THE CANOPY LAB

# Managing Trade-offs Between Program Objectives

## For donors and implementers

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# Table of Contents


**Acronyms** ..... **1**

**About this paper** ..... **2**

**Acknowledgments** ..... **2**

**1. Introduction** ..... **6**

1.1. Why trade-offs matter ..... 6

1.2. Two levels of trade-off ..... 6

1.3. Who this paper is for ..... 6

1.4. How the paper is organized ..... 7

**2. Key concepts** ..... **8**

2.1. Trade-offs and related terms ..... 8

2.2. Deliberate and default trade-offs ..... 9

2.3. The hierarchy of objectives ..... 9

2.4. The instruments ..... 11

2.5. Using the instruments to manage trade-offs ..... 12

2.6. Gaps and uncertainties ..... 13

**3. Setting objectives and priorities** ..... **14**

3.1. Decide what the program is for, and rank accordingly ..... 14

3.2. Distinguish ends and means ..... 15

3.3. Separate combined objectives ..... 15

3.4. What donors and implementers can do ..... 16

3.5. Gaps and uncertainties ..... 16

**4. Writing the hierarchy of objectives into the program design and contract** ..... **17**

4.1. Set targets, thresholds and red lines to express priorities ..... 17

4.2. Align the impact statement with the results framework ..... 17

4.3. Fix some elements early, and keep others flexible ..... 18

4.4. Choose between absolute levels and shares ..... 18

4.5. Plan for long-term objectives ..... 18

4.6. Treat the division of budget as a trade-off decision ..... 18

4.7. Check that the signals are consistent ..... 19

4.8. Align delivery incentives with the hierarchy of objectives ..... 19

4.9. Keep the additional work proportionate ..... 20

4.10. What donors and implementers can do ..... 20

4.11. Gaps and uncertainties ..... 21

**5. Applying the hierarchy of objectives to analysis and intervention design** ..... **22**

5.1. Inception: identify the main trade-offs and confirm targets ..... 22

5.2. Selecting market systems ..... 22

5.3. Analyzing the selected market systems ..... 23

5.4. Designing interventions ..... 24

5.5. What donors and implementers can do ..... 24

5.6. Gaps and uncertainties ..... 25

**6. Implementation: managing the portfolio and safeguards ..... 26**
6.1. Applying safeguards ..... 26
6.2. Managing the portfolio ..... 26
6.3. What donors and implementers can do ..... 27
6.4. Gaps and uncertainties ..... 27
**7. Monitoring, evaluation and adaptation: adjusting the balance ..... 28**
7.1. Agree what will be reviewed ..... 28
7.2. Respond according to the instrument ..... 28
7.3. Adjust openly ..... 29
7.4. What donors and implementers can do ..... 29
7.5. Gaps and uncertainties ..... 30
**8. Gender equality, disability and social inclusion ..... 31**
8.1. How the approach applies to GEDSI ..... 31
8.2. Gaps and uncertainties ..... 32
**9. Open questions and next steps ..... 33**
9.1. Open questions ..... 33
9.2. Next steps ..... 33
**Sources ..... 35**
Published sources ..... 35
Program documents and practitioner input ..... 36
**Annex A. Worked example: an agriculture program ..... 37**
Setting objectives and priorities: the base case ..... 37
Writing the hierarchy of objectives into the program design ..... 37
Monitoring, evaluation and adaptation: using thresholds to guide decision-making ..... 38
Monitoring, evaluation and adaptation: responding when a red line is crossed ..... 38
Setting objectives and priorities: a climate-smart variant ..... 38
Setting objectives and priorities: adding tiers ..... 38
**Annex B. Observations from program documents ..... 40**
**Annex C. Unresolved questions ..... 42**
Transitional and structural trade-offs ..... 42
Trade-off dimensions ..... 42
Trade-offs faced by market actors: are the dimensions more relevant here? ..... 43

# Acronyms

| | |
|---|---|
| **DAC** | Development Assistance Committee (of the OECD) |
| **DCED** | Donor Committee for Enterprise Development |
| **DFAT** | Australian Government Department of Foreign Affairs and Trade |
| **ECOSOC** | United Nations Economic and Social Council |
| **GEDSI** | Gender equality, disability and social inclusion |
| **Green MSD** | Green Market Systems Development |
| **ILO** | International Labour Organization |
| **M4P** | Making Markets Work for the Poor |
| **MEL** | Monitoring, evaluation and learning |
| **MSD** | Market systems development |
| **OECD** | Organisation for Economic Co-operation and Development |
| **WHO** | World Health Organization |

# About this paper

This working paper is published by the Canopy Lab to share emerging thinking and invite comment. It is a companion to the Green Market Systems Development (Green MSD) Guidelines,[1] but can be used by programs that do not follow them. It is structured around the stages of a typical program cycle, and notes how each stage is framed in the Green MSD Guidelines. It does not represent the views of any donor or program.

The paper draws on:

- literature on trade-offs between economic, environmental and social objectives;[2]
- donor guidance on classifying objectives, including the OECD DAC Rio Markers,[3] the DAC Gender Equality Policy Marker[4] and DFAT's guidance on climate change integration;[5]
- a review of the design documents and logical frameworks of three market systems development programs (Annex B);
- discussion with practitioners, including the Canopy Lab's Green Avengers community of practice and a session at the DCED Global Seminar 2026.[6]

The approach described here has not yet been tested with programs. Each section ends with a short note on gaps and uncertainties, and Annex C sets out wider questions for further exploration.

# Acknowledgments

The author thanks Tom Hilton and Annette Stewart, co-authors of the Green Market Systems Development Guidelines, on which this paper builds. The author is grateful to the ILO team that organized the Green Futures conference in Mozambique in September 2025 and to the DCED Secretariat, which hosted the DCED Global Seminar in Nairobi in June 2026, for making time in their programs for sessions on managing trade-offs. These sessions allowed the author to test early ideas with donors and practitioners and assess their practical relevance. Special thanks go to Holly Lard Krueger, Managing Partner of the Canopy Lab, and Mike Klassen, Director of Mike Klassen Ltd., for providing valuable feedback on earlier drafts, and helping bring it to publication.

[1] Hilton, Panton and Stewart 2025.
[2] For example, Stern 2006; Dasgupta 2021; World Bank 2024; Schandl et al. 2025.
[3] OECD DAC 2026.
[4] OECD DAC 2016.
[5] DFAT 2026.
[6] DCED 2026.

# Summary

Many development programs are expected to pursue several objectives at once, such as higher incomes and more jobs, climate mitigation and adaptation, healthier ecosystems, and gender equality and social inclusion. These objectives can support each other, but they can also compete: more progress on one can only be achieved by accepting less progress on another. This is a trade-off.

Trade-offs are a normal part of programs with multiple objectives. What matters is how they are decided. A trade-off can be deliberate, when the people responsible decide it, with reference to agreed priorities, and record their reasoning. Or it can materialize by default when no one decides it, and the outcome is determined by the way the program is designed and delivered: for example, by what the results framework measures and what payments and review scores reward.

This paper seeks to answer: how can donors and implementers agree an acceptable balance between a program's objectives, and make sure that balance is achieved? It does not say what the balance should be, since that depends on mandate, context and appetite for risk. Instead, it sets out a four-step process that donors and implementers can use to agree the balance and apply it throughout the program.

**Step 1: Agree priorities.** The first step is to place the program's main objectives, normally those stated at impact and outcome level, in a clear hierarchy:

- *Primary objectives* are the results without which the program would not have been funded; when they compete with the other main objectives of the program, these are the ones the donor and implementer would want to take precedence.
- *Secondary objectives* are other main objectives that could be sacrificed, down to an agreed limit, when in conflict with primary objectives. (These can be subdivided into further tiers if helpful.)
- A third category, *delivery commitments*, covers issues the program commits to act on in the design and delivery of every intervention. They sit outside the hierarchy because they do not commit the program to specific, defined results that could be traded off against others.

As the initiators of the program, donors would typically have the primary role in making these early choices, which are reflected in the design documents and terms of reference. Implementers could also shape them, through their proposals and, once contracted, during the inception phase. Both therefore share responsibility for checking that the intended balance is realistic.

