

Decision Support Unit (DSU)

Mid-term evaluation (MTE) of ÉLAN

Final Report

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Acknowledgements

The lead author of this report is Paul Zille (ÉLAN Component MTE Team Leader, and Sector Lead, Agriculture Perennials and Renewable Energy (RE)) under the direction of Stephen Jones (Private Sector Development (PSD) MTE Director). The Oxford Policy Management (OPM) Project Manager is Andrzej Dabkowski. The other members of the team were Terence Beney (Sector Lead, River Transport (RT) and Access to Finance (A2F) – Individuals), Hamish Colquhoun (DSU Team Leader, and Value for Money (VFM) Assessment), Pierre Grega (Leader, Political Economy Context Analysis), Jonathan Mitchell (Decision Support Unit Project Director and Sector Lead, Agriculture Non-Perennials and A2F – Small- and Medium-Sized Enterprises (SMEs), Terry Roopnaraine (gender advisor), Tim Mitchell (literature review), Arlette Nyembo (DSU Democratic Republic of Congo (DRC) Coordinator), and Johan Verhaghe (Fieldwork Coordinator).

In the MTE team, Stephen Jones, Jonathan Mitchell, Andrzej Dabkowski and Terry Roopnaraine are permanent OPM employees. Hamish Colquhoun, Arlette Nyembo and Pierre Grega are independent contractors hired on annual part-time contracts by OPM to staff the Decision Support Unit. The other four team members are independent consultants hired specifically for the MTE.

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This evaluation is being carried out by OPM under e-Pact. The project manager is Andrzej Dabkowski. The Project Director is Jonathan Mitchell and the remaining team members are listed above. For further information contact Andrzej.Dabkowski@opml.co.uk. The contact point for the client is Lubna Ghneim (L-Ghneim@dfid.gov.uk).

e-Pact 207300	Level 3, Clarendon House	Tel	+44 (0) 1865
	52 Cornmarket Street	Fax	+44 (0) 1865
207301	Oxford OX1 3HJ	Email	admin@opml.co.uk
	United Kingdom	Website	www.opml.co.uk

Executive summary

This document presents the main findings of the mid-term evaluation (MTE) of DFID's ÉLAN RDC programme. ÉLAN is one of three components of the private sector development (PSD) programme in DRC and is a £50 million, five-year market development programme implemented by Adam Smith International (ASI). It aims to realise a cumulative net income increase of £88.4 million for one million low-income beneficiaries by 2020. Implementation is scheduled to end in December 2018.

The purpose of this evaluation is primarily formative: to identify any constraints or risks to achieving the objectives of the ÉLAN project and to recommend corrective actions where required. The evaluation is structured around six evaluation questions. These were answered with evidence from a literature review; six sector studies, six intervention case studies, a series of 12 focus group discussions with the beneficiaries of case study interventions; a results verification exercise; and a value for money (VFM) assessment

In the DRC context, ÉLAN is an extremely successful project – much more effective than any similar donor private sector projects, of which the DSU is aware. In addition, the DSU has awarded ÉLAN an A+ rating in both the 2017 and 2018 Annual Reviews. There are several reasons why the assessments of the MTE and Annual Reviews differ in some respects.

First, the MTE and Annual Review look at different facets of the project. The Annual Review, and particularly the scoring of it, has a focus on whether the log-frame targets have been achieved over the past year. The focus of the MTE is much broader. It has a focus on project design and conceptual issues – which will impact on post-implementation performance - more than the efficacy of recent implementation.

Second, the MTE considers the whole life of the project rather than just the previous year. Although the performance of ÉLAN has been very impressive since 2016, it was less so during the early stages of the project and may well drop off after the project stops implementation in December 2018.

Third, the MTE involved detailed primary data collection at the intervention level, which is not a feature of routine Annual Reviews. This revealed some implementation weaknesses (and, indeed, successes) that are not obvious from the MRM system. This primary evidence led the MTE team to investigate some fundamental questions about ÉLAN's results measurement framework, set up by DFID, and the conception of market system change – both of which we believe to have flaws.

ÉLAN's achievements

This MTE has found that ÉLAN has had a significant level of success in securing the adoption and adaptation of pilot interventions across several sectors, working effectively with generally appropriately chosen partners. This is an important achievement, given the weakness of the business environment, the multiple risks and uncertainties faced by businesses and the limited progress in implementing Essor, which was intended to strengthen the business environment as a complementary component of DFID's PSD programme. ÉLAN's intervention logic and assumptions have held in some sectors and conditions, delivering positive market systems change (MSC) and good prospects for long-term inclusive growth. The existence of partners who are strong commercial actors with a clear commercial interest in making a sector market work more effectively and inclusively of low-income consumers and producers has proved to be a necessary, if insufficient, condition for significant MSC and impact.

There have been significant differences in the type of M4P approaches applied across priority sectors. These range from direct subsidies to support partner-level and enterprise-level pilot

expansion to more light-touch facilitation, including information provision and some support for the regulatory reform typically associated with M4P programmes. The different approaches pursued reflect the differing constraints and opportunities manifested across different sectors, and a DFID results framework that prioritises very rapid delivery of impact-level results. ÉLAN has been demonstrably opportunistic and adaptive.

In almost all respects, ÉLAN has been very well-managed. The frequency and quality of pilot monitoring and oversight is good at the implementation-level. The project's decentralised structure is well-designed and effectively managed, providing for high levels of interaction across sectors and between management levels. Project staff are of high calibre and well-motivated. Pilot partner relationship management processes are effective and generally successful, particularly for large, capable partners. The effectiveness of project-partner management and communication is enhanced where project outcomes are positive. The project's engagement with DFID has been professional, conducive to clarity and with effective strategic coordination. Particularly impressive has been the cross-cutting work-streams of gender and political economy, where very high-quality support has allowed genuinely innovative practice.

The success of pilots in delivering enterprise-level impact seems predominantly to be informed by the existence of well-resourced commercial partners and actors with a strong interest in expansion to reach the poor. It is also influenced by the quality of diagnostics and the effectiveness with which ÉLAN has engaged with its partners.

Limitations of ÉLAN's performance

There have been some weaknesses both in the design and implementation of the intervention model. The model is well-suited to the rapid delivery of impact-level results through enterprise-level pilot interventions at impressive scale. To a certain extent, this approach is an accurate response to the results framework that DFID has established for ÉLAN. The weakness of the approach, however, is the assumption that wider impact beyond the pilots (as required to achieve the NAIC impact target) can plausibly take place through market mechanisms alone, beyond the lifetime of the pilot. For this to happen would require 'expansion' to and 'response' by a large number of additional enterprises beyond pilot partners.

Although full details of the payment-by-results (PBR) mechanism under which ÉLAN has been implemented are not available, it is likely that the attempt to use a PBR mechanism focusing on NAIC for a project of this type was an inappropriate design choice. This is because the adaptive nature of the project and its large number of diverse interventions make it impossible to define appropriate measures of performance capable of objective verification on which payments could be made conditional.

The main implementation weaknesses identified by the MTE are:

1. The existence of comprehensive quantitative targets at impact level (but not outcome level) may have contributed to an over-emphasis on short-term achievement of measured impact results, rather than on sustainably strengthening market systems.
2. Using a poverty threshold that includes 80% of the population and much of the middle class has militated against an effective focus of interventions on a clear target group of the 'poor'.
3. The project TOC has insufficiently and incompletely articulated the assumptions (and hence also the risks) that are required for its results chain to hold, particularly with respect to how expansion and response will occur (after adoption and adaptation). There has also been

insufficient articulation and testing of key assumptions in sector and intervention results chains, which may have contributed, in some cases, to inappropriate pilot and partner selection.

4. The concept of MSC has been of limited analytical value in operationalising the purpose of the project. There is no basis for comparing MSCs between interventions (except the anticipated NAIC and outreach expected) or having common measures of performance against MSC targets across interventions. The concept has not been consistently applied across all interventions. For some interventions, MSC appears to have been conceptualised as, in effect, an enterprise-level output rather than a market system-level outcome. This points towards the need for an improved and operational concept of MSC which focuses on direct and comparable measures of improvements in market performance and terms of access for the poor;
5. Beyond the project's comprehensive early sector scoping work, ÉLAN's detailed diagnostic analysis in relation to M4P design and operating parameters has been of variable quality. At times it is missing altogether. This has compromised the relevance and effectiveness of certain interventions, and may have contributed to an inappropriate choice of priority sectors and interventions within them (e.g. CMA focusing on very small and poor farmers). It has also contributed to poor MSC and impact outcomes where these have manifested (e.g. in mobile money and some aspects of River Transport and Non-Perennial Agriculture);
6. The frequency and quality of pilot monitoring and oversight is good, but has not always led to timely responses to emerging unintended consequences and weak pilot results;
7. While the project MRM system is comprehensive, highly detailed and was shown to be broadly robust by the results verification exercise, the deeper case study analysis, involving primary field data collection for the MTE raised concerns about the quality and consistency of impact modelling for some interventions;
8. While VFM principles have been clearly incorporated into ÉLAN's decision-making processes, the application of the VFM framework itself has not been an entirely effective tool to improve project management beyond managing economy (i.e. the cost of inputs);
9. Insufficient attention has been given to accurately estimating the future benefits of the project, in terms of both the rigour of near-term NAIC projections and estimations of longer term impact. Such analysis would be directly relevant to prioritising interventions towards maximising VFM.

In a difficult and risky environment, ÉLAN was correct in casting a wide net and starting a large number of pilots to find out what can work, but breadth should not be achieved at the cost of depth of analysis. Having gathered sufficient evidence on what works, it is important to rationalise the portfolio to allow resources to focus on the very challenging issues of expansion and replication, and to increase the likelihood that the intended half of NAIC impact results scheduled to be delivered after project closure will be realised. The MTE team suggests that focusing more on supporting the process of expansion and the response of those pilots judged successful would have been more successful in achieving impact and deeper MSC, than the development of additional pilots.

Recommendations

Based on these conclusions, the MTE team offers the following recommendations. For each recommendation, we provide an indication of whether the recommendation is primarily addressed to DFID DRC (DFID) or the ÉLAN management team (ÉLAN).

Strategy for partnerships for the remaining term of the project

1. Develop a strategy for the remaining term of the project concentrating on those interventions and partnerships for which evidence of and prospects for sustained impact and scale-up look strongest. This should focus mainly on sector-level pilots rather than enterprise-level pilots (ÉLAN).
2. Carefully assess the prospects for weak partnerships, underperforming pilots and sub-sectors, and wind down further investment or terminate engagement with those partners unlikely to deliver significant additional impact or MSC in the remaining period (ÉLAN);
3. DFID should consider selective ongoing support for market development in the six sectors beyond the existing lifespan of ÉLAN to maximise the impact potential from the sunk costs already invested (DFID).
4. Review and refresh the TOC and results chains analysis for these interventions to ensure robust pathways to systemic change and the clear articulation of assumptions (ÉLAN).

Replication and scale-up strategy (including post-current project)

5. Concentrate partner support effort on arrangements for replication and scale-up, and on overcoming constraints (within and beyond existing partnerships) that undermine the scope for replication and crowding-in for new market entrants (ÉLAN);
6. Focus new interventions on facilitating and leveraging an environment conducive for the replication and scaling of already-successful interventions; focus on the 'Expand' and 'Respond' aspects of AAER, and on understanding and addressing constraints that inhibit the entrance of large commercial actors into high-potential sector markets (ÉLAN);
7. Increase efforts aimed at addressing the regulatory and fiscal constraints that undermine further scaling and replication by creating uncertainty. Attention should be paid to strengthening sector associations whose agenda is explicitly dedicated to advocacy on essential policy, regulatory or fiscal reforms (ÉLAN);
8. Where feasible, include an explicit agreement with all extended or new partnerships that partners will continue to invest in cross-sector collaboration and shared advocacy on market reform beyond the life of the partnership agreements (ÉLAN).

Revision of targets and measurement

9. For future programming, DFID should look at replacing NAIC as the central measure of project success. In particular, greater clarity should be provided on:
 - the aims of the project (i.e. poverty alleviation, poverty reduction, economic transformation, enterprise growth, etc);
 - who the target population is and, in a context such as DRC where almost 80% of the population falls below the international poverty threshold, which category is targeted in a more disaggregated set of measures that are relevant to different sector contexts. The choice of target group should be appropriate to (and enabling of) an M4P programme in the DRC context, where very poor people are often beyond the immediate reach of formal markets and supply chains; and

- whether the ambition of the project should be limited to enterprise-level market change or to broader MSC, and how the pro-poor impact of this should be measured (DFID).
10. To help improve outcome-level measurement, a study should be undertaken to examine options for developing a measure of market systems change (focusing, for example, on reductions in transaction costs, improved market integration and overcoming specific market failures) that can be used to track and compare market systems performance across interventions and over time more effectively (DFID decision, DSU/ÉLAN implementation).
 11. DFID should review the impact of their results framework on supplier delivery incentives before contracting additional market development projects (DFID).
 12. ÉLAN should institute a comprehensive review of the MRM to ensure that it isolates net income effects; takes account of households which do not benefit from interventions as well as those that do and takes account of ÉLAN additionality and the project counterfactual scenario. The aim of this review would be to ensure the credibility of the results in the MRM (ÉLAN);
 13. Where possible, focus on primary data collection to establish the results of interventions for MSCs and impact indicators, rather than continuing to rely on secondary data review and data modelling. This should inform future verification and evaluation exercises (ÉLAN);
 14. Review (with a view to replacing) the reliance on PBR measures of performance, against which the project implementer is remunerated. This implies abandoning any further 'results verification' exercises in favour of attempting to improve measurement of the achievement of MSCs and impact (DFID decision, ÉLAN implementation).

Strengthening the VFM framework

15. An improved VFM framework for the remainder of the project is proposed in Annex F. Key changes include cutting down the number of indicators, reporting on them more regularly with a focus on the implications of the data, capturing the fuller impact of interventions beyond short-term NAIC, and piloting the 'VFM simulator' approach to estimate specific costs and benefits for planned interventions (ÉLAN);
16. It is recommended that the principles of a robust VFM framework are carefully built into the management systems of ÉLAN's successor projects from the start. Accounting systems should be set up to allow for reporting of costs to the level at which specific decisions are made (in ÉLAN's case, the level of individual interventions) (DFID); and
17. The overall VFM performance of ÉLAN should be determined by the extent to which impact is sustained at scale beyond the end of the project. Improving the rigour of impact projections, including incorporating considerations of broader impact beyond short-term NAIC, could help increase confidence in the likelihood of achieving strong VFM. This might also provide clearer guidance as to what the project should focus on in its final year of implementation to ensure targets are achieved. It may also help inform what activities after the end of ÉLAN will have the greatest effect on achieving this impact (ÉLAN).

Recommendations for the final evaluation

18. The DSU believes that, rather than waiting until 2022/2023 for the next evaluation, there is a strong case for 'light-touch' annual evaluation exercises between the MTE and final evaluation. Given the imperative to be able to trace a convincing causal pathway between implementation

and what would appear as sustained or replicated results, we believe an annual evaluation would be more effective than waiting three years (DFID decision, DSU implementation);

19. One of our key learnings from this MTE has been the value of primary data collection from particularly important intervention case studies, compared with a comprehensive desk analysis of all interventions (the latter being the approach adopted during the October 2017 verification exercise). The option of a desk review of ÉLAN's documentation is obviously not open to us after the project closes, but even if it was, we would advocate future evaluations based on primary data collection from a sample of the more significant interventions (DSU).

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List of abbreviations

AAER	Adopt–Adapt–Expand–Respond (a conceptual framework for systemic change)
A2F–Individual	Access to Finance for individual customers
A2F–SME	Access to Finance small and medium enterprises
AfDB	African Development Bank
AgNP	Agriculture Non-Perennial sector
AgP	Agriculture Perennial sector
ASI	Adam Smith International
ASSECCAF	Association des Exportateurs du Cacao-Café de la DRC
BB	Branchless Banking
BDS	Business Development Services
BER	Business Environment Reform
CAE	Conflict-Affected Environment
CDF	Congolese Franc
CAE	Conflict Affected Environment
CMA	Collateral Management Agreement
CSR	Corporate Social Responsibility
CTM	An NGO Working in the Cocoa (and seed distribution) Sector
DCED	Donor Committee for Enterprise Development
DFID	Department for International Development
DRC	Democratic Republic of Congo
DSU	Decision Support Unit
ECI	Ebony Consulting International
ÉLAN RDC	DRC momentum, in French. A DFID-funded market systems development project in DRC, a component of the PSD Programme
ENABLE	Enhancing Nigerian Advocacy for a Better Business Environment
e-Pact Consortium	A Global Evaluation Framework consortium, led by OPM and co-managed with ITAD
Essor	A DFID-funded business environment reform project in DRC, a component of the PSD Programme and a sister project to ÉLAN
EQ	Evaluation Question

EQUALS	Evaluation Quality Assurance and Learning Service
FGD	Focus Group Discussion
FINCA	Foundation for International Community Assistance
FPM	Fonds pour l'Inclusion Financière en RDC
IMF	International Monetary Fund
ITT	Intervention Tracking Tool
M4P	Making Markets Work for the Poor
MOU	Memorandum of Understanding
MRM	Monitoring and Results Measurement
MSC	Market Systems Change
MTE	Mid-Term Evaluation
NAIC	Net Attributable Income Change
NGO	Non-Governmental Organisation
NU-TEC	Northern Uganda Transforming the Economy through Climate Smart Agriculture
OGS	Out-Grower Scheme
OHADA	Organisation pour l'Harmonisation en Afrique du Droit des Affaires
OPM	Oxford Policy Management
OPV	Open Pollinated Variety
PARRSA	World Bank funded project to promote agricultural rehabilitation and recovery
PAYGO	Pay As You Go
PBR	Payment by Results
PCB	Pro-Credit Bank
PSD	Private Sector Development (ÉLAN project is a component of the overarching PSD programme)
PWIG	Project-Wide Implementation Guide
RDC	Republic Democratic du Congo
RE	Renewable Energy
RT	River Transport
SEK	A mine operating in Katanga
SHF	Smallholder Farmers

SIDA	Swedish Development Agency
SME	Small or Medium-Sized Enterprise
SMT	Senior Management Team
SOP	Standard Operating Procedure
STT	Sector Tracking Tool
TA	Technical Assistance
TASAI	African Seed Access Index
TMB	Trust Merchant Bank
TOC	Theory of Change
UNDP	United Nations Development Programme
VFM	Value for Money
WB	World Bank
WEE	Women's Economic Empowerment

1 Introduction

1.1 Overview

This document presents the main findings of the mid-term evaluation (MTE) of DFID DRC's ÉLAN RDC programme (ÉLAN). ÉLAN is one of three components that make up DFID's private sector development (PSD) programme in the DRC. The three components are implemented as separately-contracted projects, as follows:

- ÉLAN RDC, a £50 million, five-year market development project, implemented by ASI;
- Essor, a £35 million, five-year flexible facility aiming to improve the DRC's business-enabling environment, implemented by PwC; and
- The Decision Support Unit (DSU), which supports the other projects with annual reviews, evaluations, learning and adaptation activities, intended to improve implementation and increase impact. The DSU is being implemented by OPM.

This report deals exclusively with the ÉLAN component of the PSD. It is supported by a significant body of additional empirical evidence, which was commissioned for this evaluation and is available from DFID. This includes a technical annex (including the sector studies and intervention case studies); the full MTE inception report (excerpts of which are included in Annex A of this report); the literature review; the political economy and context analysis; and the report of the verification of ÉLAN results. Separate MTE reports are also being produced for Essor and for the PSD as a whole.

The objectives of the ÉLAN MTE were developed from priority issues initially identified in the 2017 ÉLAN annual review, and then from discussions during the MTE inception mission with DFID and the service providers during the inception process.

As part of the overall MTE aims of identifying constraints and risks to project results, and recommending corresponding corrective actions, the proposed ÉLAN MTE objectives are to:

1. Determine whether ÉLAN's theory of change, manifest in its implementation model, is likely to deliver changes to market systems and intended impacts for beneficiaries, particularly low income and women producers and consumers;
2. Assess progress towards results, and whether the rate of progress indicates that targets will be achieved within the intended timeframe;
3. Propose changes and extensions to the implementation model that will improve project performance and increase the likelihood of achieving results, both for ÉLAN within its implementation timeframe, and for any successive M4P projects targeting market systems changes in the DRC;
4. Gauge the accuracy and utility of project performance measurement, and recommend improvements, including the measurement of value for money; and
5. Propose an approach to ensure that results are monitored after the planned closure of ÉLAN in 2018 (given that a substantial proportion of planned impact is projected to occur after this point), and identify actions for sustaining and scaling up the impact of the project.

The purpose of the MTE is principally formative: to identify any constraints or risks to the objectives of the ÉLAN project (and, by extension, the PSD) and to recommend corrective actions where required. In line with the mandate of the DSU, the MTE will also fulfil a learning and capacity-support function.

1.2 MTE completion process and Terms of Reference

The ÉLAN MTE process and report were managed and written by the DSU, which is operated by OPM through the e-Pact consortium. The role of the DSU is:

- to provide DFID with impartial verification of PSD programme results;
- to play a learning function by conducting a mid-term and final evaluation and collating lessons learned;
- to provide ad hoc support to the projects; and
- to conduct research activities to understand the context of implementation in DRC.

The process of completing the ÉLAN MTE proceeded as follows:

- selection and contracting of independent MTE component leads as core members of the MTE team, followed by briefing and document review in May 2017;
- an MTE inception mission to Kinshasa in June 2017;
- drafting of the MTE inception report in August 2017, its review by DFID's Evaluation Quality Assurance and Learning Service (EQUALS), and its finalisation incorporating EQUALS' comments and guidance in September 2017;
- preliminary data collection and planning for the MTE field mission during September 2017;
- approval of the proposed research instruments and approach for the focus group discussions by the OPM Ethical Review Committee in September 2017;
- completion of the MTE field research mission by the MTE core team, 24 September–16 October 2017;
- drafting of reports on the research activities carried out as part of the MTE, September–November 2017;
- preparation of this first draft of the ÉLAN MTE report on 08 December 2017 and distribution to DFID DRC, EQUALS and the project;
- receipt of extensive feedback from the project, EQUALS and DFID-DRC in January 2018 and discussed this face-to-face with DFID and ÉLAN during February 2018; and
- submission of this final report on 10 May 2018.

The focus of the MTE and the selection of the evaluation questions were informed by discussions with DFID, ÉLAN and other stakeholders during the MTE inception mission, as well as by the findings and recommendations of the ÉLAN and ESSOR 2017 annual reviews undertaken in February 2017 and 2018. No separate Terms of Reference for the MTE were produced, but the statement of objectives, evaluation questions and research methodology was set out in some detail in the approved MTE inception report (relevant excerpts of which are outlined in Annex A). This MTE inception report guided this evaluation.

1.3 Governance of the MTE

The MTE team comprised eleven consultants (excluding translators and the focus group discussion facilitation teams), who are listed in the acknowledgements on the inside cover of this report. Of this team, four members are OPM employees: Stephen Jones (MTE director); Jonathan Mitchell (DSU project director); Andrzej Dabkowski (DSU project manager); and Terry Roopnaraine (gender advisor). The other seven staff are independent consultants hired by Oxford Policy Management on short-term contracts. In the MTE inception report, the DSU

proposed that DFID-DRC establish an independent Evaluation Reference Group to oversee the evaluation. Unfortunately, one was not established in time for this evaluation.

1.4 MTE report structure

The report presents the summary of findings arising from the MTE. These are drawn from detailed reports relating to the different sectors in which ÉLAN operates. These sub-reports are contained in annexes identified in the report itself. The report is structured as follows:

- Chapter 2 summarises the ÉLAN project, its objectives, its main operating features and its implementation trajectory since inception. It sets out the structure of the evaluation questions, which were applied to assess the project's operation to date. They were applied to the project as a whole and to each of the six sectors that serve as its implementation conduits. The chapter describes and assesses the project's overall TOC, as well as each of the sector interventions and their respective results chains. Together, these guide ÉLAN's overall development strategy and its sectoral investment activities;
- Chapter 3 outlines the evaluation approach pursued by the MTE and the key features of its implementation. This summarises the method that was applied for the completion of the MTE, and the process of data collection that was pursued;
- Chapter 4 presents the MTE findings in relation to the evaluation questions that guided the research. Together, these inform the development of the MTE's overall conclusions, which consolidate and interpret the MTE's findings in Chapter 5; and
- Chapter 6 outlines the main lessons and recommendations that should be considered by ÉLAN and DFID DRC in focusing and structuring the remainder of the project's implementation to 2020.

Additional material is included in the annexes. A full set of annexes, including sector review and intervention case study reports, will be submitted separately. The annexes included in this draft are the excerpts from the MTE inception report (Annex A), the full list of evaluation questions (Annex B); the sector-level analysis of assumptions (Annex C); the full MTE findings (Annex D); the sector-level assessment of MSCs (Annex E); the VFM assessment (Annex F); focus groups discussions (Annex G); and, the ÉLAN logframe (Annex H).

2 The ÉLAN project

2.1 Overview of the ÉLAN project

ÉLAN is the largest component of DFID's £100 million PSD programme. It has a budget of £50 million to be used over a five-year implementation period (January 2014 to December 2018) and is being implemented by Adam Smith International. The programme is rooted in the M4P approach to poverty reduction (e.g. the Springfield Centre, 2009). It has been designed as a flexible facility with market systems and sectors identified to address a variety of market, government, information and coordination failures in six key economic sectors associated with high pro-poor growth potential:

1. Agriculture perennial, coffee with some cocoa;
2. Agriculture non-perennial, mainly maize and rice;
3. River Transport, mainly working with boat operators and freight forwarders;
4. Access to finance for small and medium enterprises, linking banks to the other sectors;
5. Access to finance for individuals, with branchless banking and mobile money; and
6. Renewable energy, mainly solar lamps.

ÉLAN's overall poverty reduction goal in the July 2017 logframe is to realise a cumulative net income increase of £88.4 million for one million low-income beneficiaries by 2020.¹

2.2 ÉLAN's implementation model

The project's implementation model is designed to analyse market systems, identify constraints and facilitate interventions which, if successful, would relieve these constraints. In practice this has generally taken the form of pilots in partnership with private sector firms, whether large or small, domestic or international, which in ÉLAN's view, offer significant investment and growth prospects. These partnerships are risk- and cost-sharing in nature, structured to overcome barriers that have been identified as inhibiting private investment, growth and the development of well-functioning and inclusive markets. There are also broader interventions such as sector associations or consumer education campaigns.

The pilots are time-limited and intended to demonstrate the feasibility of new practices aimed at overcoming barriers to accelerated, inclusive growth in sector markets. Well-conceived and effective pilot partnerships are expected to result in the pilot partner adopting the demonstrated practices permanently; and (through strong demonstration effects) to lead to the replication of those practices by other market actors. The consequent market systems change (MSC) should in turn directly benefit low-income producers and poor consumers, whose participation in these markets is enhanced or enabled for the first time.

¹ ASI's implementation contract expires in December 2018, but the programme's results will continue to be tracked until 2021.

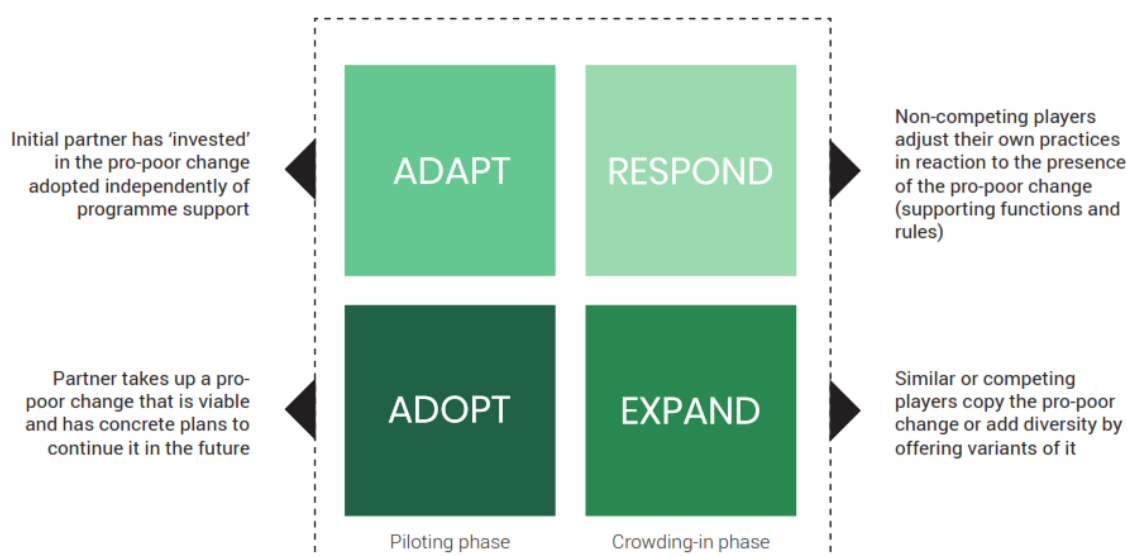
A key feature of ÉLAN's pilots is that they involve partners who have significant potential to develop upstream and/or downstream linkages to large numbers of poor people.

Pilots can further be characterised as *finite* (explicitly operating for a limited duration), *focused* (on addressing a specific issue, distortion or 'market failure') and *facilitative* (avoiding ÉLAN's direct intervention as a market actor).

Pilots aim to incentivise and enable participating market actors to respond to new market opportunities whose relevance, accessibility or profitability was previously obscure or uncertain. They are designed to demonstrate profitability to the pilot partners themselves, as well as to second and subsequent actors. Depending on the context and detail of each intervention, partnerships may be founded on a direct financial incentive (e.g. co-funding through a 'challenge fund' instrument); on a range of supporting services (e.g. research, training or information provision); on organisational, advocacy and regulatory support (e.g. standards compliance, quality certification or regulatory reform); or on a combination of these.

ÉLAN's pro-poor results are thus intended to be identified, delivered and scaled through a process aligned with the way targeted product and service markets operate, in order to bring about long-term systemic change. ÉLAN's methodology for assessing and sustaining systemic change resulting from its interventions is based on the Adopt–Adapt–Expand–Respond (AAER) approach, summarised in Figure 1.

Figure 1 Framework for systemic change



Source: Springfield Centre (2015)

Achieving systemic change is critical for the delivery of the ambitious impact-level targets for the ÉLAN programme. This review suggests it is impossible for one million poor people to achieve cumulative net income increases of £88.4 million through pilot projects alone. The ÉLAN logframe requires that, by the end of project implementation in December 2018, only about half of these results will have been delivered (i.e. 0.6 million poor people will have achieved a cumulative net income increase of £36 million). The achievement of ÉLAN's planned results therefore depends critically on the process by which pilot projects are sustained, scaled up, and replicated in the two years after 2018.

2.3 ÉLAN's scope of operations

ÉLAN's pilot partnerships span four major regions of the country, with four ASI offices (in Kinshasa, Mbandaka, Goma and Lubumbashi). The project is currently active in nine of the 13 core provinces targeted by the project (which were selected by DFID based on poverty criteria), although most interventions are concentrated in the provinces hosting ÉLAN's regional offices. By agreement with DFID, up to 30% of ÉLAN's recorded impact may originate outside its core provinces, given that it is the nature of MSC that outcomes achieved by the project may generate results beyond the provinces in which interventions are located.

Table 1 summarises the main geographical spread of ÉLAN's activities, broken down between its priority sectors. It shows that ÉLAN has concluded 142 partnerships (excluding pipeline initiatives), of which 61 were listed as active in September 2017.²

Table 1 Scope of ÉLAN's activities

Sectors and sub-sectors	Provinces	Sector scope	
1. Agriculture perennial (AgP)	North Kivu, Equateur, Ituri	MSCs	5
		Partners	14
		Pilots	14
2. Agriculture Non-Perennial (AgNP)	Katanga, Lualaba, Tanganyika, North and South Kivu, Sud Ubangi, Equateur, Mongala, Kinshasa	MSCs	5
		Partners	31
		Pilots	26
3. River Transport (RT)	Equateur	MSCs	3
		Partners	6
		Pilots	4
4. Access to Finance –Small and Medium Enterprises (A2F SMEs)	North Kivu, Katanga, Equateur	MSCs	2
		Partners	5
		Pilots	5
5. Access to Finance – Individuals (A2F BB)	Kinshasa, Katanga, Equateur, Kongo Central, Sud Ubangi	MSCs	3
		Partners	12
		Pilots	12
6. Renewable energy (RE)	Equateur, Kinshasa, North and South Kivu, Katanga, Sud Ubangi	MSCs	4
		Partners	12
		Pilots	13

Source: ÉLAN Project-Wide Implementation Guide (PWIG) (October 2017)

Within its six selected sectors, the project has targeted a total of 22 distinct MSCs it intends to bring about. A list of all the MSCs for each priority sector is presented in Table 2.

² As summarised in ÉLAN Active Partnership Summary, September 2017. 'Pilots' refer to all distinct financing contracts signed by ÉLAN with its intervention partners. Many involve multiple (up to three) contracts with the same partner.

Table 2 MSCs targeted by ÉLAN priority sector

Sector and MSC		
Agriculture Perennial (AgP)	Agriculture Non-Perennial (AgNP)	Access to Finance Individuals (Branchless Banking, BB or Mobile Money)
1.1: Traders, exporters and/or processors set up out-grower schemes (OGS) and provide extension service to smallholder farmers (SHFs)	2.1: Input suppliers provide quality inputs and advisory services [to SHFs]	3.1: Increased confidence in mobile money
1.2: Traders, exporters, processors support installation of processing equipment, supporting infra, and value adding tools for producers	2.2: Agribusinesses and mines provide access to pre-financed inputs and services [to SHFs]	3.2: Mobile Network Operators (MNOs) and Financial Institutions develop adapted financial products
1.3: Financial institutions commercialise credit products adapted to the needs of exporters, traders, cooperatives	2.3: Agribusinesses provide access to secured markets [for SHFs]	3.3: MNOs and financial institutions improve agents' quality of service and expand agents network to serve poor consumers
1.4: Industry actors organise to develop, promote strategies to stimulate tax decrease	2.4: Agribusinesses access finance through adapted financial services and products	
1.5: Exporters, traders promote, ensure coffee/cocoa marketing	2.5: Agribusinesses develop industry-wide awareness and advocate for a more favourable regulatory framework	
Access to Finance small and medium enterprises (A2F SMEs)	River Transport (RT)	Renewable Energy (RE)
4.1 Financial institutions develop and market adapted and innovative financial products	6.1 Transporters and traders advocate for more favourable business climate, including a lower tax regime	7.1: The supply of highly efficient energy technologies in the DRC is scaled up
4.2 Consulting companies provide TA in business management to SME owners	6.2 Banks provide river, lake and road transport actors with adequate financial products	7.2: SMEs implement innovative communication, marketing and distribution model to reach 'Bottom of the Pyramid' households
	6.3 Improve efficiency of agricultural product aggregation	7.3: Both SMEs and consumers have increased A2F
		7.4: An advocacy group works towards a more favourable business environment

2.4 ÉLAN's Theory of Change

2.4.1 Intervention logic

The fullest articulation of ÉLAN's Theory of Change was produced in June 2017. The fundamental problem the project seeks to address is defined as follows:

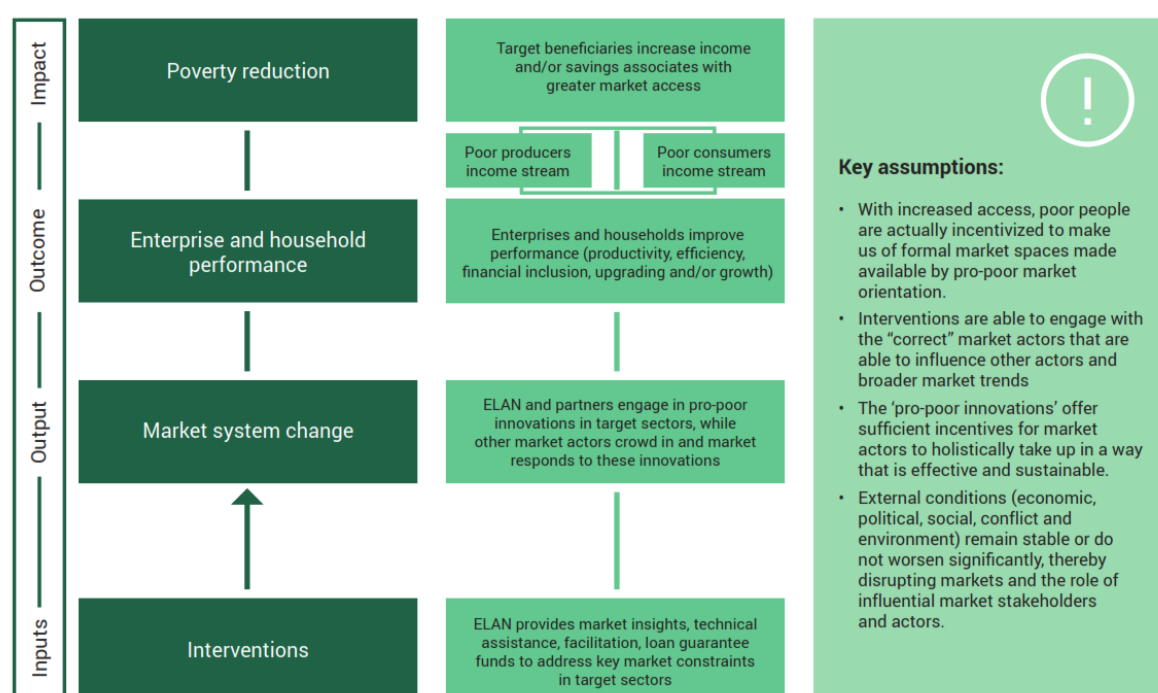
'Market systems in the DRC are bound by constraints that limit access for poor people, particularly women, who consequently suffer from intractable poverty and exclusion from broader and sustainable economic growth.'

Addressing this problem requires interventions that focus on changing market systems that have the greatest impact on the target low-income groups in terms of both outreach (numbers of people benefiting) and pro-poor income growth. The six sectors where ÉLAN operates were chosen because of their prospects for sustained and inclusive growth, their feasibility for partnerships, and the need to spread risks and exploit synergies between sectors.

The approach focuses on stimulating change in the behaviour of market actors (public and private, formal and informal) so that they are better able and motivated to perform important market functions effectively. By sharing costs and risks, these market actors are incentivised to invest and act in alignment with the market development objectives of their development facilitators. Sustainable M4P approaches also require that development agencies such as ÉLAN should play only a facilitating and temporary role. As external agents, they seek to change the behaviour of others within the market system, while not becoming part of it themselves.

The core of ÉLAN's intervention logic is set out in Figure 2. The project partners with private sector firms in each of ÉLAN's priority sectors to implement interventions targeting specific market barriers. Cumulatively, these interventions facilitate sustainable MSC in the project's chosen sectors. The combined MSCs result in the more inclusive and efficient operation of markets, enabling accelerated pro-poor growth.

Figure 2 ÉLAN intervention logic



Achieving poverty reduction through MSC is contingent on several assumptions or pre-conditions, as shown in Table 2 and discussed in more detail in Section 2.4.2.

Within this intervention logic, two 'causal impact pathways' are identified through which poverty will be reduced. These involve the poor as producers and the poor as consumers.

The causal impact pathway for '*the poor as producers*' follows a logic whereby ÉLAN interventions stimulate market actors to provide access to a new good or service for poor

producers (e.g. improved seeds or other inputs), resulting in MSC. This enables producers to change their business practices (i.e. to use more and better inputs) and improves business performance (i.e. higher output of better quality crops). This should result in enhanced net revenues for smallholders and entrepreneurs, and therefore a reduction in poverty.

The causal impact pathway for *'the poor as consumers'* follows an impact logic whereby poor consumers accessing a new good (e.g. a solar lamp or fuel-efficient stove) or service (finance) stimulates MSC. This leads to a change in consumer or household behaviour, such as the use of charcoal, which reduces costs and makes the household better off. By agreement with DFID, up to 50% of measured improvements in NAIC derived from the project can be in terms of consumer rather than producer benefits.

2.4.2 Key theory of change assumptions

The first three 'key assumptions' listed in Figure 2 amount to statements that the intervention logic presented will hold, rather than an identification of conditions under which they will hold that could potentially test the logic. The MTE team has therefore identified a set of implicit assumptions that relate further to the conditions for success of ÉLAN's intervention logic:

1. **The binding constraints to increasing economic activity that perpetuate poverty can be addressed by MSC.** This requires target beneficiaries to have access to resources (e.g. human capital, access to land, A2F, use of infrastructure) so they can exploit the economic opportunities created (as producers, or sellers of labour). As consumers, they must have information and the ability and resources to act on these opportunities to obtain savings. This is straightforward to the extent that, for instance, prices of goods and services used by the poor are reduced. It is more problematic if a change in consumption patterns or an upfront investment cost is involved. The risk is that other binding constraints prevent poor people taking advantage of opportunities. This is why the M4P approach is based on assessing all constraints in order to identify the truly binding ones.
2. **Pro-poor MSCs can be fostered through partnership interventions with (private) partners.** Assumption 1 above focuses on constraints limiting market access for poor people. However, the general context in DRC is of weak market systems characterised by a high degree of fragmentation, poor private sector organisation, incapable state institutions unable to fulfil their public investment and regulatory responsibilities, and high risks and costs of doing business. This differs from a situation where market institutions may function relatively effectively, but in ways that are biased against the poor. Some ÉLAN interventions seek to address these wider constraints – for instance sector associations and the TASAI seed index – but the great majority of interventions are pilot partnerships with private enterprises. The risk with this approach is that the business environment is so dysfunctional that individual firms cannot bring about broader market system change.
3. **There is a cascade of effects from MSCs that ultimately benefit poor and women producers and/or consumers.** Some of ÉLAN's interventions provide direct support to target successful market actors. To have a pro-poor impact, the intervention logic depends on inducing MSCs that yield benefits for the target population. The risk if this assumption does not hold is that benefits largely accrue to the partners supported;
4. **The benefits of ÉLAN pilot interventions will be sustainable.** Pilot interventions relieve partners of some of the risk associated with adopting new practices under the very difficult

market conditions prevailing in DRC. The assumption is that new practices will be sufficiently profitable for pilot partners to continue investing in them once pilot support has been withdrawn. The risk is that insufficient viable interventions can be established;

5. **Adoption of new practices by pilot partners will be sufficient to achieve 'expansion and response', including beyond the period of project implementation.** The validity of this assumption is critical to the projections for scaling up impacts beyond the pilot partners. It depends on the existence of potential competitors who do not face prohibitive barriers to entry; the ability of these competitors to access and interpret the lessons from ÉLAN's experiences; and the ability of these competitors to implement improved practices without receiving the support received by ÉLAN's pilot partners. The risk if this assumption does not hold is that impact does not occur beyond the pilot partner. It is possible that the pilot partner may be assisted to achieve a position of market dominance that restricts potential competition, although partner selection procedures can mitigate this risk. There appears to be some *prima facie* tension between the problem diagnosis supporting the intervention approach, and the conditions for wider adoption; and
6. **External conditions (economic, political, social, conflict, environment) do not deteriorate significantly in ways that would undermine the viability of interventions.** Given DRC's fragile and conflict-affected environment (CAE), any development intervention has to be as robust as possible, to mitigate the effects of adverse shocks. In some cases, such as an intensification in violent conflict, these will not be within the scope of a project to mitigate effectively. However, economic shocks (such as fluctuations in international commodity prices and exchange rates) and political risks (such as loss of influence of key political supporters) are foreseeable, so interventions must be viable under a range of plausible scenarios.

The MTE has sought to test the validity of these implicit assumptions, as well as to ascertain whether external conditions have been sufficiently favourable.

3 Summary of evaluation approach

This section summarises the evaluation questions that guided the MTE, and the research activities undertaken to answer them.

