

The

# Firm to Farm Finance Toolkit

Hearing, Creating & Delivering  
Human-Centered Solutions for  
Inclusive Access to Finance



**SEPTEMBER 2014**

This document was produced for the United States Agency for International Development (USAID) through the USAID-funded FIELD-Support LWA implemented by FHI 360. The Firm to Farm Finance Activity was delivered in Bangladesh by iDE.

This resource was made possible with the generous support of the American people through USAID. The contents are the responsibility of the authors and do not necessarily reflect the views of FHI 360, USAID or the United States Government.



**USAID**  
FROM THE AMERICAN PEOPLE

**fhi360**  
THE SCIENCE OF IMPROVING LIVES

**iDE**  
Cultivating Potential



# Contents

- Introduction ..... 2
- The Firm to Farm Finance Process ..... 5
- The Firm to Farm Finance Toolkit ..... 7
- Phase 1: HEAR..... 8
  - Sub-Phase 1.1 Sense ..... 9
    - Step 1: Understand the Context..... 10
  - Sub-Phase 1.2: Scope ..... 13
    - Step 2: Understand the Stakeholders ..... 14
    - Step 3: Find the Right Partner(s) ..... 16
    - Step 4: Develop the Questions ..... 18
    - Step 5: Prepare the Team..... 20
  - Sub-Phase 1.3: Discover ..... 23
    - Step 6: Find the Right People ..... 24
    - Step 7: Investigate the Market ..... 25
- Phase 2: CREATE ..... 28
  - Sub-Phase 2.1: Define ..... 29
    - Step 8: Understand the Findings ..... 30
    - Step 9: Envision the Future..... 31
    - Step 10: Understand the Ideas ..... 32
  - Sub-Phase 2.2: Develop ..... 33
    - Step 11: Analyze the Market..... 34
    - Step 12: Choose the Best Ideas ..... 36
  - Sub-Phase 2.3: Test ..... 38
    - Step 13: Test the Solutions..... 39
- Phase 3: DELIVER ..... 41
  - Sub-Phase 3.1: Demonstrate ..... 42
    - Step 14: Find Scaling Partners ..... 43
    - Step 15: Engage Scaling Partners..... 45
  - Sub-Phase 3.2: Transfer ..... 46
    - Step 16: Transfer the Innovations..... 47
  - Sub-Phase 3.3: Commercialize ..... 48
    - Step 17: Diffuse the Innovations ..... 49



# Introduction

All over the world, lack of access to effective forms of credit is one of the key constraints to poor smallholder farmers increasing their productivity and food security. Although lead financial firms, particularly input companies, are interested in accessing new markets to improve their market share, they often do not see an attractive return on investment in organizing and mobilizing farmers at the micro level.<sup>1</sup> Although many micro finance institutions and nongovernmental organizations aim to fill the gaps, smallholders are typically disenfranchised from flexible credit services and formal financial service providers due to collateral requirements, onerous repayment schedules and/or interest rates, and an absence of credit history reporting. Marginalized households relying on homestead horticultural production, and the households classified as “extreme poor” face even greater challenges in accessing credit for agricultural production. There is a need to create sustainable and mutually beneficial market linkages between poor rural farmers and financial institutions. This toolkit suggests an approach and process for achieving this goal.

<sup>1</sup> iDE. 2012. “An example of real private sector engagement in CBO/A’s business with Green Bean Seed marketing initiative.” iDE research document. Similar information obtained from numerous communications and partnerships with lead firms working with iDE.

## The Firm to Farm Finance Activity

The Firm to Farm Finance (F2FF) activity was commissioned by USAID and implemented by FHI 360 and iDE-Bangladesh (iDE-B), with the goal of documenting, optimizing, and disseminating information about an innovative, promising commercial Rural Business Credit (RBC) model which was developed and piloted in 2010 by iDE-B and the United Leasing Company Ltd. (ULC). The RBC<sup>2</sup> is a collateral-free, fully supervised loan model. It is delivered through a producer group-based credit guarantee model targeting small-scale producers in horticultural and livestock sub-sectors across several of iDE-B's ongoing programs.<sup>3</sup> Following an initial Human Centered Design (HCD) research process, iDE-B and ULC jointly developed and delivered the RBC pilot model.

The results of the RBC pilot were promising. Since the pilot's launch in December 2011, BDT 29,983,128 (USD 383,661) has been disbursed to 1,296 borrowers, giving an average loan disbursed amount of BDT 23,135 (USD 296).<sup>4</sup> The producer group-based credit guarantee model has ensured a recovery rate of 99% across all borrowers, as it creates social pressure to repay in full and on time.<sup>5</sup> Total RBC pilot commitments from 2014 currently total USD 1.3 million, with additional market expansion plans underway from 2014. In Q3/Q4 2013, ULC scaled up the RBC model from a pilot phase.

## About this Toolkit

This F2FF toolkit aims to codify and use the learning of iDE-B's successful RBC pilot experience to inform the research and development of innovative and promising access to finance solutions for low-income households and communities. The toolkit provides step-by-step guidance on how to apply the HCD framework and tailor it for use in selecting and commercializing feasible, viable and desirable financial products and service models to sustainably reach low-income households and communities with efficient, scalable strategies for inclusive finance.

## About the Author

iDE-B seeks to understand rural customers' livelihood situations, analyze market possibilities and examine high-value agriculture opportunities and constraints for the entire market chain. We were established in 1984, and pioneered the development of private sector supply chains for manual irrigation pumps to improve the productivity of rural farmers. To date, more than 1.5 million treadle pumps have been sold in Bangladesh, creating USD 1.4 billion in net additional income per year.

Since then we have developed into an organization that initiates and promotes innovation in technology and services across a range of sectors. Our work is focused on creating self-sustaining market linkages that create profitable opportunities for bottom of the pyramid consumers. We use our market and product innovation expertise to link smallholder producers; manufacturers; researchers and designers; public sector actors; input suppliers to farmers and market outlets; and finance companies and bankers. Since 2010 we have implemented F2FF projects for programs including the Chars Market Development Initiative (CMDI), Rural Enterprise Development (RED); Profitable Opportunities for Food Security (PROOFS), and Cereal Systems for South Asia Mechanization Initiative (CSISA-MI). Our success implementing the F2FF process across these projects has led to and informed the development of this toolkit.

<sup>2</sup> The RBC pilot model has been documented through several sources developed jointly by ULC and iDE-B, including: ULC. 2012. *Conversion of RFLDC Bloc Grant to Commercial Loan Operations*. Working paper. Dhaka, Bangladesh.

<sup>3</sup> The RBC pilot model is currently being implemented in conjunction with the iDE-B programs listed in "About the Author." Further information on the development and features of the RBC product category and model are detailed in: iDE. 2012. *Inclusive Commercial Financing for Smallholders, The ULC-iDE experience*. Dhaka, Bangladesh.

<sup>4</sup> Proprietary records provided on an ongoing basis by ULC to iDE.

<sup>5</sup> ULC. 2012. *Field Visit Report at Rangpur*. Firm records. Dhaka, Bangladesh.

## The Human-Centered Design Approach

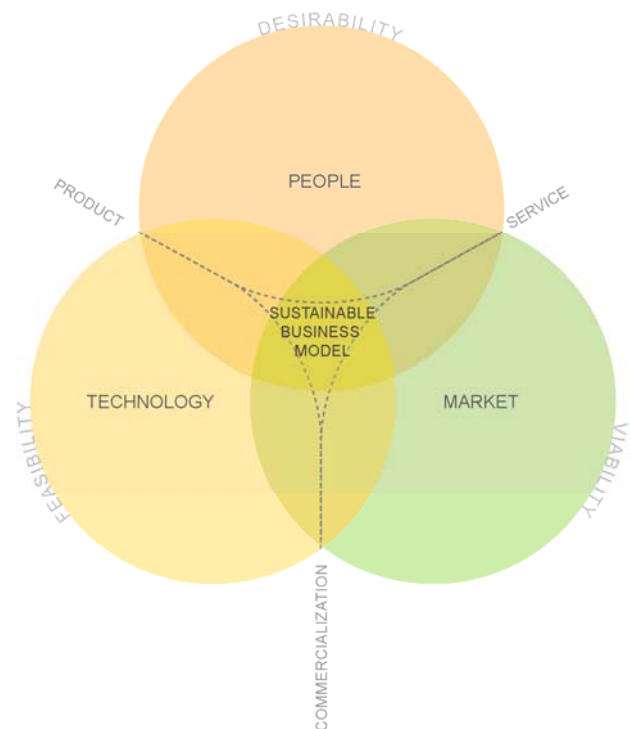
The HCD approach (Fig. 1) puts a deep understanding of people at the heart of the process in designing innovative solutions that are customer- rather than product-oriented,<sup>6</sup> and enables researchers to gain a deep and holistic understanding of the people within their target ecosystem. HCD integrates design and measurement methods in a continuous learning cycle. By encouraging on-going measurement, evaluation, and iteration, the solutions developed stay grounded in real-world impact and continue to evolve.<sup>7</sup> The HCD approach has been endorsed by thought-leading institutions such as the Stanford Social Innovation Review.<sup>8</sup> iDE-B has been involved with the development and utilization of HCD since the beginning, driving the creation of the first toolkit to transfer the HCD approach from the private sector to international development.<sup>9</sup>

The HCD approach reviews the desirability, feasibility and viability of options through the equal balancing of technology, people, and the market. It begins with in-field contextual observations and interviews with key stakeholders called “deep dives.” Deep dives employ real life observations through ethnographic consumer research methodologies to systematically analyze the marketplace, consumers and additional relevant actors. From these deep dives, observations are distilled and synthesized into a framework that illustrates the potential opportunities, market development and marketing strategies for selected design offering(s).

Subsequent rounds of brainstorming, prototyping and user testing can be undertaken in order to optimize the features of the product and service offering(s). Through these iterations, a design direction can be defined to address end-user needs within the local market context, as well as to establish initial marketing insights on how to position the benefits and costs of a product’s uptake, demonstration, and commercialization.

iDE-B has been effectively using the HCD approach in our product development efforts to continuously innovate in response to the ever changing market scenarios. As a result of our success in implementing this approach, and because of the critical need for access to finance among the extreme poor, we tailored the approach to address specific F2FF issues. This tailored approach is described and discussed in the remainder of this toolkit.

**Figure 1. The Human-Centered Design Approach**



<sup>6</sup> As described by Levitt 1960.

<sup>7</sup> For an example of the HCD process in practice, see: <https://www.ideo.org/stories/human-centered-design-in-action-nepal>.

<sup>8</sup> A recent example is Brown, Tim and Jocelyn Watt. “Design Thinking for Social Innovation.” Stanford Social Innovation Review. Winter 2010.

