Can education markets work for the poor?

Potential learning from the ‘Developing Effective Private Education in Nigeria’ (DEEPEN) Programme

Masooda Bano, Lee Crawfurd, Rebecca Doherty and Shefali Rai
January 2016
www.edoren.org
Acknowledgements

The review team would like to thank Keith Hinchliffe for helpful peer review comments, and correspondents and interviewees for their support and information. The team will also like to thank Ian MacAuslan and Vegard Iversen for very useful exchange of ideas and sharing of important documents. The fact that they worked on developing an evaluation framework for DEEPEN while this team carried out this ex-ante theory based review led to very fruitful synergy between the two teams.

This version responds to extensive comments from the DEEPEN team on a first version of the then-named ‘ex ante theory based review’. Many thanks to the team for these helpful comments. Thanks are also due to DFID for funding and to DFID Nigeria staff for helpful discussions.
Executive summary

S.1. This report presents an ex-ante theory-based review of the Developing Effective Private Education in Nigeria (DEEPEN) Programme. DEEPEN is a DFID-funded programme making use of the ‘Making Markets Work for the Poor’ (M4P) approach to create an enabling environment for private schools, particularly those that educate poor children, to improve learning conditions and raise performance standards. The review is carried out by a team of consultants engaged by Education Data, Research and Evaluation in Nigeria (EDOREN), as part of its efforts to generate new evidence and understanding of how best to support equitable access and improved learning outcomes for all Nigerian children through innovation and sustainable education systems development. The core objectives of this review are to:

1. Assess the extent to which DEEPEN’s approach is consistent with the expectations of an M4P approach;
2. Compare DEEPEN’s M4P approach with more conventional approaches to improving private education for the poor;
3. Focus on how other M4P programmes have addressed issues of equity;
4. Map specific interventions adopted by other M4P-type programmes which could be relevant to DEEPEN;
5. Analyse the monitoring and evaluation (M&E) frameworks adopted by these other programmes.

Eight core expectations of the M4P framework

S.2. This review is structured around the eight core expectations of the M4P framework, by assessing how the DEEPEN design weighs against these expectations, and what lessons can be learnt from other M4P programmes. The eight core expectations of an M4P programme are:

1. Focus on the poor;
2. Reliance on the market mechanism;
3. Large scale of interventions;
4. M&E focused at the system-wide level;
5. Sustainability of impact;
6. Consideration of equity issues;
7. Adaptive and responsive programme design; and
8. Management of unintended consequences.

S.3. The review concludes that DEEPEN could consider adjustments on two of the eight criteria:

1) increasing its focus on targeting the poor; and
2) considering adding an element of direct subsidy to one or more of its core interventions.

S.4. Whilst the M4P approach demands caution around the provision of subsidy due to concerns around sustainability and market distortion, it is important to note that the education sector is fundamentally different to commercial sectors in which M4P programmes have been more common. Consistent with the new institutional economics approach on which M4P draws, there is strong economic rationale on both efficiency and equity grounds for the continued long-term public financing of education regardless of the source of actual provision. Due to positive externalities from education and myopic preferences, individuals are likely to under-invest in education as some of the benefits accrue to others, and in the future.
S.5. DEEPEN’s design is consistent with the remaining 6 core expectations of the M4P approach. DEEPEN is however yet to fully develop tools to operationalise these expectations, such as how to attribute school-level outcomes at the end of the programme to DEEPEN interventions, or how to monitor the unintended consequences of the programme.

Comparative analysis of 15 other M4P programmes

S.6. The 15 programmes selected for review in this study come from Nigeria, Sub-Saharan Africa (SSA) and other parts of the developing world, differ in scale and sources of funding, and cover different sectors. There are seven core messages that emerge for DEEPEN from this comparative analysis:

1. **DEEPEN is less clearly focused on targeting the poor than the majority of programmes reviewed.** Other programmes are either geographically focused on poor areas, or are very conscious about undertaking focused research with the bottom end of the market and understanding the specific supply and demand constraints affecting poor customers and the businesses that cater to them. These programmes then focus on introducing those stimuli to the market that are most expected to benefit the poor, even though the impact of a specific stimulus is likely to be felt across the market. This supports the finding that DEEPEN could reconsider the relatively low level of emphasis it is currently placing on understanding decisions at the bottom end of the private education market. It could focus more explicitly on reaching the poor either through choosing to focus on geographically poor localities or by designing interventions that have increased chances of reaching the poor. It can also allow for its M&E framework to invest more heavily in measuring the impact of its interventions on the bottom end of the market rather than measuring impact across different segments of the market.

2. **There are examples of programmes using direct subsidies strategically and for the short-term by other M4P programmes in order to reach the poorest segment of the market.** DEEPEN could potentially consider adding an element of subsidy, for example to facilitate access by low-fee schools to teacher-training facilities, as long as a plan is in place whereby schools can either start to pay for these services after a certain point or the government can come forward to provide a permanent subsidy to that part of the programme. The Katalyst health intervention programme in Bangladesh has developed interesting ideas around public–private partnerships in the area of health sector training, making health training financially accessible to health professionals from low-income backgrounds who normally cannot access such specialist training.

3. **Markets for media and microfinance, with which DEEPEN aims to engage, are complex markets in their own right.** A better understanding is needed of the players in these markets. It is critical to identify the right actors to partner with, as not all are equally well placed to reach the poor. Furthermore, actors selected to partner on these interventions need to have the potential to act as market leaders and thereby increase the chances of ‘crowding in’ other companies to replicate the intervention trialled through them if DEEPEN is to have large-scale impact.

4. **Four programmes have particularly strong potential for informing DEEPEN interventions** - FIT-Sema, FinMark Trust, Katalyst, and Growth and Employment in States (GEMS). It is potentially useful for the DEEPEN team to contact these programme teams to seek advice on designing interventions in relevant areas. Many of these programmes have also designed research instruments to assess market constraints for those specific sectors, which can also be useful for DEEPEN.

5. **Some of the M4P core expectations – particularly on measuring impact and mitigating unintended consequences - have proven difficult to meet across different programmes.** Even programmes with a relatively effective impact monitoring framework have struggled to develop instruments that can clearly attribute improvement in the sector to the M4P programme. Much of
the attribution claimed occurs by monitoring overall improvement in the sector and then showing through the programme theory of change that the M4P programme interventions played a part in bringing about that overall change.

6. **The five M4P programmes reviewed from Nigeria do not suggest any specific challenges faced by these programmes due to the particular political economy conditions in Nigeria.** All five selected Nigerian cases include policy dialogue as one of the target interventions. Establishing a discussion forum bringing senior government officials and market players together to improve the policy environment is one of the popular interventions in these programmes. Establishing these high-level policy forums has also proven quite an effective strategy in the case of some other M4P programmes in other countries. In the case of DEEPEN there is potential for such a forum to be established, arguably between senior officials from the State Ministry of Education and representatives of private schools associations in Lagos and media companies willing to cover education issues. It it, however, important to acknowledge that the relationship between state and private schools in Lagos remains contentious. Winning state cooperation to support interventions aimed at private schools might therefore prove relatively more challenging than mobilizing the state to support M4P programmes operating in other sectors.

7. **Experiences of the 15 reviewed cases, show that to be successful, any M4P programme needs to develop gradually, have realistic expectations, and most importantly be adaptive and responsive to ongoing findings.** Most long-term M4P programmes viewed as having been successful acknowledge having improved their programme design and interventions over subsequent programme extensions. In particular, what has been critical to their success over time is their steady focus on studying how they can better understand the decision-making processes of the poor within the sector, and those of the providers that cater to them, and then closely monitoring which of their interventions best target the poor and which do not and adapting their interventions accordingly. This focus on understanding what barriers especially hinder the poor and the providers that serve them, and how these barriers can be overcome, was critical to defining programme success in the long term. DEEPEN thus can increase its chances of being considered a success against M4P expectations if it places a somewhat higher emphasis on specifically studying the workings of the bottom end of the market than on attempting to monitor impact across all segments of the market.

8. Finally, it is important to acknowledge here that DEEPEN team itself is showing increasing level of sensitivity to these issues as it is moving forward with its field research and designing of specific interventions. The purpose of this Ex-Ante Theory Based Review is not to evaluate DEEPEN. Instead the objective is to help DEEPEN, as well as others interested in working within the M4P framework, understand the challenges that are likely to emerge when the framework is applied to the education sector.
# Table of contents

Acknowledgements i
Executive summary ii
List of tables and figures vii
List of abbreviations viii

1 Introduction 1
  1.1 Background 2

2 Methodology 4
  2.1 Phase 1: Review of literature and available case evidence 4
    2.1.1 Review of the theoretical literature on the M4P framework 4
    2.1.2 Review of the literature on low-cost private schools for the poor 4
    2.1.3 Identification of available documentation on other M4P programmes 5
  2.2 Phase II: Case selection 5
  2.3 Phase III: Case analysis 6

3 Theory-based review 7
  3.1 M4P: Theoretical roots and comparison with conventional approaches 7
  3.2 DEEPEN in light of the dual focus of the M4P framework 8
  3.3 Education and public sector subsidy 9
  3.4 M4P: The eight core expectations 13
  3.5 DEEPEN and conventional approaches to making private schools cater to the poor 16
  3.6 Conclusion 19

4 Review of M4P programmes 21
  4.1 Case introductions 21
    4.1.1 Nigerian cases 21
    4.1.2 SSA cases 22
    4.1.3 Cases from other regions 23
  4.2 Lessons on the eight core expectations of M4P 28
    1. Focus on the poor 28
    2. Reliance on the market mechanism 30
    3. Large scale of interventions 32
    4. Sustainability of impact 32
    5. M&E 35
    6. Equity: Position on subsidies or making direct interventions to reach the poor 36
    7. Adaptive and responsive programme design 38
    8. Managing unintended consequences 39
  4.3 Lessons specific to Nigerian cases: The political economy 40
  4.4 Conclusion 40

5 Recommendations for DEEPEN 41

References 44

Annex A Terms of reference 50
  Summary 50
Methodology 53
<table>
<thead>
<tr>
<th>Annex</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>List of M4P cases</td>
<td>57</td>
</tr>
<tr>
<td>C</td>
<td>Case review template</td>
<td>66</td>
</tr>
</tbody>
</table>
List of tables and figures

Table 1: Poverty estimates for Lagos ................................................................. 11
Table 2: Core expectations of M4P framework .................................................. 14
Table 3: List of selected cases .......................................................................... 25
Table 4: Variety in terms of geography, donors and size, maturity, and level of documentation (Nigeria).
......................................................................................................................... 27
Table 5: Variety in terms of geography, donors and size, maturity, and level of documentation (SSA)... 28
Table 6: Variety in terms of geography, donors and size, maturity, and level of documentation (other regions)
.......................................................................................................................... 28

Figure 1: Key M4P principles and framework: diagnostic process .................. 8
Figure 2: Poverty Lines and Poverty Rates in the South West ............................. 12
Figure 3: Testable hypotheses about private education ....................................... 18

Box 1: Poverty in Lagos ...................................................................................... 11
List of abbreviations

BC Business Case
DCED Donor Committee for Enterprise Development
DEEPEN Developing Effective Private Education in Nigeria
DFID Department for International Development
EDOREN Education Data, Research and Evaluation in Nigeria
ENABLE Enhancing Nigerian Advocacy for a Better Business Environment
FSD Financial Sector Deepening
GEMS Growth and Employment in States
KBDS Kenya Business Development Services
KHDP Kenya Horticulture Development Project
LEAPS Learning and Educational Achievement in Punjab Schools
M&E Monitoring and Evaluation
M4P Making Markets Work for the Poor
MSEs Micro and Small Enterprises
NMCP National Malaria Control Programme
NIE New Institutional Economics
OPM Oxford Policy Management
PIND Partnership Initiatives in the Niger Delta
RLDP Rural Livelihood Development Programme
SDC Swiss Agency for Development and Cooperation
SHOPS Strengthening Health Outcomes through the Private Sector
SSA Sub-Saharan Africa
1 Introduction

1. This report presents an ex-ante theory-based review of the DEEPEN Programme. DEEPEN is a DFID-funded programme making use of a “Making Markets Work for the Poor” (M4P) approach to create an enabling environment for private schools, particularly those that educate poor children, to improve learning conditions and raise performance standards across the sector. The review was carried out by a team of consultants engaged by EDOREN, as part of its efforts to generate new evidence and understanding of how best to support equitable access and improved learning outcomes for all Nigerian children, through innovation and sustainable education systems development. The core objectives of this review are to:

   1. Assess the extent to which DEEPEN’s approach is consistent with the expectations of an M4P approach;
   2. Compare DEEPEN’s M4P approach with more conventional approaches to improving private education for the poor;
   3. Focus on how other M4P programmes have addressed issues of equity;
   4. Map specific interventions adopted by other M4P-type programmes which could be relevant to DEEPEN;
   5. Analyse the monitoring and evaluation (M&E) frameworks adopted by these other programmes.

2. Addressing these five dimensions necessitated undertaking two distinct but related research activities. To address the first question it was important to identify the core expectations of the M4P framework and then analyse how DEEPEN’s design sits vis-à-vis those expectations. The second question also required a theory-based analysis but necessitated engagement with a distinct body of literature on low-fee schools and the poor. To address this question, the review team had to engage with the existing evidence base on the more conventional approaches – such as voucher schemes and school subsidies – that have been trialled by development agencies or governments to make private schools cater to the poor and assess how their theory of change compares with that of DEEPEN. Finally, addressing points 3-5 listed above involved careful study of 15 other M4P programmes carefully selected for their potential to offer some useful lessons for DEEPEN’s overall programme design and its four intervention areas.

3. The report has the following structure. Chapter 2 outlines the research methodology, while Chapter 3 presents the theory-based review. It spells out the eight core expectations of the M4P framework guided by its theoretical framework; these eight core expectations in turn become a core analytical framework for this review against which DEEPEN’s design and interventions are assessed and against which the 15 selected M4P programmes are studied. The chapter also covers the conventional approaches to making private schools accessible to the poor and improving the quality of education provision within low-fee private schools and assesses how these approaches compare with DEEPEN’s interventions. Chapter 4 presents the selected cases and provides the main findings from the cross-case analysis, with a particular emphasis on capturing those examples that have direct significance for specific DEEPEN interventions. Chapter 5 presents the recommendations. In making recommendations, the focus is kept at programme level rather than on very specific areas of intervention, as going into that level of detail is beyond the scope of this particular study. However, in the recommendations those M4P programmes are clearly identified that have potential for informing specific DEEPEN interventions. DEEPEN team is encouraged to get in touch with those programme teams or engage with the available literature on those programmes (as listed in the bibliography of this review) in order to benefit from their experience.
1.1 **Background**

4. DEEPEN is a new DFID-supported education project that aims to improve learning outcomes for girls and boys in Lagos State. Its core design, which is based on the M4P framework, focuses on facilitating change and supporting innovation in the large and rapidly growing private education market in the state. The project complements four other DFID education projects in Nigeria, all of which focus on improving public education provision.

5. DEEPEN has two main components:

1. Facilitating change: The project’s Business Case (BC) sets out the rationale for facilitating changes in the private education market based on what it claims are highly innovative and experimental interventions. The focus is on applying a market systems approach to improving educational provision among private sector schools in Lagos State. This approach emphasises sustainable systematic change on a large scale, and is more commonly used in economic development initiatives. A portfolio of interventions is proposed to tackle the major hypothesized constraints to private schools expanding their operations and improving their quality within a six-year period.

2. Supporting innovation: The BC represents this as a minor component. The focus here is on providing financial support for the development and deployment of innovative business models for low-cost private education.

6. Justifying the adoption of the M4P approach to strengthening the private school system in Lagos, the BC argues that ‘private schools are part of a large, informal, essentially weak education market. It is poorly organised, poorly supported, and frequently undermined by government rules and regulations, all of which hinders its development’ (p. 4).

7. In response to the question of why DFID should intervene, the primary justification given in the BC is as follows: ‘The case for intervening centres on the need to address the educational needs of the poor, the majority of whom go to private schools and receive a poor-quality education. ... Improving the quality of education these children receive will improve their life chances of moving out of poverty’ (*ibid.*).

8. The most significant market failures identified by DEEPEN are:

   - Poor and uneven information for parents about school quality;
   - ‘Soft’ competition among schools due to a growing population that allows inadequate schools to survive;
   - Missing support functions, including access to finance and professional services such as teacher training; and
   - A heavy-handed and non-supportive regulatory regime that motivates the majority of low-fee schools to operate ‘beneath the radar’ of the government in order to avoid illegal taxation.

9. Given these constraints/barriers that undermine the effective functioning of the private education market, especially for the poor, the project is structured around four intervention areas. The project logframe sets outputs and outcomes for each of these interventions:

   IA1: Creating a positive regulatory environment for private schools;

   IA2: Improving parental information on school performance and child learning;

   IA3: Improving schools’ access to improved pedagogy and learning outcomes; and

   IA4: Improved access to financial services.
10. The focus of the interventions is on removing these barriers by working with the market system rather than trying to provide subsidies or other kinds of direct support. Thus, for instance, the idea is not to provide media outlets with subsidies or grants to produce education programmes for parents but to motivate the media outlets to do this on their own account. The same applies in regard to increasing access to financial services and better pedagogical training, as the project does not intend to provide these services itself. Rather, the aim is to provide stimulus to the market forces to address these needs. In short, the project is about ‘facilitating, not giving’.

11. Most of the proposed interventions, although not all, are not targeted at a specific segment of the market, but are intended to benefit all segments of the market, i.e. low-fee schools, middle-fee schools and high-fee schools. For this reason, only a third of the project beneficiaries are expected to be children from low-income households.
2 Methodology

12. This ex-ante theory-based review of DEEPEN is designed to assess key features of its programme design against the core expectations of the M4P framework while also comparing it with other M4P programmes on these core expectations. The logic of this two-tiered analysis is that the M4P model is based on a clear theoretical framework, which has its own explicit assumptions and expectations. These are expected to inform all programmes claiming to work within an M4P approach. This therefore means that, on the one hand, DEEPEN can be examined against the theoretical assumptions and expectations of the M4P framework and, on the other, that DEEPEN’s design can be enriched by learning from the experiences of other M4P programmes. The methodology adopted to undertake this two-tiered review can be summarised in three phases:

2.1 Phase 1: Review of literature and available case evidence

13. Undertaking a theory-based review of DEEPEN first required reviewing the available scholarly literature on the M4P framework and the related literature on the potential of low-cost private schools to educate the poor. It also required carrying out extensive background searches to identify other M4P programmes.

2.1.1 Review of the theoretical literature on the M4P framework

14. The core objective of reviewing the M4P theoretical literature was to identify the main assumptions about the workings of the market and the causes of market failures that underlie the M4P framework, outlining the recommendations embedded in this approach for stimulating the market to work more effectively for the poor. The review was designed to help identify the core expectations of the M4P framework in terms of programme objectives, outcomes, design, nature and level of interventions, sustainability and focus on the poor. This required searching for the most recent literature on the M4P conceptual framework. Based on the review of this literature, eight core expectations of the M4P framework have been identified, which will help in assessing whether DEEPEN’s design is consistent with the expectations of the M4P programme and also act as the main framework for comparing the M4P cases selected for in-depth analysis. These eight core expectations of the M4P framework are presented in the next chapter.

2.1.2 Review of the literature on low-cost private schools for the poor

15. The theory-based review of DEEPEN also required reviewing the latest research and evidence on low-fee private schools and education for the poor in general and to identify the conventional approaches that have been used by the development actors or the state to reach poor children through working with private schools. These approaches include: private subsidies, vouchers, tax incentives, more and better materials and resources, improved school management, public–private partnerships, and improved policy and pro-poor regulatory frameworks. DEEPEN currently makes very limited use of these conventional interventions. DEEPEN’s BC presented a clear rationale for not adopting these conventional approaches. However, as part of this review it is useful to revisit that rationale against the evidence available in the literature on the effectiveness of these conventional approaches to ensure that, if there appears to be a strong argument for considering some of the other approaches, then the argument is clearly spelt out for consideration by DEEPEN. The review team thus engaged with the broader literature on this subject. In particular, a recently released literature review on this theme carried out as part of DFID Education Rigorous Literature Reviews (Ashley et al., 2014) proved particularly useful.
2.1.3 Identification of available documentation on other M4P programmes

16. The third major part of the background research involved undertaking searches to identify existing M4P programmes within Nigeria, SSA and the rest of the developing world. To identify these cases, the research team drew on existing reviews of M4P cases as well as general searches on the internet.

17. A recent DFID Review of M4P project evaluation methods listed 14 different M4P projects in the annex and rated them on the quality/comprehensiveness of their evaluations. This annex proved a useful starting point to identify the cases. Google searches were undertaken to identify documentation on these 14 cases.

