



THE STORY OF KATALYST

A SUMMARY OF
THE PROJECT MANAGEMENT EXPERIENCES
OF SWISSCONTACT



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ANDREAS TARNUTZER
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FOREWORD

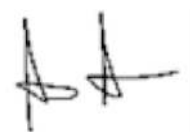
The Agribusiness for Trade Competitiveness Project (ATC-P), branded as Katalyst, is a pioneer market systems development project contributing to sustainable poverty reduction in Bangladesh. It is implemented by Swisscontact under the umbrella of the Ministry of Commerce, Government of Bangladesh. The project has been operating in Bangladesh since 2003 in three phases. Phase 3 of Katalyst (March 2014 - March 2017) is co-funded by the Swiss Agency for Development and Cooperation (SDC), the UK Government, and the Danish International Development Agency (Danida). In phase 3, under the 'Capitalisation' mandate, Katalyst has extracted useful elements and lessons of the project and shared among the relevant institutions. Through 'the story of Katalyst', we have made attempts to capture the evolution and share the management experiences of implementing the project which could be useful to others specially those who are implementing similar projects.

Since the main focus of this publication is to provide information on the management of the project, partnerships, communication and approaches, it is different from other publications that highlight Katalyst's success and results against its targets.

The publication has been prepared by reviewing existing documents, meeting and interviewing stakeholders, who are currently working and have worked with the project in the past to compare their experiences. All facts and figures mentioned in the document have been validated by the project's monitoring and result measurement unit.

We thank all our stakeholders including former and current staff members of Katalyst for providing their support in preparing this document. Our special thanks go to Dr. Andreas Tarnutzer for undertaking the challenging task of compiling this report.

We hope that the readers will find it interesting and useful in utilising the learnings of Katalyst for their projects and organisations.



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ABBREVIATIONS

AFT	Accounting, Finance and Taxation
ATC-P	Agribusiness for Trade Competitiveness Project
BDS	Business Development Services
BDSP	Business Development Services Project
CHF	Swiss Franc
CIDA	Canadian International Development Agency
CLT	Core Leadership Team
DANIDA	Danish Agency for International Development
DBSM	Developing Business Service Markets
DCED	Donor Committee for Enterprise Development
DFID	Department for International Development
DMB	Donor Management Board
EKN	Embassy of the Kingdom of the Netherlands
ESRB	Environmentally and Socially Responsible Business
GIZ	Gesellschaft für Internationale Zusammenarbeit
IC	Information Channels
ICT	Information and Communication Technology
KIF	Katalyst Innovation Fund
LAN	Local Agribusiness Network
M4P	Making Markets Work for the Poor
MRM	Monitoring and Results Measurement
MSD	Market Systems Development
PPM	Project Preparation Mandate
PSC	Project Steering Committee
SDC	Swiss Agency for Development and Cooperation
Sida	Swedish International Development Agency
SME	Small and Medium Enterprises
WEE	Women's Economic Empowerment



1 Introduction and background

It is probably fair to say that Katalyst is globally the best-known project applying the Making Markets Work for the Poor (M4P) or, more recently, Market Systems Development (MSD) approach. This brief paper tries to analyse how Katalyst evolved from its start in October 2002 until the approaching close in March 2017.

The focus of the paper is on the experiences of Swisscontact¹ in managing the project, i.e. the 'inner workings' of this quite large organisation. The paper does not present Katalyst success stories – of which there are very many. It also does not address the international discourse related to the M4P and MSD approaches and methodologies; these topics are the focus of other capitalisation papers of Katalyst.

The origins of the project date back to the end of 1990's, when the business development and SME promotion community faced the challenge of how to reach real scale in Business Development Services (BDS) projects. Important milestones in this discourse were international conferences organised by the Donor Committee for Enterprise Development (DCED) in Harare (1998), Rio de Janeiro (1999) and Hanoi (2000). Among others, DFID developed basic elements of what was being termed the M4P approach and the Springfield Centre for Business Development provided research and conceptual inputs to the discussion.

The emerging understanding was that – in order to promote services to SMEs to allow them to successfully grow – an indirect approach might be more promising. This meant to not directly support SME service providers, but instead create markets for service providers and thus reach scale and promote SMEs indirectly. In addition, the importance of supporting functions and the regulatory framework for market development was increasingly being understood and acknowledged. Given the development orientation, facilitated growth in any market had to be inclusive and pro-poor.

Several projects started to test this emerging approach and concept; Swisscontact implemented an innovative project in Indonesia and GIZ did the same in Nepal, among others. In Bangladesh, Swisscontact started the Business Development Services Project (BDSP), commissioned by the Swiss Agency for Development and Cooperation (SDC) in 2000.