**Step 2: Write the hierarchy of objectives into program design and the implementation contract.** Programs can use a set of instruments to put the prioritization into effect:

- *Targets* set the level of ambition on each objective. Since a program with a limited timescale and resources cannot be expected to achieve the highest possible result on every objective at once, a more ambitious target on one objective may require a less ambitious target on another.
- *Thresholds* set the limit of acceptable performance on an objective, and so how far it can be traded off against others. The more important the objective, the narrower that room should be.
- *Red lines* rule out, in advance, outcomes of trade-offs that would be unacceptable, whatever results are achieved elsewhere. *Safeguards* are the processes that prevent them from being crossed.

The hierarchy of objectives and the red lines can be fixed early. Targets and thresholds can be set provisionally and confirmed at the end of inception, once the main trade-offs are better understood. The donor and implementer should agree in advance how they will respond when a target is missed, a threshold is breached or a red line is crossed.

A program's priorities are also signaled through the impact statement, evaluation scoring, value-for-money measures, payment terms and the budget. If these point in different directions, the implementer is likely to follow those that determine how its performance is judged and paid for, so they need to be checked for consistency before the contract is signed and during implementation.

**Step 3: Apply the hierarchy of objectives in analysis, intervention design and implementation.** Market systems programs select most of their market systems and interventions after they start, so much of the balance is shaped by the implementer, with the donor approving key decisions. The hierarchy of objectives can guide how market systems are selected, where the analysis focuses and how interventions are designed, with the reasons for each choice recorded. Not every intervention needs to serve every objective: what matters is that the portfolio as a whole reflects the hierarchy of objectives, judged by the share of budget and expected results. Red lines are the exception: they must be respected in every intervention and partnership.

**Step 4: Monitor and adjust the balance.** Through monitoring and evaluation, donors and implementers can see whether the balance between objectives is turning out as intended, and correct it if not. Donors and implementers can agree at inception what they will review beyond outputs, including portfolio composition, progress against targets and thresholds, leading indicators for long-term objectives, and data disaggregated by sex, age and disability. When a target is missed, a threshold is breached or a red line is crossed, they can apply the response already agreed. As evidence emerges, targets and thresholds can be recalibrated during implementation, so that they keep pace with what is realistically achievable.

**Gender equality, disability and social inclusion (GEDSI).** GEDSI objectives can be subject to trade-offs in the same way as other objectives, and the same approach applies to them. Inclusion can itself involve trade-offs, such as a higher cost per person reached, which need to be planned, budgeted and agreed with the donor. There are also risks of hidden trade-offs: headline totals, such as the number of people with higher incomes, can rise while women, people with disabilities or other groups fall behind. Unless results are broken down by sex, age and disability, and slower changes, such as in women's agency, are tracked through leading indicators, it can be difficult to see whether GEDSI objectives are being achieved or traded away.

**Open questions.** This is a working paper, and several questions remain open, including how to set targets and thresholds when evidence is limited at design, how to judge the balance of a portfolio when objectives are measured in different units, and how to analyze the trade-offs faced by firms and other market actors. The Canopy Lab welcomes discussion with donors, implementers and research partners interested in testing the approach.

## Key messages

The approach set out in this paper rests on eight messages for donors and implementers:

- Programs with several objectives face trade-offs between them. If trade-offs are not decided deliberately, they still materialize by default: for example, by what the results framework measures, and what payments and evaluation scores reward.
- Donors and implementers share responsibility for deciding trade-offs. Donors typically lead in setting objectives and writing the contract; implementers lead in analysis, intervention design and implementation; both take part in reviewing progress and deciding what to change.
- Prioritizing the program's main objectives into a clear hierarchy, with primary and secondary objectives, and delivery commitments (issues the program commits to integrating in its approach, without committing to specific, defined results), provides a shared basis for these decisions.
- Targets, thresholds and red lines can be used to put the hierarchy of objectives into effect. Targets set the level of ambition on each objective in line with its priority: a more ambitious target on one objective may require a less ambitious target on another. Thresholds set how far each objective can be traded off against others, giving the implementer room to make these trade-offs without seeking approval for each one. Red lines rule out, in advance, the outcomes of trade-offs that would be unacceptable in any circumstances.
- The results framework, budget, program evaluation scoring, payment terms and selection criteria should all be consistent with the hierarchy of objectives. If they point in different directions, the implementer is likely to follow those that determine how its performance is judged and paid for.
- The hierarchy of objectives should guide the selection of market systems and the design of interventions. Not every intervention needs to serve every objective: the balance can be managed across the portfolio, judged by the share of budget and expected results.
- The donor and implementer should agree in advance how they will respond when a target is missed, a threshold is breached or a red line is crossed. As evidence emerges, targets and thresholds can be recalibrated so that they keep pace with what is realistically achievable.
- GEDSI objectives can be traded off in the same way as other objectives, and inclusion can itself involve trade-offs, such as a higher cost per person reached. Unless results are broken down by sex, age and disability, and slower changes, such as in women's agency, are tracked through leading indicators, it can be difficult to see whether GEDSI objectives are being achieved or traded away.

# 1. Introduction

## 1.1. Why trade-offs matter

Many development programs are expected to pursue several objectives at once: for example, higher incomes and more jobs, private investment, climate mitigation and adaptation, healthier ecosystems, and gender equality and social inclusion.

Some ways of working advance these objectives together. Others require a choice: for example, between short-term gains and long-term sustainability; between benefits for different groups of people; or between reaching many people quickly and managing environmental and social risks. These choices can arise even when all of a program's objectives are sound and broadly compatible. Acknowledging and managing these trade-offs is an important part of efficient and effective implementation, helping teams allocate resources, make timely decisions and maintain focus on agreed priorities.

In the programs reviewed for this paper (Annex B), the founding documents listed several objectives but did not state which would take precedence if they conflicted, or what shortfall on any of them would be acceptable. This paper offers a way for donors and implementers to make those choices together and deliberately, and to apply them consistently in design, implementation and evaluation.

## 1.2. Two levels of trade-off

The trade-offs discussed in this paper arise at two linked levels:

- **Between program objectives.** These are choices about how ambitious to be on each objective, which market systems and interventions to support, and how to divide budget and staff time. Donors and implementers make these choices together, through design, contracting, and monitoring and review.

- **Faced by market actors.** These are the decisions that firms, producers and other market actors make: for example, whether to continue with business as usual or to invest in a cleaner technology that costs more now and pays back later. Intervention managers on development programs, who interact regularly with market actors, work with these trade-offs day to day.

The two levels are connected. A program achieves its objectives only if market actors make decisions that serve those objectives, and the cost of supporting them to do so affects what the program can achieve. This paper focuses on the first level. Annex C sets out provisional thinking on the second, which will be developed in later work. Table C2, which lists barriers that can stop market actors choosing options that serve several objectives, with possible design responses, may be particularly useful to intervention managers.

## 1.3. Who this paper is for

The paper is written for two groups who manage trade-offs together:

- **Donors:** program managers and advisors who design programs, set their objectives and budgets, contract implementers and review performance.

- **Implementers:** team leaders and program directors, intervention managers, and monitoring, evaluation and learning (MEL) and technical specialists who design and deliver interventions and report on results.

The paper uses a market systems development lens, but the approach can be applied to any program that works through private sector actors, value chains or other market-based approaches.

The paper does not say how any program should balance its objectives. That depends on mandate, context, political constraints and appetite for risk. Instead, it sets out a process that donors and implementers can use to agree the balance and apply it throughout the program.

## 1.4. How the paper is organized

Section 2 explains the key concepts. Sections 3 to 7 set out the approach in four steps, which follow the stages of a typical program cycle: agreeing priorities (Section 3); writing them into program design and the implementation contract (Section 4); applying them in analysis, intervention design and implementation (Sections 5 and 6); and monitoring and adjusting the balance (Section 7). Each sets out what the stage involves and what donors and implementers can each do. Each also signposts the corresponding section of the Green MSD Guidelines[7] so that readers can use this paper and the guidelines together.

Readers designing a new program can follow Sections 3 to 7 in order. For programs already under way, Sections 6 and 7 are likely to be most relevant, although the earlier sections may be useful for revisiting elements of the design.