18. Certain M4P-dedicated websites also proved particularly useful in identifying cases and locating basic documentation on them, such as: http://www.m4phub.org/

19. For DFID projects, it proved useful to use the Devtracker website (which are an exception in that project docs are quite systematically recorded there) – http://devtracker.dfid.gov.uk/countries/NG/projects/

20. Another useful link was: http://www.enterprise-development.org/page/m4p#DesignImplementation

21. These searches resulted in identification of an initial set of 23 cases from different contexts, plus 10 additional cases from within Nigeria (see Annex B).

2.2 Phase II: Case selection

22. After listing the basic details of all the M4P programmes identified through background searches, the next important step was to select a set of criteria for choosing 15 cases for in-depth analysis. These were:

- **Learning potential**: The overarching selection criterion was to select the cases that offer most learning potential. This learning potential was to be assessed based on whether the interventions proposed under the programme show potential relevance for the four intervention areas selected under DEEPEN, the quality of the M&E framework, and evidence of programme sustainability.

- **Global, regional and national representation**: The review needed regional diversity. In making the selection of cases, a conscious attempt was made to cover programmes from within Nigeria, from SSA and also from other parts of the world. Out of a total of 15 selected cases, five are from Nigeria. The inclusion of these allowed the review team to understand any broader political economy issues that seem to have an impact on work on M4P programmes in Nigeria (as well as contributing to our understanding of how those programmes fare on core expectations of the M4P programme).

- **Size of programme**: It was also useful to include programmes of different sizes to ensure that the lessons learnt are not specific to the scale of the project.

- **Mix of donors**: The final mix of selected cases was also required to present a variety of funding sources. This was to avoid the risk of limiting the analysis to how one particular donor agency might be operationalising the M4P approach.

- **Stage in project cycle**: In general, more mature cases are likely to offer greater learning potential, as they can be expected to have experimented more. Thus, the final shortlist was designed to include more cases that are at least half-way through the programme cycle or have had two or more extensions.

- **Level of documentation**: Finally, one practical consideration also dictated the case selection. The quality of case analysis is dependent on the documentary evidence available on a case.
When undertaking the background searches, a ranking list was developed to identify the level of documentation available on each case:

i. Very detailed: Detailed BC or concept note/theory of change, original logframe, all reviews and evaluations (baseline, mid-term, final)

ii. Detailed: All of the above; only one or two evaluation reports are available

iii. Weak: Only the BC/basic concept note available.

23. The 15 selected cases are presented in Chapter 4.

2.3 Phase III: Case analysis

24. Each selected case was reviewed against the eight expectations of the M4P programme, which were identified as critical during the theory-based review carried out in Phase 1. These eight expectations of the M4P framework are described in the next chapter. A case profile matrix of questions was developed with a number of sub-questions and used to gather the information required to fully analyse each of the core eight expectations for each case (see Annex C). In the Approach Paper, it was also indicated that, where needed, interviews would be carried out with the staff of the selected programmes to secure additional evidence. However, once the case review started, it was clear that sufficient examples were already covered within the case materials.

25. It is not possible to capture all the lessons from all 15 cases in detail in one report as the more successful cases often have had numerous extensions and have multiple interventions. Therefore, this report focuses on identifying the main trends across the selected cases in regard to the eight core expectations of M4P and then indicating which programmes have the potential to be particularly relevant for DEEPEN. The DEEPEN team might consider establishing contact with those programme teams to share ideas or request information on research instruments.
3 Theory-based review

26. In applying the M4P framework to any sector, it is important to understand two critical and apparently conflicting dimensions of its underlying theoretical framework: 1) Its emphasis on finding solutions through a market-based system; and 2) Its focus on reaching the poor. It is important to highlight these two issues up front because it is this combination that makes the M4P framework distinct from the two conventional approaches to development, the free-market or state-centric models of development, whereby the former sees no need for intervention in the market to reach the poor while the latter argues for heavy state involvement in basic service provision to address equity issues not addressed by the market. The strength of the M4P approach is that it attempts to present a balance between these two approaches. However, in order to fully understand this approach it is important to understand how it differs from the two conventional approaches.

3.1 M4P: Theoretical roots and comparison with conventional approaches

27. The M4P approach comes from New Institutional Economics (NIE) and, more narrowly, from the specialised field of transaction cost economics. Neoclassical economics argues that markets, when they work, can be an efficient mechanism for the exchange, coordination and allocation of resources, goods and services in an economy. Well-functioning markets that support competition and lower the costs of doing business provide incentives for trade and investment, and hence growth and poverty reduction (DFID, 2005). While working within the neoclassical economic assumptions, transaction cost economics, however, argues that exchange in the market is not free of costs. These costs, when high, can prevent buyers and sellers from undertaking an exchange (i.e. the market could be missing or ‘thin’) or the exchange is not optimal (i.e. better outcomes could be achieved for both parties in the exchange if these barriers to exchange were lower). These barriers, which are in the theory referred to as transaction costs, i.e. the cost of exchange, include formal barriers as well as informal ones. Examples of formal barriers include laws and regulations, limited information, or the high cost of securing basic services due to market distortions. Examples of informal barriers, on the other hand, are religious beliefs or ethnicity, which might make some opt out of a market because of their belief system or might make others exclude them. The focus of M4P is on attempting to remove or minimise those transaction costs that prevent the poor from engaging with the market more beneficially.

28. In taking this approach, transaction cost economics and the resulting M4P framework differ from pure free market or state provision, and instead focus on attempting to “fix” market failures. Milton Friedman, who is most prominently associated with the free market approach, felt that there was no need for the government to provide education, and that its continued role in education represents ‘an indiscriminate extension of governmental responsibility’ (Friedman, 1962:85). Patrinos et al. (2009) build on this to argue that the role of the state might more sensibly be focused on regulation and oversight rather than provision. On the opposite end of the continuum is the position that education is a basic human right and a public good, meaning there is both a moral and economic rationale for states to invest in its provision. Proponents of this approach thus argue for the state to take the primary responsibility for provision of quality education to all.

29. Against these two approaches, the most common donor interventions trialled so far to make private schools cater more effectively to the poor have focused on drawing on government or donor subsidies. These interventions on one hand introduce increased competition by giving parents the means to choose among different schools and on the other hand ensured that the state at least retains the financial responsibility for provision of basic education. This has led to policy recommendations aimed at increasing the access of poor families to better-quality private school education by providing voucher schemes. A related intervention has been to try to improve the quality of education in low-fee private schools by subsidising NGO-led more conventional school support programmes.
The M4P approach argues for reaching the poor through the market system rather than making direct subsidies but it recognises that special efforts might have to be made to nudge the market to better cater to the poor, especially in contexts where markets are not working efficiently. As summarised in diagram 1, extracted from DFID and the Swiss Agency for Development and Cooperation’s (SDC) *Operational Guide for the Making Markets Work for the Poor Approach*, the starting point for design of any M4P programme is to understand the socioeconomic context of the poor in the selected sector and identify what constraints limit their access to the market. While the interventions are expected to have system-wide impact, the focus is on knowing how an intervention will improve the bargaining power of poor consumers within that market.

**Figure 1:** Key M4P principles and framework: diagnostic process

![Diagram showing the diagnostic process]

Market assessment is a process which starts by understanding the wider socio-economic context of the poor and then narrows down the focus of assessment to identify specific constraints affecting a market important to the target group, which might be addressed by intervention: going from identifying symptoms to understanding root causes.

**Putting it into practice: main levels**

The diagnostic process involves developing a good understanding across three levels:

- **Level 1:** Understand the profile of the poor and their wider context – including overall economic opportunities and key drivers of change
- **Level 2:** Map out the specific market system, its dynamics and the position of the poor – specifically how the market is failing to serve the poor currently
- **Level 3:** Identify specific systemic constraints – the underlying causes of underperformance and opportunities and obstacles for achieving change

**Source:** DFID M4P Operational Guidebook

### 3.2 DEEPEN in light of the dual focus of the M4P framework

DEEPEN’s design has the poor as one of the target groups. However, it runs a slight risk of undermining the need to sufficiently focus on targeting the poor even when the intervention is likely to have a system-wide impact. An M4P approach as outlined above would recognise that stimulating the market for the poor requires focusing on understanding what specifically hinders poor people’s access to the market and how those barriers can be best removed. This in the context of the private schools market will require investing quite heavily in developing a better understanding of the choices made by the poor parents and owners of the low-fee schools that the majority of the poor can afford.

**32.** DEEPEN’s original design and proposed interventions are not explicit about how they are targeted toward the poor. The logframe only aims for 33% of beneficiaries to be from low-income households.
This target is low compared with targets set by other M4P programmes (analysed in the next section). In order to meet the expectations the M4P framework places on reaching the poor, DEEPEN ideally needs to have a much more explicit focus in its research design on:

- Better understanding the working of low-fee schools catering to the poorest families;
- Better understanding of which providers within the financial market can best cater to the poor and the schools that cater to them;
- Better understanding of the media outlets that can best reach poor communities; and
- Better understanding of how the poor or the poorest will be able to buy teacher-training services.

- The focus on working across all segments of the market could spread DEEPEN efforts too thinly. This will make it difficult to identify the specific barriers faced by the very poor in negotiating these markets (see paragraph 37 for detailed elaboration of this argument).

33. The M4P framework warns that lack of knowledge about the positioning of the poor within the selected sector should not cripple action (DFID/SDC The Operational Guide for the Making Markets Work for the Poor Approach). However, at the same time, the framework is very clear that an M4P programme develops it should gather more and more specialist understanding of the working of the poor and the providers that cater to them. Only this process can better identify what barriers really hinder the poor the most from participating in the market. This learning is critical to ensuring that in the long term the programme succeeds in better catering to the poor.

3.3 Education and public sector subsidy

34. The second issue related to the positioning of M4P framework between the free-market and state-centric models of development is that, while supporting the market framework, the critical contribution of the M4P approach is that it recognises that, ‘well-functioning (efficient) markets can co-exist with widespread poverty, since distributional and equity issues are not directly dealt with by the market.’ DFID (2005). Therefore, the M4P approach – while focused on stimulating the market mechanisms to better meet the needs of the poor – does not completely rule out the idea of low-level direct interventions or even subsidies of some kind, as long as they are very clearly focused on addressing the equity concerns in the market and do not distort the overall market mechanism. As noted in DFID (2005): ‘In many contexts, there is a case for time-limited public actions, provided that the actions are well designed and take into account the capacity of the parties to bear risk. Specific models examined include: (a) private enterprises taking over public functions; (b) building market linkages for smallholders; (c) building market institutions; and (d) private investors in supply chains’.

35. This holds particularly true for the education sector. It is important to understand that the education sector is fundamentally different to commercial sectors in which M4P programmes have been more common. There is strong economic rationale on both efficiency and equity grounds for the continued long-term public financing of education regardless of the source of actual provision. Due to positive externalities from education and myopic preferences, individuals are likely to under-invest in education as some of the benefits accrue to others, and in the future.

36. The DEEPEN Programme’s design, while aiming to target a few specialised interventions for the poor (such as trialling a mobile phone saving scheme pilot to help poor parents save for school fees), does not present a very coherent approach to addressing the specialised needs of poor parents and children and the low-fee schools that the majority of the poor attend. It is acknowledged that these concerns were also noted in the initial review of the DEEPEN evaluation framework by EDOREN (Bano and Bennell, 2013) and it could be that DEEPEN has since then done further thinking and refocusing
around these issues. However, given the importance of these issues in designing an effective M4P programme, it has been felt important to capture these points again. DEEPEN utilises a strong assumption that improving the market mechanisms will itself improve outcomes for the poor. Most interventions directed primarily at low-fee schools are a minor part of the programme design, while most of the major interventions operate across the whole market. Even in the case of interventions aimed at increasing access to financial services or teacher-training services, the programme mentions having a focus on the poor but there is no detailed thinking or a proposed plan on how the needs of low-income groups and the low-fee schools might differ and how they might have especially acute barriers to overcome if they are to gain from any improvement in the overall working of the market.

37. Before finalising its interventions, DEEPEN will thus benefit from having greater clarity around how central the focus on the poor is to the programme design and how committed the programme is in trying to reach the very poor. It also needs to illustrate better understanding of the different barriers faced by different segments in the market (low-fee schools and poor parents as opposed to middle- and high-fee schools and parents) and needs to put more emphasis on interventions specially targeted toward the lower end of the market than it is currently proposed. If DEEPEN recognises the equity concerns present in the Lagos education market more explicitly, there could potentially be an argument for even considering provision of some subsidised interventions for the schools and parents at the very bottom end of the market, up to the point that they reach a competitive threshold.

38. In its initial design DEEPEN relied heavily upon the School Choice in Lagos State study led by James Tooley (Tooley 2013, DEEPEN 2014e) which found a large number of children from low-income households attending quite high fee private schools and not just the lowest fee schools, implying that a sector-wide approach would be sufficient to reach poor families without specific targeting of the poor. There are several reasons to doubt the results from this survey. Firstly this is just one study, which has found very surprising results – that there are large numbers of poor children attending high fee schools. Secondly, and what may explain the surprising results, is that the methodology used to measure poverty may have systematically over-estimated the extent of household poverty, so that some of the “poor” households in high fee schools may not really be below the poverty line. Income in poor countries is usually under-estimated by household surveys, and so poverty in developing countries is most commonly measured by consumption instead – which is measured more accurately, and is on average the same value as income in poor households (see for example the treatment of this issue in Angus Deaton’s seminal 1997 book “The Analysis of Household Surveys”). This suggests that the survey may have over-estimated the number of poor in medium and higher fee schools. Thirdly another source, the Harma/ESSPIN 2011 survey of households with children at low-fee schools, found only 13% who self-reported as poor. Finally the 2010 NEDS survey results for Lagos found that average annual per pupil expenditure on education was less than N12,672 for the bottom 60% of the population. This includes all education spending, so including transport, food, additional tuition, books, and uniforms, as well as any school levies. It therefore seems unlikely that many of the poor are spending up to N25,000 per year on fees. Further, when evidence from Nigeria remains limited, it is important that DEEPEN stays sensitive to the evidence emerging in other contexts questioning the ability of the very poor to be served by the low-fee private schools market.
Box 1: Poverty in Lagos

The poverty rate in Lagos can vary widely, from 16% to 65%, depending on which survey and poverty line is preferred (see Table 1 below). Tooley (2013) uses a Lagos-specific poverty line of £1.25 per day, nearly twice as high as the national poverty line used by the World Bank in their analysis of the General Household Survey of the same year. The number of poor people is thus very sensitive to the choice of cut-off, and in truth there is no clear cut-off point in the underlying data (see Figure 1 below). This is a difficult issue to resolve. By the national poverty line, someone living on N 100,000 would be classed as not poor, but using state-specific poverty lines, someone living on N 100,000 would be classed as poor in Lagos, but non-poor in a poorer state.

This is an issue for the DEEPEN logframe, as the project has a target to reach a certain number of poor households. One approach to resolving this issue might be to move away from arbitrary choices on poverty line, to a target of those in the bottom 20%/40% of the income distribution.

Table 1: Poverty estimates for Lagos

<table>
<thead>
<tr>
<th>Year</th>
<th>Poverty rate (% population)</th>
<th>Poverty Line (Annual per person Naira)</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-2010</td>
<td>14.60</td>
<td>39,759.49</td>
<td>HNLSS - Food Poverty</td>
</tr>
<tr>
<td></td>
<td>48.60</td>
<td>54,401.16</td>
<td>HNLSS - Absolute Poverty</td>
</tr>
<tr>
<td></td>
<td>59.20</td>
<td>66,802.20</td>
<td>HNLSS - Relative Poverty</td>
</tr>
<tr>
<td></td>
<td>49</td>
<td>54,750</td>
<td>HNLSS - $ per day</td>
</tr>
<tr>
<td>2010-11</td>
<td>21.2*</td>
<td>65,804</td>
<td>GHS (World Bank analysis)</td>
</tr>
<tr>
<td>2011</td>
<td>65**</td>
<td>32,366</td>
<td>LKHS</td>
</tr>
<tr>
<td>2012-13</td>
<td>16.0*</td>
<td>65,804</td>
<td>GHS (World Bank analysis)</td>
</tr>
<tr>
<td>2012-13</td>
<td>53</td>
<td>112,895</td>
<td>Newcastle School Choice Survey (Tooley 2013)</td>
</tr>
</tbody>
</table>

* These estimates are for the South West region, which includes Lagos State as well as Ogun, Oyo, Osun, Ondo, and Ekiti.

** This estimate from Ikeja (Urban) & Amuwo Odofin (Rural), non-randomly selected LGAs. Poverty line based on $1.25 per person per day at 2005 PPP exchange rate of 70.94, taken from the Penn World Tables https://pwt.sas.upenn.edu/php_site/pwt71/pwt71_retrieve.php
39. This has implications for DEEPEN’s resource allocations for the research, evaluation and monitoring component of the programme. Since the poor are only part of the overall target population, to measure progress against the logframe targets the core research activities will be required to monitor changes across all of the different segments (low-, medium- and high-fee schools) of the market. Most of DEEPEN’s proposed student learning achievement and school improvement studies propose random sampling using the 2010/2011 Lagos Private School Census (Härmä, 2011a) as the sampling frame. This means that schools from all different levels will be covered, just as has been the case for the pilot school diaries study, which was undertaken during the project design phase. Although the school diaries study did not draw on a random sample, it did consciously cover schools across the low-, middle- and high-fee levels. Studying programme impact across these tiers will have critical resource implications because it will require that the research and monitoring activities are carried out across the different types of schools and the across different student/parent populations. However, to what extent is investment in studying change in elite or high-income groups justified under the M4P framework, which is primarily concerned with studying how markets can serve the poor better? If the project was more clearly focused on the lower segment of the market then more of its research and monitoring activities could be focused on studying the complications and the variations within the low-end market, which would arguably be more illuminating from the point of view of the M4P framework than studying change in elite or middle-income schools and more affluent student populations. The use of a household wealth index to gauge the poverty status of students is an important part of this analysis of poverty.

