledge of and access to high-yield seeds, fertilisers, pest management inputs and improved cultivation and post-harvest practices is low as the lead firms who provide these on the mainland do not consider the chars an attractive market. Difficulties in reaching the chars, the dispersed and mobile population, the lack of established relations with market players on the chars, and a low level of organisation among these are the main contributing factors.

M4C's goal therefore is:

> "Poverty and vulnerability of char dwellers in the North and Northwest of Bangladesh is reduced".

This is to be achieved by:

> Households benefitting from "use of better services, inputs, linkages and relationships in the targeted sectors; initially in pilot areas with subsequent widespread uptake in the chars" (outcome 1)

For which the project will implement:

> Targeted interventions to improve "knowledge, skills, information & trust among producing households, service providers and other market actors in pilot areas" (output 1)

The project will also work towards:

Widespread, systemic replication of business innovations by firms, service providers and other market actors in the chars (outcome 2)

For which the project will implement:

Systemic interventions that ”facilitate innovation in business models and relationships among producing households, lead firms, service providers and other market actors” (output 2)

The logical framework does not refer to changes in the “rules” (legislation, regulations, policies, informal norms) that affect transactions in market systems, but the project document’s text does.

The above reflects what the project document calls a “twin-track approach” (page 14). One of these (“track 2”) is the more usual M4P approach whereby lead-firms with which the project partners adopt business models that enable them to enter the char market and provide better services and inputs to farming and other enterprises. Successful business models piloted by partner lead firms should then be taken up by other lead firms, or coverage will be expanded by the partners. This could be the result of replication (with project facilitation) in different localities or work with “scale agents” (companies or other bodies that bring an innovation to scale).

The other track (“track 1”) covers “relatively intensive on-char activities at a pilot scale” (page 14). This addresses the critical constraints that “matter most to poor households”, which are located on or nearby the chars. These are caused by weak informal market institutions and a lack of social consensus and relations of trust. The businesses of intermediaries, service providers, wholesalers, retailers, and the collective actions of producers will therefore be the focus of change on this track (page 11). Pilots at this level are intended to achieve scale as “thousands” of market actors will take up successful innovations and by farmers “copying” improved practices.

The two tracks are closely linked as, according to the project document, without stronger local institutions and relations of trust, the chars would remain an unattractive market for lead firms. The project considers them key to making the chars “market ready” for entry of large formal market actors such as input providers and large institutional buyers (e.g. processors). The broader change the work on both tracks should contribute to is that “market actors (private and public) realise the potential (of the chars) and adopt models to expedite the economic growth on the chars” (project document, 10; M4C Self Evaluation, 6).

In practice, and as planned in the project document, interventions to strengthen local market institutions have focussed on the formation and strengthening of producer groups and relations between them and market actors. In addition the project has introduced maize and groundnut contract farming and worked with local traders. Formation of producer groups has used a version of Practical Action’s Participatory Market System Development (PSMD) adapted to the chars. Interventions with lead firms have supported them to enter the char market.

Like other M4P projects M4C is designed to use a facilitative approach. That is, it supports market actors in improving or taking up new roles, while not adopting such roles (e.g. providing training, input provision) itself. Also in line with the M4P approach it is meant to address underlying causes of market system underperformance for the poor rather than symptomatic constraints. Such causes can be expected to lie in supporting market functions (e.g. provision of inputs or information) and the formal and informal “rules” that govern the transactions producers and other market actors engage in.

The project is designed to take a sectoral approach. The livestock sector was excluded under an agreement with the Char Livelihood Programme (CLP), whose Market Development Unit, itself “adopted” this sector. CLP is in essence an asset transfer programme for the extreme poor on the chars. M4C was expected to complement it by creating opportunities for CLP beneficiaries graduating out of extreme poverty.

The exclusion of the livestock sector meant a focus on agriculture. The project’s target group was therefore defined as households with functional access to land (see Section 3.2.9 on reaching the target group).

Women’s Economic Empowerment (WEE) and Disaster Risk Reduction (DRR) are two prominent cross-cutting themes in the project design. This is reflected in several of the indicators in the logframe. The usual governance transversal theme is not part of the project design.

We found some aspects of the design confusing. One group of interventions, in “pilot areas” is called targeted, while others, “allowing larger scope for scale” are called “systemic”. “Thousands” of market actors taking up successful innovations under track 1 does, however, indicate an expectation of systemic change, and surely interventions to strengthen local market institutions must be meant to result in systemic change at this level. The relation between the two tracks and the outcomes also seems confusing, as households benefitting from better services (outcome 1) should, in our view, be the result of change in market institutions at the local level as well as among lead firms.

Among others, this confusion has resulted in some ambiguity about the role and status of the producer groups. It is unclear whether these are meant to be a temporary measure, or part of systemic change at the local level. The fact that the project document does not refer to a scale strategy (are other farmers expected to copy these groups? Are lead firms to form them?) or the future sustainability of the groups underlines this. That the project itself is still debating this question further confirms this lack of clarity.

The project design and strategy are the result of experience gained and extensive research done in the inception phase. The intention behind it is sound, given the chars’ thin markets, undeveloped or absent formal and informal market and other institutions, and the absence of lead firms in the chars. These factors lead to low productivity and quality of char produce which result in low incomes and contribute to vulnerability. Addressing this through a twin track approach is a plausible strategy. However, clarity of the design would have benefitted from applying the usual M4P strategic framework or impact logic, i.e.:

- Project interventions result in systemic change in market institutions in the chars and with lead firms, and relations between them.
- Together these result in access to services, inputs, knowledge, linkages, relationships, markets.
- This results in households using the services etc. and better performance of the households’ economic activities.

- This results in reduced poverty and vulnerability.

This moves Outcome 1 a level up the impact logic, leading to a clear and plausible impact logic. We think is also mostly reflected in the project's revised Theory of Change in its Self-Assessment report (prepared for this review) and in what the project has actually done and how it measures its progress.

The exclusion of the livestock sector from M4C's mandate is, in our view, unfortunate as it limited the target group to households with functional access to land, which overall are less vulnerable and poor than those that depend on livestock. This was beyond M4C's control.

3. Effectiveness

In this chapter we will consider the extent to which the project is effective in comparison to logframe targets, which includes impact on the target group. This is followed by consideration of key aspects of the project's strategy: its sectoral portfolio, the analysis and strategies interventions are based on, and the main building blocks of the interventions, i.e. producer groups, linking traders to producers including through contract farming and in other ways, and enabling lead firms to enter the chars. WEE and DRR are considered separately, followed by an assessment of M4C's effectiveness in reaching its target groups.

3.1 Results against the logframe

3.1.1 Nature of the evidence

M4C collects data on a regular basis on the key indicators for its impact logic, which accord with the logic suggested at the end of the previous chapter. These are, paraphrased:

- At the <u>output level</u>, market players innovate and offer services and inputs to char households, including through tested business models.
- At the <u>outcome level</u>, households actually access such services/inputs - "access".
- They apply or use the information, skills or inputs they have gained (a usual indicator in M4P projects but not included in the logframe) – "usage"
- They benefit from this use through improved productivity (e.g. yields), quality of and prices for produce – "benefit".
- At <u>the goal level</u>, their income increases as a result – "net income".

Qualitative research has been done on WEE, which we will consider later. Assessments of effectiveness in DRR and reducing vulnerability are planned for later in 2015/2016, but the project's self-assessment does report some findings from sectoral impact studies.

The sustainability of change at the market actor level (an outcome level indicator) is also still to be assessed, though impact studies do consider some relevant indicators (e.g. lead firm and retailer sales).

Data reported for the number of services introduced or developed and business models are based on project and service provider records.

At the outcome and goal level, data originate from:

- Early Signs of Impact Assessments (ESIA), conducted after the first season in which services/inputs could have been applied.
- Impact Assessments (IA), which are conducted a year later.

Based on these findings M4C calculates:

- Access outreach for the year a service/input is made available.
- Usage outreach for the following year, as services/inputs can only be used in the season following access to services/inputs.
- Benefits for the same year, since usage should have an effect in the same season.
- Income increases also for the same year, as well as the following year; i.e. an income increase is counted over a two-year period. Income increases are accounted for until two years following Phase 1 completion, which is in accordance with the project document. That is, if a household learns about a new input in the final year of the project, it will start benefitting a year later; the income increase it is expected to realise is based on such increases found within the project period, and is accounted for as taking place in the two years following project completion.

This is a sound and common procedure in M4P projects, and may under- rather than overestimate effectiveness if changes in the market system prove to be systemic.

As also pointed out in the Donor Committee for Enterprise Development's (DCED) Standard for Result Measurement Audit Report (December 2014) on the project, M4C does not use panel surveys in its impact studies. I.e. baseline and impact samples do not comprise the same households but are drawn again. In practice, comparison is between a "treatment" and a "control" group rather than with the baseline. To what extent these groups are comparable on key characteristics (e.g. size of land owned) is usually unclear. Differences in this respect could affect the findings significantly. Also, in our view sample sizes are rather small for such comparisons, especially since the treatment group is often split up into several smaller groups (e.g. farmers in producer groups and those reached outside groups). This decreases the results' confidence level. However, overall the findings are sufficiently consistent to enable an assessment of progress.

3.1.2 Results

The table below shows the status against key indicators the project collects data on in June 2015. The figures have been updated on the basis of current projections and are therefore higher than the latest reported to SDC. They still need to be confirmed but they are based on sound assumptions.

Table 1 – Progress against logframe indicators

Level	Indicator	June 2015	Target
Output	No. of services promoted	54	50
Output	No. of business models tested	17	(no logframe target)
Outcome	No. of hh with access to services	133,400	90,000
Outcome	No. of hh that use the services	70,500	(not in logframe)
Outcome	No. of hh that benefit from this	52,000	60,000
Goal	Accumulated net income increase	4.9 million CHF	9 million CHF

Source: M4C Monitoring and Results Measurement system

The services include access to new inputs, information, and skills, market linkages, collective buying and selling, maize shelling and threshing services and many more. "Business models" range from contract farming in maize and groundnuts and mechanical maize shelling services, to commercial distribution of materials to dry harvested crops on (e.g. chilli, maize) and introduction of a vehicle adapted to the sandy chars. Most have already generated demand and demonstrated commercial viability. Results at the output level are therefore positive.

In terms of access of households to services and inputs the project has already achieved more than its target. Given that usage of services/inputs and households benefitting from this is accounted for with a time lag of one year, and the progress made so far, the targets for these indicators are also very likely to be achieved. The same holds true for the net income increase, for which the target needs to be achieved by 2018 only. The project's internal projections confirm this.

We conclude that in terms of the indicators that have been assessed so far M4C's approach is effective. This is an important achievement, especially given the difficult environment the project operates in.

Preliminary findings on vulnerability indicate this has decreased as a result of income increases, which households have used to acquire land on the mainland, diversifying income sources by purchasing livestock or investing in other businesses, and repayment of loans. This is also positive but needs to be confirmed.

We will consider progress on WEE and DRR separately in Sections 3.2.7 and 3.2.8.

3.2 How this was achieved

We will now consider how this was achieved, i.e. the effectiveness of the key building blocks of the project's strategy. In implementation, the project has closely followed the design laid down in the project document. That is:

- It has taken a sectoral approach.
- It has designed and implemented interventions to develop informal market institutions in the chars.
- It has worked with lead firms to enable them to enter the char market.
- WEE and DRR have been addressed as cross-cutting themes.

3.2.1 Sectoral approach: portfolio

As foreseen in the project document, M4C selected 10 sectors to improve the performance and benefits to the target group of. They are presented in the diagram below. Recently vegetables was added as a further sector, at the request of one of the project's lead firm partners.

Diagram 1 – M4C portfolio

Source: M4C

Sectors were selected after initial familiarisation with the chars and local stakeholders, and rapid assessments of on- and off-farm sectors. The main selection criteria were:

- Relevance to the target group (numbers of householder involved) and poverty. reduction potential (opportunities to affect the poor).
- Growth potential.
- Feasibility of change in the market system.
- Opportunities to affect women and vulnerability to disaster risks.
- Potential for inter-district cooperation and complementarities with Government and donor projects.

Assessments carried out by subcontractor Innovision in Kurigram, Lalmonirhat, Rangpur and Nilphamari followed a similar pattern.

The first three criteria are commonly used by other M4P projects and the other two are appropriate to M4C's goal and strategy. Specific to M4C is that selection resulted in a combination of crops that are grown in different chars in different seasons. Such crops are therefore likely to account for a major share of household income and improvements should have a significant impact on such income. This is appropriate. Handicrafts offers opportunities to earn an income throughout the year, including in the flooding season.

For the cross-cutting transport market system the rationale can be summed up as: the char population is relatively isolated, and "improved mobility can enable the char people to interact better with markets as producers and consumers" (Transport Sector Strategy, page 4). Given the importance of infrastructure development and the predominance of public sector market players in transport, the feasibility of change is limited in this sector. M4C therefore planned action research on new business models, followed by replication if market players were found to be interested.