<sup>9</sup> Through multi-country experience iDE has developed templates and guides to facilitate the HCD process that are easily adapted to new country contexts. iDE partnered with the Gates Foundation and IDEO to develop The Human Centered Design Toolkit, a process-oriented manual for NGOs and social enterprises for effective, responsive, sustainable design solutions serving low-income consumers and suppliers. As described by IDEO, “The HCD toolkit has been used by organizations throughout the developing world, including Acumen Fund, AyurVAID, Heifer International, ICRW, IDE, Micro Drip, and VisionSpring,” and has been downloaded over 74,000 times. (Source: <http://www.ideo.com/work/human-centered-design-toolkit/>).





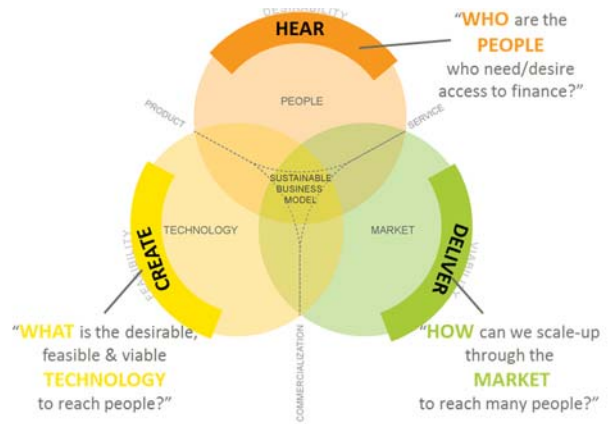
# The Firm to Farm Finance Process

As iDE-B has repeatedly implemented the HCD approach, we have gotten the best results by shifting the focus from the things people use to what they do, i.e., their behaviors, activities, needs, aspirations and motivations. Focusing not only on the obvious experience of using the product, but also on the host of activities surrounding the context of use helps ensure development of a product that is in high demand in the marketplace and makes a positive impact on the lives and markets of the target community. We found this was no less true when designing financial products for our F2FF projects, so we used the HCD approach as the basis of a tailored process to create market supply and demand for financial products targeted for the poorest of the poor.

Because of the success of our application of the HCD approach to developing financial products, iDE-B created a tailored “Hear, Create, Deliver” process specific to F2FF, which corresponds to the HCD approach (Fig. 2). This approach gives our design team the freedom and tools to gain multiple perspectives of the project context, and design a product that is useful to the target community.

We have distilled this concept into a three-phased F2FF process (Fig. 3). The process initiates with a Problem Statement that is derived from an explicit proposal requiring F2FF, or an implicit or emerging problem encountered in the execution of another project. Phase 1 is used to re-contextualize the given situation from multiple stakeholder perspectives. Phase 2 is used to identify opportunities and gaps, create a plan to fill them, and develop a minimum viable product for testing and validation. Phase 3 is used to develop and execute a plan for scale up and commercialization.

**Figure 2. HCD Approach as the Basis for the F2FF Process**



As you undertake your F2FF project, the majority of work will be done by your Design Team. The number of staff on the team will vary depending on your organization’s resources. However, there is a minimum set of roles that must be filled:

- **Team Lead:** Ensures execution of the phases and steps in this toolkit
- **Finance Subject Matter Expert:** Understands the financial needs, products and players
- **Project Subject Matter Expert:** Understands and drives toward the goals of the larger project
- **Researcher:** Supports desk research and creation and organization of documentation
- **Innovator/Out of the Box Thinker:** Introduces new and occasionally wild ideas

You should allocate resources across these roles based on their skill sets and availability, doubling up if necessary. For a very small project, a single staff member might be responsible for all the roles.

**Figure 3. The Firm to Farm Finance Process and Key Outputs**

Phase 1: HEAR			Phase 2: CREATE			Phase 3: DELIVER		
1.1 Sense	1.2 Scope	1.3 Discover	2.1 Define	2.2 Develop	2.3 Test	3.1 Demonstrate	3.2 Transfer	3.3 Commercialize
<b>Step 1:</b> Understand the Context	<b>Step 2:</b> Understand the Market <b>Step 3:</b> Find the Right Partners <b>Step 4:</b> Develop Questions <b>Step 5:</b> Prepare the Team	<b>Step 6:</b> Find the Right People <b>Step 7:</b> Investigate the Market	<b>Step 8:</b> Understand the Findings <b>Step 9:</b> Vision of Change <b>Step 10:</b> Understand the Ideas	<b>Step 11:</b> Analyze the Market <b>Step 12:</b> Choose the Best Ideas	<b>Step 13:</b> Test the Solutions	<b>Step 14:</b> Find Scaling Partners <b>Step 15:</b> Engage Scaling Partners	<b>Step 16:</b> Transfer the Innovations	<b>Step 17:</b> Diffuse the Innovations
Problem Statement	Intent Statement	Subsector Analysis Report	Insight Catalog	Design Brief	Intervention Design and Prototypes	Pilot Test Results	Private Sector Engagement Plan	Technology Transfer Agreements Business Model/Plan

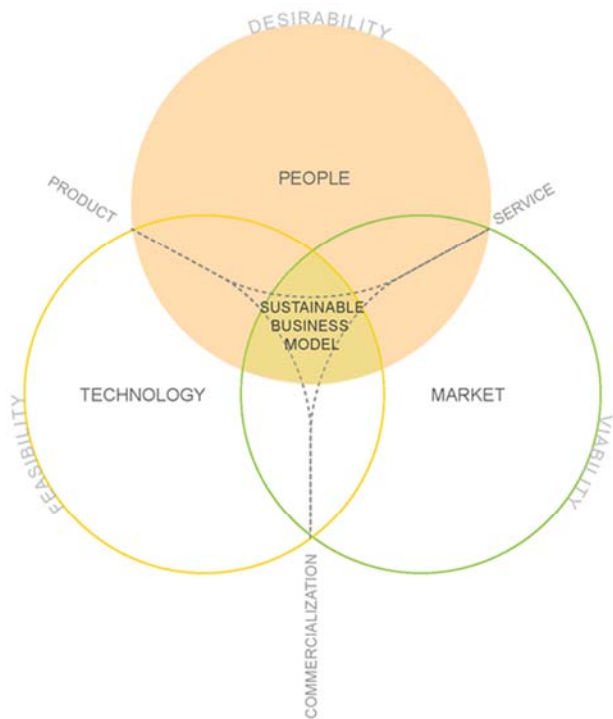




# The Firm to Farm Finance Toolkit

This toolkit codifies the learning of iDE-B's successful execution of our F2FF process on the RBC pilot with the goal of informing the research and development of innovative and promising access to finance solutions for low-income households and communities across the development industry. The toolkit provides step-by-step guidance on how to apply the F2FF process and HCD framework. It further explains how to tailor it for use in selecting and commercializing feasible, viable and desirable financial products and service models to sustainably reach low-income households and communities with efficient, scalable strategies for inclusive finance.





“WHO are the PEOPLE who need/desire access to finance?”

Phase 1: HEAR		
1.1 Sense	1.2 Scope	1.3 Discover
<b>Step 1:</b> Understand the Context	<b>Step 2:</b> Understand the Market  <b>Step 3:</b> Find the Right Partners  <b>Step 4:</b> Develop Questions  <b>Step 5:</b> Prepare the Team	<b>Step 6:</b> Find the Right People  <b>Step 7:</b> Investigate the Market
Problem Statement	Intent Statement	Subsector Analysis Report
		Insight Catalog

# Phase 1 HEAR

In this phase of the F2FF process, your goal is to understand your end users and other stakeholders in the context of your Problem Statement. Your team should research existing knowledge bases and sources to create a broad overview of key industry gaps, developments, technology, and market trends. They should then use observational research methods to learn about people and extract insights that will inform their intent. This phase culminates in field research, or “deep dives,” which assess the demand for financial products and services, and gathers opinions and recommendations from technical and industry experts.



## Sub-Phase 1.1

# SENSE

### Understand the Market for Innovative New Ideas

The goal of this sub-phase is to fully assess and understand the F2FF system surrounding your program’s beneficiaries through research of existing sources and identification of new sources. A thorough and robust understanding of the actors and relationships in the market system will enable your team to identify and engage the right F2FF partner(s) for the research, development, and demonstration of effective solutions in financial services that can be sustainably scaled in the long-run. This phase should help your team simplify the field research process by narrowing and focusing the scope on only the most representative and non-redundant communities for deeper probing.



**Step  
1**

# Understand the Context

## Literature Review

	Action	Who	Where
1	Develop Sector Profile	<ul style="list-style-type: none"> <li>• Design Team</li> <li>• Key Stakeholders in Financial Services Sector</li> </ul>	Office
2	Develop Sector Dynamics		
3	Develop Intent Statement		

The purpose of the literature review is to get a broad understanding of the target sector using secondary sources, to inform the development of the tools required for later deep dives. A good way to create an overall picture of the sector is to look it in terms of its profile and dynamics.

The Sector Profile provides information on the current status and potential of the particular sector. Key questions and considerations that can guide your development of a Sector Profile are provided in Fig. 4. Literature can provide macro-level information about the sector, including the GDP contribution; relative size; production volume; overall geographical zones of concentration; potential market demand, including immediate past and near future demand and supply trends; comparative performance in other countries; and, importantly, the relative performance and potential of the sector in poverty reduction, identifying who stands to gain from improved performance.

**Figure 4. Key Questions for Developing a Sector Profile**

Question	Considerations
1. What is the size of the sector?	<ul style="list-style-type: none"> <li>• Size relative to other comparable sectors, e.g., rice in comparison to other staple crops</li> <li>• Production volumes</li> <li>• GDP contribution</li> </ul>
2. What is the geographic spread of activities in this sector?	<ul style="list-style-type: none"> <li>• Possible comparative advantages</li> <li>• Concentration of activities in the full value chain from inputs, through production, to sale and consumption</li> </ul>
3. What are the recent and anticipated growth trends?	<ul style="list-style-type: none"> <li>• Comparison to other countries</li> <li>• Actual and/or potential export markets</li> <li>• Supply and demand trends</li> <li>• Provide references where possible</li> </ul>

4. What is the potential for this sector to lead to poverty reduction?	<ul style="list-style-type: none"> <li>Population groups that are/could benefit from development</li> </ul>
5. Why is this a good sector in which to intervene?	<ul style="list-style-type: none"> <li>Sector performance compared to other countries</li> <li>Development experience in other countries</li> </ul>

The Sector Dynamics overview provides information on how the sector functions and operates. This can be understood through literature which provides information on the organisation of the sector, including production volumes and trends; recent changes in dynamics; return on investment per type of enterprise; sector performance/competitiveness/growth; sector advantages and disadvantages; key factors influencing competitiveness; and constraints which limit growth, productivity or profitability. Key questions and considerations that can guide your understanding of Sector Dynamics are provided in Fig. 5.