40. The above analysis focused on the two core expectations of the M4P theoretical programme because after the theory-based review these two most critical expectations stood out as areas where DEEPEN is advised to consider making some adjustments. It is now appropriate to look at the full list of expectations and briefly review DEEPEN’s position vis-à-vis them.
3.4 M4P: The eight core expectations

41. The M4P approach has eight core expectations (as outlined in the literature, including the DFID/SDC operational guides). These core expectations and DEEPEN’s positioning in regard to them are summarised in Table 1. The term ‘core expectations’ mainly refers to those central features that all programmes claiming to operate under an M4P programme are expected to have.
<table>
<thead>
<tr>
<th>No.</th>
<th>M4P programme design expectations</th>
<th>DEEPEN approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Focus on the poor</strong>&lt;br&gt;M4P programmes must be focused on the participation of the poor in the market, even if improving their conditions involves looking at the broader market system.</td>
<td>It is not clear that DEEPEN is fully focused on making the market work for the poor. Only a third of beneficiaries are expected to be from low-income households. Our review of other M4P programmes explores how they have defined their focus on the poor.</td>
</tr>
<tr>
<td>2</td>
<td><strong>Reliance on the market mechanism</strong>&lt;br&gt;M4P programmes improve the lives of the poor by analysing and influencing the market systems that affect them&lt;br&gt;- <em>as business people</em> (in terms of higher margins, increased volumes and improved market access);&lt;br&gt;- <em>as consumers</em> (in the form of better access to products and services, lower prices and wider choice); and&lt;br&gt;- <em>as employees</em> (in the form of higher wages and improved working conditions).</td>
<td>DEEPEN is focused on stimulating market forces, and all four core interventions are market based.&lt;br&gt;The main focus is on the poor as consumers (children and parents) and low-fee schools as small businesses (school operators).&lt;br&gt;Our review of other M4P programmes explores how ‘market’ is defined by the other programmes and how they conceptualise ‘system-wide’ market interventions.</td>
</tr>
<tr>
<td>3</td>
<td><strong>Scale of interventions</strong>&lt;br&gt;M4P programmes are designed to achieve large-scale change, benefitting large numbers of people.&lt;br&gt;Interventions explicitly envisage mechanisms for replicating, extending or multiplying results, such that the envisaged route to large-scale impact is credible.&lt;br&gt;Whatever scaling-up logic is envisaged should be explicit in the design of programmes and interventions.</td>
<td>DEEPEN aims to achieve large-scale impact through its four intervention areas. Improved regulation of private schools will have a large impact and the other three interventions if successful have the potential to be replicated by private actors within the market.&lt;br&gt;Our review of other M4P programmes explores how programmes have designed interventions in similar areas (such as intervention in the media and financial services markets), if DEEPEN can learn from those interventions, and how other programmes are ensuring that their interventions have large-scale impact.</td>
</tr>
<tr>
<td>4</td>
<td><strong>M&amp;E focused at the system level</strong>&lt;br&gt;M&amp;E for M4P programmes has to be able to measure change at the system level. This implies an important role for the theory of change.&lt;br&gt;Evaluations can be either ongoing and focused on improving continuous learning or ex-post and focused on proving success for accountability and cost-effectiveness purposes.</td>
<td>DEEPEN has a strong focus on a learning-based M&amp;E framework, and is in long-term partnership with an external evaluator (EDOREN).&lt;br&gt;Our review of other M4P programmes looks at how they have approached the challenge of measuring system-wide change, and how have they involved other stakeholders, such as the government, in the M&amp;E activities.</td>
</tr>
<tr>
<td>No.</td>
<td>M4P programme design expectations</td>
<td>DEEPEN approach</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>5</td>
<td><strong>Sustainability of impact</strong></td>
<td>DEEPEN is as yet weak in its documentation and planning on how it aims to make its interventions or the impact of those interventions sustainable. The assumption seems to be that since the interventions are market based they will be inherently sustainable. Examples of how other M4P programmes have tried to make their impact sustainable would be very useful to document. Also, it would be useful to see which stakeholders proved most effective in helping other M4P programmes acquire sustainability given that DEEPEN is particularly cautious about actively involving other stakeholders such as government or private school associations.</td>
</tr>
<tr>
<td></td>
<td>M4P seeks sustainable change from the outset, delivering sustainable outcomes by better aligning key market functions and players with the incentives and capacities to work more effectively. Sustainability is not just about maintaining the status quo achieved by a project intervention without continued external support. It is also about the long-term integrity of dynamic processes, the resilience of the system to shocks and stresses, and the capacity to evolve or innovate in response to an inevitably changing external environment. This dynamic dimension to sustainability is very important because it suggests that underpinning the outward or superficial performance of any ‘sustainable’ system are a variety of critical but often less visible institutions and functions.</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td><strong>Equity</strong></td>
<td>In its original BC, DEEPEN does not have any explicit emphasis on providing subsidies or making any direct interventions to particularly target the poorest segments of the private school market, who might not be able to benefit from the market-based interventions. It is therefore important to document any evidence from other M4P programmes that have justified making direct interventions or providing subsidies to target the poor within the broader market-based intervention. This is particularly important in the case of DEEPEN as for the education and health sectors there are good economic reasons as to why the public sector should be permanently subsidising services in the long run, in a way that may not be the case for private sector economic development.</td>
</tr>
<tr>
<td></td>
<td>Position on subsidies or direct interventions to reach the poor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>M4P programmes aim to adopt a facilitative role, acting as a catalyst to stimulate, but not displace, market functions or players, thereby ‘crowding in’ market players and activity. Achieving this requires a rigorous analysis of complex social, political and/or economic systems to ensure that programme designers think about the incentives and interests that encourage individuals to undertake particular roles or functions in systems. Transforming complex systems sustainably is often about finding subtle, innovative and enduring ways to respond to and change incentives or challenge particular interests, rather than directly orchestrating shifts in behaviour en masse. However, the M4P approach is also conscious that in some cases markets can continue to exclude the poor due to high inequality and, in such cases, it allows for a limited level of direct intervention.</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td><strong>Adaptive and responsive programme design</strong></td>
<td>Great emphasis is placed on being adaptive and responsive in DEEPEN’s BC. DEEPEN is very open to dropping any of its four interventions if they fail to show the desired impact or if they are seen to be based on faulty assumptions about perceived barriers to effective working of the market. Thus, any examples of how other M4P programmes have managed to keep their interventions adaptive and</td>
</tr>
<tr>
<td></td>
<td>In terms of the methods of implementation, M4P programmes play a facilitative, adaptive role. The dynamic and unpredictable nature of market systems means that programmes need to be flexible and need to present a strong case for an experimental and adaptive approach.</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>M4P programme design expectations</td>
<td>DEEPEN approach</td>
</tr>
<tr>
<td>-----</td>
<td>----------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>8</td>
<td>Managing unintended consequences</td>
<td>responsive to programme learning will be very useful to document.</td>
</tr>
</tbody>
</table>

All development interventions, including provision of a market-based stimulus by an M4P programme, can have unintended consequences. These need to be monitored and managed.

There is limited discussion on how DEEPEN will monitor and manage any unintended consequences of the four main interventions. Lessons on how other programmes monitored and managed unintended consequences will therefore be particularly useful.

42. Thus, on most counts apart from expectation 1 and expectation 6, the DEEPEN framework is quite consistent with the M4P framework. The main challenge is to design relevant mechanisms and tools to operationalise those expectations. It is here that the comparative case analysis is expected to be useful as it can point toward useful lessons from other programmes that can help DEEPEN operationalise these expectations. To study any M4P programme on these eight dimensions in turn requires answering a number of sub-questions under these core questions, as each one of these dimensions is very complex in its own right. These sub-questions are listed in the case study matrix that is to be used to gather evidence on each of the 15 selected cases (see Annex C). Information on all these sub-dimensions was not available in all the cases, but the matrix provided a useful framework to ensure that cases are compared on similar dimensions.

### 3.5 DEEPEN and conventional approaches to making private schools cater to the poor

43. Whether private schools can provide quality education to the poor remains a highly ideologically charged debate, with still inconclusive evidence (Ashley et al., 2014). Two issues are though settled. First, the poor in most developing countries are indeed increasingly accessing private schools. Second, the quality of the private schools that the poor can afford is questionable – children in these schools might be performing slightly better than children in government schools, but absolute levels of learning are still very low.

44. Further, there are numerous concerns around who from within the poor can access private schools. Studies show that there are limitations to access by the poor to private schools based on geography and cost. Surveys in Pakistan (Andrabi et al., 2008) and India (Kingdon 2007) have found that private schools tend to be most densely located in urban areas and in richer areas. School fees create an additional burden on the poor’s resources – leading parents to cut spending from other critical items (De et al., 2002; Srivastava, 2006). Fees are also regressive (Härmä 2013), costing poorer families a larger proportion of their income than wealthier families.

45. There are ongoing concerns that the low fee private schools can reach the poor but not the very poor. Singh and Bangay (2014) using Young Lives data from India highlight that the low-fee private schools are accessible to the poor but not the very poor. They note that school choice is largely shaped by wealth and social status. Children from the top wealth quartile are five times more likely to be enrolled in private schools at elementary level and ten times more likely to be enrolled at the secondary level, as compared to children from the poorest quartile. Similar concerns have been raised by others (Barakat et al, 2013).

46. Further, a recent study using panel data from Pakistan shows that increased competition with growth in number of schools increases private schools’ targeting of wealthy students and reduces their

---

1 Young Lives is a DFID funded research programme based at the Univesity of Oxford. The programme is tracing children’s experiences of poverty across four countries through longitudinal studies.
targeting of poor students as the schools realize that it is the wealthy students who are better informed about quality and have more resources to make a switch to another school (Bau, 2015). She concludes that greater number of private schools is positively and significantly related to greater predicted test score gains for more advantaged students, but negatively related to predicated test score gains for less advantaged students in the same school.

47. The most common interventions aimed at improving poor children’s access to quality schooling have been focused on either providing direct support to increase parents’ ability to pay (e.g. through school vouchers) or on providing support to low-fee schools to improve their quality of education (e.g. through teacher training). It is therefore worth reviewing the evidence available on these two interventions aimed at making private schools work for the poor and comparing them with DEEPEN’s proposed interventions.

48. Vouchers have probably been the most common intervention used to make private schools accessible for the poor. School vouchers are provided to parents to cover tuition fees in the school of the family’s choice. Schools will therefore have to compete to ensure high standards that will attract parents and persuade them to spend their voucher in a particular school. There are two different forms of such provision. First, when schools are forbidden from charging additional fees to supplement the vouchers, and secondly when the vouchers may be used as part payment toward a school’s fees if these are more than the voucher is worth. The choice between these two has a significant impact on equity. Vouchers do rely on long-term public subsidy, but this can be consistent with a market-based approach in sectors such as education where there is a clear public interest.

DFID/SDC’s The Operational Guide for the Making Markets Work for the Poor Approach notes:

In most situations grants should be seen as temporary interventions to stimulate sustainable change. However, in some instances, grants to individuals can be seen as legitimate features of the market system. In health and education, for example, where there is an obvious valid public interest, vouchers may have a role to play in re-orientating supply to the demand-side. In these situations, where the long-term picture of the market is for continuing public finance, sustainability analysis assesses the reliability of this funding from domestic governments.

49. In DEEPEN’s BC, it was argued that voucher schemes will deliver limited impact in the context of Lagos as, given the high poverty ratio in Lagos, it would be difficult to mobilise the funds required for a voucher scheme programme that can cover a large scale. Furthermore, the sustainability of the intervention will be entirely dependent on securing government commitment to invest in the voucher scheme. While the current political economy may not be conducive to vouchers in Lagos today, this does not mean the idea should be discounted forever. It is worth noting that estimates of per pupil spending on public primary schooling is more than NGN 36,553 (Education Sector Performance Report 2010) – substantially more than the fees at low-cost private schools, implying that is could be cheaper for the government to pay for private school places than to expand free public provision.

50. DEEPEN instead developed a solid rationale for trialling more innovative approaches whereby, by stimulating some of the related markets such as the media, financial services, and school improvement services, DEEPEN aimed to improve the working of the private school market. Such an approach has two clear advantages. First, DEEPEN’s approach has much more potential for innovation and learning about how to make private schools cater more effectively to the poor than would have been possible under the voucher scheme, which has already been trialled in many contexts. The interventions that DEEPEN is trialling and the related M&E work built into those interventions, if done with a specific focus on understanding the low-end segment of the market, has the potential to contribute to advancing academic as well as policy debates on this subject.
51. Figure 2 below lists some of the testable hypotheses that, in a recent review, were listed as important areas of future research for improving our understanding of low-cost schools’ ability to reach the poor. As can be seen, DEEPEN has the potential to test most of these assumptions through its four intervention areas.

Figure 3: Testable hypotheses about private education

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A1</td>
<td>Private school pupils achieve better learning outcomes than state school pupils</td>
</tr>
<tr>
<td>A2</td>
<td>Teaching is better in private schools than in state schools</td>
</tr>
<tr>
<td>A3</td>
<td>Private schools geographically reach the poor</td>
</tr>
<tr>
<td>A4</td>
<td>Private schools are equally accessed by boys and girls</td>
</tr>
<tr>
<td>A5</td>
<td>Cost of delivery of education is lower in private schools than state schools</td>
</tr>
<tr>
<td>A6</td>
<td>Private Schools are financially sustainable</td>
</tr>
<tr>
<td>A7</td>
<td>The poor and the poorest are able to pay private school fees</td>
</tr>
<tr>
<td>A8</td>
<td>Private schools are as affordable to users as state schools</td>
</tr>
<tr>
<td>A9</td>
<td>Perceived education quality is a priority when choosing schools</td>
</tr>
<tr>
<td>A10</td>
<td>Users make informed choices about the quality of education</td>
</tr>
<tr>
<td>A11</td>
<td>Users actively participate in influence decision-making</td>
</tr>
<tr>
<td>A12</td>
<td>Private schools are responsive to user demands and complaints</td>
</tr>
<tr>
<td>A13</td>
<td>States have the capacity, legitimacy and knowledge to implement effective policy frameworks</td>
</tr>
<tr>
<td>A14</td>
<td>State regulation improves quality, equity and sustainability</td>
</tr>
<tr>
<td>A15</td>
<td>State subsidies improve quality, equity and sustainability</td>
</tr>
<tr>
<td>A16</td>
<td>Private schools complement state provision</td>
</tr>
<tr>
<td>A17</td>
<td>Market competition enhances quality in both sectors</td>
</tr>
</tbody>
</table>

Source: Ashley et al. (2014).

52. DEEPEN is both to gain and contribute by staying actively tuned to the latest research in this field. For example, further research on whether improved parental information can result in better school selection can help weaken or strengthen the underlying assumption behind DEEPEN’s media intervention. However, this research can be even more useful if it is done with an additional focus on specifically understanding the decisions within the poorest households, and understanding what information constraints are specifically visible in their case. Equally, more research will be needed on understanding which media outlets really can cater to poor parents, as the media outlet that might have most access to them might be different to those catering to the rest of the market. Thus, while working at the market system-wide level, DEEPEN can push the academic and policy debate much further the more it is focused on understanding the behaviour of the poor within the market and the schools that serve them. Without having a very clear focus on reaching the poor, there is a risk of getting stretched across the different segments of the market and thus losing the opportunity to learn about what really hinders poor people’s access to the market and what interventions can best remove those barriers.

53. The second clear advantage is that, if DEEPEN interventions are successful, they have the potential to have wide-scale impact without the commitment by government of the substantial resources that would be required to cover all poor families with school vouchers.

54. In addition to voucher schemes, the other conventional interventions aimed at making quality education accessible to the poor through private schools have focused on promoting the private sector through the provision of incentives to schools. In the case of Pakistan, private schools were
given major tax concessions, subsidies on the use of electricity, allowed the use of government schooling buildings in the evening and, under the Punjab Education Foundation, their teachers were also provided with training (Bano, 2008). These pilots providing training to teachers at low-fee private schools, such as the one implemented by the Punjab Education Foundation, have used NGOs to provide this training and the costs of the training are borne by the donor agencies that have funded these initiatives. DEEPEN’s teacher-training intervention thus has some similarity in the underlying realisation that low-fee schools need support in teacher and head-master training. However, DEEPEN plans to address this issue by stimulating the market-based provision of such training rather than looking to the state to subsidise such training. Again, this is a positive effort given that introduction of any innovative model to meet this challenge is desirable.

55. However, going by the available international and local evidence cited above, there is a strong possibility that the low-fee schools in the poorest localities in Lagos will not be able to afford to pay for such services even if DEEPEN is able to stimulate some low-cost service provision through the market. Furthermore, those schools that are able to pay for these services may in turn increase their fees as their quality improves, moving them out of the reach of the poor. Thus, for this intervention, DEEPEN might weigh the pros and cons of introducing a long-term subsidy where the state is lobbied to subsidise part of the cost of making training accessible to low-fee schools. Such a subsidy will be much less costly than paying for a voucher scheme, and could be targeted to the schools catering to the poorest students especially in areas where there is very limited provision of government schooling. There is also an argument for making this support to participating schools conditional on the school committing to cap the school fee for a certain number of years. Capping the school fee will allow the benefits of the training to trickle down to the poorest families for the initial years. Even if such a school eventually moves out of reach of the poorest parents, under such a model where the state supports financing of some of the training for schools catering to the very bottom end of the market, more schools will be continuously moving up the quality ladder, thus giving poor parents other options even if their first-choice school eventually moves out of reach.

56. The brief discussion above is meant to give an example of how there could be provision within DEEPEN to consider including some dimension of subsidy within its market-based interventions to reach the very poor without violating the M4P framework, given that education has public benefits and may thus be inefficiently undersupplied by the market without some state subsidy. The design of DEEPEN is currently entirely focused on innovating through market mechanisms without trialling any subsidy-related intervention. This might appear challenging and exciting but this approach runs the risk of not really reaching the poor; instead, the benefits of such interventions might be best captured by the medium-fee schools. Weighed in light of the expectations of the M4P framework, the programme might have more lasting success if it also gets imaginative about assessing what kind of subsidy might enable these interventions to better reach the poor.

57. There is a risk at present that DEEPEN will show that it can work for the medium level, but not for the poorest. A carefully weighed and limited amount of subsidies can potentially make these interventions more targeted toward the poor without carrying a high risk of introducing market-wide distortions. For this to work it is critical that the pros and cons of introducing any such subsidies are clearly mapped out and a clear theory of change is outlined so as to ensure that the most efficient and equity-enhancing subsidy is selected out of the many that could be trialled. If such a route is considered it would add an additional lobbying dimension to DEEPEN’s portfolio, as then it would have to lobby Lagos State to consider providing that subsidy after the project ends on top of its ongoing negotiations with the state for introducing more effective regulation.

3.6 Conclusion

58. This chapter has identified eight core expectations of the M4P framework and reviewed DEEPEN’s programme design and proposed interventions against these expectations. The review has argued
that there is potential for DEEPEN to consider making adjustments on two core expectations: focus on the poor and provision for a subsidy to reach the very poor. The chapter has also briefly analysed two potential subsidies – vouchers or subsidising the teacher and head-master training programmes. This has been done to assess which might be most appropriate for DEEPEN to consider. The recommendation is to consider the latter.
4  Review of M4P programmes

59. The review of 15 M4P programmes from other contexts and sectors shows potential for learning for DEEPEN across the eight core expectations of M4P programmes. On some areas of expectations, there are clear lessons from other programmes, while on others the core insight is that solutions are not that easy and it is important to be realistic in setting targets against those expectations. The learning against each of the eight core expectations of the M4P framework will be presented in this chapter but before that it is important to provide an introduction to the selected cases.

60. Of the shortlisted cases, five were from Nigeria, another five from SSA and the remaining five from rest of the developing world. Of the Nigerian cases, priority was to be given to programmes being implemented in Lagos. This section introduces the cases and presents the rationale for their selection in Table 2 before presenting the core findings from the cross-case analysis against the eight core dimensions of the M4P approach.

61. It is worth noting that the review team had planned to adopt a flexible approach whereby the shortlisted cases in Table 2 could have been substituted with other cases listed in Annex B if those making it to the initial shortlist did not prove relevant after in-depth analysis. However, as the analysis in this chapter will show, the selected cases did prove useful to engage with on one or the other dimensions, thus removing the need for making any changes to the initial shortlist.

4.1  Case introductions

4.1.1  Nigerian cases

62. The first Nigerian case selected was Propcom Mai-karfi. It is a six-year programme funded by DFID, which aims to increase incomes for poor men and women in northern Nigeria by changing the way markets work. This means the poor will be able to buy and sell more or get a greater share of the value in a market in proportion to the efforts they put in. Propcom Mai-karfi is bringing about change in markets that matter most to poor people and that are likely to grow significantly. It aims to do so by: 1) stimulating sustainable, pro-poor growth in selected rural markets; and 2) improving the position of poor men and women within these market systems.

63. The second M4P programme selected was Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE). ENABLE aims to improve the policy and regulatory environment for businesses in Nigeria. The programme maintains that the ‘social contract’ between state and society has weakened and at worst barely exists, resulting in a demonstrable lack of citizen pressure on government for improved economic governance. ENABLE’s goal is to strengthen public–private dialogue systems in support of business environment reforms in Nigeria to bring about systemic and sustainable change. ENABLE claims to work on both sides with a core advocacy market of public–private dialogue, working together in generating demand from business management organisations for reform and facilitating supply of reform from government ministries, departments and agencies. ENABLE facilitates dialogue between the two sides through partnerships, co-investments, seeding new ideas, capacity building and mentoring, and acting as a broker to build local partnerships.

64. The third Nigerian programme is GEMS, which is an employment project supported by Nigeria’s Federal Ministry of Trade and Investment and funded by the World Bank and DFID. The project is aimed at job creation and increased non-oil growth in specific high-potential value-chain sectors. A key target is the creation of at least 100,000 jobs directly in the selected sectors. The programme targets at least six economic sectors and aims to support SMEs. Its interventions are three-pronged: 1) it aims to provide investment to address gaps that prevent the key growth centres from expanding and hiring more Nigerians; 2) it is helping SMEs develop more business models; and 3) it is working to
improve the business environment so that businesses can grow faster and become more profitable. The programme has had a number of extensions. GEMS 3 implements investment, land and tax interventions at the federal level and in four states, including Lagos.

65. The fourth programme selected from Nigeria was Partnership Initiatives in the Niger Delta (PIND), which is being implemented in the Niger Delta. The programme has four arms, one of which – Peace Building – is funded by DFID. The projects under this programme aim to promote improved awareness and understanding of the drivers and impacts of conflicts among affected communities and other stakeholders through conflict analysis. Findings from this analysis could then inform social marketing efforts that could highlight economic activities across the Niger Delta and build bridges across conflict divides. The programme aims to promote increased consensus among stakeholders through deliberative dialogue and other conflict resolution approaches, which are both integrated into PIND economic growth projects and in separate peace initiatives to build an enabling environment for growth. These efforts could identify areas of common economic interest between conflict-affected stakeholders or encourage business membership organisations to play a more active role in mitigating conflict-related effects on their business interests.

66. The fifth programme selected in Nigeria was the National Malaria Control Programme (NMCP). It is the largest malaria control project ever funded by DFID. Led by the Malaria Consortium, the five-year project aims to increase access to, and coverage of, preventive and curative malaria control interventions in at least six Nigerian states, including Lagos. NMCP harmonised donor efforts and funding agencies around agreed-upon national policies and plans for malaria control. The programme was different than other M4P programmes as it was guided by a mixed approach, which had elements of conventional development programmes but also included some attempt to stimulate the market forces for delivery of basic health services through improving the regulatory framework. The programme was reviewed by Future Health Systems within the M4P framework.