3.1 The MTE evaluation questions

The headline evaluation questions³ for the MTE, based on discussions with stakeholder and findings from earlier annual reviews, are:

1. How well is ÉLAN designed to lead to sustainable MSCs?
2. Is ÉLAN delivering MSCs?
3. To what extent are the MSCs delivered by ÉLAN likely to deliver sustainable impact?
4. Is the way in which indicators are being measured and reported providing an accurate reflection of project performance?
5. To what extent are ÉLAN's management processes appropriate to achieve planned results? and
6. Is ÉLAN likely to deliver VFM?

The process through which these questions were selected during the inception phase is elaborated in Annex A. The questions, and sub-questions, are presented in full in Annex B.

3.2 Research activities for the MTE

This main report is a summary of an extensive data collection and analysis exercise which included:

- A review of the relevant literature on market development and a Political Economy and Context Analysis;
- Sector reviews based mainly on secondary data collected from ÉLAN sources and enriched with interviews with ÉLAN staff and others.
- Intervention case studies which involved three teams spending about ten days each in the field outside Kinshasa interviewing ÉLAN staff in regional offices, project partners and other market actors, and conducting 22 focus group discussions involving 224 end beneficiaries of ÉLAN interventions; and
- A verification analysis of the data presented on the ÉLAN MRM system.

None of these data sources provide, in isolation, an holistic view of the ÉLAN project. However, the MTE team was able to triangulate information from a rich variety of different sources to build up a robust picture of the project.

³ The full list of evaluation questions is included in Annex B

3.2.1 The M4P literature review

A literature review was compiled of the evidence relating to the relevance and results of M4P and business environment reform (BER) development frameworks for MSC and sustainable poverty reduction⁴. We consider only the evidence presented in relation to M4P programmes, and which are relevant to ÉLAN. This research sought to answer three questions:

1. What is the evidence that the M4P approach can reduce poverty and reach the poor and vulnerable in very poor CAEs with weak institutions, such as DRC? To what extent (and how) can the binding constraints to economic activity that perpetuate poverty in contexts like DRC be addressed by strengthening market systems?
2. What does evidence from DRC suggest about the extent to which targeted beneficiaries of PSD programmes (including poor people and women) have access to the incentives, resources and skills to benefit from opportunities created by market systems development (both as producers and consumers)?
3. What is the evidence that pilot interventions of the type supported by ÉLAN (particularly for A2F, promoting renewable energy and fostering agriculture linkages) can be taken up and more widely adopted in an effective and sustainable way?

Drawing predominantly on academic databases and peer-reviewed channels, 490 documents were identified, of which 19 were selected as relevant to market systems development programmes that have either obtained poverty reduction results or are working towards that goal. The literature review covered only peer-reviewed and published research material. Evaluations of M4P programmes not published in peer-reviewed form were not included. The tentative nature of the findings reflects the limited availability of high-quality research on M4P.

3.2.2 Political Economy Context Assessment

The Political Economy Context Assessment was based on a review of literature (academic studies and analyses as well as documents and reports from national and international organisations) addressing the key issues relevant for testing ÉLAN's theory of change assumptions, and the overall PSD programme-level assumptions. The key topics researched were governance at national and local levels, state-society relations, rule of law and corruption, business environment, livelihoods, poverty, and social capital. A review of documents was mainly based on research publications from international institutions (AfDB, UNDP, IMF and WB), international NGOs (ICG, Mo Ibrahim Foundation), and internationally recognised experts and academics, as well as on legislation and regulations adopted by the Congolese State. The analysis included documents published after 2010, with a focus on the most recent studies conducted over the last two or three years. The Political Economy Context Assessment report is available as a supporting document to this MTE report.

3.2.3 Sector reviews

Sector reviews (referred to as Project Performance Reviews in the inception report) were completed for each of ÉLAN's six sectors of operation. These studies are documented in the technical annex that accompanies this main report of the MTE. They complemented the TOC

⁴ T J Mitchell (2017) Decision Support Unit Making markets work for the poor and business environment reform: a review of the evidence – available from DFID

assessment, examining the content of each sector's intervention portfolio and exploring the main features of progress in bringing about MSC. The sector studies analysed the main forms of intervention in each sector. They focused on assessing the evidence on what the different sectoral interventions have achieved and how, the relevance of the logic and validity of the key assumptions underpinning their results chain, and the extent to which they are delivering poverty reduction through MSC.

Sector reviews drew extensively on information contained in the MRM system, particularly the Sector Tracking Tools (STTs) which present the sector results chains and document the progress being realised in fulfilling each MSC stipulated in the sector results chains on a quarterly basis. ÉLAN's Project-Wide Implementation Guide (PWIG) provided information by sector and by intervention on the project's progress towards the fulfilment of its poverty impact indicators: the number of poor people benefiting from the different interventions, estimates of NAIC (the key indicator used to assess ÉLAN's impact) for project beneficiaries, the number of women benefiting from the interventions, and changes in the performance and business practices of poor participants in the project. Finally, the MRM's Projections Spreadsheet was used to develop a picture across all relevant interventions of the growth in the number of poor participants forecast to benefit from the project to end 2020, and hence the aggregate NAIC this was likely to generate for each intervention, sector and the project as a whole.

Early versions of the sector reviews were prepared in advance of the field visits undertaken by sector leads as part of the main MTE field mission in September–October 2017. Their findings informed the MTE team's engagements with ÉLAN's national, regional and sector management teams and laid the basis for field visits to and interviews with key project partners, whether associated with existing or expired partnerships. The completed sector reviews were compiled at the end of the in-country MTE mission and present a comprehensive statement of the evidence gathered by sector in relation to each of the evaluation questions.

3.2.4 Intervention case studies

Detailed intervention case study reports, again structured around the key evaluation questions, were produced for each of six case studies (one per sector). Details of the intervention case studies are included in Table 3 and fully documented in the technical annex that accompanies this main report. Based on information contained in the early sector reviews and discussions with ÉLAN's senior management team in Kinshasa, specific intervention partnerships were identified to serve as the focus of detailed case studies undertaken by sector leads as part of their field trips. These serve as the third part of the triad of evidence (alongside the TOC assessment and the sector reviews) used to test the validity of ÉLAN's implementation model.

It was agreed that one case study per sector would be researched, and the selection of case study intervention was made in consultation with DFID and the project. The case studies selected were identified based on their maturity, their expected contribution to the project's poverty impact (aggregate NAIC), their relevance to the MTE's aim of testing key assumptions underpinning the TOC, their value in terms of lessons learned in relation to the evaluation questions, and their logistical feasibility in the time available. The case studies were completed on the back of an analysis of the information contained in each partnership's intervention tracking tool (ITT) in the MRM, which summarised the intervention results chain, an assessment of its contribution to the sector's MSCs, and the narrative and research reports associated with the intervention's genesis and ongoing operation.

Table 3 Intervention case studies

Sector	Intervention details	Description
Renewable Energy	RE09 Altech, national	Support roll-out nationally of the 'Ambassador' sales model, linked to the introduction of pay as you go (PAYGO) payments aimed at overcoming affordability constraints for poor buyers
River Transport	TR04, Mbandaka Equateur	Support for tax reform in the river and lake transport sector in the Equateur province, DRC: implementation of the inter-ministerial decree of 19 June 2014 eliminating 38 illegal taxes and fees
Perennial Agriculture	AP06 Twin, South Kivu	Support to Twin to test the technical and operational feasibility of a traceability system that supports the sourcing, branding and marketing of women-only premium coffee and tests the relevance, impact and sustainability of this for women SHFs
Non-Perennial Agriculture	NP01 SeedCo Katanga	Distribution of quality imported seeds to SHFs supported by a network of field technicians
A2F–Individuals	AF04 FINCA2, Katanga	Extension of BB services into rural areas
A2F–SMEs	AF22 Comexas	Establishment of a collateral management agreement (CMA) system for maize in Katanga

This information was complemented with the data on beneficiary impact contained in the PWIG and by interviews with key informants from the side of the partner (the senior staff responsible for implementing the interventions) as well as with ÉLAN technical staff (typically the sector lead, the regional manager and the technical lead directly responsible for the partnership's implementation) and facilitated discussions with the end beneficiaries (or second line beneficiaries) over a series of focus group discussions. The details of key informants interviewed as part of each case study are contained in the relevant case study report.

3.2.5 Focus group discussions

As part of each intervention case study, focus group discussions were convened with intended beneficiaries (or their representatives) associated with each case study partnership. The design and coordination of the sector focus groups was undertaken by a specialist service provider with extensive national experience of development survey work, and a national network of focus group discussion facilitators who operated in each of the project's focus areas. Training was provided in advance of the focus group discussion by the PSD lead in the MTE team (also a Monitoring and Evaluation specialist), supported by the contracted service provider.

Each of the 22 focus group discussions was facilitated by a researcher supported by a recorder, with an MTE team member in attendance together with a translator. The focus group discussions were recorded in the vernacular and translated into French and English. The focus group discussions were generally conducted in gender specific groups, and in the Perennial Agriculture case study exclusively with women members of the agricultural cooperative that was the beneficiary group associated with the intervention. Focus group discussions followed a detailed framework that was designed during inception. As it involved spending 1½ to 2 hours working with groups of typically ten vulnerable end beneficiaries, the approach required ethical research clearance, as well as the normal approval mechanisms.

In total, 224 end-beneficiaries participated in the focus group discussions, and the richness of the evidence generated is outlined in the summary documents in Annex G. The selection process for focus group discussion participants varied across interventions. Further details can be found in the intervention case study reports.

3.2.6 Results verification exercise

The results verification exercise was undertaken by the DSU, independently of the MTE. Completed in September 2017, it involved a comprehensive analysis of all ÉLAN interventions and of the quality of results reporting, as well as an assessment of the robustness of modelled estimates of impact. This exercise provided a summary assessment of the results achieved by ÉLAN. It was the first attempt by the DSU to assess the extent to which the results being reported by ÉLAN have a credible empirical basis. It also aimed to provide independent feedback to ÉLAN about the strengths and weaknesses of its evidence base, and guidance for how to improve the quality of its results reporting, where appropriate, from the baseline that the verification exercise established. The results documented in the verification report provided a reference point for the MTE team to undertake its sector and intervention case study reviews, using the results of the verification exercise to inform its engagement with the data in the MRM, with ÉLAN personnel and with key informants among its partners.

3.2.7 ÉLAN management and organisation review

The management and organisational assessment of ÉLAN was informed by issues that emerged from discussions with DFID DRC during the inception visit. The key issues identified, reflected in the evaluation questions, concern whether the effectiveness of the project was enhanced by the operational processes for approving pilot partnerships, managing relationships critical to implementation (with pilot partners and regional office staff) and mobilising support from stakeholders other than pilot partners. The assessment also reviewed the effectiveness of coordination between ÉLAN and Essor, and examined the use made of the MRM system to guide management decision-making, and the extent to which the reporting system has provided an appropriate measurement and incentive framework for the project.

The approach involved a review of documentation on ÉLAN's operating procedures and processes. Standard operating procedures for project identification, review and approval were analysed to determine whether these are aligned with strategic priorities. Standard operating procedures for pilot partner and stakeholder relationship management were also reviewed. Together, the standard operating procedures review and key informant interviews provided data on how well relationships are managed to enhance the achievement of results.

3.2.8 ÉLAN's measurement and results management framework

ÉLAN's MRM is extensive and contains a large volume of project data, from intervention and sector results chains to values of NAIC, the number of beneficiaries, their division between men and women, assessed changes in their market behaviour, and projections to 2020 that relate to all these indicators. Key MRM documents are the ITT, the STT, the PWIG and the projections spreadsheet. Beyond the results verification review, the content and consistency of the MRM was tested in relation to the sector and intervention case study reviews undertaken by the MTE. This involved a detailed assessment of the values and the application of the main MRM indicators in relation to the evidence of partnerships on the ground.

3.2.9 Review of ÉLAN's VFM framework

The VFM assessment reviewed the ÉLAN VFM framework initially developed in 2013, alongside its subsequent reporting and modifications. This was complemented by interviews with the ÉLAN project team, and a further document review to assess the extent to which the framework influenced management decisions, as well as allowing for a broader assessment of the project's VFM performance. The findings from the other parts of the MTE, particularly the sector reviews and case studies, provided the final key contribution to answering the VFM evaluation questions, particularly regarding the overall cost-effectiveness of ÉLAN, which is ultimately determined by the likelihood of it achieving a sustained impact.

3.3 Paris Principles

The five principles of aid effectiveness—ownership, alignment, harmonisation, managing for results and mutual accountability—are now established as a touchstone for effective recipient-donor relations. Implementing these principles in the DRC is a challenge, given that the government lacks legitimacy and development policies have little resonance on the ground. This challenge is compounded by the fact that this is a development project that focuses on private sector firms as key interlocutors, rather than government. However, this context is not a barrier to aid effectiveness. Indeed the 2011 Busan High-Level Forum for Aid Effectiveness proposed an increased focus on working with the private sector, precisely to improve aid effectiveness. In the absence of effective government-level coordination, the MTE team engaged with the World Bank PAASDP (a \$120 million project to promote agricultural rehabilitation and recovery), PARRSA and FPM (a UNDP/KfW and World Bank-supported project to build the capacity of financial institutions to support SMEs) in order to gain greater insight into the development context in which ÉLAN operates.

3.4 Quality and utility of evidence and evaluability issues

ÉLAN's MRM is the primary data source for much of the sector review analysis and, to a lesser extent, the intervention case study analysis. The quality of the MRM data was analysed in the verification exercise preceding the MTE, undertaken through desk review without primary data collection. The verification exercise highlighted some variation in the quality of MRM data. In addition, some key data sources that the MRM was designed to include (such as diagnostic analyses, design documentation and intervention assessments) were not consistently available. MRM data was triangulated with additional data collected in the multiple research activities described in the preceding section. Extensive, in-depth interviews were conducted with ÉLAN staff and external key informants to inform the sector reviews and case studies.

Sector- and intervention-level results claimed in the MRM were tested through fieldwork. This included observational activities (e.g. accompanying sales agents of renewable energy products on payment collection rounds, visiting ÉLAN partner port operations, etc.) and, importantly, engagement via focus group discussions with a substantial number of project end-beneficiaries. The main purpose of the fieldwork was to produce case studies based on a comprehensive, multi-method data set.

The case study selection was purposive and focused on those interventions contributing disproportionately to the results reported by ÉLAN's MRM. This was an appropriate approach to examine the robustness of the most important results claims, but does not permit statistically valid inferences to be drawn across the portfolio of interventions as a whole. The combination of focus group and observational data provided the MTE team with a largely complete and reliable data set for case study purposes.

During the field visits it became clear that a broad range of performance was observed, from the highly impressive (Twin coffee and FICA branches banking case studies) to less effective projects (SeedCo hybrid supplier, SEK mine out-grower scheme, the CTM cocoa project and the Mbandaka boat operators).

The findings from the primary data collection for the intervention case studies in several instances cast doubt on the reliability of measures and estimation processes judged to be adequate in the desk-based verification exercise. This highlights the need for additional independent primary data collection to test the measurement approaches and modelling assumptions used by the project.

3.5 Governance of the MTE

The MTE team comprised eleven consultants, who are listed in the Acknowledgements on the inside cover of this report. Of this team, four are OPM employees: Stephen Jones (MTE Director); Jonathan Mitchell (DSU Project Director); Andrzej Dabkowski (DSU Project Manager) and Terry Roopnaraine (gender advisor). The other seven are independent consultants hired by Oxford Policy Management on short-term contracts. In the MTE inception report, the DSU proposed that DFID-DRC establish an independent Evaluation Reference Group to oversee the evaluation. Unfortunately, one was not established in time for this evaluation.

3.6 Evaluation criteria

The OECD-DAC criteria provide a systematic checklist of potential evaluation issues to guide the selection of evaluation questions. As a mid-term, rather than final, evaluation, the selected evaluation questions focus principally on the criteria of Relevance, Effectiveness and Efficiency, and to a lesser extent on Impact and Sustainability. Each evaluation question is mapped to the relevant DAC criterion, but broadly the evaluation question categories apply to the DAC criteria as follows:

- Project Design - *Relevance*
- Progress Towards Results - *Effectiveness*
- Measurement and Reporting - *Efficiency*
- Management and Organisation - *Efficiency*

- Value for Money – *Efficiency*

The MTE will aid the design of subsequent evaluation activities for the PSD Programme, including the Final Evaluation, which will have a greater emphasis on assessing Impact and Sustainability. This MTE provides recommendations to improve evaluability (including potentially through strengthening the MRM system).

4 Summary of MTE findings

This section summarises the findings from the MTE (which are set out in full in Annex D), presented as answers to the evaluation questions.

Table 4 Summary of MTE findings

EQ #	EQ	Answer
1	How well is ÉLAN designed to lead to sustainable MSC?	Many interventions have been appropriately designed to pilot initiatives addressing market system constraints at the enterprise level, generally with well-chosen partners. More recently ÉLAN has focused more strongly on sector-wide interventions. However, ÉLAN's design approach has paid insufficient attention to the articulation of a complete TOC and, in particular, how 'expansion' and 'response' will be achieved. In order to deliver rapid impact-level results in a challenging environment, MSC has been defined as an output delivered at the level of the firm, rather than an outcome delivered at the level of the market system. This has implications for the sustainability of pilots, broader systemic change and the delivery of results by 2020.
1.1	Validity of ÉLAN's intervention logic	There is evidence that M4P approaches can achieve MSCs but evidence on the impact of these approaches in reducing poverty and reaching the poorest, especially in CAEs, is limited. Guidance on M4P approaches in CAE emphasises the critical importance of clear articulation of the diagnosis and assumptions underlying design. However, ÉLAN's TOC was not fully developed to guide the design of the interventions. Assumptions have not been fully articulated or systematically tested and the separate steps in the AAER process are not set out in the TOC. MSC has been treated as an output, when it would better be regarded as an outcome and the concept of MSC has not been defined and applied with rigor and consistency. This has been reflected in weaknesses in sector and intervention design.
1.2	Validity of theory of change assumptions	The key assumptions implicit, but not fully articulated, in ÉLAN's TOC are generally consistent with accepted theory and research evidence and appropriate for the DRC context, although with significant variation across sectors and interventions. This emphasises the need for detailed sector- and intervention-specific articulation and the need to test assumptions in design and implementation. In particular, the implicit assumption that the adoption of new practices by pilot partners will be sufficient to achieve expansion and response, including beyond the period of project implementation, is problematic. ÉLAN is implementing a series of activities to encourage replication in 2018.
1.3	Validity of implementation model	The implementation model has, to date, largely—but not exclusively—focused on supporting the pilots to deliver rapid results using a highly adaptive approach. This has been successful for achieving the adoption and adaptation of the piloted initiatives, and the generation of impressive impact-level results, which is a real achievement in this context. However, weaknesses in the conceptualisation of MSC and in the diagnostic analysis and design of some interventions has contributed to variable levels of success. The implementation model contains inherent risks. First, some successful pilots may not be sustainable when ÉLAN support ends. Second, unless ÉLAN has improved the broader market system—rather than the goods and services offered by specific enterprises—it may well prove difficult for

competitors to ‘crowd-in’ around successful innovations because, for them, the original constraints remain. There is evidence, in the last year of implementation, that ÉLAN is increasingly taking a sector-wide approach which is more likely to address broad MSC. ÉLAN has responded to the funder-incentive framework which risks over-emphasising short-term results achieved through supporting individual firms, rather than strengthening market systems for the poor in a sustainable way.

2 Is ÉLAN delivering MSC?

2.1 To what extent are interventions effectively targeting and achieving appropriate and priority MSC?

ÉLAN has identified priority market systems. For inclusive supply chains to work, they need access to appropriate inputs, including finance, sought-after products and services, secure markets and a supportive business climate. From the analysis of case study interventions and sector reviews, it appears that about 40% of the market systems identified by ÉLAN are being effectively addressed, 30% are being addressed to some extent, and about 20% are not being materially changed. The issue for ÉLAN is whether these MSCs are being delivered for the whole market or just for individual pilot firms. To date, the focus has been on individual enterprises, but there are recent indications that this narrow view of MSCs is being broadened.

2.2 To what extent are partners implementing practices piloted by ÉLAN, and why?

Where practices piloted by ÉLAN have delivered positive changes in partners' commercial returns and future growth prospects, these are generally being adopted and adapted into their business models. This is particularly true of interventions in renewable energy and access to finance, and some agriculture interventions where incentives between commercial actors and emerging market participants are clearly aligned.

2.3 To what extent are market actors other than ÉLAN's partners adopting piloted practices, and why?

Among market actors not directly engaged with ÉLAN there are limited signs of interest or activity in adopting piloted practices without the need for some form of subsidy or support. It is understood that a bank, TMB, has invested in a CMA arrangement as a copy of the pilot CMA. The first, albeit partial, quantification of ‘indirect’ beneficiaries (resulting from expansion and replication) by ÉLAN in early 2018 estimates that there are some 12,000 ‘indirect’ beneficiaries, compared with a reported outreach of 400,660 ‘direct’ beneficiaries with increased income. This low level of expansion and replication is partly a result of the ‘thin’ markets in DRC, but is also a consequence of an approach which focuses on the pilot enterprise rather than the broader market system.

2.4 Are there any unintended consequences resulting from ÉLAN's interventions?

Unintended consequences appear to be few and are limited to the non-perennial agriculture sector, where partnerships aimed at improving the supply of quality seeds to smallholders may impose a high risk of failure on recipients who are ill-equipped to manage the additional costs and risks involved in Katanga. In the same sector, ÉLAN's involvement in the SEK out-grower scheme risks exacerbating the ‘toxic’ relationship between a mine and smallholders. There is evidence in the river transport interventions that boat owners are sourcing maize at low—although market-relevant—prices from smallholders. These low prices may indicate the exploitation of farm labour. Generally, ÉLAN's private sector partnerships do not compromise the broader environment for competition and autonomous investment. Any such risks are outweighed by their (potential) market-enhancing, demonstration and crowding-in effects.

2.5	What benefits are being delivered to low-income producers, consumers and women?
	<p>The extent to which achieving a logframe NAIC target of £30 will benefit a Congolese household will often be marginal. The extent to which the benefits of ÉLAN's interventions and related MSCs can be traced to low-income producers, consumers and women varies. In the renewable energy and agriculture sectors, such benefits are clearly discernible. In the access to finance for SMEs and river transport sectors, far less so—even though the interventions may be more systemic. Interventions specifically targeting women producers have yielded strong and sustainable gender-specific impact. The choice of sectors has a significant impact on gender outcomes; renewable energy and branchless banking are less male-dominated. In the agricultural sector, the experience of Twin and contract farming shows that women are outperforming their male counterparts. Low income producers may not be capable of responding to some of the market opportunities facilitated by ÉLAN. This raises concerns about the project's focus on the very poor, rather than on more established small producers, who have a greater capacity to participate in formal markets and respond to incentives. Although ÉLAN is a market development programme, it is producing significant women's economic empowerment benefits. The project has made concerted efforts to acknowledge and address women's structural position in the contexts of both the household and the market. Both of these dimensions support the observation that ÉLAN is playing an important role in addressing gender issues.</p>
3	To what extent are the MSCs being delivered by ÉLAN likely to deliver sustainable impact?
3.1	<p>Are the MSCs achieved by ÉLAN likely to continue to have impact?</p> <p>The evidence from sector studies suggests a mixed picture for the prospects of MSCs that have occurred realising a sustainable impact. There are clear indicators of MSCs creating sustainable impact in access to finance, renewable energy and the coffee sector. Sustainable impact is less likely in river transport, and there is a mixed picture in non-perennial agriculture.</p>
3.2	<p>Will MSCs be sufficient to meet project impact targets?</p> <p>Under the most plausible assumptions associated with existing interventions, it seems unlikely that MSCs across ÉLAN's sectors will be sufficient to meet the NAIC impact targets set out in the logframe.</p>
4	Is the way in which indicators are being measured and reported providing an accurate reflection of project performance?
	<p>It is not possible to give a definitive judgement at this point. The verification exercise demonstrated some weaknesses in measurement. However, all indicators were rated with at least 'medium' confidence that reported results reflect reality. As part of the MTE process, a more in-depth review of reported results for specific interventions, including through primary data collection, raised concerns with measurement that had not been revealed during the verification process. ÉLAN does not appear to be suitable for a PBR mechanism.</p>
4.1	Are the assumptions informing the modelling of results for different categories of beneficiaries (producers, consumers and women) consistent with evidence?
	<p>The verification exercise gave at least a 'medium' confidence rating for results reported against all logframe indicators. This exercise assessed the quality of data collection processes, analysis and results-modelling against a set of criteria developed according to international standards for data quality. It was a desk-based approach which covered the</p>

entirety of ÉLAN's intervention portfolio. However, the more in-depth documentation review and primary data collection undertaken for the intervention case studies raised some concerns about the assumptions underpinning results estimates not captured by the verification exercise.

4.2 Is the MRM system providing accurate information on changes in beneficiary behaviour (partners, producers, consumers and women)?

The MRM system is comprehensive and capable of capturing and presenting information on all relevant aspects of beneficiary behaviour. The verification exercise gave at least a 'medium' confidence rating for results reported against all logframe indicators, including those regarding changes in beneficiary behaviour. However, as above, the more in-depth documentation review and primary data collection undertaken for the intervention case studies raised some concerns about accuracy of information that were not captured by the verification exercise.

4.3 Is the way project performance is measured and rewarded providing appropriate incentives to achieve PSD objectives?

The focus on NAIC and outreach as the principal measure of project performance appears to distort incentives towards an excessive focus on short-term impact deriving directly from the results of the pilots at enterprise level, and away from longer-term improvements in market system performance. The poverty targeting may also be creating a bias towards focusing on groups who are poor but not necessarily well-placed to benefit from project interventions. Details of the PBR contractual arrangement were not available to the MTE team, but the project does not appear to meet the conditions for PBR (based on impact achieved) to be an appropriate payment mechanism.

5 To what extent are ÉLAN's management processes appropriate to achieve planned results?

ÉLAN's processes to initiate, test and drive partnerships and initiatives are efficient and effective. The initiation of some 170 interventions during the four years of implementation is testament to this highly productive and adaptive programme. However, some flaws are evident in the design of certain partnerships, and ÉLAN's management processes have not always been effective in recognising and responding to these weaknesses and their consequences in a timely fashion.

5.1 To what extent are the processes governing the design, approval and close-out of interventions effective?

The quality of intervention diagnosis and design is heavily focused on the delivery of rapid logframe results.

5.2 How effective are management arrangements between Kinshasa and the four regional offices?

A highly decentralised team structure is an appropriate response to infrastructural and geographical conditions in the DRC. A matrix management approach gives the right level of oversight and independence for the professional and productive ÉLAN team to implement a large portfolio of interventions, particularly in their early stages.

5.3 How effective are pilot partner relationship management processes?

ÉLAN relationship management processes appear highly effective across its established pilot partners (1st line beneficiaries), culminating in very strong and productive relationships.

Organisationally weaker partners and 2nd line beneficiaries and those founded on flawed diagnostics or which offer less scope for success have different relationships and opinions about ÉLAN, some of which are less positive.

5.4 How effective are processes for managing relationships with stakeholders other than pilot partners?

ÉLAN's performance in monitoring and reporting on beneficiary perspectives and engaging with government and other non-partner enterprises is mixed across sectors. ÉLAN has strong processes for managing its relationship with DFID.

5.5 How effectively is ÉLAN coordinating with ESSOR to enhance performance and achieve results?

The coordination between ÉLAN and Essor has been driven by the pragmatic needs of interventions. There is evidence of active collaboration in agricultural value chains and cross-border trade and in the A2F individual work-stream on the insurance and leasing interventions. However, there would be better prospects for achieving MSCs and impact if enterprise-level change were more effectively supported by improvements in the business environment.

6 VFM

6.1 How appropriate is the ÉLAN VFM framework?

Although relatively well-structured and with sound underlying principles, the ÉLAN VFM framework at the time of the MTE has not been the most appropriate tool for the project's needs beyond managing economy. While there is an impressive understanding of and relevance attached to VFM principles across the project, as a tool the VFM framework itself has not been as informative or effective as it could have been. Prior to 2018, reporting on the framework incorporated an excess of data without relevant analysis, rather than focusing on the most important information and assessing how project strategy should adapt to changing information and circumstances. However, an updated VFM framework—which was implied in reporting in February 2018 (after the MTE initial draft was complete)—has demonstrated significant improvement.

6.2 How effectively is the ÉLAN VFM framework used to inform project management?

VFM principles are clearly incorporated into ÉLAN's decision-making processes. Until recently, however, application of the VFM framework itself has been more focussed on ex-post reporting than as a tool to improve decision-making. The 2017 VFM report, developed in February 2018, shows a significant improvement in terms of potential utility.

6.3 To what extent is ÉLAN on track to deliver VFM?

Although it is unclear whether ÉLAN will achieve the NAIC logframe targets for 2020, it is definitely on track to achieve at least the break-even point for VFM purely in terms of its quantified short-term impact by 2020 exceeding overall investment in the project. The quantified NAIC achieved by 2020 should be a minimum estimate of ÉLAN's ultimate impact. Genuine market system changes achieved by the project should secure an impact significantly beyond 2020, while particular interventions will also have broader social benefits. Greater attention is required to capture, secure and sustain such longer-term impact.

5 Conclusions

5.1 ÉLAN's achievements

This MTE has found that ÉLAN has had a significant level of success in securing the adoption and adaptation of pilot interventions across several sectors, working effectively with generally appropriately chosen partners. This is an important achievement given the weakness of the business environment, the multiple risks and uncertainties faced by businesses and the limited progress in implementing Eссор, which was intended to strengthen the business environment as a complementary component of DFID's PSD programme. ÉLAN's intervention logic and assumptions have remained valid in some sectors and conditions, delivering positive MSC and good prospects for long-term inclusive growth. The existence of partners who are strong commercial actors with a clear commercial interest in making a sector market work more effectively and inclusively of low-income consumers and producers has proved to be a necessary, if insufficient, condition for significant MSC and impact.

There have been significant differences in the type of M4P approaches applied across priority sectors. These range from the provision of direct subsidies in support of partner and enterprise-level pilot expansion to more light-touch interventions, including facilitation, information provision and some support for the regulatory reform typically associated with M4P programmes. The different approaches pursued reflect the differing constraints and opportunities manifested across different sectors and a DFID results framework that prioritises very rapid delivery of impact-level results. ÉLAN has been demonstrably opportunistic and adaptive.

In almost all respects, ÉLAN has been very well-managed. The frequency and quality of pilot monitoring and oversight is good at the implementation-level. The project's decentralised structure is well-designed and effectively managed, providing for high levels of interaction across sectors and between management levels. Project staff are of high calibre and well-motivated. Pilot partner relationship management processes are effective and generally successful, particularly for large, capable partners. The effectiveness of project–partner management and communication is enhanced where project outcomes are positive. The project's engagement with DFID has been professional, and conducive to clarity and effective strategic coordination. Particularly impressive has been the cross-cutting work-streams of gender and political economy, where very high-quality support has allowed genuinely innovative practice.

In terms of ÉLAN's prioritised sectors of operation, the MTE found:

- **Access to Finance–SME** interventions have pioneered the leveraging of commercial finance into non-traditional parts of the economy. The CMA arrangement is innovative and has been proven to work in DRC for large commercial farmers—both as a financial mechanism and as an example of expansion. The MTE is concerned about the viability of rolling this out to very low-income smallholders, but believes that this arrangement could work for more commercially-orientated smallholders. The loans to river boat operators to finance working capital in conjunction with freight-forwarding initiatives could support increasing domestic trade in agricultural commodities. The loan to CTM, an intermediary between cocoa smallholders and a Japanese exporter, is a sound intervention in principle, but the institutional weakness of the intermediary (an NGO) threatens to undermine the flow of benefits to smallholders.

- **Non-Perennial Agriculture** interventions include successful and viable interventions in the local open-pollinated variety (OPV) seed market. These interventions allow both low-income smallholder farmers and seed suppliers to make a commercial return without absorbing a high level of risk. The seed suppliers have mobilised finance from commercial banks. We have concerns about the viability, sustainability and impact of the hybrid seed and out-grower scheme (OGS) pilots that we evaluated in Katanga. In both types of intervention, many of the weaknesses relate to the low-income smallholder farmer target group. These weaknesses could be largely resolved by targeting emerging commercial farmer smallholders. ÉLAN has evidence that the hybrid interventions in Kivu are more successful.
- **River Transport** pilots were well-conceived and successful in demonstrating the validity of intervention and sector-level theories of change, at least in terms of adoption and, to some extent, adaptation. The more promising interventions, in terms of sustainability and impact, have engaged capable partners in highly incentivised ventures (freight forwarding). The benefits of an increase in domestic trade to the smallholder farmers in the supply chain are potentially very significant—given the current huge price gradient between the interior and the end-market in Kinshasa— but have not yet been proven. The successful interventions are differentiated from the poorer performers because they avoided the corrosive risk of predatory state intervention (implementing tax reform), and the low appetite of partners where competing incentives are far more attractive;
- **Branchless Banking** pilots have taken advantage of massive pent-up demand for financial services and highly capable partners. These interventions are also characterised by strong preliminary and ongoing diagnostics, as well as consistent monitoring by the partners themselves. What is learned in implementation is being employed to adapt the offering. Branchless Banking interventions illustrate the conditions under which ÉLAN's contribution provides traction for MSC;
- **Renewable Energy** pilots were built around appropriate partnerships sourced from a wide range of early exploratory investments. The pilots address most of the targeted MSCs. This is contributing to the emergence of a stable national renewable energy supply chain with accelerating sales in all regions. An increasingly diverse and sophisticated product range is emerging, the affordability of which (even to poor consumers) is being transformed by the pending proliferation of PAYGO technology, now embedded in all solar home systems. This will address one of the most fundamental constraints inhibiting the sector's future growth prospects. Provided there is no future deterioration in the currency or stability, and with a smooth transition from ÉLAN's import support to distributors in DRC, the sector has every chance of meeting the project's optimistic outreach forecasts; and
- **Perennial Agriculture (coffee)** interventions, in the form of early partnerships around coffee out-grower schemes, have strengthened the very fragile and informal supply chains that existed prior to the project. Significant early MSCs have proved the relevance, feasibility and impact of out-grower schemes and supply partnerships between dispersed smallholder growers, globally integrated exporters and international buyers. The project has effectively leveraged and crystallised the nascent alignment of commercial interest between dispersed, informal producers and large commercial buyers. These partnerships are now driven by a mutual interest among all parties in sustaining and growing their relationships, which are rapidly changing from

being subsidised and supportive to being driven by the commercial logic of the transaction. There is early evidence of a growing number of local buyers entering the market and a diversification of international demand towards new geographies, particularly south-east Asia. Significant MSC is thus evident in the coffee sector, which adopted a broader, sector-level approach much earlier in the implementation process than most other sectors.

The success of pilots in delivering enterprise-level impact seems predominantly to be informed by the existence of well-resourced commercial partners and actors with a strong interest in expansion to reach the poor. It is also influenced by the quality of diagnostics and the effectiveness with which ÉLAN has engaged with its partners.

There is wide variation across sectors—less so across interventions within sectors—in the relative contribution that interventions will make to poverty reduction. This reflects differences in the growth factors that underpin different sectors, including the extent of their integration into strong global markets, the existence of strong commercial partners with a shared interest in investment and expansion to reach the poor, and the initial fragility, informality and extent of dislocation of the sector markets.

5.2 Limitations of ÉLAN's performance

There have been some weaknesses both in the design and implementation of the intervention model. The model is well-suited to the rapid delivery of impact-level results through enterprise-level pilot interventions at impressive scale. To a certain extent, this approach is an accurate response to the results framework that DFID has established for ÉLAN. The weakness of the approach, however, is the assumption that wider impact beyond the pilots (as required to achieve the NAIC impact target) can plausibly take place through market mechanisms alone, beyond the lifetime of the pilot. For this to happen would require 'expansion' to and 'response' by a large number of additional enterprises beyond pilot partners.

Although full details of the payment-by-results (PBR) mechanism under which ÉLAN has been implemented are not available, it is likely that the attempt to use a PBR mechanism focusing on NAIC for a project of this type was an inappropriate design choice. This is because the adaptive nature of the project and its large number of diverse interventions make it impossible to define appropriate measures of performance capable of objective verification on which payments could be made conditional.

The main implementation weaknesses identified by the MTE are:

1. The existence of comprehensive quantitative targets at impact level (but not outcome level) may have contributed to an over-emphasis on short-term achievement of measured impact results, rather than on sustainably strengthening market systems.
2. Using a poverty threshold that includes 80% of the population and much of the middle class has militated against an effective focus of interventions on a clear target group of the 'poor'.
3. The project TOC has insufficiently and incompletely articulated the assumptions (and hence also the risks) that are required for its results chain to hold, particularly with respect to how expansion and response will occur (after adoption and adaptation). There has also been insufficient articulation and testing of key assumptions in sector and

intervention results chains, which may have contributed, in some cases, to inappropriate pilot and partner selection.

4. The concept of MSC has been of limited analytical value in operationalising the purpose of the project. There is no basis for comparing MSCs between interventions (except the anticipated NAIC and outreach expected) or having common measures of performance against MSC targets across interventions. The concept has not been consistently applied across all interventions. For some interventions, MSC appears to have been conceptualised as, in effect, an enterprise-level output rather than a market system-level outcome. This points towards the need for an improved and operational concept of MSC which focuses on direct and comparable measures of improvements in market performance and terms of access for the poor;
5. Beyond the project's comprehensive early sector scoping work, ÉLAN's detailed diagnostic analysis in relation to M4P design and operating parameters has been of variable quality. At times it is missing altogether. This has compromised the relevance and effectiveness of certain interventions, and may have contributed to an inappropriate choice of priority sectors and interventions within them (e.g. CMA focusing on very small and poor farmers). It has also contributed to poor MSC and impact outcomes where these have manifested (e.g. in mobile money and some aspects of River Transport and Non-Perennial Agriculture);
6. The frequency and quality of pilot monitoring and oversight is good, but has not always led to timely responses to emerging unintended consequences and weak pilot results;
7. While the project MRM system is comprehensive, highly detailed and was shown to be broadly robust by the results verification exercise, the deeper case study analysis, involving primary field data collection for the MTE raised concerns about the quality and consistency of impact modelling for some interventions;
8. While VFM principles have been clearly incorporated into ÉLAN's decision-making processes, the application of the VFM framework itself has not been an entirely effective tool to improve project management beyond managing economy (i.e. the cost of inputs);
9. Insufficient attention has been given to accurately estimating the future benefits of the project, in terms of both the rigour of near-term NAIC projections and estimations of longer term impact. Such analysis would be directly relevant to prioritising interventions towards maximising VFM.

In a difficult and risky environment, ÉLAN was correct in casting a wide net and starting a large number of pilots to find out what can work, but breadth should not be achieved at the cost of depth of analysis. Having gathered sufficient evidence on what works, it is important to rationalise the portfolio to allow resources to focus on the very challenging issues of expansion and replication, and to increase the likelihood that the intended half of NAIC impact results scheduled to be delivered after project closure will be realised. The MTE team suggests that focusing more on supporting the process of expansion and the response of those pilots judged successful would have been more successful in achieving impact and deeper MSC than the development of additional pilots.

5.3 MTE and annual review assessments

In the DRC context, ÉLAN is an extremely successful project and has been much more effective than any similar donor private sector projects of which the DSU is aware. In addition, the DSU awarded ÉLAN an A+ rating in both the 2017 and 2018 annual reviews. There are several reasons why the MTE and annual review assessments differ in certain respects.

First, the MTE and annual review look at different facets of the project. The annual review, and particularly the scoring of it, has a focus on whether the logframe targets have been achieved over the past year. The focus of the MTE is much broader. It has a focus on project design and conceptual issues—which will affect post-implementation performance—more than the efficacy of recent implementation.

Second, the MTE considers the whole life of the project, rather than just the previous year. Although the performance of ÉLAN has been very impressive since 2016, it was less so during the early stages, and may well drop off after the project comes to an end in December 2018.

Third, the MTE involved detailed primary data collection at intervention level, which is not a feature of routine annual reviews. This revealed some implementation weaknesses (and indeed, successes) that are not obvious from the MRM system. This primary evidence led the MTE team to investigate various fundamental questions about ÉLAN's results measurement framework, which was set up by DFID, and the conception of market system change, both of which we believe to have flaws.

6 Lessons and recommendations

6.1 Lessons

The literature review conducted for the MTE found relatively limited high-quality evidence on the impact and performance of M4P interventions in CAEs. The experience of ÉLAN is potentially therefore an important source of lessons that should be shared through appropriate networks, such as the Donor Committee for Enterprise Development (DCED) and Building Effective and Accessible Markets Exchange. The following lessons can be identified:

1. DFID's failure to operationalise the purpose of the project at the level of sustained improvements in market systems or provide guidance on development-related strategy options, and instead emphasising a series of very demanding impact level targets has created a challenging framework for the service provider to implement the project.
2. DFID's decision to hold ÉLAN accountable for impact-level results has put pressure on the service provider to focus mainly on enterprise-level interventions with short results chains. If DFID wished to hold ÉLAN accountable for outcome-level MSC targets, it would be necessary to measure these using a more meaningful metric than 'number of MSCs achieved'. So, for instance, measuring the success of the river transport interventions in terms of aggregate volume of agricultural goods traded on the river, or monitoring trends in farm-gate prices in Equateur, would be more meaningful than modelling the individual transactions of a particular boat operator.
3. Guidance on M4P in conflict-affected environments places particular emphasis on the quality of diagnosis and on TOC articulation and testing, in order to maximise the effectiveness of interventions. Many of the weaknesses identified during intervention implementation could probably have been prevented if ÉLAN had dedicated more resources to this task.
4. ÉLAN's experience demonstrates the possibility of achieving significant outcomes (at the adoption and adaptation level) even within a very weak business environment. However, achieving widespread expansion and response is highly problematic without an explicit strategy to achieve this. The weaknesses of market institutions militates against unsupported expansion and response (which require both effective potential market entrants and a less hostile enabling environment).
5. In the short-term at least, M4P interventions are unlikely to be an effective way to reach the very poorest and most vulnerable. Those best-placed to benefit are those with some level of human capital and other resources, who can take advantage of market opportunities created, or as consumers, those with purchasing power and proximity to markets;
6. Successful implementation of M4P approaches requires a blend of local knowledge and international experience, which can be difficult to achieve. A striking achievement of the project has been to assemble a highly professional and committed team in a very challenging working environment. There is an excellent combination of impressive local staff with a high level of professional and political maturity, along with a small number of first-class international experts.

6.2 Recommendations

For each recommendation we provide an indication of whether the recommendation is primarily addressed to DFID DRC (DFID) or the ÉLAN management team (ÉLAN).

6.2.1 Strategy for partnerships for the remaining term of the project

1. Develop a strategy for the remaining term of the project concentrating on those interventions and partnerships for which evidence of and prospects for sustained impact and scale-up look strongest. This should focus mainly on sector-level pilots, rather than enterprise-level pilots (ÉLAN);
2. Carefully assess the prospects for weak partnerships, underperforming pilots and sub-sectors, and wind down further investment or terminate engagement with those partners unlikely to deliver significant additional impact or MSC in the remaining period (ÉLAN);
3. DFID should consider selective ongoing support for market development in the six sectors beyond the existing lifespan of ÉLAN to maximise the impact potential from the sunk costs already invested (DFID);
4. Review and refresh the TOC and results chains analysis for these interventions to ensure robust pathways to systemic change and the clear articulation of assumptions (ÉLAN).

6.2.2 Replication and scale-up strategy (including post-current project)

5. Concentrate partner support efforts on arrangements for replication and scale-up, and on overcoming constraints (within and beyond existing partnerships) that undermine the scope for replication and crowding-in for new market entrants (ÉLAN);
6. Focus new interventions on facilitating and leveraging an environment conducive for the replication and scaling of already-successful interventions; focus on the 'Expand' and 'Respond' aspects of AAER, and on understanding and addressing constraints that inhibit the entrance of large commercial actors into high-potential sector markets (ÉLAN);
7. Increase efforts aimed at addressing the regulatory and fiscal constraints that undermine further scaling and replication by creating uncertainty. Attention should be paid to strengthening sector associations whose agenda is explicitly dedicated to advocacy on essential policy, regulatory or fiscal reforms (ÉLAN);
8. Where feasible, include an explicit agreement with all extended or new partnerships that partners will continue to invest in cross-sector collaboration and shared advocacy on market reform, beyond the life of the partnership agreements (ÉLAN).