**TABLE 1. SECTIONS OF THIS PAPER, BY PROGRAM STAGE, WITH THE ROLES OF DONORS AND IMPLEMENTERS**

| Section | Program stage | Green MSD Guidelines | Donors | Implementers |
|---|---|---|---|---|
| 3 | Setting objectives and priorities | Scope and goals | State the hierarchy of objectives; set targets that reflect it | Set out in proposals how the hierarchy of objectives will be applied; propose one if none is stated |
| 4 | Program design and implementation contract | Links Scope and goals to later stages | Write targets, thresholds and red lines into the results framework and contract; align budget, evaluation scoring and payment terms with the hierarchy of objectives | Propose practical thresholds, selection criteria and safeguards |
| 5 | Analysis and intervention design | Assess; Plan | Fund inception analysis; confirm targets and thresholds; approve market system selection | Identify the main trade-offs; weight selection criteria by the hierarchy of objectives; state what each intervention serves and does not serve |
| 6 | Implementation | Implement | Fund safeguards; review portfolio composition | Apply safeguards; map, assess and rebalance the portfolio |
| 7 | Monitoring, evaluation and adaptation | Measure and learn; Manage | Agree what will be reviewed; respond according to the instrument; record changes | Report results, portfolio and process information; propose corrective action and recalibration; report trade-offs early |

Section 8 applies the approach to gender equality, disability and social inclusion (GEDSI), explaining where these issues can sit in the hierarchy, the trade-offs that inclusion can involve, and what this means at each stage of the program cycle. Section 9 draws together the main open questions and next steps. The annexes contain a worked example, observations from a review of program documents, and the questions that remain open, including how to analyze the trade-offs faced by firms and other market actors.

[7] Hilton, Panton and Stewart 2025.

# 2. Key concepts

This section explains the terms used in the rest of the paper: what a trade-off is, the difference between deliberate and default trade-offs, the hierarchy of objectives, and the instruments that give the hierarchy practical effect.

## 2.1. Trade-offs and related terms

This section begins by defining what this paper means by a trade-off. Table 2 sets out the term alongside three closely related ones: objective, co-benefit and risk. Distinguishing between them makes clear which situations the rest of the paper addresses: those in which more progress on one objective can only be achieved by accepting less progress on another.

**TABLE 2. TRADE-OFFS AND RELATED TERMS**

| Term | Meaning | Example |
|---|---|---|
| Objective | A result the program is funded to achieve and is held accountable for. | Higher incomes for smallholders; reduced deforestation; women's economic empowerment |
| Co-benefit | A positive effect that occurs alongside the intended results, but against which the program is not measured. | A sustainable fisheries program that also improves water quality |
| Risk | A possible harm that the program does not intend and tries to prevent. | Higher cocoa incomes are used to clear forest for new plots |
| Trade-off | A situation in which, with the options realistically available, more progress on one objective can only be achieved by accepting less progress on another. | Budget spent on reaching women farmers cannot also be spent on raising yields among male farmers |

Risks and trade-offs are related, but distinct. A risk is a possible harm that the program does not intend and tries to prevent. Some harms, however, fall on another of the program's objectives. Where the program knowingly accepts some of that harm in order to make faster progress on a different objective, it is making a trade-off between objectives, as defined in Table 2. For example, promoting chemical fertilizers and pesticides can raise yields and incomes, but can also harm soil health, water quality and biodiversity. If an agriculture program has objectives on both incomes and soil health, and accepts some loss of soil health to raise incomes more quickly, it is trading one objective off against the other. It then needs an agreed limit on how far soil health can be allowed to suffer, such as a cap on fertilizer application rates, and measures to respect it, such as training for farmers and agrodealers on correct use (on thresholds, see Sections 2.4 and 2.5). If the program has no objective on soil health, the harm is a risk, to be managed through safeguards and, where it is serious, red lines (see Sections 2.4 and 6.1).

A co-benefit, by contrast, cannot be the subject of a trade-off. An objective is a result the program is funded to achieve and held accountable for; a co-benefit is a positive effect that the program welcomes but against which it is not measured. Because the program has made no commitment to achieving specific results in relation to a co-benefit, giving one up in favor of an objective, or one co-benefit in favor of another, is not a trade-off in the sense used in this paper. For example, if the sustainable fisheries program in Table 2 chooses interventions that do less to improve water quality, it has not traded anything off, because water quality is not one of its objectives. If a donor wants a co-benefit secured, it needs to be made an objective, with its own target and, where needed, a threshold (see Sections 2.3 to 2.5). If the program could actively cause harm in that area, that harm is a risk, managed as described in the previous paragraph.

## 2.2. Deliberate and default trade-offs

This paper distinguishes between deliberate and default trade-offs. A trade-off is **deliberate** when the people responsible decide it, with reference to agreed priorities, and record their reasoning. A trade-off is made by **default** when no one decides it, and the outcome is determined by the way the program is designed and run. For example, it may be determined by what the results framework measures, what payments and review scores reward, which results are easiest to measure and attribute, and the skills and data available to the team.

Trade-offs between program objectives are decided through four kinds of choice:

- the level of ambition set for each objective;
- the market systems, partners and interventions the program supports;
- the division of budget, staff time and other resources;
- the risks and shortfalls the program is prepared to accept.

The aim of this paper is to help donors and implementers make these choices deliberately.

## 2.3. The hierarchy of objectives

Setting priorities between objectives gives donors and implementers a shared basis for decisions when objectives conflict. It helps to align the results framework, incentives and reporting with what the program is trying to achieve, and supports consistent choices in market system selection, intervention design and partnerships.

The first step is to place each of the program's objectives in a hierarchy. The hierarchy ranks the results the program is funded to achieve and on which it will be judged, normally those stated at impact and outcome level, whether economic, environmental or social. It does not rank the means of achieving them, such as finance mobilized or outputs (see "Distinguish ends and means" in Section 3.2). As shown in the following table, it ranks two categories of *results* commitments: primary and secondary objectives. A third category, *delivery* commitments, sits outside the hierarchy: these oblige the program to act on an issue in every intervention, without committing it to specific, defined results.

**TABLE 3. THE HIERARCHY OF OBJECTIVES**

| Category | Meaning | Questions to help decide |
|---|---|---|
| Primary objectives | The results without which the program would not have been funded. They set its direction and are the main basis on which it is judged. When objectives conflict, primary objectives take precedence, within the limits set by thresholds and red lines. | Would the program be funded without this objective? Which outcomes would the donor be most concerned to miss? If conditions worsened, which objectives would the donor still insist on? |
| Secondary objectives | Other important results the program pursues, and which shape its design. When they conflict with a primary objective, they give way first, but only down to an agreed limit. | Which outcomes are important, but not the main purpose of the program? Which outcomes should the design change to accommodate? |

| Category | Meaning | Questions to help decide |
|---|---|---|
| Delivery commitments (outside the hierarchy) | Issues the program commits to act on in the design and delivery of every intervention, without committing to specific, defined results. They are applied through design and screening requirements and checked in reviews. | Which issues should every intervention take into account, even though the program does not set targets for them? Who could be excluded, and how would that be noticed? |

A program can have more than one primary objective. A climate-smart agriculture program, for example, may have both higher incomes and adoption of climate-smart practices as primary objectives. In that case the hierarchy does not say which prevails when the two conflict, and the balance between them needs to be set through the targets and thresholds (Section 4). Where two objectives are described as equally primary, but no balance is agreed, one may prevail in practice, most likely the one that is easier to measure or achieve in the short term. Donors and implementers should therefore be strict in deciding whether two objectives are genuinely equal, and identify a single primary objective wherever they can. A useful test is to look ahead: if both objectives were falling short of their targets at the same time, and budget had to be moved from one to the other, which would they protect? If the answer is clear, that is the primary objective. If it is not, the balance needs to be agreed in advance through the targets and thresholds: the objective with the narrower range between target and threshold has less room to give way, and so reaches the point where corrective action is required sooner (Sections 2.4 and 2.5).

Secondary objectives can be divided into further tiers where this helps to establish a clear hierarchy, following the same logic: when two secondary objectives conflict, the lower tier gives way first. As with primary and secondary objectives, the ranking is expressed through the instruments: lower tiers have less ambitious targets and wider ranges between target and threshold, and the lowest tier may have a target only. An example of how this could work is provided in Annex A.