The selection of financial services is justified by their absence being a constraint on growth in other sectors and a dependence on high-interest informal lending. This is confirmed by the sectoral analyses. Here too the project planned action-oriented pilots to test the feasibility of interventions.

The project started with sectors that had scale and strong growth potential and less isolated chars, expanding to sectors of which the potential for targeted poverty reduction was greater (e.g. handicrafts), and more isolated chars. This allowed M4C to test its approach in a relatively more conducive environment, which was a realistic strategy.

In conclusion, the sector selection process was appropriate and has resulted in a portfolio with good potential for poverty reduction. The number of sectors was increased gradually, to allow for learning and a gradual build-up of the programme. This is a common practice that has demonstrated effectiveness in other projects.

3.2.2 Market system analysis, sector strategies and intervention design

The analysis M4C conducted of the selected market systems follows the usual M4P format and attempts to identify the underlying constraints of underperformance. While it is not always clear how the latter were arrived at, in the agricultural sectors they fall under the same headings: lack of inputs, cultivation know-how, appropriate post-harvest practices and market linkages. Deeper lying causes are those included in the project document: weak local market institutions and the weak incentives for lead firms and other service providers to enter the chars, resulting in their absence.

For the non-agricultural market systems the identified constraints are more sector-specific. The analysis of handicrafts is a good example of how causal links between constraints can be mapped to locate key underlying causes. This would have been useful in other sectors too.

With some exceptions (transport, finance) analysis of “rules” that could affect functioning of the market system should have been stronger. The analysis also insufficiently considers end-markets, i.e. what specifically institutional buyers require that the chars could produce better than mainland producers.

The documented sector strategies are grounded in the analysis and identify key intervention areas. Given the similarity between the agricultural sectors the interventions generally fall into three common categories:

1. Improving access to quality inputs and cultivation know-how.
2. Promoting improved post-harvest practices through better market linkages.
3. Strengthening business relations between producers and other market actors.

These address identified underlying causes of market system underperformance, which is as it should be. Within these categories interventions include appropriate sector-specific detail (e.g. which cultivation practices to improve).

Enabling lead input firms to enter the chars, building relations between farmers and traders (including through contract farming) and formation of producer groups are the interventions’ basic building blocks. This is in line with the project document. It is confusing, though, that formation of producer groups and linking them to market actors is the only intervention specified for the third category. In our view the project’s impact logic requires strengthening business relations for all producers in order to achieve 1 and 2, and this is in practice what the project has been doing.

The strategy for the handicrafts sector is different as it consists of supporting Dhaka and Kurigram-based firms to develop and train groups of women who they provide with all necessary inputs and to whom they pay a piece-rate fee. For transport and finance the strategies comprise a number of separate initiatives.

Sector strategies have been developed into detailed intervention designs, reflected in results chains which are part of the Monitoring and Results Measurement (MRM) system. This conforms to good practice.

Sector strategies do not include clear strategies for reaching scale, though the project document states, correctly, that "the project needs to critically analyse scale up options while designing and implementing pilots" (page 16). From other documents and discussion with the project team it is clear, though, that reaching scale is expected to largely rely on char-by-char replication: what was successful in one char will be replicated in a similar manner on the next. The project justifies this by the isolation of the chars from each other. We will consider this in Chapter 4.

Neither the analyses nor the strategies systematically consider ways to mitigate risks to the most vulnerable, unintended negative effects (e.g. displacement of paid labour), or power differences in market relationships.

We will review how WEE and DRR are addressed in Sections 3.2.7 and 3.2.8. As for how donor projects can affect the role of power in market systems, little guidance is available. We suggest that an in-depth analysis of existing power relations, best achieved through social anthropological research at the community level, is a precondition to the project enhancing economic empowerment of the poor. This is particularly important as economic power is often closely linked to political and social power, which M4C is not equipped to analyse. Research and intervention design could take the following definition as a starting point:

> "Economic empowerment is the capacity of women and men to exercise control over their livelihoods through their ability to make choices on what productive activities to engage and invest in, to decide how and when to engage in markets and to influence the terms on which they do so"[1].

The ability to make choices and to take decisions are the operative terms here: the project's strategy should aim at increasing the options and opportunities available to its target group and its freedom to choose between them[2].

Increasing opportunities is in fact intrinsic to the project's work. The freedom to choose is, however, limited by differences in power between market players and it is these the project needs to understand and consider in designing interventions. Fostering competition in the market (rather than dependence on for instance one lead firm or trader), access to multiple sources of information and services, and strengthening genuine (self-formed) associations are some of the ways in which power differences can be reduced. At a minimum the project should continuously assess and monitor the risk that interventions increase power differences, and design mitigating measures.

[1] OECD, 2012, "Policy guidance note: the role of empowerment in poverty reduction".
[2] For further guidance see also Amartya Sen, 1999"Development as freedom", Oxford, especially chapters 1 and 4, and World Bank, 2002, "Empowerment and poverty reduction: a sourcebook"

In conclusion, analysis and intervention design are appropriate overall and address underlying constraints on underperformance. They should have been stronger on the formal and informal rules that (fail to) govern market systems, consideration of potential unintended negative effects and scaling up. From discussions with project staff we did find, however, that the latter two issues have been and are being extensively discussed.

3.2.3 Producer groups

In the project's first two years 419 producer groups were formed with 11,500 members (18% of whom are women), across the project's geographical area. This was contracted out to three NGOs with a strong local presence, Samaj Kallyan Sangstha (SKS), the National Development Programme (NDP) and Mahideb Jubo Samaj Kallyan Samity (MJSKS). They applied Practical Action's Participatory Market System Development methodology. This includes elements such as participatory market mapping to identify constraints and solutions, building a vision for the group, and production planning. Some of the groups have joined in establishing common Sales and Service Centres, of which there are now 14.

This work is part of the project strategy's first track, i.e. building local market institutions. Various documents produced by the project provide a diverse rationale for group formation, which seems to have evolved over time. The latest statement, in M4C's Self-Evaluation (page 6), and discussions with the project team indicate that through the groups the project aims:

- To improve "collective and adaptive capability of char households, thus making them 'market ready' to demand/supply appropriately in the market system".
- To provide a means/platform for market actors (such as lead firms, traders) to "transact and build business relations with char households".
- To "sustain the enhanced trust/relationship/linkages between char households and the market actors thus enabling flow of relevant products and services to and from the chars".

Put simply, group formation improves relations and trust between the producers; they provide an easy entry point for input/service providers (to provide training, information, promote products) and traders in a situation where households are widely dispersed; by bringing in such market actors relations develop between them and the groups. The existence of the groups was said to have been a key "bargaining chip" in negotiations with lead firms and some project staff considered this the groups' main function.

Related key functions the groups are intended to have include collective learning and collective buying and selling

Our review of documents, including impact assessment provided by the project, discussions with producer groups and farmers not in groups, and interviews with lead firms indicate that:

- Groups are very positive about their achievements and future.
- They have received a wide range of services (training, information, demonstrations).
- The learning in groups is likely to have been more effective than among farmers reached otherwise. The table below presents the findings on profits for group farmers, farmers reached without groups and control group farmers for the (early signs of) impact assessments available. While sample sizes are small for reliable

comparison, the findings are consistent with the reported gains in knowledge and application of practices learned, which are generally higher among producer group farmers too.

Table 2 – Average profit in BDT per acre[3]

Farmers in:	Onion	Mustard	Groundnut	Chilli
Producer groups	71,312 (ESIA)	11,823 (ESIA)	14,475 (ESIA)	38,061 (ESIA) 73,485 (IA)
Non-group	55,689 (ESIA)	7,073 (ESIA)	11,121 (ESIA)	29,711 (ESIA) 71,774 (IA)
Control group	46,258 (ESIA)	2,351 (ESIA)	3,904 (ESIA)	13,762 (ESIA) 67,543 (IA)

Source: M4C ESIA and IA reports

- We found some evidence of non-group farmers learning from and copying group farmers, but farmers also copy non-group farmers.
- Collective buying and selling takes place on a limited scale. Some group members may join together at one time, others at another time, and some sell individually. This is dictated by when households have or need money.
- Groups include a higher percentage of CLP beneficiaries (26% compared to 16%) and may to that extent have played a positive role in targeting the more vulnerable.
- Groups run the risk of being a mechanism for exclusion rather than inclusion. There are limitations on their size and the number of groups that can realistically be formed. Many households in targeted communities cannot be part of them and therefore do not benefit.
- Some lead firms confirmed that the existence of the groups was a significant factor in their decision to partner with M4C.
- Relations between groups and market actors such as local traders, retailers, the Department of Agricultural Extension, and lead firms, have been established or strengthened. Non-group farmers also developed such relations, and M4C research done does not allow an adequate comparison. However, given the intensive project facilitation and our interview results it seems likely that groups benefitted more.
- The Sales and Service Centres are too recent an innovation to assess.

In conclusion, the picture with regard to the groups' effectiveness is therefore overall positive for developing relations between farmers and other market actors, enabling them to access services and increase incomes. This was their primary purpose. Weaknesses include the limited scale of collective buying and selling, which was to be expected as member households have different needs in this respect. Whether producer groups have benefitted from better linkages to the output market still needs to be adequately established in our view.

Our main concerns with producer groups are of a more strategic nature. We will consider this in the chapter on systemic change.

[3] The difference in ESIA and IA findings for chilli is due weather conditions.

3.2.4 Contract farming and other producer-trader relations

The project reports that with its support 11 local produce and input traders became maize contractors, a number which has increased to 45, covering 7,900 farmers. Under a more recent initiative in groundnuts 12 contractors work with 2,500 producers.

This is also part of the project's first track, strengthening local market institutions, with a final aim to provide access to large institutional buyers. Contractors providing farmers with information on post-harvest practices is one of their key functions, and the project has provided them with training and flipcharts for training farmers.

Definitions of contract farming vary, but usually include "an agreement between a buyer and farmers, which establishes conditions for the production and marketing of a farm product or products. Typically, the farmer agrees to provide agreed quantities of a specific agricultural product. These should meet the quality standards of the purchaser and be supplied at the time determined by the purchaser. In turn, the buyer commits to purchase the product and, in some cases, to support production through, for example, the supply of farm inputs, land preparation and the provision of technical advice"[4] Maize contract farming is widespread and successful in mainland Bangladesh.

We found that in maize:

- Most farmers report that contractors provide information on inputs, cultivation, post-harvest practices, while provision of inputs on credit is less common (66% in the maize impact study) and less than half buy all the produce. Farmers sell their remaining produce to other traders.
- Compared to a control group, farmers who received information directly from lead firms increased their profits by 79% due to increased yields and better quality, those in contract farming by 83%. This is a marginal difference. Findings on improved knowledge and practice show differences both ways.
- The large majority of contract farmers and the contractors expressed satisfaction with the arrangement; they are in frequent contact.
- The expansion of the number of contractors indicates a strong interest, though the project provided them with support. There is no quantitative information on contractors increasing their profits, but since they sell inputs, and quantity, quality and reliability of supply of maize have improved, this is likely to be the incentive for contractors.
- Some contractors have set up additional groups on their own.
- Contractors were linked to lead input firms (from which they buy), and to larger buyers and feed mills, the latter with limited success.

In groundnuts an ESIA is available only, at which time there were just three contractors. The findings are similar to maize.

The arrangements between farmers and contractors are quite loose (e.g. there is no advance agreement on how much and when the farmer will supply to the trader). This provides both sides with significant freedom, but also reduces the benefits the model can

[4] (http://www.fao.org/ag/ags/contract-farming/faq/en/, http://cip.cornell.edu/DPubS?service=UI&version=1.0&verb=Display&handle=dns.gfs/1200428173).

provide. Some contractors are now formalising the relationship with project advice. Contractors not buying all produce is the result of their having insufficient cash, and farmers do not seem to encounter problems selling the rest of the produce. The limited success in linking traders to large institutional buyers has a similar cause. These buyers do not pay in cash, while large mainland traders do. Institutional buyers also have easy access to produce on the spot market. It would be useful to investigate whether a more formal contracting model would be mutually beneficial (comparison with mainland models would help) and what conditions would need to be put in place to make it function.

In other sectors the project has worked with traders to enable them to inform farmers about improved post-harvest practices and link them to larger buyers. This included the project training the traders. The project reports positive effects on farmers' post-harvest practices, contributing to the reported increases in profitability, and improved relationships between farmers and local traders, and between the latter and large buyers. There has so far been little success in establishing relations with institutional buyers such as large processors. Traders are also reported to have increased their profits, though quantitative data are not available. These interventions have overall been effective apart from links to institutional buyers. It is not possible to separate out their impact from the overall impact which is also due to use of better inputs and cultivation practices.

In conclusion, the contracting model is effective, but may benefit from a greater degree of institutionalisation. The support to traders has provided similar benefits.

3.2.5 Lead firms

Partnering with lead input firms is the main "track 2" intervention model across all agricultural sectors. Jute is a partial exception, as it started out with a partnership with the Bangladesh Jute Research Institute and the Department of Agricultural Extension before lead firm SEMCO came on board.