In 2001, the UK Department for International Development (DFID) approached SDC and Swisscontact expressing its interest in co-financing and scaling up BDSP. The successful negotiations, which also included the Swedish International Development Agency (Sida), allowed Swisscontact and GTZ International Services (today GIZ) to start the new project in October 2002. Officially named Developing Business Service Markets (DBSM), it was consciously branded as 'Katalyst' to give it a more business-like image.

¹ Swisscontact is the business-oriented independent foundation for international development cooperation. Represented in 33 countries with over 1,100 employees, Swisscontact promotes since 1959 economic, social and environmental development.

Katalyst has completed two phases (phase 1 from October 2002 to March 2008 and phase 2 from March 2008 to March 2013). The third phase of Katalyst, now officially known as Agribusiness for Trade Competitiveness Project (ATC-P), started in March 2014 and is expected to end by March 2017.

DFID and SDC have remained in the donor consortium since the start, while Sida, CIDA, The Netherland Government and DANIDA have participated in single phases. Throughout the three phases Swisscontact has implemented the project under the umbrella of the Ministry of Commerce, Government of Bangladesh.

2 The three phases of Katalyst

2.1 Overview

The following table provides summary information on the three successive phases of Katalyst, from October 2002 to March 2017.

The 3 Phases of Katalyst				
	Phase	Donors	Budgets	Results
2002-2008	KATALYST Phase 1 (DBSM)	DFID, SDC, Sida	CHF 32.6m	0.8m MSME 200,000 jobs \$ 140m income
2008-2013	KATALYST Phase 2 (DBSM)	DFID, SDC, SIDA, EKN	CHF 50.6m	2.37m MSME \$ 295m income
2013-2014	PPM	DFID, SDC, DANIDA	CHF 4.9m	
2014-2017	KATALYST Phase 3 (ATC-P)		CHF 27.1m	1.43m MSME \$ 244m income
Overall	16 years duration	DFID, SDC, + 4 donors	CHF 115.2m	4.6m MSME \$ 679m income

The project has had, over its 16 years of operation, a total budget of CHF 115.2m at its disposition². This impressive investment was translated in equally impressive impact figures.

Given that it is very likely that Katalyst will surpass its phase 3 targets, the project will have provided access to better services, technology and inputs for over 4.6m farmers and small entrepreneurs, which allowed them to earn a total additional net income of more than \$ 679m. Due to fluctuating exchange rates over the years, an exact impact leverage ratio between budgets (in CHF) and income effect (in US\$) cannot be calculated. However, the ratio is without doubt substantial; Katalyst produced good value for money with a total return on investment of more than 600% if calculated with the average 2016 exchange rates.

² At present exchange rates, this amount corresponds to approximately £ 90m or US\$ 114m. However, it has to be borne in mind that exchanges rates have fluctuated heavily and both pound sterling as well as US dollar have substantially depreciated against the Swiss franc during the project period.

2.2 Phase 1: Innovating, testing and proving (March 03 to March 08)

The focus of the first 5-year Phase was on innovating, developing, testing and finally proving what was to emerge as Katalyst's contribution to the M4P and later MSD methodology. The phase was originally planned to last until September 2006; later it was expanded until March 2008, first as no-cost extension, then by an additional six months with a supplementary budget.

After Swisscontact had mobilised the initial team, the relationship with the main government partner, the Ministry of Commerce (the formal Executing Agency of the project) had to be established and the Project Steering Committee (PSC) was constituted.

At start, Katalyst carried out a large number of market assessments and value chain studies covering specific industrial sectors, sub-sectors, services and rural markets; this information was further concentrated in more detailed business service assessments that provided the basis for constructing and prioritising market interventions. In total, 123 market interventions were completed in Phase 1.

2.3 Phase 2: Reaching greater scale in sectors (March 08 to March 13)

Katalyst moved into Phase 2 with continued financing from DFID and SDC; CIDA and the Embassy of the Kingdom of the Netherlands (EKN) joined the consortium, while Sida left, following a decision to withdraw from private sector development in Bangladesh.

Phase 2 constituted in many ways the peak of Katalyst's performance. It was tasked to reach real scale in its interventions and sectors and it did manage to achieve its substantially larger impact targets. Concurrently, the budget was increased by 70% over Phase 1 to CHF 50.6m.

Whereas Katalyst in Phase 1 worked in selected geographical areas, in Phase 2 it went beyond regional boundaries and switched its focus to addressing production, processing and trade of commodities, as well as other goods or services on a nationwide scale.