4.1.2 SSA cases

67. The first case selected in the SSA context was FIT-SEMA in Uganda. In 1990, a small Ugandan enterprise development company, FIT Uganda, initiated a pilot activity with four commercial FM radio stations to address the information constraints faced by micro and small enterprises (MSEs). These initial activities culminated in the establishment of FIT-SEMA (which stands for Small Enterprise Media in Africa). Working under the M4P framework, the programme works with the recently established private FM radio industry in Uganda to establish small business-focused radio programmes. These programmes act as channels of information and platforms for public debate and discussion, which enhance the voice of rural entrepreneurs. The activities have stimulated FM radio as a powerful channel to enhance the business and income-generating activities of the rural poor by enhancing the flow of market information, business skills and business opportunities to rural small business people. The programme also provided information on financial business services available to suppliers and rural consumers. It established interactive platforms for discussion and debate on legislation and regulations between business people, policy-makers and public service providers.

68. The second programme selected from within SSA was the FSD Trust, Kenya. FSD provides a multifaceted programme of support to the financial sector. It uses a systemic market development approach that seeks to use interventions at three levels – policy and regulatory (macro), sector support services (meso) and retail capacity (micro) – to catalyse and achieve impact throughout the financial sector, with the ultimate goal of generating sustainable improvements in the livelihoods of poor Kenyans. This final impact on the livelihoods of poor Kenyans is envisaged as arising through two routes: first, through the direct impact of projects on the capacity and operations of the financial sector; and, second, through complementarities in its interventions that generate change in the sector as a whole. These indirect effects – produced through competition, innovation and demonstration – are the ‘crowding-in’ effects that a market development approach hopes to achieve.
69. **FinMark Trust South Africa** was the third selected programme. The FinMark Trust was set up in 2002 with £5 million of funding from DFID. Its mission was summarised in the refrain ‘making financial markets work for the poor’ in South Africa, Botswana, Namibia, Lesotho and Swaziland. More specifically, its objective was to promote sustainable expansion in the provision of financial services and to so do by achieving systemic change in the market. Its key overall target was to facilitate an additional 2 million people entering the market. FinMark was established as an independent trust governed by appointed local trustees with DFID holding observer status on the board. Guided by the M4P framework, a number of key obstacles to extending the market for financial services to low-income groups were identified, including poor coordination, poor quality information services, inappropriate rules and weak product innovation.

70. The fourth programme selected in this category was the **Rural Livelihood Development Programme (RLDP)** in Tanzania. The programme works to improve the livelihoods of farmers in the central corridor of Tanzania. Farmers and small business people in the central corridor face a wide range of problems selling their products, including lack of capacities to produce the required quality, access to inputs like fertilisers and pesticides to grow their business as well as the cost and difficulty of accessing private companies who could purchase their produce. The programme aims to overcome these barriers to get more people in rural Tanzania to participate in the market economy, by helping them to get the goods they produce to the market. Since 2008, RLDP claims to have had an impact on the livelihoods of over 100,000 households by intervening in the rice, sunflower, cotton, dairy and poultry sectors. The programme has significantly broadened its outreach by also intervening in the radio sector and encouraging the production and distribution of radio services aimed at rural/agricultural listeners. RLDP also works at policy level to encourage the creation of an enabling local business environment.

71. The fifth case selected for analysis was **Kenya Business Development Services (KBDS)/Kenya Horticulture Development Project (KHDP)**. Funded by USAID, these two projects are based on a BDS approach where the hypothesis is that sustainable improvement in small enterprise income can best be achieved through the delivery of a range of business services (KBDS) by suppliers operating under market conditions without or with minimal subsidy and market distortion. The incomes of large numbers of MSEs will increase if and when there is growth in the entire subsector or cluster in which these firms operate. If a cluster or subsector is not growing, it is unlikely that incomes will increase. The programme approach states that, if we want to facilitate or create the conditions that enable large numbers of small firms to grow, we may also need to facilitate the conditions for growth in the subsectors or clusters that employ them. KBDS is using a subsector approach to identify subsectors in Kenya that employ large numbers of MSEs and appear to have considerable growth potential.

72. In addition to reviewing these five cases in SSA, a brief review was also undertaken of the Private Sector Innovation Programme for Health – a health initiative guided by M4P approach that is being implemented in Kenya – as the background review had not found many other M4P programmes in the health sector. However, eventually the case was not formally included in the analysis mainly because the documentation revealed limited learning from the project given that it started only in 2013.

### 4.1.3 Cases from other regions

73. The first case in this category was **Enter-Growth** in Sri Lanka. The project aim is to contribute to the generation of pro-poor economic growth and quality employment for women and men in the North West and North Central provinces. It aims to do this through an integrated approach that works to develop MSEs. Enter-Growth is primarily a new stand-alone project but it absorbed some activities of a former International Labour Organization ‘Start and Improve Your Business’ project that was also funded by SIDA. The project has a three-pronged strategy: 1) Expand markets for the services and products of MSEs run by women and men in the North West and North Central provinces through...
increased productivity and competitiveness, a stronger demand orientation, and better market linkages; 2) generate a policy, legislative and regulatory environment in the North West and North Central provinces that is conducive to the growth of MSEs and will bring more of them into the formal economy; and 3) promote an entrepreneurship culture, wherein the authorities and communities in which the poor predominately regard starting and growing an MSE as a socially and economically attractive activity.

74. The second programme selected under this category was Katalyst in Bangladesh. It was started in 2002 and supported by DFID, SDC and SIDA. It is implemented by Swisscontact and GTZ International Services and partners with the Ministry of Commerce. Katalyst is currently promoting more than 35 markets in 18 sectors comprised of services such as accounting, marketing and quality management services, manufacturing sectors such as plastics, furniture and agro-tools and machinery and agricultural sectors like pond fishery, vegetables, maize and poultry. It also works with business associations to improve the enabling environment for businesses. The project has nationwide activities but has a special focus on selected regions. The programme has had numerous extensions and now also has an apparently quite successful intervention in the area of health education.

75. The third programme selected under this category was Market Alliances Against Poverty (Alliances). It is an SDC-funded project operating in Georgia and implemented by Mercy Corps. Alliances aims to improve the incomes of poor rural households by helping small-scale livestock farmers gain better access to markets, information, services and technologies. The project began designing its strategy in October 2008 and running pilot activities in July 2009. Full implementation began at the start of the 2009/10 agricultural season.

76. The fourth selected programme was Samriddhi (meaning ‘prosperity’ in Bengali) in Bangladesh. The programme aims to contribute to the sustainable wellbeing and resilience of poor households in selected areas of northern Bangladesh through economic empowerment. It does this through the promotion of specific markets and value chains. Since 2010, the project has adopted an explicit M4P approach entailing careful value chain analysis and selective interventions. Samriddhi promotes the recommendation of the M4P-WE (Women Economic Empowerment) guidelines, wherein it is necessary to make women’s economic empowerment an explicit goal in order to make tangible progress in this regard. This means including women in the project cycle from the beginning, in the logframe, the indicators and in the baseline data (i.e. ensuring that data is sex-disaggregated). M&E must then also be done in a sex-disaggregated manner.

77. The final programme selected under this category was Strengthening Health Outcomes through the Private Sector (SHOPS). This programme is USAID’s flagship initiative in private sector health. It works to involve NGOs and for-profit entities to address the many health needs of people in the developing world. The programme operates at a global level and interventions are being made in many different countries. SHOPS focuses on increasing availability, improving quality, and expanding coverage of essential health products and services in family planning and reproductive health, maternal and child health, HIV/AIDS, and other areas through the private sector. The SHOPS team provides technical assistance in: 1) assessments – conducting analysis of the private health sector landscape to better understand the role the private sector plays in a country and identify areas for improvement; 2) behaviour change communication – promoting healthy behaviours and overcoming barriers to change among the general public and private health care providers; and 3) health financing – increasing access to health services for the poor through a variety of financing options including vouchers, contracting, and insurance; 4) mHealth – using mobile technology to improve health outcomes; 5) NGO sustainability – strengthening the capacity of organisations to be financially independent and build organisational and technical competencies; 6) pharmaceutical partnerships – introducing new products and expanding markets through social marketing and partnerships with manufacturers; 7) Policy – promoting policy dialogue, reform, and regulatory change to enhance the climate for the private health sector; 8) Providing access to finance – working with financial institutions to increase lending to private providers while strengthening their business skills; 9)
Provider networks – making private provider networks and franchises stronger and more effective; and 10) Quality improvement – improving the quality of products and services in the private sector.

78. As can be seen, the majority of the cases are related to economic sectors, which is to be expected. However, given that these economic programmes are mostly focused on improving small businesses there is some potential for learning for DEEPEN as it aims to support low-fee charging private schools – which are small businesses – to improve their working model. Furthermore, many of these programmes have a micro-finance and a media intervention, which are also planned under DEEPEN, to increase small businesses’ access to finance and to use the media to overcome the information constraints that limit exchange between buyers and the sellers. However, the peculiarities of the education sector dictate that some of these programmes are more relevant for DEEPEN than others, which will become clear in the analysis presented below. Prior to that, Table 2 presents the rationale for the selection of these 15 cases out of the possible options outlined in full in Annex B.

Table 3: List of selected cases

<table>
<thead>
<tr>
<th>No.</th>
<th>Case name</th>
<th>Learning potential</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Extensive research data available, including M&amp;E reports and logframe.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Project has shown sustainability, as evidenced in several stages of completion achieved and a currently ongoing intervention, Propcom Mai-Karfi.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Designed to ensure markets benefit the poorest of the poor.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Linkages with broader development agenda such as the Millennium Development Goals and Nigeria’s National Economic Empowerment and Development Strategy.</td>
</tr>
<tr>
<td>1</td>
<td>Propcom</td>
<td>Focus on media/information and regulatory framework. Tied to DEEPEN’s intervention to create a positive regulatory environment for private schools and improve parental information.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Covers regional and national diversity, allowing opportunity to understand the impact of political economy-related issues on implementation of M4P programmes.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Some evidence of sustainability.</td>
</tr>
<tr>
<td>2</td>
<td>ENABLE</td>
<td>Combines different sectors.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Supported by the World Bank and DFID.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Focuses on promoting investment, which can have parallels for DEEPEN’s efforts to increase investments in school systems.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• National and regional representation.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• GEMS 3 is recommended for further analysis because it best addresses three areas of intervention under DEEPEN: regulation, parental information and schools’ improved access to financial services.</td>
</tr>
<tr>
<td>3</td>
<td>GEMS: Business Environment</td>
<td>Programme interventions have potential relevance for DEEPEN’s interventions areas: improved access to financial services, parental information, and schools’ access to improved pedagogy and learning outcomes.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Regional diversity is noteworthy, while the Niger Delta has potential to offer interesting insights related to political economy.</td>
</tr>
<tr>
<td>4</td>
<td>PIND</td>
<td>Focused on improving regulatory framework around health.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Covers regional diversity within Nigeria.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Collaborative project involving many key donors operating in Nigeria.</td>
</tr>
<tr>
<td>5</td>
<td>NMCH</td>
<td>Relevant to the media/information component of DEEPEN.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Appears to have achieved a high degree of sustainability.</td>
</tr>
<tr>
<td>6</td>
<td>FIT-SEMA</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Case name</td>
<td>Learning potential</td>
</tr>
<tr>
<td>-----</td>
<td>-----------</td>
<td>-------------------</td>
</tr>
</tbody>
</table>
| 7   | FSD Trust, Kenya | • The targeting issue has been effectively addressed through the types of issues that radio shows have covered.  
• Relevant to the credit/finance component of DEEPEN.  
• One of the few projects with an externally commissioned assessment.  
• Phase 1 suffered from targeting issues, and it is interesting to see how Phase 2 addressed these.  
• Has a value-for-money assessment. |
| 8   | FinMark Trust | • Somewhat relevant to the credit/finance component of DEEPEN.  
• Long-standing programme with a good reputation (although not clear how well they have dealt with the attribution issue), which makes it useful to explore its design. |
| 9   | RLDP       | • Programme’s efforts to improve farmers’ access to services and inputs are relevant to DEEPEN’s plans to improve access to teacher training.  
• Its experience of interacting with government authorities is also likely to be relevant to DEEPEN. |
| 10  | KBDS/KHDP  | • Evaluation report highlights the programme’s flexibility/adaptability to evidence of poor results, which is one of the areas this review aims to explore.  
• Also, efforts to facilitate activity in the input supply market may be relevant to DEEPEN. |
|     | Other regions | |
| 11  | Enter-Growth | • The policy/regulatory component of the programme will be relevant for DEEPEN.  
• The project also has a credit component and a supply-side component (making it relevant to three DEEPEN interventions).  
  • The project seems to have a good reputation and has been cited by the Donor Committee for Enterprise Development (DCED) as a success story. |
| 12  | Katalyst    | • This is a long-running programme so is likely to have relatively developed M&E frameworks (although not available online, they are expected to be available with the project office).  
• Recognises and tries to address issues of attribution and displacement (in the context of impact evaluation).  
• Has been cited by DCED as a success story.  
• Also has a health component. |
| 13  | Alliances   | • Decisions regarding which specific subsector to intervene in seem to be very clearly thought out (thus providing lessons on the equity front).  
• Interesting analysis of the sustainability issue (case study available).  
• A key aspect of the project was to boost access to information, services and technologies among small-scale livestock producers, which is somewhat relevant to the DEEPEN interventions. |
| 14  | Samriddhi   | • The project has interventions related to the supply of inputs, access to credit, and capacity building; all of which are somewhat relevant to DEEPEN.  
• Given its stated objective of assisting the extreme poor, it might offer some interesting lessons on the equity issue. |
| 15  | SHOPS       | • One of the few health cases significant enough to be captured in the M4P case list (Annex B);  
• The project is being implemented at a global scale, thus offering potential for noting impact of similar interventions in different political economic contexts.  
• Very large in terms of funding. |
79. These cases, while primarily selected on the basis of the learning potential they offer, together helped create a mix that effectively covered the diversity in geography, donors and size, maturity, and level of documentation that were listed are additional considerations in the selection of the 15 cases. Details of these issues are set out below:

Table 4: Variety in terms of geography, donors and size, maturity, and level of documentation (Nigeria)

<table>
<thead>
<tr>
<th>Programme</th>
<th>Country</th>
<th>Sector</th>
<th>Donor</th>
<th>Size</th>
<th>Start date</th>
<th>Level of doc</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Propcom Mai-Karfi</td>
<td>Nigeria</td>
<td>Agriculture</td>
<td>DFID</td>
<td>£15 m</td>
<td>2005</td>
<td>2–3</td>
</tr>
<tr>
<td>2. ENABLE</td>
<td>Nigeria</td>
<td>Media information</td>
<td>DFID</td>
<td>£7.5 m</td>
<td>2004</td>
<td>1–2</td>
</tr>
<tr>
<td>Environmental</td>
<td></td>
<td></td>
<td>World Bank loan</td>
<td>World Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. PIND</td>
<td>Nigeria</td>
<td>Peacebuilding</td>
<td>DFID</td>
<td>--</td>
<td>--</td>
<td>1</td>
</tr>
<tr>
<td>5. NMCP</td>
<td>Nigeria</td>
<td>Health</td>
<td>DFID, FMOH, USAID, UNICEF,</td>
<td>£50 m</td>
<td>2008</td>
<td>2–3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>WHO</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 5: Variety in terms of geography, donors and size, maturity, and level of documentation (SSA)

<table>
<thead>
<tr>
<th>Programme</th>
<th>Country</th>
<th>Sector</th>
<th>Donor</th>
<th>Size</th>
<th>Start date</th>
<th>Level of doc</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. FIT-SEMA</td>
<td>Uganda</td>
<td>Media/radio</td>
<td>OED, IDRC, EU, DFID, SIDA</td>
<td>US$ 0.9m–1.2m</td>
<td>1999</td>
<td>2–3</td>
</tr>
<tr>
<td>2. FSDT</td>
<td>Kenya</td>
<td>Financial sector</td>
<td>DFID, SIDA</td>
<td>Phase 1: US$ 34.5 m Phase 2: US$ 32.9 m–54.3 m</td>
<td>2005</td>
<td>2–3</td>
</tr>
<tr>
<td>3. FinMark</td>
<td>Southern Africa</td>
<td>Financial sector</td>
<td>DFID</td>
<td>Phase 1: US$ 18 m Phase 2: US$ 33 m</td>
<td>2002</td>
<td>2</td>
</tr>
<tr>
<td>4. RLDP</td>
<td>Tanzania</td>
<td>Agriculture</td>
<td>SDC</td>
<td>US$ 36 m For all four phases</td>
<td>2008</td>
<td>2</td>
</tr>
<tr>
<td>5. KBDS/KHDP</td>
<td>Kenya</td>
<td>Agriculture</td>
<td>USAID</td>
<td>KHDP: US$ 10m KBDS: no info available</td>
<td>2003 (KHDP)</td>
<td>1–2</td>
</tr>
</tbody>
</table>

Table 6: Variety in terms of geography, donors and size, maturity, and level of documentation (other regions)

<table>
<thead>
<tr>
<th>Programme</th>
<th>Country</th>
<th>Sector</th>
<th>Donor</th>
<th>Size</th>
<th>Start date</th>
<th>Level of doc</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Enter-Growth</td>
<td>Sri Lanka</td>
<td>Private sector development</td>
<td>ILO, SIDA</td>
<td>US$ 5 m</td>
<td>2005</td>
<td>2–3</td>
</tr>
<tr>
<td>2. Katalyst</td>
<td>Bangladesh</td>
<td>Rural and urban markets</td>
<td>DFID, SDC, DANIDA</td>
<td>Phase 3: US$ 31 m</td>
<td>2003</td>
<td>2–3</td>
</tr>
<tr>
<td>3. Alliances</td>
<td>Georgia</td>
<td>Livestock</td>
<td>SDC</td>
<td>US$ 2.4 m</td>
<td>2008</td>
<td>2–3</td>
</tr>
<tr>
<td>4. Samriddhi</td>
<td>Bangladesh</td>
<td>Agriculture and craft</td>
<td>SDC</td>
<td>US$ 9.5 m</td>
<td>2010</td>
<td>2</td>
</tr>
<tr>
<td>5. SHOPS</td>
<td>Global</td>
<td>Health</td>
<td>USAID</td>
<td>US$ 95m</td>
<td>2009</td>
<td>1</td>
</tr>
</tbody>
</table>

4.2 Lessons on the eight core expectations of M4P

80. This section presents the main conclusions from the cross-case analysis across the eight core dimensions of the M4P framework and the possible implications for DEEPEN.

1. Focus on the poor

81. The sub-questions to be studied under this expectation as outlined in the case analysis matrix (Annex C) were:

1.1 How explicit is the programme’s emphasis on targeting the poor in its basic design documents/BC?
1.2 In impact and outcome indicators, what percentage of the target population is poor?
1.3 How are the poor defined?
1.4 Does the programme focus on the poorest of the poor or acknowledge this category to be out of reach?

82. With just two exceptions, each of the 15 reviewed programmes has a very clear focus on targeting the poor and most also aim to reach at least some portion of the very poor category. Most programmes address this issue by working in sectors where the majority of the beneficiaries are poor or by focusing on poverty-stricken geographical areas. FIT-SEMA, for example, focused mainly on the poor by working with farmers, either self-employed or out-growers, and the owners and workers of micro-enterprises. While not explicitly rural in focus, rural entrepreneurs working in small-scale agriculture and non-farm enterprises were nevertheless major beneficiaries of the programme. In a similar vein, Katalyst chose maize as an area of intervention because growth in this sector was viewed to benefit the poor in a number of ways. RLDP, on the other hand, chose to focus on areas which are poverty stricken. It operates in seven semi-arid regions of central Tanzania and aims to reduce rural poverty by improving the market system to work better for the benefit of rural poor farmers. Similarly, Enter-Growth selected its two focus provinces based on the consideration that they were two of the poorest in Sri Lanka and three of the four target districts had been affected by conflict. Within the Nigerian programmes, the literature on Propcom makes it very clear that the reason for its focus on northern Nigeria is the area’s high poverty levels.

83. Most programmes also make an effort to report their impact and achievements by clearly setting their targets in terms of the number of poor households or small enterprises reached, or by carefully monitoring the percentage of their beneficiaries who are from among the poor. In order to monitor this, most programmes undertake routine studies to identify the categories of poor in the given context. Samriddhi, for example, supports its claim of working with value chains that have been ‘selected with a view on the participation of the poor and extreme poor in producing/processing’ by making statements such as: ‘about 74,000 households live in the project areas seen as having potential for fruit production; 66% of them are actually involved in fruit production. Among them, 15% of the producers are extremely poor, 40% are poor, 34% medium income households and 11% rich. In the vegetables value chain, 17% are extremely poor, 39% are poor 28% are middle income and 16% are rich households’ (M4P Hub, 2012: Samriddhi).