In essence the model consists of facilitation of lead firms' entry into the chars, with the objective that they become established there on a commercially viable basis, promoting their products, establishing dealers and retailers, and providing training and information to farmers on inputs, cultivation and post-harvest practices through various channels, including retailers. The project is currently working with 5 lead firm partners.

Project facilitation has included cost-sharing of staff and other costs, support to development of farmer training material, promotional activities and material, support to staff and retailer training, linking staff to producer groups and providing general technical guidance and supervision. This conforms to usual M4P practice. The level of cost-sharing, much of it for operational costs, is higher than usual in our experience, ranging from 44 to 75%. This may be justified by the particularly difficult context in the chars. In addition, the "market" for lead firms' partnerships has become quite competitive, with other programmes offering even more. M4C has negotiated hard to limit its costs, and this was probably the best deal available. Firms we spoke to confirmed this. Cost-sharing is continuing and there is strong resistance from lead firms to decreasing it.

We found that:

- Partnerships with lead firms outside producer and contracting groups account for much of the outreach (about 80%), and have contributed to the producer and contracting group interventions too (e.g. by providing training, information, inputs).
- Farmers have benefitted from the activities of lead firms in terms of improved knowledge and practices, resulting in higher profits. Table 2 presented earlier provides the information currently available.
- Lead firms have hired new staff to work in the chars (with project cost-sharing), they have become active in the chars where they never were before, they have established dealers serving the chars and trained and established relations with retailers in the chars. The expansion in terms of villages covered has been rapid, e.g. lead firm ACI expanding from 5 to 70 villages and 10 to 45 char-based retailers over a period of 2 year.
- As a result their sales of inputs are reported to have increased markedly. For instance, on average they about doubled for maize in just one year and somewhat less for chilli; they increased by a factor 3 in groundnuts and onions over two years.
- Sales and customer bases for retailers are also reported to have increased, but not as dramatically.
- The knowledge of retailers they are meant to pass on to farmers could be better.
- Farmers and retailers report some inputs not being available on time, which is one explanation for the difference M4C reports between farmers “knowing” what to do and actually practicing it. Some firms appear to have distribution difficulties, which seem related to logistics, demand forecasting, and the difficulties in establishing relations of trust with retailers.

The model’s main weakness appears to be in distribution. The transaction costs for input providers are high. M4C has developed a model to address this, which is under discussion with lead firms and two potential distribution companies. This would insert new players into the market who would take on the logistics of moving inputs to retailers on the chars, developing relations with the retailers and selling the inputs to them, which is usually done on credit. The model foresees much higher commissions than usual from the lead firms to the distributors, and includes M4C sharing start-up costs.

We believe this would be a set-back for the interventions, as the distributors would have to take on a risk now born by the lead firms. Lead firms may be better placed to do this and are doing so on the mainland. The investment the project has already made in facilitating relations of trust between lead firms and retailers would be largely lost. In addition, the high commission to distributors and the perceived risks of selling on credit in the chars would be an incentive for distributors to sell on the mainland, at lower prices than existing retailers, which would distort the market and could push retailers out of the market. This model should be reconsidered. The real gap in the market is for logistical services, not distribution.

Overall, though, the lead firm model, well-tested on the mainland, appears to be functioning and to provide the expected benefits to market players, including the target group. A concern with regard to the partnerships is the continuing high level of cost-sharing. We will consider this further in the systemic change section.

3.2.6 Other

In handicrafts the project partnered with Dhaka and Kurigram-based firms, who formed and trained groups of women (900 in total, 300 more planned) to produce for the Dhaka and export market. This model is functioning. While the scale is limited, this is justified given the significant benefits to women who are mostly extreme poor and landless, which we confirmed. The project's Gender Strategy provides this justification.

In transport and financial services most interventions are still in the pilot stage, though some are already providing benefits. In finance we would like to single out the partnership with a local microfinance provider to offer crop loans (more partnerships planned) and with two banks to provide mobile money transfer services. The latter are particularly important in the chars given that many men are migrant workers on the mainland.

In transport the establishment of four Ghat Coordination Committees that aim at improving infrastructure and services on the ghats is a good example of the project taking a largely facilitative and capacity building (rather than funding) role and improving local (private sector) governance. The committees have already demonstrated effectiveness. As some have applied for public funds to improve infrastructure, they may point to a way forward in that sector.

3.2.7 Women's Economic Empowerment (WEE)

Gender as a cross-cutting theme is reflected by the following goal-level indicator in the logframe:

- Economic empowerment of women evidenced by changes in women's income, efficiency, skills and/or decision-making.

In addition 14 out of the 46 services introduced or developed are expected to target women's economic activities.

M4C's scope to achieve WEE was limited from the outset by the exclusion of the livestock sector, in which most women in the chars are engaged.

M4C has developed a Gender Strategy in which it defines WEE as:

- Economic advancement – increased income and return on labour.
- Access to opportunities and life chances such as skills development or job openings.
- Access to assets, services and needed supports to advance economically.
- Decision-making authority in different spheres including household finances.
- Balanced workload.

The first four elements reflect common international practice, while the last was added because women in the chars often already have a heavy workload as many men migrate to the mainland for work.

The key strategies to achieve WEE are:

1. Integrated interventions: ensuring that women are included in interventions and benefit from them (e.g. also receive information and training).
2. Targeted interventions: these specifically target and benefit women.
3. Dialogue: encouraging partners to be gender aware and inclusive.

The Gender Strategy outlines a number of principles to guide M4C, which include understanding the specific social and economic market constraints women encounter.

The Strategy reflects current international good practice. It is rather generic, though, and could have benefitted from a more in-depth understanding of women's social and economic roles in the chars and the reasons for these. This would have contributed to more guidance on how to apply the principles in practice.

The need for this is demonstrated by the project not having systematically identified constraints on economic participation of and benefits to women by fully applying the sector gender analysis framework recommended in the strategy. In a study conducted at the start of the project and in the sector studies the project has identified *practical* problems for women (e.g. lack of effective storage method for maize), and opportunities to address them, but no gender-specific *systemic* constraints, i.e. the causes of inequalities. The "why" questions in the gender analysis framework, questions of power dynamics, the influence of the external social and political environment, and other factors have not been adequately dealt with. M4C seems to have concluded, partly on the basis of available data (e.g. from CLP) that systemic constraints are similar for women and men, and has designed interventions on that basis.

The project's impact studies and its "Experience Paper: 'WEE Outcomes of M4C Interventions' ", and the "Women's Economic Empowerment Assessment Report" (May 2014) do however demonstrate a deepening understanding of WEE issues. This will have a positive effect on future analysis and resulting interventions.

Consideration of identified WEE issues has been integrated into the intervention design and periodic review process. This is positive, but here too the depth of analysis is limited.

The key targeted intervention is in handicrafts (see the previous section). Dialogue is conducted largely in the context of relations with market actors in integrated interventions. In these, the project has, in practice:

- Introduced or developed services that are relevant to women (and largely to men too; 25 services).
- Included women in producer groups (18%) and encouraged contractors, through dialogue, to include them in contracting groups (12%).
- Encouraged lead firms, through dialogue and including targets in contracts, to reach women through their farmers' meetings, field days and other promotional events; 15,000 or 30% of the total number of participants were women.
- Encouraged lead firms to select women as demonstration farmers (6%).
- Ensured that training materials (e.g. used by lead firms) are gender sensitive and address issues of particular relevance to women (e.g. how to avoid skin irritation when handling chillies).

These largely address the access to information and skills constraint, which is indeed important. Without having done an analysis ourselves, though, we would think that consideration of the question why women are not provided with information could have resulted in more systemic interventions than paying lead firms to do so in the expectation they will change their practices (possible though this may be). Given mobility restrictions this could for instance have included considering use of mass media or reaching women at places where it is culturally acceptable for them to go or gather (schools when they bring their children?).

The project conducted a qualitative assessment on a small sample which shows its interventions have had a positive effect on the main aspects of WEE in its definition, and did additional research for its Experience Paper. Most women report:

- They have gained new knowledge, skills, access to new inputs, relations with public and private sector market players.
- As a result they have contributed to increases in household income.
- They have increased authority over household (income) decisions.
- They have taken on new roles, e.g. as contract farmer, in chilli seed treatment, owners as demonstration plots.
- They have not suffered from increased workload.

These are just some key points. They represent important achievements, though the findings may be skewed by the "judgemental sampling"[5]. During our field visits we were most taken by the intervention in handicrafts. Most of the women were landless with migrant husbands. Household incomes had increased significantly (30% or more) as a result of their earnings. As these went to the women directly they took the spending decisions, which appeared to prioritise household well-being.

The assessment also found that women employed in maize shelling had been displaced by the mechanised service introduced by M4C. Most had found other work in agriculture, but a minority had not. The project plans to monitor this and assess negative impact compared to benefits.

This points to a further area in which M4C's approach to WEE could be improved. Agricultural labour is one of the potential sources of women's income, and such income is generally paid to them directly. The scope for unintended negative impact, but also for positive impact is therefore significant. Concrete opportunities could be further explored. The same is true for value addition and off-farm activities, many of which are identified in the Sector Strategies. E.g. the Groundnut sector strategy states that "eventually women empowerment in terms of production level labour is very limited, however improvement in post harvesting techniques and promotion of labour saving technology will encourage women to take a more active part in post-production and eventually, increase income for their respective households" (page 16). The project could explore what this means concretely and whether and how it could facilitate this. In some sectors (e.g. jute) it is already doing so.

In conclusion, M4C has made good progress in addressing WEE. Its work has been showcased internationally[6]. Improvements need to be made by more in-depth analysis of systemic constraints on participation of and benefits to women, developing interventions that address these, and greater consideration of women's role as paid agricultural labourers and in value addition and off-farm activities.

[5] Most of those included were female family members of the beneficiary households that got better income, producer group members, handicrafts producers, all more likely to have benefitted.

[6] Markel, E. "Measuring Women's Economic Empowerment in Private Sector Development" (July 2014, for the DCED), showcases M4C as one of two projects.

3.2.8 Disaster Risk Reduction

While the logframe does not include a dedicated indicator for DRR, it is covered by "reduced vulnerability". An assessment of impact is planned for late-2015.

The project document defines DRR as "an approach to identify, assess and reduce the risks that disasters bring to (or enhance within) market systems around the chars" (page 13). M4C's DRR Strategy explicitly adds risks to household assets to this. This is appropriate given the final goal of reducing household vulnerability. Risks include floods, erosion, droughts, storms, and cold waves, which may not be officially classified as disasters but have the same effect at the local level.

The main components of the DRR Strategy are:

1. Reducing the existing risks that disasters bring to the functioning of the market chain – for instance, by better coordination between market actors.
2. Adapting to changing factors created by disasters – for instance, by improved cropping practices such as early sowing to avoid loss due to disasters during harvest.
3. Preventing further risks to the market generated by disasters –for example, by facilitating new opportunities for access to financial protection.

The first is based on the assumption that stronger relationships and coordination among market actors will increase resilience. This is plausible. Given that much of M4C's work has been on establishing and strengthening relationships, impact on vulnerability is likely. M4C has also done much to raise awareness on DRR through these relationships. DRR was included in lead firms' training of input retailers, training of contractors and traders, and meetings and workshops were held with private and public sector market actors.

The main interventions that specifically aimed at reducing vulnerability of households have been under the second component. Sector selection included potential for DRR. Risks to crops and opportunities to address them have been identified in the Sector Strategies and integrated into interventions designs and periodic progress reviews. Examples of interventions include support to promotion of:

- Crops suitable to the chars, i.e. maize, groundnuts (suitable to sandy soils, requiring little irrigation and other inputs), mustard (can be cultivated after floods).
- Seed varieties that are more drought and wind resistant (maize).
- Fungicides that reduce the effects of cold waves and fog (several crops).
- Cultivation techniques that reduce risks of crops being washed away: transplantation of chilli seedlings which reduces risks posed by late rains and early flooding, early sowing of jute with irrigation so crops can be harvested before floods.
- Drying materials (tarpaulin, polythene) that reduce drying time and therefore exposure to weather risks.
- Production of maize silage as alternative fodder during floods.

Some of these made use of research funded by M4C and carried out by the Rural Development Academy, the Bangladesh Agricultural Research Institute and the Bangladesh Jute Research Institute.

Sector impact assessments and anecdotal evidence (including our own interviews) indicate positive effects. Preliminary findings on DRR effectiveness show reduced crop losses in maize.

The third component provides scope for DRR interventions in the cross-cutting sectors. The project is exploring possibilities for crop insurance, though the cost to farmers is likely to be too high. Village Savings and Loan Associations (being piloted) could increase reserves households can draw on in times of crisis. Better ghat management and water as well as on-land transport could mitigate the impact of droughts and flooding.

Strategy and interventions are in line with the key elements of the SDC's Climate, Environment and Disaster Risk Reduction Integration Guidance (CEDRIG), which foresees the assessment of risks and their possible impact; identification and selection on adaptation and risk reduction options; and development of activities to address these.