**Figure 5. Key Questions for Understanding Sector Dynamics**

Question	Considerations
<b>Organization</b>	
1. Who are the market actors?	<ul style="list-style-type: none"> <li>Types and number of actors which operate in the sector</li> <li>Roles of each actor or type of actor</li> <li>Mode of relations and exchange between actors (e.g., formal contracts, informal deal-making)</li> </ul>
2. What are the services being provided in the relevant financial sector?	<ul style="list-style-type: none"> <li>E.g., input, production, aggregation, transportation, promotional, informational, storage, processing, etc.</li> </ul>
3. Which actors (service providers) are providing these services?	<ul style="list-style-type: none"> <li>Identity of key actors</li> <li>Quality and availability of service provision</li> </ul>
4. Can you draw a generic value-chain (VC) for this sector?	<ul style="list-style-type: none"> <li>Actors directly involved in product movement from raw material extraction, to production, sale, and consumption</li> <li>Other service providers who make the movement possible</li> </ul>
<b>Performance/Competitiveness</b>	
5. What is the level of competitiveness in the sector?	<ul style="list-style-type: none"> <li>Sector productivity growth</li> <li>Relative competitiveness of all actors in the VC</li> <li>Productivity growth and ROI per type of enterprise</li> <li>Sector’s comparative advantages and disadvantages</li> </ul>
6. What are the factors which affect the competitiveness?	<ul style="list-style-type: none"> <li>Products or services which bring this competition</li> <li>Areas in which they compete (price, volume, quality, seasonality, etc.)</li> <li>Enabling environment factors such as performance of government services, import and export tariffs, presence of market distortions such as monopolies</li> </ul>
7. What are the opportunities in this sector?	<ul style="list-style-type: none"> <li>Latent or ‘untapped’ market demand in the sector</li> <li>Value added products</li> <li>Export potential, based on the current share of imports</li> </ul>
<b>Constraints</b>	
8. What are the key generic constraints in the sector?	<ul style="list-style-type: none"> <li>Sector-wide generic problems that constrain growth</li> </ul>



	<ul style="list-style-type: none"> <li>• Reasons for problems' existent</li> <li>• Whether they are pervasive or can be tackled</li> </ul>
9. What are the key constraints to a given market actor, or market actor group, in the sector?	<ul style="list-style-type: none"> <li>• Limitations on growth</li> <li>• Limitations on productivity</li> <li>• Limitations on profitability</li> </ul>

At the conclusion of this analysis, your Design Team should develop an Intent Statement, which explains how they intend to apply the F2FF process to solve the problem identified in the Problem Statement.



## Sub-Phase 1.2 **SCOPE**

Find the Right Spaces for Innovative New Solutions

The goal of this sub-phase is to lay the groundwork for the initial field assessment and eventual deep dive that will happen in the next sub-phase. This should include beginning to understand the major and minor players by creation of a market map; identification of potential partners; development of questions that will help to fill information gaps and refine the Design Team’s understanding of the community; and familiarization of the Design Team and additional deep dive staff with the project, research methods, and research questions. This phase should culminate in the development of a Subsector Analysis Report, which will inform the deep field research.



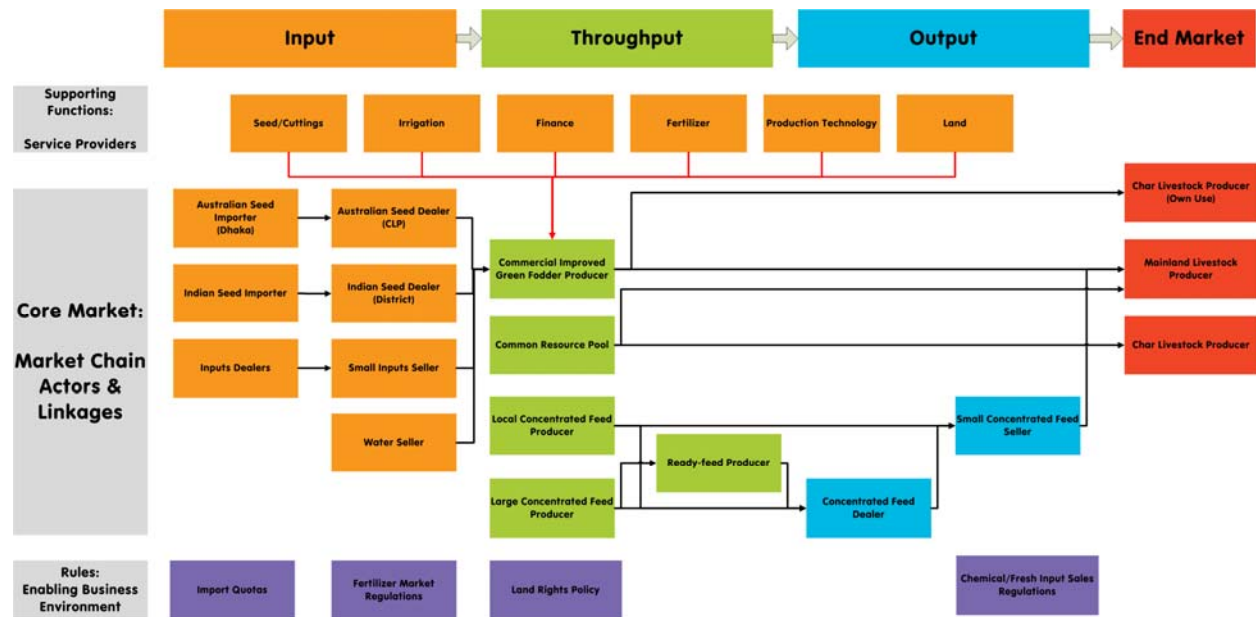
**Step 2**

# Understand the Market Subsector Analysis

Action	Who	Where
1 Identify Market Chain Actors and Linkages	• Design Team	Office
2 Identify Business Service Providers		
3 Identify Enabling Environment Factors		
4 Create Subsector Analysis Report		

The purpose of this step is to develop a Market Map, or a visual representation of the market system for a particular subsector, and an accompanying Subsector Analysis Report. These provide a conceptual framework for considering the institutional and commercial environment in which the small-scale farmers are operating, and a practical tool which can be developed in a participatory way to represent and communicate knowledge about specific producers, their market chains, institutional environments, and service requirements. Your map and report should discuss market chain actors and their linkages, business service providers, and enabling environment factors. A sample Market Map is provided in Fig. 6.

**Figure 6. Example Market Map**



## Component 1: Market Chain Actors and Linkage

Market actors and the linkages between them can be represented as a market chain. The chain shows the economic actors who produce and transact around a particular product as it moves from primary producer to final consumer. This can include both small and large-scale producers, input suppliers, traders, processors, transporters, wholesalers, retailers, and more. The linkages between the market actors can be described to represent the flow of income to the producer, rather than the charting the movement of the product itself. Your Market Map should start by documenting this chain.

## Component 2: Business Service Providers

In most effective value chains, the actors who form the chain by conducting transactions in the main product are supported by business and extension services from other enterprises and organizations. There is an ongoing need for chain actors to access market and technical services of different types. Consider including the following types of business service providers in your Market Map:

- Input supplies (seeds, livestock, fertilizers, pesticides, fingerling, feed and fodder, non-farm inputs)
- Market information (prices, trends, buyers, suppliers)
- Financial services (credit, savings, or insurance institutions)
- Transport services (deliveries, cold chains)
- Quality assurance (monitoring and accreditation)

## Component 3: Enabling Environment Factors

The enabling environment consists of the critical factors and trends that are shaping the value chain environment and operating conditions, but that may be amenable to change. These factors are generated by structures (national and local authorities, research agencies, etc.) and institutions (policies, regulations, and practices) that are beyond the direct control of economic actors in the value chain. The purpose of charting this enabling environment in your Market Map is not simply to map the status quo, but to understand the trends that are affecting the entire value chain and to examine the powers and interests that are driving change. This knowledge can help determine avenues and opportunities for realistic action, lobbying, and policy entrepreneurship. When mapping the enabling environment it is useful to consider:

- Market demand (consumption trends—volumes, prices, quality expectations, tax and tariff regimes)
- Transformation activities (infrastructure, technology, transport)
- Transaction activities (finance, business norms, gender roles, land/ property registration, business licensing and regulation, product standards, quality assurance)

### Helpful Hints

- Use the Market Map as a tool to determine market players' appropriateness for engagement up front, so you don't end up wasting resources on engaging the wrong people, or more people than you need.
- Remember to include informal rules in the "enabling environment" component of Subsector Analysis Report. Informal rules are often more important than the formal ones in understanding markets.
- Don't outsource this step! Your organization will be more effective if it internalizes the understanding, and engages and establishes credibility as a facilitator with market players.
- Don't include development agencies as key in your Subsector Analysis and Market Map. They should be regarded as facilitative and short-term, not part of a picture of long-term sustainability.



**Step  
3**

# Find the Right Partner(s)

## F2FF Partners Index

	Action	Who	Where
1	Decide on Index Areas	• Design Team	Office
2	Determine Cross-Cutting Filters		
3	Use the Index to Identify Innovation Partner(s)		

The goal of this step is to develop an in-depth benchmarking methodology to construct a robust index measure of potential F2FF partners in order to investigate and identify key problems, underlying causes, services, and interventions across key organizations.

At this stage in the process you are looking for two different types of partners: linkage partners, and innovation partners. Linkage partners are financial service providers (FSPs) with an appropriate financial product that can be immediately linked to project participants. Innovation partners, who are most common and most frequently discussed throughout this toolkit, are FSPs who have a double bottom line of developing lucrative new products and services that could help them claim a larger market share, and of creating opportunities for the poor.

Benchmarking these potential partners through a Partners Index (Fig. 7) can significantly increase the comparative and explanatory power of your engagement with F2FF partners, and the objectivity of what are essentially subjective indicators across the F2FF framework. The tool should assess potential partners' offerings in terms of four areas of effectiveness: 1) Scalability, 2) Sustainability, 3) Inclusiveness, and 4) Return on Investment. Other areas can be added as needed. The sub criteria should be tailored and augmented to address the specific needs and interests of the target market. Scores should not indicate how "good" or "bad" a potential partner is, but rather its generalized level of effectiveness in addressing full service delivery of financial services solutions.

**Figure 7. Sample F2FF Partners Index**

Filter	Score (1-5, 1=low)		
	Quality	Performance	Governance
<b>General</b>			
Geographical Relevance			
Infrastructure and Capacity			
Loan Terms and Conditions			
Customer Service and Convenience			
Risk Management			

Filter	Score (1-5, 1=low)		
	Quality	Performance	Governance
Source(s) of Funding			
Innovation Experience			
<b>Scalability</b>			
Existing, evidence-based level of outreach for the model, regardless of operational modality of implementation/delivery			
Models reach hundreds of consumers in relation to mid- and large-scale models			
Desirability, feasibility and viability of efficiently delivering the model at large scale			
<b>Sustainability</b>			
Medium- and long-run operation and maintenance of a given F2FF Partner following the delivery of close-ended service			
Current functionality of services			
Current slippage in services (observed backsliding in quality, performance and/or governance)			
<b>Inclusiveness</b>			
Strategy conceptualizes, considers, identifies, analyzes, addresses, and includes marginalized and/or disenfranchised BoP market segments, communities, households, and individuals			
Strategies and modalities are highly considered and targeted, including graduation models			
Demonstrates insights on the balance between economic and social priorities in BoP markets			
<b>Return On Investment</b>			
Monetary impacts of potential F2FF partner			
Non-monetary impacts of potential F2FF partner			
<b>Total</b>			

For a balanced measurement across inputs, outputs, processes, and outcomes, F2FF Index indicators should be refined into three broad subareas: 1) quality, 2) performance, and 3) governance, and should be considered as suggested in Fig. 8.