2.4 Phase 3: Consolidating and anchoring (March 13 to March 17)

Phase 3 was designed as the final and exit phase for the project, originally scheduled to start in March 2013 and to last until March 2017.

However, the Government of Bangladesh took considerable time to approve the new phase document and consequently field level activities had to be put on hold. Donors agreed to a Project Preparation Mandate (PPM) period, which lasted from March 2013 to February 2014. The project was officially renamed Agri-business for Trade Competitiveness Project (ATC-P), but retained the brand name Katalyst. Phase 3 finally commenced operations in March 2014.

In view of the overall exit orientation of the phase, the strategic orientation was to (i) work towards systemic change, (ii) consolidate and institutionalise past achievements in the most promising sectors, (iii) establish the Katalyst Innovation Fund (KIF) as new financial mechanism, and (iv) add capitalisation as overarching topic to ensure lesson learning and embedding in local institutions.

2.5 Organisational adjustments

The following illustration depicts the way the project organisation has been adapted: from the original three operational Divisions of Phase 1, the project made a first step by reorganising into five Groups during Phase 2. In Phase 3, a further change was made to a Sector Portfolio

Division (split into Sector and Cross-sector Sub-Divisions) and a Knowledge and Capitalisation Management Division; the latter again subdivided into the MRM & Innovation Fund, as well as the Capitalisation Sub-Divisions.

It goes without saying that administration, finance and IT services were essential and organised as separate units; they are not included here as the focus is on the technical components of the project organisation.

Phase	Divisions/Groups	Main Sectors
1	<ol style="list-style-type: none"> 1. Services Division 2. Industry & Rural Sectors Division 3. Business Enabling Environment Division 	<p>15 sectors</p> <ul style="list-style-type: none"> - Business services: AFT, ICT, marketing, mass media, recycling, service haats, public information - Product sectors: Maize, vegetables, fisheries, poultry, agro export, plastic, furniture, private health care.
2	<ol style="list-style-type: none"> 1. Services Group 2. Industry & Rural Sectors Group 3. Rural Sectors Group 4. Business Enabling Environment Group 5. Monitoring and Result Measurement Group 	<p>8 Sectors, 8 cross-sectors</p> <ul style="list-style-type: none"> - Core Sectors: fish, furniture, jute, maize, potato, prawn, tourism, vegetables. - Cross-sectors: fertiliser, seed, ICT, ILGS, irrigation, media, packaging, rural distribution and supply chain.
3	<ol style="list-style-type: none"> 1. Sector Portfolio Division <ol style="list-style-type: none"> i. Sectors ii. Cross-sectors 2. Knowledge and Capitalisation Management Division <ol style="list-style-type: none"> i. MRM & Innovation Fund ii. Capitalisation 	<p>3 core sectors, 3 cross-sectors, 3 key topics</p> <ul style="list-style-type: none"> - Core: Vegetables, farmed fish, maize - Cross: WEE, LAN, IC - Key topics: inputs, farm practices, marketing

Initially, Katalyst was managed through a standard hierarchical set up: The General Manager led the Core Leadership Team (CLT), consisting of Division Heads, which in turn were in charge of the Section Heads, who managed the business consultants.

The organisational structure gradually changed as the project increasingly worked on crosscutting and cross-sector themes, when the question became important who was to decide on issues where several sectors were involved. Consequently, Katalyst introduced a matrix organisation structure with the creation of horizontally organised Market Teams, consisting of representatives of the relevant sectors. In addition, Task Forces were instituted for specific assignments and thematic Focal Points created, in particular for crosscutting topics, like Gender and Environmentally and Socially Responsible Business (ESRB).

The introduction of an adaptive management style with frequent learning cycles and regular structured interaction between the different teams helped to also increase efficiency; the introduction of a Strategic Review Panel as a sounding board for the management in Phase 3 then further strengthened the project's capacity to adapt.

It has to be borne in mind that working in teams was a rather new feature in the Bangladesh context. Katalyst could prove that working in flexible groups with internal processes, which ensured that everything was systematically challenged, did improve critical staff faculties and led to better team performance. This way of operating, combined with a strong emphasis on delegation of responsibility, exposure to other projects and organisations, along with a competitive remuneration, was what made Katalyst an attractive employer for ambitious and well-qualified staff.

2.6 Portfolio development

Over the years, the project portfolio underwent a process of concentration and focusing. Phase 1 started out with a rather diverse and mostly unconnected portfolio of generic business services and product sectors, both in urban and rural areas. In Phase 2, a first step was made by withdrawing from business services and starting to increasingly focus on rural sectors.