We conclude that the project's DRR strategy is realistic within the context of a market systems development project, and is showing good results.

3.2.9 Reaching the target group

Here we will consider the extent to which M4C has reached and benefitted its target group. The project document reports that between 50 to 70% of char households in the targeted locations are poor (daily per capita income of between \$1.25 and \$2.50), while the remainder is extreme poor with an average income of less than \$1.25 per day. Within this population, M4C targets households with functional access to land (without formal ownership but farming on leased land or share-cropping), falling into two categories:

- Marginal (seasonal) farming households with access to land of less than 1 acre, which varies due to flooding. Incomes are supplemented by agricultural labour and migration. Most are extreme poor and food insecure.
- Small-scale farming households with access to land of between 1 and 2.5 acres. These households are poor but generally food secure and 10 to 20% employ seasonal agricultural labour (usually originating from the extreme poor with or without access to land).

Growth especially in small-scale farming should eventually lead to more paid work for functionally landless and other extreme poor households. The project document expects this to happen after project completion only, as wage labour is better paid on the mainland and on small farms there is a time-lag between growth and the need for other than family labour.

M4C was originally expected to include the livestock sector, which is very significant in the chars, including for extreme poor households without access to land, marginal farmers, and women. CLP taking responsibility for this sector resulted in the above target group definition. This limited M4C's potential for poverty reduction among the landless and women.

Within this scope, there can be no doubt that the impact on households as assessed by M4C benefitted the poor as defined in the project document. Char households are poor overall, and sectors were selected among others for their poverty reduction potential. Project assessments using the Progress out of Poverty Index show that 88% of the household reached have average per capita incomes of below \$ 2.50. While this is a high percentage, it does seem to indicate that not all farming households on the chars, and those reached under M4C interventions, are poor.The PPI assessments were done during impact studies, not as a baseline. Given demonstrated impact on incomes, the share of poor households may have been greater before the interventions. In any case, since it cannot be expected that change in market systems benefits poor households exclusively (see below), the 88% is a good achievement.

The benefitting char households can also be considered as marginalised, as defined in SDC's paper on "Poverty and Marginalisation in Bangladesh". The marginalised include people in hard-to-reach areas, they suffer from environmental calamities and degradation, and are underserved by public services such as health, education or justice. This all holds true for the char population.

The project was not designed to specifically reach the extreme poor, or in the SDC paper's terminology, the disadvantaged (marginalised and incomes below $1.25). The project document does not suggest strategies for doing so and includes no relevant targets. This is usual for M4P projects, which aim to improve the way the market system functions for the poor, but not necessarily the poor or the extreme poor only. For instance, market actors cannot be expected to exclusively target their services/inputs to the extreme poor. However, given that SDC identifies the disadvantaged as its priority target group, it is useful to consider what M4C did in practice:

- The project targeted areas in which CLP was or had been operating: 43% of CLP beneficiaries live in villages reached through M4C. These are usually poorer areas. When moving onto new areas, presence of CLP households is an important criterion.
- Detailed data collected at our request demonstrate that while M4C started out on near-to-the mainland and older chars, it expanded to those more difficult to reach and more recently established, which are usually poorer and more marginalised. On average, chars reached through M4C are also younger than other chars in the same area.
- Maize contractors were asked to focus on selecting small farmers and CLP beneficiaries.
- Partner firms in the handicrafts sector were asked to use the Progress out of Poverty Index in selecting group members. In this sector M4C dropped, rightly, the criterion that beneficiaries should have functional access to land.

Based on PPI measurements in 5 sectors (excluding handicrafts) the project reports that 40% of households reached belong to the extreme poverty category. Given the limitations we indicated above this is a high proportion, to which the above targeting strategies are likely to have contributed.

The project also reports that an internal 2014 assessment showed 200,000 paid labour days are likely to have been generated in maize alone. This is likely to have benefitted the poorest in particular. It indicates the scope for exploring more opportunities in the generation of paid agricultural work and opportunities in value addition, e.g. in grading and packaging.

In conclusion, M4C has done well at reaching its target groups, including the disadvantaged. Its depth of outreach and impact can be further increased by inclusion of the livestock sector, dropping the "functional access to land" criterion officially, and more attention to opportunities for paid labour and value adding activities.

4. Systemic change

In this chapter we consider the extent to which the project is achieving systemic change. Definitions of systemic change vary and approaches to measure it are a subject of debate. The project has developed a thoughtful paper that presents how it defines, monitors, and measures progress towards the systemic changes it aims at[7]. Here we will use the definition used by the Donor Committee for Enterprise Development, i.e. systemic change has three key characteristics:

- Scale. Systemic changes influence and benefit a large number of people who were not directly involved in the original intervention.
- Sustainability. Systemic changes continue past the end of the programme, without further external assistance.
- Resilience. Market players can adapt models and institutions to continue delivering pro-poor growth as the market and external environment changes[8]. We will not consider this dimension as too little time has passed for such changes to take place and to see how market players respond.

In M4P projects systemic change should benefit the poor and those benefits should be sustainable.

M4C's criterion that systemic change should address underlying causes of market system underperformance is also used by the DCED (and others). We have already considered this in the sections on analysis and intervention design and on WEE. We concluded that underlying causes are being addressed, but that more work is required to identify specific systemic constraints on women.

M4C also applies the now widely used "Adopt-Adapt-Expand-Response" framework to assess aspects of (or progress to) systemic change. To keep things simple we will use the key dimension of this framework, which is that changes should be upheld by market actors without programme support, i.e. independently[9]. Independent investments, e.g. in expanding a business model, are a positive sign in this respect.

Market players obtaining benefits that address their incentives, i.e. the changes are relevant to them (profits for commercial firms), is an important signpost along the road to systemic change, as this indicates they have good reasons to continue their changed models or practices.

4.1 Scale

The changes M4C brought to market systems have achieved considerable scale in terms of outreach to households. Of the 1,700 villages in the chars covered by M4C, 600 were affected so far by the various interventions. As we have seen in Section 3.1.2, more than 130,000 households gained access to services/inputs. Change has also included a large number of local and national input/service providers and other market actors, more than 1,800 according the latest unofficial M4C figures (1,300 reported so far).

This scale of outreach was largely achieved through the lead firm interventions, which of course also affect producer groups and contract farming. The scale of outreach of producer groups and contract farming independently (11,500 and 10,400 respectively) is relatively limited.

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[7] Defining and measuring systemic change in M4C, 2014
[8] Kessler, A. "Assessing Systemic Change", Donor Committee for Enterprise Development, 2014
[9] Nippard, D., Hitchins, R., Elliott, D. "Adopt-Adapt-Expand-Respond: a framework for managing and measuring systemic change processes", The Springfield Centre, 2014

4.2 Sustainability of benefits to the target group

We have already concluded that poor and disadvantaged households as well as women have benefitted. There has been some independent copying of improved practices by farmers not reached, which confirms the benefits.

With regard to sustainability, as always there are risks to these benefits, e.g. from natural calamities or changes in market conditions. However, vulnerability to disasters is likely to have been reduced, and M4C has selected market systems that showed strong positive demand trends.

Sustainability of benefits also depends on a continuing relationship between households and other market actors as for instance new seed varieties and other inputs keep being developed and introduced in competing mainland markets. As farmers, women and men, have benefitted from these relationships, incentives to maintain them are strong on their side. Long-term sustainability also depends on market actors' incentives. In the short term economic sustainability is likely.

An environmental assessment carried out for the project[10] concluded that the improved cultivation practices and use of high quality inputs had positive effects on on-farm safety, soil conditions and seed systems. Such inputs are tested by the government before being allowed on the market, unlike most of those previously used. Some seed varieties require less irrigation and farmers now know how to use irrigation and inputs optimally (over-use was common and is damaging to the environment). The assessment reports that organic fertiliser and agricultural techniques that replenish levels of nitrogen are being promoted by M4C partners. We would add that some of the cultivation is on previously fallow land and does not contribute to deforestation. Environmental sustainability is therefore also positive, or at least not worse than for intensive agriculture on the mainland or elsewhere in the world.

Social (and economic) sustainability could be affected by unintended negative effects on the target group. This includes loss of paid labour opportunities. M4C is not systematically addressing this in intervention design, reviews and impact assessments, though it is making progress in this regard. It has assessed displacement effects as a result of introduction of mechanised maize shelling services (replacing hand-shelling) and mechanised transport vans suitable to the chars (competing with horse-carts). The study found effects were overall positive: horse-carts were not being replaced while mechanised vans could create new employment opportunities (in services); most women previously engaged in shelling had become engaged in other economic activities.

This is useful. However, the project needs to proceed with assessing such effects in other sectors. E.g. weeding appears to be a source of income for significant numbers of people, including women. The now large-scale use of weedicides is likely to displace them (quite apart from weeds as a source of animal fodder). Taking this one step further, not all displaced labourers will find other sources of income, and the project should consider possible interventions that create opportunities for this group.

With regard to power differences, the project recently assessed impact in maize contract farming and in relations between producer groups and traders. It did not find indications of exploitative relationships or greater power differences. This is positive and the project did

[10] Osorio-Cortes, L.E., "Inclusive Marrket Development and Environmental Protection at M4C", sumarized in the Self-Evaluation report.

well to start investigating this. However, we feel focus group discussions may not be the optimum methodology to do so. Power and its (mis)use is a sensitive social issue. Understanding its role in communities, in relations between women and men and market systems requires in-depth assessment, as already suggested in section 3.2.2.

Changes in women's roles appear to have been acceptable to their communities. Their longer-term sustainability needs to be assessed.

Overall, the potential for sustainability of benefits to the target group, women and men, appears to be good, though longer-term sustainability depends on continuation of relationships with other market actors. More needs to be done to assess and if possible address potential negative effects. Fully integrating "do-no-harm" principles and practice into the intervention design, implementation and assessment cycle is a precondition for this.

4.3 Sustainability at the service/input/forward marketing level

The table in Annex 3 shows the current sustainability status of roles/innovations the project has sought to facilitate. The second column indicates the extent to which the project is involved with these (key support only), the third the indications that the innovations are relevant to market actors and main signs of independent actions. We have used project data and our own findings. We do not claim completeness for the signs of sustainability, especially as these continue to develop.

When we assess progress towards sustainability on this basis, we find good indications of sustainability of:

- The relatively simple service or product innovations: maize shelling and drying materials are both commercially viable, and this should soon be the case for the char vehicles too.
- Ghat coordination committees, which function with little support and could prove to be an important systemic intervention depending on how their functions develop and how they will be scaled up.
- Crop loans and mobile financial services, where incentives are strong and independent action is happening, though these will take more time to become established.
- Handicrafts production and marketing, which is commercially viable as demonstrated independently by one of the firms.

We note that project cost sharing for all of these was under the average of 60% and amounted to little in real terms for most (apart from handicrafts). However, it is also true that scale and depth of impact largely depend on the first three types of market roles in the table. Here our assessment is as follows:

- The producer group intervention lacks a clear vision of the groups' function and their future, if any, in the market system. There are two possible views to take:
    1. The groups play a catalytic role, as a means to systemic change. They attract lead firms and other market actors into the chars who will also serve other farmers, including through promotional activities. This has been demonstrated. The success of group farmers will result in others copying their practices, demand for high-quality inputs will increase, and a viable and sustainable market for high quality inputs will develop. There are some indications this process is

ongoing. More and higher quality produce will be marketed through improved relations of group and non-group farmers with traders (also ongoing). Whether the groups as such survive is immaterial.

2. The groups become part of the market system, are a systemic change facilitated by the project. They will continue to benefit their members, in addition to playing a catalytic role.

One problem with option 1 is that the cost of group formation is high: about 30% of the project budget for 9% of its total outreach (in terms of access to services/inputs). There must be less costly ways of getting lead firms and other market actors an audience and generating demand for their inputs and services, such as bringing farmers together on an as-needed basis. In addition, the catalytic role of groups compared to individual farmers, or retailers, or traders, has not been sufficiently investigated or demonstrated. Neither has their exclusive and potentially divisive nature been well considered: How do other, possibly more vulnerable community members feel about missing out on this opportunity? These are important questions that need more consideration.

A problem with option 2 is that the potential for scale of the groups is low. The incentives they offer apart from what has been facilitated by M4C are apparently not such that other farmers have set them up independently. Other market actors, such as lead firms, will not invest in establishing them either. This is precisely because they do not have strong incentives to do so, as they can reach markets in other ways. The groups' sustainability is therefore also doubtful, once project support (still ongoing) is phased out.

Although producer groups are a staple intervention of development agencies in agriculture, there are to our knowledge no objective, independent assessments that demonstrate they last. Our own experience is that groups that are not self-formed around strong incentives do not last. The key systemic question to ask in relation to groups is, if they are so beneficial, why are they not being formed by market players? This would contribute to an analysis of the market system that identifies underlying causes of underperformance that can be addressed by building on existing incentives within the system.