**Figure 8. Suggested Definitions for Cross-Cutting Index Indicators**

<b>Quality</b>	The products and services received by users – usually in terms of quantity, quality, accessibility and reliability over time.
<b>Performance</b>	The performance of service providers or operators – fulfillment of basic technical, financial, management and organization functions necessary to deliver a sustainable service.
<b>Governance</b>	The performance of the service authority – fulfillment of planning, coordination, regulatory and support functions to ensure the establishment and performance of service providers.



**Step  
4**

# Develop the Questions Question Guide

	Action	Who	Where
1	Define Questions	<ul style="list-style-type: none"> <li>• Design Team</li> <li>• Innovation Partner(s)</li> <li>• Assessment Team</li> </ul>	Office
2	Develop Rationale for Questions		
3	Identify Likely Market Actors for Each Question		

The goal of this step is to write and tailor the questions your Field Assessment Team will ask to the groups of actors you have identified as key in the local market systems (e.g., producers, input suppliers, output market actors, government, end market actors). Your Question Guide (Fig. 9) should build on your sector overview by identifying key question areas which will allow you to fill gaps and obtain complete market information. An effective question in the Question Guide addresses three important components: WHAT are we asking?, WHY are we asking it?, and WHO are the market actors we need to engage to get an answer? It is also critical to provide a complete rationale for each question that links the question back to the primary purpose of the analysis. This will ensure efficient use of staff and market actor time in the field, and improve your team's ability to achieve the target results on-time, without extensive re-work.

**Figure 9. Question Guide Template**

	Knowledge Gap	Rationale	Questions	Relevant Market Actor(s)	Considerations/Notes
<b>Example</b>	Access to customer-friendly finance	Important to small-holders b/c it helps them grow the crops they want and get quality inputs to increase production	1. What constraints do you experience in accessing financial services?	Primary producers (project beneficiaries); Input retailers; other input buyers	<ul style="list-style-type: none"> <li>- X financial product/service is difficult to procure</li> <li>- Y financial product/service has been found to be of poor quality</li> <li>- Z financial product/service was recently introduced</li> <li>- Triangulate info with local retailers and producer groups</li> </ul>

## Helpful Hints

- Make sure the Question Guide links EVERY question area from the purpose of the analysis to the content for the data collection tools. This will keep your deep dives focused and relevant.
- Your Assessment Team will most likely include your Design Team plus field staff who will act as translators. Because the field staff probably don't have all the background, make sure they understand what information is needed and why, and where the information can be found.
- Develop open-ended questions. This will enable your Assessment Team to understand how each question relates to the overall study objectives, and develop tailored data collection tools.

**Step  
5**

# Prepare the Team Fieldwork Manual

	Action	Who	Where
1	Develop Contents	<ul style="list-style-type: none"> <li>Design Team</li> </ul>	Office
2	Determine Guiding Principles		
3	Identify Data Collection Techniques		

The purpose of the Fieldwork Manual is to guide your Design Team to use specific fieldwork techniques for each market actor. The Fieldwork Manual should describe the guiding principles of effective fieldwork to the team, teaching them to act like investigative journalists and follow leads as they are discovered. At a minimum your Fieldwork Manual should include the sections described in Fig. 10.

**Figure 10. Fieldwork Manual Contents**

Section	Content
<b>1. Overview – Intervention Logic Framework</b>	General description of the Intervention Logic tool to ensure that team members understand the steps of effective analysis.
<b>2. Objectives of the Analysis</b>	Overall purpose of the study in order to encourage creative thinking and adherence to the objectives.
<b>3. Guiding Principles</b>	Description of the investigative approach. Principles should encourage critical thinking, creativity, problem-solving and triangulation throughout data collection.
<b>4. Knowledge Gaps</b>	Identification and prioritization of key areas for investigation discovered through Literature Review, Market Mapping and Question Guide development.
<b>5. Triangulation and Other Process Guidance</b>	Description of approach to fieldwork, focused on providing rationale for the central importance of daily triangulation as a means to fully understand the market and inform intervention design.

<b>6. Data Collection Tools &amp; Techniques</b>	Guidance on the data collection tools chosen by the team, suggestions for when each tool/technique is more/less useful, and tips on their effective use.
<b>7. Timeframe and Logistics</b>	General guidance on the timeframe, geographic coverage, team member contact information, communication schedule, lodging, transportation, etc.

Within the Fieldwork Manual, Section 3. Guiding Principles is especially critical, but is often overlooked. We have found that because of the flexibility required in getting the needed information from the market actors and project beneficiaries, putting in place a fixed process is not effective. Instead, providing a set of principles that encourages creativity and flexible thinking (Fig. 11) can better help guide implementation.

**Figure 11. Suggested Guiding Principles**

Principle	Guidance
<b>Focus on Incentives</b>	<ul style="list-style-type: none"> <li>Consider why the market actor is interested in performing a given service.</li> <li>Investigate the motivation driving each actor’s actions.</li> <li>Consider what it would take to change the market actors’ behavior</li> <li>Consider the motivation behind each response, and whether respondents perceive that you are a potential source of benefit</li> </ul>
<b>Challenge Your Respondents</b>	<ul style="list-style-type: none"> <li>In a friendly way, test responses and don’t accept answers at face value</li> <li>Elicit verifiable facts and validate through triangulation with other actors</li> </ul>
<b>Triangulate Information</b>	<ul style="list-style-type: none"> <li>Validate responses you are receiving with other market actors</li> <li>Consider how reliable these sources of information are</li> </ul>
<b>Voice of the Customer</b>	<ul style="list-style-type: none"> <li>Consider the preferences that drive demand throughout the financial value chain and at the end market (e.g. producer, buyer, end market consumer)</li> <li>Elicit preferences at all stages of the value chain</li> </ul>
<b>Be Flexible in Your Approach</b>	<ul style="list-style-type: none"> <li>Be open to changing course as you ‘follow the lead’ in your investigation</li> <li>Each evening corroborate field data with the team and plan for the next day</li> </ul>
<b>Empower Team Members</b>	<ul style="list-style-type: none"> <li>Market analysis success lies in the team using their own judgment in the field</li> <li>Empower team members to use their initiative to decide field activities</li> </ul>



There are a number of techniques which can be employed for collecting qualitative data to inform the market analysis (Fig. 12), which can be described in Section 6 of your manual.

**Figure 12. Data Collection Techniques**

Technique	Rationale <sup>10</sup>	Example Data Types
<b>1. Market Observation</b>	Appropriate for collecting data on naturally occurring behaviors in their usual contexts.	<ul style="list-style-type: none"> <li>• Informal conversations</li> <li>• Observation of study population engaging in certain activities</li> <li>• Media messages</li> </ul>
<b>2. Market Actor &amp; Key Informant Interviews</b>	Optimal for collecting data on individuals' personal histories, perspectives, and experiences, particularly when sensitive topics are being explored.	<ul style="list-style-type: none"> <li>• Individual perspectives, opinions, personal feelings, experiences</li> <li>• Personal income levels and market information</li> </ul>
<b>3. Focused Group Discussion</b>	Effective in eliciting data on the cultural norms of a group and in generating broad overviews of issues of concern to the cultural groups or subgroups represented	<ul style="list-style-type: none"> <li>• Broad range of views on specific topics</li> <li>• Reactions and contradictory responses</li> <li>• Group dynamics and conversation</li> </ul>

<sup>10</sup> Rationale reproduced from: Qualitative Research Methods: A Data Collector's Field Guide, Mack et al. Family Health International (FHI). 2005.



## Sub-Phase 1.3 **DISCOVER**

Capture Behavioral Insights  
with Innovation Partner(s)

In this sub-phase your team will intensely engage with the target communities in assessment visits and deep dives. They will gather extensive first-hand information, clarify information gaps, and challenge assumptions that have resulted from the desk research steps. This sub-phase offers an opportunity for your team to meet community members and potential innovation partners in person, and identify additional key stakeholders and resources. It culminates in the creation of a catalogue of insights which will form the basis for your analysis and the creation of your prototype products and pilot in the following phase.

**Step  
6**

# Find the Right People

## Field Scouting

	Action	Who	Where
1	Assessment Visit(s)	<ul style="list-style-type: none"> <li>• Design Team</li> <li>• Assessment Team</li> <li>• Innovation Partner(s)</li> <li>• Community Participants (customer segment and stakeholders)</li> </ul>	Field
2	Refine Question Guide and Fieldwork Manual	<ul style="list-style-type: none"> <li>• Design Team</li> </ul>	Office

The goal of this step is to make a quick assessment visit of one or two days per area to the selected regions in order to verify assumptions, identify respondent groups who fit the profile of the early adopter customer segments, scout for new customer segments, and identify existing market actors and potential stakeholders along the supply chain. Your Assessment Team should include at a minimum key members of your Design Team. Additionally, it should include field staff who know the communities and individuals, and who can act as translators if necessary.

The Assessment Team should set out to the selected region with the Question Guide developed in Step 4, the Fieldwork Manual developed in Step 5, and a list of stakeholders to meet if possible. On this scouting visit, they should verify, disprove, and amend the existing assumptions and documentation to reflect the actual community dynamics and behaviors as observed and experienced in person.

These visits should help your Design Team to select the most relevant and interesting areas for conducting deep dives; meet community leaders and representatives who can help them access additional community members for field research; and recruit a local guide to help the design team during deep dive research.

### Helpful Hints

- To simplify the research process, narrow down your focus on the most interesting regions for deeper probing. Identify major characteristic differences or redundancies between areas and make an informed decision to whether or not to include the area for further probing.
- Whenever possible, select translators who understand and can apply your research methods independently of the Design Team’s guidance and prompting. The quality and depth of the findings can be affected by what gets translated and what does not.