84. Similarly, in its reporting Katalyst shows a clear emphasis on establishing that its interventions primary focus on the poor. As noted in one of its reports, ‘Katalyst’s impacts are pro-poor. Katalyst measures the poverty profile of the beneficiaries in each sector, using the Progress out of Poverty index (PPI). The assessment showed that farmers and small businesses supported through Katalyst have high probability of being below the poverty lines. For example, results in rural distribution sector work revealed that 44% of the sample has a high probability of being below the US$ 1.25 poverty line (2005 PPI™), and 94% of being below the US$ 2.5 poverty line (2005 PPI™).

85. It is acknowledged by most programmes that working with the extreme poor is particularly challenging but, depending on the nature of the sector, two responses to this challenge are recorded. The first response is that many programmes continue to focus on addressing this challenge by investing more in learning about the barriers that really impede poor people’s access to the market and refining their interventions to become more effective in ensuring that the stimuli they introduce benefit the poor. This is documented by many cases such as FIT-SEMA, Samriddhi and Katalyst. However, the second response to this challenge has been to acknowledge that, for particular sectors, it is particularly difficult to reach the poor through the market mechanism. Such programmes have opted to justify the programme interventions as long as they focus on the medium-level suppliers in the market. Based on its experience, FSD Kenya notes, ‘Carefully crafted interventions can push financial providers deeper into underserved markets. However, private sector players will continue to face competing priorities for investment. ... Important advances can be made by strengthening service providers already geared towards the poor, or by demonstrating the profitability of pro-poor

---

2 The (PPI™) is a simple and accurate tool that measures poverty levels of groups and individuals; see http://progressoutofpoverty.org/understanding-the-progress-out-poverty-index
products. But this will not always be the case. Experience has sometime shown a trade-off between commercial viability and the ability to reach the poorest clientele. Taking an M4P approach does not promise that all of these challenges can be overcome’ (KPMG, 2012).

**Implications for DEEPEN**

86. The evidence from cross-case analysis supports the implications drawn from the theory-based review in the previous chapter; that DEEPEN could have a more explicit focus on targeting the poor than it has right now in terms of its logframe targets, the design of its interventions, and the ratio of its research and evaluation budget that is planned to be invested in studying the lower end of the market (the measurement of poverty through the household wealth index is an important start). It should also consider ensuring that its interventions are trialled at least in one of the poorest locations within Lagos. The evidence also suggests that as DEEPEN work evolves, it is likely to face a choice of either staying focused on investing in learning more about the working of the market at the bottom end and refining its interventions to better cater to the poor or, as in the case of FSD Kenya, explicitly acknowledging that the benefits of its interventions are not accessible to the very poor and thus that the programme will be more focused on the better-off within the poor and those on middle incomes. The trade-offs involved in choosing between these two options have already been discussed in the previous chapter.

2. **Reliance on the market mechanism**

87. In the M4P framework a ‘market’ is defined as ‘a set of arrangements by which buyers and sellers are in contact to exchange goods or services; the interaction of demand and supply’ and ‘market system’ is defined as the ‘multifunction arrangement compromising three main sets of functions (core, rules and supporting) undertaken by different players (private sector, government, representative organisations, civil society actors, etc.) through which exchange takes places, develops, adapts, and grows’ (DFID/SDC The Operational Guide for the Making Markets Work for the Poor Approach). It is a core expectation of the M4P framework that programmes designed under this approach will attempt to bring about change while relying on the market mechanism. The case analysis matrix in Annex C lists the following sub-questions asked of each case study under this heading:

2.1 *How is the market defined? How is the market system operationalised for the selected sector?*

2.2 *How was the situational analysis carried out to assess major barriers to effective working of the market? Were any specific studies commissioned or acknowledged in programme design documents? If so, document who carried out these studies and how.*

2.3 *Were attempts made to test which of the market barriers particularly restrict the poor’s participation in the market? If so, how were the barriers tested? Were the assumed barriers tested prior to implementation of the interventions or by monitoring and evaluating the impact of the intervention?*

2.4 *How did the programme interpret ‘stimulating the market’?*

2.5 *What was the programme’s overarching theory of change for stimulating changes at the system-wide level?*

88. The cross-case analysis showed that across all programmes there was a great degree of similarity in how the market is defined and how situational analysis is carried out. In many cases, subsectors within the selected sector of intervention were clearly identified as priority areas of intervention. Almost all programmes started by undertaking an assessment of the assumed barriers, although most undertook this initial assessment by drawing on existing studies or undertaking only small-scale scoping studies. As a consequence, real understanding about the barriers developed only gradually.
after programme interventions and outcomes were monitored. Building in research studies that refine programme teams’ understanding of the barriers over the course of the programme has been very important in improving interventions in the case of most programmes that have received repeated extensions.

89. Some programmes were able to draw quite useful lessons from just the initial scoping studies, although even these recognise the importance of gradual learning over time. One such example is worth noting in some detail here as it has particular relevance for the information interventions planned by DEEPEN. In the case of FIT-SEMA, the decision to focus on the commercial radio sector as opposed to other subsectors of the wider mass media industry for improving information for small enterprises was based on initial ‘scoping’ activities. Market assessments were undertaken to understand the nature of the poor’s interaction with various information channels and establish which of those channels was most capable of reaching poorer and rural communities. Background research helped establish that print media was not relevant because of the high levels of illiteracy among the target groups. Moreover, awareness of the market entry of non-English language, up-country and rural-oriented stations from 1995 onwards as compared to a state radio that is largely unresponsive to demand showed the potential in using these private channels to reach small businesses. These initial scoping activities made it clear to the programme team that, out of the available media options, the best mode to reach the poor audience was FM radio channels operating in local languages.

90. Nonetheless, even FIT-SEMA continuously evolved its understanding of the radio market in a ‘learning by doing’ approach. In order to understand market forces, it invested in an audience research survey covering 1,000 people around two years after its launch. The survey identified that the fundamentals of the core commercial radio market were relatively weak, particularly in regard to the relationship that existed between listeners, advertisers and broadcasters. The radio stations thus had limited understanding of their audience. They lacked accurate information on who their audiences were, how they earned their incomes, what types of goods and services they purchased and, critically, what information they needed and how they preferred to engage to get this information. Audience research was minimal and often unrepresentative of rural radio’s actual listenership. Audience segmentation was also weak; both programming and advertising were generic and relatively untargeted.

91. The study also found that donor and government funding for programmes labelled ‘development’ related meant that radio stations had come to believe that all development-focused programmes must be subsidised and were incapable of becoming commercially viable. This distorted the market and seriously affected how radio stations perceive the value of small business and agricultural programming. Serious development content was viewed as attractive only to government and development partners. Finally, it found that human resources within the private commercial radio channels were too weak to design truly innovative programmes.

92. The programme continuously kept absorbing these findings and adjusting its interventions to stimulate both the radio channels and listeners to make micro-enterprise-focused media programmes a commercially viable success. The FIT-SEMA case has been very well documented. Out of all of the reviewed programmes that has a media or information component, this one is most relevant for DEEPEN’s media intervention. **FIT-SEMA is one of the four M4P programmes where the review team would like to propose that the DEEPEN team establishes contact with this programme team to share ideas around the DEEPEN media intervention.**

**Implications for DEEPEN**

93. Most of the M4P programmes reviewed evolved in a way similar to DEEPEN, where a conscious effort was made to undertake situational analysis prior to design of the programme. However, as in the case of DEEPEN, the existing studies and evidence base available to identify the barriers proved quite
limited. Thus, just as is the case with DEEPEN, assumptions about identified barriers were largely untested in the beginning for almost all the reviewed programmes. Therefore, the programmes that have been successful are those which have been very focused on designing carefully planned studies to test these assumptions as they implemented their interventions. These findings should be reassuring for DEEPEN, since the project team is very conscious of the need to build in a research and monitoring component for all its interventions. As long as it builds methodologically sound studies to gather better data to test its core assumptions during the course of the programme, having a weak evidence base at the beginning should not undermine its potential for designing the right interventions in the long term.

3. Large scale of interventions

94. The sub-questions under this expectation included:

3.1 Are the interventions designed at system-wide level or at the level of specific inputs/outputs? How do these interventions fit with the project theory of change?

3.2 Have demand-side interventions been planned? If yes, then list those interventions and their core features. How do these interventions fit the programme theory of change? (In the case of DEEPEN, a comparable example is media intervention aimed at improving parental information about school quality.)

3.3 Have supply-side interventions been planned? If yes, then list those interventions and their core features. How do these interventions fit the programme theory of change? (In the case of DEEPEN, comparable examples are provision of credit to schools or improved pedagogy.)

95. In the spirit of the M4P framework, all of the programmes reviewed aimed for interventions that have the potential to have large-scale market-wide impact. While interventions vary from case to case, the majority of the programmes have a three-pronged focus: improving supply, increasing demand, and improving the regulatory environment. Specific interventions are typically narrowly focused on introducing a new business model by supporting a particular provider in the hope that, with due publicity, the model will attract other firms in the market to step in and replicate the new model – a process referred to as ‘crowding in’. While a number of programmes have interventions in areas similar to those proposed by DEEPEN, some of the interventions planned by FinMark Trust are particularly relevant to DEEPEN’s finance intervention. FinMark Trust is the second programme that the review team would recommend that DEEPEN team considers to get in touch with to discuss its finance intervention. FinMark is seen to have been successful with a number of its target interventions and has also developed FinScope, which is hailed as being a very effective instrument for understanding financial service consumption within target populations. There therefore appears to be potential for learning from the FinMark team when designing DEEPEN’s finance intervention.

Implications for DEEPEN

96. DEEPEN is in line with most other M4P programmes in focusing on both stimulating supply and demand and improving the regulatory framework. There is potential for it to learn from existing programmes, such as FinMark, in relation to a number of its core interventions.

4. Sustainability of impact

97. The sub-questions identified for guiding the cross-case review under this expectation were:

4.1 How does the project define sustainability? Is the sustainability defined at the level of each individual intervention or at the level of programme impact?
4.2 Does the programme adopt a gradual phasing out strategy or argue for a one-off stimulus approach to sustainably change outcomes for the poor?

4.3 Which actors/stakeholders are viewed to be important in ensuring the sustainability of the intervention? Is government viewed as playing any role in ensuring sustainability?

4.4 Are any innovative models developed to measure the sustainability of the programme intervention or impact?

98. All of the programmes we reviewed show acute awareness of the need for the interventions or programme impact to be sustainable. FIT-SEMA, for example, claims that all of the intervention phases were based on a strong ethos of achieving sustainability. In Phase 1, the sustainability focus was on specific programmes, in Phase 2 it was on radio programming across the industry, and in Phase 3 it was on the supporting functions of the industry. Running across all these three phases was a long-term objective of embedding small business programming into the radio industry so that programming would grow and be sustained by the industry itself. It argues that it has thought about sustainability from day one and worked to facilitate new linkages between existing market players rather than contract technical experts to cater for radio stations’ needs. However, it maintains that greater change was achieved gradually through promoting replication and deepening its focus to address service constraints that would support wider replication and industry-level change.

99. Sustainability across the programmes is defined in a range of ways, but includes that businesses are providing services on a commercially viable basis that previously were not being provided at all. The most sustainable intervention across the programmes was normally one that identified the demand for something the producers in the market are able to respond to at a profit. In the agriculture/private sector projects (which dominate the list of shortlisted programmes), one typical intervention is to address a supply-side market failure with the objective of boosting the farmer/small business owner’s productivity, which then entrenches his/her demand for the input in question and ensures that henceforth the input will be supplied spontaneously by the market. This is how sustainability is achieved.

100. One example of this comes from the Alliances programme. In this programme, the target group are farmers owning between one and five cows. These small-scale farmers earn income from their animals by producing cheese from the cows’ milk, selling both products at market. Sales of milk and cheese provide cash to enable the farmers to then purchase basic goods. Occasionally farmers will sell an animal for slaughter to raise cash for a bigger purchase. The programme theory of change was that the main opportunity to improve the poor’s circumstances is to help them increase the amount of milk their cows produce and find buyers for fresh milk or extra cheese. The intention of Alliances and the programme’s interventions is to catalyse market players so they offer those goods and services necessary to help small-scale farmers increase milk production and buy the consequent production of milk and cheese. The programme’s main intervention is to help the company Caucasus Genetics to improve their business model by co-financing investment in equipment and training to help Caucasus Genetics defray the risks of investing in the sector in the project area. The intervention seeks to support Caucasus Genetics in becoming a fully commercial business, as to date they have been paid by donors or the government for a specific number of services.

101. Another way in which sustainability has been defined by some programmes is to place emphasis on monitoring their ability to influence the debate in the sector. Influencing government regulations or having a positive influence on the attitudes of government officials is seen to be particularly important for building an enabling environment. Many of FinMark’s interventions have contributed to improved public debate, including FinScope, the Financial Forums and engagement with regulators and researchers. As one of the reviews of FinMark argues, if FinMark did not invent access to financial services as an issue in South Africa it has at least been instrumental in making it a serious
subject, open to rigorous analysis and debate. It has been especially critical in planting the vision that better access can best be achieved by developing the market instead of displacing it.

102. Enter-Growth similarly notes its interactions with the government as holding most promise of making the programme’s impact sustainable. It has trained a total of 79 government facilitators in new business approaches. An evaluation of the programme noted with approval that those interviewed as part of this evaluation appeared to have wholly engaged with the methodologies introduced by Enter-Growth and are now fully committed to continuing with them after the close of the project. Some of these government bodies have managed to access funding to enable the continued use of these new approaches introduced by Enter-Growth, and in fact at least one has managed to convince their headquarters to take on these approaches in other parts of the country.

103. Enter-Growth also established MSE Forums with representation from government, service providers (including financial services) and the private sector. The forums are chaired by the respective district secretary and/or the province’s chief secretary. Meeting on average once every six to seven weeks, they provide forums for public–private dialogue where no such dialogue existed before. Establishment of similar forums for government and schools associations has been identified by many programmes as critical to ensuring the sustainability of programme interventions.

104. Finally, cooperating with companies to introduce new business models, as in the example of the Alliances programme noted above, as well as investing in promoting those models to ensure crowding in by other companies to replicate that service, is seen as critical to measuring the sustainability of that specific intervention in the long term. For example, one of the strongest evidence of the sustainability of FIT-SEMA’s work is argued to be the ‘crowding-in’ it was able to generate whereby other radio channels moved into to replicate the micro-business-focused programmes it had trialled through partnering with a few channels.

Implications for DEEPEN

105. For DEEPEN, all these above-listed methods for monitoring the sustainability of programme interventions or overall impact are relevant. However, it is important for DEEPEN to realise how its supply-side interventions, which are quite similar to those of certain other programmes detailed above, face a specific challenge. As noted above, one popular model on the supply-side interventions is to improve the supplies of a service that small businesses or poor farmers need. This could be seen to be similar in spirit to the proposed teacher-training intervention by DEEPEN. Schools need better trained teachers if they are to improve the quality of their education provision and DEEPEN proposes to work on increasing the supply of such training services through market-based models. This proposal faces a challenge, however. The increased uptake of teacher training facilitated by the programme would have to either a) allow schools to charge higher fees or b) lead to more children joining the schools (two routes to increased profitability). However, higher fees would lock out poorer children from these schools, thus excluding the key target group of DEEPEN from its benefits. Also, for schools that are specifically targeting the lower end of the market, increasing fees may not be a viable option as this would lead to a drop in demand, undermining their business model. With regard to the second route to increased profitability (i.e. more children joining the school), this is also problematic as larger classroom sizes could undermine quality (schools can of course respond by hiring more teachers but then they are back to square one in terms of profitability).

106. This would raise grounds for major concern regarding the sustainability of the teacher-training intervention unless there is considerable flexibility within the bottom end of the market to pay more for education – which seems unlikely – or, as is proposed in the theory-based review, a state subsidy is considered for supporting this intervention within the low-fee schools, for which DEEPEN can develop a very strong rationale.
107. The analysis above also shows that in addition to DEEPEN’s ongoing discussions with government officials around grading schemes, it can consider developing a high-level discussion forum bringing together senior government officials and members of private associations and media channels to facilitate dialogue on promoting an enabling environment. This particular strategy seems to have been identified by many programmes as being very effective for ensuring that programme impact is sustainable; this could be particularly useful for the discussions DEEPEN plans to have around taxation.

5. M&E

108. The sub-questions used for guiding the review were:

5.1 What are the core features of the M&E framework adopted by these programmes to help attribute desired impact to their interventions? Is it focused on improving programme implementation or proving programme effectiveness?

5.2 How is the theory of change used within the M&E framework?

5.3 Is there any evidence on the value for money that could provide a benchmark for DEEPEN?

5.4 What is the arrangement for undertaking M&E work (internal result measurement, one-off independent evaluations or reviews, and independent impact evaluation)? How are M&E results used to be responsive and adaptive?

109. All of the programmes considered are very conscious of needing an effective M&E framework. However, most acknowledge that it is difficult to monitor systemic change and, in particular, all struggle with the issue of attribution of success to programme interventions. Most programmes recognise that the positive trends noted in the sector resulted from a number of factors and not just the programme interventions. What they focus on is on establishing that their interventions did indeed play some role in bringing about that change. In establishing the contribution of the programme toward bringing overall improvement in the sector, effective use of the theory of change underlying the overall programme and the specific intervention under discussion play a key role.

110. One good example of recognition of the limitation of impact attribution comes from one of the FinMark reports. While reporting the impact of the programme, the FinMark Trust report notes: ‘But, these impacts cannot be directly attributed to FinMark alone. The main drivers of change in the economy and society as a whole were already in place prior to FinMark’s arrival on the financial landscape – and its influence can therefore be seen as only contributing to this positive change. In the absence of a valid counterfactual position (difficult to ascertain) the scale of the contribution cannot be quantified precisely.’

111. All programmes note similar limitations, including programmes such as GEMS that have been investing heavily in monitoring impact (GEMS, 2012). The focus remains on claiming impact through effective use of the theory of change. Also, none of the programmes show good evidence of having a system in place to monitor value for money. That said, some programmes have had external reviews specifically to study the value for money of the programme. One example of this is the value for money evaluation of FSD that was carried out by Oxford Policy Management (OPM).

112. A recent review of M4P evaluation methods and approaches (Ruffer and Wach, 2013) supports the above findings. Based on a review of 32 M4P programmes, the authors noted that, ‘The M4P evaluations reviewed here were generally weak in terms of: consideration of systematic, sustainable changes in market systems; data quality (small samples 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 externally vetted,
with assumptions not adequately tested); consistency in units for facilitating accurate aggregation; and consideration of unintended negative consequences.'

113. In terms of evaluation arrangements, they note that there are three ways in which M&E work is planned within M4P programmes: internal result measurement, one-off independent evaluations or reviews, and independent impact evaluation. In their assessment the best arrangements are made when 'institutional arrangements that ensure both objectivity in the evaluation and in-depth understanding of interventions and context are important consideration for M4P evaluations. Approaches to achieve this balance include longitudinal evaluations through which the evaluator and evaluand build a collaborative relationship and/or internal data collection with external audits’ (Ruffer and Wach, 2013: iii).

Implications for DEEPEN

114. The above analysis should be reassuring for DEEPEN because review of other programmes confirms that attribution of impact to programme interventions is a particularly challenging task in the case of M4P programmes because they work to bring systemic change in the market. Thus, DEEPEN is not alone in facing this challenge. Furthermore, DEEPEN is also in a good place because it has the best recommended model for planning M&E, i.e. it has a strong internal research and monitoring framework and has a long-term external partner/evaluator to support that process. This, as noted above by Ruffer and Wach (2013), is the best institutional arrangement for effective learning.

115. In terms of designing future studies, the above analysis implies that DEEPEN as well as EOREN consultants working with DEEPEN should remain realistic about how much to invest in establishing attribution. What they need to ensure is that ‘the theories of change are revisited frequently and vetted by stakeholders external to the project’ (Ruffer and Wach, 2013: ii). The programme must ensure that it adequately tests the linkages contained in the theory. Thus, when it comes to investing in monitoring and research, the focus should remain on planning studies – both qualitative and quantitative – that can help test the underlying assumptions about the barriers impeding poor people’s access to the market so that DEEPEN’s theory of change becomes more evidence based in the long term.

6. Equity: Position on subsidies or making direct interventions to reach the poor

116. The sub-questions under this heading were:

   6.1 Is the programme particularly focused on addressing equity issues within the market?

   6.2 Have special interventions been designed or the core interventions adjusted to help target the poorest groups?

   6.3 Has direct subsidy of any kind been considered to help reach the poor? Examples of any subsidy given are to be documented in detail.

117. Most M4P programmes do not consider long-term subsidies but many have subsidised the launch of a specific new model until it became viable. This has normally been done under an innovation fund. However, at the same time some programmes seem to have subsidised capacity-building interventions where it became clear that capacity development was critical to improving the supply of the service but the small businesses being targeted could not afford to pay for that capacity building. For example, FIT-SEMA has been directly involved in subsidising the training of journalists.

