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# From Value Chains to Market Systems

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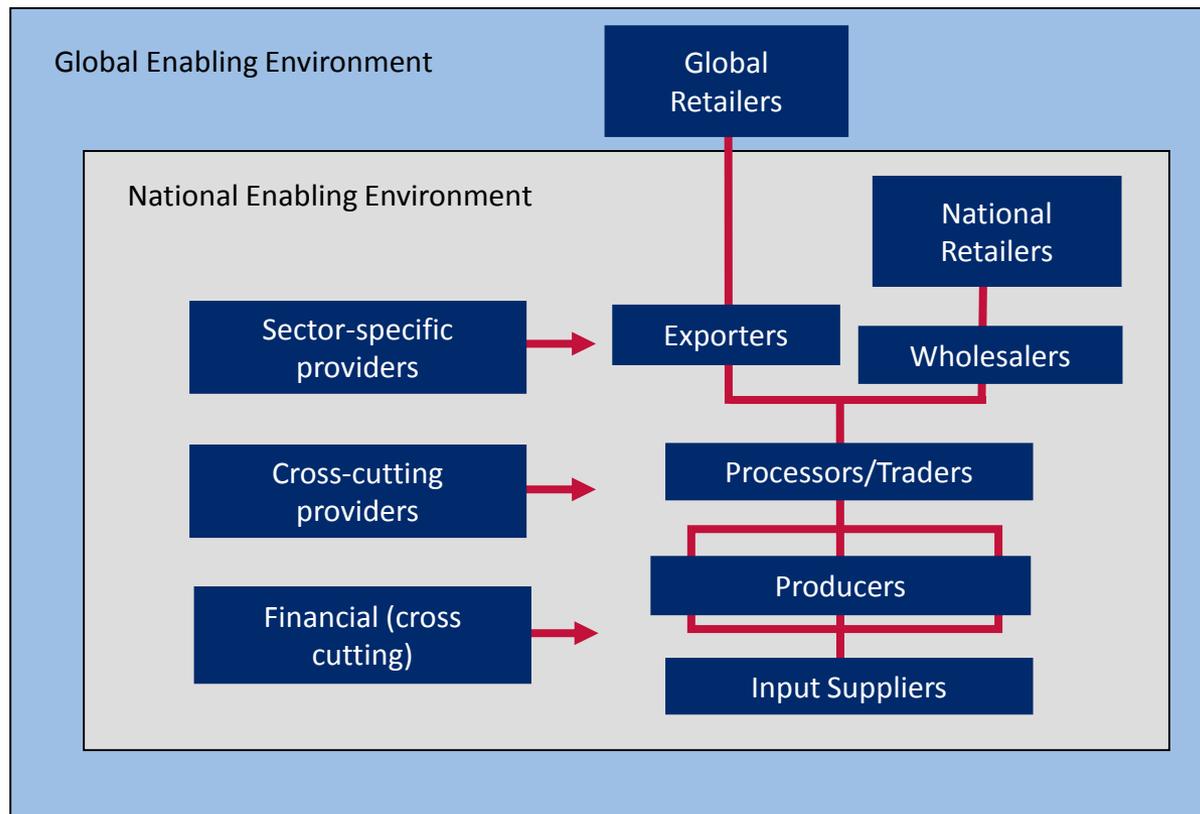
Leveraging Economic  
Opportunities

# Inclusive Market Systems Development

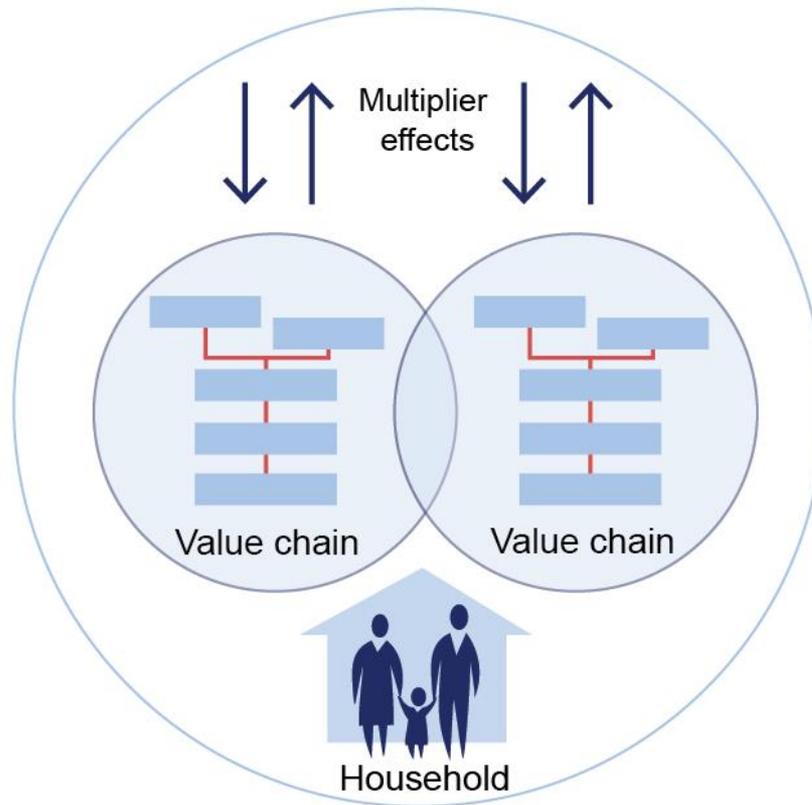
To catalyze a process that results in a market system that is