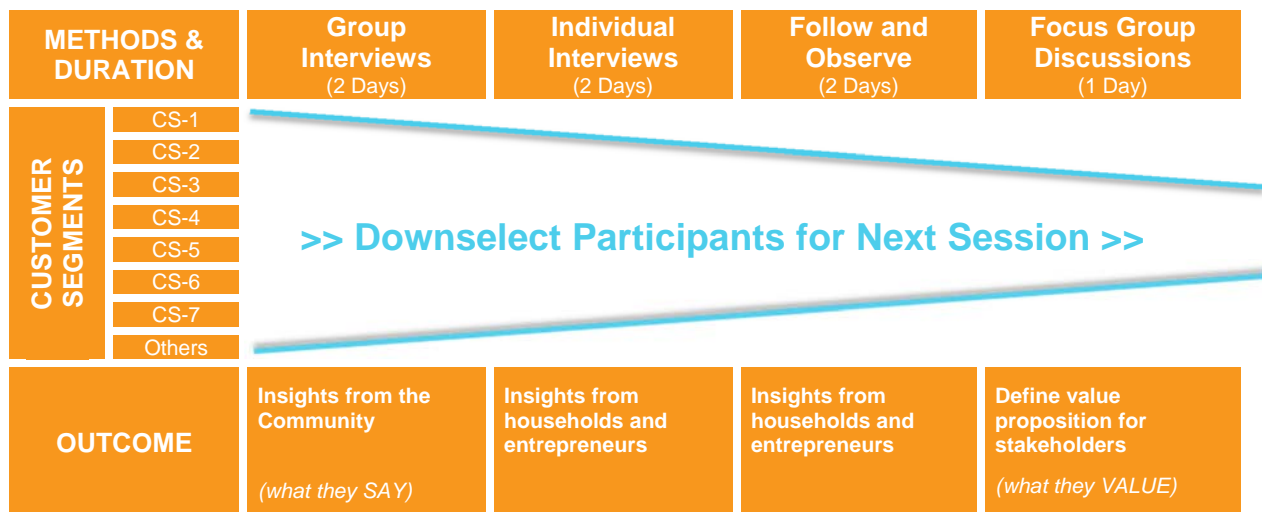
**Step  
7**

# Investigate the Market Deep Dive

	Action	Who	Where
1	Group Interviews	<ul style="list-style-type: none"> <li>Design Team</li> <li>Assessment Team</li> <li>Innovation Partner(s)</li> <li>Community Participants</li> </ul>	Field
2	Individual Interviews		
3	Follow and Observe		
4	Create Insight Catalogue	<ul style="list-style-type: none"> <li>Design Team</li> <li>Assessment Team</li> </ul>	

The goal of this step is to complete a series of deep dives which result in rich customer data, stakeholder insights, and community value perceptions. These insights should inform your Design Team’s vision of systemic market changes that are possible within the F2FF system through programming and engagement with the right F2FF partners. These deep dives should engage the Design Team intensely with the community in order to gather and analyze data, then move rapidly towards solutions, prototypes and plans.<sup>11</sup> The deep dives should be customized with specific methods and tools for each target community based on the understanding gathered and validated by the Design Team during the Sense and Scope sub-phases. The typical elements of a deep dive are described in Fig. 13.

**Figure 13. Typical Elements of a Deep Dive**



<sup>11</sup> Source: HCD toolkit.



Throughout the deep dive, aspects of a target community’s F2FF system that should be analyzed include:

- Relevant market and non-market inputs that the sector enjoys and requires to function fully
- Constraints and key market and government failures within the sector
- Political economy and potential individual intervention areas
- Role of vulnerable groups within the sector as producers, intermediaries, consumers, employees
- Social, environmental, and conflict dynamics

Additional supply, demand, and enabling environment considerations are provided in Fig. 14.

**Figure 14. Supply, Demand, and Enabling Environment Considerations**

Supply	Demand	Enabling Environment
<ul style="list-style-type: none"> <li>• How rural households typically source financial solutions</li> <li>• Opportunities for small-scale enterprises to produce and promote F2FF solutions</li> <li>• Required support for linkages, strategy, product development, sales approach</li> </ul>	<ul style="list-style-type: none"> <li>• Existing financial products</li> <li>• Level of adoption among rural households</li> <li>• Opportunities to increase demand</li> <li>• Opportunities to remove purchase barriers</li> <li>• Opportunities to link houses to supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Current activities, practices, and policies of government organization and NGOs</li> <li>• Environmental constraints on development of financial services</li> <li>• Opportunities to collaborate with enabling environment actors</li> </ul>

Key to the success of a deep dive is placing triangulation of data explicitly in the research, rather than leaving it as a tacit personal process, on a daily and weekly basis (Fig. 15). We suggest using the “TOES” approach, where each team member and the group as a whole considers and records the Themes, Opportunities, Extremes, and Surprises they encountered during the day’s research. This iterative triangulation process has the goals of filling gaps in the subsector map; expanding the understanding of the overall actor dynamics, services, and problems; and understanding and tailoring the next day’s assignment. The ultimate output of the triangulations should be an Insight Catalogue, which lists the problems and insights observed and collected by the team.

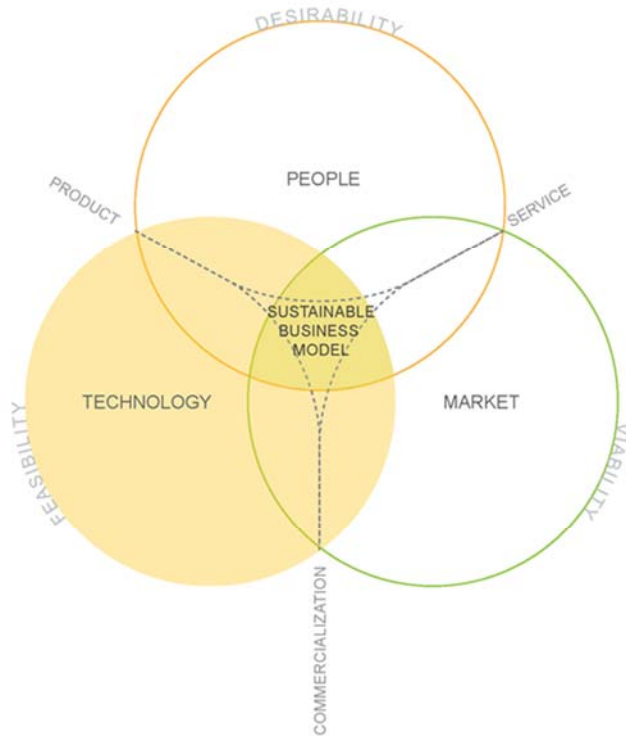
**Figure 15. Daily and Weekly Triangulation**

	Daily Triangulation	Weekly Triangulation
<b>When:</b>	Every evening following data collection	Once at the end of each week
<b>Who:</b>	Individual team members	Entire team and team leader
<b>Goal:</b>	Understanding the results from team members’ individual disciplinary strengths (e.g. economics, sociology)	Collating information across districts; drawing a comprehensive, updated subsector map; and initiating the full scale sector analysis

### Helpful Hints

- After your deep dives, consolidate your findings into a PowerPoint-style report with raw data and visuals. Don't forget to take pictures!
- Ask your interviewers to pose everything to the community group as a question, to avoid leading statements.
- The team leader's participation in weekly triangulations ensures they will have consolidated sector information available regularly for higher level strategy, decision-making, and troubleshooting.





“**WHAT** is the desirable, feasible & viable **TECHNOLOGY** to reach people?”

Phase 2: CREATE			
2.1 Define	2.2 Develop	2.3 Test	
<p><b>Step 8:</b> Understand the Findings</p> <p><b>Step 9:</b> Vision of Change</p> <p><b>Step 10:</b> Understand the Ideas</p>	<p><b>Step 11:</b> Analyze the Market</p> <p><b>Step 12:</b> Choose the Best Ideas</p>	<p><b>Step 13:</b> Test the Solutions</p>	
Insight Catalog	Design Brief	Intervention Design and Prototypes	Pilot Test Results

# Phase 2 CREATE

During this phase your Design Team should sort, cluster, and analyze the contextual data gathered over the course of Phase 1 to find patterns that point to untapped customer segments, market opportunities or niches. They should convert these insights into design principles, identify specific problems preventing ideal operation of the market, and design interventions that will address the root causes of the problems. This phase culminates in a pilot of the identified interventions.



## Sub-Phase 2.1

# DEFINE

Uncover Design Principles with Innovation Partner(s)

Immediately after completing the deep dives, your Design Team should meet with partners to organize and analyze their findings to identify themes, patterns, and unmet needs which will inform a Vision for Change for the market system. This sub-phase should culminate in the development of one or more design briefs that describe the problems that need to be addressed and the characteristics that should be embodied by the financial products and interventions developed in the following sub-phase.

**Step  
8**

**Understand the Findings  
Framing Insights**

	Action	Who	Where
1	Gather Insights and Share Stories	<ul style="list-style-type: none"> <li>• Design Team</li> <li>• Innovation Partner(s)</li> </ul>	Office
2	Identify Patterns		
3	Identify Opportunities & Strategic Directions		

After the deep dives, the Design Team should hold a workshop with the goal of gathering and consolidating their insights, identifying themes, patterns, and opportunities, and deciding on a strategic direction in which to proceed. Key stakeholders should be invited to participate.

The team’s findings from the Insight Catalogue should be written on individual PostIt Notes and stuck on a designated wall. The group should then organize and re-organize the findings as needed to identify trends, patterns and themes. Once the group is in agreement on the organization of the data, they should further analyze the categorized contextual data to map untapped customer segments and resources, unmet customer needs, and market opportunities. The opportunity areas and strategic directions identified through this workshop should be shared with donors, partners, and experts for further discussion and feedback.

**Helpful Hints**

- Be specific on the details as you share stories – focusing on what precisely market actors said in their experiences and perceptions is critical to avoid letting the team’s biases into the research and analysis
- Always be sure to consider several levels of “Why?” (at least 3x) – “Why did the respondent have that reaction? Why was that the cause? Why did *that* cause occur?”
- Don’t forget to thoroughly examine the insights as they emerge – “What is the insight? How is it happening? Who is involved? Where is it happening? When did/does it happen? Why is it happening?”
- Don’t dismiss “foolish” insights or patterns highlighted by a team member – everyone should address the framing process with a beginner’s mindset, and avoid dismissing any inputs – sometimes “foolish” ideas uncover unrealized, “simple” opportunities!



**Step  
9**

**Vision of Change**  
Envision the Future

	Action	Who	Where
1	Document a Vision of Change	<ul style="list-style-type: none"> <li>Design Team</li> </ul>	Office

The purpose of this step is to create a Vision of Change which envisions how the value chain or market system would operate if identified problems are resolved. The Vision of Change should act as an ongoing target for the development project. The vision should be flexible and will change depending upon the results of further field investigation and analysis. The final vision should be achievable and the logical consequence of successfully implemented interventions in the market system or value chain. It should:

- Represent an ideally operating Market Map
- Draw attention to the services which can work better as a result of the proposed development action
- Provide an end-goal toward which the Design Team can work in designing interventions
- Use figures where possible to calculate potential impacts across the value chain<sup>12</sup>
- Be short – about a paragraph
- Be easy to communicate

Some ideas of market elements that could be changed include:

- Introducing new or modifying existing financial products
- Working with individual market actors to change their sales, acquisition, or production strategies
- Creating operational changes in the order and manner in which goods and services flow
- Introducing new or leveraging existing technologies
- Providing training to change cultural attitudes and behaviors

**Helpful Hints**

The two largest and most frequently occurring issues in our F2FF experience are overcoming smallholders' lack of credit history and guaranteeing repayment. We suggest that your Vision of Change consider:

- A systematic means to identify potential and qualified borrowers
- An explicit loan structure and means of monitoring that allows disbursements to be used only for the specified purpose
- A means of credible enforcement

<sup>12</sup> See the iDE document *Intervention Road Map Guidance*.