118. During its Phase 3, FIT-SEMA focused on supporting the emergence of independent radio trainers as the programme realised that the capacity of the radio journalists had to rise for them to design more effective information programmes for poor farmers and small businesses. The programme ran
training-of-trainer courses with experienced radio professionals and supported these radio professionals to forge links with radio stations across the country. The courses were initially run on a cost-sharing basis with rural radio stations that could not afford such training. FIT-SEMA subsidised training for some of the trainers from these rural radio stations in the initial period. It was able to gradually remove this subsidy, such that radio stations started to directly contract service providers to provide technical advice and training.

Similarly, the Katalyst case in Bangladesh presents strong evidence that facilitation and cost sharing with the private sector stimulates innovation and encourages the private sector to offer products and services to marginal and small farmers.

Another area where many M4P programmes seem to have an element of subsidy is to finance the high-profile forums bringing senior government, private sector players and the media together. These forums are seen to be very important for establishing linkages between the core players within the market and facilitating a dialogue toward a better regulatory framework. All programmes investing in such forums have the aim that, in the long term, linkages forged through this platform will become self-sustainable. However, in the initial years the programmes often bore the cost of running these fora. SHOPS Tanzania, for example, has worked with the Ministry of Health to establish a public–private partnership unit whereby government national health strategic plans – for both the health system building blocks and vertical health programmes – routinely acknowledge and provide avenues for partnering with the private health sector.

Finally, the case of Katalyst also provides another interesting example of how by primarily relying on the market system but with consideration of the limitations faced by the poor in terms of paying for services essential for their capacity building, M4P programmes can be designed to provide health education training to the poor. In Bangladesh, various national-level studies confirmed an acute shortage of skilled health workers, particularly in the lower- and mid-level health professions. These professions are vital to rural health care provision and are of particular interest to young job-seekers from low- and mid-level income backgrounds. In spite of these shortages, in 2004/05 there were limited opportunities for young people to take up a health-related profession. Given that the poor participate in the health care system both as consumers and workers, a two-pronged poverty reduction objective was defined: first, to reduce the barriers that Bangladeshis from poor and lower-middle-income backgrounds face when seeking to work in the healthcare sector and, second, to improve poor people’s access to health care services and the quality of those services.

Katalyst has been able to develop partnerships between government and the private sector whereby the cost of health sector training has been brought within the reach of individuals from low- and middle-income backgrounds. A lot of documentation is available on Katalyst’s health intervention. Since this intervention has much in common with DEEPEN’s teacher-training intervention, **Katalyst is the third programme where the review team would recommend that DEEPEN considers getting in touch with its programme team**. There is potential for useful learning on what sort of short-term subsidies work best to ensure that these training services become accessible to those providers who are most likely to serve the poor.

**Implications for DEEPEN**

Although all M4P programmes have a clear position on not introducing long-term subsidies, most are willing to consider very targeted subsidies where the theory of change can establish that these will ensure the interventions benefit those providers most likely to best serve the poor. As discussed in some detail in the theory chapter, for DEEPEN’s teacher-training intervention there is a strong rationale to consider some form of a subsidy if that can ensure that the low-fee schools most likely to serve the poor can take advantage of the training being offered. As with other programmes referred to above, such as FIT-SEMA, it might be possible to gradually phase out that subsidy within a couple of years when schools’ capacity to pay for it has increased. However, as argued in the theory chapter,
since education is a sector where some level of government subsidy will always be there (and also desirable), DEEPEN could also consider whether there is a rationale for the government to cover part of the cost of teacher and head-master training for low-fee schools as a long-term subsidy.

7. Adaptive and responsive programme design

124. The sub-questions guiding cross-case analysis under this heading were:

7.1 Does the programme aim to be adaptive and responsive?

7.2 If yes to 7.1, then what measures are put in place to ensure that the programme design stays adaptive and responsive?

7.3 Were any interventions dropped and new interventions designed during the course of the programme? What facilitated this process?

7.4 If interventions were changed, what implications did it have for the programme?

125. All of the programmes place a great deal of emphasis on the importance of being adaptive and responsive to learning over time. Programmes that have had repeated extensions note this to have been essential for their success. However, while most programmes seem to have made adjustments when moving from one extension phase to the next evidence of a programme dropping originally planned interventions and trialling new ones within a given phase is more difficult to find. This is understandable. If assessment of the success or failure of an intervention is to be based on evidence then it will take any programme some time to know what worked and what did not work.

126. The importance of responding to learning from the field is repeatedly noted in documentation available on most programmes. As a document from FinMark Trust notes, ‘Knowledge of the market and of these constraints increased iteratively both for FinMark and the local consultants and researchers with whom they worked. FinMark’s programme of interventions was guided by their emerging understanding of the market.’ This particular extract from the report is useful:

FinMark’s approach was based on identifying and seeking to address the key constraints inherent within the market system. However, this was not seen as a neat, simplistic, blueprint process where FinMark, in sequence, first conducted a market analysis and then intervened in pursuit of constraints. Financial markets, like markets everywhere, are fluid and dynamic. Identifying constraints and acting to address these was regarded as a process of engagement with key players and issues, not a mechanistic exercise. Throughout its period of operations, FinMark’s analysis, based around a M4P framework, has never been static but has been built up in an iterative way with understanding growing with each intervention undertaken. FinMark recognised at an early stage that the capacity for learning and analysis within the wider market system is not simply as a means to an end but is an important function within the market. In its approach to market analysis therefore, it sought to work with and influence relevant consultants and researchers. FinMark commissioned them to undertake studies, engaged with them to develop new analytical tools and held regular meetings of an informal reference group of consultants. Building the intellectual capacity of the market system was a key element in its approach.

127. Documentation on FIT-SEMA reiterates precisely the same process.

Implications for DEEPEN

128. It is very important for DEEPEN to invest in understanding the real barriers to effective working of the private education market in Lagos and the related markets in which it is planning to intervene.
However, it does not have to feel pressured to make decisions about changing its originally planned interventions within the next one or two years. There is a weak evidence base to support the four barriers it has originally identified, but as mentioned earlier that is not necessarily a bad thing. Since the theory of change around the possible impact of removing those barriers is reasonably strong, it is fair for the programme to take the first three to four years to seriously invest in gathering evidence to test these assumptions. If by its fourth year DEEPEN is able to provide solid evidence to either support or correct one of its core assumptions informing an intervention, then that would be a positive result. It would still allow DEEPEN two more years to trial a new intervention if needed or develop a proposal for having a second phase of DEEPEN.

8. Managing unintended consequences

129. The sub-questions relevant under this heading were:

8.1 Was the programme design conscious of monitoring unintended consequences?

8.2 What measures were put in place to monitor unintended consequences of programme interventions?

8.3 In the case of evidence of having had unintended consequences (positive or negative), how did the programme respond to it?

130. Little attention seems to be paid to monitoring unintended consequences across the 15 reviewed programmes. All of the programmes are very conscious of this expectation but, as in the case of attribution, it is another issue where most programmes fail to make much progress mainly because of the obvious challenges inherent in developing an adequate monitoring framework for this. Nonetheless, it is clear that M4P programmes often end up having unintended consequences. For example, in the case of FSD Kenya, it found that supporting partners at the micro level also carries a risk of market distortion. Donor support that sped up market entry for Equity and M-Pesa, two companies which under the programme were made initial partners in providing finance to the poor, has given both companies a first-mover advantage over their competitors. As FSD Kenya notes, ‘Kenya is now struggling to promote an interoperable agent network because of Safaricom’s control over the mobile money market (although that position also stems from Safaricom’s large share of the overall telecoms market), and FSDK is exploring ways to promote future branchless banking innovation to avoid a low-level trap where M-Pesa dominance causes market stagnation.’

Implications for DEEPEN

131. The main implication for DEEPEN is that as a programme it has to remain very conscious of thinking through all possible consequences of its interventions. The more the programme team thinks through the implications of its interventions, the better chance it has of identifying potential unintended negative consequences, which then makes it more likely that those potential consequences could be monitored. For example, the case of FSD Kenya documented above is also relevant for DEEPEN credit, media and teacher-training interventions. If DEEPEN is not careful about choosing the right partners within the private sector or deciding how many partners to engage with, it could end up creating monopolies and undermining competition. It is possible to identify most such unintended consequences of an intervention by thinking through it carefully using the M4P assumptions. This will require that, whenever it is planning an intervention, the DEEPEN team needs to focus not just on the technicalities around how to design that intervention but also on envisioning how the market will receive it.
4.3 Lessons specific to Nigerian cases: The political economy

132. The main reason for selecting five cases from within Nigeria was to see if the Nigerian cases raise any issues that seem to be specific to the Nigerian political and economic context. The cases reviewed for Nigeria do not suggest that the context in Nigeria is particularly unique or poses any specific challenges for M4P programmes. However, given that two of the reviewed programmes also operate in Lagos, it is recommended that GEMS be the fourth programme that the DEEPEN team considers contacting. This is particularly important given that the relationship between state and private schools in Lagos is viewed to be contentious (Kingsmill, et al 2012). The government is often reported to impose inappropriate regulations, and unpredictable levies plus there is the problem of rent-seeking. It provides no financial support or grants to private schools (Kingsmill, et al 2012). However, the same study notes the potential for lobbying the government to see private schools, especially low-fee schools, as a partner in education provision. GEMS programme has a major emphasis on engaging with the state for better regulations and is also working in Lagos. Despite specific challenges faced by the private school sector, there is potential for DEEPEN to learn what strategies, techniques, and platforms worked best for GEMS in terms of lobbying the government. For example, to lobby the government in Lagos is it better to attempt to establish a high-profile forum bringing government and private actors together (as has been done by many other M4P programmes) or is it better to work with individual officials first? And, if work has to start with individual officials, then should they be the most senior officials or those who interact with the schools in the field? Questions like these can potentially find useful responses from the GEMS team based on its experience of engaging with the government. However, it should be mentioned that, based on the documentation reviewed, none of the M4P programmes in Nigeria seem to be particularly striking, unlike some of the other programmes that have been referred to more frequently in this review.

4.4 Conclusion

133. This chapter has introduced the 15 cases that were selected for in-depth review and presented the rationale for their selection. It has then reviewed these programmes against the eight core expectations of M4P programme and identified relevant lessons for DEEPEN. The case evidence presented in this chapter supports the recommendations made in the theory chapter that DEEPEN should consider making slight adjustments on two core expectations, i.e. focus on the poor and consider the possibility of introducing some element of carefully planned subsidy, especially in its teacher-training pilot, if it is envisioned that this can help reach the very poor. The chapter has also identified four programmes – FIT-SEMA, FinMark Trust, Katalyst, and GEMS – that have a particularly strong potential for informing the proposed DEEPEN interventions. These cases are very well documented, so the DEEPEN team could start by reading the documentation. However, to really benefit from these programmes, it is recommended that the DEEPEN team try to either have a number of Skype sessions or potentially invite a senior official from that programme to spend a couple of days with the DEEPEN team to help design the DEEPEN intervention for which that programme has been identified as having specialist expertise. For example, if someone from FIT-SEMA is invited then they should be specifically asked to comment on the design of the media intervention that DEEPEN aims to trial. Here is it important to acknowledge that the review team is by no means ruling out the possibility that DEEPEN might succeed in developing very innovative solutions in many of its intervention areas which surpass the experiences of the other M4P programmes reviewed here. The suggestion to get in touch with the selected M4P programmes is therefore not meant to encourage replication of ideas developed by other programmes and stifle DEEPEN’s own creativity. Rather such exchanges are only meant to help DEEPEN refine its own thinking by getting an exposure to what worked for other programmes and what did not. Such exchanges can be potentially extremely helpful in preparing DEEPEN for the challenges it is likely to confront as it develops its interventions.
5 Recommendations for DEEPEN

134. This ex-ante theory-based review has attempted to study DEEPEN’s design against the core expectations of the M4P theoretical framework. Moreover, it has reviewed how other M4P programmes selected from across different regions and sectors have fared against those expectations and whether there is potential for DEEPEN to learn from their experience.

135. Based on the analysis, this review proposes that, of the eight core expectations of the M4P framework, DEEPEN has the potential to consider making adjustments on two fronts: 1) increasing its focus on targeting the poor; and 2) considering adding an element of direct subsidy to one or more of its core interventions, if it is established that such an approach could facilitate reaching the very poorest segment of society. The report shows that the M4P theoretical framework places greater emphasis on focusing on the poor when identifying which market stimulus to provide than appears to be the case with DEEPEN. Furthermore, it shows that the provision within the M4P framework to consider direct subsidies (especially in the short term), if they could increase the chances of improving the capacity of producers or consumers at the bottom end of the market to better access the market in the long term, is particularly relevant for DEEPEN, given the nature of the education sector. Social sectors such as basic health and basic education are different from commercial sectors in that some form of continued government subsidy is universally regarded as desirable. Given this provision within the M4P framework and basic education being commonly regarded as a public good, there is thus the opportunity for DEEPEN to trial one or two of the more conventional interventions to complement its four market-based interventions, if it is found that adding an element of subsidy can help low-fee schools and poor parents better engage with market in the long term.

136. Trialling such an approach could, however, add an additional lobbying agenda to the DEEPEN Programme, in that the state government would be required to not only make desired policy changes but also, in the longer term, make some level of financial commitment to supporting low-fee private schools. This could particularly be the case for low-fee schools in very poor communities, such as Ijora Oloye located in Apapa Local Government Area in Lagos, which according to the school choice survey by Yngstrom (2013) has a large concentration of poor people and only one government school, and where the conditions of private schools were also inferior to those found in other comparative sites.

137. As for the other six core expectations of the M4P framework (outlined in Chapter 3), DEEPEN’s design is broadly consistent. However, the report notes that, in regard to most of these expectations, DEEPEN is yet to develop appropriate tools to operationalise them, such as how to attribute school-level outcomes at the end of the programme to DEEPEN interventions or monitor the unintended consequences of the programme. This theory-based review alone can result in increased pressure being put on DEEPEN to ensure that adequate measures are in place to monitor progress on all these counts. However, the comparative analysis of 15 other M4P programmes studied as part of this review is useful in highlighting the need to be realistic while being ambitious.

138. The 15 programmes selected for review in this study came from Nigeria, SSA and other parts of the developing world, differ in scale and sources of funding, and cover different sectors. There are seven core messages that emerge for DEEPEN from this comparative analysis:

1. With two exceptions, the other programmes we have reviewed are more clearly focused on targeting the poor than DEEPEN. They are geographically focused on poor areas or are very conscious about undertaking focused research with the bottom end of the market and understanding the specific supply and demand constraints affecting poor customers within the given sector and the MSEs that cater to them. These programmes then focus on introducing those stimuli to the market that are most expected to benefit consumers at the bottom end, i.e. the poor, even though the impact of a specific stimulus is likely to be felt across the market. This supports the theory-based finding that DEEPEN should reconsider the relatively low level
of emphasis it is currently placing on specifically focusing on understanding the decisions at the bottom end of the private education market. It could focus more explicitly on reaching the poor either through choosing to focus on geographically poor localities or by designing interventions that have increased chances of reaching the poor. It can also allow for its M&E framework to invest more heavily in measuring the impact of its interventions on the bottom end of the market rather than measuring impact across different segments of the market.

2. The cross-case analysis also presents some examples of more conventional style public–private partnerships or an element of subsidy within some M4P programmes to reach the poorest segment of the market. However, such subsidies are only considered in the short term, where they are viewed to be a route to facilitating better access of the poor to the market in the long term. Especially for its teacher-training intervention, DEEPEN could potentially consider adding an element of subsidy to facilitate access by low-fee schools, catering to the very poor, to teacher-training facilities as long as it also develops a plan whereby the schools can either start to pay for these services after a certain point or the government can come forward to provide a permanent subsidy to that part of the programme. Katalyst’s health intervention programme in Bangladesh has developed interesting ideas around public–private partnerships in the area of health sector training, which have made health training financially accessible to health professionals from low-income backgrounds who normally would not be able to access such specialist training.

3. The review of those programmes that focus on markets which DEEPEN also proposes to engage with – such as the media or micro-finance – also shows that these are complex markets in their own right. If DEEPEN is aiming to improve the workings of the private school market by stimulating these related markets it needs not only to better understand the players within the private school market but also to understand the mix of players within the media and micro-finance markets. It is critical to identify the right actors to partner within these related markets as not all actors within them are equally well placed to reach the poor. Moreover, the actors selected to partner with on these interventions need to have the potential to act as market leaders and thereby increase the chances of ‘crowding in’ other companies to replicate the intervention trialled through them if DEEPEN is to have the large-scale impact desired.

4. It is also important to note that some other M4P programmes have the potential to inform one of the four interventions proposed under DEEPEN. The review team has identified four programmes – FIT-SEMA, FinMark Trust, Katalyst, and GEMS – that have a particularly strong potential for informing the proposed DEEPEN interventions. It is recommended that the DEEPEN team considers establishing contact with these programme teams to share ideas on designing interventions in relevant areas. Many of these programmes have also designed research instruments to assess market constraints for those specific sectors, which could also be useful starting points for DEEPEN.

5. It is important to note that, while the cross-case comparison shows potential for learning from other cases, it also shows that some of the M4P core expectations have proven difficult to meet across different programmes. The most prominent of these are the attribution issue and the monitoring of unintended consequences. Even programmes with a relatively effective impact monitoring framework have struggled to develop instruments that can clearly attribute improvements in the sector to the M4P programme. Much of the attribution claimed occurs by monitoring overall improvement in the sector and then showing through the programme theory of change that the M4P programme interventions played their part in bringing about that overall change.

6. It is also worth noting that the review of the five M4P programmes selected from within Nigeria does not suggest any particular challenges faced by these programmes due to the political
Can education markets work for the poor? Potential learning from DEEPEN

economy conditions in Nigeria. All the five selected Nigerian cases have policy dialogue as one of the target interventions. Establishing a discussion forum bringing senior government officials and market players together to improve the policy environment is one of the popular interventions in these programmes; establishing these high-level policy forums has also proven quite an effective strategy in the case of M4P programmes in other countries. In the case of DEEPEN there is potential for such a forum to be established arguably between senior officials from the State Ministry of Education, representatives of private schools associations in Lagos and media companies willing to cover education issues.

7. In general, the most important lessons learned from across the 15 cases are that, in order to be successful, any M4P programme needs to develop gradually, be realistic in its expectations and, most importantly, be adaptive and responsive to ongoing findings in the field. Most long-term M4P programmes that are viewed as having been successful acknowledge having improved their programme design and interventions over subsequent programme extensions. In particular, what has been critical to their success over time is their steady focus on studying how they can better understand the decision-making processes of the poor within the sector and those of the providers that cater to them, and then closely monitoring which of their interventions best targets the poor and which does not and adapting their interventions accordingly. This focus on understanding what barriers especially hinder the poor and the providers that serve them, and how these barriers can be overcome, was critical to defining programme success in the long term. DEEPEN can therefore increase its chances of being considered a success against M4P expectations if it places a somewhat greater emphasis on specifically studying the workings of the bottom end of the market than on attempting to monitor impact across all segments of the market.
References


Ashley, L.D. et al. (2014) The Role and Impact of Private Schooling in Developing Countries. DFID Education Rigorous Literature Reviews.


DEEPEN (formerly LoCoPE) Implementation Plan.


DEEPEN (2014c) DEEPEN Logframe Explanatory notes.

DEEPEN (2014d) DEEPEN baseline methodology.

DEEPEN (2014e) Proposed concepts and measures for household poverty and private schools: DEEPEN Programme

Developing Effective Private Education – Nigeria. DFID Business Case and Intervention Summary.


**Nigerian cases**

**Propcom**


ENABLE


GEMS


PIND
PIND Foundation (2013a) Our programs – Peace-building (PB). Available at www.pindfoundation.org/who-we-are/our-programs/


NMCP


Sub-Saharan Africa cases

FinMark Trust
Finmark Annual Review 2013.docx (n.d.).
Finmark Phase 1 Annual Review.docx (n.d.).
Finmark Phase 2 Logframe.xls (n.d.).
M4P_case_study_FinMark_april2007.pdf (n.d.).

FSD Kenya
FSD Phase 2 DFID Logframe.xls (n.d.).
FSDs Financial Education Programme_Evaluation.pdf (n.d.).

KBDA
KBDS Business service market assessment for the tree fruit sub sector.pdf (n.d.).
KPMG Financial deepening and M4P_lessons from Kenya and Rwanda.pdf (n.d.).
KPMG_Challenge funds as private sector development tools - progress and potential.pdf (n.d.).
KPMG_Shaping the Power of Markets for the Poor.pdf (n.d.).
KPMG_The REACT Experience.pdf (n.d.).
USAID KHDP Final report.pdf (n.d.).
World Bank KHDP Case study.pdf (n.d.).

FIT-SEMA
M4P Hub Case Interview FIT SEMA.pdf (n.d.).
MSE Radio Programme Listener Survey Carried out by FIT-SEMA.pdf (n.d.).
The role and impact of radio in reforming the rural business environment in Africa.pdf (n.d.).