- **Competitive**—upgrade to meet demand
- **Inclusive**—of women, the poor, youth
- **Resilient**—to shocks

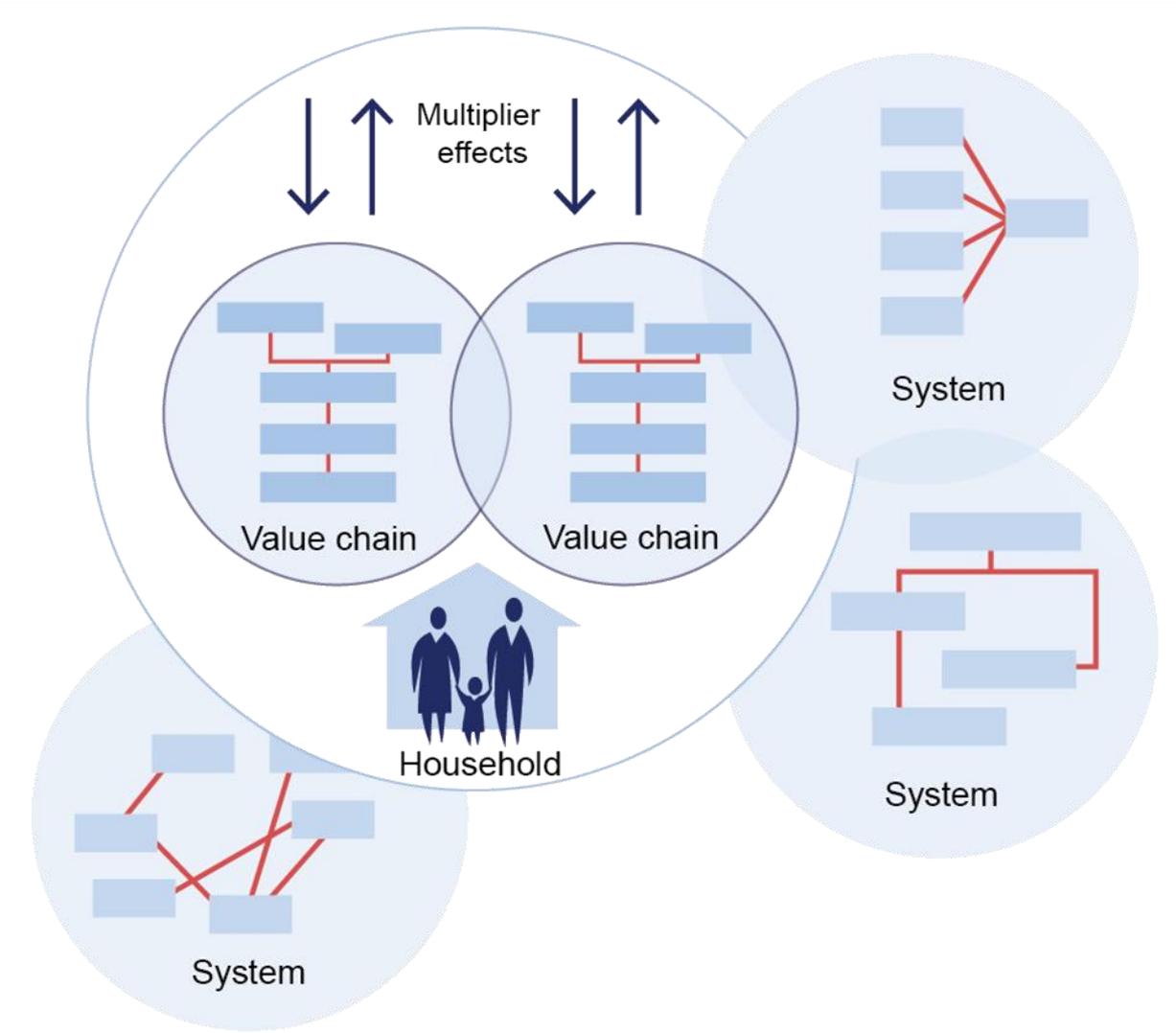
# Value Chain Framework



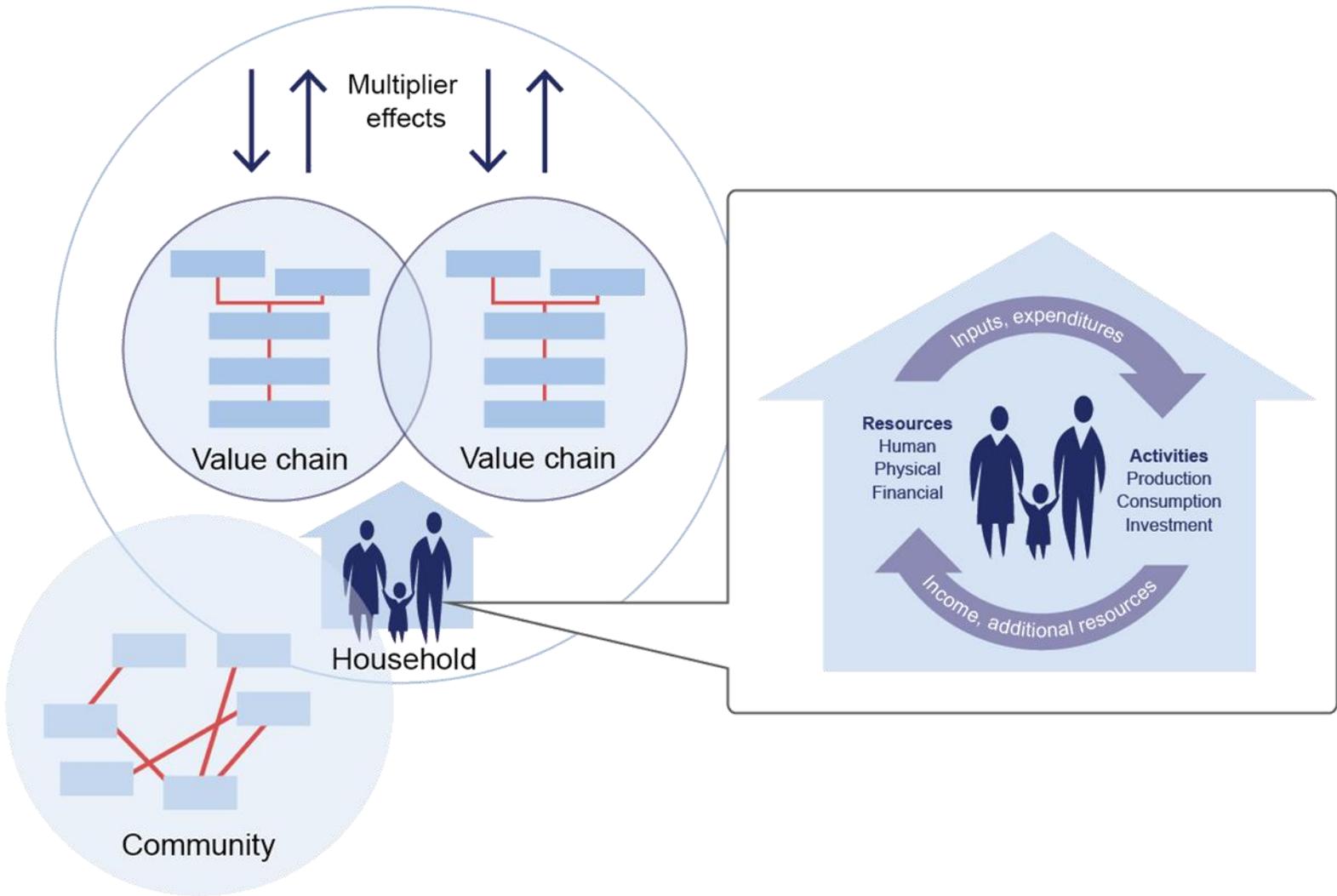
# Inclusive Market System Framework



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# Value Chain Principles

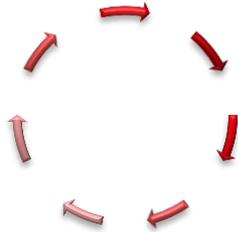
- Take a market system perspective
- Look to end markets to define opportunities and risks
- Address underlying constraints, not symptoms
- Facilitate ongoing improvement