The second step was made with the introduction of so-called cross-sectors. Katalyst had identified the need to work in supporting markets like seeds (since 2007), fertilizers (since 2008), and irrigation (since 2009) to address constraints in its core sectors. This was later expanded to other cross-sectors like ICT, packaging, etc.

The last step was then made in Phase 3, when the portfolio was further focused on only three sectors – vegetables, farmed fish and maize – where Katalyst had been active since its inception. The concept of cross-sectors was further expanded to encompass entire thematic areas with (i) Women Economic Empowerment (WEE; incorporating the earlier gender activities), (ii) Local Agribusiness Network (LAN; by expanding the role of the private sector in the agricultural extension system), as well as (iii) Information Channels (IC; bundling earlier efforts with the 'last mile', i.e. access to information for small producers). In addition, the key topics of (i) inputs, (ii) farm practices and (iii) forward markets were introduced due to their relevance for all sectors. Organisationally, they were embedded within the sector structures. Essential to these shifts was, as mentioned, the increasing focus on teamwork through the emerging matrix organisation.

3 Changing focus: from piloting to scale to systemic change

On one side, Katalyst initially focused on action research to understand potential markets; on the other side, it was to convert the evolving conceptual M4P framework in concrete interventions. The donors, as well as Swisscontact headquarters, have to be given due credit as they provided the necessary leeway for the team in the early days, allowing it to experiment and find innovative ideas and solutions to identified bottlenecks in the sectors where Katalyst started to be active.

These experiments and innovative ideas laid the ground for many elements that today form core components of the MSD methodology. First steps were made with developing sector and intervention strategies (piloted in the plastics' sector in phase 1), finding best arrangements to striking deals with private sector partners, developing systems for measuring and attributing results, etc.

After Phase 1, the project could confidently claim to master the core elements of the M4P methodology. The basic implementation systems existed and effective operational structures were in place. Katalyst became a sought after contributor in conferences and seminars and interested visitors started to come to Dhaka to see the project in operation.

In Phase 2, the core challenge was to take implementation to scale and generate large coverage and impact. The geographical boundaries and regional strategies of Phase 1 were abolished and the project embarked on a sectoral and nation-wide approach. A distinction had to be worked out between replication of successful pilot interventions and real scaling up.

To this end, the large and varied portfolio of interventions was screened in order to (i) identify interventions that were most likely to achieve scale (and terminate others that were not), as well as (ii) to find opportunities for synthesis of experience across interventions, and for synergies between interventions.

Operationally, this led to the formation of the above-mentioned sector or market teams as operational units, consisting of representatives of sectors, cross-sectors, the Gender and ESRB as well as the MRM units. The sector teams collaborated for sector analysis, strategy formulation, intervention design and implementation.

Also during Phase 2, the methodological step was made from intervention plans to the more elaborate result chains; in addition, various systems were fine-tuned, including human resources management, MRM, procurement, management information systems, etc. At the end of Phase 2, Katalyst had proven that it could deliver on scale when, unfortunately, the 1-year PPM period interrupted the momentum of the project.

In Phase 3, the main challenge was to go beyond mere scale (i.e. large numbers) towards achieving systemic change and thus lasting and inclusive impact. To this end, Katalyst had to succeed in changing the specific aspects of how market systems operate, i.e. the supporting functions and supporting rules that hinder the poor in taking advantage of opportunities to improve their livelihoods. The result was an outcome level framework of systemic change (which Katalyst had already started to pioneer in Phase 2), by measuring (i) transformation in the structure of systems, (ii) scale in reaching numbers, and (iii) institutionalisation, i.e. 'ownership' of change by systems.

4 Adaptations to the delivery mechanism

Finding the most efficient and effective way to deliver results has been a recurrent topic and challenge for Katalyst, which gradually and continuously adjusted its delivery mechanisms over the years. Given the wide range of sectors and interventions, and the need to go for wide coverage, it became soon evident that the project team could and should not do everything on its own.

Katalyst's decision to outsource was therefore a deliberate one, made early in Phase 1 to increase implementation capacity and to anchor the approach in Bangladesh. Nevertheless, the project made sure that it kept a strong role and position and continued to directly implement many interventions, aptly named its laboratory function.

Other interventions it started to outsource. To this end, potential co-implementers had to be found and partnerships arrangements designed. Initially, the project was faced with the problem that the central thrust of Katalyst, to develop service markets on a sustainable basis, then (as often still now) ran counter to much previous development activity in Bangladesh, where many substantial NGOs offered highly subsidised training and other services on a widespread basis. In this environment, Katalyst had to develop a strategy for selecting partners and building relationships that evolved over time. It soon became obvious that only a limited number of partner organisations fully subscribed to Katalyst's market approach in word as well as in deed.