Delivery commitments are kept outside the hierarchy because they do not commit the program to specific, defined results, progress on which could be traded off against other objectives. As a result, they cannot be compared with objectives or ranked alongside them. Placing them at the bottom of the hierarchy would suggest that they are the first to be dropped, when in fact they apply to every intervention. In the case of donor priorities that cut across a program, such as climate or gender markers, the donor needs to take a deliberate decision on their status. If the donor expects specific, measurable results, the commitment becomes a primary or secondary objective with a target; if not, it can be treated as a delivery commitment.

### Why this hierarchy will be familiar to donors

The OECD DAC Rio Markers[8] and the DAC Gender Equality Policy Marker[9] classify activities as principal (the activity would not have been funded without the objective), significant (the objective is explicit and shapes the design, but is not the main reason for the activity) or not targeted. DFAT's climate guidance[10] uses the terms primary and secondary objectives in the same way. This paper applies the same logic to all of a program's main objectives, and carries it from reporting into the design and management decisions that determine results. The markers record why an activity was funded; they do not say what happens when objectives conflict. The instruments below are intended to fill that gap.

[8] OECD DAC 2026.
[9] OECD DAC 2016.
[10] DFAT 2026.

### A note on terminology

This paper uses the term “delivery commitments” instead of “cross-cutting” or “mainstreamed” considerations. Mainstreaming is a strategy for integrating an issue across all areas of work in pursuit of an outcome. The UN defines gender mainstreaming as assessing the implications for women and men of any planned action, with the ultimate goal of achieving gender equality.[11] A primary or secondary objective, as defined in this paper, can therefore be mainstreamed. Primary and secondary objectives are results commitments; delivery commitments oblige the program to act on an issue in every intervention, without committing it to specific, defined results.

## 2.4. The instruments

Once the objectives are ranked on paper, this ranking needs to be translated into reality during program implementation. The following table presents a set of instruments that can be used to achieve this by guiding decisions during implementation. Targets are a familiar part of most results frameworks; thresholds, red lines and safeguards may be less familiar. Further explanation is provided below the table.

**TABLE 4. INSTRUMENTS FOR GIVING EFFECT TO THE HIERARCHY**

| Instrument | What it does | How it is assessed | What happens if it is missed, crossed or not applied |
|---|---|---|---|
| Target | States the level of ambition on an objective | In aggregate, across the program | A change of course is not automatically required. The implementer explains the shortfall in its regular reporting, and donor and implementer decide whether a change of course is needed |
| Threshold | States the limit of acceptable performance, and so the room for trading an objective off. It usually sets a minimum on an objective (a floor), and sometimes a maximum on how results are achieved (a ceiling; see the example below the table) | In aggregate, across the program | A change of course is always required. The implementer proposes corrective action, such as moving budget or redesigning interventions; the donor agrees it; and the decision is recorded |
| Red line | States an outcome that must not occur | Case by case, for each partner, activity and location | The activity causing the harm must stop immediately, whatever its results, and the harm must be remedied where possible |
| Safeguards | The policies and processes that prevent a red line from being crossed | Case by case, for each partner, activity and location | The gap must be corrected, even if no harm has yet occurred: for example, a missing consent process is put in place before the activity continues. A safeguard that is not applied is a warning that a red line may be crossed |

Targets and thresholds work together. A **target** sets the level the program aims for on an objective; a **threshold** sets the limit of acceptable performance. The range between them is the room the

[11] ECOSOC 1997.

implementer has to make trade-offs. If performance falls short of the target but stays within that range, a change of course may be agreed but is not automatically required. If it falls below the threshold, a change of course is always required.

Targets and thresholds can be set either as absolute levels (for example, a number of households with higher incomes) or as shares (for example, 30% of new jobs held by women). An absolute level sets how much is achieved; a share sets how results are distributed or how they are achieved. A program that exceeds its target for the number of jobs, but where most of the new jobs are held by men, has therefore still fallen short of its 30% share. As with absolute levels, a share is a target when it states what the program aims for, and a threshold when it states the limit of what the program will accept: a program might aim for 40% of new jobs to be held by women and accept no less than 30%. A threshold set as a share can also be a ceiling. In an agriculture program, for example, a threshold might state that no more than 60% of households with higher incomes achieve them mainly through greater use of chemical inputs. This prevents one way of reaching the primary objective from displacing a secondary objective.

A **red line** states an outcome that must not occur anywhere in the program, whatever results are achieved elsewhere: for example, “no program-supported activity converts natural forest”, or “no activity affecting Indigenous Peoples’ land proceeds without their free, prior and informed consent”.

**Safeguards** are measures that keep the program behind its red lines. Examples include environmental and social risk screening, partners’ environmental and safeguarding policies, consent processes, monitoring, and grievance mechanisms. In short, a red line states what must not happen; safeguards are how the program makes sure it does not. Safeguards are complementary to, but distinct from, delivery commitments: safeguards are defensive, preventing a harm that a red line rules out, while delivery commitments are proactive, making sure that every intervention takes an issue, such as disability inclusion, into account.

The main difference between targets and thresholds, on the one hand, and red lines and safeguards, on the other, is their scope of application. Targets and thresholds are assessed in aggregate across the program, so weaker results in one intervention can be balanced by stronger results in another. Red lines and safeguards apply to each case individually: a breach in one place cannot be balanced by results elsewhere.

One question helps to decide between a threshold and a red line: would a single breach, in one place, be acceptable if overall results were strong? If yes, within limits, a threshold is suitable. If no, a red line is needed.

## 2.5. Using the instruments to manage trade-offs

As defined in this paper, every objective, whether primary or secondary, is a commitment to achieving specific, defined results, and so needs a target. Targets are the main way to express the hierarchy of objectives: a more ambitious target signals that an objective matters more, and is likely to encourage the implementer to commit more resources to it. Ambition here means how much a target asks for relative to what is achievable, not the size of the figure. Targets on different objectives are usually set in different units and from different baselines, so a target of 50,000 households on one objective and 25,000 on another says nothing in itself about their rank. Where an objective is hard to quantify, its target could take the form of qualitative milestones.

Targets alone, however, do not settle which objective gives way when the program cannot meet them all. In that situation, an implementer may favor whichever target is cheapest or quickest to reach, which may not be the objective the donor values most. Thresholds fill this gap. By setting how far each objective can fall short of its target, they define the room for maneuver: the extent to which one objective can be traded off against another. The more important the objective, the narrower that

room should be. Thresholds are most useful for objectives at risk of being traded away, which usually means secondary objectives, but they could also be used to protect a primary objective. In the agriculture example in Annex A, a threshold on the adoption of climate-smart practices prevents that objective from being traded away for faster income gains, while a threshold on incomes makes sure the program still delivers its main purpose if climate-smart practices take longer to spread.

Both targets and thresholds can be set as absolute levels or as shares (see above). A share is useful where an objective concerns who benefits from results, or how they are achieved, rather than how much is achieved. It can often be met through the criteria the program uses to select partners and interventions: for example, a threshold that at least 70% of the jobs the program creates are in businesses or functions that meet defined climate-smart criteria.

Delivery commitments sit outside the hierarchy and have no targets or thresholds. They are built into the design of every intervention, and screening is used to check that each intervention has taken them into account. Red lines and safeguards apply across all categories: to objectives of any rank and to delivery commitments.

Table 5 summarizes what each instrument is used for, with an example of each.

**TABLE 5. HOW TO USE THE INSTRUMENTS TO SET PRIORITIES AND MANAGE TRADE-OFFS**

| Instrument | Used for | Example |
|---|---|---|
| Target | Every primary and secondary objective. A more ambitious target signals a higher priority. | 50,000 households increase net farm income by at least 20% |
| Threshold | Objectives at risk of being traded off. The narrower the range between target and threshold, the less room there is to trade the objective off. | Floor: at least 30,000 households increase net farm income by at least 20%. Ceiling: no more than 60% of households with higher incomes achieve them mainly through greater use of chemical inputs |
| Red line, with safeguards | Harms that must not occur anywhere in the program, in any category | No support for highly hazardous pesticides; no activity affecting Indigenous Peoples' land without free, prior and informed consent |

## 2.6. Gaps and uncertainties

Both targets and thresholds depend on evidence that is often limited at design. To judge how ambitious a target is, teams need to know what can realistically be achieved. Thresholds may be harder still: they require a baseline and a judgment about how much shortfall is acceptable, and baseline data on environmental outcomes and women's economic empowerment may be limited. One response is to set targets and thresholds provisionally and confirm them at the end of the inception phase (Section 4.3). Testing this approach would show what baseline data are needed, how teams judge an acceptable shortfall, and whether provisional thresholds hold up once better data are available.