The best view to take of the producer groups is therefore that they have fulfilled a useful catalytic function, contributing to development of a market for better inputs and services. The time has now come to phase out further support and explore other, less costly and socially exclusive models that can fulfil the same function.

- Contract farming (maize, groundnuts) is in principle commercially viable, but the fact that expansion with new contractors still depends on project support may indicate that incentives are insufficiently strong. This may be due to the loose arrangements with producers, who also sell to other traders, the risks associated with providing inputs on credit and their lack of working capital. More important is that contract farming functions best when products are not readily available on the spot market, or prices are highly competitive, which is not the case in the selected sectors. Another conducive condition is a requirement for product differentiation. The project's understanding of this, and end-market opportunities in general, is still limited. If the market for different support services (e.g. inputs) would function well, the need for contract farming is further reduced. Sustainability is therefore uncertain. Demand for quality inputs and services is likely to survive even if contract farming does not, as farmers have experienced the benefits.

- With regard to links between traders and producers in other sectors, much of the above applies. The need for involvement of traders in training farmers on post-harvest practices may be limited as lead firms could fulfil this function and are already doing so. By training traders the project is potentially taking on a market function (who will train them in future?).
- Lead firms still depend on project subsidies. The indications that they can or are willing to do without these are still few. At this stage it is therefore too early to ascertain sustainability. This is true in particular for the lead firms' promotional and service functions, which are costly. The continuation of retail of inputs is more likely, especially if distribution issues can be addressed. At this point, though, it seems fair to conclude that If the overall aim is that "market actors (private and public) realise the potential (of the chars) and adopt models to expedite the economic growth on the chars" (project document, 10; Self Evaluation, 6), for lead firms the project is achieving this but the effects of phasing out subsidies are difficult to predict.

In conclusion, although there are encouraging signs of sustainability at this level, there are significant risks too, which need to be addressed. For producer groups the risks are such that efforts to make them sustainable should be discontinued. They are best viewed as a temporary catalytic intervention until the contrary has been demonstrated.

4.4 And back to scale.....

A further concern is that the project's scale strategy largely depends on char-by-char replication of "localised interventions" (e.g. contractors, vehicles). The project's justification for this is the chars' isolation, which leaves little scope for learning among them and producers or other local market actors copying each other. The dispersed population on the chars limits this too.

There should, however, be more facilitative ways of scaling up, e.g. by promoting learning and information exchange between market actors (as other M4P projects do) and identifying and working with scale agents. There may be more opportunities for these strategies than the project has explored so far.

A related concern is the expectation of lead firms that replication, with similar levels of support, will also be the strategy for their expansion to other chars. The justification for such support is risk-sharing. Once chars currently covered have proven to be viable markets, it should not be necessary to demonstrate this again for each next char. While a significant level of support may be inevitable, its nature will have to change and it will have to be clearly time-bound. Current arrangements run the risk of open-endedness.

The project's tendency to view chars as "remote" local economies to be developed may be counter-productive to scaling up other than by replication. After all, M4C aims at greater integration of the chars in the mainland economy (through relations with service and input providers, buyers) and there may be more to gain from considering the chars in this wider context. This would for instance contribute to better recognition of the fact that char producers have to compete with those on the mainland, and that they have to do so on the basis of price (labour costs are lower in the chars) or some other form of differentiation.

What seems to be a move away from a strictly sectoral approach in the project's systemic change paper, on the other hand, is an encouraging step in the right direction. The project has rightly concluded that the required changes in char market systems are on the whole identical across sectors, e.g. improved access to inputs, services, knowledge, skills, finance, markets. It proposes it should be working on cross-sectoral systemic change, e.g. "Private input companies and local traders/retailers provide information on cultivation, appropriate use of (inputs) to improve crop quality and production" (page 3). We support this. More specifically, as the interventions with private input companies are responsible for much of the scale, restructuring the portfolio on the basis of the inputs market would facilitate scaling up. It would also enhance incentives for lead firms, who do not operate on a sectoral basis, and recognise that the performance of farmers depends on overall farming practice, not just on one crop. Consolidation of the work across sectors would not exclude sector-specific interventions, which would still be required.

Whether a similar restructuring around output markets would be useful depends on gaining a better understanding of these markets.

In <u>conclusion</u>, restructuring the portfolio on a non-sectoral basis and considering the chars in their wider economic context would enhance potential for scale.

5. Building on CLP and collaboration

In this chapter we will briefly consider whether and how M4C complemented CLP, and the contributions of and synergies with other projects and institutions.

5.1 Chars Livelihoods Programme

The project's market development approach was expected to benefit CLP beneficiaries who, following asset transfers and other support could benefit from a market oriented approach. However, only 24% of CLP beneficiaries immediately invested in agricultural activities following completion of CLP support. Given that CLP's Market Development Unit took on the livestock sector and M4C was therefore limited to agriculture and off-farm activities, the project's scope to benefit CLP beneficiaries was restricted. As we have seen earlier, the project made efforts to make use of that limited scope by coverage of villages with CLP beneficiaries. This resulted in 15 to 16% of its beneficiaries outside producer groups and 26% of producer group members being ex-CLP. Under the circumstances we consider this a good and sufficient achievement.

Information sharing and coordination has been extensive, and M4C has benefitted from data collected and analysis done under the various phases of CLP. CLP staff have benefitted from M4C capacity building on market systems development. Currently M4C is testing the Village Savings and Loan Association model used in CLP.

While on the whole the relationship has therefore been positive and M4C has built on CLP achievements where possible, it is difficult to escape the conclusion that dividing up the "market" for market systems development between the two projects did not work in M4C's favour. As we have not seen the CLP evaluation we are not in a position to assess whether it was a mistake in terms of poverty reduction in the chars.

5.2 Other projects

Learning and information exchange with Katalyst has been extensive. Key M4C staff having worked for Katalyst has contributed to this. This has added to sector knowledge, intervention design (contract farming), and collaboration modalities with partners. Most notable maybe is how learning from Katalyst played a major role in developing M4C's excellent MRM system, and affected its thinking on systemic change. The impact study on employment uses a methodology developed by Katalyst.

Contacts with and learning from other projects has been less extensive, but useful in particular in the case of Oxfam's Economic Empowerment, Climate Change Adaptation, Leadership and Learning" programme. Opportunities with other projects were explored as well.

M4C's regular participation in SDC's gender mainstreaming platform has been useful in terms of information sharing and mutual learning, including with regard to how to measure, analyse and understand impact on WEE. Information sharing on DRR has been similarly useful. M4C has also participated in Swisscontact working groups on MRM, gender mainstreaming and communication.

We conclude that M4C has made very good efforts to engage with other projects and that this has been useful. This is commendable and cannot be taken for granted.

5.3 The Rural Development Academy

The RDA has been a very conducive and supportive home for the project. RDA management understands the project's approach and is very supportive of it. The RDA's newly established Char Development Research Centre (CDRC) counts some of M4Cs objectives among its own Strategic Objectives. The RDA also contributes to a supportive relationship with the Rural Development and Cooperatives Division of LGRDC.

The project has conducted market systems development capacity building events for RDA faculty and has contracted RDA to conduct research on several char-suitable cultivation practices and seeds. This was completed successfully.

Neither the RDA nor the CDRC do, however, have significant project implementation capacity. Basically, the RDA is educational and research institution. Some 30 field staff hired by the RDA to supervise and support M4C activities seem to be engaged in other activities. The role of the RDA as M4C implementer is therefore minimal. If there were any view to develop this, e.g. under the CDRC, the RDA should become part of the implementing consortium, hire qualified staff dedicated to the project, and M4C should engage in a process of intensive capacity building. This proposition is unrealistic.

5.4 Other Government institutions

The project has developed partnerships with several public institutions, in particular the Department of Agricultural Extension (DAE; mostly but not only for work in the jute sector), the Bangladesh Jute Research Institute (BJRI) and the Bangladesh Agricultural Research Institute (BARI; for research on chilli seed retention). These partnerships have been effective, and the organisations we met commented positively on them. DAE and BJRI were instrumental in the successful interventions in the jute sector.

Work with the Ghat Coordination Committees so far resulted in allocation of CHF 345,000 to ghat infrastructure, by the Rural Infrastructure Development Programme under the Local Government and Engineering Department. This is significant.

In conclusion, collaboration with public institutions has contributed to M4C's effectiveness.

6. Relevance

6.1 Relevance to the target group and market actors

The project is demonstrating that its target group is benefitting from its interventions in terms of better access to inputs and services, increased yields and increased incomes. While impact on vulnerability still has to be assessed, the increased incomes and measures introduced to limit disaster risks to crops indicate that this is likely to be positive as well. Impact on WEE has been demonstrated. Given the poverty and vulnerability of char households, we can conclude the project's work is leading to change that is relevant to the target group. Positive assessments in our interviews and group discussions confirm this.

M4C's interventions with other market actors build on their incentives. For private sector actors this is largely the profit motive, though reference was also made to the need to improve the lot of the poor and to enhanced social status (of contractors). Market actors at several levels have been shown to benefit from the interventions. This was best established for lead firms, who have been enabled to enter the char market and increase sales. With regard to public sector actors such as the DAE, M4C's support has contributed to their better fulfilling their mandate in the chars. Partners' comments in interviews on the relevance of M4C's work were positive. While they also indicated that eventually lead firms would probably have entered the chars on their own, due to saturation of the mainland market, this could have taken another 5 to 10 years.

M4C has, like all M4P projects, encountered initial resistance to and misunderstanding of its facilitating approach. Where for instance CLP provided livestock and stipends, M4C offers little that is considered tangible. The project has largely overcome this by continuing to explain its role and by showing results that are indeed tangible. Producer groups in particular seem to have been convinced that knowledge is better than assets, as you can take it with you easily! This is not to say of course that tangibles are not appreciated too. However, market actors have accepted M4C's approach and understand its relevance.

6.2 Relevance to the Government of Bangladesh and SDC

The project is very much in line with the policies of the Government of Bangladesh (GoB). GoB's Sixth Five-Year-Plan (SFYP) for the period 2011-2015 acknowledges the importance of sustainable agricultural growth to reduce poverty and thereby enhance rural wages, create synergies for diversifying the rural economy, and enable the supply of low-cost food to improve people's nutritional status and food security. To foster agricultural growth, SFYP aims to increase productivity, adopt modern agricultural practices and mechanization, and improve cropping systems, among others.

One of the key strategies to achieve this is to ensure increased use of quality seeds for all crops and stop trading of adulterated inputs. It is also clearly stated that the coastal zone, the Sylhet region and the char areas must receive priority in crop sector development plans[11].

Among 10 subsectors in which M4C is currently working on, seven are agricultural and follow SFYP's priority list. In all seven M4C's central strategy is to improve the access to quality agricultural inputs and knowledge on their usage. This is in line with SFYP's strategy.

The project's relevance to the GoB was confirmed by the Rural Development and Co-operatives Division (RDCD) of the Ministry of LGRDC. It has taken time to convince some in the RDCD of the relevance of M4C's facilitative role, but here too clear communication and results have done their work. The RDCD's Secretary recommended the project's expansion across all chars in the country.

6.3 Relevance to SDC

As for relevance to and "fit" with regard to SDC strategies, the current Swiss Cooperation Strategy for Bangladesh (2013-2017)[12] comprises three major domains, one of which is Market Development. The goal of this domain is to contribute to the improvement of poor and disadvantaged people's well-being by increasing incomes and employment for poor men and women. M4C's goal is in line with this. The outcome of the Market Development portfolio is three-pronged: a) farmers and enterprises make use of improved services, b) private and public service providers sustainably offer improved pro-poor and gender sensitive services and c) the public and private sector contribute to improving business environment. M4C's logframe and its interventions reflect the first two outcomes.

M4C has mainstreamed DRR as foreseen in the Strategy. It is also introducing gender-sensitive services and implementing targeted WEE interventions. However, as we have seen earlier, improvements can be made with regard to depth of gender analysis and assessment and prevention of unforeseen negative effects on gender roles and dynamics, as also foreseen in the Strategy.

In conclusion, the relevance of the project, its approach and achievements, is high.

7. Efficiency

7.1 Project set up

The project is managed by a Team Leader, supported by a Director Market Development and a Director Administration and Finance. Three Team Leaders under the first have responsibility for activities in three groups of Districts, two in "Zone 1" (Bogra and Gaibandha; Jamalpur and Sirajganj), one in Zone 2 further North (Kurigram, Lamonirhat, Nilphamari, Rangpur and more recently Tangail and Pabna). Staff under these team leaders have geographical as well as sectoral responsibilities. A three-person strong MRM team

[11] Sixth Five Year Plan FY2011-2015, Accelerating Growth and Reducing Poverty, Part-2, Sectoral Strategies, Programmes and Policies, General Economic Division, Planning Commission, Ministry of Planning, Government of Peoples' Republic of Bangladesh, p 11 and 12
[12] Swiss Cooperation Strategy - Bangladesh, 2013-2017

resorts under the Market Development Director. There are part-time focal points on Gender and on DRR.