6.2.3 Revision of targets and measurement

9. For future programming, DFID should look at replacing NAIC as the central measure of project success. In particular, greater clarity should be provided on:
 - The aims of the project (i.e. poverty alleviation, poverty reduction, economic transformation, enterprise growth, etc);

- Who the target population is and, in a context such as DRC, where almost 80% of the population falls below the international poverty threshold, which category is targeted in a more disaggregated set of measures relevant to different sector contexts. The choice of target group should be appropriate to (and enabling of) an M4P programme in the DRC context, where very poor people are often beyond the immediate reach of formal markets and supply chains; and
 - Whether the ambition of the project should be limited to enterprise-level market change or to broader MSC, and how the pro-poor impact of this should be measured (DFID).
10. To help improve outcome-level measurement, a study should be undertaken to examine options for developing a measure of market systems change (focusing, for example, on reductions in transaction costs, improved market integration and overcoming specific market failures) that can be used to track and compare market systems performance across interventions and over time more effectively (DFID decision, DSU/ÉLAN implementation).
11. DFID should review the impact of their results framework on supplier delivery incentives before contracting additional market development projects (DFID).
12. ÉLAN should institute a comprehensive review of the MRM to ensure that it isolates net income effects; takes account of households which do not benefit from interventions as well as those that do and takes account of ÉLAN additionality and the project counterfactual scenario. The aim of this review is to ensure the credibility of the results in the MRM (ÉLAN);
13. Where possible, focus on primary data collection to establish the results of interventions for MSCs and impact indicators, rather than continuing to rely on secondary data review and data modelling. This should inform future verification and evaluation exercises (ÉLAN);
14. Review (with a view to replacing) the reliance on PBR measures of performance, against which the project implementer is remunerated. This implies abandoning any further 'results verification' exercises in favour of attempting to improve measurement of the achievement of MSCs and impact (DFID decision, ÉLAN implementation).

6.2.4 Strengthening the VFM framework

15. An improved VFM framework for the remainder of the project is proposed in Annex F. Key changes include cutting down the number of indicators, reporting on them more regularly with a focus on the implications of the data, capturing the fuller impact of interventions beyond short-term NAIC, and piloting the 'VFM simulator' approach to estimate specific costs and benefits for planned interventions (ÉLAN);
16. It is recommended that the principles of a robust VFM framework are carefully built into the management systems of ÉLAN's successor projects from the start. Accounting systems should be set up to allow for reporting of costs to the level at which specific decisions are made (in ÉLAN's case, the level of individual interventions) (DFID);

17. The overall VFM performance of ÉLAN should be determined by the extent to which impact is sustained at scale beyond the end of the project. Improving the rigour of impact projections, including incorporating considerations of broader impact beyond short-term NAIC, could help increase confidence in the likelihood of achieving strong VFM. This might also provide clearer guidance as to what the project should focus on in its final year of implementation to ensure targets are achieved. It may also help inform what activities after the end of ÉLAN will have the greatest effect on achieving this impact (ÉLAN).

6.2.5 Recommendations for the final evaluation

18. The MTE team believes that, rather than waiting until 2022/2023 for the next evaluation, there is a strong case for 'light-touch' annual evaluation exercises between the MTE and final evaluation. Given the imperative to be able to trace a convincing causal pathway between implementation and what would appear as sustained or replicated results, we believe an annual evaluation would be more effective than waiting three years (DFID decision, DSU implementation);
19. One of our key learnings from this MTE has been the value of primary data collection from particularly important intervention case studies, compared with a comprehensive desk analysis of all interventions (the latter being the approach adopted during the October 2017 verification exercise). The option of a desk review of ÉLAN's documentation is obviously not open to us after the project closes, but even if it was, we would advocate future evaluations based on primary data collection from a sample of the more significant interventions (DSU).

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People consulted during this evaluation

- Five key informant interviews (KIIs) conducted with the DFID team in Kinshasa.
- 11 KIIs conducted with the ÉLAN Management team.
- The research on Agricultural Perennials relied on six KIIs as well as six focus group discussions (FGDs). Two were groups in Equateur at Kalamba and Buya II with CTM cocoa beneficiaries on 3rd Oct 2017. The other four FGDs were women-only members of the Muungano cooperative, who constitute the targeted beneficiaries of the coffee initiative. Two FGDs each were concluded in Kenyézire and Minova on the western shores of Lake Kivu, the main area of operations of the Muungano cooperative on 9th and 10th October 2017. A total of 80 people participated in these six FGDs.
- The research on Renewable Energy relied on eight KIIs as well as six focus group discussions (FGDs) with users of solar systems. Two FGDs were held in Mbandaka in Equateur on 2nd October and four FGDs were held in Goma in Kivu on 6th and 7th October 2017. Participants were selected from sales records maintained by Altech, according to their proximity to Goma and their availability to participate in the FGDs. Altogether, 38 participants were involved with the six FGDs.
- The research on Agriculture Non-Perennial relied on 15 KIIs as well as FGDs with male and female farmers throughout Katanga. The FGDs were divided between men and women users (two each) and included one mixed discussion. Two FGDs were concluded in Fungarume on 4 October, two in Likasi on 7 October and one large FGD in Katanga Village near the SEK mine on 8 October 2017 (the latter being linked to the SEK Out-Grower Scheme). Altogether, 61 participants took part in the five focus groups.
- The research on Access to Finance relied on 19 KIIs as well as five focus group discussions (FGDs) with male and female customers of FINCA throughout Katanga. The FGDs were divided between men and women users (two each) and one mixed discussion. Two FGDs were concluded in Fungarume on 5 October 2017, and two in Bunkeya on 6 October 2017. Altogether, 41 respondents were included in the four FGDs.
- The research on River Transport relied on eight KIIs. In addition to interviews, the review draws on evidence collected from 12 whaleboat operators during two FGDs in Mbandaka, and a remotely facilitated meeting with stakeholders involved in the road rehabilitation intervention in Gemena.

Annex A Extracts from the MTE Inception Report

Decision Support Unit

Mid-Term Evaluation of DFID's Private Sector
Development Programme in the Democratic
Republic of Congo: Inception Report
(Revision II)

Acknowledgements

The lead author of this report is Stephen Jones (MTE Director). It draws on material prepared by other team members in particular Terence Beney (PSD Component Lead), who led the MTE Inception Mission visit to Kinshasa in June 2017. Other members of the Inception Mission were Paul Zille (ÉLAN Component Lead), Charles Krakoff (Essor Component Lead) and Jon Mitchell (DSU Project Director).

During the MTE Inception Mission the team met with DFID Democratic Republic of Congo (DRC), the two Service Providers (Adam Smith International and PricewaterhouseCoopers), and the locally based representatives of the Decision Support Unit. Local DSU staff also supported the team with logistics. These engagements informed the direction and design of the evaluation substantively. OPM and the team would like to thank all those institutions and individuals who contributed to the success of the inception visit. The Service Providers have also furnished the team with additional information that has informed this report.

In addition, this report benefits from EQUALS review comments on an earlier draft of the proposed Evaluation Approach for the PSD Programme and from comments and discussion with DFID DRC and DFID's Evaluation Department, and then from EQUALS review of the an earlier draft of this MTE Inception Report, as well additional comments on the draft from DFID. This revised version addresses the areas of required improvement identified in the EQUALS review.

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Executive summary

This is the Inception Report of the mid-term evaluation (MTE) of DFID DRC's Private Sector Development (PSD) programme which aims to increase the incomes of one million people in the Democratic Republic of Congo by 2023. The programme is based on three projects:

- ÉLAN RDC, a £50m, five-year market development project, implemented by Adam Smith International;
- Essor, a £35m, five-year flexible facility aiming to improve the DRC's business enabling environment, implemented by PwC; and
- The Decision Support Unit (DSU), which supports the other projects with annual reviews, evaluations, learning and adaptation activities, intended to improve implementation and increase impact. The DSU is being implemented by Oxford Policy Management (OPM).

The **purpose** of the MTE is to identify any constraints or risks to the achievement of the objectives of the PSD programme and to recommend corrective actions where these are required. The **objectives** of the PSD MTE are to:

6. Assess progress towards achieving the objectives of the PSD programme.
7. Assess how accurately and appropriately results are being reported and how effectively this information is being used.
8. Test the extent to which design assumptions have proved to be valid, and the programme is relevant to the needs of principal stakeholders and intended beneficiaries and to the context of implementation.
9. Assess the extent to which the PSD programme is being effectively implemented and managed and is likely to provide value for money.
10. Identify the main lessons from implementation to date.
11. Inform the design of the Final Evaluation of the programme.
12. Propose recommendations to address any problems identified and to improve programme performance.

The evaluations of ÉLAN and ESSOR will provide standalone MTE reports and findings for each project, but will also contribute to the evaluation of the PSD as a whole. The latter will in addition to the findings from the ÉLAN and ESSOR evaluations involve an assessment of issues about the design and management of the programme as a whole as well as issues specific to the role of the DSU.

The following categories of Evaluation Questions (EQs) mapped to appropriate DAC criteria have been developed following discussions with key stakeholders:

- Project Design - *Relevance*
- Progress Towards Results - *Effectiveness*
- Measurement and Reporting - *Efficiency*
- Management and Organisation - *Efficiency*
- Value for Money - *Efficiency*

Detailed specific EQs within these categories have been developed for each MTE Component (ÉLAN, Essor, PSD), based on agreed priority issues for each component. There is a significant difference in the emphasis of the EQs between ÉLAN and Essor, reflecting the

considerably greater implementation progress of the former, and the priority to understand and overcome the implementation constraints that Eссор has faced.

Evidence for the MTE will be obtained through six types of Research Activity. These will be applied within a common conceptual framework adapted to the specific issues facing MTE Component.

The **Theory of Change Analysis** will assess how appropriately each project and the programme as a whole is designed to achieve its objectives. This will include assessing the validity of the intervention logic and the key design assumptions, their consistency with available evidence, and the extent to which they are holding during implementation.

The **Project Performance Review** will provide an assessment of the extent to which ÉLAN and Eссор have achieved results, focusing in particular on the Outcome level (achievement of improved market systems and environment for businesses). It will build on the findings of a separate results verification exercise being carried out by the DSU.

Intervention Case Studies will provide evidence on the extent to which key assumptions in Theories of Change appear to be holding, to assess the likely impact of the interventions, and to obtain a more detailed understanding of issues and lessons emerging. Reflecting the different structures and levels of progress of ÉLAN and Eссор, for the former project, case studies will focus on a sample of completed and mature pilot projects and will include data collection from intended project beneficiaries. For Eссор, with fewer interventions and less progress with implementation, case studies will cover all seven workstreams but will focus on interviews with key partners and stakeholders, with less emphasis on obtaining information from intended beneficiaries.

Management and Organisational Assessments for ÉLAN, Eссор, and the PSD Programme as a whole will examine how effectively management arrangements have performed in contributing to ensuring planned results are achieved. These will include reviewing: (i) The extent to which management structures and staffing have been appropriate to needs; (ii) the extent to which results frameworks have appropriately measured and incentivized actions and priorities; (iii) the extent to which processes for engagement with stakeholders have been effective in building commitment and ensuring stakeholder perspectives and interests inform implementation; (iv) the effectiveness of cross-programme coordination arrangements; and (v) the extent to which monitoring and evaluation systems have enabled lessons to be learned and actions taken to improve implementation.

Value for Money Assessments will review the quality of VFM frameworks and the extent to which VFM is being achieved. The approach will be based on a framework for VFM evaluation that OPM has recently developed and applied in other DFID projects.

A **Political Economy Context Assessment** will examine the main political and institutional factors in DRC that are relevant to understanding progress in implementation and the achievement of results of the PSD programme and the ÉLAN and Eссор projects. It will test some overarching assumptions of the Theory of Change, particularly those related to stakeholder engagement, political commitment, and the institutional environment in DRC.

The management structure for the MTE includes a Lead for each Component who will ensure that Findings from different sources of evidence are synthesised as answer to the MTE

Component EQs, and a Technical Lead for each Research Activity who will ensure the consistency and technical quality of analysis across the Components.

Following completion of design, the MTE will be implemented through a Preparation Phase during which details of the methodology will be finalised, desk reviews of documentation completed, and logistic planning completed. This will be followed by an MTE Mission to DRC (of up to three weeks from 25th September) for primary data collection, and then a process of drafting and report finalisation.

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3 ÉLAN MTE design

6.3 Objectives and scope of the ÉLAN MTE

The objectives of the ÉLAN MTE have been developed from priority issues initially identified in the 2017 ÉLAN Annual Review, and then from discussions during the MTE Inception Mission with DFID and the Service Providers during the inception process.

Within the overall MTE purpose of identifying constraints or risks to project results, and recommending corrective actions, the proposed ÉLAN MTE evaluation objectives are to:

13. Determine whether ÉLAN's theory of change, manifest in its implementation model, is likely to deliver changes to market systems and the intended impacts for beneficiaries, particularly low income and women producers and consumers;
14. Assess progress towards results, and whether the rate of progress indicates that targets will be achieved within the intended timeframe;
15. Propose changes and extensions to the implementation model that will improve project performance and the likelihood of achieving results, both for ÉLAN within its implementation timeframe, and for any successive M4P projects targeting market systems changes in the DRC;
16. Gauge the accuracy and utility of project performance measurement, and recommend improvements, including the measurement of value for money;
17. Propose an approach to ensure (since a substantial proportion of planned impact is projected to occur after the planned closure of the ÉLAN project in 2019) that results are monitored after the planned closure of ÉLAN in 2019, and to identify actions required to for sustaining and scaling up the impact of the project.

6.4 Overview of the ÉLAN project

ÉLAN is the largest component of DFID's £100 million PSD Programme. It has a budget of £50 million to be used over a six-year period (2012 – 2018) and it is being implemented by Adam Smith International (ASI). The programme is rooted in the Making Markets Work for the Poor (M4P) approach to poverty reduction. It has been designed to address a variety of market, government, information and coordination failures in six key economic sectors⁵, all of which are associated with high pro-poor growth potential. The six sectors are i) Perennial Agriculture, ii) Non-perennial Agriculture, iii) River Transport, iv) Access to Finance for SMEs, v) Access to Finance for Individuals, vi) Renewable Energy. ÉLAN's overall poverty reduction goal is to realise a cumulative net income increase of £138 million for 1.4 million beneficiaries by 2022.⁶

A feature of the DRC's economy, which is replicated across all ÉLAN's focal sectors, is the fragmented, disorganised, undeveloped and informal nature of economic activity. As a result markets are characterised both by inefficiencies and weak institutional arrangements, and by significant constraints and barriers to the participation of poor people in their operation, whether as producers or consumers, at all points along their value chains. Few well-established formal sector private operators and companies exist, further limiting sector investment capacity, access to markets, the availability and adoption of productive technology,

⁵ ÉLAN's sectors are more accurately sub-sectors of those reported by the Institut Nationale de la Statistique.

⁶ ASI's implementation contract expires in 2018, but the programme's results will continue to be tracked until 2022.

and skills. The number of people enjoying formal sector employment nationally is estimated at only 350,000.⁷

These features of the context have informed ÉLAN's application of the M4P approach. Across all sectors, it relies on the establishment of catalytic partnerships with a limited number of large private sector firms. These partnerships are risk- and cost-sharing in nature, and are structured to overcome tangible, pre-defined barriers that inhibit private investment and the development of well-functioning markets. This strategy is expressed in the implementation model that is being used, as discussed in the next section.

6.5 ÉLAN's Theory of Change

The description that follows is derived from a draft articulation of the ÉLAN Theory of Change, which was produced by the ÉLAN project team in June 2017. The description focuses on the operationalisation of ÉLAN's TOC in its intervention logic, implementation model and the contribution pathways by which broader systemic changes and impact effects are intended to occur, and highlights the key assumptions upon which ÉLAN's success depends.

3.3.1 ÉLAN's Intervention Logic

ÉLAN's Theory of Change is based explicitly upon the Making Markets Work for the Poor (M4P) approach. This derives from behavioural economics and depends on the hypothesis that improving the lives of poor people, by stimulating growth and expanding access to goods and services, is best achieved by changing the market systems around them. The notion here is that poor people lack income because their interactions with the market (their core transactions, like selling their crops and labour) are disadvantaged by the way supporting functions (i.e. access to finance, information or infrastructure) or rules (i.e. formal regulations or informal social norms) operate. Therefore, if a development project can intervene to change market systems, so that they function more efficiently and sustainably and with improved access for low-income groups, this will generate a positive impact on vulnerable groups on a sustainable basis.

This approach focuses on stimulating a change in behaviour of market players – public and private, formal and informal – so that they are better able and motivated to perform important market functions effectively. Sustainable market systems development requires that development agencies play only a facilitating and temporary role. As external agents, they seek to change the behaviour of others within the market system (while not becoming part of it themselves).

This conceptual framework guides the implementation of the ÉLAN project. The fundamental problem that the project seeks to address is that:

“Market systems in the DRC are bound by constraints that limit access for poor people, particularly women, who consequently suffer from intractable poverty and exclusion from broader and sustainable economic growth.”

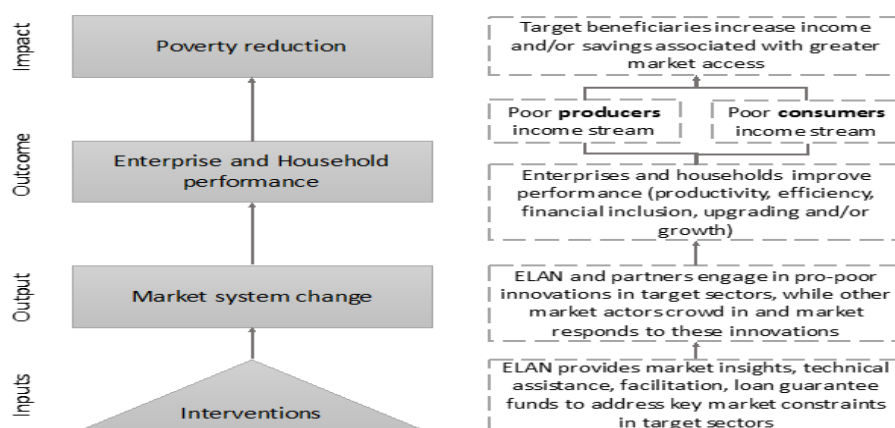
Addressing this problem requires interventions that are focused upon seeking to change the market systems that can have the strongest impact on the target low-income groups, in terms of outreach (numbers people benefiting) and pro-poor income growth. The choice of the six

⁷ The DRC's official unemployment rate averaged 52.07% between 1999 and 2013, when it was last measured.

sectors where ÉLAN works is driven by the feasibility of operation and the need to spread risks and exploit synergies between sectors.

The core of ÉLAN's intervention logic is set out in Figure 2. The project partners with private sector firms in each of ÉLAN's priority sectors to implement interventions targeting specific market barriers. Cumulatively, these interventions facilitate sustainable change in market systems in the project's chosen sectors. The combined market systems changes result in the more inclusive and efficient operation of markets, enabling accelerated growth.

Figure 3 ÉLAN intervention logic



Within this intervention logic, two 'causal impact pathways' are identified through which poverty will be reduced. These involve the **poor as producers** and the **poor as consumers**⁸.

The causal impact pathway for '*the poor as producers*' follows a logic whereby ÉLAN interventions stimulate market actors to provide access to a new good or service to poor producers (i.e. improved seeds or other inputs) that stimulates a market systems change. This enables producers to change their business practices (i.e. use more and better inputs) and improves business performance (i.e. higher output of better quality crops). This should result in enhanced net revenues for smallholders and entrepreneurs, and therefore a reduction in poverty.

The causal impact pathway for '*the poor as consumers*' follows an impact logic whereby poor consumers accessing a new good or service (i.e. solar lamp, fuel efficient stove) or service (finance) that stimulates a market system change. This leads to a change in consumer or household behaviour, such as the use of charcoal, which reduces costs and so makes the household better off. By agreement with DFID, up to 50% of measured improvements in net attributable income change (NAIC) derived from the project can be in terms of consumer rather than producer benefits.

3.3.2 ÉLAN's M4P implementation model

The project's implementation model is to design and pilot interventions in partnership with private sector firms. The pilots are time-limited, and intended to demonstrate the feasibility of new practices aimed at overcoming barriers to accelerated, inclusive growth in sector markets.

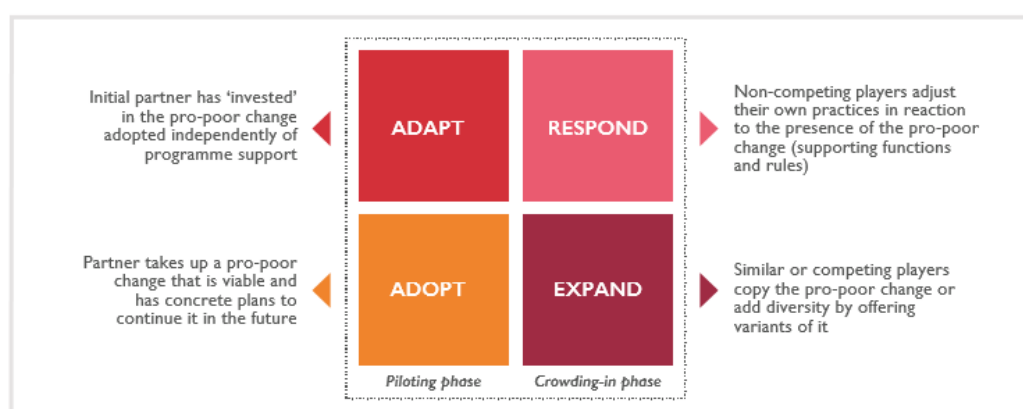
⁸ ÉLAN Theory of Change v1 (undated) received by the MTE team on 28.6.17

A compelling demonstration is expected to result in the pilot partner adopting the demonstrated practices permanently, and the replication of those practices by other market actors. The consequent changes in market systems should in turn, benefit low income and women producers, and poor consumers.

A key feature of ÉLAN's pilots is that they involve partners that have significant potential to develop upstream and/or downstream linkages to large numbers of poor people. Pilots can further be characterised as *finite* (explicitly operate for a limited duration), *focused* (on addressing a specific issue, distortion or 'market failure'), and *facilitative* (avoiding ÉLAN's direct intervention as a market player). Pilots aim to incentivise and enable participating market actors to respond to new market opportunities, the relevance, accessibility and profitability of which were previously obscure or uncertain. They are designed to demonstrate profitability to the pilot partners themselves, as well as to second and subsequent movers. Depending on the context and detail of each intervention, partnerships may be founded on a direct financial incentive, such as co-funding through a 'challenge fund' instrument; a range of supporting services such as research, training or information provision; organisational and regulatory support such as standards compliance or quality certification; or a combination of these.

ÉLAN's pro-poor results are thus intended to be identified, delivered and scaled through a process aligned with how targeted product and service markets operate, and that is intended to bring about long-term systemic change. ÉLAN's methodology to assess and sustain the systemic change resulting from its interventions is based on the 'Adopt – Adapt – Expand – Respond' (AAER) that is summarised in **Figure 4**.

Figure 4 Framework for systemic change



Source: Springfield Centre (2015) Operational Guide for the making markets work for the poor (M4P) approach

Achieving systemic change is critical for the delivery of the ambitious impact level targets for the ÉLAN programme. It is impossible for 1.4 million poor people to achieve cumulative income increases of £138 million through pilot projects alone.

The ÉLAN logframe requires that, by the end of project implementation in January 2018, only about one-quarter of these results will have been delivered (i.e. 0.59m poor people and a cumulative income increase of £34m). The achievement of ÉLAN's planned results therefore depends critically on the process by which pilot projects are sustained, scaled up, and replicated during the four years after 2018.

3.3.3 Key Theory of Change assumptions

The validity of the theory of change is tied to the accuracy of several assumptions implicit in ÉLAN's implementation model and intervention logic. ÉLAN has itself recognised a number of important assumptions at different levels of the logframe as set out in **Table 5**.

Table 5 **ÉLAN Logframe assumptions**

Level of logframe	Assumption
Impact	Shocks (economic, political, social, conflict and environment) do not reduce competitiveness of target sectors and conditions remain stable or do not worsen significantly, thereby disrupting markets and role of influential stakeholders and actors
Outcome	With increased access, poor people are actually incentivised to make use of formal market spaces made available by pro-poor market orientation
Output	<p>'Pro-poor innovations' offer sufficient incentives for market actors to holistically take-up in a way that is effective and sustainable</p> <p>Interventions are able to engage with the 'correct' market actors that are able to influence other actors and broader market trends</p>

Source: ÉLAN Draft Theory of Change (June 2017)

Beyond the assumption of no worsening of market conditions, these assumptions focus upon the incentives generated by ÉLAN interventions. They are certainly important. Pilots and subsequent scale-up will fail if the target group and market actors are not sufficiently incentivised to participate in the innovation.

During the MTE inception processes, the DSU identified a series of additional, and more fundamental, assumptions implicit in the ÉLAN theory of change. As they stand they indicate the starting point of the latter.

18. *The binding constraints to economic activity that perpetuate poverty can be addressed by changing markets systems.* This assumption justifies prioritising a market systems intervention above addressing other types of intervention, such as addressing weak infrastructure, insecurity, or the wider institutional environment. This position is strategic, situating ÉLAN in the broader PSD programme with a specific market systems focus, and assigning the broader institutional reform efforts to ESSOR primarily. This arrangement does imply the necessity for coordinated action between ÉLAN and Essor and being realistic about what either project can achieve.
19. *There is a cascade of effects that ultimately benefits poor and women producers and/or consumers.* ÉLAN's interventions target successful market actors. The intervention logic depends for its pro-poor impact on the validity of the assumption that the market system will be improved in ways that support additional and equitable participation by the intended beneficiaries – with whom ÉLAN does not generally intervene directly.
20. *The benefits of ÉLAN pilot interventions will be sustainable.* Pilot interventions relieve partners of some of the risk associated with adopting new practices under the very difficult market conditions prevailing in DRC. The assumption is that the returns will be sufficiently convincing to pilot partners that they will continue investing in new practices, once pilot support has been withdrawn. The potential weakness in this assumption is that ÉLAN, in order to stimulate change in a challenging context, has intervened more directly into the core transaction than is typical in M4P theory. Venturing into this territory carries with it a significant risk to sustainability when project support is withdrawn.
21. *Adoption of new practices by pilot partners will be a sufficiently compelling demonstration of economic opportunity to prompt second and subsequent movers to adopt those practices.* The validity of this assumption is critical to the projections for scaling up impacts.

There is a tension between this assumption, and the ex-ante diagnoses justifying the intervention logic: thin markets require a model that partners with successful market actors to innovate and reform market systems; however, the thinness of markets suggests that changing markets systems may not facilitate the expansion of economic activity sufficiently to incentivise replication. One market actor may monopolise the opportunity fairly rapidly in markets that are constrained, preventing replication.

6.6 ÉLAN's scope of operations

ÉLAN's pilot projects span four major regions of the country, with four ASI offices – in Kinshasa, Equateur, Goma and Lubumbashi – managing the project's activities across twelve provinces. The project is currently active in nine of the thirteen core provinces targeted by the project (which were selected by DFID based on poverty criteria). By agreement with DFID, up to 30% of its recorded impact may originate from outside ÉLAN's core provinces. The rationale for this flexibility is that the value chains within sectors have footprints that disregard geographic boundaries. Consequently, many of the market systems changes and pro-poor outcomes achieved by the project may have results outside core provinces.

Table 6 Scope of ÉLAN's activities

Sectors and Subsectors	Provinces	Sector Scope	
7. Agriculture – perennials (Principally Coffee & Cocoa)	North & South Kivu, Equateur	MSCs	5
		Partners	12
		Pilots	5 (tbc)
8. Agriculture – non-perennials	North and South Kivu, Equateur, Mangala, Ubangi, Kinshasa, Tanganyika, Katanga, Lualaba	MSCs	5
		Partners	45
		Pilots	10 (tbc)
9. River Transport	Equateur, South Ubangi, Mangala	MSCs	3
		Partners	8
		Pilots	4 (tbc)
10. Access to finance – SMEs	Kinshasa, North and South Kivu, Katanga, Lualaba, Equateur (tbc)	MSCs	2
		Partners	5
		Pilots	4 (tbc)
11. Access to finance – individuals	Kinshasa, North and South Kivu, Katanga, Lualaba, Tanganyika, Equateur (tbc)	MSCs	3
		Partners	9
		Pilots	tbc
12. Renewable energy products	Equateur, Kinshasa, North and South Kivu, Katanga.	MSCs	4
		Partners	18
		Pilots	8 (tbc)

Within its six selected sectors, the project has targeted a total of twenty-two distinct market systems changes it intends to effect. These include, for example, interventions:

- To improve the quality certification of Congolese coffee and cocoa exports (Perennial Agriculture);
- To improve the quality and reliability of seeds and related inputs for small farmers (Non-Perennial Agriculture);
- To reduce the tax burden on river boat operators and users (River Transport);
- To lower the cost and facilitating greater access to and use of mobile money and banking services (Access to Finance);
- To enable access to and the use of solar lighting for poor households in preference to more expensive kerosene (Renewable Energy).

To date, ÉLAN has concluded 109 partnerships, 97 of which are detailed in Table 4. 69 of these partnerships are still live.

6.7 ÉLAN results framework and reporting

ÉLAN's MRM system is extensive and contains a large volume of project data, from intervention activities through to project impacts. A rapid systems review conducted during the inception visit of June 2017, satisfied the MTE team that secondary data not routinely reported on is available to respond to evaluation questions on project performance, measurement and organisational effectiveness, with some qualifications related to data quality. These qualifications include

- Gaps in post-pilot data that make it difficult to demonstrate sustainability;
- The absence of baseline data that contextualises performance (what does it mean to say that *n* additional market actors adopted piloted practices?);
- Insufficiently standardised qualitative descriptions of market systems changes;
- Not providing for the systematic documentation of the project's unintended consequences;
- The fact that impact numbers are modelled rather than directly measured.

The quality of results reporting data (including an assessment of the validity of impact models used) for ÉLAN is being comprehensively assessed in the Verification Exercise, which is anticipated to be completed in draft by the end of August 2017.

6.8 ÉLAN MTE evaluation questions

6.8.1 Approach for developing the evaluation questions

ÉLAN's 2017 Annual Review, conducted by the DSU, identified several potential issues for the MTE to examine. The proposed EQs derive from these and from discussions with DFID DRC and the ÉLAN Service Provider. Discussions with DFID were conducted during a two-week inception visit to Kinshasa, from 18 to 30 June, 2017. DFID DRC's inputs were used to reformulate the earlier drafts of the evaluation questions. The reformulated questions were then disseminated for ÉLAN's feedback. The MTE team met with ÉLAN staff on multiple occasions during the inception visit, familiarising itself with the technical aspects of the project, its organisational processes and systems. In addition to obtaining ÉLAN's feedback on the proposed evaluation questions, their perspectives on priority issues for the MTE were solicited, as was their advice on the potential scope and related logistics of the MTE fieldwork.

The four priority issues for the MTE identified from this process were the following:

The validity of ÉLAN's Theory of Change. ÉLAN's implementation model incorporates innovations to conventional M4P designs, such as interventions to facilitate a market's core transactions (the core function of exchange), and targeting consumers as the main beneficiaries of a substantial proportion of project activity. While ÉLAN justifies these innovations plausibly in its diagnoses of the DRC context, the assumptions linking innovations to sustained market systems changes have not been tested.

Whether the rate of progress towards results is sufficient to achieve project targets. ÉLAN's ambitious results are to be achieved through the markets systems changes it effects gaining traction and expanding over time. A significant proportion of project results will only be achieved 2 years after the end of the service provider's contract. It is therefore critical to determine whether current project activities are precipitating the momentum necessary to achieve impacts in the absence of any additional interventions after 2018. It is also important to understand the mechanics of this momentum.

The validity of ÉLAN's performance measurement approach. ÉLAN partners with private sector firms to implement interventions, at a remove from its targeted beneficiaries. Consequently, the project models rather than measures impact directly. The extent to which the assumptions informing the modelling reflect reality still require independent vetting.

Lessons to apply in subsequent projects. With the close of ÉLAN imminent, the necessary features of a successive activity that would augment and improve on its contribution is also material to the MTE. The organisational arrangements and management processes that enable not only sustained but amplified results by market actors after project interventions have concluded, are especially pertinent.

6.8.2 Evaluation questions

The MTE questions for ÉLAN address the priority issues described in the preceding section and are set out in Box 2 below.

Box 1: ÉLAN Evaluation Questions

Project Design

1. How well is ÉLAN designed to lead to sustainable market systems changes? [Relevance]

- i. To what extent are the intervention logic and assumptions linking ÉLAN's implementation model to market systems changes valid?
 - a. Are the intervention logic and assumptions consistent with accepted theoretical frameworks?
 - b. Are the intervention logic and assumptions confirmed by evidence in the literature?
 - c. Are the intervention logic and assumptions consistent with evidence about the implementation context?
- ii. Have the risks associated with ÉLAN's implementation model been comprehensively anticipated and adequately mitigated in the project design and implementation?
[Relevance/Efficiency]
- iii. To what extent are the assumptions informing project design proving valid in practice?
[Relevance/Effectiveness]
- iv. Is there a better alternative to the ÉLAN implementation model?
- v. What additional interventions, if any, are required to achieve improvements in market systems?

Progress Towards Results**2. Is ÉLAN delivering market systems changes? [Effectiveness]**

- i. To what extent are interventions effectively targeting and achieving appropriate and priority market systems changes? [Relevance/Effectiveness]
- ii. To what extent are partners implementing practices piloted by ÉLAN and why?
- iii. To what extent are market actors other than ÉLAN's partners adopting piloted practices and why?
- iv. Are there any unintended consequences resulting from ÉLAN's interventions? [Impact]
- v. What benefits are being delivered to low income producers, consumers and women? [Impact]

3. To what extent are the market systems changes being delivered by ÉLAN likely to deliver sustainable impact? [Sustainability/Impact]

- i. Are the market systems changes achieved by ÉLAN likely to continue to have impact? [Sustainability/Impact]
- ii. Will market systems changes be sufficient to meet project impact targets? [Impact]

Measurement and Reporting**4. Is the way in which indicators are being measured and reported providing an accurate reflection of project performance? [Efficiency]**

- i. Are the assumptions informing the modelling of results for different categories of beneficiaries (producers, consumers and women) consistent with evidence?
- ii. Is the Monitoring and Results Measurement system providing accurate information on changes in beneficiary behaviour (partners, producers, consumers and women)?
- iii. Is the way project performance is measured and rewarded providing appropriate incentives to achieve PSD programme objectives? [Effectiveness/Efficiency]

Management and Organisation**5. To what extent are ÉLAN's management processes appropriate to achieve planned results? [Efficiency]**

- i. To what extent are the processes governing the design, approval and close-out of interventions effective?
- ii. How effective are management arrangements between Kinshasa and the four regional offices?
- iii. How effective are pilot partner relationship management processes?
- iv. How effective are processes for managing relationships with stakeholders other than pilot partners?
- v. How effectively is ÉLAN coordinating with ESSOR to enhance performance and achieve results? [joint EQ with Essor]

Value for Money**6. Is ÉLAN likely to deliver value for money? [Efficiency]**

- i. How appropriate is the ÉLAN Value for Money framework?
- ii. How effectively is the ÉLAN Value for Money framework used to inform project management?
- iii. To what extent is ÉLAN on track to deliver value for money?

- iv. How can the ÉLAN Value for Money framework be strengthened?
- v. How can the value for money that ÉLAN delivers be enhanced?

6.9 Lessons from M4P evaluation experience

The proposed evaluation approach is informed by a review of literature and experience on private sector and market systems development programmes. Ruffer and Wach (2013) provide an assessment of experience with the evaluation of M4P programmes. They found that the evaluations that they reviewed were “generally weak in terms of:

- Consideration of systemic, sustainable changes in market systems
- Data quality (small sample sizes with little consideration of sampling frames, statistical significance, or bias)
- Triangulation practices (particularly with regard to qualitative data collection)
- The use of theories of change (those used were often linear, not adequately vetted, with assumptions not adequately tested)
- Consistency in the use of physical units
- Consideration of unintended negative effects.”

They noted that evaluations that were most successful in assessing impact (specifically the extent to which it was systemic, large scale and sustainable) were “based on a theory of change that explicitly incorporated systemic change and evaluated results through a mixed-methods approach.” They also concluded that:

“quasi-experimental approaches can be useful for measuring specific stages in the results chain or assessing discreet interventions at the pilot stage (before effects multiply) but face a number of challenges in terms of timing and location due to the adaptable, nonlinear nature of M4P approaches. They are not suited to assessing the extent to which market changes are systemic, large scale or sustainable.”

They also highlighted the need to pay attention to assessing unintended consequences (positive and negative) and to “examine more closely the impact and effectiveness of the facilitative and adaptive approach to M4P programmes – this is often held to be the key to the success of M4P programmes and yet has not been effectively measured or evaluated to date.”

One feature of the market systems development evaluation literature is that there appears to have been relatively little attention paid to the issue of evaluating market performance. Instead the assessment of systemic change has been on evidence of the adoption and replication of innovative approaches (for instance new organisational arrangements for marketing), and with a greater emphasis on reaching poor people in their role as producers than as consumers – although the evidence is that there is a high level of heterogeneity among smallholders in their market access, and that in most of Africa poor smallholder farmers are likely to be net purchasers rather than net sellers of staple foods, with marketed surplus concentrated in a small minority of farmers (e.g. FAO, 2013; Barrett, 2010).

Evaluation of market systems development therefore requires the following elements:

- A clear articulation of the Theory of Change for each intervention (not just each project), so that the critical assumptions can be identified and their validity tested, including through ex ante assessment of the quality of prior analysis, and ex post assessment of implementation experience;
- An emphasis for each intervention on identifying specifically how “systemic change” is supposed to come about to strengthen the market system (including in terms of market efficiency and equity of access);
- A critical examination of modelling approaches and assumptions used to estimate the likely impact of interventions (in terms of the benefits accruing to beneficiaries);
- An alertness to identifying unintended effects, either positive or negative;
- A realistic but rigorous approach to assessing impact that relates to the nature of the interventions, and notes that there are likely to be wide margins of error attached to impact estimates.

The approach followed for the ÉLAN MTE seeks to include these elements so far as is feasible and is appropriate for a mid-term, rather than final, evaluation, within the overall evaluation framework set out in Chapter 2. The remaining sections provide additional information on how the overall evaluation framework will be applied for ÉLAN.

6.10 ÉLAN theory of change analysis

This analysis will be undertaken in line with the approach set out in section 2.5.1. It should be noted that a project TOC was not developed fully prior to project implementation, while the current version has not yet been finalised by service provider. The MTE team will use the current version of the TOC, elaborating implicit assumptions as necessary, and additions will be submitted for verification by stakeholders, including the service provider. However, without an ex-ante TOC with wide currency among stakeholders, the findings of this analysis are that much more contestable.

The analysis will include a review of literature and evidence on the application and appropriateness of M4P and Market Systems Development approaches particularly in contexts of extreme institutional weakness like DRC. Resources for this will include evaluation evidence on the BEAM Exchange platform (<https://beamexchange.org/evidence>), M4P publications by the Springfield Centre, reviews of the evaluation literature on M4P programmes.

The ex-ante TOC analysis will scrutinise the current iteration of the ÉLAN TOC and its supporting design documentation, including ex-ante diagnoses of the DRC political economy, market sectors and value chains that ÉLAN is working in. Design documentation at intervention level, comprising concept notes and ex-ante diagnoses, will also be reviewed. The latter are contained in the project’s MRM system, while the former are with the project but stored outside the MRM.

The critical overall design assumptions to be tested will be finalised following further review but they are likely to focus on the following based on those identified in section 3.3 above:

- The binding constraints to economic activity that perpetuate poverty in DRC can be addressed by changing market systems – i.e. the M4P approach is a potentially effective

route to poverty reduction and reaching the poor and vulnerable within the context of DRC

- Poor people have the incentives (for instance taking account of vulnerability to risk), resources and skills to benefit from market opportunities that are created by ÉLAN's pilot projects and the market systems changes that these bring about
- Pilot interventions can feasibly lead (in the DRC context and the specific context within which pilots are being implemented) to improvements in market performance and terms of access to markets for poor and disadvantaged people that are both sustained and replicated beyond the initial piloting process

In relation to the extent to which TOC assumptions are holding in practice (as opposed to the extent to which they are plausible and supported by existing evidence), the starting point for analysis will be the extent to which there is reliable evidence that the intervention logic is holding during implementation (i.e. that outputs are being produced, leading to the intended outcomes and impact being realised). The Verification Exercise will provide an assessment of this. Beyond this, the case studies of specific interventions will provide evidence of the extent to which key assumptions are holding in practice – in particular the extent to which there is evidence that market systems changes are in fact occurring, that they are likely to be sustainable, that there are plausible routes by which wider replication of market systems changes may occur, and that poor people are being effectively reached with interventions that are relevant to their needs and perspectives.

It should be noted though that the large number, diversity and geographical dispersion of interventions and the high costs and time and logistic requirements of primary data collection on them means that even if case studies are selected so far as possible to provide tests with wide relevance of key assumptions, it is likely to be difficult to draw definitive conclusions across the whole project. However, the MTE findings can be used to inform the design of subsequent additional research if this is identified as necessary.

6.11 ÉLAN project performance review

The Verification Exercise involves a comprehensive analysis for all ÉLAN interventions of the quality of results reporting and an assessment of the robustness of modelled estimates of impact. This is due to be completed in draft by the end of August 2017. This will provide a basis for making a summary assessment of the results achieved by ÉLAN, including progress at the Outcome level which relates to the extent to which market systems change has been achieved.

The Project Performance Review will examine in more detail the features of progress in bringing about market systems change – distinguishing where appropriate between improvements in market efficiency and institutional performance, and in the access to markets for the poor and vulnerable. This analysis will involve a review of the main forms of intervention to identify any patterns or lessons, focusing in particular on evidence on what the interventions have achieved and how, and the key assumptions in the results chain.

The review will draw on information contained in the MRM system, particularly the intervention results guides (which contain the concept note, results chain, measurement plan and workplan), to identify in particular interventions that depend on certain common assumptions. The ÉLAN Project Performance Review will summarise evidence on, and identify specific issues to be examined in the ÉLAN Intervention Case Studies. While the ÉLAN MRM system

contains data on market actor behaviour, observed market systems changes and the implementation of related activities, data linking changed behaviours to changed market conditions is largely missing. This review will be summarised in a sector overview for each of the six ÉLAN sectors, and outline of which will be produced prior to the start of the MTE visit.

Based on the findings of the review of MRM data, some follow up interviews with ÉLAN staff and pilot partners will be carried out during the MTE Mission to examine in more detail issues that emerge, aiming to cover both successful and unsuccessful pilots.

6.12 ÉLAN intervention case studies

The case studies serve as the ex-post validity test of ÉLAN's theory of change, intervention logics and measurement models, in a "bottom up" research activity that complements the "top-down" ex-ante theory of change analysis. They are the third leg in the triad of evidence (consisting of the ex-ante TOC analysis, project performance review, and case studies) that will be used to test the validity of ÉLAN's implementation model.

The case studies will focus upon understanding end beneficiary perspectives for a selection of the more impactful specific interventions. In one case, for river transport, it is likely that case studies will engage with intermediate beneficiaries (i.e. river boat owners and traders) rather than the end beneficiaries (i.e. farmers supplying goods to traders and river boat operators) for reasons of practicality. The proposed methodology is for the local research team, under the QA guidance of an evaluation team member, to conduct a series of Focus Group Discussions (4-6) over a two day period. These will explore with beneficiaries the impact of the intervention and focus upon the assumptions in the theory of change. Where possible, we may complement these Focus Group Discussions (FGDs) with small household surveys to gather information about beneficiary livelihood changes that have resulted from the intervention.