RLDP
RLDC’s role as a Facilitator of Market Development.pdf (n.d.).
RLDP Background note.pdf (n.d.).
RLDP draft logframe_cotoon_sunflower.pdf (n.d.).
RLDP Experience with DCED standards for results measurement.pdf (n.d.).
RLDP PPT Presentation 2013.pdf (n.d.).
M4P_Hub_Case_Interview_RLDC.pdf (n.d.).

Cases from other regions

Enter-Growth

Katalyst
DFID (2013a) Katalyst Phase II Project Completion Review.
DFID (2013c) Katalyst Phase III Logframe.
DFID Katalyst Phase II Logframe.

Alliances
M4P Hub (2011a) Alliances: Case Interview I Defining the Programme Approach.
M4P Hub (2011b) Alliances: Case Interview II Understanding how market systems affect the poor.

Samriddhi

SHOPS
Annex A   Terms of reference

WORKSTREAM 1
EX ANTE THEORY-BASED REVIEW OF DEEPEN

Terms of Reference

EDOREN

9th April 2014

Summary

A.1. Education Data, Research and Evaluation in Nigeria (EDOREN) generates new evidence and understanding of how best to support equitable access and improved learning outcomes for all Nigerian children through innovation and sustainable education systems development. As part of EDOREN’s support to DFID programming, EDOREN seeks a team of short-term consultants to provide support to DFID’s Developing Effective Private Education Programme (DEEPEN).

Background

A.2. The (DEEPEN) programme is a five-year DFID funded programme (2013-2018) designed to improve the learning outcomes of Nigerian children. Initially focused in Lagos, the programme will use a Making Markets Work for the Poor (M4P) approach to create an enabling environment for private schools, particularly those that educate poor children, to improve learning conditions and raise performance standards across the sector. Its core design, which is directly based on the M4P framework (Annexed), focuses on facilitating change and supporting innovation in the very large and rapidly growing private education market in the state. The programme complements the other four DFID education programmes in Nigeria, all of which focus on improving public education provision. The Education Sector Support Programme (ESSPIN) works in six states, including Lagos, to support the government, civil society and local communities to transform the management and funding of basic education. The Girls Education Programme (GEP), managed by UNICEF, works in four states to improve girls’ access, attendance, retention and relevant learning outcomes at primary and junior secondary levels. The new Teacher’s Development Programme will provide in-service training for teachers in six northern states.

A.3. The DEEPEN programme aims to deliver improved education outcomes for children attending low cost private pre-primary and primary schools in Lagos, increase access at junior secondary level through increased enrolment in low cost private schools and improve current understanding of how sustainable improvements in urban, pluralist education systems can be stimulated for lesson learning purposes.

A.4. M4P approaches aim to improve market conditions for the poor by seeking to understand how markets impact the poor and by systematically removing barriers in order to increase the participation of the poor on terms that will benefit them. MP4 programmes adopt a facilitative role to stimulate market functions or players, to promote sustainable and systemic change for large scale impact.3

A.5. A recent review of M4P programme evaluation results found that while a majority of M4P evaluations were based on a theory of change, evaluations did not adequately test the linkages in the theory. In addition, while the applicability of M4P approaches to the education sector is well documented, an initial review has uncovered no examples of interventions in the education sector working within an M4P framework.

A.6. Given the highly innovative nature of DEEPEN, it is important that an ex-ante review is conducted in order to both test the internal coherence of the DEEPEN programme approach and to weigh expected outcomes and impact against the international evidence.

The Objective

A.7. The main objectives of the ex-ante theory-based review are as follows:

- Elaborate on the expectations of the M4P framework and weigh programme targets and interventions against that;
- Study how other M4P programmes have addressed the equity issues within the market while focusing on improving overall market functioning;
- Map in detail any specific interventions adopted by other M4P-type programmes, which could be specifically relevant to DEEPEN;
- Assess the extent to which DEEPEN’s approach is consistent with an M4P approach;
- Compare the approach taken by DEEPEN with more conventional approaches to strengthening private education for the poor;
- Review how other programmes have made the outcomes of their interventions sustainable; and
- Analyse the monitoring and evaluation frameworks adopted by these other programmes in order to evaluate the outcomes and impacts of their interventions.

Recipient

A.8. The recipients of the services will include but not be limited to DFID Education staff, DEEPEN programme partners, Lagos State Government and private sector stakeholders.

Scope of the Task

A.9. The review will test the internal coherence of the DEEPEN programme approach and weigh expected outcomes and impact against the international evidence related to M4P approaches. The review will have three main elements:

**Research, Evidence and Learning:** Review of other M4P programmes in various sectors both within Nigeria and beyond. Identification of the contextual factors that result in positive programme outcomes and a review of how other programmes have approached issues of situational analysis, supply side intervention, equity and sustainability. Assessment of the risks or challenges associated with evaluating M4P approaches and applying lessons from other M4P programmes to address these challenges.

**Programme Strategy and Theory of Change:** In light of the available evidence on education in Lagos and other M4P approaches, review of the consistency, relevance and coherence of the programme strategy and theory of change. This element should pay particular attention to equity and sustainability.

---

Indicators, Monitoring and Evaluation: Review of the monitoring and evaluation framework in light of other M4P programme experiences. Assessment of the monitoring system and review of the suitability of indicators, milestones and expected results.

A.10. More specific questions within these three areas include, but are not limited to the following:

Research, Evidence and Learning

- Which specific interventions adopted by other M4P inspired programmes are relevant to DEEPEN?
- How have other M4P inspired programmes addressed equity issues within the market while focusing on improving overall market functioning?
- Have other M4P interventions experienced unintended consequences that should be considered by DEEPEN partners?
- How have other M4P interventions approached situational analysis?
- How have other M4P interventions approached supply-side intervention (as in DEEPEN’s work on pedagogy)?
- Is there any evidence on the value for money of other M4P programmes that could provide a benchmark for DEEPEN?
- How have other programmes made the outcomes of their interventions sustainable?
- What are the monitoring and evaluation frameworks adopted by these programmes to help attribute desired impact to their interventions.

Programme strategy and theory of change

- Is DEEPEN’s strategy and theory of change consistent with the M4P approach?
- Is the DEEPEN theory of change and strategy innovative?
- Is the DEEPEN theory of change and strategy convincing?
- What are the advantages of DEEPEN’s approach compared with conventional private education approaches?
- Can a more focused approach on improving outcomes for the poor be adopted?
- If so, what impacts might change as the result of some parameters of the programme being altered?
- Based on the evidence available from other M4P interventions, does the DEEPEN programme require a gradual phasing out strategy or is a one-off stimulus approach likely to sustainably change outcomes for the poor?

Indicators, Monitoring and Evaluation

- What are the expected results of the DEEPEN M4P framework?
- Based on the evidence available from other M4P interventions, what range of outcomes and impacts can be expected after the programme is implemented?
- Are the assumptions underpinning the programme logic aligned with the evidence from other M4P inspired programmes?
- Is the theory of change explicit about how interventions are targeted at the poor?
- Are the expected results of the programme realistic and suitable based on the evidence from other M4P interventions?
Methodology

A.11. The work of the review team will be split into three phases. Phase one – preparation – includes a desk review of documentation, a prioritisation of review questions and development of the Approach paper. Phase Two – review of evidence – includes conducting a mapping exercise of other relevant M4P inspired programmes and evaluations and collecting data from key informants. Phase three – finalisation – includes writing up the report, based on phases one and two of the ex-ante review.

Phase One

A.12. The Ex-ante Review Team will receive all currently available programme documentation to feed into the review. The Review Team will review all relevant documentation, prior to the evidence-gathering period. During the preparation period team members will:

- Complete a document review
- Identify any information gaps and request further documentation if necessary
- Prioritise and refine the review questions, in collaboration with DFID staff
- Identify other M4P inspired programmes to be reviewed, both within Nigeria and other relevant contexts
- Provide an programme inclusion justification/rationale
- Discuss with the team working on DEEPEN’s evaluation framework (Vegard Iversen and Ian MacAuslan)
- Identify relevant international interviewees for key informant interviews
- Develop and submit an Approach Paper, summarising the all of the issues above.

Phase Two

A.13. Based on the Approach Paper, the team will conduct a review of evidence. During this phase the team members will analyse data towards the development of the assessment of findings and proposed recommendations. Phase two will include:

- A mapping exercise, mapping in detail any specific interventions adopted by other M4P inspired interventions; with regard to the evaluation questions
- Conducting interviews with international programme implementation staff, evaluators and other experts in order to gather complimentary information, seek expert opinions or fill knowledge gaps in the literature; with regard to the evaluation questions

Phase Three

A.14. In phase three the review team will write up the results of the review with two page executive summary and Annexes (references, TOR, others as relevant) and submit to DFID for comment by 17 May 2014. A revised DEEPEN Ex-Ante Review report with two page executive summary and Annexes is to be uploaded one week after receipt of comments from DFID.

Deliverables

A.15. The deliverables for the ex ante review of DEEPEN are set out in the table below.
<table>
<thead>
<tr>
<th>Description of deliverable</th>
<th>Proposed date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approach Paper</td>
<td>30 April 2014</td>
</tr>
<tr>
<td>Draft Ex-Ante Review including 2 page executive summary</td>
<td>17 May 2014</td>
</tr>
<tr>
<td>Final Ex-Ante Review, including 2 page executive summary</td>
<td>One week after receiving DFID comment (expected final review submission date - 31 May 2014)</td>
</tr>
</tbody>
</table>

**Timeframe**

A.16. The review is to be completed by May 31. The time allocations are as follows:

- Team Leader – Private Education Expert – 25 days
- Nigeria Private Education Expert – 10 days
- Market Systems Expert – 10 days
- Researcher – 5 days for researching M4P programmes
- Senior adviser – education financing expert – 2 days

A.17. Allocations (in days) for the key stages are proposed as follows:

<table>
<thead>
<tr>
<th>Stage</th>
<th>Allocation – Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase One – Preparation</td>
<td>10</td>
</tr>
<tr>
<td>Phase two – Evidence gathering</td>
<td>15</td>
</tr>
<tr>
<td>Phase three – Finalisation</td>
<td>20</td>
</tr>
</tbody>
</table>

A.18. The team leader will be responsible for ensuring that the required inputs are made by all consultants in order to produce the final deliverables.

**Proposed skills mix of the team**

A.19. A team leader with expertise in education financing, will be responsible for oversight of the review. Three additional experts will carry out the review. The team will include a private education expert, a Nigeria education expert and a market systems expert. Additionally, the team will need to have the following:

- Strong knowledge and awareness of DFID’s high level policy role and strategic direction
- Excellent knowledge and extensive experience in Monitoring and Evaluation
- Experience of leading and managing DFID review processes
- Excellent communication and report writing skills

**Coordination and Logistics**

A.20. This review does not require fieldwork and is entirely desk-based for those in the UK. Interviews are to be conducted via Skype or telephone. The Nigeria private education expert is expected to interview Lagos-based personnel in person.

A.21. The team must liaise closely with the team working on the design of the evaluation framework for DEEPEN, as the framework will draw on the theory based review, and much of the thinking will overlap. Consultations should be organised through Ian MacAuslan.
A.22. The consultants or their firm will be contracted through the Education, Data, Research and Evaluation in Nigeria (EDOREN) programme.

Additional background information about Nigeria and Education

A.23. Nigeria is a large and diverse country, with a federal administration which determines policy but is divided into 36 states. Educational progress in each state is largely determined by the level of commitment shown by each state governor and his/her state authorities. The Nigerian system as a whole is characterised by under investment in education, insufficient monitoring and evaluation, high drop-out rates, lack of parental confidence and pupil literacy and numeracy levels below international norms.

A.24. In Lagos, the education system is both performing and failing: whilst all but a very small minority of girls and boys now go to school, the quality of schooling and the learning outcomes of children remain very low. Therefore, the primary problem for girls and boys is quality, not access.

A.25. Lagos’ aspiration to become a mega-city of choice is built on its fast growing population and vibrant economy. The Lagos State Development Plan recognises human capital as an essential building block for this future vision. State policy deems basic education to be both free and compulsory, but years of failure by the State to provide enough schools for Lagos’ rapidly expanding population, coupled with the failure to ensure that its schools provide a decent quality of education, has prompted the steady and rapid development of private schools. These now account for 1.5m children (at primary and junior secondary levels), two thirds of total enrolment in Lagos, and this proportion will continue to grow in coming years. Current estimates suggest that there are now around 18,000 private schools in Lagos, which is expected to rise to 22,000 by 2017. In contrast, there are a little over 1,600 government schools and this number is not expected to rise significantly in the coming years. Private schools serve the poor. Recent data show that at every income level the majority of households send their children to private schools. Almost one-third of children at private schools are from below the absolute poverty line.

A.26. Lagos now has one of the world’s largest private education markets, comparable to those in Lahore and Karachi. Credible efforts to improve the human capital of Lagos clearly need to include private education; investing in improving low fee charging schools will benefit the poor.

A.27. It is within this context that the DEEPEN Programme is designed to improve the learning outcomes of Nigerian children. Initially focused in Lagos, the programme uses a Making Markets Work for the Poor (M4P) approach to create an enabling environment for private schools, particularly those that educate poor children.

Reference Documents

Albu, M (2008), Making Markets Work for Poor: International development cooperation: seeking common principles that underpin a coherent approach to poverty reduction, paper prepared for the Swiss Agency for Development and Cooperation, June.


---

6 The School Choice in Lagos Report finds that 1.0% of primary and 2.6% of junior secondary children are not enrolled. There is no difference between girls and boys.


8 School Choice in Lagos ibid.

9 Defined by the Harmonised National Living Standards Survey (2009-10) National Bureau of Statistics using a per capita methodology, 40.3% of the population in Lagos are below the absolute poverty line.

Bennell, P., (2013), ‘Comments on the DEEPEN business case’, mimeo, EDOREN

Developing Effective Private Education – Nigeria. DFID Business Case and Intervention Summary.


DEEPEN (formerly LoCoPE) Implementation Plan.

DEEPEN, (2014), Set Up Report

DEEPEN (2014), Draft MRM Manual and Annexes

DEEPEN (2014), DEEPEN Logframe Explanatory notes

DEEPEN (2014), DEEPEN baseline methodology


## Annex B  List of M4P cases

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>COUNTRY/ REGION</th>
<th>PROJECT NAME</th>
<th>DONORS</th>
<th>PROGRAMME SIZE</th>
<th>YEAR OF INCEPTION</th>
<th>PROJECT DURATION</th>
<th>CORE OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Nigeria</td>
<td>NMCP (known as ‘Support to National Malaria Program in Nigeria – SuNMaP’. Funded by DFID)</td>
<td>DFID, FMOH, USAID, UNICEF, WHO</td>
<td>(£50 m)</td>
<td>2008</td>
<td>5 years</td>
<td>The SuNMaP will strengthen delivery of Nigeria’s national malaria control effort by: strengthening national and state-level capacity to effectively plan, manage and coordinate malaria control activities; providing technical assistance to the Federal Ministry of Health to help develop its capacity in policy development, national planning, operational research and M&amp;E; capacity building in up to 12 states to develop and implement plans for effective malaria control; increasing the active involvement of community leaders and women’s groups in malaria prevention and control, and directly supporting the delivery of effective malaria prevention and treatment activities such as the distribution of impregnated bed nets and health promotion activities. The programme will aim to harmonise the efforts of donors and funding agencies around agreed national policies and plans for malaria control.</td>
</tr>
<tr>
<td>Business</td>
<td>Nigeria</td>
<td>Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE)</td>
<td>DFID</td>
<td>(£7.5 m)</td>
<td>2009</td>
<td>4.5 years</td>
<td>To improve the quality and quantity of business advocacy and Public–Private Dialogue in Nigeria, resulting in an improved legal, policy and regulatory environment for business.</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Nigeria</td>
<td>Propcom</td>
<td>DFID</td>
<td>(&gt; £15 m)</td>
<td>2004</td>
<td>3–8 years</td>
<td>To facilitate basic changes in market systems and institutions to improve market operations leading to increased profits and revenue in such a way that poor people can benefit from these market activities. This is done through efforts to increase production, improve processing, and expand demand and markets both within Nigeria and the Nigerian Diaspora, promoting the production of quality local rice and the reduction of transactional and transformational costs in soya production, processing, and marketing.</td>
</tr>
<tr>
<td>SECTOR</td>
<td>COUNTRY/ REGION</td>
<td>PROJECT NAME</td>
<td>DONORS</td>
<td>PROGRAMME SIZE</td>
<td>YEAR OF INCEPTION</td>
<td>PROJECT DURATION</td>
<td>CORE OBJECTIVES</td>
</tr>
<tr>
<td>---------------------------</td>
<td>-----------------------------------------</td>
<td>--------------------------------------------------</td>
<td>----------------------------</td>
<td>-----------------</td>
<td>-------------------</td>
<td>------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Agriculture, Rural Markets</td>
<td>Nigeria</td>
<td>Propcom Mai-Karfi</td>
<td>DFID</td>
<td>(£27 m)</td>
<td>2012</td>
<td>6 years</td>
<td>Propcom Mai-karfi aims to increase the incomes of 650,000 poor men and women in northern Nigeria by: (a) stimulating sustainable, pro-poor growth in selected rural markets; and (b) improving the position of poor men and women within these market systems, to make them more inclusive for poor people. It builds on the positive experience of its predecessor programme, Propcom.</td>
</tr>
<tr>
<td>Agriculture, Rural Markets</td>
<td>Nigeria (Kano, Kaduna, Lagos)</td>
<td>Growth and Employment in States: GEMS1 (Meat and Leather)</td>
<td>DFID</td>
<td></td>
<td>2010</td>
<td>5 years</td>
<td>To increase growth, income and employment, especially for poor men and women, in meat and leather markets in selected states and nationally in order to improve the performance and inclusiveness of meat and leather sector market systems that are important for poor people.</td>
</tr>
<tr>
<td>Infrastructure/Real Estate, Construction and Transport</td>
<td>Nigeria (initiated in Lagos, rolled out to Kano, Kaduna, Abuja)</td>
<td>Growth and Employment in States: GEMS2 (Construction and Real Estate)</td>
<td>DFID and the World Bank</td>
<td>(DFID Grant of £90 m and World Bank Concessionary Loan of US$ 160 m)</td>
<td>2010</td>
<td>5 years</td>
<td>To raise incomes, create employment and improve working conditions in the construction and real estate sector. The pilot interventions have been clustered around four core themes: advocacy, skills, company efficiency, and design and innovation. The project will seek to facilitate improved functioning of markets for human resource development to ease skill shortages for the sector and provide greater opportunities for gainful employment for the work force. It will also work to catalyse innovation to improve business models and technology and stimulate private sector advocacy to improve the policy environment and the enforcement of standards.</td>
</tr>
<tr>
<td>Business Environment</td>
<td>Nigeria (Federal, Cross River, Kaduna, Kano, Lagos) Scale: up to 8 more, 2013–2015</td>
<td>Growth and Employment in States: GEMS3 (Business Environment)</td>
<td>DFID</td>
<td></td>
<td>2011</td>
<td>4 years</td>
<td>To support the business environment through improved land, tax and investment reform, address issues relating to land and tax administration and investment promotion and facilitation and provide a flexible facility to respond to new opportunities to reduce barriers to investment in the four states, other states or at the federal level.</td>
</tr>
<tr>
<td>Wholesale and Retail</td>
<td>Nigeria (initially in Lagos, then Kano, Kaduna, and Cross Rivers)</td>
<td>Growth and Employment in States: GEMS4 (Wholesale and Retail)</td>
<td>DFID and the World Bank</td>
<td></td>
<td>2012</td>
<td>5 years</td>
<td>Increase the local capacity, performance and inclusiveness of wholesale and retail markets, and also build local capacity and change market incentives so that the long-term needs of the poor are met. It aims to: 1) reduce regulatory and administrative barriers to investment; 2) facilitate ‘clustering in’ by identifying industries where an increase in investment and delivery of higher growth will drive the momentum for others; and 3) disseminate lessons learnt. GEMS 4 seeks to tackle the underlying inefficiencies in the system and work toward promoting pro-poor growth in the sector.</td>
</tr>
</tbody>
</table>

LEVEL OF DOCUMENTATION: 1–2, 3
Can education markets work for the poor? Potential learning from DEEPEN