The project's main office is located in Bogra at the RDA. A project support office is placed at the Swisscontact office in Dhaka, while two project officers are located in Kurigram, at the office of one of the sub-contracted NGOs. Staff placed at the support office, which includes senior management, spends about half their time away in the field.

In Zone 1 producer group formation and support was sub-contracted to two NGOs with a strong local presence, SKS and NDP. Part of the interventions in Zone 2, for which preparations started in year 2, has been sub-contracted to Innovision Consulting, a private firm with M4P experience, backstopped and supervised by M4C. It implements interventions in the onion, mustard and groundnut sectors and oversees producer group formation and support which was sub-contracted to another local NGO, MJSKS. Other sectors are dealt with directly by M4C, which started with maize in 2014 and expanded to other sectors in 2015.

This decentralised and at first sight complex set-up has enabled M4C to efficiently and effectively:

- Develop and maintain relationships with Government partners and lead firms located in Dhaka.
- Develop effective relationships with local Government and private sector actors.
- Overcome the logistical challenges of reaching chars over a large area.
- Develop, test and expand interventions in Zone 1.
- Rapidly expand into Zone 2, through Innovision.
- Make use of the NGOs' strong local networks and knowledge and their capability to place a significant number of staff (more than 40) close to or in the field for work with the producer groups.

We found coordination problems generally to have been minor.

One possible area in which efficiency could have been greater concerns subcontracting Innovision for only part of the sectoral work in Zone 2. Having Innovision cover other sectors too, at least in agriculture in which the interventions and partners are similar across sectors, could in our view have enabled the project to make use of its sub-contractor's growing local knowledge and have reduced logistical challenges. This was apparently Innovision's expectation too.

The efficiency of some forty NGO staff being engaged with 419 producer groups is hard to assess. We assume the methodology requires this. Whether the methodology was required is more a matter of effectiveness, which we have discussed already.

<u>In conclusion</u>, the project's structure and use of sub-contractors contributed to its effectiveness and were in this sense efficient.

7.2 Processes[13]

The project's MRM manual stipulates a process for the selection of sectors and design of interventions that is logical and appropriate, and has been applied in practice.

[13] We should note that this review did not include an assessment or audit of administrative and financial procedures.

The project conducts regular management and intervention review meetings. Procedures for the latter (monthly and 6-monthly) are well-defined and include a high degree of staff participation as well as of the sub-contractors.

The project prepares annual Business Plans which provide a succinct account of planned outcomes and outputs, main activities, priorities and a financial plan, as well as milestones by sector. Planning procedures at the level of the various teams within the project are also in place and are appropriate in terms of the required detail and not placing too high a planning burden on staff. They are being implemented in a flexible manner, which is essential in an M4P project.

Progress reporting procedures and requirements are also detailed in the MRM manual. They include internal and external reports. The latter include annual reports submitted to SDC and the Project Management Board. They are comprehensive, and reflect successes as well as challenges.

We found, in conclusion, the management processes in place to be of high quality.

7.3 Capacity

The project is well-managed. The management team's grasp of both the strategic issues and technical detail is impressive. Other staff we interacted with are both capable and committed. They have a good understanding of the project's approach and strategies and have demonstrated to have the skills to develop effective relationships with private and public sector actors. The MRM team appears particularly competent, in spite of the reported high level of turnover.

We have also interacted with Innovision and NGO staff, who appear to be good at what they are expected to do, with Innovision staff more at the level of M4C staff while NGO staff's capabilities are appropriate to the facilitation of production groups they are engaged in.

High levels of competence are in part due to M4C's impressive capacity building efforts. This has included internal training (conducted by M4C staff, sometimes supported by external consultants), in-country training (for instance by Katalyst) and international training. Topics ranged from M4P, MRM and the DCED standard, gender mainstreaming and DRR, to more general skills such as leadership and business English and report writing. Training has been partly based on the needs assessments carried out as part of staff performance assessments, partly on opportunities as they arose (e.g. an in-country training programme conducted by another agency). This is appropriate.

In our experience investment in staff, especially with regard to M4P, gender and MRM, is a crucial factor in the success of M4P projects, and its contribution to M4C's effectiveness is likely to have been strong. Training opportunities also contribute to staff retention, and are especially important when other agencies and projects offer higher remuneration.

An early investment in training ensures that a project can make use of the resulting capacity from the start. Project management has realised this, but as a result the training budget has been exhausted. We would suggest that reallocating funds for (relatively inexpensive) internal training would be an efficient use of resources.

In the 2014-15 period the project has started to involve SKS and NDP in Zone 1 in market development activities with local private sector partners such as traders. This was preceded by training on M4P. It is not clear to us what the long-term objective of this is. Building a sustainable local M4P capacity? Greater outreach? Phasing out support to producer groups, as we recommend, would reduce the need for NGO staff, but whether the answer to this lies in their involvement in activities that have run without them is a different matter. Neither is more intensive support to such activities is, in our view, a necessary or efficient way to sustainability and scale.

The project has made use of a number of external consultants, e.g. on WEE, DRR, MRM, environmental sustainability and systemic change. These have included some of the "big names" in their fields and are of high calibre. As far as we can judge based on the documentation and our interviews they have made important contributions to the project's effectiveness.

The two focal points for DRR and WEE were expected to be, and started out as, full-time responsibilities. Currently, this is reduced to about 50% to enable them to take on part of the heavy workload of other staff. This does not appear to have affected the work on DRR. In WEE, though, the depth of gender analysis and design of interventions that address systemic constrains on women may have suffered. This is also partly due to the high staff turn-over in this post. The project would benefit from restoring a full-time gender focal point, and in addition providing her with support from a senior Bangladeshi gender consultant with in-depth knowledge of the local context. The argument that a full-time position is not useful as "gender should be everyone's business" is spurious. A full-time focal point is in no way incompatible with gender being everyone's business.

With this minor reservation, we conclude that staff capacity is strong, which is reflected in the project's result. The future role of the NGOs' involvement needs to be thought through.

7.4 Monitoring and Results Measurement

The MRM system applies the DCED Standard and the DCED recently completed an audit of the system (December 2014). This gave M4C the highest possible ratings for "must" and "recommended" "control points". This is an excellent and not very usual achievement. We have of course not attempted to replicate the audit, but what we have seen of the MRM is impressive. It includes a number of new and innovative monitoring tools, which are often one of the weaknesses in MRM. In addition to the MRM the project keeps records of a wide range of other data, e.g. its coverage of villages, CLP beneficiaries, and PPI scores. We had the impression that for nearly every question we asked an excel sheet could be pulled out with the answers.

The audit found that the system is used in programme decision making and that it is fully integrated into programme management. We confirmed this. MRM findings are used in the monthly and six-monthly reviews of the interventions and review reports indicate action to be taken. For instance, the finding that the farmers' usage of the knowledge they gained was lower than expected resulted in better training and training materials and plans to address distribution problems.

Although there is a three-person MRM team, MRM is clearly "everyone's business", sub-contractors included. The high-quality MRM manual specifies responsibilities of staff and they work accordingly.

The project is working on addressing the few areas for improvement indicated in the audit report such as improving the quality of impact assessments. In our view it will be important to include more qualitative indicators and measurements that assess why market actors changed their behaviour or models. This will enhance the project's ability to demonstrate that its impact logic holds true and to assess systemic change.

We support the audit's report finding that the amount of MRM work to be done over the coming years "may pose a challenge" given the size of the MRM budget. In our experience 3.5% of the total project budget is indeed little. If this is not addressed the quality of assessments will suffer, e.g. due to small sample sizes. That would limit the reliability of accounting to SDC as well as internal learning and design of more effective interventions.

In conclusion, the MRM system is making a major contribution to the project's effectiveness.

7.5 Communication and capitalisation

The project has a communication strategy but has been unable to implement much of it due to lack of staff (none is assigned to this task) and funds. Communication of the approach to market actors and stakeholders, through personal contacts, has been effective though.

The project promotes an internal learning culture as reflected for instance in the intervention reviews and "lessons learned" in impact and other studies. A number of thematic studies were done to capitalise on the project's experience (e.g. on WEE, measurement of employment effects, environmental impact) and individual case studies were produced as well. The only published account is Erin Markel's "Measuring Women's Economic Empowerment in Private Sector Development" for the DCED. We understand the DCED is planning a study on M4C's innovative monitoring tools.

Budget constraints are the main reason for not doing more. In our view M4C has, at this stage, much more to offer to the private sector development community. Funds will have to be found to do so. This could include applying for external funding, or reallocating funds and staff.

7.6 Finance

The project's spending is on track, and so is its delivery of results. In these terms M4C is as efficient as it was designed and expected to be.

In addition private sector partners have invested CHF 40 for every CHF 60 the project spent on interventions. While this is not a high ratio, private sector partners did make a sizable contribution. A significant contribution was also leveraged for infrastructure development, through the Local Government Engineering Department.

Our overall conclusion is that efficiency has been high.

8. Findings from the southern chars

8.1 Background

One of the objectives of the MTR was to assess the potential for scale up/replication in new areas. The south-eastern coastal region covering the districts of Noakhali and Lakshmipur, having a similar geographical context, was considered for such expansion. An exploratory visit was therefore included in our TOR. It is to be noted that the south-western region of Bangladesh also falls under the coastal belt but was not covered.

A large multi-dimensional (infrastructure, water and sanitation, livelihood, land settlement among others) project titled Char Development and Settlement Project (CDSP) has been supporting and developing the newly accreted chars in this region for over two decades. Currently this project is in its fourth phase. It is funded by the GoB, the Government of the Netherlands and the International Fund for Agricultural Development (IFAD). It is implemented by six government agencies and supported by a technical advisory team. In theory, M4C's approach could complement CDSP's work. The MTR team visited chars included in CDSP IV as well as some from previous phases.

8.2 Criteria

We used a number of criteria to structure our information gathering and assessment. The most important one was access to agricultural inputs, knowledge and markets. Agriculture is the major livelihood option for the people in the southern chars, like it is in the northern chars. This criterion is the most decisive as almost all the activities of M4C aim at improving this access, which is the key constraint on growth and poverty reduction in the northern chars.

The other criteria we used are:

- Level of poverty
- Vulnerability
- Agricultural practices and cropping intensity
- Physical infrastructure and communication

8.3 Assessment against criteria

8.3.1 Access to agricultural inputs, knowledge and markets

Compared to the chars in the northern region, the southern chars have much better access to agricultural inputs, knowledge and markets. One distinct characteristic of the southern chars is that most are connected to the mainland. The largest but disconnected char is Hatia which itself is an Upazila. The island has good road communication and all other facilities an Upazila should have. There are a few other disconnected chars such as Urir Char and Nijhum Dip but their population is very small: around 2,000 and 4,200 households respectively.

Availability of agricultural inputs and presence of the private sector is fair in connected chars. Most of these chars, such as Char Majid, Boyar Char, Nangulia, Noler Char, and Char Ziauddin have been developed into polders during different phases of CDSP and are therefore active in agricultural production. Because of good road connectivity (for which much credit goes to CDSP), agricultural marketing is not a problem either. Almost all the major agricultural input companies have their dealers in Noakhali district Upazilas (except Hatia island), from where they distribute to other smaller retailers. Many of the retailers in these connected chars also get their products delivered at their doorstep by companies or dealers when they order by phone. The companies carry out different promotional activities such as demonstration plots, farmers' field days, and retailer training to educate farmers and so create demand for their products.

Though the seed companies do not have dealers or a direct presence in Hatia, their products are available to some extent. There is no reputed company's seed dealer in Hatia, but several leading pesticides companies (such as ACI Crop Care, Auto Crop Care etc.) dealers are. The agri-input wholesalers/retailers in Hatia buy inputs not from the nearby mainland but from Chittagong district because of a well-functioning water transportation system. The agri-commodities find Chittagong a better destination for the same reason. Though access to inputs is there in Hatia, access to knowledge is relatively poor as most companies still do not have a physical presence or designated dealers and therefore have no promotional activities. However, there are clear signs that these companies are increasingly considering Hatia as a potential market (See Annex 4).

Nijhum Dip can be likened to the northern chars in terms of accessibility. However, it is very close to Hatia island and improvement in Hatia is likely to improve Nijhum Dip's accessibility. Besides, there are only a few similar chars and their population size is not significant.

While in the northern chars there are hardly any MFIs to provide loans to producers or other char dwellers, quite a few MFIs including BRAC work in the southern chars, even the disconnected ones. Though Nijhum Dip has the worst accessibility situation for agri-inputs, there are MFIs who provide credit to farmers, including crop loans.

8.3.2 Level of poverty

According to the World Bank-World Food Programme poverty map[14], less than 6% of people in Hatia and Nijhum Dip fall below the lower poverty line (extreme poor). In the rest of the region this extreme poor population is 7 to 15%, while 16 to 27% fall under the upper poverty line and can be considered poor. The map shows that the percentages of extreme poor (16 to 35%) and poor (28 to 50%) are much higher in the northern chars.