The ÉLAN intervention case studies pose some significant challenges because of the number of interventions, their diversity, and their geographical dispersion. The approach proposed for implementing the case studies is the following:

- Interventions (up to five) will be selected on the basis of the criteria set out below and the findings of the ÉLAN Project Performance Review.
- Critical issues for the case studies (in particular the elements of the intervention-specific theories of change to be tested) will be identified by the ÉLAN Component Lead.
- The design of the case studies and the preparation of instruments will be undertaken by the Intervention Case Study Technical Lead.
- Field data collection will be carried out by experienced DRC national researchers who are located in or near the areas where interventions, under the guidance of the Case Study Technical Lead.
- The ÉLAN Lead (and potentially other core team members) will directly participate in as many of the Case Studies as possible, with the aim of providing QA for all case studies.
- The Case Study Technical Lead will coordinate the production of the findings of the Case Study field data collection.
- The ÉLAN Lead will be responsible for producing Case Study reports based on the findings.

Data is likely to be required from pilot partners on the value of the pilot to their commercial activities, and the sustained implementation of piloted practices; from low income producers (and women producers in particular) within the partner's value chain on the value of piloted practices to their commercial activities and livelihoods; from low income consumers (and women in particular) on the benefits of the piloted practices to the livelihoods of their households; and data on the adoption of piloted practices by second and subsequent movers in the value chain.

The sampling criteria proposed for the selection of interventions for case studies are the following:

- Cases should be within ÉLAN sectors that are expected to contribute significantly to impact level results;
- Cases should allow the testing of key assumptions of the ÉLAN Theory of change;
- Cases should be of pilots that are either mature or have been completed;
- Cases should be rich in potential lessons learned;⁹
- Fieldwork for the case studies must be feasible in terms of access to sites and key informants.

Key informant interviews and focus group discussions will be guided by protocols developed ahead of fieldwork, with content relevant to the specific case. In addition to directly addressing the project impact on poverty and gender issues, the protocols will be sensitive to unanticipated consequences, and cross-cutting issues, such as human and gender rights, HIV/AIDS, corruption, and power relations. Field based observations will deliberately consider environmental issues.

Both interviews and focus group discussions will be recorded where consent is given. Interview data will be documented as interview notes, based on a data protocol, while focus group discussion data will be transcribed. The transcription of FGDs is necessary because focus groups will be conducted in local languages.

Within each case it is anticipated that a purposively selected sample of key informants will be engaged. The minimum sample of key informants for each case will include at least two interviewees (one from ÉLAN and one from the pilot partner); and at least 4 focus group discussion events – each with 8-12 participants, where possible segregated by socio-economic status and gender. This sample will be supplemented by ad hoc conversations in the field, which will also be documented.

The minimum sample per case is expected to consist of:

ÉLAN and pilot partner representatives:

- A single or group interview with ÉLAN technical staff directly engaged in the pilot.
- A single or group interview with partner staff directly engaged in the pilot.

Where low income producers are the intended beneficiaries:

- At least two focus group discussions with low income producers intended to benefit from the pilot.

⁹ The MTE team review the portfolio of pilots in discussion with the ÉLAN management and technical staff, identifying those offering the most useful lessons learned that also respond to the evaluation questions.

- At least one focus group discussion with women producers intended to benefit from the pilot.

Where low income consumers are the intended beneficiaries:

- At least two focus group discussions with low income consumers intended to benefit from the pilot.
- At least one focus group discussion with women consumers intended to benefit from the pilot.

The MTE design does not include comparison groups of beneficiaries. Comparisons are framed in terms of conditions prior to and after the pilot. Evidence on the value of results for intended beneficiaries, and the achievement of sustained market systems changes, will be indicative in the MTE, while stronger evidence on impact is reserved for the final impact evaluation. Comparison groups of beneficiaries may be relevant to the latter evaluation design. The data collection tasks described will be supplemented by ad hoc engagements with additional key informants in the field, which will be documented.

6.13 ÉLAN management and organisational assessment

The management and organisational assessment will examine some key features of ÉLAN's management arrangements that emerged as priorities during the inception visit and discussions with DFID DRC informing the MTE design and as are reflected in the EQs, specifically whether the operational processes for approving pilots, managing relationships critical to implementation (with pilot partners and regional office staff) and mobilising support from stakeholders other than pilot partners, enhances the effectiveness of ÉLAN's activities. It will also review the effectiveness of coordination between ÉLAN and Eссор. In addition, the assessment will examine the use that has been made of the MRM system and the extent to which the overall project reporting system including the logframe has provided an appropriate measurement and incentive framework for the project.

The detailed approach for the management and organisation assessment will be developed during the MTE Preparation phase ahead of the MTE Mission. It is anticipated that the approach will involve a review of documentation on ÉLAN's operating procedures and processes. Standard operating procedures (SOP) for project identification, review and approval, will be analysed to determine whether these are aligned with strategic priorities. Standard operating procedures for pilot partner and stakeholder relationship management will also be reviewed, based on initially set criteria. Key informant interviews will be structured according to these criteria, but allow for additional criteria to emerge. Together the SOP review and key informant interviews will provide data on how well relationships are managed to enhance the achievement of results.

The approach is likely to include case studies of how specific decisions have been made (for the approval of pilots for instance) and how relationships with selected stakeholders have been managed.

6.14 ÉLAN value for money assessment

The 2017 ÉLAN' Annual Review recommended that the current VFM framework be rationalised to reduce reporting burden and allow a more frequent, in-depth analysis of a

narrower range of indicators, to the level of each intervention. This granularity would result in “a rich internal database of VFM benchmarks, particularly valuable given the challenge in finding comparable international benchmarks for many indicators.” The annual VFM assessment also observed that the major VFM indicator – the cost to project per pound of NAIC achieved – was decreasing in line with expectations, and was on a trajectory to fall below £1 by project close, provided the assumptions of the rate of growth of beneficiary numbers, and the replication of market systems changes, continue to hold. Given these dependencies of VFM performance, the Annual Review suggested that the MTE “should assess the validity of the suggested trajectories, including considering which Market System Changes are likely to be more sustainable.”

The ÉLAN VFM framework, which will be applied in assessing VFM to date, covers a rationalized set of indicators arranged in the standard DFID categories of economy (cost of inputs), efficiency (conversion of inputs into outputs), effectiveness (conversion of outputs into Outcome and Impact) and equity (the fairness of projects results). The indicators can be reported on using data that is already collected through existing financial and results reporting processes, elaborated in the detailed VFM frameworks, which specifies the data sources. Should sufficient progress have been made in implementing recommendations from the annual review, this set of VFM measures should provide results at intervention level, offering more discrete insights into VFM performance.

Table 7 ÉLAN value for money framework indicators

Economy
<ul style="list-style-type: none"> • Average daily fees of personnel (national, international); • Average daily expenses of personnel (national, international); • Expenses as a percentage of total personnel costs; • Programme Management costs as a percentage of total project costs.
Efficiency
<ul style="list-style-type: none"> • Proportion of partners who invested resources in a pro-poor intervention who continue to sustain activities which support the change 12 months after the initial pilot has ended; • Leverage of programme partners' investment into market system changes as a proportion of project's own costs; • Proportion of market actors in a sector who change their practices as a result of market system changes supported by the programme.
Effectiveness
<ul style="list-style-type: none"> • Cost per beneficiary who has experienced net positive income change.
Cost-Effectiveness
<ul style="list-style-type: none"> • Cost per pound of increased net attributable income change.
Equity
<ul style="list-style-type: none"> • Qualitative assessment of project performance against equity considerations given gender disaggregated results reporting of logframe.

A.1 ELAN Evaluation Matrix

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
Project Design			
1. How well is ELAN designed to lead to sustainable market systems changes?			
1.i To what extent are the intervention logic and assumptions linking ELAN's implementation model to market systems changes valid?			
<ul style="list-style-type: none"> Literature review on market systems development theoretical frameworks Literature review on 'what works' in market systems development interventions DSU articulation of ELAN TOC ELAN's current version of TOC ELAN intervention concept notes, ex-ante diagnoses and results chains Key informant interviews with ELAN staff Results information from Verification Exercise Analysis of Case Study findings Literature review and primary data collection on political and institutional context in DRC 	<ul style="list-style-type: none"> Theory of Change Analysis Project Performance Review Case Studies Political Economy Context Assessment 	<ul style="list-style-type: none"> The intervention logic is consistent with accepted theoretical frameworks OR innovations are justified plausibly by ex-ante diagnoses of DRC context Assumptions explicitly justified against available evidence (ex ante) Assumptions consistent with findings from literature (ex ante) 	<p>Limited by the fact that the TOC was not developed ex ante, and current version has not yet been finalised by service provider.</p> <p>Evidence may be insufficient to assess how far either intervention logic is holding, or (ex post) validity of key assumptions.</p> <p>Verification exercise will provide rigorous assessment of quality of ELAN results information.</p> <p>Case studies will only cover a small number of interventions which may not be representative of conditions in all interventions.</p>
1.ii Have the risks associated with ELAN's implementation model been comprehensively anticipated and adequately mitigated in the project design and implementation?			
<ul style="list-style-type: none"> DSU articulation of ELAN TOC ELAN's current version of TOC 	<ul style="list-style-type: none"> Theory of change analysis Case studies 	<ul style="list-style-type: none"> ELAN design documents identify comprehensive list of risks and present mitigation strategies 	<p>No major evaluability concerns, although range of case studies may not be sufficient to cover all main risks</p>

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
<ul style="list-style-type: none"> ELAN intervention concept notes, ex-ante diagnoses and results chains Key informant interviews and supporting evidence from fieldwork Key informant interviews with ELAN staff Analysis of case studies Review of management processes to address risk 	<ul style="list-style-type: none"> Management and Organisation Review 	<ul style="list-style-type: none"> Risks encountered during implementation are accounted for in ELAN design documents ELAN management processes identify and address risk Implementation of mitigation strategies observed from case studies and Project Performance Review 	
1.iii To what extent are the assumptions informing project design proving valid in practice?			
<ul style="list-style-type: none"> Secondary data on results achievement from ELAN's MRM system Key informant interviews with pilot partners Secondary data on market activity from pilot partners Key informant interviews with second and subsequent movers Focus group discussions with low income and women producers and/consumers Fieldwork observations Findings from Political Economy Context Assessment (evidence from literature and interviews) 	<ul style="list-style-type: none"> Project performance review Case studies Political Economy Context Assessment 	<ul style="list-style-type: none"> Intervention logic holding: i.e. delivery of planned activities is leading to intended results Specific assumptions supported by evidence from implementation process 	<p>Potentially limited by quality of data in the MRM system.</p> <p>There will be insufficient fieldwork data from case studies to test all the assumptions informing project design.</p>

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
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Progress Towards Results

2. Is ELAN delivering market systems changes?

2.i To what extent are interventions effectively targeting and achieving appropriate and priority market systems changes?

<ul style="list-style-type: none"> Secondary data on results achievement from ELAN's MRM system Key informant interviews with private sector representatives and government stakeholders Key informant interviews with pilot partners, second and subsequent movers 	<ul style="list-style-type: none"> Theory of Change Analysis Project Performance Review Case studies 	<ul style="list-style-type: none"> Evidence of improvements in market performance associated with ELAN interventions Evidence of improved terms of access to markets for target beneficiaries associated with ELAN interventions Evidence that improvements in markets that are of priority concern to target beneficiaries and that have potential for significant and widespread impact Proportion of pilots leading to market system changes 	<p>Potentially limited by availability of additional data and analysis on market systems in the DRC, and quality of MRM data.</p> <p>Verification exercise will assess quality of ELAN outcome reporting</p> <p>Assessment will depend largely on ELAN MRM data and may lack independent corroboration beyond case study examples</p> <p>MTE team will triangulate with primary data generated in fieldwork to strengthen analysis.</p>
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2.ii To what extent are partners implementing practices piloted with ELAN and why?

<ul style="list-style-type: none"> Secondary data on results achievement from ELAN's MRM system Key informant interviews with pilot partners including from case studies Secondary data on market activity from pilot partners 	<ul style="list-style-type: none"> Project performance review Case studies 	<ul style="list-style-type: none"> Number of examples of implementation of piloted practices Proportion of pilots leading to implementation 	<p>Potentially limited by quality of data in the MRM system.</p> <p>Verification exercise will assess quality of ELAN output reporting</p> <p>Assessment will depend largely on ELAN MRM data and may lack independent corroboration beyond case study examples</p>
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Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
			<p>Potentially limited by the willingness of pilot partners to share data.</p> <p>Assessment of reasons for adoption will depend on partner reporting and lack counterfactual</p>
2.iii To what extent are market actors other than ELAN's partners adopting piloted practices and why?			
<ul style="list-style-type: none"> Secondary data on results achievement from ELAN's MRM system Key informant interviews with pilot partners, second and subsequent movers Secondary data on market activity from second and subsequent movers 	<ul style="list-style-type: none"> Theory of Change Analysis Project performance review Case studies 	<ul style="list-style-type: none"> Number of market actors other than ELAN's pilot partners adopting new practices AND attributed to changes in market conditions affected by pilot Proportion of pilots leading to adoption by non-partner market actors Evidence of pilot design incorporating plausible and robust mechanisms to facilitate wider adoption 	<p>Potentially limited by quality of data in the MRM system and extent to which non-partner market actors are being effectively tracked.</p> <p>Potentially limited by the willingness of second and subsequent movers to share data.</p> <p>Number of case studies not sufficient to ensure representative sample</p> <p>Difficult robustly to assess reasons for adoption when this occurs.</p>
2.iv Are there any unintended consequences resulting from ELAN's interventions?			
<ul style="list-style-type: none"> Key informant interviews with pilot partners, second and subsequent movers Key informant interviews with private sector representatives and government stakeholders Focus group discussions with low income and women producers/consumers Fieldwork observations 	<ul style="list-style-type: none"> Case studies Project performance review 	<ul style="list-style-type: none"> Examples of consequences not anticipated in design documentation identified 	<p>MRM system may not be effectively identifying unintended consequences</p> <p>Potentially limited by absence of corroborating data to substantiate respondent observations.</p> <p>Examples likely to be limited to any associated with case studies</p>

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
2.v What benefits are being delivered to low income producers, consumers and women?			
<ul style="list-style-type: none"> Findings from Verification Exercise on impacts Focus group discussions with low income and women producers and/consumers Secondary data on market activity from pilot partners Secondary data on market activity from second and subsequent movers 	<ul style="list-style-type: none"> Theory of Change Analysis Case studies Project performance review 	<ul style="list-style-type: none"> Assumptions informing the modelling of results for low income producers, consumers and women are consistent with observations in the field Benefits claimed for low income producers, consumers and women in MRM system results consistent with observations in the field Benefits consistently identified by key informants and focus group participants as effect of interventions Benefits identified by key informants and focus group participants confirmed by additional data sources 	<p>Quality of impact estimates (to be assessed by the Verification Exercise)</p> <p>Case study data collection from intended beneficiaries will only cover a small number of interventions</p>
3. To what extent are the market systems changes being delivered by ELAN likely to deliver sustainable impact?			
3.i Are the market systems changes achieved by ELAN likely to continue to have impact?			
<ul style="list-style-type: none"> Secondary data on results achievement from ELAN's MRM system Key informant interviews with pilot partners, second and subsequent movers Focus group discussions with low income and women producers/consumers 	<ul style="list-style-type: none"> Project performance review Case studies Theory of Change Analysis (validity of key assumptions) 	<ul style="list-style-type: none"> Practices introduced during pilot continue to be implemented by partners, post-pilot Assumptions informing the modelling of results for low income producers, consumers and women are 	<p>Potentially limited by validity of ELAN's results modelling, the quality of ELAN's MRM data, and the willingness of pilot partners to share data.</p> <p>Potentially limited by absence of corroborating data to substantiate</p>

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
<ul style="list-style-type: none"> Secondary data on market activity from pilot partners Secondary data on market activity from second and subsequent movers Evidence on validity of key assumptions affecting impact, sustainability, and replication 		<p>consistent with observations in the field</p> <ul style="list-style-type: none"> The numbers of low income producers, consumers and women benefitting from interventions continue to grow post-pilot Benefits claimed for low income producers, consumers and women in MRM system results continue to grow post-pilot 	<p>respondent observations.</p> <p>Convergence of multiple sources of data, subjected to valid analysis, will allow the MTE to offer indicative responses to the evaluation question.</p> <p>Detailed information may be restricted to small number of case studies</p>
3.ii Will market systems changes be sufficient to meet project impact targets?			
<ul style="list-style-type: none"> Secondary data on results achievement from ELAN's MRM system Key informant interviews with pilot partners, second and subsequent movers Focus group discussions with low income and women producers/consumers Secondary data on market activity from pilot partners Secondary data on market activity from second and subsequent movers 	<ul style="list-style-type: none"> Theory of Change Analysis Case studies Project performance review <p>Modelling of paths to reaching project impact targets and assessment of plausibility of assumptions</p>	<ul style="list-style-type: none"> Plausible evidence of market systems change occurring that is likely to be sustained and replicated Assumptions informing the modelling of results growth for low income producers, consumers and women are consistent with observations in the field The modelled growth in numbers of low income producers, consumers and women required to meet impact targets are consistent with observations in the field The modelled growth in numbers of low income producers, 	<p>Potentially limited by validity of ELAN's results modelling, the quality of ELAN's MRM data, and the availability of additional data and analysis on market systems in the DRC.</p> <p>Potentially limited by absence of corroborating data to substantiate respondent observations.</p> <p>The external validity of primary data will be limited by the purposive sampling for case studies.</p> <p>Triangulation of multiple sources of data, subjected to valid analysis, will allow the MTE to offer indicative responses to the evaluation question.</p>

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
		consumers and women required to meet impact targets are consistent with data from sources other than ELAN	

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
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Measurement and Reporting

4. Is the way indicators are being measured and reported providing an accurate reflection of project performance?

4.i Are the assumptions informing the modeling of results for different categories of beneficiaries (producers, consumers and women) consistent with evidence?

<ul style="list-style-type: none"> Evidence on extent to which intervention logic is holding in practice (from PPR) Key informant interviews with pilot partners Focus group discussions with low income and women producers/consumers Secondary data on market activity from pilot partners Secondary data on market activity from second and subsequent movers Findings from Verification Exercise 	<ul style="list-style-type: none"> Theory of Change Analysis Verification Exercise Project performance review Case studies 	<ul style="list-style-type: none"> Models are based on valid intervention logic Assumptions informing the modelling of results for low income producers, consumers and women are consistent with observations in the field, KIIs and FGDs, additional data sources 	<p>Case studies will allow only limited and not necessarily representative testing of assumptions.</p> <p>Triangulation of multiple sources of data will allow the MTE to offer responses to the evaluation question.</p>
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4.ii Is the Monitoring and Results Measurement System providing accurate information on changes in beneficiary behaviour (partners, producers, consumers and women)?

<ul style="list-style-type: none"> Secondary data on results achievement from ELAN's MRM system Key informant interviews with pilot partners, second and subsequent movers Focus group discussions with low income and women producers/consumers Secondary data on market activity from pilot partners Secondary data on market activity from second and subsequent movers 	<ul style="list-style-type: none"> Case studies Project performance review 	<ul style="list-style-type: none"> Behaviour change data recorded in the MRM system consistently confirmed by observations in the field, KIIs, FGDs, additional data sources. 	<p>Potentially limited by the quality of ELAN's MRM data, the willingness of pilot partners, second and subsequent movers to share data.</p> <p>Case studies will allow only limited and not necessarily representative testing of assumptions.</p> <p>MTE team will triangulate with primary qualitative data generated in fieldwork to strengthen analysis.</p>
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4.iii Is the way that project performance is measured and rewarded providing appropriate incentives to achieve PSD programme objectives?

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
<ul style="list-style-type: none"> • Information on results achieved from MRM system • Logframe • KIIs with project staff and DFID DRC on decision making 	<ul style="list-style-type: none"> • Theory of Change Analysis • Management and Organisation Assessment • Project performance review 	<ul style="list-style-type: none"> • Decision-making favours emphasis on achieving sustainable improvements in market performance 	<p>Lack of access to terms of the performance by results agreement between ASI and DFID prevents MTE team assessing details of reward framework</p>

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
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Management and Organisation

5. To what extent are ELAN's management processes appropriate to achieve planned results?

5.i To what extent are the processes governing the design, approval and close-out of interventions effective?

<ul style="list-style-type: none"> • ELAN's standard operating procedures for project proposals, approvals and designs • Secondary data from MRM system on results achievement – <i>quantitative results on logframe indicators and qualitative descriptions of MSCs</i> • Key informant interviews with ELAN staff – <i>perspectives on strategic efficacy of pilot approval and close-out process; whether performance measurement incentivises approval of interventions that deliver short-term impact numbers over sustainable MSCs</i> 	<p>Management and Organisation Assessment</p> <p>Project Performance Review</p>	<ul style="list-style-type: none"> • Standard operating procedures (SOPs) for design and approval of interventions consistent with project strategic priorities • Descriptive statistics show strategically appropriate distribution of interventions by types of results achieved • Relevance and priority of MSCs confirmed from sources other than ELAN analysis • Key informants consistently confirm the strategic efficacy of project approval/close-out processes • Key informants consistently confirm that performance measurement does not skew approval process deleteriously 	<p>Potentially limited if SOPs are not documented.</p> <p><i>MTE team will document standard operating procedures if necessary and confirm accuracy with service provider.</i></p> <p>Potentially limited by quality of qualitative data documenting market systems changes, and data contextualising reported numbers.</p> <p><i>MTE team will generate additional primary data in KIIs to strengthen analysis.</i></p>
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5.ii How effective are management arrangements between the Kinshasa and the four regional offices?

<ul style="list-style-type: none"> • Key informant interviews with ELAN HQ and regional staff – <i>perspectives on the influence of HQ on regional office</i> 	<p>Management and Organisation Assessment</p>	<ul style="list-style-type: none"> • Key informants consistently confirm that HQ enables regional offices to operate 	<p>Potentially limited if SOPs are not documented.</p> <p><i>MTE team will document standard</i></p>
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Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
<p><i>operational efficacy in terms of set and emergent criteria</i></p> <ul style="list-style-type: none"> ELAN's SOPs governing management of regional offices Secondary data from MRM system on results achievement – <i>quantitative results on logframe indicators and qualitative descriptions of MSCs, distributed by region</i> 	<p>Project Performance Reviews</p> <p>Case Studies</p>	<p>effectively by assigning necessary levels of capacity, resources, support and oversight (and other emergent criteria)</p> <ul style="list-style-type: none"> Descriptive statistics reveal no anomalies in regional contributions to performance that require further investigation SOPs governing management of regional offices by HQ ensure the necessary capacity, resources, support and oversight (and other emergent criteria) enable operational performance 	<p><i>operating procedures if necessary and confirm accuracy with service provider.</i></p>
5.iii How effective are pilot partner relationship management processes?			
<ul style="list-style-type: none"> Key informant interviews with ELAN's pilot partners, second and subsequent movers – <i>perspectives on whether the relationship with ELAN optimises pilot and post-pilot performance in terms of set and emergent criteria</i> ELAN's standard operating procedures for managing relationships with pilot partners 	<p>Management and Organisation Assessment</p> <p>Project Performance Review</p> <p>Case Studies</p>	<ul style="list-style-type: none"> Satisfaction of pilot partners with relationship Achievement of planned results of pilots 	<p>Potentially limited if SOPs are not documented.</p> <p>Case Studies will cover only proportion of partners who may not be representative of population</p>
5.iv How effective are processes for managing relationships with stakeholders other than pilot partners?			
<ul style="list-style-type: none"> Key informant interviews with stakeholders other than pilot partners – <i>perspectives on ELAN's relationship management</i> 	<p>Management and Organisation Assessment</p>	<ul style="list-style-type: none"> Satisfaction of other stakeholders (particularly DRC) 	<p>Coverage of DRC government and other development partners should be adequate</p>

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
<i>and contributions to market systems change</i> <ul style="list-style-type: none"> ELAN's standard operating procedures for managing relationships with other stakeholders ELAN reporting on stakeholder engagement 	Project Performance Reviews Case Studies	government, other development partners, other private sector, beneficiaries) <ul style="list-style-type: none"> Evidence of understanding of, and commitment to, ELAN programme from stakeholders ELAN has coherent stakeholder engagement strategy that is being effectively implemented. 	Coverage of other private sector and beneficiaries likely to be partial and not representative
5.v How effectively is ELAN coordinating with ESSOR to enhance performance and achieve results? [Joint EQ with Essor]			
<ul style="list-style-type: none"> Key informant interviews with ELAN and ESSOR staff – <i>perspectives on and examples of communication, coordination/collaboration between programme components</i> Theory of Change documentation Documentation on interactions between projects 	Theory of Change Analysis [ELAN, Essor, PSD] Project Performance Review [ELAN, Essor] Management and Organisation Assessment Case Studies	<ul style="list-style-type: none"> Coherence and validity of PSD, ELAN and Essor Theories of Change demonstrating effective synergies between projects Examples of how improvements in business environment have facilitated strengthening of market systems Examples of benefits for each project resulting from coordination efforts between projects 	None anticipated

Evidence Sources	Research Activities	Judgement Criteria and Indicators	Evaluability Issues
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Value for Money

6. Is ELAN likely to deliver value for money?

6.i How appropriate is the ELAN VFM framework?

<ul style="list-style-type: none"> ELAN's VFM framework and related documentation Key informant interviews 	VFM Analysis: <ul style="list-style-type: none"> Criteria based review of VFM framework and related documentation Content analysis of key informant interviews 	<ul style="list-style-type: none"> VFM framework complies with appropriateness and utility criteria of review protocol Key informant interview data consistently confirms the appropriateness and utility of the VFM framework 	None anticipated
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6.ii How effectively is the ELAN VFM framework used to inform project management?

<ul style="list-style-type: none"> ELAN's VFM framework and related documentation ELAN's standard operating procedures Key informant interviews 	VFM Analysis: <ul style="list-style-type: none"> Criteria based review of VFM framework, related documentation and SOPs Content analysis of key informant interviews 	<ul style="list-style-type: none"> Examples of decisions Procedures to include VFM results integrated into project management, and consistently utilised implemented Key informant interview data consistently confirms that VFM results are utilised in project management 	None anticipated
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6.iii To what extent is ELAN on track to deliver value for money?

<ul style="list-style-type: none"> ELAN's expenditure data Secondary data on results achievement from ELAN's MRM system 	VFM Analysis: <ul style="list-style-type: none"> Cost per results achieved (valid units to be determined, in accordance with VFM guidelines) 	<ul style="list-style-type: none"> Costs incurred justified by magnitude of results achieved Performance against VFM targets for selected indicators 	Potentially limited by quality of data in the MRM system, and the extent to which expenditure data is captured at sufficiently granular level, and by extent to which current VFM framework is judged to be appropriate.
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Annex B Evaluation questions

Box 1: ÉLAN evaluation questions

Project design

6. How well is ÉLAN designed to lead to sustainable MSC? [Relevance]

- vi. To what extent are the intervention logic and assumptions linking ÉLAN's implementation model to MSCs valid?
 - a. Are the intervention logic and assumptions consistent with accepted theoretical frameworks?
 - b. Are the intervention logic and assumptions confirmed by evidence in the literature?
 - c. Are the intervention logic and assumptions consistent with evidence about the implementation context?
- vii. Have the risks associated with ÉLAN's implementation model been comprehensively anticipated and adequately mitigated in the project design and implementation? [Relevance/efficiency]
- viii. To what extent are the assumptions informing project design proving valid in practice? [Relevance/effectiveness]
- ix. Is there a better alternative to the ÉLAN implementation model?
- x. What additional interventions, if any, are required to achieve improvements in market systems?

Progress towards results

7. Is ÉLAN delivering MSC? [Effectiveness]

- vi. To what extent are interventions effectively targeting and achieving appropriate and priority MSCs? [Relevance/effectiveness]
- vii. To what extent are partners implementing practices piloted by ÉLAN and why?
- viii. To what extent are market actors other than ÉLAN's partners adopting piloted practices and why?
- ix. Are there any unintended consequences resulting from ÉLAN's interventions? [Impact]
- x. What benefits are being delivered to low-income producers, consumers and women? [Impact]

8. To what extent are the MSCs being delivered by ÉLAN likely to deliver sustainable impact? [Sustainability/Impact]

- iii. Are the MSCs achieved by ÉLAN likely to continue to have impact? [Sustainability/Impact]
- iv. Will MSCs be sufficient to meet project impact targets? [Impact]

Measurement and reporting

9. Is the way in which indicators are being measured and reported providing an accurate reflection of project performance? [Efficiency]

- iv. Are the assumptions informing the modelling of results for different categories of beneficiaries (producers, consumers and women) consistent with evidence?
- v. Is the MRM system providing accurate information on changes in beneficiary behaviour (partners, producers, consumers and women)?
- vi. Is the way project performance is measured and rewarded providing appropriate incentives to achieve PSD programme objectives? [Effectiveness/efficiency]

Management and organisation

10. To what extent are ÉLAN's management processes appropriate to achieve planned results? [Efficiency]

- vi. To what extent are the processes governing the design, approval and close-out of interventions effective?
- vii. How effective are management arrangements between Kinshasa and the four regional offices?
- viii. How effective are pilot partner relationship management processes?
- ix. How effective are processes for managing relationships with stakeholders other than pilot partners?
- x. How effectively is ÉLAN coordinating with ESSOR to enhance performance and achieve results? [joint evaluation question with ESSOR]

VFM

6. Is ÉLAN likely to deliver VFM? [Efficiency]

- vi. How appropriate is the ÉLAN VFM framework?
- vii. How effectively is the ÉLAN VFM framework used to inform project management?
- viii. To what extent is ÉLAN on track to deliver VFM?
- ix. How can the ÉLAN VFM framework be strengthened?
- x. How can the VFM that ÉLAN delivers be enhanced?

Annex C Analysis of assumptions in sector diagnostics and implementation

Table 8 Diagnostic and assumptions: Perennial Agriculture

Assumptions: Perennial Agriculture	Articulated in sector/ intervention-level diagnosis and analysis	Holding in implementation for sector interventions	Comments
1. The binding constraints to increasing economic activity that perpetuate poverty can be addressed by MSC	This is implicit in the sector and intervention results chains, concept notes and interventions summaries. Assumptions are articulated for each of the five MSCs, around which the sector results chain is constructed	At early stage of AAER trajectory. Relieving the identified constraints that inhibit inclusive growth of the coffee supply chain. Support to cocoa aggregator and primary processor in Equateur makes sense, but should use a more commercial intermediary than CTM	Strong private sector (coffee exporters and international buyers) interest in enhancing the operation of dormant supply chains drives ongoing demand and interest in sustaining changes. ÉLAN recognize NGO like CTM as an interface between SHFs and cocoa exporter is risky.
2. Pro-poor MSCs can be brought about through partnership interventions with (private) partners	Implicit—at the heart of the logic of sector intervention	ÉLAN partnerships have a strong demonstration effect on existing and future beneficiaries, as well as existing and future exporters and buyers—all of whom have shared incentive to continue their partnerships on commercial terms. CTM appear to be a weak buyer of cocoa (unreliable purchasing see focus group discussion), despite significant investment from exporter.	There is an alignment between the interests of private sector actors and the sustainability and continued growth of coffee supply chain. Sufficient number of actors and partnerships to ensure competition and the benefits are passed onto small farmers. CTM example indicates that, even in context of scarcity of private sector actors in DRC, supporting a weak intermediary is problematic.
3. There is a cascade of effects from MSCs that ultimately benefit poor and women producers and/or consumers	The 'cascade logic' is embedded in the results chains of most sector interventions, with the causal pathways from interventions to MSCs and back to participating beneficiaries explicitly defined	Yes, although this is at an early (Adopt-Adapt) stage, and in some cases (Twin case study) will require significant facilitation and some investment to ensure the intervention model can be replicated and scaled without significant ongoing support	As above. Prices paid to farmers for cocoa from CTM were better than other buyers, but not reliable purchase quantity.
4. The benefits of ÉLAN pilot interventions will be sustainable	In part. The intervention logic of different interventions is mostly explicit in targeted sustainability replication and scale, although in some instances (e.g. Twin) this is not	Yes—for most specific interventions. Replication and expansion to new areas, new communities and new partners without some sort of external facilitation support and guidance is unlikely	Such is the extent of dislocation of Agricultural Perennials supply chains that ongoing external support, albeit of a low cost and declining nature, will be required to realise E&R stages of trajectory, especially in

			new areas, communities and partnerships
5. Adoption of new practices by pilot partners will be sufficient to achieve expansion and response including beyond the period of project implementation	Implicit in intervention design—not sufficiently explicit, which should highlight the possible need for some facilitation support for second etc. movers	Mixed. Unlikely until the benefits for existing commercial partners have been unambiguously demonstrated. Not likely at scale in the remaining contract period. CTM has received significant support and appears to be failing during the pilot	In time, demonstration effects of pilots will translate into replication and response, but unlikely to happen at scale and without some facilitation in the life of the project

Table 9 Diagnostic and assumptions: Non-Perennial Agriculture

Assumptions: Non-Perennial Agriculture	Articulated in sector/ intervention-level diagnosis and analysis	Holding in implementation for sector interventions	Comments
1. The binding constraints to increasing economic activity that perpetuate poverty can be addressed by MSC	Rice prioritised in initial scoping exercise and market analysis. Other components of portfolio (maize, inputs and extension) given low priority on 'long list'. Subsequent detailed diagnosis of these components not found on MRM	Mixed—Rice interventions are based on a diagnosis and interventions are increasing economic activity. But most of portfolio areas were initially excluded from diagnosis with strong focus on seeds (10 interventions); other inputs (seven interventions); and OGSs (three maize and two rice). Limited efforts (until TASAI) in addressing poor enabling environment, which is a key binding constraint.	Evolution back to sub-sectors and functional activities which were excluded in initial analysis—but without a clear idea of which are the binding constraints (beyond lack of inputs & A2F). Evaluation studies from 2016 showed weakness in design (i.e. potential benefit of quality seeds is mitigated by lack of extension services, lack of viability of hybrid model for low-income SHFs).
2. Pro-poor MSCs can be brought about through partnership interventions with (private) partners	Four of five MSCs identified can be addressed to some extent through private partnerships. Regulatory environment cannot.	Yes—private partnerships can generate market change. However, poor enabling environment requires engagement with government.	Because agriculture is visible, fixed and long-term and very low on the government priority list—it is vulnerable to government pressures.
3. There is a cascade of effects from MSCs that ultimately benefit poor and women producers and/or consumers	Very limited beyond rice	Mixed—Positive for OPV seeds. Focus on input-intensive hybrids is proving inappropriate for low-income SHFs in Katanga but apparently working in Kivu. SEK demonstrate weaknesses but, apparently, other OGS are more successful.	Inappropriate model for the target group for some interventions in Katanga, will constrain benefits. No consideration of role of poor as consumers (i.e. two-thirds of population are food insecure) with focus on poor as SHFs
4. The benefits of ÉLAN pilot interventions will be sustainable	Very limited beyond rice	Mixed—OPV seed supplier interventions are sustainable. Hybrid model is	Merit in ÉLAN widening definition of target group (either to

		less sustainable for low-income SHFs in Katanga (but could support sustainable commercial agriculture) but apparently working in Kivu. SEK is dependent on CSR funding, unsure for other OGS.	include emerging commercial farmers and/or low-income consumers who would benefit from domestic agricultural production)
5. Adoption of new practices by pilot partners will be sufficient to achieve expansion and response including beyond the period of project implementation	Unclear	Mixed. Evidence from monitoring reports is that the current model of input-intensive hybrids is not viable for low-income SHFs or suppliers in Katanga, but fine in Kivu. Strategy has not yet responded to this. Evidence of viability from local OPV seed suppliers	Lack of evidence of spontaneous replication or expansion

Table 10 Diagnostic and assumptions: River transport

Assumptions: RT	Articulated in sector/ intervention-level diagnosis and analysis	Holding in implementation for sector interventions	Comments
1. The binding constraints to increasing economic activity that perpetuate poverty can be addressed by MSC	Yes—articulated in the scoping study, market systems analysis for sector, and to limited extent in the diagnostic content of concept notes, annual report and supplementary documents	Yes—addressing the diagnosed market constraints increases the capacity of boat operators and economic incentives for traders, other service providers in the value chain, and producers	While the assumptions are holding they are not (or not yet) catalysing results at scale, in a way that suggests there will be traction for expansion and response or that promises sustainability
2. Pro-poor MSCs can be brought about through partnership interventions with (private) partners	Yes—articulated in the market systems analysis to some extent, as well as diagnostic content of concept notes, annual reports and supplementary documents to a limited extent	Mixed—pilots demonstrate that private sector partner intervention can effect MSCs to address identified constraints. However, the extent to which these changes currently benefit poor producers is overestimated	While pilots demonstrate that the TOC assumptions are sound, the extent to which they are attractive to private sector partners at adoption and adaptation stages is questionable for access to credit in particular. Freight forwarding seems more promising, but still too early to tell
3. There is a cascade of effects from MSCs that ultimately benefit poor and women producers and/or consumers	Yes—clear sector-level assumptions linking interventions to pro-poor impacts, articulated in the intervention logic of the results chain and its (implicit) assumptions. At times, more explicit in the concept note	Mixed—While there is some evidence linking interventions to pro-poor outcomes, it is limited and insufficient grounding for confirming the assumptions made in the TOC on the extent of anticipated impact	The assumptions of pro-poor impact are plausible once interventions reach expansion stage. The assumptions underlying the extent of impact are less so

4. The benefits of ÉLAN pilot interventions will be sustainable	Yes—in the scoping study, and to some extent in concept notes. Sustainability assumptions are concretely (though not comprehensively) articulated in AAER criteria	No—at this stage every intervention is at immediate risk (each of which is specific and identified) of not achieving sustainability, some more so than others	More investment of effort and resources is required to achieve sustainable results in each intervention. It is worth reviewing each to determine which are the most promising candidates for further efforts, and which are not, given resource and time constraints
5. Adoption of new practices by pilot partners will be sufficient to achieve expansion and response, including beyond the period of project implementation	Yes—articulated to some extent in concept notes and supplementary documentation. Assumptions are more concretely (though not comprehensively) articulated in AAER criteria	Mixed—for several interventions the logic holds but is contingent on partners maintaining adoption and adaptation. For the tax intervention, the partners do not have the resources to maintain advocacy and monitoring practices, even if the appetite is present	There is evidence that the logic holds. However, the appetite for adoption is questionable

Table 11 Diagnostic and assumptions: A2F–SMEs

Assumptions: A2F SMEs	Articulated in sector/ intervention-level diagnosis and analysis	Holding in implementation for sector interventions	Comments
1. The binding constraints to increasing economic activity that perpetuate poverty can be addressed by MSC	Not detailed diagnosis identified. A2F SME was not initially regarded as a 'sector'—rather an enabler of other sectors, so not covered during diagnosis stage in 2013. Cannot find 2014 study on A2F sector on MRM	CMA has changed market system (allowing large farmer to monetise grain stock), but no poverty impact. River boat operator interventions benefit (probably non-poor) operators; extent to which this benefit 'trickles down' to SHFs in agricultural supply chain is unclear.	Signs of CMA model working for low-income SHFs is not promising. Increasing river trade from Equateur to Kinshasa is a great idea, but unclear whether key constraint is demand or supply side.
2. Pro-poor MSCs can be brought about through partnership interventions with (private) partners	CMA can, conceptually, generate pro-poor benefits. Empirical evidence suggests these gains are difficult to realise in reality. Working capital loans to river traders could increase their procurement which might have pro-poor benefits. Strengthening linkage between SHFs and cocoa exporter (esp. before prices collapsed in early 2017) is a sensible approach	ÉLAN experience of CMA for low-income SHFs in Kivu apparently failed (evaluation report unclear about failure or reasons for it; but fairly obviously due to lack of SHF deposits). Monitoring data on 'trickle down' of benefits from river boat operators to low-income groups is not convincing.	CMA issue demonstrates problem with lack of analysis. A demand side solution will not necessarily solve a supply problem (i.e. unproductive SHFs). For RT, also, it is not clear that working capital of boat operators is binding constraint on increased trade from Equateur.

3. There is a cascade of effects from MSCs that ultimately benefit poor and women producers and/or consumers	This is not demonstrated in diagnosis or analytical work	CMA is costly and will only deliver tangible benefits to SHFs if they deposit significant amounts of grain. Pro-poor benefits of financing RT is unconvincing.	CMA is a great innovation to support the development of commercial agriculture, but much riskier for low-income SHFs.
4. The benefits of ÉLAN pilot interventions will be sustainable	In theory, all these interventions are sustainable for the financiers and partners. The delivery of benefits to low-income groups is clear conceptually	Evidence that CMA is viable for commercial operators (i.e. bank and collateral management company)	Existing monitoring data already reveals the limited development feasibility of some interventions
5. Adoption of new practices by pilot partners will be sufficient to achieve expansion and response including beyond the period of project implementation	Conceptually, these interventions are all capable of expansion and replication	If CMA is applied to a group of farmers for which it is appropriate, it is highly scalable. If river boat operators repay loans, the volume of finance into the sector will probably increase.	Some evidence that ÉLAN is more focused on the benefits to partners than to beneficiaries

Table 12 Diagnostic and assumptions: A2F–BB

Assumptions: BB	Articulated in sector/ intervention-level diagnosis and analysis	Holding in implementation for sector interventions	Comments
1. The binding constraints to increasing economic activity that perpetuate poverty can be addressed by MSC	Yes—articulated in the scoping study, market systems analysis for sector, and baseline for BB; and to limited extent in the diagnostic content of concept notes, annual report and supplementary documents	Mixed—the assumptions relating to pro-poor consumer benefits, both in terms of constraints and their redress, are confirmed. Similar assumptions on benefits to entrepreneurs within the sector hold to some extent, while there is as yet insufficient evidence to confirm that improving service offerings to lower-end entrepreneurs facilitates access, efficiencies and growth	Note: while there are some assumptions about costs savings to consumers being fed into economic activities, these are not facilitated in any way in the programming, nor are they emphasised in the TOC, and they are certainly not confirmed by any evidence
2. Pro-poor MSCs can be brought about through partnership interventions with (private) partners	Yes—as above	Yes—the pilots demonstrate that partner interventions address the binding constraints identified and result in anticipated benefits	
3. There is a cascade of effects from MSCs that ultimately benefit poor and women producers and/or consumers	Yes—the cascade effect is illustrated in the results change, and articulated to some extent in the scoping study, market systems analysis for sector, and baseline for BB; and to limited extent in the diagnostic content of concept notes, annual report	Mixed—there are clear benefits to those accessing mobile and BB services. The services are reaching poor consumers to some extent, while benefits to low-end entrepreneurs outside the sector are not immediately apparent	
4. The benefits of ÉLAN pilot interventions will be sustainable	Yes—in the scoping study and the concept notes to some extent. Sustainability assumptions are concretely (though not comprehensively) articulated in AAER criteria	Yes—there is uncontestably a high demand for services, matched by an appetite to supply them by partners and other market actors. The extent of pro-poor benefits and the business case for financial institutions to go 'down-market' have yet to be convincingly demonstrated	Challenges related to growth and the activity of users are rooted in appropriate product offerings and ease of access, both of which are being considered by market actors
5. Adoption of new practices by pilot partners will be sufficient to achieve expansion and response including beyond the period of project implementation	Yes—articulated to some extent in concept notes and supplementary documentation. Assumptions are more concretely (though not comprehensively) articulated in AAER criteria	Yes—there is uncontestably a high demand for services, matched by an appetite to supply them by partners and other market actors. The extent of pro-poor benefits and the business case for financial institutions to go 'down-market' have yet to be convincingly demonstrated	Challenges related to growth and the activity of users are rooted in appropriate product offerings and ease of access, both of which are being considered by market actors

Table 13 Diagnostic and assumptions: Renewable energy

Assumptions: RE	Articulated in sector/ intervention-level diagnosis and analysis	Holding in implementation for sector interventions	Comments
1. The binding constraints to increasing economic activity that perpetuate poverty can be addressed by MSC	Implicit in sector results chain. Explicit in intervention proposals and summaries, particularly in later stages of the project's implementation as MSC logic is more fully understood and applied	Too early to tell in practice, but a sound foundation will be in place for the market's operation with only limited support (to overcome import finance constraint) required from ÉLAN	ÉLAN's targeted MSCs and multiple partnerships constitute a critical mass of interventions to lay the foundation for a small but sustainable RE market in the DRC, with strong pro-poor characteristics. Reliance on support for import finance will remain until at least project closure
2. Pro-poor MSCs can be brought about through partnership interventions with (private) partners	As above. Later intervention results chains present an explicit vision of partnerships leading to MSCs	In part. Substantial basis to a national market through targeted partnerships will be in place by project close. Some need for ongoing support, especially import finance support	Out of early disparate scoping interventions, ÉLAN has evolved a clear strategy which it is delivering through targeted, diverse partnerships
3. There is a cascade of effects from MSCs that ultimately benefit poor and women producers and/or consumers	Sector interventions target specific constraints (e.g. distribution/sales models, PAYGO technologies), which will enhance and scale MSCs with explicit pro-poor impact	Yes. Clear early evidence that the intervention logic is beginning to deliver Adopt–Adapt results at an increasingly national level, with growing impact	From speculative and exploratory origins ÉLAN's strategy has evolved into a clear and comprehensive package of interventions with an articulated AAER logic
4. The benefits of ÉLAN pilot interventions will be sustainable	Implicit, although increasingly explicit in the main partnerships concluded	Yes, but contingent on import finance cover	Benefits likely to be sustainable if ÉLAN's import cover can be extended to the point where it is not needed—probably 1–2 years on a diminishing basis beyond the life of the project
5. Adoption of new practices by pilot partners will be sufficient to achieve expansion and response including beyond the period of project implementation	As above	Likely—but not within ÉLAN's existing contract period. Contingent on the timing and scale of the major national retailers entering the RE pico market	High potential but may require targeted support beyond the existing contract period

Annex D MTE findings

D.1 Introduction

This section presents the overall findings of the MTE. They are presented in relation to each of the evaluation questions that guided the research. The findings are drawn from the analysis presented in the six sector studies and the six intervention case studies, each of which was informed by the results of the focus group discussions completed in each sector. The overall findings are necessarily high level. They reflect the variation in results that emerge from the evidence in different sectors. A single consistent picture of the efficiency and effectiveness of ÉLAN is thus not supported by the evidence. Different sector interventions offer significantly different scope for MSCs, sustainability and impact on poverty than others. In summarising the findings, reference is made, where appropriate, to specific sector experiences or examples to illustrate or substantiate a point. The full detail and context of the findings presented can be found in the sector and case studies annexed to this report.