An early solution to this problem was the promotion of spin-offs, whereby Katalyst staff set up their own companies and started to become service providers for the project. Donors approved this modality, as it had the clear advantage that the spin-offs were fully conversant in the advocated M4P approach and way of working. As a matter of fact, in some cases spin-offs of spin-offs were established. On the down side, Katalyst lost a number of good first generation staff to them.

Gradually and over the years, other implementers joined in who had started to understand M4P and became qualified co-facilitators, as the sub-contractors were starting to be known. Some challenges remained, in particular related to ensure that co-facilitators adhered to the general strict quality requirements of Katalyst and were able to properly manage its monitoring and result measurement system, which was often new to them.

Risk management of the sub-contracting arrangements has always been an important issue for the project. An important first step was taken when the Katalyst teams, which were in charge of a given market and related interventions, were made responsible for third-party contracts; the rotational leadership in these market teams acted as barrier against corruption. Later, two instruments were introduced: the first was an initial assessment or due diligence to be conducted by Katalyst before a contract was signed with any co-facilitator; the second consisted of annual external audits that became mandatory for all sub-contracts concluded by the project.

In Phase 1, Katalyst directly implemented around 70% of interventions and worked with seven co-facilitators. In Phase 2, its 14 co-facilitators implemented around 80% of the interventions, the team the remaining 20%. However, intervention and monitoring system design, adjustment of strategies and results measurement were kept in-house. This led to concerns on the overall economy and efficiency of project implementation, as staff overheads were generated within the project and in co-facilitators. However, for outsourced interventions Katalyst had to ensure equal quality standards as for its in-house interventions. To this end Katalyst's required sufficient coaching capacity, especially for new co-facilitators. In addition, the gradually evolving results measurement system added more tasks to the market teams, which co-facilitators could not fully take on.

For Phase 3, the project went one step further and operated through two main delivery modes. In the first direct implementation mode, more or less a continuation of earlier arrangements, Katalyst itself developed intervention strategies and then either (i) self-implemented (approximately 24% of programme expenditure), or (ii) engaged a co-facilitator for this task (around 50%).

The second indirect implementation mode was based on the new instrument Katalyst Innovation Fund (KIF) that took up earlier ideas from Phase 1 to establish a separate funding mechanism. Under the KIF, the project assessed intervention proposals designed and submitted by partners. If found promising and feasible, funding was awarded either as partnership grants to larger enterprises (around 6% of programme expenditure), or as sub-facilitator grants to implementers working with small farmers or enterprises (some 20%).

5 The human resources of Katalyst

Its human resources have been the core asset of Katalyst since the beginning. Consequently, their selection and professional development was always given high priority. At start, Katalyst

was able to convince the donors that the human resources were the core deciding factor for success. The donors consequently allowed the project to allocate a higher budget share for staff cost than was customary in standard development projects at that time (in particular during the 1st phase). Today, this has come to be accepted practice in MSD projects.

Katalyst started out with five international experts, which formed the Core Leadership Team (CLT), as well as nine national staff. Later in Phase 1, total national staff strength raised to 35; 40% of which were female, a remarkable feature in the Bangladesh context. The professional staff, called business consultants, consisted of 20 young graduates, with an average age of 31 years. In Phase 2, commensurate with the expansion in overall budget, total staff strength rose to 95, of which more than 70 were professionals. In Phase 3, the workforce consisted of four expatriate positions, eight senior local sector heads and managers, and around 45 business consultants. 30 admin staff completed the team bringing the total to around 90 positions.

Right from the start, Katalyst had taken a conscious decision to pay competitive salaries. This allowed recruiting top business administration graduates, either from the highly regarded Institute of Business Management of the Dhaka University or from other reputed institutions like North South and BRAC Universities, where it had to compete with large national and international companies. Successful candidates required combination of economic and business qualifications, analytical and leadership skills, as well as technical knowledge.

Freshly recruited business consultants had to be continuously integrated into the team and trained on the project methodology and way of operation. A steep learning curve was essential to be able to fast become productive. Initially, trainings were organised at the Springfield Centre in the UK, as well as directly on-the-job by senior staff. During the years, Katalyst developed a good understanding of the dynamics of staff movements, the skill sets needed and how to manage the respective processes. A standard two-days induction programme was established emphasising self-reliance and autonomy.

Retaining good staff was a continuous challenge. Staff changes were frequent, with older more experienced staff leaving, initially to form spin-offs, later to take up other attractive jobs. Staff retention was particularly difficult during the PPM period before Phase 3 could start.