Though our visit was brief, field observation also partly reflects this greater well-being situation in the southern chars. E.g. a discussion with a small group of farmers in Nijhum Dip revealed that everyone has more than 2 acres of agricultural land where all grow at least 2 crops while some farmers grow 3 crops a year. Some farmers grow vegetables year round through the 'sorjan' method. All the farmers have livestock animals and poultry birds in their households. The average animal herd size is 6 while bird flock size is 15-20. In terms of connectivity and remoteness, Nijhum Dip is the farthest yet these conditions seem better compared to those in the northern chars.

8.3.3 Vulnerablity

Vulnerability of people in the southern chars is not as acute as in in the northern chars.

First, erosion and accretion take place in both regions but because of CDSP's interventions for over 2 decades, many chars have embankments and have become very stable. The northern chars hardly have any such embankments and are therefore more vulnerable and so are the char dwellers.

Second, one implementing agency of the CDSP is the Ministry of Land which not only settles land disputes but also distributes land among the landless who lost their lands in the river/sea. This does not happen in the northern chars.

Third, it is a common phenomenon that the northern chars go under water completely during the rainy season. Only the houses remain above water and many of these are partly flooded too. No agricultural crops can be grown during the rainy season, and often early flooding

[14] http://www.wfp.org/content/poverty-maps-bangladesh-2010-key-findings

damages the crops in the field. This is not the case in the southern chars. Rather, the main crop, Aman rice, is grown in the rainy season as surface water becomes less saline at that time.

Fourth, northern Bangladesh has a prolonged winter and sometimes foggy weather damages the crops while in the southern chars this is less of an issue.

Being in the coastal belt, southern chars are more prone to cyclones. The risks these pose are very different from the seasonal flooding in the North.

8.3.4 Agricultural practices and cropping intensity

Salinity is the key constraint on agricultural growth in the southern chars. Surface water has high saline content for most of the year. To reach groundwater, long boring is required which is not cost effective. Farmers mostly use Low Lift Pump irrigation using surface water. Due to higher salinity in surface water in winter (low rainfall), most of the land remains fallow. In summer, farmers grow mainly vegetables, pulses and oil seeds capitalising on the periodic rainfall. In the rainy season, Aman rice is the main field crop.

The embankments created by CDSP in different phases helped increase the cropping intensity in many chars where the salinity now remains within the limit to grow crops during summer. Currently, the region has a cropping intensity of 1.92 which is higher than the country average (1.91).[15] This cropping intensity is one of the factors contributing to the lower poverty rate in the region.

In contrast, the northern chars cannot grow anything during the rainy season. The two main cropping seasons are winter and summer. Salinity is not an issue on these chars, but much of the land requires a high level of irrigation to keep the sandy soil sufficiently moist.

8.3.5 Physical infrastructure and communication

CDSP has made significant investments in infrastructural development including roads and embankments. Consequently, road communication is much better in the southern chars compared to those in North. While only a few chars in the northern region have paved roads, of limited length, this is different in the southern chars. Besides, there is an established and well-functioning river-way system from the southern chars to Chittagong and Dhaka for transporting goods and passengers. The region is well-known for exporting surplus production of agricultural commodities such as rice, water melon, ground nuts, soybean, country beans and others, as well as fish, to the rest of the country.

In conclusion, the main objective of the M4C project is to improve the access of the northern char dwellers to agricultural inputs, knowledge and markets. The project was conceived on the basis of inaccessibility to these services being the root cause of poverty there. Our exploration of the southern chars based on the above listed criteria shows that M4C's overall strategy and thematic interventions are not a priority there. This does not mean that if M4C would expand to the southern chars and improve accessibility this would not result in poverty reduction. But as the trends show, lead firms have already started penetrating these markets. External support may expedite this process, but to utilize scarce resources more efficiently and effectively and reach larger numbers of poor people, expansion to more northern chars should have higher priority.

[15] District Agricultural Office, Department of Agricultural Extension, Noakhali

9. Conclusion and recommendations

9.1 Overall conclusion

M4C is well on track to deliver the expected results for its target groups, in terms of numbers of households affected, reach to the disadvantaged, poverty reduction, DRR and WEE. This has come as the result of interventions that address the main underlying causes of the underperformance of markets in the chars. The project's results are relevant to target groups, other market actors, the GoB and the SDC. Its facilitative approach has demonstrated to be effective.

The project is well-managed and has appropriate systems in place, including an excellent and well-used MRM system. It has built on the achievements of CLP and collaborated effectively with private and public sector market actors, and other projects. The RDA is a supportive home.

The sustainability of results for the target group depends on the sustainability of change in support markets (for inputs, services, etc.). Signs of systemic change are encouraging for a number of the more discrete interventions (such as mechanical maize shelling). It is too early to ascertain this for the function of lead firms. While this is not unusual for an M4P project, this is in part due to high levels and continuing cost-sharing and other support. However, good progress is being made in terms of outreach and incentives for lead firms are strong. In our view they are the most likely to contribute in the long-term to the development of local market institutions, which the M4C design rightly identifies as an important weakness in the chars. Dealers, retailers and traders (in relation to institutional buyers) are the key local market institutions that need to be strengthened. Working with lead market players from the mainland is likely to be the most effective strategy for achieving this.

While contract farming does not receive financial support to their operations (only in establishment), incentives for this model may be insufficient. The same is true for inclusion of knowledge transfer in other farmer-trader relations. The producer groups are unlikely to prove sustainable due to weak internal incentives. They can best be considered as a temporary catalytic intervention that has facilitated lead firms' entry into the char market.

9.2 Recommendations Phase 1

To strengthen the project's approach to achieving systemic change we recommend the following.

1) Conduct an in-depth analysis of the cross-cutting agricultural input market and restructure the portfolio and consolidate and design interventions on that basis. This will enable the project to address cross-cutting systemic constraints (e.g. in logistics), increase incentives for lead firms (no sectoral limitations) and benefits to households, and identify opportunities for scaling up that do not depend on char-by-char replication (analysis by December 2015).
2) The distribution model M4C designed should be reconsidered and refocused on logistics, as this is the key weakness in the system it has so far been developing (by December 2015).

3) Continue to address sector-specific constraints where this is appropriate (on a continuous basis).

4) Lift geographical and sectoral limitations on partner lead firms and develop partnerships with new lead firms, to increase competition. This will increase choices of and benefits to households, and may contribute to lowering levels of project cost-sharing (by December 2015).

5) Make all possible efforts to reduce the level of cost-sharing to lead firms, attempt to shift support to more facilitative activities (e.g. a database on char households, their crops and locations the project is already planning), and, crucially, make support time-bound (in all new agreements).

6) Develop an exit strategy for the project to disengage from the producer groups within a period of 6 months from September 2015. Following a period of at least one year without support and without formation of new groups (i.e. in Phase 2) have a fully independent assessment done of the groups' sustainability and functions (including their catalytic effects). If this is positive, assess costs and benefits (including social) in comparison to other models for bringing lead firms into the chars and consider forming groups on new chars if this is justified (design strategy in August 2015).

7) Develop and pilot models to facilitate lead farms reaching farmers with their promotional and information activities that are not based on producer groups, the database mentioned under 5 being an example (from August 2015).

8) In any new market systems analysis (e.g. the inputs market) apply the Gender Strategy's gender analysis framework to identify systemic constraints on participation of and benefits to women, and design and implement interventions on that basis (on a continuous basis).

9) In any new market system analysis include analysis of the formal and informal rules that govern them and consider the chars in their wider economic context rather than as local economies (on a continuous basis).

10) Fully integrate "do-no-harm" principles and practice, including with regard to displacement of labour, WEE and power differences, into the intervention design, implementation and assessment cycle. Address unintended negative effects when possible (on a continuous basis).

With regard to other issues we recommend:

11) Increase depth of outreach and impact on the poor and disadvantaged by inclusion of the livestock sector, dropping the "functional access to land" criterion officially, and more attention to opportunities for paid labour, value addition and off-farm activities (from August 2015 and on a continuous basis). We would prefer the inclusion of the livestock sector to happen in Phase 2, given many other tasks, but this may not be under the project's control.

12) Consider increasing budget allocations for (internal) capacity development, communication and capitalisation, and MRM. The last should have the highest priority (August 2015).

13) Reinstate a full-time gender focal point and have her supported by a senior Bangladeshi gender consultant (August 2015).

14) Develop a vision and strategy for the future functions of the partner NGOs, if any, in the market system, as facilitators, or otherwise, and implement (strategy by September 2015).

9.3 Recommendations Phase 2

We present these recommendations under the headings widen, deepen, and diversify. They build on the recommendations for Phase 1.

Widen

15) Widen the geographical coverage of the project to include more charts in the North, of which many are as yet untouched and which suffer similar levels of poverty, vulnerability and marginalisation as chars that have been covered, as a result of the same systemic causes. Widening to include the southern chars is not recommended.

16) Widen the geographical scope of partnerships with lead firms, to include more chars by partnership.

Deepen

17) Continue the reduction in project cost-sharing in lead firm interventions, develop and pilot more facilitative interventions, and ensure partnerships are time-bound on the basis of a clear objective beyond the partnership (what is expected when support is terminated?), and of business plans that indicate when operations become profitable.

18) Terminate lead firm partnerships in which the scope for sustainable change proves to be small (e.g. partners refuse to increase their cost-sharing). Continue to add new partners to increase competition.

19) Pursue the interventions in finance and transport that demonstrate good potential for bringing systemic change without char-by-char replication.

Diversify

20) Carry out an in-depth analysis of end-markets for char products, as recommended for the input market in Phase 1. Redesign interventions to access markets, including institutional buyers, on that basis.

21) Review the roles contract farming and support to other relations between farmers and local traders would have in such interventions, including the effectiveness and sustainability of what was achieved in Phase 1, traders/contractors incentives, the need to formalise contracting arrangements, scale strategies. This could, for instance, result in a greater emphasis on strengthening the role of traders as traders while input firms take on the function of providing information on post-harvest practices.

22) Do a feasibility study for systemic change in the “advocacy market”. The (recent) experience with Char Coordination Committees indicates that such bodies may have the potential to access funds for much-needed improvements in infrastructure or other public services. There may be scope for broader strengthening of such market functions. The project itself should not take up an advocacy role.

Annex 1 – Extract from the Terms of Reference

Objective 1

Relevance

- What is the relevance and effectiveness of the facilitative M4P approach in addressing poverty within the underdeveloped market systems of the highly disaster-prone and hard-to-reach Char islands?
- What is the relevance of the project for the market actors in the dynamic and quickly evolving rural markets of Bangladesh (added value)?
- Are the interventions and outputs consistent with the intended impact, overall goal and the attainment of the project's objectives?

Effectiveness:

- What is the evidence for achievement of project results (at output, outcome and impact level) and the likelihood of achieving targets set in the Project Document/logframe by the end of the phase?
- Did M4C effectively build on the asset transfers and results of the Char Livelihood Programme (CLP) and what complementarity was achieved? What synergies did the project achieve with other projects such as Katalyst, Oxfam-REE-CALL, Care-SHOUHARDO, etc.?
- In what ways is the approach of M4C to gender, good governance and DRR mainstreaming coherent with the project objectives and the overall SDC strategies and goals?
- In what ways did the collaboration with the Rural Development Academy (RDA) contribute to the effectiveness of the project?

Efficiency:

- To what extent does the current project set-up, team competence and organisational structure support the collaboration with the private and public market actors? How is the organisation of human resources, the set-up of offices, and the use of external expertise enhancing/hindering efficiency?
- How is the role of the different project stakeholders (local partner NGOs, private sector partners, local government actors) to be judged with regards to efficiency, as well as sustainability?
- In what way are profiles and expertise of human resources in M4C furthering/hindering an efficient implementation of the project? Are mechanisms and processes for strengthening and maintaining quality of human resources adequate?
- How does the current Monitoring and Results Measurement (MRM) System influence internal decision-making (particularly with regards to intervention strategies), learning and accountability towards SDC? How helpful has the application of the principles of the DCED standard been for designing and implementing the MRM system?
- How is the project organised in terms of capitalisation and communication of results and experiences?

Impact

- What tangible positive or negative changes have been produced (particularly for the women, poor and disadvantaged farmers) by the project directly or indirectly, intended or unintended?

- How are poor, disadvantaged and women benefitting from the project, and how sustainable is the change in their livelihoods?

Sustainability

- To what extent are the outcomes and benefits of the programme likely to continue after the end of this project phase?
- What is the effectiveness and sustainability of the different farmer group models (NGO-facilitated, contractor-led, etc.) for the continued demand and supply of market-relevant services?
- How are issues of power of market actors and access to land addressed throughout the PCM cycle (results chains, intervention design, implementation, monitoring, capitalisation)? How are the principles of do-no-harm applied, and how does the project mitigate negative effects of the project-induced change on losers?
- How are the potentially negative environmental effects of the increased use of inputs by farmers mitigated?