# 3. Setting objectives and priorities

**Link to the Green MSD Guidelines**
This section corresponds to the *Scope and goals* section of the Green MSD Guidelines.

Having set out the key concepts in Section 2, the paper now turns to how they can be applied in designing and implementing a program. Sections 3 to 7 follow the main stages of the program cycle, beginning with commissioning and design. At this stage, donors, with varying degrees of involvement from implementers, define the program's budget, timeframe, geography and objectives, decide the relative priority of those objectives, and assign targets to each. It is therefore the first critical moment to weigh the trade-offs between objectives and agree an acceptable balance between them.

As the initiators of the program, donors would typically have the primary role in making these early choices, which are reflected in the design documents and terms of reference. Implementers could also shape them, through their proposals and, once contracted, during the inception phase. Both therefore share responsibility for checking that the intended balance is realistic. This section sets out how donors and implementers can agree on priorities between objectives. Section 4 covers how to put those priorities into effect.

## 3.1. Decide what the program is for, and rank accordingly

The first step is for donors to decide what the program is intended to achieve: which of its main objectives (at impact and outcome level) are primary and which are secondary. To distinguish between them, donors can ask: which results would they be most concerned to miss, and which would they still expect the program to deliver if the budget were cut or conditions became more difficult? These point to the primary objectives. Results that are important, but are not the main purpose of the program, are likely to be secondary. Implementers can apply the same questions to check that their proposals and the implementation strategies they develop in the inception phase reflect the donor's priorities.

The same objectives can be ranked in different ways, and the ranking determines the targets that donors and implementers can reasonably expect. Table 6 gives some examples.

**TABLE 6. IDENTIFYING PRIMARY AND SECONDARY OBJECTIVES, AND CONSEQUENCES FOR TARGETS (EXAMPLES)**

| Program | Primary objectives | Secondary objectives | Consequence for targets |
|---|---|---|---|
| Conventional agriculture, aiming to be as climate-smart as reasonably possible | Incomes | Adoption of climate-smart practices | An ambitious income target; a modest target and threshold (floor) on climate-smart adoption |
| Climate-smart agriculture | Incomes; adoption of climate-smart practices | (none) | A less ambitious income target than a conventional program, in exchange for an ambitious target on climate-smart adoption |
| Forest-positive land use | Incomes; forest protection and restoration | (none) | A less ambitious income target, because no program-supported activity may cause deforestation |

As Table 6 shows, a program cannot be expected to achieve the highest possible result on every objective at once. A donor that funds a climate-smart agriculture program, and also sets the income target of a conventional program, has not resolved the trade-off between incomes and climate-smart

practices. The decision has been left to implementation. Setting targets that reflect the hierarchy means accepting a less ambitious target on one objective in return for a more ambitious target on another, and stating this in the results framework.

For example, suppose an agriculture program could target a 30% increase in farmer incomes within five years through intensive irrigation and fertilizer use. If the donor also considers water conservation and lower emissions important, farmers will need to adopt practices that use less water and fertilizer. These practices involve transition costs and slower initial yield gains, so the program might achieve only a 20% increase in incomes over the same period. The donor then needs to accept the lower income target, and set explicit targets for water use and emissions alongside it. Recording this choice in the results framework makes the trade-off clear, and means that the implementer is not held accountable for delivering the higher income gain while also meeting the climate targets. The donor could also set a threshold on water use, so that water savings cannot be given up if income gains lag.

Section 4 discusses how the hierarchy of objectives, once agreed, can be reflected in targets, thresholds and red lines. The rest of this section offers guidance on ranking objectives.

## 3.2. Distinguish ends and means

When ranking objectives, donors and implementers should be careful to distinguish ends (the results the program exists to achieve) from means (the routes to them). A common example is mobilizing private finance. In a climate-smart agriculture program, it may be treated as an end in itself, where mobilizing finance is part of the program's purpose, or as a means to another end, such as higher incomes for the rural poor. If finance mobilized is considered to be a means, care is needed when ranking it alongside, or comparing it with, ends such as incomes. A means matters only to the extent that it produces the ends, and the two do not always move together. If finance mobilized is ranked as highly as incomes, or becomes the program's main metric, the program might favor large investment deals with commercial farms over support to smaller input suppliers, even though the latter could do more to raise incomes and spread greener practices. Income gains would then be traded off for finance mobilized. This does not mean that means should not be measured or given targets. They can be, as outputs, intermediate outcomes or leading indicators in the results framework. In some cases, a leading indicator may also stand in for an end and be ranked in its place. Where an end, such as soil health, changes too slowly to be measured within the program's lifetime, the adoption of climate-smart practices could be ranked instead, provided the link to the end is stated (Section 4.5). The worked example in Annex A treats climate-smart adoption in this way. The point is to be clear about what is being compared when objectives are ranked, and whether those are the right things to compare.

## 3.3. Separate combined objectives

Some terms used as objectives, such as "climate-smart jobs" or "productivity and climate resilience", combine more than one objective, and may conceal trade-offs between them. Separating these objectives before ranking makes the trade-offs visible. Qualifiers such as "climate-smart" also need to be defined clearly enough to be screened and verified.

For instance, consider a program with an objective of creating "climate-smart jobs", defined as only jobs created in businesses or sectors that meet certain climate-smart criteria. The latter acts as a filter, and its strictness determines the balance between the two objectives. Strict criteria, such as verified reductions in emissions or water use, limit the number of eligible businesses or sectors, and therefore the number of jobs. Loose criteria, such as counting every job in an agro-processing firm that has switched one machine to solar power, make more jobs eligible but deliver little climate

benefit. Because the program reports a single figure, it can reach its target by applying looser criteria, trading away the climate objective without this being visible. Separating the two objectives (a target for jobs, and a target or threshold for the share of jobs in businesses that meet specific, verifiable criteria) makes the trade-off visible and requires the donor and implementer to decide how much of each they want. Section 4.4 discusses how such shares can be set and verified.

## 3.4. What donors and implementers can do

Table 7 summarizes what donors and implementers can do to agree on a hierarchy of objectives and take account of its consequences for targets.

**TABLE 7. WHAT DONORS AND IMPLEMENTERS CAN DO WHEN SETTING OBJECTIVES AND PRIORITIES**

| Donors | Implementers |
|---|---|
| State the hierarchy of objectives in the business case and terms of reference.<br>Where a program has more than one primary objective, agree how the balance between them will be set. | In proposals, set out how the hierarchy will be applied, and identify the main trade-offs expected.<br>Where a donor has not stated a hierarchy, propose one during inception and agree it with the donor. |
| When ranking objectives, distinguish ends from means or proxy metrics, and decide whether a means (such as finance mobilized) is part of the program's purpose. | Flag where ranking a means or proxy metric alongside an end could pull interventions away from the program's purpose. |
| Separate combined objectives before ranking them, and define qualifiers such as "climate-smart" with verifiable criteria. | Flag objectives that combine more than one result, and propose how to separate them. |

## 3.5. Gaps and uncertainties

Donors also work within organization-wide commitments, such as climate finance or gender spending targets. This paper has not examined how these commitments interact with the priorities set for individual programs. Discussion with donor staff would show whether objectives are being ranked, or targets set, to meet such commitments rather than the program's own hierarchy of objectives, and how the two could be reconciled at design.

# 4. Writing the hierarchy of objectives into the program design and contract

**Link to the Green MSD Guidelines**
This section links the *Scope and goals* section of the Green MSD Guidelines to later sections.

Once the hierarchy of objectives is agreed, it needs to be expressed through targets, thresholds and red lines, and written into the documents that govern the program: the results framework, the budget, the contract and the review process. This section provides some guidance on how to do this. The donor sets most of these documents; the implementer helps to shape them, particularly during inception.