# Value Chain Principles: Systems

- Soft boundaries
- Contain simple, complicated and complex

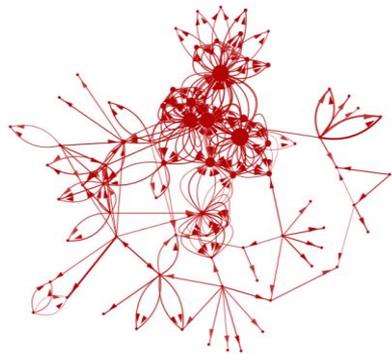
# Value Chain Principles: Systems

## Simple



- Order
- Cause & effect
- Perceivable & predictable
- Replicable
- Standard operating procedures
- Best practices

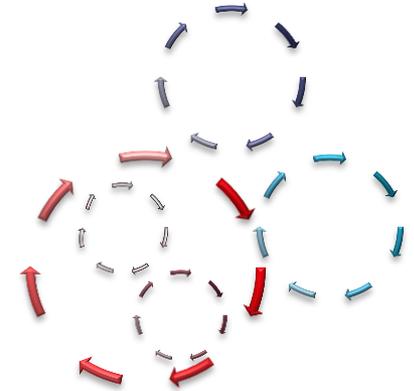
*Example: Baking a cake*



## Complicated

- Order
- Cause & effect
- Analytical & reductionist
- Formulae
- Largely replicable
- Good practice

*Example: Sending a man to the moon*



## Complex

- Disorder
- Non-linear
- Unpredictable & emergent
- Experimental
- Pattern identification & relational change
- Non-replicable
- Emergent practice

*Example: Raising a child*

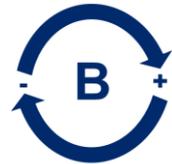
# Value Chain Principles: Systems

- Soft boundaries
- Contain simple, complicated and complex
- Self-organizing

- Reinforcing loops



- Balancing loops



# Value Chain Principles

- Take a market system perspective
- Look to end markets to define opportunities and risks
- Address underlying constraints, not symptoms
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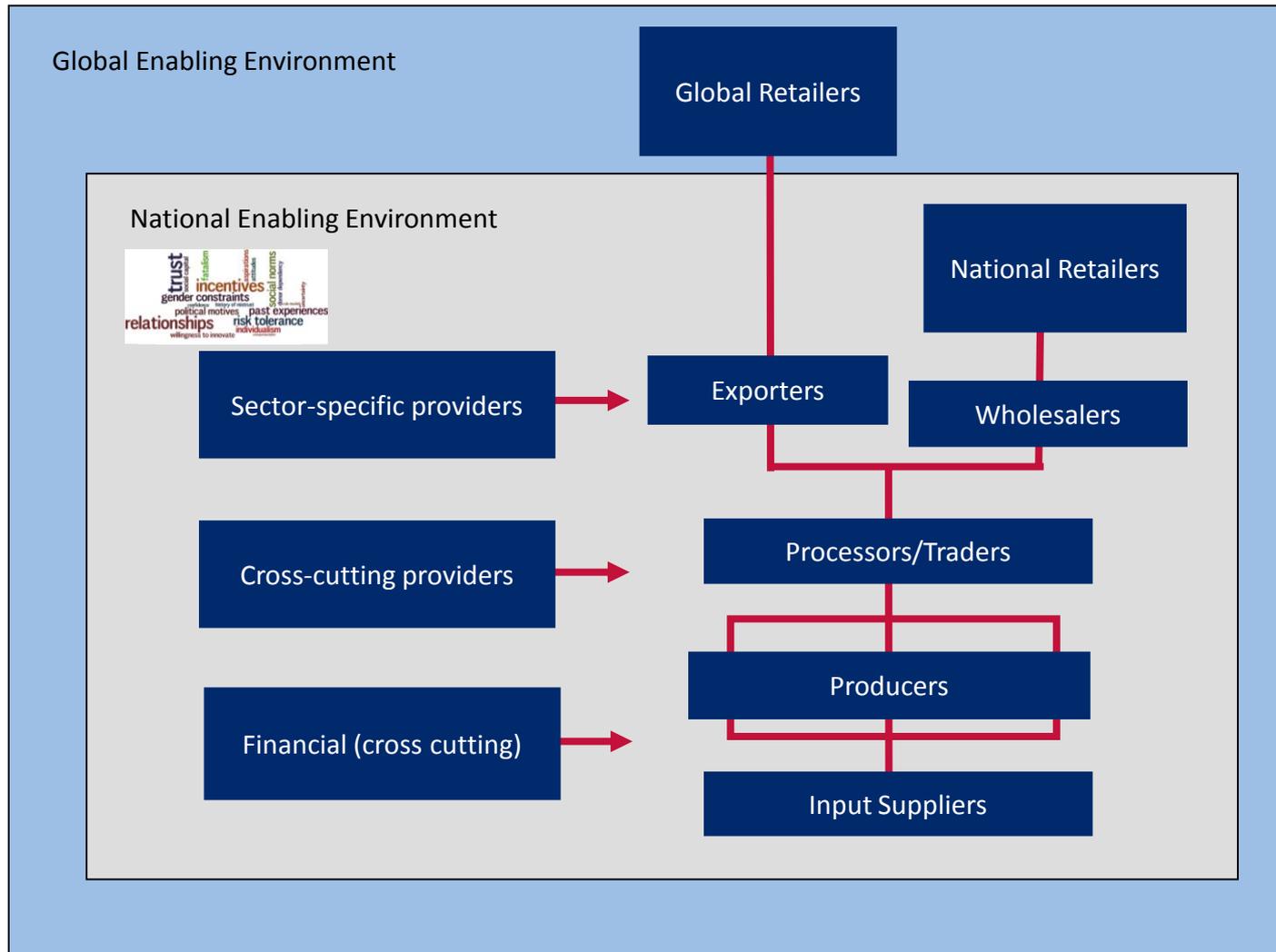
# Value Chain Principles