D.2 How well is ÉLAN designed to lead to sustainable MSCs?¹⁰

Many interventions have been appropriately designed to pilot initiatives addressing market system constraints at the enterprise level, generally with well-chosen partners. More recently ÉLAN has focused more strongly on sector-wide interventions. However, ÉLAN's design approach has paid insufficient attention to the articulation of a complete TOC and, in particular, how 'expansion' and 'response' will be achieved. In order to deliver rapid impact-level results in a challenging environment, MSC has been defined as an output delivered at the level of the firm, rather than an outcome delivered at the level of the market system. This has implications for the sustainability of pilots, broader systemic change and the delivery of results by 2020.

D.2.1 Validity of ÉLAN's intervention logic

There is evidence that M4P approaches can achieve MSCs but evidence on the impact of these approaches in reducing poverty and reaching the poorest, especially in CAEs, is limited. Guidance on M4P approaches in CAE emphasises the critical importance of clear articulation of the diagnosis and assumptions underlying design. However, ÉLAN's TOC was not fully developed to guide the design of the interventions. Assumptions have not been fully articulated or systematically tested and the separate steps in the AAER process are not set out in the TOC. MSC has been treated as an output, when it would be better regarded as an outcome, and the concept of MSC has not been defined and applied with rigor and consistency. This has been reflected in weaknesses in sector and intervention design.

Consistency with research evidence

The M4P intervention logic underpinning ÉLAN's TOC reflects an approach and design which is widely used in PSD and market-based development programmes internationally. It is based on the logic that sustainable poverty reduction can be achieved through project interventions which change the way that selected market systems operate, both to enable faster growth and

¹⁰ The validity of the intervention logic and assumptions underlying ÉLAN's design has been evaluated by examining the extent to which the overall intervention logic and the specific key assumptions are: consistent with accepted theoretical frameworks; consistent with research evidence; appropriate to the context of implementation in DRC; and are in fact holding during implementation. The overall assessment of the appropriateness of the design also encompasses an assessment of the implementation model used.

to function more efficiently and inclusively of poor people (whether as producers or consumers), with the project playing a 'market development facilitation' role.

In its implementation, ÉLAN's M4P approach involves a variety of interventions (in some cases moving beyond a narrow market facilitating role) to reflect the constraints and opportunities of the different sectors, and the difficulties of the DRC context. These include:

- interventions with a purely facilitating approach, for instance increasing awareness and information of the benefits of financial services (to both consumers and SMEs) and facilitating finance from banks to SMEs; and
- interventions providing strong co-financing incentives to investors whose market interest is stifled by high upfront risks and establishment costs (e.g. renewable energy, perennial and non-perennial agriculture and A2F).

This adoption of a wider range of approaches beyond market facilitation for some interventions has been a way of addressing constraints specific to the difficult context of DRC. However, the validity of this approach depends critically on an appropriate diagnosis of the weaknesses of the market system, and a clear definition of the MSC targeted, with a valid results chain linking the intervention to the achievement of MSCs.

The literature review found good evidence that market systems development programmes can achieve systemic change with agriculture interventions (34 studies). However, only four examples were found where market systems development programmes were successful with A2F interventions, and no examples were found with RE interventions.

The literature review also showed that rigorous empirical evidence of these approaches, demonstrating an impact on poverty reduction, is limited (reflecting the lack of high-quality empirical studies).

There is also a lack of high-quality evidence concerning the conditions for successfully using the M4P approach in CAEs, or for reaching the very poor (who may be remote from market systems). There is some evidence that M4P projects can reduce poverty and reach the poor and vulnerable in CAEs, but the body of evidence supporting this conclusion is weak—only five studies of the M4P approach discuss poverty reduction impacts in CAEs.

The most authoritative study on PSD in CAEs identified in the literature review was produced by DCED (2010). The study highlighted several issues relevant to an M4P approach to a CAE. The framework is context-dependent and capable of dealing with diversity and dynamism. It is also focused on results, has flexibility to respond to opportunities, and can incorporate risk management. The study indicated the following adaptations of the framework that are important in this context:

- the need to ground programming in an understanding of the political economy context: the diagnostic process should be underpinned by a comprehensive political economy analysis;
- a consistent TOC is critical for programming. In CAEs it is likely that the entire economy requires remedial help, and focusing exclusively on those that affect the poor may be misleading;
- the need to focus on defining clearly monitorable outcomes to allow programme implementers to demonstrate movement along the path to poverty reduction; and

- use 'quick wins' to mobilise political support and minimise inconsistencies between quick wins and longer-term strategies.

The emphasis on understanding and responding to the wider political economy context and capturing economy-wide constraints in the TOC reflects the conclusion of the DCED study that a strong emphasis on business environment reform was a necessary feature of M4P interventions in CAEs. This is in line with the DFID PSD programme model, suggesting progress with business environment reform (supported by ESSOR) was a condition for the wider success of ÉLAN's interventions.

An implication for ÉLAN's approach is that an explicit focus articulating and testing the key assumptions in the TOC is important both for establishing the appropriateness of the approach in the difficult context presented by DRC, and to generate lessons with wider applicability.

Formulation and application of the theory of change

Although the DCED guidance, noted above, highlights the critical importance of a fully articulated TOC in a CAE context, ÉLAN's full TOC was first presented in mid-2017—some 3½ years into a five-year implementation period. This has had adverse implications for the design of sector programmes, the elaboration of their MSCs, and particularly to the articulation of results chains underpinning the different interventions. This contributed to weaknesses in the design of certain pilots and undermined the project's ability to anticipate and respond to implementation challenges.

The TOC as set out in mid-2017 also had a number of important limitations: First, as discussed in Section 2.4.2, the core assumptions have not been fully articulated and, as a result, have not been systematically tested.

Second, although the ÉLAN approach has been informed by, and references, the AAER framework, the four steps of adoption, adaptation, response and expansion do not explicitly appear in the TOC. Instead, they are implicitly all included within the MSC box in the intervention logic diagram (Figure 2). The whole process of piloting an innovation with a single pilot partner, moving to a point of sustainability within one firm, and then expanding and replicating the innovation throughout the economy, is therefore contained within a single step in the TOC. Given the difficulties experienced by some ÉLAN interventions in moving to the point of pilot adoption, and then the generally much more onerous conditions required to achieve expansion and response in the DRC context, the intervention logic should have more fully articulated the steps in the intervention logic. This framework should then have been used to develop much more detailed results chains, with explicit assumptions, for each intervention.

Third, the TOC conceptualises the achievement of an MSC as an 'output' deriving from project activities. However, if an output is conceived as something whose delivery is effectively under the direct control of the project (and resulting directly from inputs delivered), MSCs are significantly higher up in the results chain. It may be argued that MSCs are more properly viewed as 'outcomes', since sustainable and significant improvements in the functioning of market systems must depend both on outputs delivered by the project (e.g. the direct results of the pilot) and on the actions of a broader range of market participants and stakeholders. It is a common problem when, faced with pressure from donors to deliver rapid results, market development project teams effectively compress the results chain in order to deliver tangible results quickly by working with a single firm rather than a broader market system. The Springfield Centre have described this approach as market (meaning firm-level) change

without market system change. The consequence has been a difficulty to crowd-in competitors around even a successful pilot innovation because, for non-pilot firms, the constraints on innovation persist.

Fourth, while the concept of the MSC plays a central role in ÉLAN's intervention logic, there are a number of problems with the way the concept has been used in practice. ÉLAN defined market systems in the July 2017 logframe as:

'A cluster of functions around a core market transaction, underpinned with critical supporting inputs and services (supporting functions) and shaped by rules and norms.'

A positive MSC implies a strengthening of the performance of these functions in a way that provides particular benefits in improved terms of market access for the poor and excluded. A fully-articulated TOC would encourage a focus on a definition of the market system in terms of its geographic scope, functions performed, and market participants; the types of market failure that underlie market system weaknesses (particularly as they affect the poor); the causes of these market failures, and how specific interventions will address them and lead through to adoption, adaptation, expansion and response to improvements in market performance; and provide a basis for measurement and comparisons of MSC (for instance in terms of reduced transactions costs and improved terms of access for poor people).

As a result, there is some lack of consistency in what is targeted as an MSC in Table 2, as well as insufficient specification in the design of interventions about how the planned results will be achieved. A rigorous definition of MSC would identify the targeted market (including its geographic scope), specify how market failures are being addressed, and provide a metric for improved market performance. In some cases, the definitions of MSCs as stated come close to being achieved just by the implementation of the pilot which would involve changes in specific enterprise operations, but not necessarily of the market system as a whole. That is, they are too close to being “outputs” of ÉLAN's intervention, rather than representing the completion of the AAER process. Supporting one firm to provide a good or service cannot in itself constitute a MSC. The point of the M4P approach should be to diagnose why market systems operate so that firms do not deliver goods and services efficiently and in a way that addresses the needs of poor people. Support to an individual firm or group of firms risks addressing the symptoms of market failure, but not addressing the underlying causes in a sustainable way.

The fundamental structure of the intervention logic set out in Figure 2 is therefore in principle valid. But it needs to be developed to provide a more detailed specification of the results chain, including the significance of, and assumptions underlying, each step in the AAER framework in achieving results. So the results of pilot interventions should be regarded as project outputs, with a stronger focus on articulating how these will lead to the targeted MSC. The MSC itself needs to be defined more rigorously and consistently across sectors and interventions. There is a risk that the approach being followed may in some cases conflate firm-level changes with changes to the market system. Interventions that do not address how expansion and response will be achieved are unlikely to lead to strengthening of the market system (as opposed to strengthening of individual firms within it). An incentive system that emphasises short-term achievement of income improvements runs a particular risk of supporting individual firms rather than market systems improvement.

D.2.2 Validity of theory of change assumptions

The key assumptions implicit, but not fully articulated, in ÉLAN's TOC are generally consistent with accepted theory and research evidence, and are appropriate for the DRC context, although with significant variation across sectors and interventions. This emphasises the need for detailed sector and intervention-specific articulation and the need to test assumptions in design and implementation. In particular, the implicit assumption that the adoption of new practices by pilot partners will be sufficient to achieve expansion and response, including beyond the period of project implementation, is problematic. ÉLAN is implementing a series of activities to encourage replication in 2018.

As noted in Section 2, key assumptions for the TOC have only partially been articulated and have not been systematically reviewed and tested through the implementation process. Beyond the Perennial Agriculture programme, the sector results chains do not stipulate key assumptions on which the individual MSCs or overall TOC logic depends for their sustainable delivery of pro-poor outcomes. Some assumptions are presented in the concept notes that are used to conceptualise and approve specific interventions (in the sections dealing with 'contribution to results' in the STTs and ITTs), and these appear over time to have become more articulate and explicit about the causal pathway between the particular intervention and the fulfilment of the targeted MSC, and its subsequent impact on poverty reduction. They describe how interventions will contribute to ÉLAN results, but they do not amount to substantial explanations of the assumptions on which sector interventions are founded.

Table 4 summarises the extent to which the key implicit assumptions (listed in Section 2.4.2) are judged consistent with appropriate theoretical frameworks, supported by research evidence, and are appropriate for the DRC context. This assessment is based on the literature review and the reviews of the sector context in the six sector studies, and may be summarised as follows for each of the first five assumptions:

1. *The binding constraints on increasing economic activity that perpetuate poverty can be addressed by MSC.* This is partially valid in general. There are significant non-market constraints facing (in particular) the poorest people in DRC that may limit the extent to which they are able to benefit from market opportunities created;
2. *Pro-poor MSCs can be brought about through partnership interventions with (private) partners.* This assumption is valid, at least to the point of establishing innovative approaches that can work with and for the private partners;
3. *There is a cascade of effects from MSCs that ultimately benefit poor and women producers and/or consumers.* The extent to which this assumption holds is likely to vary significantly across sectors and interventions;
4. *The benefits of ÉLAN pilot interventions will be sustainable.* It is possible for sustainability to be achieved, but the prospects for this vary across sectors and interventions;
5. *Adoption of new practices by pilot partners will be sufficient to achieve 'expansion and response' including beyond the period of project implementation.* This assumption is generally problematic. Expansion and response can be achieved but prospects vary by sector and realising them may require additional support.

In relation to the assumption about external conditions, specific shocks that affected implementation included:

- progress in reducing taxation on the river trade was undermined by the removal of the Governor of Equateur Province, who supported the initiative, and also the splitting of the province into three new provinces, each of which has subsequently reintroduced taxation; and
- a sharp devaluation of the Congolese Franc from 900 to 1600 to the US dollar between late 2016 and late 2017 had the effect of off-setting falls in international coffee and cocoa prices, helping to maintain viability of coffee interventions but significantly increasing the costs of imports, including renewable energy home systems (pico).

Table 15 summarises the extent to which the same assumptions hold during implementation across interventions in the six sectors. Further detail is provided in the tables in Annex C. This is based on evidence from the six sector studies and six detailed intervention case studies. The main features are:

- the extent to which assumptions are judged to hold varies significantly across sectors and for individual interventions. There was no sector in which all assumptions held fully. The sector for which most key assumptions hold is Agriculture Perennials. The sector for which fewest hold is A2F–SMEs;
- none of the assumptions was judged to hold across all sectors and interventions. The first three assumptions were judged to hold to at least some extent or for some sectoral interventions in every sector except A2F–SMEs;
- the sustainability assumption was judged as not holding for RT as well as for A2F–SMEs; and
- the assumption of expansion and response based on the adoption of new practices by pilot partners was judged as failing for Agriculture Non-Perennials.

The overall assessment is that all the key assumptions may be plausible in principle and can hold for some sectors and interventions but that in many cases they have not held. This emphasises the need for detailed sector- and intervention-specific articulation and testing of assumptions in design and implementation.

Table 14 **Validity of ÉLAN theory of change assumptions**

Assumptions	Consistent with accepted theoretical frameworks	Supported by research evidence	Appropriate for DRC context
1. The binding constraints to increasing economic activity that perpetuate poverty can be addressed by MSC	Yes—consistent with M4P approaches widely applied in CAEs with weak institutions and high levels of economic dislocation and informality	There is limited high-quality evidence available, but it does show that M4P programmes can reduce poverty at least in some circumstances	Targeted beneficiaries in the DRC, especially women, face significant barriers to accessing land, labour and capital. This limits the extent to which beneficiaries, as producers, can benefit from market systems development
2. Pro-poor MSCs can be brought about through partnership interventions with (private) partners	Yes—M4P approaches and private sector incentives can directly address risk and cost barriers to private sector investment and activity. These, as a result of crowding-in, can lead to market stabilisation and MSC	Yes—across PSD programmes in Sub-Saharan Africa and globally, including 'challenge' type instruments	Yes—as above. May require interventions beyond a narrow market facilitation role given the dislocation and dysfunction - and consequent high costs and risks - of sector markets.
3. There is a cascade of effects from MSCs that ultimately benefit poor and women producers and/or consumers	Mixed—depends on the constraints and opportunities across different sector value chains	There is evidence that M4P programmes can reduce poverty but lack of evidence to assess how effectively it can reach the poorest and women	Mixed—depends on the structure and operation of sector value chains. No evidence that targeted beneficiaries are incapable of benefiting from consumer-focused interventions, but may be constrained, e.g. if large upfront expenditures required
4. The benefits of ÉLAN pilot interventions will be sustainable	Mixed—depends on the structure and operation of specific value chains, and exogenous factors	Mixed and dependent on context. But results from M4P programmes elsewhere indicate scope for sustainability if broad MSC is achieved.	Mixed—may depend on longer-term support than is conventional for limited duration 'catalytic' M4P programmes
5. Adoption of new practices by pilot partners will be sufficient to achieve expansion and response including beyond the period of project implementation	Tentative—may require longer-term support to prove the market and ensure expansion and response at scale	Mixed—depending on sector and region. Evidence from East Africa of graduation of M4P interventions to expansion and response (esp. in export agriculture, mobile money and RE)	Not yet evident or likely until high-potential markets reach a critical scale and number of market participants' increases.

Table 15 **Extent to which key assumptions are holding across sectors**

Assumptions	Perennial Agriculture	Non-Perennial Agriculture	RT	A2F–SMEs	A2F–Individuals	RE
1. The binding constraints to increasing economic activity that perpetuate poverty can be addressed by MSC	Yes	Mixed ¹¹	Yes	No	Mixed	Too early to tell
2. Pro-poor MSCs can be brought about through partnership interventions with (private) partners	Yes	Yes	Mixed	Mixed	Yes	Mixed
3. There is a cascade of effects from MSCs that ultimately benefits poor and women producers and/or consumers	Yes	Mixed	Mixed	Not clear	Mixed	Yes
4. The benefits of ÉLAN pilot interventions will be sustainable	Yes	Mixed	No	Likely	Yes	Yes
5. Adoption of new practices by pilot partners will be sufficient to achieve expansion and response including beyond the period of project implementation	Unlikely	Very limited so far	Mixed	Possible	Likely	Likely over longer term

D.2.3 Implementation model

The implementation model has, to date, largely—but not exclusively—focused on supporting the pilots to deliver rapid results using a highly adaptive approach. This has been successful for achieving the adoption and adaptation of the piloted initiatives, and the generation of impressive impact-level results, which is a real achievement in this context. However, the weaknesses in the conceptualisation of MSC and in the diagnostic analysis and design of some interventions, has contributed to variable levels of success. The implementation model contains inherent risks. First, some successful pilots may not be sustainable when ÉLAN support ends. Second, unless ÉLAN has improved the broader market system—rather than the goods and services offered by specific enterprises—it may well prove difficult for competitors to ‘crowd-in’ around successful innovations because, for them, the original constraints remain. There is evidence, in the last year of implementation, that ÉLAN is

¹¹ Holds for some interventions in the sector but not others.

increasingly taking a sector-wide approach which is more likely to address broad MSC. ÉLAN has responded to the funder-incentive framework which risks over-emphasising short-term results achieved through supporting individual firms, rather than strengthening market systems for the poor in a sustainable way.

Sector selection and intervention design

Sector diagnostic studies were undertaken in the early stages of ÉLAN's implementation, which resulted in the selection of its intervention sectors. However, no comprehensive analytically-based justifications exist that present a fully articulated intervention logic and specific assumptions for the interventions themselves. Rather, priority sectors themselves have changed, to the extent that half of the current six sectors (A2F SMEs and RE) were not shortlisted during the scoping and market analysis exercise in 2013 (and three sectors identified in 2013—beans, poultry and eggs and micro-hydro—were subsequently dropped). This is not necessarily a bad thing — it indicates a clear willingness to adapt the portfolio to a complex local context.

Interventions within the priority sectors have also evolved. For instance, in the Agriculture Non-Perennial sector, only the rice sub-sector has been included throughout; 'inputs', 'extension' and 'maize' which now dominate the sector, were initially given a low priority in 2013. Consequently, only a few of the current interventions have been founded on rigorous diagnostic studies of different constraints and opportunities and then translated into a rigorous sector TOC or results chain.

The development of coherent and focused sector strategies, to the extent that these currently exist, has been an iterative process, drawing on disparate interventions to identify binding constraints and high-potential opportunities, and clustering interventions around these. Some of the later partnership intervention summaries provide clear statements of the MSC logic underpinning these interventions and the assumptions against which their operation will realise MSC. Beyond the RE sector, no clear forward-looking sector development strategies exist which systematically identify the market facilitation investments needed to realise the project's replication, scaling and long-term impact goals.

At intervention level, clarity and detail are often lacking regarding the causal mechanisms and assumptions by which ÉLAN's MSCs and related interventions will meet their development objectives. In particular how they will achieve wider replication, sustainability and lasting impact beyond the project. This most often manifests at higher-order levels of sector and intervention results chains, raising doubts as to the long-term impact and sustainability of relevant models and solutions which have been successfully piloted (e.g. in RT and Perennial Agriculture with Twin). It has also resulted in the design and delivery of incomplete interventions (e.g. in support of input supply markets in Non-Perennial Agriculture in Katanga with inadequate agronomic support), or inappropriate ones (e.g. CMAs for smallholder farmers in the A2F–SME sector).

While some of ÉLAN's interventions are likely to succeed in inducing change in the way supply chains and market systems work and grow, in many cases post-project expansion appears neither plausible nor firmly grounded in strong evidence.

Understanding and responding to the political economy context

ÉLAN has a political economist dedicated to the project on a 50% basis, with a deep knowledge of how the political economy of DRC interacts with the business environment. This has allowed the project to avoid contentious sectors (i.e. Palm Oil) as well as support entrepreneurs that might challenge the 'do no harm' precautionary principle. In a context like DRC this is a critical capacity to have at a very high quality in order to function effectively and adaptively.

Risk and the implementation model

The ÉLAN TOC identifies high-level, generic risks associated with the project's implementation, but these do not translate into tangible, evidence-based assumptions and strategies for ensuring the sustainability and replication of sector strategies and MSCs beyond the point of the project's closure in December 2018. These risks have not been systematically assessed and mitigated for the remaining term of the project's management.

Implementation of the partnership approach

ÉLAN's focus on partnerships with established or high-potential private sector partners as conduits for investment, innovation and market testing has been generally successful as a means to pilot new approaches. In a context where information on and linkages to markets, technology, training, inputs and credit (i.e. almost all features of a functional supply chain) are almost completely lacking, this approach is understandable as a means of engaging in market systems. These partnerships provide the risk-exposed vehicles for establishing the commercial feasibility of targeted supply chains, the risks and constraints to be addressed, and the delivery mechanisms and business models to be pursued. It is less clear how for this approach can be sufficient to achieve strengthening of market systems, rather than of individual firms.

For the most part, ÉLAN's interventions are built around strong and appropriately selected commercial partners. Partners' credibility has typically been tested through small, targeted early forms of support. Partnerships are explicitly time-limited and involve cost and risk-sharing arrangements around the fulfilment of pre-defined targets. Cash payments are made retrospectively in relation to the achievement of defined deliverables and milestones. Partnerships are regularly monitored, and renewals or extensions are treated as new initiatives, requiring full *ex ante* appraisal by ÉLAN's senior management team. Through its regional offices, competent staff and close oversight by project management at all levels, ÉLAN operates close to its prioritised sector markets and partners. While this is a necessary condition for effectiveness, it is not sufficient as is evidenced by certain inappropriate partnerships active in the Non-Perennial Agriculture sector.

ÉLAN's financial contributions to partners vary and, apart from significant investments in support of renewable energy and banking partners, are relatively low both in absolute terms and in relation to partner commitments. The emphasis of most partnerships is on the provision of information and TA to illuminate market opportunities and to establish the feasibility of products and services targeting the poor, and M4P business models. In some cases, particularly in relation to renewable energy and certain BB partnerships, ÉLAN's investments have involved subsidising partners' core operational, and specifically expansion, costs which conventional M4P approaches eschew on the grounds that these are distortionary and can lead to dependence and displacement. Given the almost non-existent nature of these markets

and the extension of such support across a number of competitors, the risks of such unintended consequences are deemed to be low and to be significantly outweighed by their catalytic sector-wide impact.

ÉLAN's implementation model has largely been effective in delivering partnerships which produce the outputs intended from the pilots, but it is much less clear that the implementation model is sufficient to achieve results at scale through expansion and response. It is also not clear that the project has generated sustainable improvements in market systems, as opposed to the performance of particular enterprises.

Given the diversity of its operating sectors and the different market facilitation constraints and opportunities associated with each, ÉLAN's interventions are located across a fairly wide spectrum—from 'pure' facilitation (e.g. in the support given to the strengthening of the coffee sector industry association (ASSECAF) and related advocacy and web-based market information initiatives), to transactions-orientated support where early market risk and cost barriers are simply too high for investors to overcome (e.g. ÉLAN's partnerships in the RE sector). In some instances (Non-Perennial Agriculture), interventions might be founded on rather weak diagnostics or unsustainable subsidy, but this does not undermine the validity of ÉLAN's overall M4P approach and its robust application in certain sectors.

D.3 Is ÉLAN delivering MSC?

D.3.1 To what extent are interventions effectively targeting and achieving appropriate and priority MSCs?

ÉLAN has identified priority market systems. For inclusive supply chains to work they need access to appropriate inputs including finance, sought-after products and services, secure markets and a supportive business climate. From the analysis of case study interventions and sector reviews, it appears that about 40% of the market systems identified by ÉLAN are being effectively addressed, 30% are being addressed to some extent, and about 20% are not being materially changed. The issue for ÉLAN is whether these MSCs are being delivered for the whole market or just for individual pilot firms. To date, the focus has been on individual enterprises, but there are recent indications that this narrow view of MSCs is being broadened.

A tabular assessment of each sector's relative success in achieving MSC and impact is presented in Annex E, based on the sector reviews and intervention case studies. The assessment examines whether private partnerships can facilitate pro-poor MSCs, and whether these changes are benefiting the ÉLAN target group. The salient features of this analysis are presented below. Since no explicit targets against which to measure progress at MSC-level have been set, it has not been possible to base the assessment on progress towards targets.

Renewable energy interventions: four strong partnerships with renewable energy importers and distributors (one international, three local) have laid the foundation for the fulfilment of most targeted MSCs, which in turn are contributing to the emergence of a stable national renewable energy supply chain with accelerating sales in all regions. An increasingly diverse and sophisticated product range is emerging and proving to be affordable to consumers, thanks to innovative PAYGO technology which is embedded in even the most basic solar home systems. This has overcome barriers to affordability by poor consumers which were evident at the project's inception and which undermined the scope for the renewable energy market's establishment and growth. This illustrates significant MSC change in this sector.

Perennial agriculture interventions: early partnerships around coffee out-grower schemes have yielded strong linkages with smallholder farmers with tangible benefits to all. This has led to effective traceability and certification systems which are vital to re-establishing the DRC as a reliable source of speciality coffee, a precondition for realising and sustaining premium market prices. Co-investment by partners in quality infrastructure and training has demonstrated the commercial feasibility of out-grower schemes and related supply chains. ÉLAN has contributed to the organisational strength and research base of the coffee industry association, Association des Exportateurs du Cacao-Café de la DRC (ASSECCAFF), which achieved a major breakthrough in the form of a 3.5% cut in the coffee export tax. This is evidence of broad MSC change that extends beyond the individual firms. This has caused a marked and continuing decline in smallholder farmers use of informal export channels, simultaneously enhancing their returns. There is early evidence of a growing number of local buyers entering the market and the diversification of international demand to new geographies, particularly south-east Asia. Significant MSC is thus evident in the coffee sector.

A2F–BB: rapid progress is evident in terms of partnerships with financial institutions to develop adapted BB products. This extends to partnerships with the Foundation for International Community Assistance (FINCA) rolling out rural agent networks, already attracting very significant deposits. Trust Merchant Bank (TMB) is poised to use post office infrastructure to offer basic financial services to rural clients. MSC for mobile money has been more muted. Efforts to raise the profile of (and confidence in) mobile money has gained some traction, but the initial spike in interest and registration by cell phone users with implementing MNOs have not been maintained. In summary, significant recent MSC progress for BB and much less impressive for mobile money.

A2F–SMEs: the successful establishment of the CMA now faces the challenge of how to engage smaller farmers effectively. We believe that this may not work particularly effectively with low-income smallholders in a weak cooperative arrangement, but has a much better chance of success with emerging commercial smallholders. ÉLAN has successfully facilitated linkages in the form of two working capital loans between a bank and boat operators. These appear to be sustainable and, in terms of the group savings and loans structure, possibly even expandable. The development impacts appear to be more tenuous. The loan structured to finance working capital for a cocoa aggregator was excellent in principle, however, the institutional weakness of the recipient is undermining the benefit of this MSC change on the cocoa smallholder farmers. This sector demonstrates strong MSC but rather weak ability to cascade benefits of this to ÉLAN target group.

Non-perennial agriculture: the support for local seed producers has all the hallmarks of an excellent intervention, affordable and appropriate for the ÉLAN target group and financially viable. The OPV seed suppliers are receiving bank finance, so pilots should be capable of expansion. The interventions aiming to support smallholders to adopt hybrid seeds in Katanga is appropriate for emerging commercial farmers, but less likely to be viable for low-income smallholder farmers. In Kivu, it appears that smallholder farmers are benefiting from hybrid seeds. Signs of expansion from the pilots is not yet clear. The out-grower schemes have a mixed record of success, although with restricted outreach. This sector demonstrates a mixed picture of MSC and the delivery of benefits to low-income groups.

River transport: early gains in the organisation of boat operators to reduce the collection of illegal taxes and fees are significant but are being undermined by the organisational fragmentation of the supply chain across boat owners and traders, and the strong vested interest that officials have in sustaining the *status quo*. ÉLAN's work with boat operators to

lower high transactions costs through aggregation points, most recently under the auspices of freight forwarders, is more promising. A mixed picture on MSC, therefore, with no clear evidence of the benefits of this accruing to the poor.

Overall all sector studies provide some evidence that ÉLAN is targeting appropriate and priority MSCs. The cascading of benefits from the MSC to low-income groups is much more mixed as is the potential to move from supporting individual pilot firms to overcome constraints towards supporting broader, sector wide change.

D.3.2 To what extent are partners implementing practices piloted by ÉLAN and why?

Where practices piloted by ÉLAN have delivered positive changes in partners' commercial returns and future growth prospects, these are generally being adopted and adapted into their business models. This is particularly true of interventions in renewable energy and access to finance and some agriculture interventions where incentives between commercial actors and emerging market participants are clearly aligned.

There is significant evidence of adoption across our sectors. In Perennial Agriculture, coffee exporters have adopted the pilots but have not yet fully adopted all the expensive training components. In renewable energy, local partners are expanding well but still require support to finance the import of solar products from their international suppliers.

In SME finance, the commercial relationships between partners and financial institutions were established from the start of the pilot which augers well for sustainability and expansion. For Non-Perennial Agriculture the local seed supplier interventions are viable and commercially-based and are well on the way to adaptation, while other interventions remain more dependent on on-going ÉLAN support. Branchless banking and river transport are too nascent to be able to assess the extent of adaptation.

D.3.3 To what extent are market actors other than ÉLAN's partners adopting piloted practices and why?

Among market actors not directly engaged with ÉLAN, there are limited signs of interest or activity in adopting piloted practices without the need for some form of subsidy or support. It is understood that a bank, TMB, has invested in a CMA arrangement as a copy of the pilot CMA. The first, albeit partial, quantification of 'indirect' beneficiaries (resulting from expansion and replication) by ÉLAN in early 2018 estimates that there are some 12,000 'indirect' beneficiaries compared with a reported outreach of 400,660 'direct' beneficiaries with increased income. This low level of expansion and replication is partly a result of the 'thin' markets in DRC but it is also a consequence of an approach which focuses on the pilot enterprise rather than the broader market system.

An important finding of MTE was that there is almost no unsupported expansion and response to ÉLAN pilots. In the longer term (i.e. up to 2020), there may be prospects for this in specific parts of some of ÉLAN's high-potential sectors. Today, even successful and established suppliers in the fast-growing markets for household RE systems in East Africa require significant risk-sharing support before countenancing a move across the border into DRC. The (subsidised) 'crowding-in' of reputable international suppliers could, over time, change investor perceptions to the point that they will move in, or emerge from the domestic market, without support, but this is unlikely in the immediate future.

The stable growth and diversification of the coffee supply chains catalysed by ÉLAN have laid the foundation for the arrival in the next few years of a number of second and subsequent movers active at different points along the coffee sector's value chain.

Although the financial sector is very shallow and underdeveloped in DRC, it is unsurprising that this sector yielded the first significant example of expansion for an ÉLAN pilot.

D.3.4 Are there any unintended consequences resulting from ÉLAN's interventions?

Unintended consequences appear to be few and are limited to the non-perennial agriculture sector where partnerships aimed at improving the supply of quality seeds to smallholders may impose a high risk of failure on recipients who are ill-equipped to manage the additional costs and risks involved in Katanga. In the same sector ÉLAN's involvement in the SEK out-grower scheme, risks exacerbating the 'toxic' relationship between a mine and smallholders. There is evidence in the river transport interventions that boat owners are sourcing maize at low—although market relevant—prices from smallholders. These low prices may indicate the exploitation of farm labour. Generally, ÉLAN's private sector partnerships do not compromise the broader environment for competition and autonomous investment. Any such risks are outweighed by their (potential) market-enhancing, demonstration and crowding in-effects

ÉLAN partners with several competing market actors across its sectors of operation, and few are in a position to assert market dominance, now or in the near future. Under the BB intervention, ÉLAN provides significant financial support to some of the largest banks in DRC (TMB, for instance, which is about to receive an ÉLAN grant of \$0.5 million and has 94 branches, representing about half of the total 180 bank branches in the country). While ÉLAN is correct to support organisations of this scale to roll-out an ambitious rural banking service, the possibility that this will inadvertently reinforce their future dominance in the market for financial services is material. Set against this is the risk that a smaller organisation would not have the institutional capacity and balance sheet to support an intervention seeking to establish 600 Points of Sale across rural DRC. In no other sector, except perhaps the niche of renewable energy, is ÉLAN working with partners with this degree of market dominance.

In ÉLAN's agricultural partnerships focusing on distributing hybrid seeds, there are a number of potential unintended consequences (detailed in the technical annex), including:

- negative NAIC for low-income smallholder farmers who buy expensive hybrid seeds and other inputs but do not increase yields sufficiently to cover their additional costs, because they cannot afford sufficient inputs and/or do not know how to use them effectively; and
- the exacerbation of pre-existing adversarial relationships between mines and a local community in Katanga, where ÉLAN has sought — with justification—to increase reimbursement rates from pre-financed input supplies for contract farmers.

The use of CTM, an NGO, to act as the interface between cocoa farmers in Equateur and a Japanese cocoa exporter has (hopefully temporarily) severed the link between farmers and a more viable export market. CTM had to stop purchasing cocoa from the farmers because of a lack of insurance. The focus group discussion clearly demonstrated the need of the cocoa farmers for a reliable buyer of their output.

D.3.5 What benefits are being delivered to low-income producers, consumers and women?

The extent to which achieving a logframe NAIC target of £30 will benefit a Congolese household will often be marginal. The extent to which the benefits of ÉLAN's interventions and related MSCs can be traced to low-income producers, consumers and women varies. In the renewable energy and agriculture sectors, such benefits are clearly discernible. In the access to finance for SMEs and river transport sectors, far less so—even though the interventions may be more systemic. Interventions specifically targeting women producers have yielded strong and sustainable gender-specific impact. The choice of sectors has a significant impact on gender outcomes; renewable energy and branchless banking are less male-dominated. In the agricultural sector, the experience of Twin and contract farming shows that women are outperforming their male counterparts. Low income producers may not be capable of responding to some of the market opportunities facilitated by ÉLAN. This raised concerns about the project's focus on the very poor rather than on more established small producers who have a greater capacity to participate in formal markets and respond to incentives. Although ÉLAN is a market development programme, it is producing significant women's economic empowerment benefits. The project has made concerted efforts to acknowledge and address women's structural position in the contexts of both the household and the market. Both of these dimensions support the observation that ÉLAN is playing an important role in addressing gender issues.

A £30 income gain, or saving, obviously has meaning to a low-income household. However, the £30 NAIC logframe target should be placed in context. It only represents a 1.1% income increase (or saving) for a household living at the World Bank 2017 poverty threshold of US\$1.90 per person per day (so \$3,676 per year for a household of 5.3 people) — and clearly less if this benefit is accumulated over several years. Obviously, the scale of benefit is proportionately larger for people living far below the poverty threshold. Therefore, in setting NAIC targets at this low level in combination with a high poverty threshold, DFID has created a strong incentive for ÉLAN to spread relatively small benefits over a large number of 'poor' —but not necessarily low-income by local standards—beneficiaries, rather than attempting to make a more meaningful step-change in their livelihoods (such as exiting poverty for good).

The point here is that quantitative impact-level targets for ÉLAN contain an implicit objective for the project, which is to rapidly deliver small benefits to very large numbers of people. This is not an illegitimate goal. However, our impression is that developmental goals (such as significant MSC or structural economic transformation or poverty reduction) have been subordinated to DFID's preoccupation with providing VFM.

The emphasis within the project on meeting NAIC targets means that all interventions require evidence they will contribute to the delivery of aggregate NAIC to be authorised. As part of the MTE process, the team assessed the validity of the intervention results for the sample of interventions where evaluators visited projects in the field and were able to meet beneficiaries and partners. From this small sample of six case studies, we raised relatively significant results measurement issues relating to interventions in agriculture non-perennials, river transport, A2F-individuals and -SMEs, and renewable energy.

The MTE team is in the process of exploring these measurement inconsistencies with MRM staff in ÉLAN, and will outline the issues in more detail in the technical annexes that will follow this report. However, the key issues observed were:

- a lack of clarity on the counterfactual (i.e. without ÉLAN) scenario. In several intervention cases, it was not clear in monitoring reports what would have happened without the ÉLAN intervention and, therefore, what the additional impact of the project was;
- for interventions where impact-level results are modelled, rather than directly measured, the models are based on a series of assumptions. The empirical basis of these assumptions was in several instances not entirely clear, and seemed intuitively questionable;
- for several interventions, there appear to have been simple arithmetic errors or a confusion between gross and net income increases; and
- calculating NAIC requires a clear view on the poverty threshold to be applied to beneficiary groups. The poverty threshold is based on the international poverty line (\$1.90 per person per day) rather than the median household income (the definition in the logframe). Resolving this ambiguity is important because the international threshold is twelve times higher than the local measure for men for the average household size in DRC.

ÉLAN systematically tracks the impact of all its interventions on both women and men. Certain interventions have focused exclusively on women beneficiaries (see the Twin Perennial Agriculture case study which is in the separate technical annex), with a view to testing business models which overcome the structural exclusion of women from participating in and benefiting from high-potential markets (e.g. coffee).

A new measurement methodology to assess role change for women was developed in 2017. In particular, the measurement of role change is now more sensitive and nuanced, mapping out the progression of women's roles across six criteria areas (recognition/reward of women's work, new positions, access to capacity development, improved conditions, improved status, access to targeted goods and services). As part of this process, the programme is deploying two main measurement approaches, one at the intervention level (involving partner interviews and a women's role change survey), and the other at the sectoral level, where sector-specific 'role change' sheets identify (where role change is considered feasible) current roles, ÉLAN's vision for change, possible indicators and guidance on measuring them. La Pepinière's technical assistance pool has also supported the development of ÉLAN's approach to measuring changes in women's roles.

According to ÉLAN's MRM, 124,000 women have benefited from income increases attributable to the project. Of these, over 70% are beneficiaries of two of ÉLAN's six target sectors (renewable energy and non-perennial agriculture). In terms of beneficial role change, renewable energy again scores highly, with 7,437 cases of beneficial role change, while AG-NP cites 3,292 cases. By contrast, the transport sector shows just 8 cases of beneficial role change, and 5,674 cases of female NAIC. Access to Finance-SME also shows only a modest number of cases of women's NAIC, and lists no women changing beneficiary role.

ÉLAN has collaborated with La Pepinière on an initiative to increase adolescent girls' access to mobile money. This was La Pepinière's most successful mini-pilot, demonstrating that mobile money saving, combined with targeted training and mentoring, allowed young women to improve their economic empowerment index scores within a very short time frame. ÉLAN also contributed to a second mini-pilot, which focused on helping young women leverage and improve their social capital to support their economic activities. The empowerment results from this pilot were not as strong as those from the pilot on mobile money, but it nevertheless generated important learning on young women's economic empowerment. ÉLAN has also joined forces with Eссор and ECI to support the launch of a representative body of women

working in the coffee and cocoa sectors, the *Initiative des Femmes dans le Café-Cocoa*. This has helped facilitate purchases by Western buyers.

ÉLAN is a market development project, so it is uniquely challenging to measure and attribute household-level effects, as the beneficiaries themselves are not always identifiable (although in some cases, such as women's coffee trade groups, they have been). To build greater understanding of the project's gendered impact, a series of qualitative case studies have been/continue to be developed, allowing an in-depth focus on changing intra-household dynamics, as well as contextual variations and programme adaptation to these.¹² In 2017 ÉLAN published three case studies, focusing on WEE with reference to commercial maize farming, improved cooking stoves, and the marketing and distribution of female-only-produced coffee into Western markets.¹³

Although ÉLAN's primary focus is income change, proactive efforts have been made to identify and, where possible, leverage social empowerment outcomes. The project recognizes that the household is not separate from the market system, but is rather an integral part of it, and furthermore that intra-household norms and structures are key to unlocking the transformative potential of the interventions on women's lives. For example, in the renewable energy sector, ÉLAN recently developed a consumer awareness campaign. The project used this opportunity to subtly promote progressive gender norms through men and women *both* engaging in productive and care-based roles (rather than promoting images on men at work and women at home). The project is also conscious of the inherent risks of trying to intervene in and disrupt established household gender norms.

D.4 To what extent are the MSCs being delivered by ÉLAN likely to deliver sustainable impact?

D.4.1 Are the MSCs achieved by ÉLAN likely to continue to have impact?