**Step  
10**

# Understand the Ideas

## Creating Design Briefs

	Action	Who	Where
1	Hold a Co-Creation Workshop	<ul style="list-style-type: none"> <li>Design Team</li> <li>Innovation Partner(s)</li> <li>Community Participants (Customers &amp; Stakeholders)</li> </ul>	Field
2	Create a Design Brief	<ul style="list-style-type: none"> <li>Design Team</li> </ul>	Field & Office
3	Get Feedback	<ul style="list-style-type: none"> <li>Design Team</li> <li>Innovation Partner(s)</li> <li>Community Participants (Customers &amp; Stakeholders)</li> </ul>	Field

The goal of this step is to develop high-level design brief(s) to help frame concrete strategies for introducing the right mix of product and service, price range, promotional activities, sales and distribution channels for the target customer segment. The first step toward achieving this goal is conducting an idea generation and co-creation workshop with the target community members. The idea generation should be focused on developing product features and business model(s). Your Design Team should then refine the ideas to develop design brief(s) pertaining to the solution (Fig. 16).

**Figure 16. Design Brief Template**

<b>Product:</b>	
<b>Problem:</b>	
<b>Target Audience:</b>	
<b>Retail Environment:</b>	
<b>Terms and Conditions:</b>	
<b>Competitors:</b>	

After developing the design briefs, a focus group discussion should be conducted to derive feedback. The outcome of the co-creation workshop and focus group discussion should be shared with donors and key stakeholders for feedback. A PowerPoint presentation-style report with raw data and visuals from the co-creation, design brief, and focus group discussions is often the best way to communicate the ideas and next steps.



## Sub-Phase 2.2

# DEVELOP

### Co-Create Solutions with Your Innovation Partner(s)

The goal of this sub-phase is to design interventions which will achieve your Vision of Change, and to define the specific implementation activities for each intervention. Your team should work closely with your innovation partner(s) to use the insights and themes uncovered in the Define sub-phase to design the product and service mix that will have the highest likelihood of reaching and aiding your target beneficiaries. This sub-phase should culminate in the development of interventions and prototypes that can be locally tested for verification of their effectiveness as F2FF solutions.

Step 11

# Analyze the Market Intervention Design

	Action	Who	Where
1	Analyze Problem and Underlying Cause	<ul style="list-style-type: none"> <li>Design Team</li> </ul>	Office
2	Analyze Services and Enabling Environment		
3	Analyze Weaknesses		
4	Define Interventions		

The goal of this step is to translate everything your team has learned so far, from the market map to the deep dives, into clearly defined entry points into the target market system that will achieve the outcome envisaged in your Vision of Change. Your Design Team should assess problems and underlying causes in the market system as well as weaknesses in specific market actors or groups of market actors, and design interventions to strengthen the system and actors.

iDE developed an intervention logic (Fig. 17) which can be used to design interventions in response to identified problems. This method addresses the underlying causes rather than the symptoms of the problems, and puts the solution in terms of existing market resources whenever possible. Interventions should identify the action required to alter the current operation of the underperforming value chain or market system, and should be clear and specific.

**Figure 17. Intervention Logic Analysis Template and Example<sup>13</sup>**

	Problem	Underlying Causes	Services & Enabling Environment	Weaknesses	Interventions
<i>Instructions</i>	<<List VC problems highlighted in deep dive>>	<<Derive using Fig. 18, Underlying Causes Analysis>>	<<Identify key services & enabling environments affecting VC operation in relation to underlying causes. Derive from Market Map>>	<<Determine why services/ enabling environment are not achieving results envisaged in the Vision of Change. Derive using field data>>	<<List interventions that address weaknesses and strengthen the VC and/or market system>>

<sup>13</sup> © iDE, 2011.



<b>Example</b>	<b>Problem 1:</b> Producers' yields are lower than other comparable areas due to low adoption of available loans.	<ul style="list-style-type: none"> <li>Poor access to info</li> <li>Farmers are risk averse</li> </ul>	<b>Services</b> <ul style="list-style-type: none"> <li>Information Services</li> <li>Financial Services</li> </ul> <b>Enabling Environment</b> <ul style="list-style-type: none"> <li>Anticipated government financial subsidies</li> </ul>	<b>Services</b> <ul style="list-style-type: none"> <li>One info source available to producers</li> <li>Micro-finance providers do not provide products for agriculture businesses</li> </ul> <b>Enabling Environment</b> <ul style="list-style-type: none"> <li>Subsidized financial services are available at small scale</li> </ul>	<b>Services</b> <ul style="list-style-type: none"> <li><b>Intervention 1:</b> Engage MFIs with farmers' association to verify info</li> <li><b>Intervention 2:</b> Design and offer a commercial financial product for HYV seed procurement</li> </ul> <b>Enabling Environment</b> <ul style="list-style-type: none"> <li>No intervention feasible</li> </ul>

When completing the Intervention Logic Analysis, it is important not to confuse problems with their causes. Problems must be understood as the most basic issue being experienced. The underlying causes must be deduced through analysis of verified and triangulated information from the field – asking WHY the services and/ or enabling environment factors are either not operating well or not reaching the target groups. It could require two or more levels of analysis to get to the root cause for some of the problems. Fig. 18 provides a template and example for the type of analysis required to get from problem to underlying causes.

**Figure 18. Problem Analysis to Determine Underlying Causes**

	<b>Problem</b>	<b>Underlying Cause Level 1</b>	<b>Underlying Cause Level 2</b>	
<b>Example</b>	<b>Problem 1:</b> Producers' yields are lower than other comparable areas.	<b>WHY?</b> Yields are lower due to poor application of fertilizers and lack of adoption of high yielding variety (HYV) seeds.	<b>WHY?</b> Poor access to information (single source of info is fertilizer dealer). Farmers store HYV seeds and use their seeds from previous year's harvest instead.	

o the  
ss, to  
aced  
  
clear  
arket  
e the  
  
yond  
local

**Step  
12**

**Choose the Best Ideas**  
Framing Solutions and  
Prototypes

	Action	Who	Where
1	Solution Ranking and Selection	<ul style="list-style-type: none"> <li>Design Team</li> <li>Innovation Partner(s)</li> </ul>	Office
2	Identify Capabilities and Define Activities	<ul style="list-style-type: none"> <li>Design Team</li> <li>Innovation Partner(s)</li> <li>Community Members and Stakeholders</li> </ul>	Office and Field
3	Draft Solutions, Strategies, and Suggestions Report	<ul style="list-style-type: none"> <li>Design Team</li> <li>Innovation Partner(s)</li> </ul>	Office
4	Develop Implementation Roadmap		

The goal of this step is to create a portfolio of viable solutions and an implementation roadmap which defines the activities necessary to implement them. The table provided as Fig. 19 provides a logical framework and thought process to prioritize interventions and build activities off of existing capabilities and resources.

**Figure 19. Prioritization and Activity Identification Worksheet**

	Problem	Interventions	Priority	Market Actors	Capabilities	Activities
<i>Instructions</i>	<<List VC problems highlighted in deep dive>>	<<List interventions identified in Step 11>>	<<Prioritize interventions based on need and impact>>	<<List existing market actors who can help implement interventions>>	<<Identify capabilities available to deliver the solution>>	<<Define activities required to develop missing capabilities and deliver interventions>>
<i>Example</i>	<b>Problem 1:</b> Producers' yields are lower than other comparable areas due to low adoption of available loans.	<b>Intervention 1:</b> Engage MFIs with farmers' association to verify info	<b>2</b>	<ul style="list-style-type: none"> <li>Farmers' associations</li> <li>Fertilizer companies and retailers</li> </ul>	<ul style="list-style-type: none"> <li>Private sector engagement team</li> <li>Design team</li> <li>Market Systems Advisor</li> </ul>	<ul style="list-style-type: none"> <li>Liaise with potential FSPs</li> <li>Liaise with farmers' association</li> <li>Conduct linkage meetings for verification</li> </ul>

Problem	Interventions	Priority	Market Actors	Capabilities	Activities
	<b>Intervention 2:</b> Design and offer a commercial financial product for HYV seed procurement	1	<ul style="list-style-type: none"> <li>Local financial services provider</li> <li>Seed retailers</li> </ul>	<ul style="list-style-type: none"> <li>Private sector engagement team</li> <li>Market Systems Advisor</li> <li>Access to Finance consultant</li> </ul>	<ul style="list-style-type: none"> <li>Liaise with potential FSPs</li> <li>Agree with FSP to develop loan product</li> <li>Develop loan product</li> <li>Promote loan product to farmers</li> <li>Disburse loan product to farmers</li> </ul>

After populating the table with the interventions identified in Step 11, work with your innovation partner(s) to rank the interventions, considering the HCD lenses of viability, feasibility and desirability, as well as:

- Degree of impact on the target community
- Impact on implementing other interventions
- Availability of resources and capability to deliver the intervention
- Cost of delivering the intervention versus benefit to the community

As part of the brainstorming session, identify and assess the capabilities of all the stakeholders along the demand and supply sides of the value chain to deliver the solutions to the market. Also define the activities required to create or leverage different stakeholders, partners and channels to deliver the solutions to the market. Summarize your findings and strategies into a Solutions, Strategies, and Suggestions Report which you can deliver via PowerPoint to stakeholders. The report should include a prototype and Intervention Road Map for each proposed intervention.

Your Intervention Road Map(s) should build on the intervention logic analysis you’ve completed in Step 11 and so far in Step 12 to provide a guide to implementation of the identified interventions. It should fully think through a proposed intervention and consider its direct and wider impacts, sustainability, scale-up strategy, and practical implementation issues as measured by logical indicators. Your Intervention Road Map(s) should use the following structure for each proposed intervention:

1. Intervention title
2. Introduction
3. Constraint(s) to be addressed
4. Key features of the intervention
5. Anticipated impacts
6. Exit strategy and sustainability
7. Core logic and indicators (results chain)
8. Attribution strategy
9. Impact on the intermediaries
10. Impact on the partner(s)
11. Strategy for achieving scale
12. Implementation plan
13. Results chain with embedded indicators
14. Estimated costs

### Helpful Hints

- Don’t confuse activities with interventions. Interventions are the overall actions which change the way the current VC is functioning. Activities refer to the steps required to achieve the interventions.
- Coordination between interventions is critical. Use the development of Intervention Road Maps to help harmonize efforts and maximize the effectiveness of the facilitation process, providing a benchmark for changes in the process as time goes on.