- Take a market system perspective
- Look to end markets to define opportunities and risks
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# Value Chain Principles: Constraints



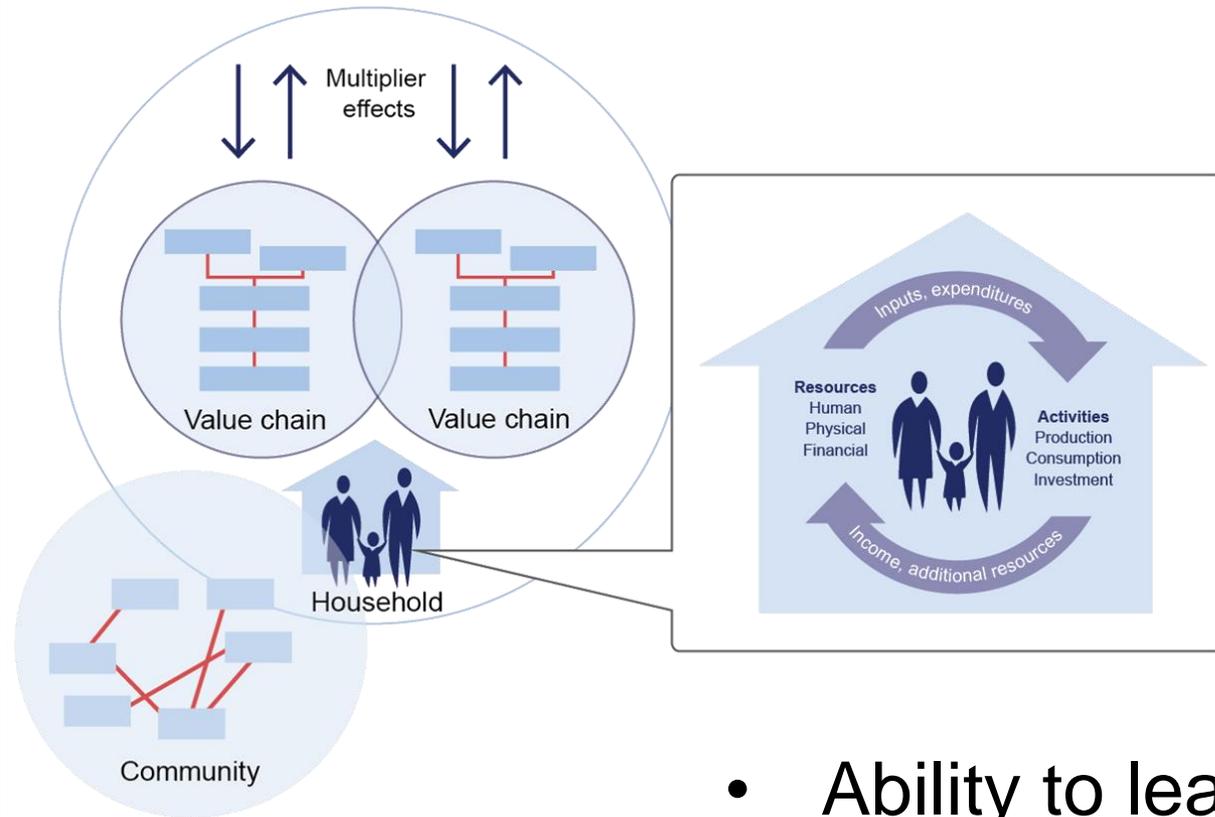
# Value Chain Principles: Constraints



# Value Chain Principles

- Take a market system perspective
- Look to end markets to define opportunities and risks
- Address underlying constraints, not symptoms
- Facilitate ongoing improvement

# Value Chain Principles: Facilitation



- Ability to learn
- Stakeholder coordination
- Promotion of diversity

# Value Chain Principles

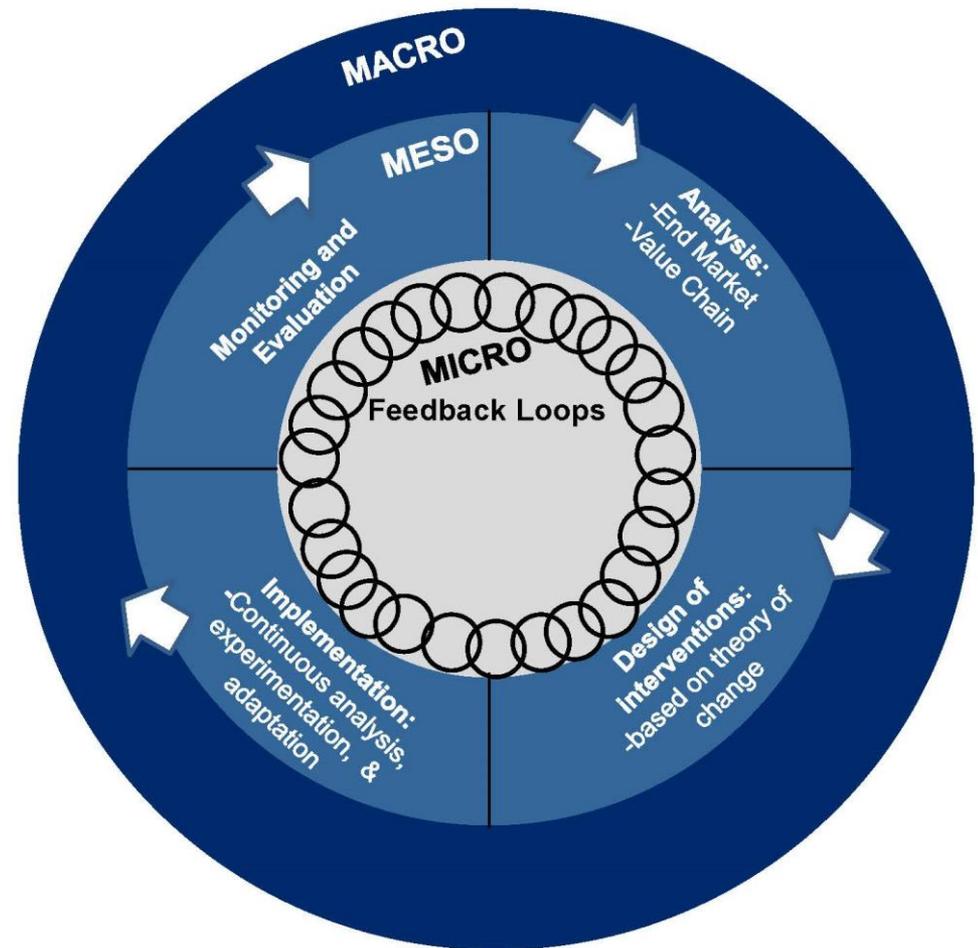
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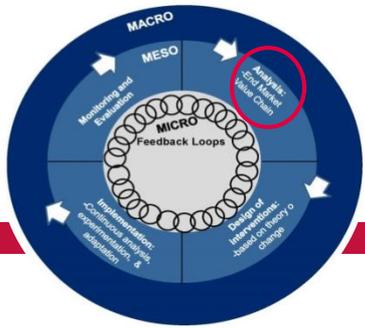
# Relevance?