## 4.1. Set targets, thresholds and red lines to express priorities

When writing the results framework and other program design documents, donors and implementers could work through the following steps, using the instruments described in Section 2:

1. Set a target for every primary and secondary objective. The targets should reflect the hierarchy of objectives, with more ambitious targets for the objectives that matter most (Section 3.1).
2. Identify the objectives most at risk of being traded off, and set thresholds for them. The higher an objective's rank, the closer its threshold should be to its target (to reduce the scope for trading it off).
3. Identify the harms that would be unacceptable in any single case and determine appropriate red lines and safeguards.
4. Confirm the delivery commitments, how they will be built into the design of each intervention, and how this will be checked before an intervention is approved (for example, through a screening checklist that asks whether the barriers facing people with disabilities have been assessed).

Sections 4.2 to 4.9 discuss some of these steps in more detail, and Annex A shows how they might apply in an example program.

## 4.2. Align the impact statement with the results framework

The impact statement should be consistent with what the results framework measures and what the implementer is accountable for delivering. In the programs reviewed for this paper, some impact statements set out several ambitious goals, but these were not reflected in the results frameworks, which relied mainly on proxies, such as finance mobilized, or on modeled estimates (Annex B).

Two examples illustrate the gap. In one program, an environmental indicator was placed at impact level, but applied to the results of only one partner, and the economic appraisal measured the program's benefits only in economic terms, chiefly the income from jobs created. The indicator's position in the results framework was therefore not, on its own, a guide to the weight the environmental objective carried in the program's design. In another program, an indicator of "absorptive resilience" was measured by the number of households whose real income rose by 15%. Higher income can strengthen households' capacity to absorb shocks, but measuring resilience in this way may hide trade-offs between them: for example, where farmers increase their income by growing a more drought-prone crop.

## 4.3. Fix some elements early, and keep others flexible

When designing a program, the donor may not yet know where the main trade-offs will arise or how costly they will be. Targets and thresholds set in detail at this point may risk being arbitrary. A practical approach is to:

- **fix** the hierarchy of objectives and the red lines, since they follow from the donor's mandate and policies;
- **set targets and thresholds provisionally** in the design process, and confirm them at the end of the program's inception phase, once the implementer has analyzed the market systems and the main trade-offs (Section 5).

## 4.4. Choose between absolute levels and shares

For each target and threshold, donors and implementers need to decide whether it should be an absolute level (how much is achieved) or a share (who benefits, such as 30% of new jobs held by women; or how results are achieved, such as 20% of income gains achieved through chemical-free regenerative practices). Where a share depends on which partners the program supports, define the selection criteria clearly enough to be verified. For example, if a program aims for at least 70% of the jobs it creates to be climate-smart, it needs to define "climate-smart" by criteria that can be checked, such as verified reductions in emissions. Otherwise, the share could be met simply by applying looser criteria (see "Separate combined objectives" in Section 3.3).

## 4.5. Plan for long-term objectives

Some objectives, such as soil health, ecosystem recovery or changes in social norms, may not show measurable results within a program of four or five years. If a program is expected to contribute to long-term objectives, the results framework needs to recognize progress within the program's lifetime through agreed leading indicators: for example, continued use of new practices, or lenders offering finance for the transition. Expecting both short-term results and long-term change requires both to be designed and resourced. For example, a five-year agriculture program might aim to increase farmer incomes and restore soil health. Income gains may be measurable during implementation, while sustained improvements in soil health may take longer to demonstrate. The results framework could therefore track income alongside indicators, such as farmers maintaining regenerative practices over successive seasons and lenders providing finance for the transition. The program would need to fund both the activities that raise incomes in the short term, like improved inputs and market access, and the training, finance and monitoring needed to sustain those practices. The indicators would show progress toward soil recovery, without claiming that recovery had already occurred.

## 4.6. Treat the division of budget as a trade-off decision

The division of budget between components or implementing partners affects the balance between objectives, particularly where different components or partners focus on different objectives. This division is a trade-off decision. Stating its expected effect on overall results, and monitoring that effect, makes it visible: for example, the share of total results for each objective that each component or partner is expected to contribute.

## 4.7. Check that the signals are consistent

A program's priorities are not set in one place. They are signaled across several documents and tools:

- the impact statement;
- policy marker classifications;
- the level at which indicators sit in the logframe;
- targets and thresholds;
- which indicators are assessed in annual reviews, and how they are weighted;
- the economic appraisal and value-for-money measures;
- selection criteria for interventions and partners;
- the budget allocation.

Each of these tells the implementer something about what matters most. If they point in different directions, the implementer has to decide which signal to follow, and is likely to follow those that determine how its performance is judged and paid for, such as targets, annual review processes and value-for-money measures. The trade-off between objectives is then settled by default rather than by decision. For example, a program may state an environmental goal in its impact statement and mark it as a significant climate objective, while the annual reviews and value-for-money measures count only jobs and incomes. A simple check at design is to read across these eight elements, confirm that each is consistent with the agreed hierarchy, and resolve any that are not before the contract is signed.

## 4.8. Align delivery incentives with the hierarchy of objectives

Making the signals consistent is the first step; the second is making them count. Targets, thresholds and red lines shape decisions only if they affect how the implementer is selected, judged and paid. If procurement criteria, review scores or payments reward some objectives and not others, those objectives are likely to prevail during implementation, whatever the results framework says. The hierarchy therefore needs to be reflected in the following elements of the contract and review process:

- **Results framework.** Include thresholds and red lines alongside targets, so that performance between a threshold and its target is recognized as within the agreed range.
- **Evaluation scoring and output weights.** Weight outputs in line with the hierarchy, and recognize early and candid reporting of trade-offs.
- **Payment by results.** If payments depend only on the primary objective, or on results that are easy to measure (such as output-level indicators), this may create a financial incentive for the implementer to give less attention to other objectives. Thresholds and red lines can be included as conditions of payment.
- **Procurement.** In evaluating proposals, give credit for realistic analysis of trade-offs.

- **Budget and flexibility.** Provide funds for inception analysis and safeguards. Recognize that pursuing secondary objectives may increase the cost per result on the primary objective. Allow budget to move between interventions as evidence emerges.

## 4.9. Keep the additional work proportionate

Thresholds add some work to planning and reporting. This can be limited by setting thresholds only for the objectives most at risk of being traded off, agreeing them with the implementer during the program's inception, and tracking them through the existing results framework and review cycle. Thresholds can also help implementers: a shortfall that stays above the threshold is recognized as acceptable, so the implementer has a range of maneuver to make trade-offs without seeking approval for each one. And falling below a threshold triggers an agreed process for correcting course, rather than a penalty or other sanction.

## 4.10. What donors and implementers can do

Table 8 summarizes what donors and implementers can do to express the hierarchy through targets, thresholds and red lines, write these into the program's design documents and contract, and confirm them before and during inception.

**TABLE 8. WHAT DONORS AND IMPLEMENTERS CAN DO IN PROGRAM DESIGN AND THE IMPLEMENTATION CONTRACT**

| Donors | Implementers |
|---|---|
| Write the hierarchy, targets, thresholds, red lines and delivery commitments into the results framework and contract. | Propose thresholds, selection criteria and safeguards that are practical to apply and monitor, focusing thresholds on the objectives most at risk of being traded off. |
| Make sure the results framework measures the goals in the impact statement. Where a results framework uses proxy metrics, or indicators to measure means of change, carefully consider whether these create trade-offs with the main goal(s) the program is intended to achieve. | Flag where a proxy metric could pull interventions away from the stated goals. |
| Fix the hierarchy and red lines; treat targets and thresholds as provisional until the end of inception. | Use inception to test whether provisional targets and thresholds are realistic, and propose changes with evidence. |
| Decide how progress on long-term objectives will be recognized, and fund the activities needed to sustain it. | Propose leading indicators for long-term objectives. |
| Decide the division of budget between components with the hierarchy in mind, and state its expected effect. | Set out how the planned portfolio will contribute to each objective. |
| Before the contract is signed, read across the impact statement, policy markers, logframe, annual and end-line review criteria, appraisal and budget, and resolve any that point to different priorities. | Flag any inconsistencies between these elements during inception, with their likely effect on delivery. |
| Align evaluation scoring, payment terms and procurement criteria with the hierarchy. | Report trade-offs as they arise, using the agreed instruments as a reference. |

The questions below bring together the main points from Sections 3 and 4. Donors can use them when preparing the program design documents and terms of reference, and both donors and implementers can use them to review proposals, results frameworks and inception reports before targets and thresholds are confirmed.