The evidence from sector studies suggests a mixed picture with regard to MSCs that have occurred leading to sustainable impact. There are clear indicators of this happening in access to finance, renewable energy and coffee. Sustainable impact is less likely in river transport and there is a mixed picture in non-perennial agriculture.

A summary assessment of the extent to which each sector's MSCs are likely to have an impact beyond the life of ÉLAN's support (meaning the delivery of net additional income to low-income people) is contained in Annex C, the key features of which are presented below by sector.

Perennial agriculture: the evidence suggests that the MSCs delivered up to now are likely to be sustained beyond the project's termination without the need for ongoing support. This is because the parties on both sides of the out-grower partnerships have a shared commercial interest in maintaining and growing their newly established transactional relationship. Overall, continuing strong demand for coffee, the maintenance of the DRC's emerging credibility as a source of speciality brands, and a strong shared interest between small holder farmers, exporters and international buyers in continued partnerships are likely to sustain the sector's growth and the impact of the MSCs without the need for ongoing subsidy.

¹² Jordan, S. (2017). *ÉLAN RDC's Women's Economic Empowerment Learning Series: Case Studies 1-3*.

¹³ *ibid*.

Renewable energy: the prospects for sector MSCs achieving sustainable impact by December 2018 are reasonable, with existing partners having strong incentives to continue to invest and grow without outside support. This optimistic trajectory is contingent on ÉLAN's ongoing support—at least for the remainder of the project—for securing import finance for Altech and Dev Solaire at a sufficient scale that can meet the market's growth in demand. This import cover currently takes the form of partial (50%) guarantees extended by ÉLAN to international suppliers in China. They allow the buyers to place orders for large shipments (of at least one container) and payment over a period of three months, cover that is not currently available. These guarantees have been arranged without the knowledge of the buyers (Altech and Dev Solaire, two of ÉLAN's main partners) so as not to distort their behaviour or influence future expectations. The concept is that these guarantees provide sufficient (temporary) cover to demonstrate the creditworthiness and commitment of the two local buyers to their international suppliers.

After a further guarantee round, the plan is for ÉLAN to withdraw its part guarantees and for the import transaction to be financed on normal commercial terms between the buyer and the supplier. Addressing the current 'imports at scale' constraint experienced by renewable energy importers should be a priority for ÉLAN, along with the accelerated facilitation of a slowly emerging vision for a national renewable energy association (needed to address the onerous 43% import tax regime) for the remainder of implementation. Innovative PAYGO technologies will continue to enable strong take-up by poor customers and other market segments, which will drive continued consumer demand, investment by existing partners and growing confidence in the DRC market from international suppliers. The introduction of PAYGO systems reaffirms the need for importers to secure larger and longer-term supply contracts linked to the necessary credit arrangements. Without these arrangements, PAYGO technology will not be able to scale in the DRC, as it will simply exacerbate the cash flow constraint experienced by local distributors that is currently depressing sales below effective market demand. There are signs of market interest from DRC's major white goods retailers which, if it materialises, will secure the sector's establishment and long-term growth.

River transport: ÉLAN's work with freight forwarders, aimed at facilitating their function as aggregators of commodities to be transported, has the basis for sustainability. Provided the pilot, which incentivises freight forwarders to serve as cargo aggregators, expands to new ports and proves financially viable beyond the period of ÉLAN's support, this has the potential to substantially transform the efficiency and costs of river transport businesses at all participating ports. Whilst, the impact of this new service on smallholder farmer incomes (the aim of the intervention) is not yet clear, this could be a short-run issue. The longer-term effect, by increasing domestic trade between the interior and Kinshasa should, by reducing transport costs, increase farm-gate prices for agricultural produce in the interior. ÉLAN's initial success in reducing a raft (38) of illegal taxes and fines is not sustainable, as the pressure from authorities to reinstate informal means of revenue collection mounts.

Agriculture non-perennials: this is likely to deliver sustained impact for the locally-sourced OPV seeds. These are affordable to low-income smallholder farmers and, without the use of expensive inputs, will reliably increase yields sufficient to cover additional costs and are viable for local suppliers. The imported hybrid model in Katanga has an uncertain viability both for the supplier and for many low-income smallholder farmers, so is unlikely to be sustained. However, if hybrids target the emerging commercial farmer sector (some of whom may not be low-income) there could be sustainable impact, and this could start to transform the agricultural sector, with long-term pro-poor consequences. In Kivu, the hybrid supplying model

appears to be viable for both supplier and smallholder already. Hybrid seeds are produced locally, so are more affordable than imports. Also, in Kivu, hybrid cultivation does not require the expensive other inputs required in Katanga to achieve good yields. For the out-grower schemes, generally, the arrangements appear to be sustainable. In the case of the SEK mine, contract farmer yields and reimbursement rates dropped in 2017, in part as a consequence of ÉLAN's proposal to increase the cost recovery of the pre-financed inputs. This suggests that the sustainability of this specific out-grower scheme is more questionable.

A2F–SMEs: the CMA model is viable and sustainable when serving large commercial farmers. On the evidence of the previous CMA pilot in Kivu, we believe that this may not be the case when the model is extended to large numbers of low-income smallholder farmers in Fungurume. However, this mechanism could work well with emerging commercial farmers. The sustainability of working capital loans to boat operators will depend on their repayment record, but the MSC will only gain traction if loans to more than two boat operators are extended. At present the banks do not appear to have an appetite to extend their river boat portfolio of loans.

A2F–BB: the hiatus in user registrations for mobile money is only likely to be broken if MNOs successfully link with financial institutions to offer banking services, and these partnerships are not yet in place. We thus have a pessimistic view of the potential for mobile money to deliver increased incomes to the target group by December 2018.

The viability of BB is different. The FINCA2 pilot to facilitate new rural agent network accounts in Katanga is nascent but looks promising, with sound customer demand and higher than expected deposit rates being maintained across pilot areas. The participation of well-resourced corporates in the pilots and their positive experience to date mean that there are strong incentives for partners to incorporate them into their core business and to scale them independently of any further support.

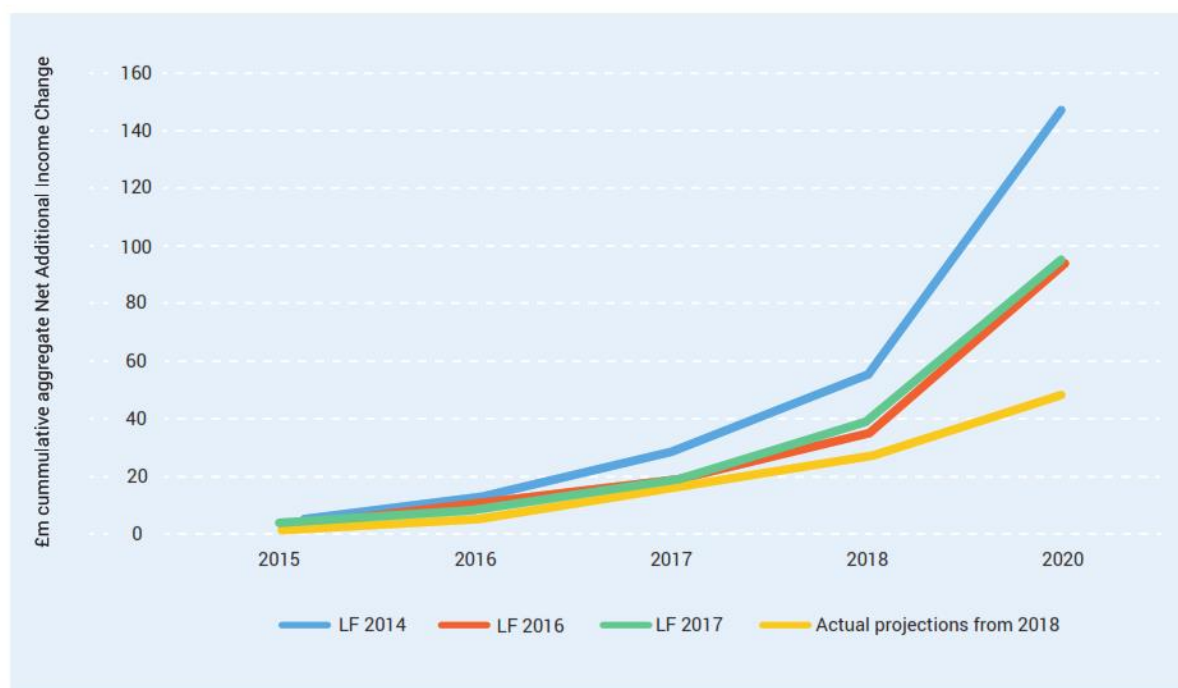
D.4.2 Will MSCs be sufficient to meet project impact targets?

Under the most plausible assumptions associated with existing interventions, it seems unlikely that MSCs across ÉLAN's sectors will be sufficient to meet the NAIC impact targets set out in the logframe. We reach this finding for two reasons.

First, there are not yet convincing projections in place that give sufficient confidence that impact targets will be achieved. The most recent projections, presented to the DSU in February 2018, show the outreach target of 1m to be reached by 2020, but only demonstrate how £44.4m of cumulative NAIC will be achieved, compared to the £88.4m logframe target. These projections do not include indirect beneficiaries and nor do they include compounding (i.e. sustained benefits to the same beneficiaries beyond one year).

The extent of indirect beneficiaries is dependent on the expansion and replication of interventions by non-pilot firms. Elsewhere in this evaluation it is argued that such expansion and replication will be less than intended because of a strong focus (until recently) on firm-level change rather than broader market system change. It is more plausible that compounded (i.e. sustained) benefits will close the gap between the projection and the logframe target. However, the extent to which this will be the case is made less clear by this evaluation's analysis suggesting that there are clusters of existing interventions that would be unlikely to survive beyond the end of ÉLAN support in 2018.

Figure 5 Cumulative aggregate NAIC logframe targets, ÉLAN achievements and projections



Second, because there is a risk that existing NAIC figures reported are higher than the reality. The in-depth case study analyses conducted for the MTE suggested several examples of unfounded NAIC values for specific interventions, which were not fully identified by the more systematic desk-based verification exercise. The extent to which these instances might pull down the overall results estimates cannot be quantified at this point, as the case studies were only a small sample of the full range of project interventions. The fact that the verification exercise as a whole gave a 'medium' confidence rating of the project's reporting of NAIC would suggest that reported results should, nonetheless, not be a complete misrepresentation of reality.

D.5 Is the way in which indicators are being measured and reported providing an accurate reflection of project performance?

It is not possible to give a definitive judgement at this point. The verification exercise demonstrated some weaknesses in measurement. However, all indicators were rated with at least 'medium' confidence that reported results reflect reality. More in-depth review of reported results for specific interventions as part of the MTE process, including through primary data collection, raised concerns with measurement that had not been revealed during the verification process. ÉLAN does not appear to be suitable for a PBR mechanism.

D.5.1 Are the assumptions informing the modelling of results for different categories of beneficiaries (producers, consumers and women) consistent with evidence?

The verification exercise gave at least a 'medium' confidence rating for results reported against all logframe indicators. This exercise assessed the quality of data collection processes, analysis and results modelling against a set of criteria developed according to international

standards for data quality. It was a desk-based approach which covered the entirety of ÉLAN's intervention portfolio. However, the more in-depth documentation review and primary data collection undertaken for the intervention case studies raised some concerns about the assumptions underpinning results estimates not captured by the verification exercise.

The sector studies conducted in the MTE were only able to explore in detail the assumptions underpinning the modelling of results for beneficiaries through the intervention case studies. The findings were mixed. They revealed:

- a high degree of credibility in the case of the modelling of results for some (but not all) the renewable energy and perennial agriculture case studies, both in terms of NAIC estimates and beneficiary projections;
- results from the non-perennial agriculture and access to finance–SMEs case studies indicated NAIC and beneficiary calculations to be implausible and founded on a range of assumptions that appeared to lack a clear empirical basis;
- in the A2F–BB sector, doubts were raised about the relative poverty—according to DFID DRC's measure—of the beneficiaries targeted by the intervention and the projections of outreach; and
- in the river transport sector, the difficulty in achieving A2F for boat operators, and the delay in launching what now seems the more promising model for cargo aggregation, must curtail even this sector's comparatively modest projections. The link between improved performance of river boat operators and development impact (i.e. increased purchases of agricultural goods in a way that benefits smallholder farmers) is convoluted and appears to be based on a series of questionable assumptions.

These findings suggest that the verification exercise was limited through its desk-based nature and the relatively light-touch approach it had to adopt to be able to cover every single one of the project's interventions. Even so, the fact that such a comprehensive exercise rated results reported against all logframe indicators with at least 'medium' confidence does suggest that ÉLAN's overall results should not be a fundamental misrepresentation of reality. The concerns noted through the primary data collection of the MTE process suggest, however, that there remains significant scope for improving the quality of results modelling.

D.5.2 Is the MRM system providing accurate information on changes in beneficiary behaviour (partners, producers, consumers and women)?

The MRM system is comprehensive and capable of capturing and presenting information on all relevant aspects of beneficiary behaviour. The verification exercise gave at least a 'medium' confidence rating for results reported against all logframe indicators, including those regarding changes in beneficiary behaviour. However, as above the more in-depth documentation review and primary data collection undertaken for the intervention case studies raised some concerns about accuracy of information that were not captured by the verification exercise.

D.5.3 Is the way project performance is measured and rewarded providing appropriate incentives to achieve PSD objectives?

The focus on NAIC and outreach as the principal measure of project performance appears to distort incentives towards an excessive focus on short-term impact deriving directly from the results of the pilots at enterprise level, and away from longer-term improvements in market

system performance. The poverty targeting may also be creating a bias towards focusing on groups who are poor but not necessarily well-placed to benefit from project interventions. Details of the PBR contractual arrangement were not available to the MTE team, but the project does not appear to meeting the conditions for PBR (based on impact achieved) to be an appropriate payment mechanism.

Measurement and use of NAIC as a target

The MTE has found that the estimation of aggregate NAIC for poor producers and consumers (the basis of impact targets) has been of variable quality and has lacked sufficiently systematic means of estimation and review. However, without independent primary data collection across many more interventions it is not possible to judge how accurate estimates may be. The achievement of MSCs has not been rigorously defined or measured in a way that makes this a suitable target or enables aggregated conclusions about results achieved to be reported. Again, verification of MSC claims (particularly beyond the period of project implementation) requires a substantial investment in independent primary data collection. It is possible that the way in which targets have been set creates biases towards making over-optimistic assumptions (about prospects for expansion and response, and the extent to which target beneficiaries are reached) that are difficult to test, and towards the short-term achievement of attributable impact for households compared to longer-term and deeper strengthening of market systems.

The use of a globally derived measure of poverty (i.e. incomes <US\$1.90/day) to define the beneficiaries to whom NAIC is targeted potentially creates two types of incentive problem.

First, it might distort the focus of ÉLAN's interventions away from interventions with potentially strong transformative and systemic change potential but which do not align strictly with the project's target group. This was evident from the non-perennial and A2F BB sector reviews, which revealed scope for sustainable and scalable systemic change associated with a CMA warehouse receipt and an agent-based BB intervention respectively. Whilst the short-term beneficiaries of the interventions were unlikely to mainly conform to the project's definition of poverty, the measure of the derived benefit—NAIC—ignores the transformative benefits of interventions like these. The danger of using NAIC to quantify the value of interventions is that it encourages a myopia which excludes interventions which are, over the longer term, likely to benefit vulnerable groups significantly.

The second potential problem is that applying the 'dollar a day' international poverty line threshold in the DRC context includes almost 80% of the population as potential ÉLAN beneficiaries. Using this somewhat arbitrary measure, the 'poor' in DRC include a huge range of people from the destitute to the urban, educated middle-class. The problem with having a 'target' that covers the vast majority of the population is that it ceases to be a target at all. This creates an incentive for projects to focus interventions on the relatively 'easy-to-reach' group just below the poverty threshold who, whilst 'poor' by international standards, have the social and financial capital to respond quickly to interventions such as renewable energy. This is how a target group that is drawn too widely can result in the paradox of a poverty reduction project excluding people living on even average incomes. Recognising this, ÉLAN is proposing to explore poverty profiles amongst its target population.

Suitability for a PBR mechanism

Details of the contractual arrangements between DFID and the ÉLAN service provider in relation to PBR have not been provided to the MTE team, so a full assessment of the possible incentive effects has not been made. However, it is understood that a PBR mechanism is in place (providing the rationale for the verification process included in the DSU Terms of Reference). Some observations can be made, based on a literature review on PBR and market development programmes and the wider findings of the MTE.

A literature review¹⁴ strongly suggests that PBR mechanisms are most successful:

- where the indicators to which payments are linked are clearly defined, measurable, and under the control of the service provider (so that the service provider can be held accountable for the results); and
- when the PBR mechanism (including the verification procedure) is designed in consultation with stakeholders and is fully developed and agreed ahead of programme implementation.

Experience with PBR mechanisms is as a result heavily focused on the delivery of services that are directly measurable and objectively verifiable (especially the delivery of basic health services like vaccination), with a focus on the output level (since these are under direct control of service providers). Even in cases that meet the criteria, the design and implementation of effective mechanisms that provide appropriate incentives and rigorous verification is often time-consuming and expensive. Evidence suggests that poorly-designed PBR mechanisms can lead to inappropriate incentives, gaming responses by service providers, and the diversion of management resources away from achieving the most appropriate results.

Market development programmes appear to pose particular challenges for PBR mechanisms, especially when applied at outcome- or impact-level, and there appear as a result to have been few attempts to apply PBR approaches. These challenges include:

- the nature of the outputs produced, and outcomes achieved, can be very varied in complex programmes with multiple interventions across several sectors;
- market development programmes are designed to be highly responsive and adaptive so that it may be difficult to predefine targets;
- the extent to which the service provider may reasonably be held accountable for outcome and impact-level results is likely to be limited since they depend heavily on; and
- where the estimation of impacts depends on modelling and aggregation across large numbers of interventions, there are substantial obstacles to objective verification since (a) it is not feasible to collect primary data of sufficient quality; and (b) model parameters and structure may be judged for plausibility and consistency with evidence but cannot be objectively verified.

Only two DFID-funded market development programmes have been identified that have attempted to implement a PBR mechanism—ENABLE2 in Nigeria and NUTEC in Uganda—and they have both encountered difficulties. The PBR mechanism for ENABLE2 was abandoned because it proved unworkably bureaucratic. The PBR mechanism for NUTEC is a

¹⁴ See Clist and Dercon (2014), Clist and Verschoor (2014), ITAD (2015), Matthieu *et al.* (2017), the Swedish Development Agency (SIDA) (2015), and Taylor (2013).

hybrid system that only assesses results at output level. However, it has proved difficult in that case to reconcile fixed targets with a flexible and adaptive market development approach.

These considerations suggest that ÉLAN is not suitable for a PBR approach, particularly because of the large number of diverse interventions that are involved which precludes rigorous verification of impact through primary data collection and consequently that any attempt to implement this approach may not provide appropriate incentives.

D.6 To what extent are ÉLAN's management processes appropriate to achieve planned results?

ÉLAN's processes to initiate, test and drive partnerships and initiatives are efficient and effective. The initiation of some 170 interventions during the four years of implementation is testament to this highly productive and adaptive programme. However, some flaws are evident in the design of certain partnerships, and ÉLAN's management processes have not always been effective in recognising and responding to these weaknesses and their consequences in a timely fashion.

D.6.1 To what extent are the processes governing the design, approval and close-out of interventions effective?

The quality of intervention diagnosis and design is heavily focused on the delivery of rapid logframe results. In some cases, this critical process of identifying the binding constraint, justifying the appropriate entry point with an intervention and explaining the intervention logic through which results are envisaged is reasonably robust—and the logic can be traced from the inception activities in 2013.

In other cases, this documentation is weak or even absent from the MRM. There is understandably (at least while DFID persist with their extremely ambitious targets for outreach and NAIC) a close focus on the projected 'results' that can be delivered by additional interventions. A concern is that the need to process a large number of interventions to generate large and rapid 'results' may, on occasion, displace the appetite to be rigorous about the rationale and logic for each intervention. An analysis of the documentation in the ITT suggests that intervention approval decisions are, with reason, focused on the ability of the proposals to deliver results quickly and with limited ÉLAN financial support, rather than an analysis of the more fundamental intervention logic and rationale itself.

The consequence of this is that the MTE team found themselves sometimes having to infer the diagnostic and results chain for an intervention rather than having all the documentation in the ITT complete and available.

Given the complexity of the context and the market development approach, it is important to effectively monitor the implementation of interventions with short feedback loops, to enable adaptive planning and management processes. While the seven-person MRM team in ÉLAN has been very active, the MTE has revealed weaknesses in the MRM that go beyond those identified in the desk-top verification exercise of October 2017. The lessons generated by implementation experience also do not always feed systematically and effectively into intervention design and course correction of ongoing interventions.

As important as the sustainability of intervention close-out is the likelihood of future scale-up, given the result of project projections indicating that ÉLAN is likely to fall well short of NAIC

targets through the pilot projects alone. The MTE team was not convinced of the prospects for expansion and response because, until 2018, the implementation model was focused largely much on enterprise-level pilot projects rather than broader market system change.

D.6.2 How effective are management arrangements between Kinshasa and the four regional offices?

A highly decentralised team structure is an appropriate response to infrastructural and geographical conditions in the DRC. A matrix management approach gives the right level of oversight and independence for the professional and productive ÉLAN team to implement a large portfolio of interventions, particularly in their early stages.

ÉLAN has a relatively decentralised structure, with 22 of the total of 49 professional ÉLAN project staff located in the three regional offices in Kivu, Katanga and Equateur. The staff who the MTE team met are almost all of very high quality, even in the most challenging local environments. This decentralisation is a pragmatic response to the huge infrastructure challenges (including telecom and domestic flight) in DRC, compounded by the size of the country and the extent of regional variations in the linguistic, economic, political and cultural context. It would be a serious mistake to attempt to run a programme like ÉLAN from Kinshasa.

The productivity of staff is suggested by the fact that 49 professional staff are currently implementing a portfolio of 76 ‘live’ interventions. This is an unusually large number of interventions for a market development programme and illustrates the productivity of staff-driven, we believe, by the pressure to demonstrate results. Our concern with this pressure is that it may reflect a misdirection of energy at this point in the programme. It is unusual, as ÉLAN enters its last year of implementation, to be generating so many new initiatives (33 new initiatives in 2017—over 40% of the current ‘live’ project portfolio). There is a risk that this could reflect a greater emphasis on achieving results from pilots by the end of implementation in December 2018 than on establishing the conditions where results will be generated post-implementation. A more conventional approach in an M4P programme would be focusing on activities to encourage sustainability and replication at this point in the implementation cycle. By February 2018, ÉLAN had clearly transitioned to an approach supporting sector, rather than pilot, development.

This impressive decentralisation of capacity is circumscribed with a matrix management approach, where regional office staff are responsible both to their Provincial Technical Manager and also the sector lead for their respective sector. All Provincial Technical Managers are accountable to the Deputy Team Leader who has a very detailed knowledge of each intervention.

D.6.3 How effective are pilot partner relationship management processes?

ÉLAN relationship management processes appear highly effective across its established pilot partners (1st line beneficiaries), culminating in very strong and productive relationships. Organisationally weaker partners and 2nd line beneficiaries and those founded on flawed diagnostics or which offer less scope for success have different relationships and opinions about ÉLAN, some of which are less positive

In the case of large corporate clients, the ÉLAN management processes generally appear to be highly effective. Partners appreciate the professionalism of ÉLAN staff and there is an unusually clear buy-in to the Partnership Agreement from pilot partners. For some partners,

like FINCA, ProCredit Bank (PCB), Dev Solaire and Altech, the quality of pilot partner management is exemplary.

However, for pilot partners like the boat owner associations, SEK mine and the CTM cocoa aggregator the pilot partner relationship varies between passive acceptance and an outright criticism (see evidence from the case studies and focus group discussions). What differentiates these different groups of partners is partly the success of their interventions. It also reflects the understanding the partner has of the role of ÉLAN. For instance, the weaker organisations such as the boat owner association and the agricultural cooperatives we met during field work believe or, at least assert, that ÉLAN should be transferring cash to the pilot partners. This is, of course, antithetical for a market development project and is a pressure to which ÉLAN should not respond.

However, it does reflect the complexity of working in a very fragile environment dominated by donors providing grants to recipients. If ÉLAN wishes to partner with organisations other than well-resourced and institutionally robust firms, which it should and does, it is inevitable to encounter differences in expectations about what the project can deliver for partners. The need for careful partner management and capacity building as part of the engagement process is illustrated by this example.

D.6.4 How effective are processes for managing relationships with stakeholders other than pilot partners?

ÉLAN's performance in monitoring and reporting on beneficiary perspectives and engaging with government and other non-partner enterprises is mixed across sectors. ÉLAN has strong processes for managing relationship with DFID

Probably the most impressive response by beneficiaries to questions about ÉLAN during field work is 'What is ÉLAN?' This response suggests that the relationship between beneficiaries and pilot partners is a straightforward commercial relationship that is not intermediated by ÉLAN or DFID or anyone else. This suggests that ÉLAN has followed a more facilitative approach and has deliberately cultivated direct relationships between the market actors. In one or two instances, like the SEK mine, ÉLAN has been unwise to position itself in the 'toxic' interface between farmers and the mine. This has inevitably caused the project reputational damage.

Assessments can be made for the following key types of stakeholder:

- DFID: excellent relationship based on trust, professionalism and regular formal and informal communication;
- government: remote relationship, reflecting the focus of ÉLAN on the private sector and limited formal business regulatory reform agenda;
- beneficiaries: mixed responses in the focus group discussions. Of beneficiaries that are aware of ÉLAN, some are hostile (i.e. SEK maize contract farmers), some are suspicious (i.e. FEDAP agricultural coop in Katanga and cocoa farmers in Equateur) and others are positive (i.e. twin-linked coffee farmers in Kivu). While the best possible situation is that ÉLAN is invisible to beneficiaries, if the intervention does require direct engagement with them, this relationship must be as carefully managed and structured as for the leadership team in a partner bank. There are examples where the lack of engagement with beneficiaries by ÉLAN has contributed to poor intervention performance and this has not been assessed in monitoring reports; and

- non-partner enterprises: effective dissemination of the results of pilots with non-partner enterprises is critical to make progress with the necessary but onerous logframe targets. At this stage in the project, the ÉLAN project should increasingly focus on non-partner enterprises to increase the likelihood of post-implementation systemic change. The MTE team found mixed evidence of this engagement with non-partner enterprises (with such activity most evident in the RE and Perennial Agriculture sectors) and believe that, in the final year of implementation, this should be a stronger focus of ÉLAN activity.

Management processes in ÉLAN appear to be very responsive to the needs of DFID and the larger, stronger partners more proximate to the project footprint. This is understandable and, to an extent, inevitable. However, as the project enters its final year of implementation and the emphasis moves more onto sustainability and scale-up, clear management processes to monitor and report on beneficiary perspectives and engage with government and other non-partner enterprises will become an increasingly important priority.

D.6.5 How effectively is ÉLAN coordinating with ESSOR to enhance performance and achieve results?

The coordination between ÉLAN and Essor has been driven by the pragmatic needs of interventions. There is evidence of active collaboration in agricultural value chains and cross-border trade and in the A2F individual work-stream on the insurance and leasing interventions. However, there would be better prospects for achieving MSCs and impact if enterprise-level change were more effectively supported by improvements in the business environment.

Beyond isolated examples, such as the reduction in export tax for coffee or the temporary reduction in illegal taxation of river boat operators and the recent work on quantifying the deleterious enabling environment for agriculture, ÉLAN has tended to avoid significant workstreams on business environment reform. While understandable, due to the focus on pilot projects and the presence of Essor as a sister programme, it is clear that a number of interventions would have had broader and more sustainable—and possibly deeper—impact if enterprise behaviour change was supported by broader regulatory change.

There is evidence that this is an area of greater investment in the final year of ÉLAN's operation, as its focus necessarily shifts from catalysing and consolidating sector supply chains to relieving the regulatory and tax burden that undermines their future pro-poor growth prospects. This will partly involve ÉLAN staff engaging more directly with non-partner firms and government stakeholders. It may also require ÉLAN to find a *modus operandi* to work more effectively and productively with Essor.

D.7 VFM

D.7.1 How appropriate is the ÉLAN VFM framework?

Although relatively well-structured with sound underlying principles, the ÉLAN VFM framework at the time of the MTE, has not been the most appropriate tool for the project's needs beyond managing economy. While there is an impressive understanding of and relevance attached to VFM principles across the project, as a tool the VFM framework itself has not been as informative or effective as it could have been. Prior to 2018, reporting on the framework incorporated an excess of data without relevant analysis rather than focusing on the most important information and assessing how project strategy should adapt with changing information and circumstances. However, an updated VFM framework—implied by reporting

in February 2018 (after the MTE initial draft was complete)—has demonstrated significant improvement.

ÉLAN's VFM framework has the following strengths:

- the consistency of reporting on economy indicators, including on a quarterly basis, has allowed for simple analyses of trends over time;
- the qualitative focus on the systems and processes being used to improve VFM performance is highly relevant, particularly as quantitative indicators will usually prove insufficient to assess overall achievements;
- there is a rich level of detail down to sector- and provincial-level for all key indicators, including quantitative data at impact-level; and
- the 2016 revised report provided some analysis on the data's implications and recommendations, a crucial step towards the report's findings being used to inform decision-making.

However, the following weaknesses were also identified:

- **overload of data:** there is an apparent excess of indicators reported. Interviews with the ÉLAN project management team have made clear that reporting on VFM is found to be a time-consuming burden. This has a cost implication and has also distracted from the potential that the framework has to be used as a tool for improving project performance.
- **lack of self-reflective analysis:** the 2014 and 2015 annual VFM reports did not include any self-reflective analysis of what implications there might be from the data. The 2016 annual VFM report did incorporate some implications and recommendations into an updated version based on the concurrent feedback of the annual review team. However, as these recommendations were added to the already completed report, they focused more on providing ex-post justifications for the decisions already taken in preparing the 2017 Business Plan;
- **frequency of reporting:** the full VFM framework is only reported on once annually. The economy indicators are reported on every quarter, but this is not done for the key efficiency and effectiveness indicators. The greater the delay for reporting on an indicator, the lesser the prospect of that finding influencing ongoing implementation decision-making;
- **data does not go down to intervention level:** data is generally broken down to province- and sector-level. However, there is major heterogeneity of interventions within each sector portfolio, such that for key indicators—most importantly cost per pound of NAIC—intervention-level data would be required to make clear the implications for the project;
- **no forward-looking implications or projections:** the VFM framework only looks back at already-achieved results. Given that the majority of ÉLAN's impact is expected to be achieved after the end of the project, the framework would benefit from incorporating forward-looking projections of key indicators (notably cost per pound of NAIC, alongside a consideration of the extent of non-NAIC benefits). In particular, as VFM is tracked over time, this would allow a direct understanding of whether indicators are following their previously targeted trajectory;
- **effectiveness is not fully captured as achievement against impact is not fully accounted for:** the VFM framework makes use of the logframe indicators which focus on short-term NAIC. Broader impact, particularly in terms of expected longer-term income gains for beneficiaries, is not captured;

- **economy indicators are not yet fully standardised across the PSD portfolio:** there is an advantage to having equivalent economy indicators for both ÉLAN and ESSOR, as cross-portfolio performance can directly be compared. This has almost been achieved but further modification is still required to ensure direct comparability. Specifically, the daily personnel costs figure would need to incorporate the core team as well as the flexible facility (this data does exist in a complementary spreadsheet but was not reported on in the actual VFM report);
- **equity:** there is no explicit reporting on equity—the fairness in the distribution of a project's benefits—in the VFM framework. Although the breakdown of indicators by province does give a limited understanding of the geographical equity of the project's benefits, there is scope for direct coverage of more detailed income, gender and geographical data on beneficiaries; and
- **qualitative detail on systems and processes is not framed in terms of criteria and standards:** while the inclusion of qualitative information on what systems and processes the project has adopted to help achieve VFM is a strength of the framework, there are no pre-determined standards against which to judge whether these systems and processes have been well-implemented (i.e. criteria for determining whether performance is excellent, good, adequate or poor).

An alternative VFM framework is proposed in Annex F. In February 2018, after the submission of the full draft of the MTE, ÉLAN shared its Value for Money report for 2017. This was a substantial improvement on previous versions, including in particular a more streamlined focus, more self-reflective and forward-looking analysis and the inclusion of Equity considerations. This would seem to have at least in part been a reaction to the initial MTE report and the speed with which the project attempted to adapt to the analysis should be commended.

D.7.2 How effectively is the ÉLAN VFM framework used to inform project management?

VFM principles are clearly incorporated into ÉLAN's decision-making processes. Until recently, however, the application of the VFM framework itself has been more focussed on ex-post reporting than as a tool to improve decision-making. The 2017 VFM report, developed in February 2018, shows a significant improvement in terms of potential utility.

Discussions with the ÉLAN project team have made clear that VFM reporting has been treated more as an accountability requirement to DFID rather than a valuable tool to inform decision-making. This is clear in the content of the VFM reports prior to 2018 which mostly had limited analysis regarding implications and recommendations.

The reasons for this come from the issues set out in the previous section. Notably, for data to directly influence ongoing decision-making, it would need to be highly streamlined and focused on the specific decision-making needs, regularly reported (as close to real-time as possible for the most important indicators) and reported down to the level at which decisions are made (i.e. for interventions as well as just sectors/provinces). In particular, the VFM annual report is prepared largely with the annual review in mind and so is released at a similar time as the business plan for the following year. Instead it should be more directly feeding key strategic planning processes, most notably the analysis should be available ahead of the strategic planning process for preparing the annual business plan.

There are, nevertheless, some parts of the VFM framework that have clearly influenced project management decisions. Performance against economy indicators has been reported on a quarterly basis, and specific actions have been taken to ensure continued improvement, such as a greater use of longer-term national and regionally based consultants, and an increasing use of guesthouse accommodation rather than hotels. The positive trajectory with improved performance in each VFM annual report would seem to be an encouraging reflection of this.

More broadly, the principles of VFM at the efficiency and effectiveness levels are also incorporated into ÉLAN decision-making, even if the VFM reporting itself does not seem directly relevant to this. This is most clear in the standard processes and procedures which are followed by the ÉLAN management team and are set out in depth in the VFM reports. This does of course highlight the slightly back-to-front nature of the VFM reporting process adopted—i.e. the reporting sets out to justify the VFM that has been achieved, rather than being a tool to continually improve the VFM itself.

VFM at the effectiveness level is directly included in the decision-making criteria as to whether an intervention goes ahead or not. Based on interviews carried out with the ÉLAN team during the MTE period, it was stated that the senior management team applies a rule-of-thumb approach whereby the projected NAIC of the intervention must be at least 10 times greater than the direct partnership cost of the intervention. This ratio attempts to capture the fact that the majority of an intervention's costs are personnel costs beyond the direct partnership costs. Clearly this approach is highly imperfect as the level of the ratio would vary greatly across different interventions,¹⁵ but the ÉLAN accounting system does not breakdown personnel cost data to intervention level, so it is not estimated.

In certain cases, they might still approve an intervention even if the projected NAIC falls short of this ratio. This seemed to be only in exceptional circumstances, where it was felt a strong case could be made that the longer-term impact of an intervention might justify its costs. Interviews with the ÉLAN senior management team made it clear that the decision-making framework made it harder to approve such interventions, but there are clear examples of interventions going ahead despite a low level of projected short-term results.

D.7.3 To what extent is ÉLAN on track to deliver VFM?

Although it remains unclear whether or not ÉLAN will achieve the NAIC logframe projections for 2020, it is more definitively on track to achieve at least the break-even point for Value for Money purely in terms of whether its quantified short-term impact by 2020 will exceed the overall investment in the project. The quantified NAIC achieved by 2020 should be a minimum estimate of ÉLAN's ultimate impact. Genuine market system changes achieved by the project should secure an impact significantly beyond 2020, while particular interventions will also have broader social benefits. Greater attention is required to capture, secure and sustain such longer-term impact.

Overall, ÉLAN has performed strongly in terms of economy, as well as in aspects of efficiency, including the leverage of partner resources. The ultimate VFM of ÉLAN is determined by the extent to which future income gains for beneficiaries justify the project's investment. As the bulk of these income gains are targeted to come after the end of the project, it is not possible to give a definite judgement at this point as to what extent they will be realised.

¹⁵ Some larger partnerships might need less TA despite significant subsidies to the partner; other small partnerships might need high levels of TA, even though the level of direct investment is limited.

After a period of active iteration directly responding to the findings coming out from the MTE process, ÉLAN significantly developed their projections for future NAIC. Their very latest projections, as set out in their 2017 Financial and VFM report¹⁶, are for cumulative NAIC of £44m by 2020. There would appear to be a more realistic basis for these projections than previous iterations and indeed the expectation from the project is that they are a minimum estimate, notably with indirect beneficiaries and compounded benefits (i.e. sustained income gains for the same beneficiaries beyond one year) not included. Evidence stated elsewhere in this MTE report would suggest that the extent of indirect beneficiaries by 2020 is unlikely to majorly increase this projection, but incorporating compounded benefits could, by contrast, imply a significant increase.

If only £44m NAIC were achieved, this would mean falling short of the 2020 NAIC logframe target by almost 50%. However, even if only this estimate of expected NAIC were achieved it would not mean that the project would fail to have achieved Value for Money. In Net Present Value terms the discounted benefits of the project would be £30m, compared to discounted costs of £26.6m.¹⁷ As such, purely in terms of quantified NAIC the project would be above its break-even point where benefits outweigh costs.

The quantified NAIC achieved by 2020 should also be a minimum estimate of ÉLAN's ultimate impact. Genuine market system changes achieved by the project should secure an impact significantly beyond 2020, while particular interventions will also have broader social benefits. The project's MRM system, driven by the results framework, has not focussed its efforts on capturing the potential scale of these benefits. There is good reason to think that long-term sustained impact could in principle exceed the importance and scale of short-term NAIC — note, for example, the project's 2016 logframe projected an additional £40m NAIC just one year after the current cut-off point of 2020. Evidence from this MTE has confirmed that longer-term impact is likely to be achieved to some extent, although a repeated implication of the analysis is that greater attention is required to ensure and strengthen such systemic impact.

For the final year of ÉLAN, there is a need to focus on those interventions with the greatest potential for longer-term sustained impact and to devise clear strategies for what support is required to ensure that sustained impact. The ultimate VFM of ÉLAN may depend on the speed with which a successor project is established that can build on the foundations for change set by ÉLAN. Given the thinness and fragility of markets in the DRC context, it seems necessary for a greater level of ongoing support to ensure innovations are replicated and scaled up.

The full, more detailed analysis of ÉLAN's VFM performance is set out in Annex F.

¹⁶ Shared with the MTE team on 13th February 2018.

¹⁷ £34.1m projected spend to end of 2018 discounted at a rate of 10% per year. Note this figure represents an underspend of around £9m compared to the originally contracted budget for the project.