Objective 2:

- Which key adjustments in terms of processes, interventions, structures and approaches need to be taken/ achieved during the current project phase in order to increase relevance effectiveness, efficiency, impact and sustainability of results achievement?
- Which adjustments to the current portfolio of sectors, markets, partners and locations, due limited change, success or relevance for poverty alleviation, are recommended?
- How should the project position itself in view of the possible end of/ strategic changes to CLP in 2015/16 (i.e. livestock sector interventions, coverage of recent CLP areas, etc.)
- In what ways could the project potentially contribute to the establishment of the Char Development Research Centre (CDRC) of RDA?
- Draft a roadmap with key milestones for the remainder of the phase.

Objective 3:

- What are elements/structures/practices within M4C with particular poverty relevance, outreach and sustainability potential for the future, and what are reasons for that (and vice versa)?
- In light of the above, what are possible future scenarios for M4C, and how are they to be strategically assessed in terms of poverty alleviation, up-scaling, systemic change and financial absorption potential?
- What options for a future collaboration (and/or co-funding) with other projects and programmes on the Northern and/or Southern Chars (CLP, IFAD, EKN, etc.) would potentially add value to M4C?

Annex 2 – Mission programme, organisations and people met

North - Current M4C area

Date	Day	AM	Names and Contact Numbers of External Meeting Participants	PM	Names and Contact Numbers of External Meeting Participants
12-May	Tue	Meeting with SDC		Meeting with Project Management Team	
13-May	Wed	Travel to Bogra		1. Meeting with M4C Management 2. Meeting with Project Director and Deputy Project Director 3. Dinner with RDA Officials	AKM Zakaria Director, Agricultural Sciences Division Project Director, M4C (01711 876111)
14-May	Thu	1. Meeting with CLP 2. Discussion with Maize Team	1. Mohammad Muktadir Hossain Manager, Markets and Livelihoods Unit, CLP (01726270431) 2. Babul Deba Nath, Markets Coordinator, CLP (01716191517)	1. Discussion with Onion Team 2. Discussion with Financial Services Team 3. Discussion with Handicrafts Team 4. Discussion with MRM Team	
15-May	Fri	1. Visit Project Activities at Bogra (Maize interventions in non-group settings, meet target group and local service providers)	Md. Ziaur Rahman and his farmer groups Maize Contractor Agboahail, Sariakandi, Bogra	1. Visit Project Activities at Bogra (Maize interventions and PG activities in group settings, meet target group and local service providers) 2. Visit Sales and Service Centre (SSC) and observe their initiatives 3. Discussion with Syngenta company representative	Md. Rasel Mahmud, Market Developer Syngenta BD Ltd. Sariakandi, Bogra (01719511213)

16-May	Sat	Travel to Rangpur		1. Visit Project Activities at Rangpur (Maize and Groundnut in non-group settings and Onion interventions in group settings, meet target group, local service providers (Groundnut Contractor, Onion Trader, Officials of Petrochem and NAAFCO)	NAAFCO: Md. Rezaul Karim, Area Sales Manager (01737664771) Groundnut Contractor: Md. Ruhul Amin (01783835103) Onion Trader: Md. Shohidul Islam (01773319338) Petrochem: Md. Zakir, Area Sales Manager (01730014793)
17-May	Sun	Visit Project Activities at Kurigram (Handicrafts, Maize interventions in non-group settings, meet target group, local service providers)	Abdullah Al Muzahid Shahed Director, Women Skills Development Foundation 01719726953	Visit Project Activities at Kurigram (Groundnut and Onion interventions in group settings, meet target group local service providers (Groundnut Contractor/Trader, Onion Trader and officials of ACI)	Zakir Hossain, Supervisor, ACI (01723884111)
18-May	Mon	Travel to Bogra		1. Meeting with Project Partner (Auto Crop Care Ltd., agro-input company) 2. Meeting with NDP (Sub-contractor) Management 3. Meeting with Chilli Team 4. Meeting with Transportation Services Team 5. Meeting with DRR and Gender Focal Person	1. Humayun Kabir, Sr. Divisional Manager Auto Crop Care Limited (01711835565) 2. Alauddin Khan, Executive Director, NDP (01713383100) and Dr. ABM Shazzad Hossain, Director, Research & Monitoring (01713383102)
19-May	Tue	Visit Project Activities at Sirajganj (Chilli, Jute, Financial Services Interventions in group settings, meet target group and service providers)		Travel to Dhaka	
20-May	Wed	1. Meeting with Innovision Team	Sadruddin Imran Chairman, Innovision Consulting	1. Meeting with Project Management 2. Mid-term Briefing at SDC office	Zinia Rashid (0176 4197873) Siroco Messerli (0175 5537098)

			Private Limited (01713004666)		
21-May	Thu	Handover to IFAD			
27-May	Wed	Meeting with Project Partners 1. Bangladesh Jute Research Institute and Department of Agricultural Extension 2. NAAFCO Ltd., agro-input company	1. Iman Ali Sardar, Additional Director, Department of Agricultural Expension (01712702101) 2. Mozibor Rahman, Director (Agriculture), Bangladesh Jute Research Institute (01711784444) 3. Subir Chowdhury, Deputy General Manager, Development, NAAFCO Group (01713336340)	1. Meeting with Project Partner (Metal Agro Ltd., agro-input company) 2. Meeting Secretary, RDCD, Ministry of LGRDC	1. Md. Shohidul Haque, Marketing Manager, Metal Agro Limited (01755625127) 2. M A Quader Sarker, Secretary, Rural Development and Cooperatives Division, Ministry of LGRD & Cooperatives 3. M A Matin, Director General, Rural Development Academy (01711 875715)
28-May	Thur	1. Preparation for Debrief 2. Debrief to M4C project		Debrief at SDC office	

South-eastern Char area

Date	Time	Visiting area	Respondent	Discussion issue
22/5/2015	11:40-12:00	Afazia Bazar, Hatiya, CDSP-II area	- Retailer of Agro Seed - Retailer of insecticide dealer	- Seed purchasing & marketing - Insecticide purchasing & selling
22/5/2015	3:30-4:30	Sagoria Bazar, Hatiya, CDSP-II area	Market management committee	Marketing, market development
22/5/2015	5:15-6:00	Tomoraddi Bazar, Hatiya	Market actors, Arotdar	Agro-product purchasing and marketing
23/5/2015	10:30-11:40	Bondar Tila, Hatiya, CDSP-II area	- Retailer of Agro Seed - Retailer of	- Seed purchasing & marketing

			insecticide dealer	- Insecticide purchasing & selling
24/5/2015	9:30-10:00	Halim Bazar, Subarnachar	Muslehuddin Retailer (Insecticide), Syngenta	- Insecticide purchasing & selling
24/5/2015	10:20-11:30	Khasherhat, Subarnachar	Mostafa Miah Dealer (Insecticide), Syngenta	- Insecticide purchasing & selling
24/5/2015	11:45-12:30	Centre Bazar, Subarnachar	Oli Bepari Market Actor	Soybean purchasing and selling
24/5/2015	2:00-3:00	Tankir Khal, Boyerchar, CDSP-III area	Yeasmin Akther (Munni) Zakia Begum, Saheda Begum, Utpal Das	Agro-product purchasing and marketing
24/5/2015	3:00-4:00	Hatiya Bazar, CDSP-III area	Musfiqur Rahman (Chairman), Bina Rani Das, Abu Sayed, Enayet Hossain	Market Management & Development
24/5/2015	4:15-5:00	Jubayer Bazar, Subarnachar, CDSP-I area	Abul Bashar Monju, Anowar Master, Shamsuddin, Aleya Begum	Market Management & Development
25/5/2015	9:45-10:30	Sagorika Samaj Unnyan Songostha (PNGO), CDSP-IV area	Hannan Mollah, NGO Coordinator, Mostafizur Rahman, Branch Manager, Emran Hossain, Agriculture Coordinator, Miraj uddin, Market Actor, Nur Uddin, Market Actor	Value Chain Development for Agro-product
25/5/2015	10:40-11:10	Bhumiheen Bazar, CDSP-IV area	Nurul Islam, Nur Uddin, Ashraf Ali, Nazim Uddin	Talk with farmers group
25/5/2015	12:00-12:45	Department of Agriculture Extension (DAE), Noakhali	Project Director & Deputy Director of Department of Agriculture Extension, Noakhali	Value Chain Development Activities & others DAE Activities in Noakhali

25/5/2015	3:00-5:30	CDSP-Conference room, BWDB Compound, Sonapur, Noakhali	Masum Billah, (Lal Teer seed Ltd), Ershad Hossain (Brac Seed Enterprise), Himu Barua,(Ispahani Agro-Ltd), Rubel Hossain, (ACI Seed)	

Annex 3 - Progress towards sustainability

Market actors/ innovations	**Main current project involvement**	**Signs of sustainability**
Producer groups, sales and service centres	All producer groups facilitated by the project	Indications incentives are relevant (or not): Considering the groups as service providers: members are satisfied, but the groups do not have a commercial function or another strong external or internal incentive to stay together. Sales and service centres do have a commercial function but they build on the groups; sales figures are not yet available. Independent action: some groups are reported to have independently contacted further input/service providers
Contract farming and traders	Cost sharing of the increase in numbers of contractors	Indications incentives are relevant: Contractor number increased and they expanded geographical coverage. Some contractors connected with institutional buyers, input companies, buying and selling in bulk. Some contractors report increased sales though no quantitative data. Similar for other traders. Independent action: some contractors increased the number of farmers they cover, they and other traders continue providing training/ information to farmers. Contractors communicating with the Bangladesh Agricultural Research Institute.
Lead firms	All lead firms are still receiving cost-sharing at relatively high levels (usually more than 50%; this is decreasing but slowly (5 to 10%). Firms resist increasing their own contribution and say expansion to other chars would again require high levels of cost-sharing. If project support would be withdrawn they would be unlikely to continue promotional activities, depending on retailers and farmers copying.	Indications incentives are relevant: Lead firms increased coverage. Sales increases of lead firms, dealers, retailers. Independent action: One partner firm added products to promote. Some staff now paid by firms. More retailers established. Further retailer training conducted (2 firms). “Prescription service” (for inputs) initiated. A dealer for a lead firm not partnered with M4C reactivated his activities.
Maize shelling services	Project continues cost-sharing purchase of machines (reduced over time)	Indications incentives are relevant: Demand is strong, number of shellers increased Independent action: No project involvement in operations, the service is profitable. Microfinance institution reported to be lending for purchase of machines.

Drying materials	None	Indications incentives are relevant: Demand is strong, sales are increasing. Independent action: Number of retailers selling the materials is still increasing, drying materials are being sold commercially in an increasing number of villages.
Handicrafts	2 out of 3 firms still receive cost-sharing	Indications incentives are relevant: Number of partners and producers increased. Partners increased sales. Independent action: one firm is operating independently and is expected to include more producers. Trainers were appointed from among the group members.
Finance – mobile services (transfers)	New partnerships with cost-sharing being explored	Indications incentives are relevant: Demand is strong. Agents on the chars established by the first partner are handling significant volume. Independent action: Agents continue promoting services. The first partner is expanding promotion activities.
Finance – crop loans	Project sharing operational costs of one MF provider	Indications incentives are relevant: Demand and loan performance are good. Independent action: A further MF provider is piloting crop loans.
Transport – Ghat coordination committees	Project provides technical and some financial assistance (e.g. for an experimental landing jetty)	Indications incentives are relevant: 4 committees are functioning and have undertaken activities with limited facilitation resulting in e.g. public and donor funds allocation to improved infrastructure. Independent action: establishment of a ghat medical post, investment in e.g. road repair LGD, Ministry of LGRD&C is looking into formalizing the committees which would open up their establishment at other ghats.
Transport – Char vehicles	Project continues cost-sharing of purchase (decreased over time)	Indications incentives are relevant: High demand for the transportation service and the vehicles, more workshops are producing and improving the vehicles.

Annex 4 – Private input companies are taking active steps to penetrate Hatia market

Hatia island has not been an attractive market so far for the private input companies to invest in developing their markets. But this does not seem to be the case anymore.

Brac Seed is one of the leading seed companies in Bangladesh. They did not have very active promotional efforts in this region. Two years back, their efforts were limited to Noakhali district headquarters. Now, they have reached further to the South tapping into the connected chars. They have already targeted to cross the sea this year and reach Hatia by appointing a dealer and starting market promotion.

Lal Teer is a leading vegetables seed company in Bangladesh. Without any direct presence or appointed dealer in Hatia, they observed a steady growth in sales in the last few years - with an average year-on-year growth of 20%-30%. Looking at this steady growth, Lal Teer has decided to appoint a dealer in Hatia soon.

Ispahani Agro Chemicals is a leading bio-pesticides company in Bangladesh. This company partnered with CDSP project and promoted sex-pheromone trap in Hatia. The response was incredible - more than 100% increase just after 2 months of the promotion and the growth continued since then. Realizing the potential market, the company is also considering to appoint a dealer in Hatia.

ACI seeds, another leading seed company does not have any dealer in Hatia yet. The company has already decided to appoint a dealer in Hatia this year and is in discussion with a few candidates.