# Implications for the Project Cycle

- **Dynamic**
- Need for new tools for analysis, monitoring and evaluation





# Analysis of Market Systems

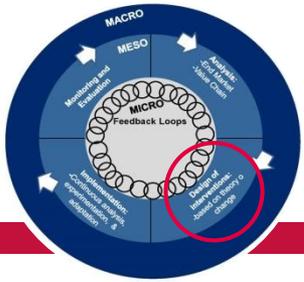
## **Not new**

- There is the initial analysis of how the market system functions and why (M4P, AMAP, lots of guides)

and ...

## **New?** *Analysis of:*

- System boundaries
- Inter-connections with other systems
- Relationships
- Rules/norms
- **Ongoing analysis that informs the dynamic approach to implementation**



# Intervention Design: *What's new & not?*

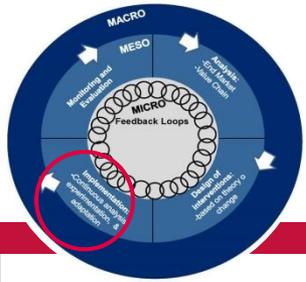
## *Initial design based on:*

- *Analysis of the system*
- *Macro-level evidence-based research*
- *A vision of systemic change desired*
- *Project-level theory of change \**
- *Results Chains*