Annex E Assessment of MSCs

Sector	MSC	Quality of diagnostic analysis or reasons for market failure	What has been achieved?	What are the prospects for achieving sustainable impact?
Perennial Agriculture	1.1: Traders, exporters and/or processors set up OGSs and provide extension service to SHFs	Weak early diagnostics. Instead exploratory early partnerships were established, the experience from which now informs a focused sector strategy	Early partnerships realise demonstrable success in establishing strong linkages with SHFs with significant tangible benefits to all. This now leading to effective traceability and certification, vital to realising premium prices for speciality brands	Mixed. Most OGSs will be sustained by the commercial logic of the partnership for both parties. Paves the way for expansion, replication and some competitor response ☺ Twin women-sourced coffee case study proves the brand and traceability system, but too expensive in current form to realise replication at scale ☹
	1.2: Traders, exporters, processors support installation of processing equipment, supporting infra, and value adding tools for producers	As above	Co-investment by partners and ÉLAN around quality infrastructure and training, leading to clear demonstration of value and strong linkages with SHFs	Most partnerships will be sustained, driven by shared value from the transaction, strong global demand for speciality coffee and DRC's low base. ☺ ÉLAN's boutique investment in speciality women-sourced coffee needs to be customised around local service providers to be relevant beyond itself ☹
	1.3: Financial institutions commercialise credit products adapted to the needs of exporters, traders and cooperatives	Weak. Relates to cocoa and market price decline; leaves warehouse credit model in doubt	Very little. Not needed in coffee	Unclear. Unproven. Undeveloped ☹
	1.4: Industry actors organise to develop and promote strategies to stimulate tax decrease	Well-articulated strategy in relation to a widely-shared tax constraint	Significant organisational strength of industry association ASSECCAF and demonstrable success in reducing export tax on coffee by 3.5%	Strong. ASSECCAF has wide and growing membership base and is self-managing, with only strategic research support from ÉLAN around complex issues. Augurs well for long-term role, relevance and impact ☺
	1.5: Exporters and traders promote and ensure coffee marketing	Weak early diagnostics, but now a clear strategy to leverage the emerging credibility and quality of DRC coffee	Credibility for a number of DRC coffee brands as a speciality and reliable source of supply, with good prospects for future growth	Strong—driven by growing demand for coffee, a credible speciality brand and a strong shared interest between SHFs, exporters and international buyers in continued growth without the need for ongoing subsidy ☺

Non-Perennial Agriculture	2.1: Input suppliers provide quality inputs and advisory services [to SHFs]	Have not located diagnosis	Support to international seed suppliers has given some 7,000 SHFs access to hybrid seeds and about 200 tonnes (some 8,000 SHFs) access to quality local OPV seeds with Mimosa and Bon Berger. Limited advisory services linked to SeedCo intervention	Hybrid seed model is unlikely to be viable (and therefore sustainable) for SeedCo and many low-income SHFs. This model could work for emerging commercial farmers and there is evidence that it is working in Kivu, with a stronger local partner and less need for expensive inputs other than seed. ☹️ OPV seeds are much more likely to achieve sustainable impact for this target group ☺️
	2.2: Agribusinesses and mines provide access to pre-financed inputs and services [to SHFs]	Have not located diagnosis	ÉLAN has initiated provision of pre-financed inputs and services, and also supported existing dysfunctional schemes	In SEK the (justifiable) attempt by ÉLAN to improve reimbursement rates and the sustainability of the contract farming scheme has been hampered by 'toxic' relationship between mine and local community and poor targeting. Focusing support on more productive farmers is promising ☺️ Other OGS schemes, although not studies in detail, have had much more success ☺️
	2.3: Agribusinesses provide access to secured markets [for SHFs]	Have not located diagnosis	Minoterie de Likasi mill off-takes from SEK contract farming initiative (i.e. one mill and one intervention, so limited) at farm gate prices of US\$200 per tonne	Out-growers regard (probably unfairly) prices paid for output paid by off-taker as 'exploitative'. This questions sustainability of SEK project and illustrates breakdown of trust for many participants ☹️
	2.4: Agribusinesses access finance through adapted financial services and products	Have not located diagnosis	CMA dealt with under A2F SME PCB has provided finance to some local seed providers and one OGS scheme (Mbeko Shamba)	Example of Mimosa suggests linkage with PCB is commercially-based and, provided first round loans are repaid, sustainable. Scale-up will be constrained by availability of bankable agribusinesses ☺️
	2.5: Agribusinesses develop industry-wide awareness and advocate for a more favourable regulatory framework	Have not located diagnosis	Some studies on taxation of agriculture sector have been conducted. TASIA seed index assessment of regulatory environment for seed producers undertaken	Useful intervention late in implementation period with limited prospects for sustainability ☹️
BB	3.1: Increased confidence in mobile money	Mobile money overview in DRC report	User registration escalated after campaign but slowed thereafter. Still not a high proportion compared to population. Discrepancy between registered	MNOs need link to financial institution in order to offer banking services. The structure of these partnerships has not yet been established in DRC, although longer-term prospects may be more promising ☹️

			and active users is substantial (but not abnormal)	
	3.2: MNOs and Financial Institutions develop adapted financial products	Have not located diagnosis	Annual report is based on paying civil servant wages through agent network. Do not understand why \$1 account (central to the BB interventions) is not mentioned here	The sustainability of these new accounts will be determined by the viability of current pilots. However, the early signs of viability are promising (i.e. high deposit rates—FINCA projected deposits of US\$15/account/month and this is already being hugely exceeded in reality) ☺
	3.3: MNOs and financial institutions improve agents' quality of service and expand agents network to serve poor consumers	Have not located diagnosis	FINCA is rolling out rural agent network in Katanga. TMB is using infrastructure of post offices branches to offer services to rural clients	The agent networks are being driven by high capacity corporates that have incorporated pilot interventions into their core business—if financially viable, these accounts are sustainable and scalable ☺
A2F	4.1 Financial institutions develop and market adapted and innovative financial products		Confusion in ÉLAN documentation, but CMA falls into this sector in PWIG. Established for large commercial farmers. Recent attempt to extend to SHFs in Fungurume through agricultural coop	CMA mechanism works and has expanded for second season with large-scale farmers. There is also evidence of genuine expansion with the recent TMB investment in CMA. ☺ However, CMA for SHFs apparently failed in Kivu and prospects are not good for Katanga pilot (anticipate high logistics costs, low volume of deposits and insufficient loans to allow low-income SHFs to see benefit of CMA) ☹
	4.2 Consulting companies provide TA in business management to SME owners	Diagnosis to inform the building development services (BDS) intervention complete and integrated. Informed the design of the intervention	The BDS intervention is still in development stage. Key interventions deemed feasible within the remaining time frame have been identified, and potential partners are being approached	There are substantial dependencies in the interventions identified for AAER to have traction. In the absence of completed pilots there is no basis for venturing a prognosis on sustainability ☹
RT	6.1 Transporters and traders advocate for more favourable business climate including a lower tax regime	Have not located diagnosis	Temporary reduction in collection of 38 illegal taxes and fees	Gains cannot be sustained without the institutionalisation of multi-sectoral dialogue platform, ongoing advocacy, and behaviour change of boat operators association - so inherently unsustainable ☹
	6.2 Banks provide river, lake and road transport actors with adequate financial products	Have not located diagnosis	One US\$70,000 loan distributed to RT (Dokolo). One US\$7,000 loan disbursed to group of boat operators (Bana Lukeni)	Sustainability of PCB funding depends on repayment of existing loans (prospects are good given that both working capital loans are on their second cycle). Expansion of credit services to boat operators does not seem compelling to banks. ☹

				Development impact is based on series of relatively implausible assumptions about impact of access to credit on boat operator agricultural supply chains ☹
	6.3 Improve efficiency of agricultural product aggregation	Strong diagnosis on freight forwarding intervention	The focal point interventions delivered demonstrable benefits to boat operators and traders, although the evidence of benefit to producers is less convincing	Sustaining and improving the function of focal points at ports proved difficult. However, pilots with freight forwarders as aggregators is far more promising, provided their expansion to other ports proves financially viable ☺
RE	7.1: The supply of highly efficient energy technologies in the DRC is scaled up	Weak early diagnostics. Instead exploratory early partnerships established, the experience from which informs a strong sector strategy	Four strong partnerships with RE importers and distributors (one international) have laid the foundation for a national RE supply chain with strongly accelerating sales	Good. ÉLAN partners will sustain their operations and early growth trajectories. Sustainability is contingent in some cases on ongoing support for import finance. Large national retailers look set to enter the market over next year ☺
	7.2: SMEs implement innovative communication, marketing and distribution model to reach 'Bottom of the Pyramid' households	As above. Partnerships have overcome a major barrier to affordability and scale involving poor consumers, in the form of PAYGO technology and related sales systems	Three of four partners have national distribution networks in place, each recording accelerating sales with an increasingly diverse product range, affordable to poor households	Good. Marketing, distribution and sales infrastructure is in place. Strong take-up by target households and other market segments will drive continued commitment and investment by partners, ensuring sustainability ☺
	7.3: Both SMEs and consumers have increased A2F	As above. Consumer barriers to finance are substantially resolved through PAYG technology and systems. Risk barriers inhibiting import finance are understood and appropriate interventions (50% guarantee) designed & implemented to overcome them	Consumer finance: early barriers to affordability by poor consumers have been substantially overcome with PAYG technology and marketing/sales models conducive to outreach and scale-up. Import finance has been secured to enable imports at the required scale—but through ÉLAN part guarantees. Sustainability of import supply will depend on international actors retaining confidence in DRC buyers to finance supplies unsupported	A2F for consumers has been accomplished through effective PAYG systems in key product channels ☺ Ongoing challenges with securing import finance to enable uninterrupted shipments of RE products over time. Prognosis depends crucially on long-term comfort of suppliers currently comforted by ÉLAN 50% guarantees ☺
	7.4: An advocacy group works towards a more favourable business environment	As above. ÉLAN's pre-occupation with laying the foundation for the industry	Very little. This should be the key focus, along with securing	Unclear. Depends on shared recognition of partners of the importance of cooperating

		now giving way to concerns about addressing crucial tax and regulatory constraints. Industry still too fragmented, but increasing scope for investment in an association	unsupported import finance, over the remainder of the project	with competitors around crippling tax barriers to affordability and growth ☹
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Annex F Alternative Proposed VFM Framework and Full VFM assessment analysis

F.1 Proposal for a revised ÉLAN VFM framework

F.1.1 What is the existing ÉLAN VFM framework?¹⁸

The ÉLAN project has a full VFM framework, originally developed in June 2013 and further elaborated on in March 2016. The VFM framework broadly follows the '3 Es' approach set out by DFID, with a set of indicators categorised by economy, efficiency and effectiveness. Annual reports on VFM have been produced for 2014, 2015 and 2016. In addition, the project has reported on its economy VFM indicators each quarter, up to and including Q3 2017. The last full VFM report¹⁹ at the time of this evaluation covered the 2016 calendar year and included the following indicators:

Economy

- Ec1: total spend by project, by type (fees, expenses, partnerships) and year (2015, 2016);
- Ec2: total TA days on project, by type (core or flexible facility) and year (2015, 2016);
- Ec3: proportion of TA days performed by national team members, by type (core or flexible facility) and year (2015, 2016); and
- Ec4: daily personnel cost (flexible facility only), by fee and expenses, and by year (2015, 2016).

The report set out in qualitative terms the systems and processes that have been put in place to improve economy. In addition, ÉLAN reported qualitatively (with some quantified examples) on cost savings that were made through cost-sharing with ESSOR, as well as through the use of locally based consultants and guesthouses.

Efficiency

- Efy1: proportion of partners who have invested resources in an initial pro-poor innovation and intend to sustain it;
- Efy2: proportion of partners continuing activities which support the pro-poor innovation 12 months after the initial pilot has ended;
- CEfy1: cost efficiency by sector (cost per unit result for 'number of partners continuing > 12 months after pilot end'; 'partner spend'; 'number of poor people changing business practice'; 'number of competitors copying or expanding innovations'; 'number of non-competitors changing business practice'); and

¹⁸ Note that ÉLAN substantially updated its VFM framework in February 2018 following the sharing of the draft MTE report in December 2017. To a large extent these updates accommodated the recommendations of the present section. This is another demonstration of the project's impressive ability to actively respond quickly to feedback. Nevertheless the original analysis of the then VFM framework (assessed during Q4 2017) is maintained here for consistency and completeness of the present MTE.

¹⁹ Shared by ÉLAN 18 February 2017 with updates following DSU feedback on an earlier version. Entitled 'Combined Financial Narrative and Value for Money Report 2016'.

- CEfy2: cost efficiency by province (cost per unit result for 'partner spend' and 'number of poor changing business practice').

In addition, the report sets out qualitatively the systems and processes in place to improve efficiency.

Effectiveness

- Eff1: proportion of poor people reporting substantial increase in enterprise or household performance who experience NAIC, by sector, province and productive/consumer saving;
- Eff2: proportion of poor people reporting business practice change who also report substantial increase in enterprise or household performance, by sector, province and productive/consumer saving (OC1 compared to OP2.1);
- Eff3: proportion of poor people reporting business practice change who experience NAIC, by sector, province and productive/consumer saving;
- Ceff1: cost-effectiveness by sector (cost per unit result for 'number of poor people improving enterprise performance'; 'number of women changing role'; 'number of market actors replicating or responding'; 'average NAIC in 2016'; 'number of poor with NAIC'; 'aggregate NAIC'; 'aggregate NAIC per pound spent'); and
- Ceff2: cost-effectiveness by province (cost per unit result for 'number of poor people improving enterprise performance'; 'number of women changing role'; 'number of poor with NAIC'; 'aggregate NAIC'; 'aggregate NAIC per pound spent').

The report also sets out qualitatively the systems and processes in place to improve effectiveness.

F1.2 Proposed Alternative Framework

As ÉLAN is entering its final year of implementation, there is less merit in any major change to reporting systems than would have been the case earlier in the project. Were there to be a successor project to ÉLAN, then there would be significant advantage to get reporting procedures in place from the start of implementation. Most notably, ÉLAN's accounting data does not currently provide cost data down to intervention level. The cost of addressing this for 2018 is perhaps not justified, but any future project should ensure that accounting systems are set up such that costs can be fully broken down to the level of each intervention.

The key changes recommended for adapting the framework for 2018 are as follows:

1. Cut down the number of indicators to only the most important:
 - **economy:** average daily fees and expenses of personnel (national, international), with expenses additionally expressed as a proportion of the total daily cost;
 - **efficiency:** focus on leverage of partners' investment (relative to ÉLAN's own investment); and proportion of partners continuing to invest post-pilot;
 - **effectiveness:** focus on benefit-cost ratios for each sector by bringing together data on cost per pound of increased NAIC (including forward-looking projections to 2020 and beyond) alongside intervention and sub-sector specific qualitative analyses of potential impact beyond directly monetised NAIC including the likely magnitude; and

- **equity:** qualitative assessment of equitable distribution of project benefits relative to considerations of geography, gender and income.
2. Report on these key indicators quarterly and ensure such reporting feeds directly into key strategic decision-making processes.
 3. Focus on the implications of the analysis rather than the presentation of the data itself.
 4. Ensure the quantitative analysis of impact is rigorously complemented with a more qualitative analysis of expected longer-term impact for interventions.
 5. Pilot the 'VFM simulator' approach for at least some of the most important interventions for which partnership agreements are still to be signed. This approach allows for relating estimates of an intervention's specific costs to the potential benefits of that intervention.²⁰ The current proposal only considers the benefits in terms of short-term NAIC. It is recommended that the approach is complemented with a more rigorous qualitative consideration of the broader impact of the intervention.

In addition to the above, the key changes recommended for appropriately setting up a VFM framework for any successor project to ÉLAN are:

- ensure accounting systems are set up to allow for reporting of costs to the level at which specific decisions are made (in ÉLAN's case this would have been to the level of individual interventions); and
- define criteria and standards which allow for a qualitative assessment of project performance against VFM, including the extent to which systems and processes are appropriately adopted at each level of the framework.

F.2 To what extent is ÉLAN on track to deliver VFM?²¹

F.2.1 Summary

Overall, ÉLAN has performed strongly in terms of economy, as well as in aspects of efficiency, including the leverage of partner resources. The ultimate VFM of ÉLAN is determined by the extent to which future income gains for beneficiaries justify the project's investment. As the bulk of these income gains are targeted to come after the end of the project, it is not possible to give a definite judgement at this point as to what extent they will be realised.

After a period of active iteration directly responding to the findings coming out from the MTE process, ÉLAN significantly developed their projections for future NAIC. Their very latest projections, as set out in their 2017 Financial and VFM report²², are for cumulative NAIC of £44m by 2020. There would appear to be a more realistic basis for these projections than previous iterations and indeed the expectation from the project is that they are a minimum estimate, notably with indirect beneficiaries and compounded benefits (i.e. sustained income gains for the same beneficiaries beyond one year) not included. Evidence stated elsewhere

²⁰ The VFM Simulator is a pilot tool that was presented by ÉLAN to the MTE team at the end of August 2017, which allows for projections of Cost per Pound of NAIC for a specific intervention. It requires relatively time-consuming modelling of an intervention's total costs because the ÉLAN accounting system is not set up to capture these full costs to intervention-level.

²¹ The summary of this answer is also presented in the Findings Annex, but is repeated here to ensure coherence of the present annex.

²² Shared with the MTE team on 13th February 2018.

in this MTE report would suggest that the extent of indirect beneficiaries by 2020 is unlikely to majorly increase this projection, but incorporating compounded benefits could, by contrast, imply a significant increase.

If only £44m NAIC were achieved, this would mean falling short of the 2020 NAIC logframe target by almost 50%. However, even if only this estimate of expected NAIC were achieved it would not mean that the project would fail to have achieved Value for Money. In Net Present Value terms the discounted benefits of the project would be £30m, compared to discounted costs of £26.6m.²³ As such, purely in terms of quantified NAIC the project would be above its break-even point where benefits outweigh costs.

The quantified NAIC achieved by 2020 should be a minimum estimate of ÉLAN's ultimate impact. Genuine market system changes achieved by the project should secure an impact significantly beyond 2020, while particular interventions will also have broader social benefits. The project's MRM system, driven by the results framework, has not focussed its efforts on capturing the potential scale of these benefits. There is good reason to think that long-term sustained impact could well substantially exceed the importance and scale of short-term NAIC — note, for example, the project's 2016 logframe projected an additional £40m NAIC just one year after the current cut-off point of 2020. Evidence from this MTE has confirmed that longer-term impact is likely to be achieved to some extent, although a repeated implication of the analysis is that greater attention is required to ensure and strengthen such systemic impact.

For the final year of ÉLAN, there is a need to focus on those interventions with the greatest potential for longer-term sustained impact and to devise clear strategies for what support is required to ensure that sustained impact. The ultimate VFM of ÉLAN may depend on the speed with which a successor project is established that can build on the foundations for change set by ÉLAN. Given the thinness and fragility of markets in the DRC context, it seems necessary for a greater level of ongoing support to ensure innovations are replicated and scaled up.

F.2.2 Economy

ÉLAN's performance against its economy indicators has improved over the course of the project, and compares favourably with the other component projects within the PSD portfolio.

From 2015 to 2016, overall average daily personnel costs fell from £431 to £414. This compared to the far higher equivalent 2016 cost of £533 for ESSOR. In the first two quarters of 2017, the data presented by ÉLAN is only for the flexible facility costs.²⁴ This excludes core TA days, which represent 62%–75% of the total personnel inputs into the project and are on average higher than the core team costs. Nevertheless, the downward trajectory in costs was again clear with flexible facility average daily personnel costs falling from £665 in 2015 to £538 in 2016 and £503 in Q2 2017.

This consistent improvement against the key economy indicator has been achieved, despite the significant upward pressure on costs through the drop in the value of the pound. Key factors explaining the performance include an increasing use of national and locally/regionally based consultants and a greater use of longer-term contracts. There might be some risks to this performance in the latter parts of 2018, as the project's end date approaches and

²³ £34.1m projected spend to end of 2018 discounted at a rate of 10% per year. Note this figure represents an underspend of around £9m compared to the originally contracted budget for the project.

²⁴ The latest formal report was in ÉLAN RDC Financial Narrative Report, April–June 2017.

consultants look to secure future employment on the assumption that there will be a gap until any future successor project begins. Mitigating this may require an increased use of higher-cost, shorter-term TA.

More broadly, the ÉLAN systems and processes for ensuring economy across project spend seem robust. ÉLAN conducted an internal financial review, internal audit and external audit in 2016. A financial improvement plan has subsequently been set out to ensure all necessary actions are taken to respond to the findings. Progress updates against this financial improvement plan are included in the quarterly financial reports.

F.2.3 Efficiency

Although ÉLAN's VFM framework provides broader data on a range of efficiency indicators, the ones that provide genuinely additional information compared to other MRM reporting are:

- the proportional leverage of partners' investments; and
- the proportion of partners that sustain investments in an intervention.

F.2.3.1 Leverage

The leverage of partner resources in absolute terms is a logframe indicator. In both 2015 and 2016, the achievement significantly exceeded the milestones set: £728,706 leveraged in 2015 compared to £200,000 planned; £2,976,683 leveraged in 2016 compared to £1,600,000 planned. The (cumulative) targets for 2017 and 2018 are £4.5 million and £6 million respectively. ÉLAN seems on track to achieve the 2017 target, with data in its PWIG (accessed 27 August 2017) showing \$6.8 million (c.£5.3 million) already leveraged.

In relative terms, the overall spend on partnership agreements was \$10.2 million (£7.85 million) by 27 August 2017,²⁵ of which 67% came from partners and 33% from ÉLAN itself. There has been an upward trajectory in the performance against this indicator: in 2015, 58% of overall spend on partnerships was from partners, with 42% from ÉLAN; in 2016, the partnership contribution increased to 75%.²⁶ This proportional indicator is not currently reported on in the VFM framework, but does seem to provide additional relevant information. It will be particularly important to ensure that this upward trajectory continues through 2017 and 2018, as the prospects for sustainability of ÉLAN interventions would seem greater the higher the level of partners' own investments.

F.2.3.2 The proportion of partners who sustain investment in an intervention ('adopt' then 'adapt')

Most ÉLAN partners are considered to have 'adopted' their interventions, i.e. the proportion who have invested resources in an initial pro-poor innovation and show intent to sustain it. Achievement against this indicator was 74% for 2016.²⁷ This exceeded planned performance according to the logframe (35 partners targeted, 59 achieved).

²⁵ Data from PWIG Column H, a live document within the ÉLAN MRM system, accessed 27 August 2017. This figure seems to be an underestimate, as there were some errors—for example, the TR01 partner contribution was not included in Column H, but shown in Column CT.

²⁶ Matching data from Table 10 of 'ÉLAN RDC Financial Narrative and VFM Report 2016' for annual spend on partnerships and Columns DI and CZ of 'GUIDE_PWIG ÉLAN MASTER_170217_vforAR2016 VF_ADDENDUM' for partnership contributions.

²⁷ Note the lower estimate than the 81% stated in the 2016 VFM Report, which stated that 65 partners had achieved this indicator, compared to the 59 stated in the July 2017 version of the logframe.

There is a more significant challenge to date with the proportion of supported partners who are considered to have 'adapted' their interventions, i.e. the proportion of partners who continue to support the intervention 12 months after ÉLAN's direct support has finished. Only three partners were reported to have achieved this in 2016. The data for how many partners could have achieved it is not clear from the VFM report (i.e. how many partners for which 12 months had already passed since the end of their partnership agreements with ÉLAN). The logframe target for 2016 was also very low: just one partner expected to have 'adapted' their intervention. Future targets are for a significant increase, although still only a minority of partners (20 by 2020, which would represent 25% of the current list of 80 partners) will have sustained investment in their interventions.

While the pilot nature of partnerships (which implies the need to accept a failure rate) is recognised, it is not clear whether such a low rate of sustaining interventions is good VFM. It is recommended that this indicator is tracked with greater frequency (i.e. quarterly rather than annually—at least on a sample basis), reported as a meaningful percentage (i.e. as a proportion of the total partners who could have sustained investment by that point) and with strategies for improving the ratio set out. Ahead of any successor project to ÉLAN, it will be important to determine whether the targeted percentage for adoption is sufficient in the DRC context.

F.2.4 Effectiveness (including cost-effectiveness)

The overall VFM assessment of ÉLAN should ultimately be determined by the extent to which its benefits outweigh its costs. ÉLAN has already achieved demonstrable impact in terms of increased incomes for its beneficiaries, with £16.2 million of aggregated NAIC generated across over 400,000 beneficiaries by the end of 2017. Overall cost per pound of NAIC was £1.45 by the end of 2017, having decreased from £11.01 in 2015 and £2.98 in 2016. This trajectory compares favourably to the similar DFID-funded GEMS3 project in Nigeria after a similar point in implementation.

However, the nature of ÉLAN means that the bulk of its impact will be achieved after the end of the project period. Logframe targets for aggregate NAIC increase from the £16 million achieved in 2017 to £36 million in 2018 (ÉLAN's final year), £58 million in 2019 and £88.4 million in 2020. Were this trajectory to be achieved, the cost per pound of NAIC by 2020 would have become £0.49 if ÉLAN were to fully spend its budget of £43.3 million. Latest projections for ÉLAN spend²⁸, however, are such that it will have spent £34.1m by the end of 2018. This would bring the cost per pound of NAIC to £0.39 by 2020 were the logframe targets to be achieved.

F.2.5 Judgement criteria

In simplistic terms, it might be considered that a cost per pound of NAIC less than £1 would be good VFM. However, this neglects the need to discount future costs and benefits (i.e. benefits in the future are worth less than benefits now). If assuming a standard discount rate

²⁸ "ÉLAN 2017 Annual Report; Financial, Assets & Risks Management; Value for Money" shared with MTE team on 13th February 2018.

of 10%²⁹ from the project's starting point in 2014, then the discounted present value of ÉLAN's costs are £26.6 million (compared to a potential £34.1 million non-discounted overall spend).³⁰

The discounted present value of ÉLAN's targets for NAIC by 2020 set out in the logframe would be £57 million. This implies that the targeted NAIC is still more than double what might be considered a straightforward break-even point—i.e. where benefits outweigh costs. As such, were the ÉLAN logframe targets for NAIC to be achieved, the project would almost certainly represent very good VFM.

To understand whether ÉLAN is on track to achieve this strong VFM, the following questions need to be assessed:

- Is there a sound basis for the NAIC projections?
- Are the projections likely to be achieved? and
- Do the NAIC projections capture the full extent of ÉLAN's likely impact?

F.2.6 Quality of ÉLAN NAIC projection process

The ÉLAN team project NAIC for all interventions. The intervention-level projections to 2020 are for the most part best case scenarios for the scale-up of each intervention. As the MTE case study analyses have shown, at the individual level these projections can often seem unrealistic. However, aggregating the 2017–2020 intervention-level projections³¹ implies 4.8 million cumulative beneficiaries for that period, more than five times what is targeted in the logframe.

More relevant, therefore, are the sector-level projections prepared by the ÉLAN team. At the start of the main MTE period (Q4 2017), these had last been prepared in full ahead of the 2016 annual review, in February 2017. Like the intervention-level projections, they are projections of the number of beneficiaries, with the logframe target of £30 average NAIC per beneficiary assumed for arriving at the overall aggregate NAIC projection. Various assumptions were made to take the intervention-level projections and convert them into aggregated sector-level projections (e.g. assuming a proportion of the interventions will fail; factoring in a potential increase from not yet planned for interventions). Unfortunately, these assumptions were not formally documented, making it difficult to assess them. At aggregate level, the February 2017 sector-level projections marginally exceed the logframe targets (by about 20%). The majority of beneficiaries were projected to come from the RE and the Agriculture Non-Perennial sectors (31% and 44% respectively).

During the MTE process, the ÉLAN team provided an analysis to retrospectively clarify the assumptions made. Ultimately, the analysis would be better understood as an updated version of the sector projections. These October 2017 projections again marginally exceeded the logframe targets (by about 10%). Projections for the transport sector were made more optimistic, while those for the Agriculture Non-Perennial sector were correspondingly reduced.

²⁹ DFID does not have an established discount rate for the DRC. 10% is a relatively common discount rate used across DFID country offices in poor and fragile contexts.

³⁰ Note that, given ÉLAN will not be extended beyond 2018, it is likely to majorly underspend its original overall budget allocation. Projected spend based on “ÉLAN 2017 Annual Report; Financial, Assets & Risks Management; Value for Money” shared with MTE team on 13th February 2018.

³¹ Spreadsheet 'Projections up to 2020 SLs_220817', as shared with MTE team on 27 August 2017.

These projections provided significantly improved detail compared to the February 2017 ones. First, average NAIC projections were added allowing for a proper estimate of aggregate NAIC beyond beneficiary numbers.³² Second, the projections were disaggregated by sub-sector, grouping together similar types of interventions within the same sector (important because the outreach-average NAIC balance can differ massively within a sector). Third, top-level assumptions justifying each projection were provided. Nevertheless, there continues to be an insufficient elaboration of the key question of how intervention-level projections (which can be easily evaluated, as has been done for the case studies of the MTE) are aggregated to make these sector-level projections.

It is strongly recommended that the ÉLAN team (as it enters its final year) more regularly updates these projection spreadsheets, focusing on the assumptions underpinning them. Assessing where projections are being missed is an important part of the process of identifying where stronger efforts are required to achieve scale-up and sustainability. Only through reviewing projections over time can the process of generating the projections themselves be improved.

Following the submission of the original MTE draft in December 2017, the ÉLAN team further updated its NAIC projections in early 2018. These were shared with the MTE team during the annual review period in February 2018. It was not possible to scrutinise the full detail of these projections, with the key underlying assumptions not included in the spreadsheet shared. However, it was clear from in-country discussions that greater attention had been made to improve the basis of linking the intervention-level projections to the sector-level ones. The projections also excluded potential NAIC from indirect beneficiaries achieved through expansion and replication of interventions as well as compound benefits from the same beneficiaries sustaining income gains beyond one year. As a consequence the estimates were more modest, with the base-case scenario projecting £44m aggregate NAIC by 2020 (i.e. about half the logframe target).³³

F.2.7 Likelihood of achieving projections

The MTE's sector reviews provide a detailed critique of the potential for each sector to achieve the extent of scale-up and replication required to achieve the ambitious NAIC projections targeted by ÉLAN. Overall, the finding has been that ÉLAN may struggle to achieve the full extent of replication and scale-up required to achieve its logframe targets for aggregate NAIC by 2020. The projections shared by the project in February 2018 would seem more realistic than previous versions, with estimates based only on beneficiaries to be reached by existing project partners, no compounding of benefits to the same beneficiaries over more than one year and a less optimistic scenario for intervention specific projections used. These projections imply that the NAIC achieved by 2020 (£44m) will be about half the logframe target of £88m.

2017 was the first year where a substantial increase in the NAIC target needed to be realised (£17.7m target compared to the £5m achieved by end of 2016). Data reported after the main MTE period in February 2018 demonstrated that the project had more or less achieved the logframe target for 2017 (£16.2m achieved compared to £17.7m targeted). This gives greater

³² Although only on an annual basis for 2018 and 2020, rather than a cumulative estimate for the full 2017–2020 period.

³³ See “ÉLAN 2017 Annual Report; Financial, Assets & Risks Management; Value for Money” shared with MTE team on 13th February 2018. Alongside spreadsheet entitled “NAIC PROJECTIONS TO 2020 with breakdown”, shared with MTE team on same date.

confidence that the project's latest, more realistic, projections are on track to be achieved or exceeded.

There had, until relatively recently, been an assumption that ÉLAN would continue operations into 2019. This would have given greater opportunity for driving forward the scale-up and replication of certain key interventions. In the absence of this extension, there would be significant benefits to a successor project starting implementation with as short a gap as possible from ÉLAN's end, to focus attention on securing sustained impact from ÉLAN's interventions. There is also a general recommendation that ÉLAN, for its last year of implementation, needs to focus on those interventions where scale-up and sustainable impact is most likely to be achieved, alongside clearer strategies and articulation of assumptions for how longer-term results will be achieved.

F.2.8 Effectiveness beyond short-term NAIC

The ÉLAN logframe only targets NAIC for two years after project closure. This is in line with DCED guidance, but the full economic benefits of ÉLAN through achieving sustained MSCs are likely to go significantly beyond 2020. For some interventions, the short-term results in NAIC terms by 2020 may prove to be limited; however, their longer-term impact in improving the lives of the poor in the DRC may provide a greater justification for ÉLAN's investment than those achieving more rapid NAIC. The evidence to support this statement is nevertheless limited. The focus of ÉLAN's MRM system has been on short-term NAIC, rather than the broader economic impact that might be achieved by certain MSCs and indicators that could be monitored to assess progress against this.

There may be opportunities for targeted research activities to assess the potential for such longer-term impact, including what steps might be needed to ensure it. Given the potential importance of such longer-term benefits, it is recommended that any successor project to ÉLAN focuses greater attention on capturing indicators that demonstrate the likelihood of sustained market system improvements.

In addition, there are some interventions that may be achieving a broader social impact beyond NAIC. Again, this has not been captured by the project's MRM system, so evidence is limited. One clear example are the interventions in the RE sector, whereby the use of solar lamps and improved cook stoves have been shown in other contexts to have health benefits compared to alternative sources of power (both to the immediate user and to the broader global community). Another example could be seen in the interventions supporting female empowerment, given that in other contexts greater female agency within household decisions has led to improved performance against social indicators (health, education) for children. Again, in selecting the interventions where the project will focus its attention in 2018, as well as the design of any successor project to ÉLAN, it is recommended that the broader social, non-NAIC, interventions is explicitly incorporated into decision-making criteria.

F.2.9 Equity

Equity has not been reported on by ÉLAN as part of the VFM framework³⁴, but this is not to say it has not been a substantial focus of the project. Gender has been prioritised, with a logframe indicator dedicated to the extent to which ÉLAN's interventions specifically target female empowerment. Actual performance against gender targets is considered elsewhere in

³⁴ Following the submission of the full draft of the MTE in December 2017, the ÉLAN team did include Equity as part of their VFM reporting for 2017 finalised in February 2018.

this evaluation. Geographically, the project has also ensured coverage in the more disadvantaged former province of Equateur, despite the greater challenges in terms of access and limited market opportunities.

In terms of poverty profile, the project has arguably been fully focused on the poor given that its achievement of NAIC is only counted if beneficiaries are classified as poor. The definition of the poverty line is stated in the logframe as those people living below the international poverty line (at the time of ÉLAN's design this was \$1.25/day; currently it is \$1.90/day) and below the national median salary of CDF 38,000 for men and CDF 15,000 for women. The period for the salary is not stated, but is presumed to be monthly. Again, the data for the median salary has not been updated, but is presumed to have increased in CDF terms (if not, given the current exchange rate of about CDF 1,600 to the dollar, then the median salary bar is massively below the international poverty line).

In practice, ÉLAN has focused on the international poverty line, under which the vast majority of the DRC's population falls. ÉLAN's MRM approach usually assumes that ÉLAN's beneficiaries are effectively households rather than individuals. As such, assuming a household of six, monthly household income can be \$342, or over \$4,000 per year. Given that household income often comes from just one person, this does mean that some ÉLAN beneficiaries would seem to be from the better-off segments of DRC society. This finding was clear for some ÉLAN interventions from the MTE's focus group discussions.

However, this should not necessarily be considered a problem. Were the project to have stuck to the most pessimistic income estimate implied from the logframe poverty definition, it is possible that many of its interventions with the greatest long-term potential for impact would not have been viable. Those living in extreme poverty are often not able to engage in market systems at all. More important is an understanding of the eventual pro-poor trajectory of innovations. Many interventions will necessarily focus on the slightly better-off poor in the first instance, but the eventual adoption and scale-up of the innovation may increasingly reach the less well-off. This would be a useful area for greater consideration in the MRM system. More importantly, it is an important point to note for the future design of any successor project to ÉLAN, which should be careful not to restrict its focus too much on the poorest beneficiaries in the first instance, but rather ensure that there is a clear road-map in place for how poorer beneficiaries will eventually benefit.

Annex G Schedule and details of focus group discussion

KATANGA	
Location	#1 Katanga, Fungarume village
Time	10am Weds 4 th Oct
Beneficiaries	Women SeedCo beneficiaries
Men	0
Women	12
Sub-Total	12
Location	#2 Katanga, Fungarume village
Time	1pm Weds 4 th Oct
Beneficiaries	Men SeedCo beneficiaries
Men	13
Women	0
Sub-Total	13
Location	#3 Katanga, Fungarume village
Time	10am Thurs 5 th Oct
Beneficiaries	Women FINCA branchless banking beneficiaries
Men	0
Women	9
Sub-Total	9
Location	#4 Katanga, Fungarume village
Time	12:30pm Thurs 5 th Oct
Beneficiaries	Men FINCA branchless banking beneficiaries
Men	11
Women	0
Sub-Total	11
Location	#5 Katanga, Bunkeya village
Time	10am Fri 6 th Oct
Beneficiaries	Women FINCA branchless banking beneficiaries
Men	0
Women	7
Sub-Total	7
Location	#6 Katanga, Bunkeya village
Time	1pm Fri 6 th Oct
Beneficiaries	Men FINCA branchless banking beneficiaries
Men	11
Women	0
Sub-Total	11
Location	#7 Katanga, Likazi Town
Time	10am Saturday 7 th Oct
Beneficiaries	Women SeedCo beneficiaries
Men	0
Women	9
Sub-Total	9
Location	#8 Katanga, Likazi Town
Time	1pm Saturday 7 th Oct
Beneficiaries	Men SeedCo beneficiaries
Men	10
Women	0
Sub-Total	10
Location	#9 Katanga, Katanga Village

Time	12:30pm Sunday 8 th Oct
Beneficiaries	Men & Women SEK/SeedCo beneficiaries
Men	14
Women	3
Sub-Total	17
Sub-total for Katanga	
Men	59
Women	40
Sub-Total	99
EQUATEUR	
Location	#10 Equateur, Mbandaka
Time	Monday 2 nd Oct
Beneficiaries	Men Shipowner beneficiaries
Men	7
Women	0
Sub-Total	7
Location	#11 Equateur, Kalamba & Buya II
Time	Tuesday 3 rd Oct
Beneficiaries	Men & women CTM beneficiaries
Men	17
Women	7
Sub-Total	24
Location	#12 Equateur, Kalamba & Buya II
Time	Tuesday 3 rd Oct
Beneficiaries	Women CTM beneficiaries
Men	0
Women	7
Sub-Total	7
Location	#13 Equateur, Mbandaka
Time	Monday 2 nd Oct
Beneficiaries	Women & Men renewable energy beneficiaries
Men	4
Women	5
Sub-Total	9
Location	#14 Equateur, Mbandaka
Time	Monday 2 nd Oct
Beneficiaries	Men renewable energy beneficiaries
Men	7
Women	0
Sub-Total	7
Sub-total for Equateur	
Men	35
Women	19
Sub-Total	54
KIVU	
Location	#15 Kivu, Goma
Time	Friday 6 th Oct
Beneficiaries	Women renewable energy beneficiaries
Men	0

Women	6
Sub-Total	6
Location	#16 Kivu, Goma
Time	Friday 6 th Oct
Beneficiaries	Men renewable energy beneficiaries
Men	4
Women	0
Sub-Total	4
Location	#17 Kivu, Goma
Time	Saturday 7 th Oct
Beneficiaries	Women & men renewable energy beneficiaries
Men	3
Women	1
Sub-Total	4
Location	#18 Kivu, Goma
Time	Saturday 7 th Oct
Beneficiaries	Women & men renewable energy beneficiaries
Men	2
Women	6
Sub-Total	8
Location	#19 Kivu, Kiniezire
Time	Monday 9 th Oct
Beneficiaries	Women coffee beneficiaries
Men	0
Women	12
Sub-Total	12
Location	#20 Kivu, Kiniezire
Time	Monday 9 th Oct
Beneficiaries	Women coffee beneficiaries
Men	0
Women	12
Sub-Total	12
Location	#21 Kivu, Minova
Time	Tuesday 10 th Oct
Beneficiaries	Women coffee beneficiaries
Men	0
Women	12
Sub-Total	12
Location	#22 Kivu, Minova
Time	Tuesday 10 th Oct
Beneficiaries	Women coffee beneficiaries
Men	0
Women	13
Sub-Total	13
Sub-total for Kivu	
Men	9
Women	62
Sub-Total	71
Total FGDs	
Men	103
Women	121
Total	224

Fungurume (focus group discussions), Wednesday 4/10/2017

Agriculture (corn)

FG 1: 12 women

FG 2: 13 men

Living off the land. Small-scale farmers have always grown corn but seek partnerships to improve their yields, working conditions and living standards. (*We look for support so that we can produce enough and have a 100% crop*). They heard about the ÉLAN program only recently and joined the program in the hope they would cultivate more land and boost their harvests. Focus group discussions highlight the need to understand:

1. The underlying aspirations of small-scale farmers (in particular women) to break the poverty cycle and how to address that in a relevant and systemic way
2. The multiple challenges and their varying degrees of complexity

focus group discussions indicate current ÉLAN interventions would only address some of the challenges and that a more comprehensive approach may be needed to trigger system change.

Break the poverty cycle.

Women: *We'd like to increase cultivable land from 1 to 5 ha so that we do not depend on our husbands anymore [see credit system, cropping calendar].*

Complex challenges. Focus group discussions highlight the complexity of growing corn and make it a profitable business. A wide range of conditions needs to be in place to make that happen; these include:

1. Increase of net income

Fair sale rates. Small-scale farmers generally complain about their low income. This is partly due to poor yields and the small size of cultivated land (1-2 ha) but also the result of abundant supply of corn during the harvest period that makes prices plunge (CDF 1100/bucket). *We sell our corn at home. Buyers come from Kolwezi, Lubumbashi (even the Kasai). The price is negotiable but generally decided by the buyer.* This practice greatly penalizes the farmer who is unable to get a fair price. *We are forced to sell and accept any price because we need the money to solve our daily problems* (women). Farmers greatly depend on cash to meet their livelihood needs but also to prepare the next crop season (purchase of seeds, fertilizers, etc.). In February-April, when prices are 4 times higher (CDF4500/bucket) farmers miss the opportunity to sell their corn because their stocks have run out. This locks them in a vicious circle: they lack the cash to prepare the next season, yields do not generate sufficient cash to prepare the next season; and so on [see cropping calendar].

Depots. Farmers request depots to store corn and sell it at the right time. (*We cannot sell our corn at a fair price and therefore should wait for a good time to sell when prices go up*). This would allow generating sufficient cash to meet the costs of a new season. (*Depots would allow us to sell wholesale*). If a depot is relatively easy to construct (*just bricks and sheet metal*) the day-to-day management brings extra costs and challenges (*World Vision gave us a container that has been too small to store our crops. Also we needed to hire a watchman (CDF50000/month) but we*

could not continue paying his salary when the CDF plunged against the USD and we had to abandon the container). Corn also needs to be treated against insects [see cropping calendar].

2. Better harvests

Farmers seek to increase their harvests and improve the quality of their crops. More output implies capacity to cultivate more land, easy and sufficient access to inputs, quality seeds, ways to minimize labor costs, etc.

Low-cost, quality and/or advantageous crop inputs. Small-scale farmers seek credit to purchase their inputs (seeds, fertilizers, pesticides etc.). **A flexible credit system** that (i) allows farmers purchasing agricultural inputs and facing additional costs (labor); and (ii) reimbursing loans when they feel financially stable, appear as a precondition for systemic change [see cropping calendar]. Annual expenditure for 1 ha is estimated at about CDF500000 (USD330). *We do not have access to credit and pay inputs cash. Without money we do not benefit from technical support. We only rely on our personal efforts.*

- **Seeds.** Seeds for free or on credit are not available. Farmers purchase on their own initiatives. World Vision used to support some of them (via farmer associations). Today they receive inputs from SEEDCo on condition they pay cash. They know SEEDCo because of Tenke Fungurume Mining (TFM). TFM has a contractual obligation (mining code) to support small-scale farmers in the zones where they operate [see change and training].
- **Fertilizers.** FEDAC provides fertilizers (cash payments). *(Men) For 1 ha you need at least 3 bags of NPK and 3 bags of urea. But if you have the financial capacity, 5 bags NPK and 4 bags of urea would boost the production up to 8 tons (3200 buckets) - instead of 3 tons (1200 buckets).*
- **Cost of labor.** Labor can be as high as CDF24000. At harvest time, every laborer gets a bucket of corn.

Enhanced farming techniques

- **Tractors.** Small-scale farmers cultivate manually. Their land does not exceed 1-2 ha with poor yields of only 350 buckets (*seaux*) mainly used for subsistence harvesting. With the arrival of machines (tractors) yields have now increased. For some of them, labor has been mechanized (tractor rental) and this allows cultivating more land (from ½-1 ha to 2-5 ha). A tractor works faster and better (average of 1 ha per day). However, Fungurume has only two tractors (and seeders) and ten would be needed to serve all farmers. *We sow and harvest the same day.* Tractor and seeder rental is about USD130/ha.
- **Training.** FEDAC agronomists provide advice and farmers have acquired better technical skills. *We combat alone against the caterpillar that decimated our crops.*

3. Observance of the cropping calendar

Addressing time-critical needs relative to seasons is essential. Nonobservance of the cropping calendar is a major reason why farmers fail to obtain good yields (*We seek to start cultivating in October because later insects will attack the corn*). It is therefore important inputs are available on time. (*We do not obtain support on time to start a new season*). **A credit system with flexible reimbursement schedule** appears as an essential step to break the poverty cycle.

Table 1. Cropping calendar and related issues

4. Access to diverse markets

A major matter of concern is lack of access to markets. (*This is the main reason why we struggle to start a new crop season on our own. We cannot sell corn at CDF1100/bucket and purchase fertilizers at CDF50.000-71.000*). A depot that allows wholesaling would replace the more erratic individual buyers. *We need sure and reliable buyers*.

Any support to allow local processing of farm products (such as cassava/flour mill) could be explored.

5. Practice of multi-crop vs. single-crop farming. Next to corn farmers grow crops to diversify their sources of income and ensure a more stable income. Some is used for subsistence food. These activities are essential for farmer households to get over tough times.

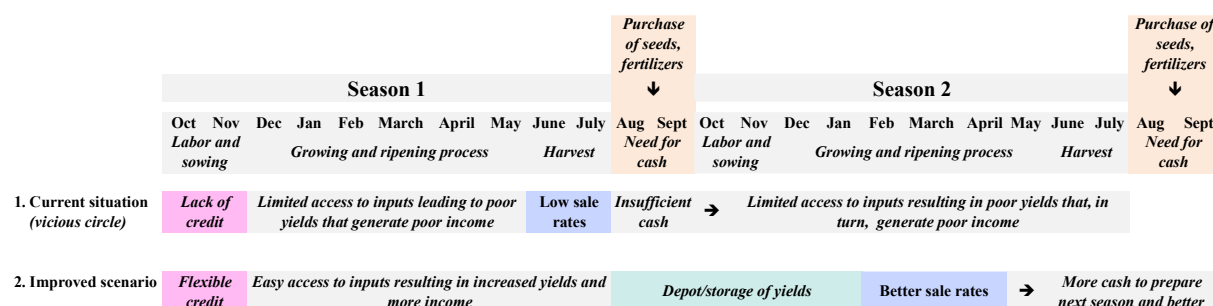
- **Cassava.** Cassava is not staple food and is cultivated on small parcels for domestic use (*We cultivate it for the leaves*). Growing cassava does not require a lot of expenses and does not entail a lot of risks/uncertainties. You can easily produce 100 bags /50 m².
- **Beans.** Beans have two crop cycles. The first one is usually problematic because of the heavy rains (low yields: 6 buckets); second crops yield more (22 buckets).
- **Potatoes.** *We only produce small quantities of potatoes for sale (7 bags; 1 bag = CDF 21,000) but in times of famine, potatoes save the day.*
- **Tomatoes, soya, eggplants, peanuts.**

6. Additional issues

- Theft in more remote fields is common.
- Many farmers rent their land and are not the owners.

‘Change’ as the result of the ÉLAN programme

According to the farmers, change so far has been limited to two aspects:



- **Training and technical advice.** ÉLAN (via The FEDAC agronomists) provides training that makes farmers more skilled. (*Women*) *We used to cultivate on flowerbeds (plates-bandes); today we cultivate more land. We acquired knowledge of agriculture that allows us to work better and more efficiently [see ‘caterpillar’ training above]. Thanks to the training, we have a better*

understanding of seeds and their quality (seed variety 719). We now work with tractors.