An important element to retain staff was without doubt the competitive salaries the project could pay. However, equally essential was the fact that Katalyst offered an attractive career development path, with comparatively fast lane promotion for national staff, from business consultant, to senior business consultant, then manager and sector head, along with the related increase in responsibilities.

Over the years, the project became known in Bangladesh as attractive employer; to have worked for Katalyst was regarded an asset in the CV of any young professional, both for private sector employment in Bangladesh, as well as for a career in development, in particular in MSD projects. Consequently, the project regularly received several hundred applications when advertising a new job.

Katalyst has been an effective talent incubator and cadre training ground. An educated guess puts the number of former 'Katalysts', who have worked for longer periods in the project as high as 300. Of those, more than 30 successfully work in MSD projects on all continents for a range of reputed donors and implementers, including Swisscontact. In Bangladesh,



international development organisations employ around 35 ex-Katalyst staff, and some 20 work in large private sector companies (sometimes former project partners); at least 20 former staff are employed in consultancy companies, including the mentioned spin-offs. Finally, a large number of staff have left for higher studies abroad after their Katalyst job.

6 Katalyst's monitoring and results measurement system

Katalyst did always strive to be a learning organisation by changing its structures and processes as new needs arose; however, care was taken to change slowly in order not to destabilise the organisation's functioning. Since Phase 1, Katalyst was faced with the challenge to credibly measure its claimed achievements in order to prove that M4P was indeed more effective than other approaches.

Consequently, Katalyst was at the forefront in developing a system for monitoring and capturing results. It became one of the core contributors to what is today the globally accepted MRM Standard of DCED.

An important early contribution was so-called intervention logic, developed for each activity line, introducing a dynamic element in the otherwise static logical framework approach. Later, the concepts of impact logic and finally results chain were developed for single interventions as well as entire sectors.

The initial priority was to demonstrate convincingly that its interventions led to increased effectiveness of service markets, the early project purpose. The task of linking this to competitiveness and to pro-poor growth was the logical next step. The early excel programme-based tables soon gave way to a full-fledged data bank that allowed streamlining and structuring as well as analysing the data and convert them into information that could be used for management decisions.

The team compiled the first monitoring and results measurement (MRM) manual in 2006. In phase 2, the MRM Unit was significantly strengthened and the system consolidated. It became the key management tool, fulfilling two inter-related functions: The first was ‘proving’ to donors that – through a vigorous case-by-case attribution strategy – the claimed results had indeed been achieved; the second was about ‘improving’ project effectiveness by taking strategic decisions based on the MRM results.

Given the focus on systemic and inclusive change as well as sustainability of phase 3, the core dimensions of Katalyst’s interventions captured by the current MRM system are: (1) scale or breadth of impact; (2) sustainability or depths of impact; and (3) pro-poorness or relevance of impact.

In order to capture these dimensions Katalyst and the Springfield Centre developed a simple conceptual framework, known as the Adopt, Adapt, Expand, Respond (AAER) or Systemic Change Framework. It allowed to monitor whether systemic change had happened, was happening, or required further programme action in order to take hold.

In phase 3, the MRM Unit was directly positioned under the General Manager; it consisted of around 15% of total programme staff with a budget of around 4% of administered project funds. The Unit continuously standardised internal processes and documentation as well as the roles of business consultant in operating the system. Periodic sector meetings were introduced to promote synergy and to ensure cross learning.

As described above, Katalyst operates with strong elements of matrix management. The MRM system was fully integrated in the matrix, both as reporting line for the horizontal sector groups and as vertical management instrument. The alignment of intervention strategies, organisational set-up and management processes was the basis for not only using MRM to show plausible attributions, but also (and equally important), as a steering instrument. Katalyst’s MRM system became the core mechanism to define strategies at sector and intervention level, and allowed the project to influence partners and market actors.

As mentioned, Katalyst collaborated closely with the DCED Results Measurement Working Group that set out to develop the global Standard for measuring results. The project was the first project to undergo an external mock audit and the first full audit by certified DCED auditors took place in 2011; the last audit was conducted in early 2016. Audit scores have been consistently high.

7 Relationship management

7.1 Private sector partners

The philosophy of the project, in all its phases, has always been addressing the poor through private sector development. Consequently, private companies have been central players in most if not all of Katalyst's interventions. The range of private partners was wide, from small input suppliers, hatcheries, local traders, small processors, etc., to large national and multi-national corporations, including, among many others, Syngenta, Grameen Phone, Banglalink, several seed companies like LalTeer, BRAC Bank, etc.