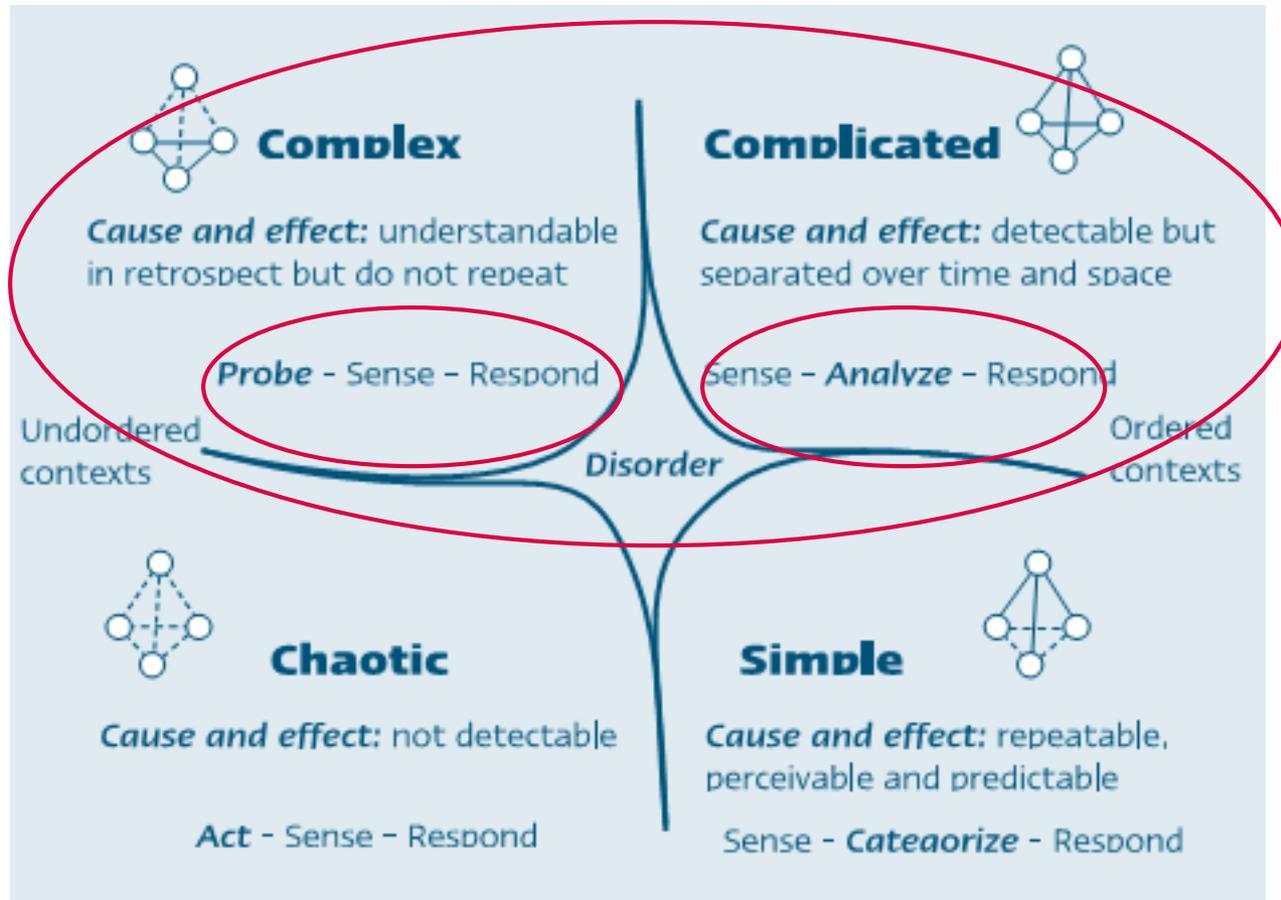
## *In complex systems:*

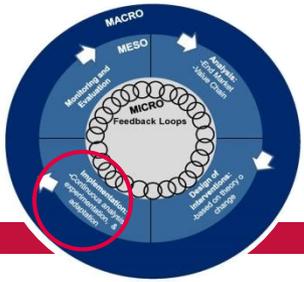
- *May not be much evidence for a theory of change*
- *“Best guess” design – that will be adapted over time*

*Is it possible to develop in a complex system?*



# Implementation: *What's new?*





# Implementation: *What's new & not?*

## *Not new*

- A complicated system – follow good practice principles
- Facilitation

## *New*

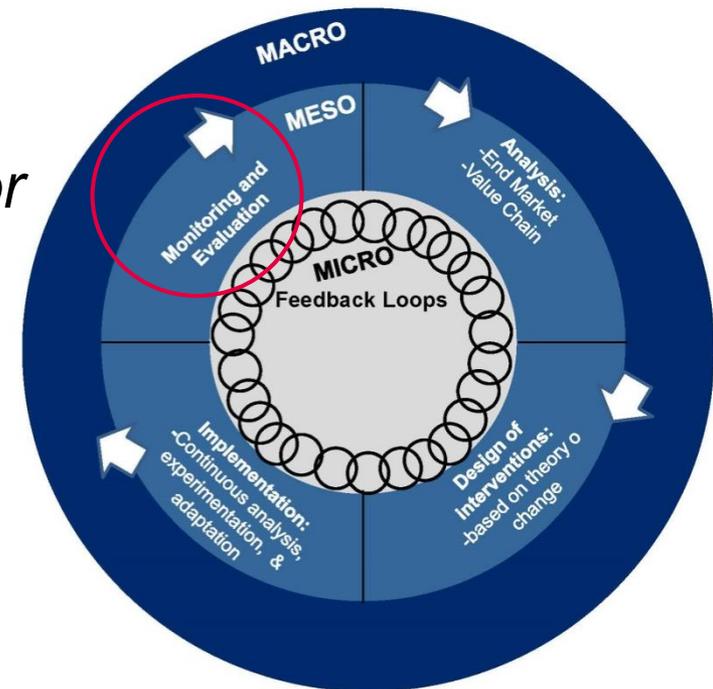
- Pilots, experimentation – “best guess” interventions
- *Feedback loops*
- Continuous adaption
- *Systemic change*
- *Inclusiveness*

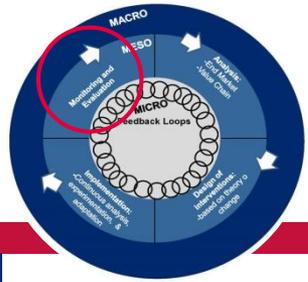
# Monitoring & Evaluation: What isn't new?

*Purpose 1: M&E to inform project management*

*Purpose 2: M&E for reporting to donor*

*Purpose 3: Evaluation for (1) longer term learning and (2) proof/accountability*





# Monitoring & Evaluation: **What's new?**

## Feedback loops

Guide project mgt

Informs adaptation  
For internal purposes

Tacit knowledge

Shorter cycle  
learning

## Monitoring

Reporting to donor

Measurable  
indicators

## Evaluation

Accountability to  
donor

Evidence for  
practitioners

Measuring systemic  
change

Longer cycle  
learning



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Leveraging Economic  
Opportunities

[microlinks.org/activities/leveraging-economic-opportunities-leo](https://microlinks.org/activities/leveraging-economic-opportunities-leo)

[acdivoca.org/LEO](https://acdivoca.org/LEO)