## Sub-Phase 2.3

# Test

Confirm Your Innovation is  
Effective, Efficient & Scalable

The goal of this sub-phase is to work with your innovation partner(s) to test your solution(s) by implementing them as a limited pilot, and gathering and assessing results. The purpose of the pilot is not to increase access or rollout a new model of financial services directly. Rather, it is intended to increase and refine your Design Team's understanding of what is likely to be beneficial to market actors in your target areas. Positive and lucrative results in your pilot will encourage greater community adoption and market participation in the at-scale implementation in Phase 3. Poor results should be used to inform refinements to your interventions prior to re-testing. This sub-phase culminates in an implemented and evaluated pilot of the selected solution(s).



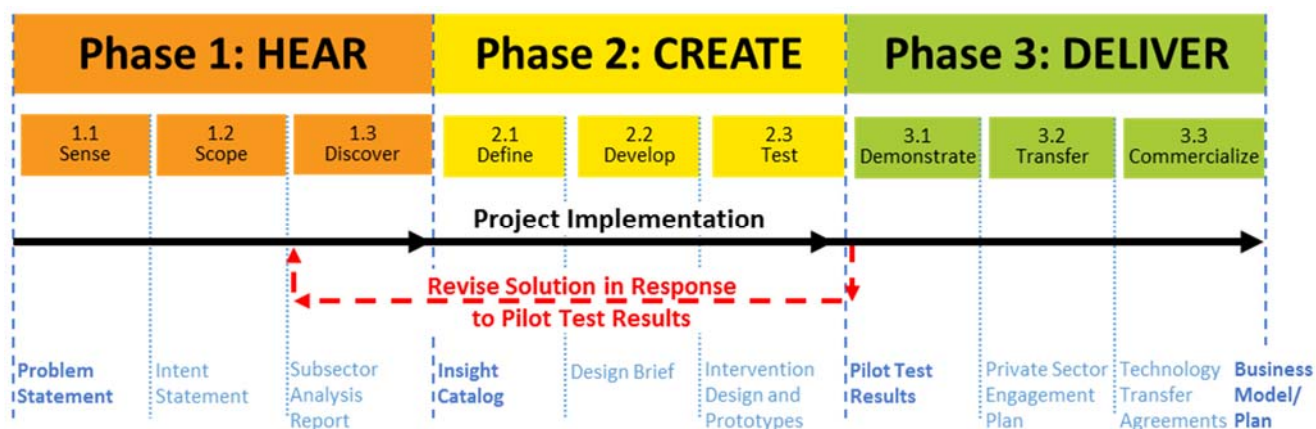
**Step 13**

# Test the Solutions Pilot and Assess

	Action	Who	Where
1	Define Benchmarks for Success of Pilot	<ul style="list-style-type: none"> <li>Design Team</li> <li>Innovation Partner(s)</li> </ul>	Office
2	Implement Interventions in Pilot Communities	<ul style="list-style-type: none"> <li>Design Team</li> <li>Innovation Partner(s)</li> <li>Community Members and Stakeholders</li> </ul>	Field and Office
3	Check-in With Pilot Participants	<ul style="list-style-type: none"> <li>Design Team</li> <li>Assessment Team</li> </ul>	
4	Record Pilot Test Results	<ul style="list-style-type: none"> <li>Design Team</li> <li>Assessment Team</li> </ul>	

The goal of this step is to pilot the interventions and prototype financial products developed as a result of Steps 11 and 12, and determine their effectiveness prior to rolling them out to the entire target community. Your solution should be revised to address the findings of your Pilot Test Results (Fig. 20).

**Figure 20. Iterative Solution Revision Process**



Interventions should be piloted in multiple locations to ensure that the test results reflect the effectiveness of the product and not the preferences of a single community. When selecting the regions for your pilot, some considerations include representativeness of the community; capability of the project and partner staff within the community; your timeline; operational costs; and potential risks.

Your Design Team and field staff should have frequent Check-ins with the pilot participants and conduct interviews to learn about their customer experience. The interviews should include a set of prescribed questions that will lead to a standardized set of metrics, as well as a free-flowing conversation about the participants’ thoughts, impressions, and reactions to the solution(s).

At the end of an assessment day, the Design Team and Assessment Team should triangulate data as in Step 7. In addition to the TOES discussion, the team should talk about what is working well, what is working poorly, and whether any areas require troubleshooting/adjustment. The Team Lead should assign activities as necessary to address the findings of the Check-ins.

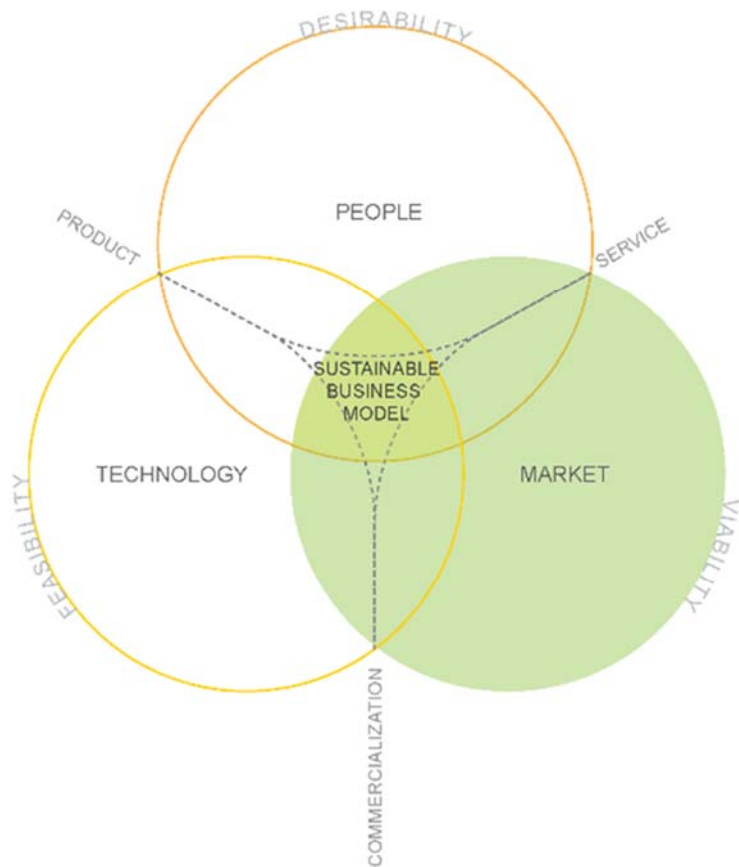
Prior to implementing the pilot, your Design Team should work with your innovation partners to define benchmarks for success of the pilot (Fig. 21). The benchmarks should indicate whether your interventions are achieving your Vision of Change, and should correspond with the three HCD lenses of desirability, feasibility, and viability. The Design Team should then assess their findings against the benchmarks. Using a stoplight method to assess whether the results were positive, negative or unclear provides an easy way of tracking whether a solution is ready to be implemented as-is, whether it needs minor tweaking prior to widespread implementation, or if it requires dramatic re-work and re-testing. The benchmarks should be as objective as possible, to enable the team to make a dispassionate decision about the success of its ideas.

**Figure 21. Benchmark Template**

Objective	Success Criteria	Result	Desirable?	Feasible?	Viable?
Farmers can get loans	50% more farmers have loans by the end of the pilot	65% more farmers have loans	Go!	Tweak	Scrap

**Helpful Hints**

- FSP participation in solution implementation will be driven by a business decision about the potential profitability for them. Tracking results against benchmarks that assess profitability for the community and the FSP participants will give you data to make a case with your scaling partners in the next phase.
- Invite new stakeholders or members of your organization who did not develop the interventions to participate in the benchmarking process. It will help introduce new ideas and keep the process dispassionate for the Design Team, who might be too close to their ideas to objectively evaluate their effectiveness.



“**HOW** can we scale-up through the **MARKET** to reach many people?”

Phase 3: DELIVER			
3.1 Demonstrate	3.2 Transfer	3.3 Commercialize	
<p><b>Step 14:</b> Find Scaling Partners</p> <p><b>Step 15:</b> Engage Scaling Partners</p>	<p><b>Step 16:</b> Transfer the Innovations</p>	<p><b>Step 17:</b> Diffuse the Innovations</p>	
Pilot Test Results	Private Sector Engagement Plan	Technology Transfer Agreements	Business Model/ Plan

# Phase 3 DELIVER

In this phase the F2FF solutions that tested with demonstrable application among your target group(s) should be promoted and transferred for sustainable demonstration through private sector supply chains. Your team should establish an ongoing process that connects your innovation partner(s) with scaling partners that can deliver your F2FF solutions rapidly, sustainably, and at large scale. This phase should culminate in scaling partner Business Models/Plans that create self-sustaining profitability and remove your organization and Design Team from the market equation.



## Sub-Phase 3.1

# Demonstrate

### Show Your Innovation to Potential Scaling Partner(s)

In this sub-phase, you will identify and engage scaling partners who can take the solution(s) developed by your Design Team and innovation partner(s) and deploy them widely into your target market and beyond. In some instances your scaling partners may be a broader team that also includes your innovation partner(s). More often, the scaling partners are a different group that are motivated more by profit than by innovations to assist poor communities. The focus of this sub-phase will be demonstrating the value proposition of your solutions to those scaling partners, and connecting them to your innovation partner(s) to create a market linkage that is sustainable after your organization exits the market. This sub-phase culminates in a Private Sector Engagement Plan, which outlines who and what scaling partners will be engaged and how, to sustainably deploy your solution(s).



**Step  
14**

# Find Scaling Partners

## Private Sector Engagement Plan

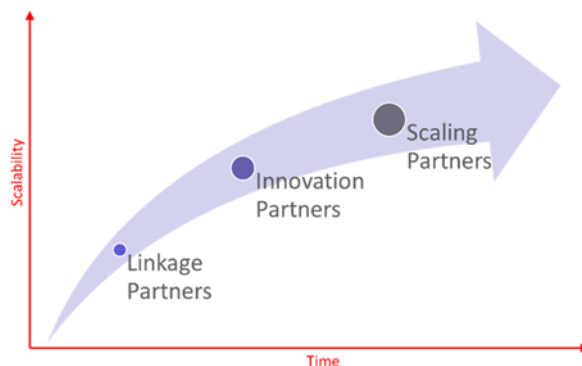
	Action	Who	Where
1	Select Organizations	<ul style="list-style-type: none"> <li>Design Team</li> </ul>	Office
2	Compile Data		
3	Assess Potential Scaling Partners		
4	Create Private Sector Engagement Plan	<ul style="list-style-type: none"> <li>Design Team</li> <li>Innovation Partner(s)</li> </ul>	

The goal of this step is to identify and assess potential scaling partners for your F2FF solution(s). These partners should be positioned to help you implement your successful pilot on a broad scale. The selection should provide a broad, comprehensive representation of stakeholders across the public, private, and development sectors, including service providers, service authorities and consumers.