**Questions donors and implementers can ask during design and inception**

- Does the program have one primary objective? If it has several, is it clear how the balance between them will be set?
- Do the targets reflect the hierarchy of objectives, or do they assume the highest result on every objective? Are thresholds set for the objectives most at risk of being traded off?
- Are red lines set for harms that would be unacceptable in any single case, and are delivery commitments built into how interventions are approved?
- Does the impact statement claim more than the results framework will measure? Does the results framework measure the goals in the impact statement, or mainly proxies for them?
- Is it clear which objectives are ends and which are means? Is a means, such as finance mobilized, ranked alongside the results the program exists to achieve, or used as a main metric?
- Are any objectives combined in a way that conceals a trade-off? Are terms such as “climate-smart jobs”, and any targets set as shares, defined with specific, verifiable criteria?
- Do the budget and timeframe allow progress on long-term objectives, and are there leading indicators to recognize that progress?
- Is it clear which elements are fixed at design and which are provisional until the end of inception?
- Has the effect of dividing the budget between components or partners on the balance between objectives been considered?
- Do the annual review criteria, value-for-money measures, payment terms and procurement criteria point to the same priorities as the hierarchy?

## 4.11. Gaps and uncertainties

How these instruments work under different contracting arrangements, such as payment by results or grant agreements with non-profit partners, has not been examined in detail in this paper. Nor has the scope for including thresholds in donors’ standard results frameworks. Donors could consider reviewing a small number of their contracts and results frameworks, of different types and with input from implementers, to identify where thresholds and red lines can be written into existing templates, and where contract terms would need to change for them to affect payment or review scores.

# 5. Applying the hierarchy of objectives to analysis and intervention design

**Link to the Green MSD Guidelines**
This section corresponds to the *Assess* and *Plan* sections of the Green MSD Guidelines.

Market systems programs select most of their market systems and interventions after they start, on the basis of analysis, so the balance between objectives cannot be fully specified at design. It is shaped instead by the choices made during market analysis and intervention design. The implementer typically leads these stages, and the donor approves key decisions, such as the choice of market systems. Both parties should seek to ensure that these choices are consistent with the agreed hierarchy of objectives and the trade-offs it implies.

## 5.1. Inception: identify the main trade-offs and confirm targets

During inception, the implementer can identify where the main trade-offs between objectives are likely to arise, and what causes them. Some of these causes may lie in the trade-offs faced by market actors (Annex C). Where a more sustainable or inclusive practice has high upfront costs, uncertain returns, or benefits that go to others, supporting its adoption will cost more per result on the objective it serves.

On the basis of this analysis, the donor and implementer can confirm the provisional targets and thresholds. Recording them in the results framework, together with the reasoning behind them, makes it easier to revisit them later if circumstances change.

## 5.2. Selecting market systems

**Link to the Green MSD Guidelines**
This example is taken from the Green MSD Guidelines (pp. 21 and 27–35).

A variety of approaches can be used to screen and select market systems, with different criteria and different ways of scoring and weighting them. The Springfield Centre's M4P Operational Guide[12] outlines a commonly used framework that assesses market systems based on their relevance (to the target group), opportunity (the potential for growth and pro-poor change) and feasibility (whether the program can intervene effectively).

When a program has several objectives, the hierarchy between them should be reflected in the market system selection process. For example, a market system's relevance could be assessed against all of the program's main objectives, with most weight given to the primary objectives. Market systems could also be screened for risks to red lines and delivery commitments. The assessment of feasibility could consider whether interventions can be designed without excluding or harming particular groups, and whether the program can manage environmental risks.

As an illustration, consider the stylized example program used in the Green MSD Guidelines.[13] It works in a forested region of a hypothetical developing country that faces interlinked challenges of poverty, biodiversity loss and climate change. For the purposes of this illustration, its objectives are assumed to be ranked as follows:

[12] Springfield Centre 2015, p. 8.
[13] Hilton, Panton and Stewart 2025, pp. 21, 27–35

- **Primary objective:** higher incomes for the rural poor.
- **Secondary objectives:** reduced deforestation; women's economic empowerment, with a threshold that at least 40% of producers with higher incomes are women.
- **Delivery commitments:** inclusion of people with disabilities.
- **Red lines:** no program-supported conversion of natural forest; no activity affecting Indigenous Peoples' land without their free, prior and informed consent; no sexual exploitation, abuse and harassment in program-supported activities.

The following table shows how this hierarchy of objectives could inform the selection of market systems.

**TABLE 9. ASSESSMENT OF CANDIDATE MARKET SYSTEMS AGAINST THE HIERARCHY OF OBJECTIVES**

| Market system | Assessment against the hierarchy of objectives |
|---|---|
| Coffee | Good income potential, with scope for practices that reduce pressure on forests. Its contribution to women's economic empowerment needs to be examined, as the division of labor and control over income between women and men varies. |
| Honey | Incomes can (in principle) grow without forest loss, since beekeeping depends on standing forest. Women's roles need to be assessed. |
| Maize | Important for incomes, but has weak or indirect links to forest outcomes, and expanding maize production can drive forest clearing. Could be included only if support is limited to existing farmland, so that the red line on forest conversion is respected, and if other systems contribute to the forest objective. |
| Charcoal | Important for incomes, but currently produced by clearing natural forest, so supporting it as it stands would cross the red line on forest conversion. Could be included only if production can shift to a sustainable wood supply, such as woodlots or agroforestry, that involves no conversion of natural forest. |
| Timber | Offers income opportunities, but carries governance and exclusion risks. Whether the consent red line can be met in practice is the key judgment. |
| Mining | Offers income opportunities, but benefits may be narrowly shared, and environmental and social risks are high and difficult to manage. |

The assessments in the table are judgments, not scores, and different teams could reasonably reach different conclusions, particularly in borderline cases such as maize or timber. Applying the hierarchy of objectives to this process does not produce a single correct ranking. What it does is make the basis for each choice explicit: why a market system is included, excluded or included only under conditions, and which objective or red line each decision serves. A system that contributes little to one objective, such as maize to the forest objective, may still be included if other systems in the portfolio make up for it. Recording these reasons allows the donor to check them when approving the choice of market systems, and allows both parties to revisit them if new evidence emerges.

## 5.3. Analyzing the selected market systems

Once market systems have been selected, the hierarchy of objectives can also help implementers decide where to focus their analysis and how deep to go. Market system analysis takes time and resources, and analysis that treats every objective equally may spread effort too thinly, or miss the

interactions between objectives that matter most for trade-offs. Using the agreed prioritization of objectives as a guide, the analysis can give most attention to the constraints relating to the primary objective, while still examining how pursuing it affects the secondary objectives and where risks to red lines lie. Continuing with the same example program, this could mean:

- **Primary objective:** the analysis could concentrate on the constraints that most directly limit incomes for the target group, such as productivity, access to markets and finance, skills and bargaining power.
- **Secondary objectives:** it could examine how income growth interacts with forest and empowerment outcomes: where economic activity leads to land-use change, where income growth can be separated from it, and what women's roles, control over income and time burdens are.
- **Red lines and delivery commitments:** it could identify risks that could arise in any intervention, such as elite capture, insecure land tenure, barriers facing people with disabilities, and risks of sexual exploitation, abuse and harassment in new market relationships.

## 5.4. Designing interventions

Intervention design is where the hierarchy of objectives needs to be translated into specific decisions about which market actors to work with, which changes to support, and how. Each intervention will affect the program's objectives differently, and some trade-offs between objectives are settled at this level, as intervention managers decide what to prioritize in their work with market actors. Setting out the intended contribution of each intervention makes these choices visible to the program team and the donor, and allows them to be checked against the hierarchy of objectives. Not every intervention needs to contribute to every objective. What matters is that the portfolio as a whole reflects the overall prioritization (Section 6).

To put this into practice, for each proposed intervention, the implementer could set out:

- **Which objectives it serves.** Which objective it is mainly designed to advance, and which others it is expected to contribute to or protect.
- **Which market actor trade-offs it addresses.** Which of the trade-offs faced by firms and other market actors it will try to change, and which it will accept and manage (Annex C).
- **How it meets the agreed limits.** How it complies with the red lines, selection criteria and other design requirements.
- **What it is not expected to deliver.** Any objectives it will not contribute to, or could conflict with, and where in the portfolio those objectives are addressed instead.