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>COUNTRY/REGION</th>
<th>PROJECT NAME</th>
<th>DONORS</th>
<th>PROGRAMME SIZE</th>
<th>YEAR OF INCEPTION</th>
<th>PROJECT DURATION</th>
<th>CORE OBJECTIVES</th>
<th>LEVEL OF DOCUMENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Limited info available</td>
<td>Nigeria (initially Delta, then Rivers, and all nine Niger Delta states)</td>
<td>Market Development in the Niger Delta (MADE)</td>
<td>DFID</td>
<td>Limited info available</td>
<td>2013</td>
<td>5 years</td>
<td>Limited info available.</td>
</tr>
<tr>
<td>10</td>
<td>Aqua-culture</td>
<td>Nigeria</td>
<td>PIND</td>
<td>Limited info available</td>
<td>Limited info available</td>
<td>Limited info available</td>
<td>To create a value chain process for aquaculture fishery in the Niger Delta.</td>
<td>1</td>
</tr>
<tr>
<td>SECTOR</td>
<td>COUNTRY/ REGION</td>
<td>PROJECT NAME</td>
<td>DONORS</td>
<td>PROGRAM SIZE (US$)</td>
<td>YEAR OF INCEPTIO N</td>
<td>PROJECT DURATION</td>
<td>CORE OBJECTIVES</td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>-----------------</td>
<td>--------------------------------------------------</td>
<td>-----------</td>
<td>--------------------</td>
<td>-------------------</td>
<td>------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>SUB-SAHARAN AFRICA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Agricultural</td>
<td>Tanzania</td>
<td>RLDP</td>
<td>US$ 36 m (CHF 32 m) for all four phases</td>
<td>2008</td>
<td>Phase 2/3: 2008–2012 Phase 4: 2012–2016 (Note: Phase 1 did not use an M4P approach)</td>
<td>To make market systems work better for the welfare of rural producers in Tanzania's central corridor. To achieve this the programme tries to: 1) Promote the establishment of contract farming systems; 2) Improve farmers' access to inputs and advisory services; 3) strengthen the capacity of farmers' organisations; and 4) promote the production of organic cotton.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Agriculture,</td>
<td>Zambia</td>
<td>Making Agricultural Markets Work for Zambia (MUSIKA)</td>
<td>SIDA, DFID</td>
<td>US$ 19 m (ZK 100 b)</td>
<td>2012</td>
<td>4 years</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Agriculture,</td>
<td>Kenya</td>
<td>KBDS/KHDP</td>
<td>KHDP: US$ 10 m KHDP: no info available!</td>
<td>2003</td>
<td>KBDS: 5 years KHDP: 6 years (later extended by an additional year)</td>
<td>To increase rural households’ incomes by: 1) Increasing the productivity of smallholders growing targeted fruits; 2) Increasing agricultural trade in local and export markets; 3) Improving access to business support services; and 4) Improving the capacity of smallholder organisations to provide business services to their members.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Energy, Climate</td>
<td>East Africa</td>
<td>Renewable Energy and Adaptation Climate Technologies (REACT)</td>
<td>DFID, DANIDA, SIDA</td>
<td>DFID: US$ 17 m (£10.1 m) (No info available on funding by the other 2)</td>
<td>2010</td>
<td>6 years</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Change,</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>To stimulate private sector investment in developing low-cost, clean energy and climate change technologies and services, such as solar power, biomass energy, irrigation and crop insurance products for smallholder farmers. Every business supported by REACT must demonstrate a positive impact on the rural poor through increased incomes, employment and productivity or by reducing costs.</td>
<td></td>
</tr>
</tbody>
</table>
### Can education markets work for the poor? Potential learning from DEEPEN

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>COUNTRY/REGION</th>
<th>PROJECT NAME</th>
<th>DONORS</th>
<th>PROGRAM SIZE (US$)</th>
<th>YEAR OF INCEPTION</th>
<th>PROJECT DURATION</th>
<th>CORE OBJECTIVES</th>
<th>LEVEL OF DOCUMENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Financial sector</td>
<td>Kenya</td>
<td>FSD Kenya</td>
<td>DFID, SIDA</td>
<td>Phase 1: US$ 34.5m Phase 2: US$ 32.9–54.3 m</td>
<td>2005</td>
<td>10 years</td>
<td>To catalyse and achieve impact throughout the financial sector, with the ultimate goal of generating sustainable improvements in the livelihoods of poor Kenyans.</td>
</tr>
<tr>
<td>6</td>
<td>Financial sector/credit markets</td>
<td>Southern Africa</td>
<td>FinMark Trust</td>
<td>DFID</td>
<td>Phase 1: US$ 18 m (£10.5 m) Phase 2: US$ 33 m (£19.6 m)</td>
<td>2002–10; 2010–15</td>
<td>8 years; 5 years</td>
<td>Making financial markets work for the poor. Specific goals of Phase 2 are: 1) Work with policy-makers to promote greater integration of financial services across Southern Africa; and 2) Address constraints that are restricting access to financial products and services among the poor.</td>
</tr>
<tr>
<td>7</td>
<td>Livestock</td>
<td>Ethiopia</td>
<td>Revitalising Agricultural/Pastoral Incomes and New Markets (RAIN)</td>
<td>USAID, OFDA</td>
<td>US$ 17 m</td>
<td>2008</td>
<td>3 years</td>
<td>To increase and diversify the asset base of food-insecure households via immediate economic opportunities and the development of high-impact agricultural and non-agricultural markets.</td>
</tr>
<tr>
<td>8</td>
<td>Media/Commercial Radio</td>
<td>Uganda</td>
<td>FIT-SEMA</td>
<td>OED, IDRC, EU, DFID, SIDA</td>
<td>US$ 0.9 m (but some sources put it at US$ 1.2 m)</td>
<td>1999</td>
<td>Phase 1: 3 years Phase 2: 3 years</td>
<td>To work with the private FM radio industry in Uganda to establish small business-focused radio programmes that: a) act as channels of information; and b) serve as platforms for discussion, enhancing the voice of rural entrepreneurs.</td>
</tr>
<tr>
<td>9</td>
<td>Private sector development</td>
<td>Ethiopia</td>
<td>Private Enterprise Programme Ethiopia (PEPE)</td>
<td>DFID</td>
<td>US$ 95–118 m (£56–70 m)</td>
<td>2012/13</td>
<td>7 years</td>
<td>To support private sector development by improving firms’ access to finance and addressing market and government failures in identified priority sectors.</td>
</tr>
<tr>
<td>10</td>
<td>Rural Markets</td>
<td>Kenya</td>
<td>Kenya Market Assistance Programme (MAP)</td>
<td>DFID (main donor; 80%); Government of Netherlands, US$ 40 m (£23.5 m)</td>
<td>2012</td>
<td>5 years</td>
<td>To reduce poverty in Kenya by enabling poor people to benefit from better functioning markets, and by building greater awareness among influential decision-makers of how markets can work better for the poor.</td>
<td>1–2</td>
</tr>
<tr>
<td>SECTOR</td>
<td>COUNTRY/REGION</td>
<td>PROJECT NAME</td>
<td>DONORS</td>
<td>PROGRAM SIZE (US$)</td>
<td>YEAR OF INCEPTION</td>
<td>PROJECT DURATION</td>
<td>CORE OBJECTIVES</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>----------------</td>
<td>--------------</td>
<td>--------</td>
<td>--------------------</td>
<td>-------------------</td>
<td>------------------</td>
<td>-----------------</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Health</td>
<td>Kenya</td>
<td>Private Sector Innovation Programme for Health (PSP4H)</td>
<td>DFID</td>
<td>US$ 6.4 m (£3.8 m)</td>
<td>2012</td>
<td>2.5 years</td>
<td>1) To facilitate private investment in the provision of healthcare products and services to the working poor; 2) To foster sustainable health care business models that are profitable but also offer better value to the working poor; and 3) To identify lessons on how a market systems approach might benefit pro-poor health interventions.</td>
</tr>
</tbody>
</table>

2
Can education markets work for the poor? Potential learning from DEEPEN

<table>
<thead>
<tr>
<th>SECTOR</th>
<th>COUNTRY/REGION</th>
<th>PROJECT NAME</th>
<th>DONORS</th>
<th>PROGRAMME SIZE (US$)</th>
<th>YEAR OF INCEPTION</th>
<th>PROJECT DURATION</th>
<th>CORE OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agriculture, Private Sector</td>
<td>Bangladesh</td>
<td>Katalyst</td>
<td>DFID, SDC, DANIDA</td>
<td>Phase 1: US$ 30 m (CHF 26m) Phase 2: US$ 58 m (CHF 51m) Phase 3: US$ 29m (CHF 25.7m)</td>
<td>2003</td>
<td>15 years (3 phases – 5 years each)</td>
</tr>
<tr>
<td>2</td>
<td>Agriculture, Private Sector</td>
<td>Nepal</td>
<td>Samarth – Nepal</td>
<td>DFID</td>
<td>US$ 24 m (£14.5 m)</td>
<td>2011</td>
<td>5 years</td>
</tr>
<tr>
<td>3</td>
<td>MSEs (urban and rural)</td>
<td>India</td>
<td>Growth-Oriented Microenterprise Development Program (SMED)</td>
<td>USAID</td>
<td>US$ 6.3 m</td>
<td>2004</td>
<td>4 years</td>
</tr>
<tr>
<td>4</td>
<td>Health</td>
<td>Global (largest presence in SSA)</td>
<td>SHOPS</td>
<td>USAID</td>
<td>US$ 95 m</td>
<td>2009</td>
<td>5 years</td>
</tr>
</tbody>
</table>

1 (But seems like they have a pretty good set up, so should be able to get more info by contacting them)
<table>
<thead>
<tr>
<th>SECTOR</th>
<th>COUNTRY/REGION</th>
<th>PROJECT NAME</th>
<th>DONORS</th>
<th>PROGRAMME SIZE (US$)</th>
<th>YEAR OF INCEPTION</th>
<th>PROJECT DURATION</th>
<th>CORE OBJECTIVES</th>
<th>LEVEL OF DOCUMENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Job creation/private sector development</td>
<td>Sri Lanka</td>
<td>Enter-Growth</td>
<td>ILO, SIDA</td>
<td>2005</td>
<td>4 years</td>
<td>1. Improving market access for MSEs; 2) Creating a more conducive policy, legal and regulatory environment for MSEs; 3) Improving attitudes toward business and entrepreneurship; 4) Boosting access to market-led, sustainable business services for MSEs.</td>
<td>2–3</td>
</tr>
<tr>
<td>6</td>
<td>Agriculture</td>
<td>Georgia</td>
<td>Alliances</td>
<td>SDC</td>
<td>US$ 5 m</td>
<td>2008</td>
<td>3 years</td>
<td>To improve the incomes of poor rural households by helping small-scale livestock farmers gain better access to markets, information, services and technologies.</td>
</tr>
<tr>
<td>7</td>
<td>Agriculture and crafts</td>
<td>Bangladesh</td>
<td>Samriddhi</td>
<td>SDC</td>
<td>US$ 12 m (£7 m)</td>
<td>2010</td>
<td>3.5 years</td>
<td>To contribute to the sustainable wellbeing and resilience of the poor and extreme poor through economic empowerment.</td>
</tr>
<tr>
<td>8</td>
<td>Private sector</td>
<td>Vietnam</td>
<td>Vietnam Business Challenge Fund</td>
<td>DFID</td>
<td>2012</td>
<td>4 years</td>
<td>Provide catalyst funding to the private sector for innovative and pro-poor projects to create jobs and improve income for the poor in three sectors: agricultural value chain, low-carbon growth, and infrastructure development.</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Financial sector</td>
<td>India</td>
<td>Poorest States Inclusive Growth (PSIG)</td>
<td>DFID</td>
<td>US$ 62 m (£36.4 m)</td>
<td>2008</td>
<td>13 years</td>
<td>1. To ensure that poor and vulnerable people in low-income states (especially women) benefit from economic growth through better access to financial services; and 2) To invest in private sector projects that will benefit the poor as producers, consumers and employers.</td>
</tr>
<tr>
<td>10a</td>
<td>Agriculture</td>
<td>Armenia</td>
<td>Markets for Meghri (M4M) – Phase 1</td>
<td>SDC</td>
<td>US$ 2.1 m (CHF 1.9 m)</td>
<td>2009</td>
<td>3 years</td>
<td>To generate a sustainable increase in the production and profitability of small-scale producers of figs, persimmons and pomegranates in the Meghri region.</td>
</tr>
<tr>
<td>SECTOR</td>
<td>COUNTRY/ REGION</td>
<td>PROJECT NAME</td>
<td>DONORS</td>
<td>PROGRAMME SIZE (US$)</td>
<td>YEAR OF INCEPTION</td>
<td>PROJECT DURATION</td>
<td>CORE OBJECTIVES</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>----------------</td>
<td>---------------------------------------</td>
<td>-------------------------------</td>
<td>----------------------</td>
<td>------------------</td>
<td>------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Agriculture/ Private sector</td>
<td>Armenia</td>
<td>Markets for Meghri (M4M) – Phase 2</td>
<td>SDC, Helvetas Swiss Intercooperation</td>
<td>US$ 7.2 m (CHF 6.3 m)</td>
<td>2012</td>
<td>4 years</td>
<td>To contribute to sustainable economic development and income generation in Meghri by boosting the output of small-scale horticultural producers, processors and traders in the region.</td>
<td></td>
</tr>
<tr>
<td>PROGRAMMES FOR WHICH THERE IS NO DOCUMENTATION AVAILABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Agriculture</td>
<td>Mozambique</td>
<td>Private sector-led rural growth</td>
<td>SDC</td>
<td>2010</td>
<td>3.5 years</td>
<td>Boosting the economic involvement of the poor in select agricultural value chains. Helping to create links between commercial players in the agricultural sector and smallholder farmers.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agriculture</td>
<td>Tanzania</td>
<td>Coastal Rural Support Programme</td>
<td>DFID</td>
<td>2010</td>
<td>5 years</td>
<td>To increase incomes and food security for smallholder farmers engaged in rice and sesame production in the regions of Lindi and Mtwara.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Liberia</td>
<td>Grow Liberia</td>
<td>SIDA</td>
<td>2014</td>
<td>4 years</td>
<td>Virtually no info at the moment, but seems like an interesting one to watch out for.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Annex C  Case review template

<table>
<thead>
<tr>
<th>Case characteristics</th>
<th>Sources of evidence/ Ref interview or relevant case document with para or section numbers</th>
<th>Comparison with DEEPEN</th>
<th>Potential for learning for DEEPEN (strong / medium / weak)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brief description of the programme: Description should cover the sector, country, size of funding and the core objectives of the programme (maximum 300 words)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expectation 1: Focus on the poor</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 How explicit is the programme’s emphasis on targeting the poor in its basic design documents/BC?</td>
<td>(Use this column to highlight the core features of the programme related to the question asked in sufficient detail. For example, for 1.1 give details of what emphasis the programme places on focusing on the poor.)</td>
<td>(Use this section to briefly comment on whether you think the programme approach on this particular question is the same or different to that of DEEPEN.)</td>
<td>(If you feel that on this issue the approach of this programme is better than the one adopted by DEEPEN, whether in terms of consistency with M4P theory or actual intervention, then write ‘strong’ in this column. Otherwise, write ‘medium’ or ‘weak’.)</td>
</tr>
<tr>
<td>1.2 In impact and outcome indicators what percentage of the target population is poor?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3 How are the poor defined?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4 Does the programme focus on the poorest of the poor or acknowledge this category to be out of reach?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Expectation 2: Reliance on the market mechanism</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 How is the market defined? How is the market system operationalised for the selected sector?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Can education markets work for the poor? Potential learning from DEEPEN

<table>
<thead>
<tr>
<th>Case characteristics</th>
<th>Sources of evidence/ Ref interview or relevant case document with para or section numbers</th>
<th>Comparison with DEEPEN</th>
<th>Potential for learning for DEEPEN (strong / medium / weak)</th>
</tr>
</thead>
</table>

2.2 How was the situational analysis carried out to assess major barriers to the effective working of the market? Were any specific studies commissioned or acknowledged in the programme design documents? If so, document who carried out these studies and how.

2.3 Were attempts made to test which of the market barriers particularly restrict the poor’s participation in the market? If so, how were the barriers tested? Were the assumed barriers tested prior to implementation of the interventions or by monitoring and evaluating the impact of the intervention?

2.4 How did the programme interpret ‘stimulating the market’?

2.5 What was the programme’s overarching theory of change for stimulating changes at the system-wide level?

**Expectation 3: level and nature of interventions**

3.1 Are the interventions designed at system-wide level or at the level of specific inputs/outputs? How do these interventions fit with the project theory of change?

3.2 Have demand-side interventions been planned? If yes, then list those interventions and their core features. How do these interventions fit the programme theory of change? (In the case of DEEPEN, a comparable example is media intervention aimed at improving parental information about school quality.)
### Case characteristics

<table>
<thead>
<tr>
<th>Sources of evidence/ Ref interview or relevant case document with para or section numbers</th>
<th>Comparison with DEEPEN</th>
<th>Potential for learning for DEEPEN (strong / medium / weak)</th>
</tr>
</thead>
</table>

#### 3.3 Have supply-side interventions been planned? If yes, then list those interventions and their core features. How do these interventions fit the programme theory of change? (In the case of DEEPEN, comparable examples are provision of credit to schools or improved pedagogy.)

---

**Expectation 4: Sustainability of impact**

4.1 How does the project define sustainability? Is the sustainability defined at the level of each individual intervention or at the level of programme impact?

4.2 Does the programme adopt a gradual phasing out strategy or argue for a one-off stimulus approach to sustainably change outcomes for the poor?

4.3 Which actors/stakeholders are viewed to be important in ensuring the sustainability of the intervention? Is government viewed as playing any role in ensuring sustainability?

4.4 Are any innovative models developed to measure the sustainability of the programme intervention or impact?

---

**Expectation 5: Monitoring and assessment tools of M4P programmes and the role of the theory of change**

5.1 What are the core features of the M&E framework adopted by these programmes to help attribute desired impact to their interventions? Is it focused on improving programme implementation or proving programme effectiveness?

5.2 How is the theory of change used within the M&E framework?
<table>
<thead>
<tr>
<th>Case characteristics</th>
<th>Sources of evidence/ Ref interview or relevant case document with para or section numbers</th>
<th>Comparison with DEEPEN</th>
<th>Potential for learning for DEEPEN (strong / medium / weak)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3 Is there any evidence on the value for money that could provide a benchmark for DEEPEN?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.4 What is the arrangement for undertaking M&amp;E work (internal result measurement, one-off independent evaluations or reviews, and independent impact evaluation)? How were M&amp;E results used to be responsive and adaptive?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Expectation 6: Equity issues: position on subsidies or making direct interventions to reach the poor**

6.1 Is the programme particularly focused on addressing equity issues within the market?

6.2 Have special interventions been designed or the core interventions adjusted to help target the poorest groups?

6.3 Has direct subsidy of any kind been considered to help reach the poor? Examples of any subsidy given are to be documented in detail.

**Expectation 7: Adaptive and responsive programme design**

7.1 Does the programme aim to be adaptive and responsive?

7.2 If yes to 7.1, then what measures are put in place to ensure that the programme design stays adaptive and responsive?

7.3 Were any interventions dropped and new interventions designed during the course of the programme? What facilitated this process?
### Case characteristics

<table>
<thead>
<tr>
<th>Sources of evidence/ Ref interview or relevant case document with para or section numbers</th>
<th>Comparison with DEEPEN</th>
<th>Potential for learning for DEEPEN (strong / medium / weak)</th>
</tr>
</thead>
</table>

7.4 If interventions were changed, what implications did it have for the programme?

#### Expectation 8: Monitoring and managing unintended consequences

8.1 Was the programme design conscious of monitoring unintended consequences?

8.2 What measures were put in place to monitor unintended consequences of programme interventions?

8.3 In the case of evidence of having had unintended consequences (positive or negative), how did the programme respond to it?
This EDOREN report provides a review of the ‘Making Markets Work for the Poor’ (M4P) approach, used for the ‘Developing Effective Private Education in Nigeria’ (DEEPEN) Programme. DEEPEN is a DFID-funded programme to create an enabling environment for private schools to better educate poor children, improve learning conditions and to raise performance standards.

The core objectives of this review are to:

1. Assess how similar DEEPEN’s approach is to other programmes using M4P;
2. Compare DEEPEN’s M4P approach with more conventional approaches to improving private education for the poor;
3. Identify how other M4P programmes have addressed issues of equity;
4. Map interventions adopted by other M4P-type programmes which could be relevant to DEEPEN;
5. Analyse the monitoring and evaluation (M&E) frameworks adopted by these other programmes.

This work on M4P and private schooling is part of EDOREN’s effort to generate new evidence and understanding to support equitable access and improved learning outcomes for all Nigerian children through innovation and sustainable education systems development.

EDOREN is a consortium of leading organisations in international development and education managed by Oxford Policy Management (OPM). It includes the Institute of Development Studies (IDS) at the University of Sussex, and is supported by UK Aid. Also visit our website, www.nigeria-education.org, to subscribe to reports, articles and other materials.

For further information, please contact:

Tel: +234 (0)810 727 8718 and +234 (0)817 667 8243
Email: info@edoren.org
Website: www.edoren.org

EDOREN – Education Data, Research and Evaluation in Nigeria