The Relationship Matrix: bringing market actors together to improve the milk market system in Bangladesh
Outline

- What is the Relationship Matrix?
- Background
- Method
- Main issues explored:
  - Impacts of RM on market system
  - Effectiveness of RM as an M&E tool
- Main Challenges
What is the Relationship Matrix?

• It is a tool to monitor changes in relationships between public and private market actors
The essence of the Relationship Matrix
Example: between producer and processor

<table>
<thead>
<tr>
<th>INDICATOR (OR PARAMETER)</th>
<th>BASELINE</th>
<th>CURRENT SITUATION</th>
<th>FUTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>The property of a given relationship that we want to monitor.</td>
<td>How the indicator is at beginning of project. <em>Example: Both are unaware of key quality issues.</em></td>
<td>How indicator is at any given moment. <em>Example: 80-90% of producers are aware of key issues: hygiene, type of containers, milking process.</em></td>
<td>How we imagine the indicator in the future. <em>Example: 100% of producers address key quality issues and processors are aware of them.</em></td>
</tr>
</tbody>
</table>
Other Indicators:

- Business behaviour (attitudes during the transactions)
- Information flows
- Trust
- Types of contractual agreements
<table>
<thead>
<tr>
<th>RELATIONSHIP MATRIX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baseline, Current, and Future Picture of Relationships</td>
</tr>
<tr>
<td>BETWEEN PRODUCERS AND TRADERS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Current</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transactions and Purchasing</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spot selling and purchasing</td>
<td>Relationships beginning to develop. Each trader has informal network of suppliers. Commitments from traders to take product from regular suppliers.</td>
<td>Long-term trading partnerships and relationships established and are growing business for both actors.</td>
<td></td>
</tr>
<tr>
<td><strong>Value-added services and Co-operation</strong></td>
<td></td>
<td></td>
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<tr>
<td>Traders provide limited skill development and learning to producers that is locally appropriate.</td>
<td>Traders monitor production and delivery stages. Training and mentoring services to solve production bottlenecks. Buying stations set-up to reduce transportation costs and/or ‘walking’.</td>
<td>Interdependence and partnership. Both parties work together to exploit cost, quality, technical, and marketing advantages.</td>
<td></td>
</tr>
<tr>
<td><strong>Quality control</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Quality control rarely done. X% of rejects or price penalties</td>
<td>Quality control conducted at buying stations</td>
<td>Quality control the norm. Low (y%) rejection rates</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Baseline</td>
<td>Current</td>
<td>Future</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>----------------------------------------------------------------------------</td>
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<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Information Sharing/Transparency</strong></td>
<td>Limited, one-way flow of info.</td>
<td>Info on demand in the short and medium term but on ad hoc basis. Processors uneasy about providing traders with info on market and company operations.</td>
<td>Flow of information enables joint efforts to respond to demand, including innovation, to jointly take advantage of market opportunities.</td>
</tr>
<tr>
<td><strong>Basis of Competitive Offer</strong></td>
<td>Price and supply availability</td>
<td>Quality improvements: reputation for quality products from geo area. Economies of scale and lower costs of transaction.</td>
<td>Quality, cost efficiency and price, dependability and reliability, socially responsible trading practices.</td>
</tr>
</tbody>
</table>
Background

- PAB learned about the Relationship Matrix almost 4 years ago. It was developed by SDC-Asia, for them it was an internal monitoring tool.

- PAB picked it up and adapted it and started using not only as an M&E tool but also to promote the participation of different market actors.

- First experience with the matrix was in the *Cold Milk for Hot Profits* project. More recently, started applying it on a groundnut project.
Method: Adapting SDCAsia Relationship Matrix

Same 7 steps
but with the market actors:

- Identify relationships
- Select indicators
- Establish baseline
- Forecast the future
- Assess state of relationships
- Adjust forecast
- Look forward

Two phases: Preliminary Exercise and Full Participation
In a recent study we explored two issues

1. What have been the main impacts of the RM on the integration of the milk market

2. How to improve the effectiveness of the RM as a participatory M&E tool
Main Impacts of Relationship Matrix

1. Quality of relationships
2. Institutional Innovation
3. Level of Participation
4. Productivity, efficiency and quality
5. Resiliency
1. Quality of relationships

- Transparent sharing of information
- People listen to each other
- More sympathetic
- More trust and cooperation
- Joint planning and decision-making
Situation at the beginning

Traditional Milk Market in Birampur Upazilla

Milk Producers

- Equipment Suppliers
- Feed Shops
- Fodder Farmers
- Pera Vets
- NGOs and Banks
- Milk Collectors
- Large Companies
- Local Processors
- Public sector Veterinary Services

CONSUMERS

PRACTICAL ACTION
And after the intervention…

COLD MILK FOR HOT PROFIT PROJECT
EMERGING MILK MARKET SYSTEM IN PROJECT UPAZILA (BIRAMPUR)

- Equipment Suppliers (2)
- Pervets (8)
- Feed Shops (4)
- Fodder Farmers (9)
- Partner NGOs (2) & KSB/BKB/IBL
- Milk Producers 19 Groups
- Collectors (6)
- Public Sector Veterinary Services
- Large Companies (1)
- Local Processors (5)

CONSOMERS
2. Institutional Innovation

• Paravet Association (*)
• Milk Centers (*)
• Interest Forum
(Stakeholders platform)

(*) New business models
3. Level of Participation

• Key actors participating in quarterly meeting and implementation of plans
• Size of group decreasing: they are finding better focus
• Two-way information flow between individual stakeholders & platform
  • Ownership is increasing
Variations in numbers of participants

<table>
<thead>
<tr>
<th></th>
<th>Column 1</th>
<th>Column 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk producers</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Collectors</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Paravet</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Processors</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Public Sector</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Veterinary Surgeon</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Bank Manager</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
4. Competitiveness and Livelihoods

- Productivity: From 0.8 to 1.8 L/day-cow
- Efficiency: From 8 to 3 hours per collection round
- Quality control was introduced (lactometer)
- Producers & collectors stopped adding water to milk
- Added value: Revenue has practically doubled
- Consumption: From 0.24 to 0.50 L/day/rural family
5. Resiliency

- Seasonal glut => more stable prices
- Foot and Mouth outbreak => coordinated response
Improving effectiveness of the RM as participatory M/E tool

1. Empower poor producers before interaction with others

2. Make practitioners and actors aware of the relationships between them

3. Clarify the organisational set up (Interest Forum)

4. Show all participants how the RM will benefit them
Main challenges:

1. Uptake of the process in other regions (systematising a messy process)
2. Ownership and sustainability
3. Communication between participants and external actors
Thank you

• For more information on Participatory Market Systems Development and Relationship Matrix visit: http://practicalaction.org/?id=pmmsd_relmatrix_ia2

• Or contact Abdur Rob at: rob@practicalaction.org.bd