Since the beginning, Katalyst usually managed its interventions with large companies directly. Commercial incentives were not always the overriding reasons for the private sector to partner with the project. Rather it was a range of other reasons as well, including strategic direction, personal goals of the top management, showing alignment to Government, and of course corporate social responsibility considerations. Activities were mostly implemented on a cost-sharing basis; the financial engagement of the private partners allowed scaling up and, if successful, promised sustainability of initiated changes. Replication of successes through crowding-in by the private sector was ensured through demonstrations, media and other promotion vehicles to create awareness and interest among other enterprises. The last step was made in phase 3 with the introduction of partnership grants as part of the Innovation Fund mechanism, specifically targeting large private sector partners.

7.2 Government partners

Katalyst initially struggled like most market development projects globally to paint an attractive picture for the national government in which the functions and roles of government in market development are both feasible and clear. Working with the government has been challenging for Katalyst due to the nature of its facilitative approach to development as opposed to the 'conventional' approach usually adopted by governments.

Relationships with the main government partner, the Ministry of Commerce, the formal executing agency of the project, took time to establish. Other government partners were the Ministry of Planning (responsible for approval of development projects) and the Economic Relations Department (responsible for coordination of projects). The formal approval of the Technical Assistance Project Proposal (TAPP) by the government took quite some time in phase 1 and even more so in phase 2. As explained, this led to the 1-year PPM period when government suggestions had to be addressed for anchoring the project within the Ministry of Agriculture (instead of Commerce) and to channel funding through the State Treasury.

In phase 3, Katalyst engaged much stronger in efforts to cooperate and (subsequently) influence central government institutions to better understand MSD approaches to development. The fact remained, however, that Katalyst was a private sector-driven project, while the central government rather favoured a government-led approach to agricultural development. In phase 3 Katalyst cooperated with the Business Promotion Council, a public-private partnership initiative of the Ministry of Commerce, which has met with interest from government representatives. However, the potential for the government playing the role of a scale agent could not be utilised at all times.

The situation was entirely different at local level where Katalyst started early to collaborate with government agencies. The initial cross-sector Improving Local Government Services (ILGS) further evolved into the Local Agribusiness Network (LAN). The core aim was to bring together the government extension service and farmers through the initiative of private traders. The LAN concept became an appreciated model for public-private partnerships in the agricultural extension system of Bangladesh and has since been tested in other countries as well.

7.3 Donors

Katalyst was conceived as multi-donor project and has remained one several years before the Paris Declaration on Aid Effectiveness of 2005, which promoted such ventures in order to increase donor harmonisation.

The Katalyst Donor consortium consisted of the 'core' donors DFID and SDC, while Sida, CIDA, EKN and DANIDA joined (and left) for different Phases, mostly due to strategic changes in their country programmes. Donor funding was pooled from the start; with SDC being in charge of overall financial administration and controlling.

Donors organised themselves in the Donor Management Board (DMB) with a rotating chair; de facto this function was shared between SDC and DFID. It is probably fair to say that DFID and SDC have been the driving forces from the donor side, with the remaining four donors being rather silent partners. In phase 1, a short-lived attempt was made to set up a secretariat for the DMB in order to reduce the workload for the DMB chairperson. This was later disbanded, as it was not able to play the envisaged effective role.

Coordination among the donors – resulting in speaking with one voice to implementer and project management – was not always easy. Donors by nature had to follow the different goals, procedures and in particular also reporting requirements prescribed by their respective headquarters. This led to the need to produce, next to the main progress reports to the DMB, also separate progress reports in the respective donor formats. In addition, donor representatives in Dhaka quite frequently changed over time, with the need for new incumbents to learn the ropes, so to speak, of the rather complex set-up of Katalyst. Consequently, a pro-active chair of the DMB was important to ensure coherence and continuity of their messages to the team.

Throughout the project lifespan, the core donors remained committed and very interested; in the initial stages, donor representatives even attended trainings in the Springfield Centre in order to be competent discussion partners for the project. At start, donors provided the team with considerable leeway and the required time to find its way with this new approach – unlike today when MSD projects are usually pressured for immediate delivery of results.

Last but not least, the growing interest of donors and the broader global development community in the project manifested itself also in the form of very high expectations; at some point, the project had to carefully manage these expectations so they did not go beyond what it could realistically deliver.

8 Capitalisation, branding and communication

Today, Katalyst is an established brand in Bangladesh but also in the wider development community. Its brand name nicely combines the core M4P concept – that a project should have a catalytic function – with the strong K initial that gave it a distinct recognition feature.

