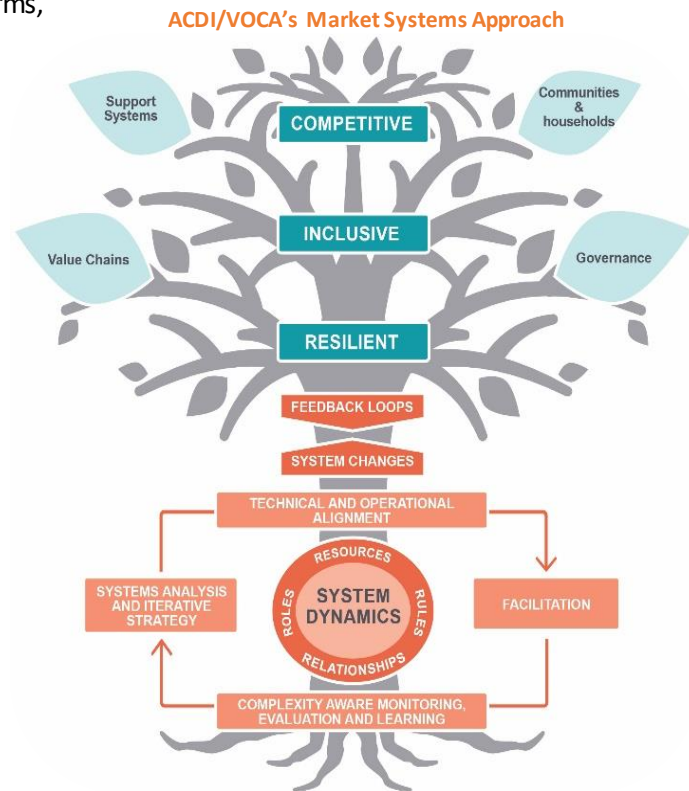


ACDI/VOCA'S INCLUSIVE MARKET SYSTEMS APPROACH: AT THE FOREFRONT

A **market systems approach** embraces the complex inter-relationships of value chains, economic, social, and political systems, and the underlying norms, networks, and patterns that shape behaviors and social outcomes. At ACDI/VOCA, we analyze these systems, identify leverage points for change within an evolving but clearly defined strategy, and use adaptive management and stakeholder-led processes to facilitate improved conditions and incentives for markets to work better for the poor and marginalized. We aim to facilitate market systems to be:

- **Competitive:** grow and respond to domestic and export market opportunities
- **Inclusive:** enable marginalized women, men, and youth to sustainably benefit (via incomes, information, services, inputs, empowerment, market access)
- **Resilient:** so market actors (including households) can withstand, adapt, and transform in response to changing dynamics and shocks (e.g., price, demand, climate)



Five main principles underpin ACDI/VOCA's approach to market systems development:

Analyze to uncover the root causes – not symptoms – of systems performance

- Ground research in end-markets and HH level context
- Integrate gender and social inclusion into analysis
- Use system frameworks (e.g. USAID's 5Rs) and diverse perspectives to analyze system dynamics
- Rely on formative analyses, MEL, and pilot interventions

We employ a diverse and inclusive set of market systems analysis tools, and practical learning from pilot interventions, to draw market systems boundaries and identify root causes of performance. This process involves *zooming out* to look at a broad range of value chains, end markets, and interconnected systems to assess *how* the system is performing, before *zooming in* to understand *why*. To do this we analyze the critical dynamics within a system: rules (e.g. formal and informal social norms), roles and relationships (e.g., networks), and resources that determine system results. These dynamics align with [USAID's 5R framework](#); others are similar. This ongoing analysis informs our evolving strategies for systems change.

Identify an initial strategy that includes a clear vision for inclusive systems change and leverage points for broad change

- Identify desired changes closest to root causes
- Identify leverage points that are most amenable to change with high potential for impact
- Design deliberate strategies for spillover impact & inclusion
- Evolve this strategy with learning and shifting dynamics

In close collaboration with partners, we co-develop an evidence-based vision of a better performing system and a change strategy that is realistic and achievable within the timeframe of our project. We identify leverage points - areas within the system that are amendable to change, have high potential for impact, and address the root causes. This strategy is continually refined to reflect learning and system changes.

Facilitate participatory, iterative design and implementation of interventions

- Co-design interventions to ensure ownership by system actors
- Facilitate stakeholder-led activities; minimize direct delivery
- Pilot, refine, and scale

Facilitation puts local stakeholders and market actors in the driver’s seat: co-designing interventions, leading implementation, and owning adaptations. It is foundational to our approach, minimizing project staff directly delivering key services and functions that system actors must deliver for change to be sustained. We employ a range of facilitation tactics, partnering with innovators capable of influencing market system changes and accelerating wider scale adoption across the entire system.

Apply complexity-aware methods to continuously monitor, evaluate, learn and adapt

- Capture, communicate progress along a causal pathway
- Balance formal performance & system dynamics indicators
- Measure indirect impacts across a variety of beneficiaries
- Assess access and agency
- Use mixed methods & CLA for continuous, applied learning

Beyond formal performance indicators, our approach utilizes mixed methods to measure and understand broader systems changes, assess project attribution where possible, assess access and agency of marginalized groups, and capture indirect impacts. Core ACDI/VOCA MEL approaches include traditional surveys, action research, formative analyses, social network analysis, Women’s Empowerment in Agriculture Index (WEAI) adaptations, perception surveys, outcome harvesting, and customized indices. Continuous monitoring, feedback systems, and Collaborating, Learning, and Adapting (CLA) processes like Pause and Reflect and ACDI/VOCA’s LEAP relational MEL database, maximize applied learning and inform adapt-drop-scale decisions.

Align technical approach with operational practice

- Build unified teams and systems that advance strategy
- Integrate intentional management processes and incentive structures to collaborate, learn, and adapt
- Implement adaptive partnership and grant agreements

The operational aspects of technical work are fundamental: *people* (HR systems, organizational charts and functional roles), *finance* (budgets, grant and sub-contracting funds), and *management*. At ACDI/VOCA, we place a special emphasis on aligning operations with our technical approach and strategy. Our [CLA Playbook](#) offers a host of resources and tips to support this: job descriptions, incentive ideas, grant mechanisms and forms, management processes, and more.

What are the benefits of ACDI/VOCA’s market systems approach?

- **Scale and Impact** – targeting leverage points and local ownership allows us to reach more, with more impact
- **Sustainable** – changes in systems dynamics ‘stick’ better and are sustained beyond the life of project because we focus on the root cause underlying a problem and local stakeholders drive change.
- **Value for Money** – improved leverage and adaptive management means we can do more with less and course-correct quickly.
- **Evidence based** – our approach is driven by causal logic models and continual monitoring and learning that provide managers with a sound evidence base for making program decisions.

How can I learn more? ACDI/VOCA is at the forefront of market systems design and implementation: we developed USAID’s [inclusive market systems framework](#), led a multi-year, comprehensive learning agenda under the influential [LEO project](#), and currently implement complex market systems development programs globally. Contact ACDI/VOCA at marketsystems@acdivoca.org for additional support and practical resources to leverage this wealth of expertise and experience.