Use the F2FF Partners Index developed in Step 3 to assess potential partners for the scaling of your solution(s). In Step 3 the goal was to identify linkage partners who had appropriate products immediately available, and/or innovation partners who were willing to work with you to create appropriate products. Now, your goal is to identify scaling partners (Fig. 22) who are able and interested in taking your pilot product and scaling it to a wider customer base within and outside the project area. Although your linkage and innovation partners could potentially be appropriate scaling partners, there are additional considerations and criteria they should meet. Key factors in assessing scaling partners beyond linkage and innovation partners include:

- Financial profile
- Incentive and infrastructure to grow the business
- Breadth of product categories/offerings
- Location of offices and facilities, especially in rural areas
- Corporate brand image and number of brands
- Strength of existing distribution and marketing channels and infrastructure (e.g., agent banking)
- Technological infrastructure, e.g., ability to use mobile banking

**Figure 22. Partnership Progression During the Project**



Using the F2FF Partner Index scores across all potential partners analyzed, your Design Team should identify the best-positioned to deliver the benefits achieved in your pilot to a broader community, and create a Private Sector Engagement Plan which outlines an approach for contacting and engaging them.

**Step  
15**

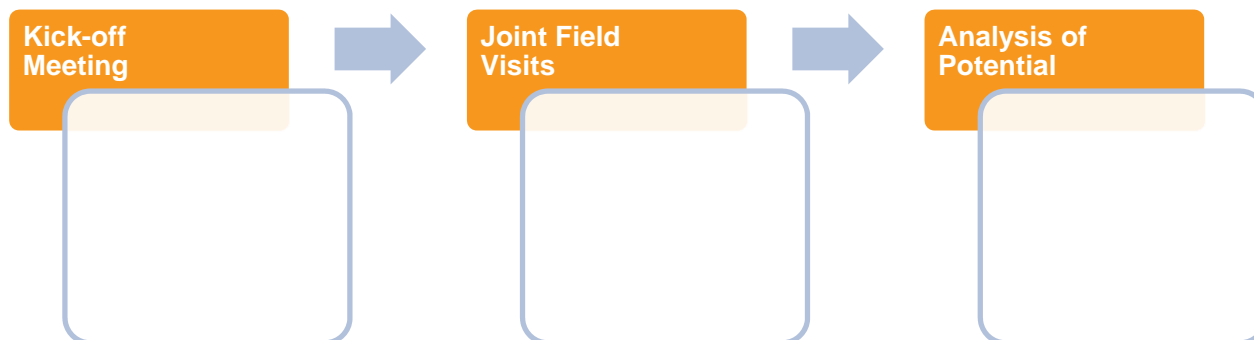
# Engage Scaling Partners

## Private Sector Scaling Process

	Action	Who	Where
1	Initial Meeting(s) with Potential Scaling Partner(s)	<ul style="list-style-type: none"> <li>• Design Team</li> <li>• Innovation Partner(s)</li> </ul>	Field & Office
2	Joint Exposure Visit(s) and Analysis of Market Potential	<ul style="list-style-type: none"> <li>• Potential Scaling Partner(s)</li> </ul>	
3	Assess Interest of Potential Scaling Partner(s)	<ul style="list-style-type: none"> <li>• Design Team</li> <li>• Innovation Partner(s)</li> </ul>	Office

The goal of this step is to vet and engage the potential scaling partners identified in Step 14. Key to deepening beneficiaries’ linkages with potential scaling partners is a Private Sector Scaling Process (Fig. 23). This process brings together representatives from your Design Team, your innovation partner(s), and the potential scaling partner(s) to discuss mutually beneficial transactions and relationships. The process is critical to developing clear communication and partnership channels between potential scaling partners and beneficiaries.

**Figure 23. Private Sector Scaling Process**



**Helpful Hints**

- We suggest inviting a variety of private sector actors to work with you on your project in order encourage competition and avoid monopoly/monopsony problems. iDE works with up to 43 actors at a time to provide maximum benefit and variety to the market.
- Be sure to pitch the benefit of participation to your scaling partners. Your solution represents a cost-effective way for them to discover new market potential, and provides them with a forum to disseminate promotional information and materials on their products and/or services.



## Sub-Phase 3.2

# Transfer

### Spread Your Solutions to Scaling Partner(s)

In this sub-phase, the goal is to officially engage your scaling partners and transfer to them deployment and diffusion of your F2FF solutions through equitable, incentive-based deal making that creates “win-win-win-win” situations for bottom of the pyramid consumers, innovation partner(s), scaling partner(s), and your organization. This sub-phase should culminate in the formalization of technology transfer and other agreements.



**Step  
16**

# Transfer the Innovations

## Technology Transfer Agreements

	Action	Who	Where
1	Negotiation and Agreement Preparation	<ul style="list-style-type: none"> <li>Design Team</li> </ul>	Field & Office
2	Joint Activity Development and Implementation	<ul style="list-style-type: none"> <li>Innovation Partner(s)</li> <li>Scaling Partner(s)</li> </ul>	
3	Monitoring and Results Measurement	<ul style="list-style-type: none"> <li>Design Team</li> </ul>	
4	Scaling Partner Investment	<ul style="list-style-type: none"> <li>Scaling Partner(s)</li> </ul>	

The goal of this step is to formalize the opportunities for collaboration identified in Step 15. Successful deal making will hinge not only on a clear demonstration from you and your innovation partner(s) that the solutions are viable and valuable to the scaling partners, but also that you can both be trusted. You and your innovation partner(s) should follow the process in Fig. 24 to develop formal agreements. The ultimate goal is to remove yourself from the equation, and create private sector actors who are able to sustainably provide the financial products and/or services needed for sustainable growth across consumers.

**Figure 24. Deal-making Process with Scaling Partners**

Step	Activity	Description
1	Negotiation and Agreement Preparation	<ul style="list-style-type: none"> <li>Develop a formal Memorandum of Understanding (MOU), a technology transfer agreement, or an informal agreement with each scaling partner</li> <li>Describe the intentions/goals of the collaboration, expectations of both parties, and scopes of work for all activities</li> <li>Clearly define any compensation to the innovation partner(s)</li> <li>Define expectations for scale-up and investment according to results</li> </ul>
2	Joint Activity Development and Implementation	<ul style="list-style-type: none"> <li>Work with each scaling partner to develop a joint plan for pilot activities</li> <li>Consider a combination of demand creation and improved efficiency/outreach of supply-side services and products</li> <li>Increase communication from scaling partners to target consumers through trainings, demonstrations, and promotional materials</li> </ul>
3	Monitoring and Results Measurement	<ul style="list-style-type: none"> <li>Monitor results observed throughout joint activity implementation</li> <li>Document results and share with scaling partner</li> <li>Use the results as the basis of any business case for increased scale and/or scope of activities</li> </ul>
4	Investment in New/Intensified Linkages with Consumers	<ul style="list-style-type: none"> <li>Encourage scaling partner(s) to increase market involvement, e.g., expanding distribution or supply network</li> <li>Help and incentivize scaling partner position to intensify and expand linkages with beneficiaries independent of your team</li> </ul>



## Sub-Phase 3.3

# Commercialize

Create a Self-Sustaining Market System

The goal of this final sub-phase of the F2FF process is the full commercialization of the customer-oriented solution(s) you and your innovation partner(s) developed. In this sub-phase, you should put in place a market infrastructure that encourages market actors to continue making connections and technological advances in the absence of your organization's work and leadership. You should also ensure that scaling partners have the tools they need, in particular a Business Model/Plan, to see the growth and capital gains which will incentivize their continued participation.

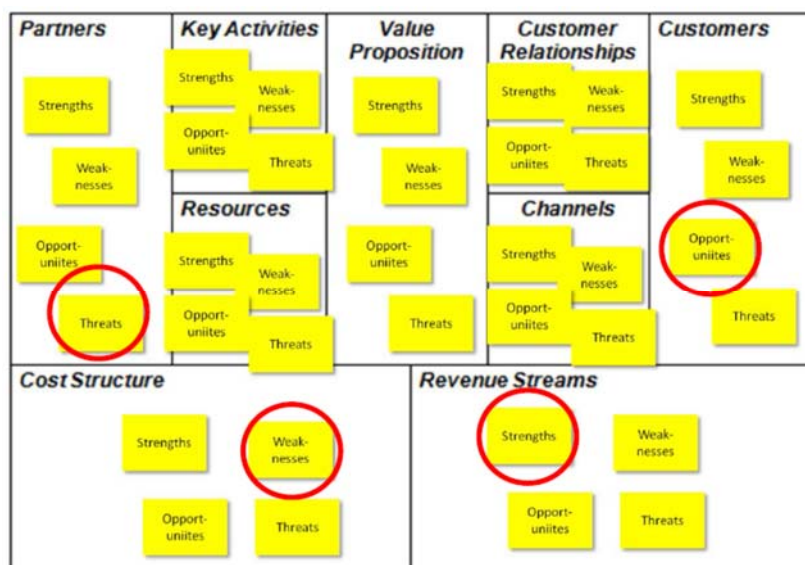
**Step  
17**

**Diffuse the Innovations**  
**Create a F2FF Market Infrastructure**

	Action	Who	Where
1	Create Business Models/Plans	<ul style="list-style-type: none"> <li>• Design Team</li> <li>• Innovation Partner(s)</li> <li>• Scaling Partners</li> </ul>	Office
2	Establish a F2FF Forum		
3	Select Forum Activities		
4	Select Forum Participants		

The goal of this step is to create a self-sustaining infrastructure which is incentivized to spread your F2FF solutions beyond your innovation and scaling partner(s) to the broader local and global community. The first step in doing that is to ensure your scaling partners have a business model/plan which, when followed, will help them to see a profit and incentivize their continued participation. The next step is to create a F2FF Forum which offers the entire market a means of continuing to create linkages and innovate, without the participation and guidance of your organization.

To create a business model/plan, each scaling partner should map their current business model, then analyze it using the Business Model Canvas (Fig. 25). They should then conduct a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis focused on reaching their new target audience of bottom of the pyramid consumers. Finally, they should update their business model to incorporate their new findings.

**Figure 25. Example Business Model Canvas and SWOT Analysis**

In addition to working with individual scaling partners to ensure they have sustainable business models, your organization should establish a F2FF Forum which will incentivize private sector partners and public sector stakeholders to identify and exploit collaborative leads by giving them an opportunity to sustain and develop their own organizations while catalyzing mutually beneficial cooperative behaviors across market stakeholders.

F2FF Forum participants should include:

- Lead firms identified as high-potential scaling partners
- Representatives from local farm business groups and advisors
- Scaling partners
- Innovation partners
- Government departments
- Other market actors as relevant

F2FF Forum activities should include:

- Working groups with consulting facilitators which give PSAs access to each other, as well as development and government stakeholders
- Exposure visits to field areas where solutions were previously tested for clear proof of concept
- Events series and on-demand workshops for potential scaling partners
- Events and workshops between potential scaling partners, innovation partners, and development sector actors to develop harmonized messaging and collaborations that effectively leverage pro-poor private sector service provision
- A customer relationship management database available to all participants to build their networks
- Business case development

Within the Forum your team can create an environment in which your innovation partner(s) are able to engage with potential scaling partners to sensitize them on the value propositions of the solutions developed, and create opportunities to transfer the solutions for increased scalability.