After its initial success stories became known there was an ever-growing demand for technical inputs from Katalyst to development programmes in other countries, as well as for inputs in global conferences and seminars. Today still, numerous case studies based on Katalyst experiences are being utilised in MSD trainings globally.

While Katalyst felt that it had an important contribution to make to the M4P and MSD discourse, it was important that this demand did not distract from the core task, i.e. achieving results on the ground in Bangladesh. The response to external demands therefore had to be managed carefully, in close consultation with the funding donors. A visible recognition of its contribution came in 2014, when Katalyst obtained the OECD Development Assistance

Committee Award for Taking Development Innovation to Scale; this was granted for its seed mini packet innovation.

Communication, or 'spreading the gospel' as it sometimes was jokingly called in the early days, was an important element of Katalyst's mandate. Initially, a communication team was set up, which was later formalised as separate Unit in Phase 2. In Phase 3, Capitalisation was made an overarching topic and a communication manual was developed in order to increase outreach. As part of its influencing agenda and its commitments to knowledge capitalisation, Katalyst elaborated a range of case studies and presented its MRM system in numerous international and national seminars and workshops.

Main communication tools were case studies, storybooks, experiences and sector briefs. In phase 3 Katalyst produced a number of audio-visual materials which are available on its website as well as on YouTube. Katalyst has actively managed its Facebook page and its website as communication tools for larger audiences. For the post-project period, finally, it has been planned to set up an online archive as knowledge bank, to be managed by Swisscontact headquarters.

9 Take aways

Several reasons can be identified why Katalyst could develop into a global flagship and brand name in the development community, as successful laboratory for the M4P and then MSD methodology.

- The project has been a success story because the right people (BDS specialists who wanted to advance the discourse and Swisscontact as organisation which was ready to take up the challenge), were at the right place (in Bangladesh with its vibrant private sector and bright people), at the right time (when some donors were willing to finance an innovative and thus also risky project).
- At the outset, it was not clear which direction the Katalyst experiment would take. Continuous experimentation and innovation was required over the years; most what today are standard MSD features, like results chains, sector and intervention strategies, the MRM system, etc. were started by the project on a trial and error basis and then continuously refined and improved.
- The human resources of Katalyst were selected among the best and brightest and were allowed to prosper in an atmosphere that was challenging but at the same time also highly rewarding; in the project individuals received first hand experience of the advantages of teamwork.
- Finally, continued donor commitment was essential, in particular from DFID and SDC, which provided space for experimentation and showed high levels of flexibility for new ideas – an increasingly rare feature in today's development world.

Annex

The present paper has been written based on information provided in personal interviews with the following current or former Katalyst staff, project partners and clients. Additional information was gained from the project's archives, consisting of a wide range of internal and external reports and publications that cover the entire Katalyst period.

Name		Organisation	Designation
Nasir U	Ahmed	Katalyst	Head of Capitalisation, Communication and Ext Rel
Shameem	Ahsan	Enroute International	Team Leader
Mansur	Alam	EON	Assistant General Manager
GB	Banjara	Katalyst	Head of Sectors
Anirban	Bhowmik	Swisscontact	Head of Portfolio, South Asia
Peter	Bissegger	Swisscontact	Former Katalyst Adviser
Subir	Chowdhury	NAAFCO	Deputy General Manager
Gregoire	Delbruyere	Katalyst	Head of Finance, Admin and IT
Fortunat	Diener	Katalyst	Head of MRM and IFM
Markus	Ehmann	Katalyst	General Manager
Ashfaq	Enayetullah	Katalyst	Head of Cross Sectors
Narissa	Haider	DFID	Private Sector Development Adviser
Walter	Horn	Swisscontact	Former Katalyst Adviser
Shammi	Huda	NAAFCO	Director
Afzal	Hussain	Metal Agro Limited	General Manager
Khairul	Islam	Edge Consulting Limited	Chairman and CEO
Shahidul	Islam	Metal Agro Limited	Head of Sales
Abu Daud	Khan	Enroute International	CEO
Markus	Kupper	Swisscontact	Former Katalyst Manager
Siroco	Messerli	SDC	Deputy Director
Fouzia	Nasreen	M4C, Swisscontact	General Manager
Manish	Pandey	Swisscontact	Regional Director South Asia
Prasant	Rana	Swisscontact	Former Katalyst General Manager
Shibaji	Roy	Consiglieri PvLtd	Director, Project Manager and M&E
Rubaiyath	Sarwar	Innovision Consulting	Managing Director & Lead Consultant
Ulrich	Stucki	Swisscontact	Former Katalyst Manager
Kalim	Uddin	Meridian Foods Ltd.	Deputy Manager - Project Coordinator

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