- **Access to inputs**, such as better quality seeds from SEEDCo, fertilizers and pesticides. ÉLAN plays a role of ‘facilitator’ between SEEDCo and the farmers. *Change happened since we use chemical fertilizers. We suffered a lot when cultivating without fertilizers. We had a small crop and little money. Using fertilizers we have a decent crop and we earn respect from the community. (Men) Before, 1 ha produced 80 buckets of corn; now 1200 buckets (3 tons). We also have more resources to solve the day-to-day problems. Before, inputs were not available in Fungurume and we had to travel to Likasi.*

Likasi (focus group discussions), Saturday 7/10/2017

Agriculture (corn)

FG 1: 9 women

FG 2: 10 men

In Likasi, farmers are unfamiliar with the ÉLAN program. They had different experiences with credit systems and are familiar with SEEDCo seeds. The focus group discussions highlight similar challenges and concerns that Fungurume farmers have to face. These therefore allow strengthening the credibility of the findings. Challenges include:

Low-cost, quality and/or advantageous crop inputs

Access to a flexible credit system: Lack of credit to purchase essential inputs and a flexible repayment schedule appear as a major hurdle. Farmers have previous experience with:

- **The charity model.** A Protestant (Dutch) church provided customized inputs on credit (to church members only). The initiative later failed because of fraud with the list of beneficiaries (that included nonmembers)
- **The mining company model.** After harvest, the farmer repays the credit he received in the form of corn. If at the start this corresponded to a ‘fair’ 400kg/ha (total yield of 3 tons/ha), the next year farmers were asked to pay 1/3 of their yield (1 ton) and they left the program.

The above confirms the principle that farmers need **a flexible credit system to break the vicious circle** in which they are locked.

Likasi farmers have similar concerns

- Observance of the **cropping calendar** (inputs are needed in October)
- **Fair sale rates** (i.e., when the price of corn is high) and **access to depots** (that allows storing the corn until the time to sell is right)
- **Practice of multi-crop farming**
- **Market access issues**
- **Training** (from agronomists when providing the inputs)

Experience with SEEDCo quality seeds

Farmers have gained experience with SEEDCo seeds (without ÉLAN). They constantly raise the issue of lack of sufficient financial resources to boost their harvests.

- Seed variety 719 gives annual per hectare yields of 3-4 tons. Before that I had poorer results because the seeds I used were smaller.
- With the 719 variety I was able to produce 5.5 tons and when inputs arrive on time I should be able to do more.
- Last season I used the variety 727 and produced 7.6 tons. However, this variety is prone to rot when the corn is ripe (corn leaves do not cover the ear that is therefore exposed to rain). That is why you need to cultivate towards the end of December. When the corn is ripe rains have already stopped.
- Seed variety 719 is profitable but this year I only produced 2.5 tons due to lack of resources

Fungurume (focus group discussions), Thursday 5/10/2017

Branchless banking

FG 1: 9 women

FG 2: 11 men

FEDAC has started sensitizing small-scale farmers to open a bank account at FINCA. This is yet in a pilot phase and basically a word-of-mouth process. Cash deposits are still modest (average of 3-4 times per month) and reserved. Building trust is in the early stages. Bank accounts are savings accounts (interest at 3% per month with a 6-month timeline) and only allow withdrawing, depositing and saving money. So far, access to credit is not possible.

The focus group discussions³⁵ show

- Farmers adhere (although timidly) to the idea of having a bank account. This enthusiasm is somewhat tempered by the fact that FINCA does not have an office but is represented by a local economic operator.
- The conditions for opening a bank account are attractive (a one-time opening fee of USD1) and 3% interest per month.
- Farmers make a clear link between farming and a bank account. If growing of corn generates more income, then FINCA could offer an opportunity for saving money and having access to credit. For instance, they say
 - *A bank account remains senseless if farming activities stagnate. In other words, we need bigger yields to save money.*
 - *Bigger yields and bigger profits depend on a series of conditions that need to be in place (e.g., credit to purchase inputs on time, depots to sell crops at the right time, etc.) [These conditions are those discussed during the focus group discussions on agriculture].*
- Farmers practice multi-crop farming (*cultures maraichères*). This extra income partly finances the growing of corn.
- Farmers request technical advice (from agronomists via ÉLAN) as they are not able to finance them
- Bank accounts should set the doors open for a (flexible) credit system [see notes on agriculture].

³⁵ The FGs for agriculture (corn) and branchless banking are the same.

Bunkeya (focus group discussions), Friday 6/10/2017

Branchless banking

FG 1: 7 women

FG 2: 11 men

Farmers have sensitized other farmers (word-of-mouth process); still others have heard about FINCA via radio. Most of them opened a bank account 5 months ago. This gives them some authority to speak about this new experience. As in Fungurume, bank accounts are saving accounts. Access to credit is not yet possible.

Opinions about the FINCA system

Advantages

- *Our money is safe and secure; we cannot lose our money anymore because of fire, theft or careless usage*
- *Bunkeya did not have a bank. Today we are able to better manage our money and know our net profits*
- *We are able to make transfers and withdrawals outside of Bunkeya*
- *Transfers to people who have a FINCA bank account are free. Before we used money transfer agencies that take a 5% commission*

Matters of concern (linked to organizational aspects of the FINCA model)

- Deposits are limited because of 'insufficient space' (*faute d'espace*). Reportedly, 'space' corresponds to the security deposit the economic operator agreed to pay to FINCA. If deposits exceed this ceiling (space), then clients cannot put money into their accounts.
 - *If that happens, we return home with the money.*
 - *The frequency of the deposits is now high and some farmers have made more than 10 deposits (with amounts of CDF100000). 'Space' is then reduced and others may not be able to make any deposits*
 - *This issue needs to be solved as soon as possible. FINCA needs to multiply "EXPRESS FINCA" contact points or open an office.*
 - *FINCA agents are not in Bunkeya on a permanent basis; they only come intermittently. At times, people from outside Bunkeya may travel long distances without*
- Building trust is still a process. Some FINCA members remain with unanswered questions; these include:
 - *What happens if the economic operator dies?*
 - *What happens if a member dies?*

In general, farmers need to be better informed about FINCA: objectives, operation mode, conditions vis-à-vis their clients, etc. But trust is growing. We have trust because one of us made a trouble-free withdrawal outside of Bunkeya.

New model? Agricultural credit with technical assistance

Access to credit (cash) with flexible repayment schedules is an essential step for farmers to break the vicious circle of recurrent low income [see notes on agriculture]. The arrival of FINCA may be an opportunity to introduce a credit model

that involves the farmer, FINCA and SEEDCo. The principle and rationale (although still theoretical) are as follows:

- *The farmer is a client of FINCA and regularly puts money into his/her bank account*
- *At the start of the cropping calendar, the farmer needs cash to purchase inputs from SEEDCo*
- *On a case-by-case basis, FINCA negotiates with SEEDCo a repayment schedule of the credit*
- *The farmer 'mortgages' (part of) the future yields (assets) to satisfy the creditor (as it is expected that availability of cash will lead to increased crops)*
- *The farmer benefits from technical assistance (agronomists) when purchasing the inputs to ensure better yields*

Farmers believe such a model would solve the recurrent issue of cash shortages at the start of a new crop season.

It is likely such a model needs to be part of a broader investment plan that seeks to address in a systemic way the challenges small-scale farmers have to face (such as depots, enhanced farming techniques, etc.).

Equity issues

Following focus group discussions,

Agriculture

- *(Women) Men and women have equal access to services. Professionally speaking, some women produce more (better) than men*
- *(Women) We have infirm farmers, old farmers and albinos. They are treated equally.*
- *(Men) At FEDAC, every member has one voice (une personne, une voix).*

Branchless banking

- *Husband and wife may both have FINCA bank accounts. These are managed jointly in line with assigned farming activities.*

Mbandaka (focus group discussions), Monday 2/10/2017

Ship owners

FG 1: 7 men

The meeting convened members of the Union Congolaise des Armateurs des Baleinières en Bois (UCAB) - Association of ship owners (wooden vessels only). 7 members showed up together with one ÉLAN staff. At some point, researchers were able to continue the discussion in the absence of ÉLAN. This allowed ship owners speaking more freely about their activities and the role of ÉLAN.

First contacts

ÉLAN contacted ship owners in 2014. At a first meeting ÉLAN made following proposals and promises:

- Ship owners should unite in associations
- ÉLAN will train ship owners on business management and micro-credit
- At later stage, ÉLAN will facilitate ship owners to access financing (credit)
- ÉLAN will play a facilitator role on the regulation of local taxes

Accomplishments

UCAB and local associations

- At the initiative of ÉLAN, ship owners (located on different river axes) united in associations. These are for instance: Axes LUSENGO, BOLOMBA, BASANKUSU MOMBOYO and AKULA). These associations are now united in the *Union Congolaise des Armateurs des Baleinières en Bois* (UCAB).

Training and technical assistance

- ÉLAN provided legal assistance to help the associations developing their statutes and internal regulations (*R.O.I.*).
- ÉLAN provided training on business management and encouraged the associations to open a bank account (TMB) and start an exercise of savings and loans. Every member contributes CDF400, 000 (USD258) and is allowed to borrow money. Reimbursement (with customized timeline) is at 10% interest and occurs after each trip. Members usually borrow money to prepare their next trips (engine maintenance, purchase of fuel, etc.). The rationale is to familiarize ship owners with the credit system and make them (technically) ready to access financing. Also, ship owners of wooden vessels seek to replace them by

Debate on local taxes

- ÉLAN facilitated a meeting that convened all actors around the same table (ship owners, local authorities) to discuss the *Arrêté interministériel* (2014)³⁶ that banned a list of illegal taxes in the river transport sector in DRC. The provincial government (Equator) published a local list of these taxes in the vernacular.

Matters of concern

Unkept promises

- ÉLAN encouraged ship owners to unite in associations and conducted trainings/exercises to build their capacity in business and micro-credit management. Ship owners adhered to the initiative mainly because they were told this would be the first step to access financing. So far, ÉLAN *has not put money in a bank to lend us money*. Ship owners want to benefit from credits. *ÉLAN told us to develop (signed) requests for micro-credit (which we did in 2015) but as of today we did not obtain anything. ÉLAN just did the training.*
 - *We would like to sign a MoU (protocole d'accord) with ÉLAN so that we can move forward*
 - As a result, members have started leaving associations. *Why put money in a bank and take a loan? We can manage our funds ourselves.*
- ✓ Ship owners are unhappy with the way ÉLAN is communicating (i.e., not communicating at all). *We do not have a good collaboration with ÉLAN.*

Illegal taxes

- *Since ÉLAN started the sensitization campaign, changes in tax perception practices are not visible.*
- *The hassle (tracasseries) continues. For instance,*
 - *Military (maritime forces) continue collecting illegal taxes on the river*
 - *They may confiscate people's ID cards (cartes d'électeur) and you have to pay a bribe in order to get them back*
- SONAS (insurance). This is not a tax matter but ship owners complain they pay the SONAS insurance but do not get reimbursed when an accident occurs during a journey.

[The above should be corroborated. Does ÉLAN monitor current tax policy? If so, do they document that? Is there any evidence?]

³⁶ A.M. interdisant les perceptions illégales dans le secteur du transport fluvial et lacustre en RDC.

- ✓ **General comment.** Publishing a list of illegal taxes may not be the best way to ban them, as people will invent new ones. A *positive* list of legal taxes is likely to be a better approach: this is legal and the rest is not.
- ✓ Equator province is now subdivided into 5 *provincettes*. Not sure these will continue applying existing texts. Governors have changed since then and may decide on different policies. This raises the question of the follow-up and the necessity to stay united in bigger groups.

Need to address other priorities: link with the poor (the farmers)?

- Ship owners are not the only ones that pay taxes. What about farmers?
- Ship owners buy agricultural yields from farmers (such as corn, peanuts, rice, cassava, palm oil). They complain how hard it is to transport crops from the villages (farmers) to the warehouses.
- ✓ For a town like Mbandaka, and the different river axes, it would be crucial to have a much more **detailed picture of the commercial system** that is in place (markets, road/river axes, ports, warehouses, etc.) and the list of actors at each stage of the circuit (farmers, carriers, ship owners, stevedores, authorities, etc.) to identify the challenges at all levels.

Kalamba and Buya II (focus group discussions), Tuesday 3/10/2017

Small-scale cocoa growers and farmers (corn)

FG 1: 17 men, 7 women

FG2: 7 women

Initially, the focus group discussion in Kalamba targeted local cocoa growers only but ÉLAN had set up a meeting with farmers from Kalamba and Buya II. It also became clear the group was composed of both cocoa growers and farmers cultivating corn making the conduct of the focus group discussion more challenging. Researchers felt uncomfortable with the way ÉLAN had organized the meeting (lack of clarity on how they designed the 'sample', including their heavy on-site presence - no less than 5 staff members). They had therefore an overall impression of something that had been 'prepared' in advance (préparer le terrain).

ÉLAN support

Cocoa growers

- **ÉLAN support.** At the start, ÉLAN had promised support to local cocoa growers (via focal point and president of a farmer association based in Mbandaka) that consisted of
 - Training and technical advice for growing and processing cacao (such as fermentation and drying techniques)
 - A reliable and trustworthy buyer (of cocoa)
 - Inputs as pesticides, agricultural tools, etc.
- **Technical advice from CTM.** ÉLAN solicited technical assistance from a local NGO *Centre Totombola Mboka de Mooto* (CTM), a development center linked to the Catholic diocese with expertise in coffee and cocoa plantations. CTM provided technical training to a small group of local cocoa growers (estimated at 10),

started building drying areas (reportedly 2, one in Kalamba and one in Buya II), etc.

- **Artificial change.** Before the arrival of CTM, cocoa growers sold their cocoa at CDF250/kg to local buyers. Feeling somewhat responsible for the first cocoa harvest (after the training), CTM decided to encourage the cocoa growers and to buy the first harvest at CDF900/kg (3.5 times more). *(Farmer) I sold my first harvest of 100kg at CDF90000 (USD58)* [Reportedly CTM used funds from another program to finance this one-shot operation]. CTM did this only once and cocoa growers returned to square one. *(Farmer) No one buys our cocoa now. CTM stopped buying. We need a permanent and reliable buyer. As things are growing bad again we are forced to return to ancient practices, such as 'Entuke'³⁷ (i.e. you give your plantation to a buyer who grants you a loan. After harvest, you take it back).* Farmers made profits when CTM was the buyer and were able to pay school fees, labor, transportation costs and bikes; or to expand their plantations.
- **Unkept promises.** Cocoa growers are disappointed ÉLAN has not kept all promises. Farmers did not receive any inputs but the main source of frustration is the absence of a reliable buyer. This reads like putting the cart before the horse. What is the sense of training farmers and trying to boost their harvest if an essential piece of the puzzle (the buyer/the market) is not yet in place? CTM bought the first harvest for reasons of charity, not because there is a market.
- **Net profit.** The focus group discussions did not discuss the costs of growing cocoa. This includes tools, inputs, labor, transportation, etc. Training on how to manage a budget and calculate net profit might be useful. What should be the fair price of cocoa? What about expanding the plantation? Use of fertilizers? Etc. Many questions remain unanswered about the profitability of growing cocoa in a place like Kalamba.

Corn farmers

- **Inputs and technical advice from CTM.** CTM (via ÉLAN) introduced an improved variety of corn (called SAMARU) in the area. *(Farmer) Before that we cultivated the local variety called Mayandji or Basankusu. The new variety has 3-4 corn ears (whereas the local variety only has 1-2) and tastes much better. Now I sell a bag of corn at CDF30000 (USD19.5), easily and rapidly. For the local variety I only get CDF25000 (USD16).*
- **Rationale and concept.**
 - CTM sells the improved seeds to farmers via the focal point (president of the farmer's association) in Mbandaka at CDF1800/kg (USD1.2). Both CTM and farmers appear to make profits. However, CTM complains ÉLAN unilaterally decided on the price of the seeds. Farmers do not appear to have any issues of market access (only transportation costs to Mbandaka). If a corn field (of ½-1 ha) yields 4 bags of corn then the farmer either has to travel 4 times to Mbandaka on a bike or put the bags on a truck.
 - Not all farmers have bought the improved seeds directly from CTM. Some received it from other farmers that are CTM clients. CTM may therefore

³⁷ This is a Mongo word for 'collateral'.

progressively disappear from the circuit if farmers start producing the improved seeds themselves.

- It appears from the discussions that the improved seed variety may gradually replace the local one.

- **Net profit.** focus group discussions did not discuss the costs of growing corn (see above). Compared to Haut-Katanga, the use of fertilizers, the questions of depots, access to credit and markets, more land, etc. seem to be absent from the debate. Reportedly, ÉLAN promised agricultural tools but has not (yet) done that.

- ✓ If by any chance the farmers succeed in increasing their yields substantially in the future, the challenges of financing the cost of cultivating corn and finding markets may increase proportionally.

Gender issues.

- Women complain they are not involved in the ÉLAN/CTM program. This includes training. *We are not invited to meetings. We work behind our husbands (derrière nos maris).*

Mbandaka (FGDs), Monday 2/10/2017

Renewable energy (solar lamp)

FG 1: 5 women, 4 men

FG 2: 7 men

Researchers visited owners of Altech solar lamps in the town of Mbandaka under the guidance of ÉLAN (last-minute and initially not planned). Most of the visits took place at their work place (shops). ÉLAN had made the selection without communicating the list of 516 (?) Altech clients. Lack of clarity on how ÉLAN designed the 'sample' and their physical presence during the interviews raised suspicion about the reliability of the exercise. All Altech clients are middle-class: pharmacists, petty traders, 'jewelers', nurses, etc.; none of them can be categorized as (very) poor. It is further crucial to highlight that the purchase of the solar lamp seems to have been motivated by promises of more credit and more products. It appears people did not primarily buy the lamp to light their house or shop but because they were told it was a condition for receiving other products on credit in the future (such as freezers, radios, motorbikes, bags of cement, etc.)

- ✓ **Comments made on the lamp (use, savings, characteristics) are very similar to the ones heard in Goma.**

The solar lamp

Characteristics and purchase terms. Lamp and purchase terms are the same as in Goma. Altech teams (composed of managers and ambassadors) are in charge of marketing and collecting the USD1 daily payments (using mobile money). Here the lamp has a 5-year warranty. If the client fails to pay for 3 days, Altech recuperates the lamp. The payment method implies Altech ambassadors have to visit their clients every day (50 clients per day) and requires a minimum of logistics. Ambassadors complain about transport issues (do they have an and are demotivated. At times, the electronic payment system does not work because of local network problems.

Benefits and inconveniences of the lamp.

Attractiveness of the lamp

As in Goma, the lamp is appreciated for

- The power and brightness of the light (compared to other lamps)
- Being portable (nurse) *I can take care of the sick at night.*
- The purchase terms (on credit)

Benefits and change

- **Extension of daylight.** *I can read at night.*
- **Better health and more safety.** *Candles may cause fire. Petrol is bad for your health.*
- **Better adapted?** *Before I used a solar panel (with battery and solar inverter) but the cost was too high.*

Inconveniences

- **High price.** *The lamp is too expensive and should not cost more than USD20. Chinese lamps only cost CDF6000 (USD4). Because of the price, the lamp is not very competitive on the local market.*
- **Bulb.** *The screen (écran) is too small*

Savings

- *We do not pay petrol and batteries (for flashlights) anymore. We use these savings for paying school fees, etc.*
- One client estimates the savings on petrol at CDF6000/month (USD4).

Clients also recommend (echoing comments from Goma):

- The lamp should allow us to save money
- The lamp should generate income
- Poor people should have access to the lamp

It is important to remember the initial marketing strategy:

(Mbandaka II) We accepted to buy the lamps because ÉLAN/Altech promised we would receive other products on credit. We finished paying the USD35 but so far promises have not been kept.

It would be a shame if above promise was just a lure for selling more lamps.

Goma (focus group discussions), Friday 6/10/2017

Renewable energy (solar lamp)

FG 1: 6 women

FG 2: 4 men

Goma (focus group discussions), Saturday 7/10/2017

Renewable energy (solar lamp)

FG 3: 3 men, 1 woman

FG 4: 2 men, 6 women

Researchers contacted owners of solar lamps by phone (total of 48) and continued making follow-up calls later on. However, only 22 showed up. Reasons for that appear to be the short notice and their non-availability. Most of them own (small) shops and needed to be at work. Their profile and social status does therefore not tally the pro-poor policy of the ÉLAN program. The majority has been using the lamp for 2-5 months and therefore has some authority to comment on the benefits and inconveniences of the lamp.

How did people hear about the lamp?

- Prevalent answer: through word of mouth (neighbor, friend, houseworker, etc.) or discovered by chance (e.g., when people are using it)
- Marketing done by Altech agents (called Ambassadors) in public spaces (markets)
- Dissatisfaction with SNEL (national electricity company) and looking for alternatives (*I had a dispute with the electricity company and heard of the lamp from a friend who strongly recommended it*)

The solar lamp

Characteristics and purchase terms. The lamp is a small portable device with one bulb and integrated solar panel and battery bank. The lamp has an outlet for plugging a cell phone. Lighting and charging of a cell phone discharge the battery. The lamp has 3 settings that allow adjusting the brightness. The lamp costs USD32 when paid cash and USD35 on credit. Repayment schedule is minimum USD1 per day over a 3-month period (but bigger amounts are possible) using the Pay&Go model (the lamp automatically stops working if one does not comply with the initial contract). The lamp has a 2-year warranty.

Use. The lamp is used for different purposes; these are:

- Mostly for lighting at night or early morning (inside the house, at the shop, outside - may be used as a flashlight on the road, to use the outdoor toilets, etc.). This includes lighting for reading, writing and studying (*At times, my children confiscate the lamp*), cooking in the kitchen. The lamp is particularly useful when traveling to the village (where there is no power).
- Charging cell phones (can only charge one phone at the time)

Benefits and inconveniences of the lamp.

Attractiveness of the lamp

- Purchase terms: *I bought the lamp because I can pay by installments.*
- The power and brightness of the lamp: *The lamp is small but the light is bright and does not hurt the eyes.*
- Competitive with similar products: *The light is brighter than the Chinese solar lamp (it is the strongest we have seen on the market) and the lamp has a 2-year warranty*
- Very simple to use and the lamp is portable
- The Pay&Go system implies the lamp cannot be stolen and if it is, the lamp can be switched off
- Reportedly, some initial skepticism in households (from husbands) when they compare the small Altech lamp and the Chinese lamps that have more bulbs. According to the women, men change their mind when they start appreciating the quality of the lamp.

Benefits and change

- **Extension of daylight.** *The light is bright and does not hurt the eyes. The light gives joy to the kids when they play outside. In the past they complained but now they study well. I can read and work at night. We now can see what we eat.*
- **General feeling of wellbeing.** *The lamp brings a general feeling of joy into our household.*
- **Earn more.** *My neighbor has a pharmacy that stays open longer and allows him to earn more*
- **Better health and more safety.** *We stopped using candles (paraffin) and petrol. This will reduce the risk of fire and (chronic) lung diseases (bronchitis, cough, colds etc.).*

Inconveniences

- **High price.** *The lamp is expensive and I cannot afford paying more than one although that would make a big difference at home.*
- **Purchase terms.** *Some are of opinion that payment modalities are problematic; the constraint of paying every day is felt as a burden (In particular, when the lamp stops working if you fail to pay).*
- **Slow capacity of charging and not a cell phone charger**
 - *Charging is slow and the battery needs to be charged every day otherwise the light stops working after 5 hours. If the battery is not full, it will not charge the phone.*
 - *The lamp cannot charge two cell phones at the same time (the power of the light will be too low). Other family members continue charging their phones outside.*
- **Only one bulb and complicated practical use.** *The lamp has only one bulb and can only be used in one room so the other rooms stay in the dark. One lamp is not enough to satisfy the whole family. Families end up using other sources of lights in the rest of the house.*

Managing the lamp

- *Children may quarrel about the use of the lamp (rotation of girls and boys)*
- *Neighbors may not understand why they cannot use the lamp to charge their phones.*

Savings

- *The solar lamp has reduced (though not totally) some expenses that may include petrol, candles, batteries (for flashlights), paraffin, etc. These savings are hard to quantify. Households live from day to day and do not budget. Some estimate their monthly savings at CDF8400 (USD5.5) on petrol, or at CDF6400 (USD4) on Chinese torch batteries. But these figures vary greatly from household to household. Some say they may save a total of CDF16000 per month (USD10.6), still others mention CDF24000 (USD16). Most figures seem to vacillate around USD10.*
- *Households continue using others sources of light as they cannot afford more than one lamp.*
- *The lamp (battery) has only limited capacity for charging phones and is therefore not suitable for starting a business. Also, the cost of charging a phone is as little as CDF200 and therefore negligible.*

- Households say they spent these small savings on food (for their kids) and basic family needs such as soap, onions, tomatoes, oil, salt and sugar. This may also include snacks (for kids in school), pens, notebooks, pencils etc.

Challenges and path forward

Blinded by the light. Bringing a bright light into a family that is used to live in darkness or by the light of a flickering candle is a big change. Findings seem to indicate the brightness of the lamp (much more powerful than Chinese lamps) is a decisive argument for buying it. The possibility to pay by installments makes it even more attractive. However, once households start using the lamp they quickly apprehend its limits and the way it can be used (see inconveniences). *One lamp cannot light the whole house and satisfy all family members. One lamp has not stopped us from using petrol lamps and has not put an end to dark rooms. One lamp cannot light the house and the shop at the same time.* Savings appear as minimal and do not emerge as an important benefit. **What people basically seek is light in all rooms of the house and as long as possible.** Alternatives exist but they are expensive (*Go Shop* has a wide range of solar products - USD400-2000) or of unreliable quality (Chinese products include a 100 Watt solar panel and 7 lamps at USD100).

Market low-cost solar products that address priority needs. One option is to market a kit with 4 quality lights at an affordable price. This would include:

- 4 portable lamps
- Possibility to pay by installments (flexible repayment conditions)
- A 2-year warranty
- A total price that is below the current USD35 per lamp

Target poor people. Altech should come out with products that target very poor people. This is currently not the case. All solar lamp owners are middle-class.

Kiniezi (focus group discussions), Monday 9/10/2017

Agriculture (coffee)

FG 1: 12 women

FG 2: 12 women

Minova (focus group discussions), Tuesday 10/10/2017

Agriculture (coffee)

FG 3: 12 women

FG 4: 13 women

Focus group discussions started at Kiniezi and continued the next day in Minova. All participants are women (coffee growers) that are members of the coop Muungano³⁸ (meaning 'united'). The coop has 1707 female members (out of over

³⁸ Muungano members work on ancient coffee plantations that initially belonged to Marcel Costier, a Belgian colonist who donated the land to 10 of his most loyal collaborators. It is a young cooperative (2009) that exports up to five containers per year of **specialty coffees** to Europe and the US. Most of the farmers (95%) deliver fresh cherries to the cooperative and 5% of them wet process the coffee at the farm level. On average, **a farmer grows**

4000) with contractual obligation to sell their coffee cherries exclusively to the Muungano coop. Researchers were not involved in the selection of the participants; their role was limited to conducting focus group discussions. It is important to highlight that these meetings at the bottom of the coffee value chain (farmers) can only shed some light on the commercial system that is in place. **focus group discussions seem to indicate women know very little of what is happening beyond the coop level. Organic certification, Fairtrade and Café femme are international quality labels that certify the traceability of coffee but how gratifying is this for the farmer? This is a legitimate question ÉLAN may (should) put on the table. Coffee growers have the right to be better informed about price policy, negotiation power of the coop, etc. The risk of harm is real when farmers are being kept ignorant.**

The Muungano coop model

Membership. Women say they are happy they have joined the coop. Reportedly, more women are waiting to join. Membership conditions are a field of at least 100 plants. When tested by an agronomist and accepted, members pay a USD20 joining fee. The main condition is that you own land to avoid leakage and free riders. Members are not allowed to side-sell. *Do you sell to other cooperatives? No, just like we don't have two husbands.* Membership provides access to activities organized by the coop, such as training. *The main reason more women do not join the coop is because of the high joining fee. Non-coop women come to our meetings to listen and learn. We would welcome new members, as this would expand the brand, the returns and the welfare in the community.*

Benefits. These are multiple:

Training. Women received a lot of training from Muungano agronomists that helped improve growing coffee, both in terms of quality and scale of yields. They are attracted by the quality of the support (and subsequent outputs). Training included fertilizing techniques and natural composting (goat rearing and use of goat manure, planting of banana trees and use of the leaves as compost, composted food waste etc.). Farmers do not use/buy chemical fertilizers. Some also mentioned bean seeding as part of the training.

Stability and sustainability. Muungano offers stability. *Before we used to sell to itinerant commissioners, smugglers, etc.* Farmers do not smuggle anymore since they joined the coop. *Today, we bring cherries to the washing station and sell.* The

1/3 ha of coffee. Muungano has **three coffee washing stations and a fully equipped cupping lab** with an internationally trained cupper. Once coffee is processed and dried in South Kivu, it is sent to the Jumbo Safari dry mill in Goma to be sorted. Then, when ready, the coffee is loaded onto a truck to make the road to the port of Mombasa in Kenya. Farmers tend to the land naturally, using homemade compost and mulch. In January 2017, Muungano achieved **organic certification** (Current certifications include **Fairtrade, Organic**). Members have participated in the **GALS program** (Gender Action Learning System) - a project focused on promoting gender equality. GALS trains men and women to work together as a family. In Eastern DRC women are mainly responsible for agricultural labor in coffee fields. They do not only deliver most of the work but are also widely responsible for key tasks related to quality and productivity. Through the introduction of 'women's coffee' (**Café femme**) - the differentiation of high-quality coffee **fully traceable to women** - female farmers will be **guaranteed an additional income**, which is critical to cover household expenses such as school fees, home improvements and health care services (Sources: Different websites, such as <https://coopcoffees.coop/muungano-cooperative-eastern-dr-congo>; www.atlascoffee.com/coffees/muungano-cooperative; <https://amavida.com/shop/muungano-cooperative/>; <https://www.threadcoffee.com/2015/>; <https://www.kivu.coffee/coop-muungano>)

coop takes care of the rest and transports coffee to the buyer. *We do not have any concerns to sell.*

Gender Action Learning System (GALS) training. All women coop members received training on gender equality. Since they have been trained, there is a dialogue in the household. Today, they plan and budget together and decide how to raise and spend money. Husbands are allocating land to women to work and raise their own money. Before, everything went to the men. Men have a strong incentive to support them: the household has more money and they are better off. Today, men value them more. They allow them being more than workers and housekeepers. In the past, husbands would decide alone and spend money without consultation. They now produce the coffee, bring it to the market and take their premium; punch lines include:

- *No one wants to go back to the time of our parents when women couldn't speak in front of their husbands*
- *Café Femme keeps the men honest. If ever they were to revert to their old ways, we would remind them of the training.*
- *We have learned to respect one-another.*
- *Before we had no say; now we do*
- *We work on our land and they on theirs, although we do help one another – we have to harvest separately*
- *From training we learned women were not just useless appendages to men. Men also participated which meant they learned a shared perspective.*
- *Now we talk more with our households. Never used to know how much he earned. It used to be about him only; now it's about 'we'. 80% of income is pooled and jointly decided on; 20% we keep for ourselves.*

Governance training. Women were trained on budgeting, managing their business, even learning a bit of French. *I was illiterate but stood for leadership. Now I even am an example to other women who are educated. Since my leadership position, my husband is very happy; if I want another field he would give it to me. We used to think that leadership was only for men - now this is difference. Before, I would never be able to talk in front of men like you. Today, I have no problem and can express my opinions.*

Better quality and higher yields.

- Harvests are twice per year. In April-May-June yields are big; in October-November they are much smaller (e.g., *first harvest 1200kg, second 600kg*).
- Before organic training, harvests were low. Higher yields are the direct result of the training (2015) - see comparative table on the right for some figures.
- The quality of crops has improved after using organic fertilizers. *There is a big difference between current and past outputs. We produce more and of better quality (des bons fruits).*

Revenue has increased. Revenue has increased for two reasons: higher yields because of better farming techniques (including organic fertilizing) but also the presence of a reliable buyer (Muungano). Erratic year-to-year sales belong to the past. Now, they their entire crop to the coop. Income is composed

- **Cherry price (core revenue).** In 2016, the coop paid CDF300-350/kg. In April 2017, they started buying at CDF400/kg.
- **Café Femme (CF) premium.** Female farmers receive a CF premium of CDF10/kg. A crop of

Increased yields (2016-17)				sell of:
	Year 2016	Year 2017	Increase %	
1	250	650	160%	
2	200	400	100%	
3	350	750	140%	
4	300	500	66%	

100kg equals CDF100; a crop of 1ton, CDF10000. This amount is so small and negligible that women decided to pool that money and buy goats. The coop pools all the premiums and buys goats. Last year they distributed 15 goats (their number depends on the marketed production).

- ✓ **According to the researchers, women receive one premium only. Not sure if this is the CF or the organic one. Women do not seem to be aware of that. Are Muungano coffee growers supposed to receive Organic, Fairtrade and CF premiums? [See transparency concern above]**

Use of increased income. Coffee has transformed the social and financial status of women in households. Money is spent on:

- **Education.** *We send girls and boys to school without discrimination. One woman referred to the opportunity of sending her son to university.*
- **House with a sheet metal roof.** *I did not have a house with a sheet metal roof, but today I have.*
- **Purchase of extra land.** *Before we only had a small piece of land but we added another one.*
- **Build a small house.**
- **Extras for themselves.** This varies from new fabric to doing my hair, body lotion, making myself pretty. *I can now afford my own stuff without asking my husband.*
- **Better food, solar panel, etc.**

Relativity of income: net profit. It is useful to think of income in terms of net profit. For instance, a crop of 750kg at CDF400 gives a total of CDF300000, the equivalent of USD200. From that income, women need to pay:

- Labor to work on farms and help with the harvest
- Food for the workers
- Transport of coffee (i) from the hills to the main road; (ii) from the dropping-off point to the coop building (warehouse).

The coffee price has not changed that much (from CDF300 to CDF400) but costs of labor and transportation are likely to increase in a context of high inflation (Particularly in the Kivus where the dollar is a reference currency)

[See discontent with coffee prices and premium]

Other sources of income. Increased comfort may not be the result of coffee alone. Extra income may, for instance, come from:

- **Multi-crop farming:** next to coffee, farmers may grow beans, cassava, etc. - part for sale but mainly for own consumption.
- **AVEC groups.** Women say they adhere to AVEC groups. These groups have been established in the area with support from IRC (*Woman Program Empowerment*). They operate as savings and loans groups where members put money in a pot and are entitled to borrow money at low interest rates. This system allows women to have quick access to cash that, in turn, allows them to finance their activities.

Concerns

Transparency. It appears from the focus group discussions that the commercial circuit and price policies are unknown to coop members. How transparent is the allocation of the (CF) premium? This is a fundamental issue. Women are proud of their work and seek valorization and fair financial returns:

- *We want our work to be appreciated and valued abroad*

- *Muungano needs to be a bridge between farmers and buyers*
- *Our coop should negotiate better prices*
- *The price of the coffee/kg and the premium/kg should go up; we are not getting enough.*

[See transparency concern above]

Late payments.

Coop members complain about the late payment of the premium. Twin needs to pay the premium sooner. They currently receive payment for both harvests in December.

Aggregation points.

Establish coop meeting halls/collection points in our localities and closer to the farms to reduce transport costs. If not, then *the coop should finance transport costs from the coffee field to the coop building.*

Equipment.

The coop should provide to members farming implements (machetes, hoes, cutters, etc.).

Gender

The coop has 1,707 female members. On the management board sit only 2 women. Women are still in a minority and would like to see it 50:50. *The coop should put more women on the management board.* However, they do feel represented and can make their voices heard. All as a result of Café Femme.

Annex H ÉLAN logframe (July 2017 version)

PROJECT NAME	ÉLAN RDC DFID Democratic Republic of Congo				Last updated: May 2016 Baseline = 0 for all indicators Calendar year targets/results as at 31 December					
IMPACT	Impact Indicator 1: NAIC		2014	2015	2016	2017	2018	2019	2020	
To reduce poverty in DRC by improving the income growth of poor people in selected market systems	Average Net Attributable Income Change (NAIC) among poor people as a result of market system changes supported by the programme.	Planned (total)	0	30	30	30	30	30	30	
		Planned (productive activities)	0	30	30	30	30	30	30	
		Planned (indirect)	0	30	30	30	30	30	30	
		Planned (women)	0	30	30	30	30	30	30	
		Achieved (total)	0	18.10	25					
		Achieved (productive activities)	0	59.55	18					
		Achieved (indirect)	0	59.55						
		Achieved (women)	0	-	26					
	Impact Indicator 2: Outreach		2014	2015	2016	2017	2018	2019	2020	
	Cumulative number of poor people who have experienced <u>net positive income change</u> as a result of market system changes supported by the programme.	Planned (total)	0	85,000	130,000	373,469	608,844	748,931	1,001,118	
		Planned (productive activities)	0	0	32,500	130,714	273,980	374,466	500,559	
		Planned (indirect)	0	-	0	80,345	238,046	378,133	630,320	
		Planned (women)	0		24,700	82,163	152,211	187,233	250,280	
		Achieved (total)	0	36,681	148,512					
		Achieved (productive activities)	0	7,455	96,147					
		Achieved (indirect)	0	-						
		Achieved (women)	0	13,398	50,314					

	Impact Indicator 3: Cumulative Aggregate NAIC		2014	2015	2016	2017	2018	2019	2020		
	Cumulative aggregate NAIC among poor people as a result of market system changes supported by the programme.	Planned (total)	0	2,550,000	6,450,000	17,654,070	35,919,390	58,387,320	88,420,860		
		Planned (productive activities)	0		1,612,500	4,413,518	8,979,848	14,596,830	22,105,215		
		Planned (indirect)	0		0	2,410,343	9,551,724	20,895,714	39,805,315		
		Planned (women)	0		1,225,500	3,354,273	6,824,684	11,093,591	16,799,963		
		Achieved (total)	0	663,821	4,956,481						
		Achieved (productive activities)	0	443,912	2,530,576						
		Achieved (indirect)	0	443,912							
		Achieved (women)	0	-	1,499,206						
	Data Source	ÉLAN RDC provincial based survey per market system, socioeconomic profiles per sector and geography, case studies and intervention-based MRM reports generated by the MRM system.									
OUTCOME	Outcome Indicator 1: Performance		2014	2015	2016	2017	2018	2019	2020		
The performance and position of poor people within selected market systems is substantially improved.	Cumulative number of poor people who report a <u>substantial increase in enterprise or household performance</u> as a result of market system changes supported by the programme.	Planned (total)	0	127,500	195,000	560,204	913,266	1,123,397	1,501,677		
		Planned (women)	0	31,875	48,750	140,051	228,317	280,849	375,419		
		Achieved (total)	0	93,209	218,647						
		Achieved (women)	0	-	76,271						
	Outcome Indicator 2: Improvement of Women's Roles		2014	2015	2016	2017	2018	2019	2020		
	Planned	0	0	6,175	20,541	38,053	46,808	62,570			

	Cumulative number of poor women showing a progression in their role within the targeted market systems.	Achieved	0	1,857	6,700						
	Outcome Indicator 3: Market System Change		2014	2015	2016	2017	2018	2019	2020		
	Cumulative number of unassisted market actors replicating and/or responding to market system changes supported by the programme.	Planned	0	0	2	18	27	38	50		
		Achieved	0	0	9						
		Data Source	ÉLAN RDC provincial based survey per market system, socioeconomic profiles per sector and geography, case studies and intervention-based MRM reports generated by the MRM system.								
INPUTS (£)	£50,000,000										RISK RATING
INPUTS (DFID HR)	10% Economic Development Team Leader, 50% PSD Advisor, 30% Programme Manager, 30% Programme Officer										Major
OUTPUT 1: INNOVATION	Output Indicator 1.1		2014	2015	2016	2017	2018	2019	2020		
Partner market actors have successfully taken-up pro-poor innovations and have invested in order to sustain these innovations independently of programme support [Adopt, Adapt].	Cumulative number of programme partners who have invested resources in an initial pro-poor innovation as a result of direct support from the programme, and intend to sustain this investment.	Planned	0	5	35	75	80	80	80		
		Achieved	0	25	59						
		Data Source	ÉLAN RDC financial reports and partnership agreements.								
	Output Indicator 1.2		2014	2015	2016	2017	2018	2019	2020		
	Cumulative number of programme partners who continue to	Planned	0	0	1	9	19	20	20		
		Achieved	0	0	3						
		Data Source	ÉLAN RDC financial reports and partnership agreements.								

	independently pursue activities which support the initial pro-poor innovation/change after the initial pilot has ended.										
	Output Indicator 1.3		2014	2015	2016	2017	2018	2019	2020		
	Cumulative amount of investment made by programme partners in support to the initial pro-poor innovation/changes as a result of direct support from the programme.	Planned	0	200,000	1,600,000	4,500,000	6,000,000	6,000,000	6,000,000		
		Achieved	0	728,706	2,976,683						
		Data Source	ÉLAN RDC post-intervention MRM studies, case studies generated by the MRM system.								
IMPACT WEIGHTING (%)	Output Indicator 1.4		2014	2015	2016	2017	2018	2019	2020		
45%	Percentage of interventions that specifically aim to provide poor women more beneficial roles.	Planned	0	N/A	10%	15%	15%	15%	15%		
INDICATIVE INPUTS (£)		Achieved	0	N/A	17%						RISK RATING
£22,500,000		Data Source	ÉLAN RDC provincial based survey per market system, socioeconomic profiles per sector and geography, case studies and intervention-based MRM reports generated by the MRM system.								Moderate
OUTPUT 2: CROWDING-IN	Output Indicator 2.1		2014	2015	2016	2017	2018	2019	2020		
Market actors who are competitors to those that pioneered the pro-poor innovation have copied the pro-poor	Cumulative number of poor people showing significant changes in their practices as a result of market system changes supported by the programme.	Planned	0	170,000	260,000	746,938	1,217,688	1,497,862	2,002,236		
		Planned (women)	0	42,500	65,000	186,735	304,422	374,466	500,559		
		Achieved	0	152,263	316,366						
		Achieved (women)	0		111,243						
		Data Source	ÉLAN RDC provincial based survey per market system, socioeconomic profiles per sector and geography, case studies and intervention-based MRM reports generated by the MRM system.								

changes or offered variants of it. This, along with the initial innovation, results in large numbers of poor people accessing and using improved goods or services. [Expand + Outreach]	Output Indicator 2.2		2014	2015	2016	2017	2018	2019	2020		
	Cumulative number of competing market actors supported by ÉLAN that expand on innovations introduced by the programme.	Planned (total)	0	4	12	17	26	36	41		
		Achieved (total)	0	4	10						
		Data Source	ÉLAN RDC provincial based survey per market system, case studies and intervention-based MRM reports generated by the MRM system.								
IMPACT WEIGHTING (%)	Output Indicator 2.3		2014	2015	2016	2017	2018	2019	2020		RISK RATING Major
40%	Percentage of market system changes which have resulted in at least two competing market actors expanding an innovation introduced by the programme.	Planned	0	N/A	20%	40%	50%	50%	50%		
40%		Achieved	0	10%	25%						
£20,000,000		Data Source	ÉLAN RDC provincial based survey per market system, case studies and intervention-based MRM reports generated by the MRM system.								
OUTPUT 3: MARKET RESPONSE	Output Indicator 3.1		2014	2015	2016	2017	2018	2019	2020		
Non-competing market actors have adjusted their own practices in reaction to the pro-poor	Cumulative number of market actors who are not competitors to the programme partners who change their practices.	Planned	0	N/A	1	10	15	20	25		
		Achieved	0	1	4						
		Data Source	ÉLAN RDC provincial based survey per market system and post-intervention MRM reports and case studies generated by the MRM system.								

market system change. [Respond]	reinforcing the market system changes supported by the programme.										RISK RATING Major
IMPACT WEIGHTING (%)	Output Indicator 3.2		2014	2015	2016	2017	2018	2019	2020		
15%	Percentage of market system changes which have resulted in market actors who are not competitors to the programme partners changing their practices, reinforcing the market system changes supported by the programme.	Planned	0%	N/A	5%	20%	30%	45%	50%		
INDICATIVE INPUTS (£)		Achieved	0%	4%	8%						
£7,500,000		Data Source	ÉLAN RDC provincial based survey per market system and post-intervention MRM reports and case studies generated by the MRM system.								