## 5.5. What donors and implementers can do

Table 10 summarizes what donors and implementers can do to apply the hierarchy of objectives during inception, market system selection and intervention design.

**TABLE 10. WHAT DONORS AND IMPLEMENTERS CAN DO IN ANALYSIS AND INTERVENTION DESIGN**

| Donors | Implementers |
|---|---|
| Fund and allow time for inception analysis of trade-offs. | Identify the main trade-offs between objectives, and their causes in market actors' decisions. |
| Confirm targets and thresholds at the end of inception, based on the analysis and in line with the hierarchy of objectives. | Propose confirmed targets and thresholds, with the reasoning behind them. |
| Approve the selection of market systems, checking for consistency with the hierarchy of objectives and the trade-offs it implies. | Weight market system selection criteria in line with the hierarchy of objectives. Focus the depth of market system analysis accordingly. |
| Accept that individual interventions need not serve every objective, provided the portfolio as a whole reflects the hierarchy. | For each intervention, state the objectives it serves and what it is not expected to deliver. |

## 5.6. Gaps and uncertainties

This approach to selecting market systems, with weighting of selection criteria based on a hierarchy of objectives, has not yet been tested with programs. Applying the selection approach retrospectively to market system choices made in a sample of programs would show whether explicit weighting changes the choices, and would produce worked examples of how teams have assessed (or could assess) market systems that score well on one objective but pose risks to another.

# 6. Implementation: managing the portfolio and safeguards

**Link to the Green MSD Guidelines**
This section corresponds to the *Implement* section of the Green MSD Guidelines.

Once interventions are under way, the balance between competing objectives can still shift. Trade-offs arise in day-to-day decisions: which partners to work with, how to respond when an opportunity favors one objective over another, and where to put staff time and budget as results emerge. If these decisions are not guided by established priorities (the hierarchy of objectives), that balance is likely to be settled by default. This section suggests how implementers can keep the program within its red lines by applying safeguards, and how they can manage the portfolio of interventions so that, taken together, it reflects the hierarchy of objectives. Donors can follow both through the review process described in Section 7.

## 6.1. Applying safeguards

Safeguards are measures (policies, processes, checks) that can prevent red lines from being crossed (Section 2). During implementation, the task is to make sure that they are applied in each intervention, rather than existing only on paper. This is likely to require active measures and a dedicated budget. For example, respecting the consent red line may require a consent process with affected communities, rather than an assumption of consent. Delivery commitments need similar active measures: including people with disabilities, for example, may require accessible venues, materials and recruitment. The level of safeguarding can be matched to the level of risk. Light-touch facilitation, such as brokering links between firms or sharing market information, may need only standard due diligence, while direct co-investment in higher-risk activities, such as forestry, land use change or agrochemical distribution, may need a formal environmental and social management plan. How to set these tiers without leaving gaps remains an open question (Section 6.4). Implementers may find it useful to check that the relevant safeguards are in place when each intervention starts and whenever partnerships change, and to report any gaps through the review process (Section 7).

## 6.2. Managing the portfolio

While individual interventions can address particular constraints and trade-offs, it is the portfolio as a whole that delivers results on several objectives. The following steps can help implementers manage the balance across the portfolio:

- **Map interventions against objectives.** Periodically record (using a simple table or matrix) which objective each intervention mainly serves, and which others it contributes to.
- **Assess the balance.** Check whether the portfolio as a whole reflects the hierarchy of objectives. Useful questions include: are most interventions concentrated on one objective? Are secondary objectives pursued through interventions designed to achieve them, or is the program assuming that they will follow as a by-product of interventions aimed at the primary objective (for example, that women will benefit from income growth without any specific measures)? Are delivery commitments checked across all interventions?

- **Weigh by budget and expected results.** Judge balance by the share of budget and expected results, rather than by the number of interventions. Several small interventions on one objective may not balance one large intervention on another.
- Check thresholds across the portfolio. Thresholds are assessed across the program as a whole, not within each intervention, so weaker results on an objective in one intervention can be balanced by stronger results in another. Where the program relies on this, it should be planned and recorded.
- **Rebalance as evidence emerges.** Use monitoring results to expand interventions that perform well against the program objectives (as prioritized), redesign or close those with persistent problems, and add interventions to fill gaps.
- **Record the reasoning.** Document where some objectives are being given priority over others, and how the balance is achieved across interventions.

Note that red lines should not be managed at the portfolio level in this way. The harm they guard against falls on particular people or places, and good results elsewhere do not repair it. Red lines therefore need to be checked for each intervention and partner, through the safeguards described above, alongside the portfolio review. A portfolio that is well balanced overall can still contain an intervention that has to stop.

## 6.3. What donors and implementers can do

Implementers typically lead this stage, but donors shape it through the budget they provide for safeguards and the flexibility they allow. Table 11 summarizes the main actions for each.

TABLE 11. WHAT DONORS AND IMPLEMENTERS CAN DO DURING IMPLEMENTATION

| Donors | Implementers |
|---|---|
| Ensure that the budget covers the design and implementation of adequate safeguards. | Apply safeguards to every partner and activity, and report any breach of a red line promptly. |
| Review portfolio composition, not only results, at agreed intervals. | Map and assess the portfolio against the hierarchy of objectives, and share the analysis with the donor. |
| Allow budget to move between interventions as evidence emerges. | Propose rebalancing where the portfolio no longer reflects the hierarchy of objectives, with the reasons. |

## 6.4. Gaps and uncertainties

This section does not resolve two practical questions that affect how the proposed approach can be applied during implementation. The first is how to judge the balance of a portfolio when interventions contribute to different objectives in different units. Budget shares and expected results give a first indication, but there is no agreed way to compare, for example, income gains with hectares of forest protected. The second is how to apply safeguards proportionately. Market systems programs may work with many small partners, and applying full safeguard procedures to each may be costly relative to the size of the partnership. This paper does not examine how to match safeguards to the level of risk without leaving gaps where red lines could be crossed.

# 7. Monitoring, evaluation and adaptation: adjusting the balance

**Link to the Green MSD Guidelines**
This section corresponds to the *Measure and learn* and *Manage* sections of the Green MSD Guidelines.

Through monitoring and evaluation, donors and implementers can see whether the balance between objectives is turning out as intended, and correct it if not. This section suggests what donors and implementers could review, how they could respond when each instrument (target, threshold or red line) is missed or crossed, and how adjustments to trade-off choices can be made openly and collaboratively.

## 7.1. Agree what will be reviewed

Donors' formal evaluation or review processes vary. Some give most weight to outputs during implementation, and assess outcomes and impact mainly at mid-term or at the end of the program. This may favor results that are near-term and easy to count, and disincentivize efforts to influence longer-term change processes, such as environmental recovery or changes in social norms. To keep the hierarchy of objectives in view, donors and implementers could agree at inception what additional information they will review, within or alongside the formal process:

- outcome and impact results, where they become available during implementation;
- information on processes, such as how selection and screening criteria have been applied;
- portfolio composition, such as the share of budget and interventions directed to each objective;
- progress against targets and thresholds;
- leading indicators for long-term objectives.

Much of this information is only useful if it is disaggregated. Data broken down by sex, age and disability show how results are distributed between groups, and so whether objectives such as women's economic empowerment or disability inclusion are being achieved, or traded away, as results grow. Without such data, these objectives cannot be reviewed, and they risk giving way by default. Supporting partners to collect such data is therefore part of making the program and its management of trade-offs reviewable and adaptive.

## 7.2. Respond according to the instrument

Section 2 suggested that donors and implementers agree in advance what happens when each instrument is missed or crossed. In the monitoring and evaluation process, rather than deciding case by case how seriously to take a shortfall, donor and implementer can apply the response they have already agreed. This makes reviews more predictable for implementers, and helps donors to focus their attention where it matters most. The responses differ by instrument, reflecting what each one is for:

**TABLE 12. HOW TO RESPOND WHEN A TARGET IS MISSED, A THRESHOLD IS BREACHED OR A RED LINE IS CROSSED**

| Situation | Response | Example |
|---|---|---|
| Behind on a target | The implementer explains the gap; donor and implementer discuss it and agree whether and, if so, what corrective action is needed | Income gains are a year behind schedule |
| Below a threshold | The implementer proposes corrective action; the donor agrees it, and the decision is recorded | Adoption of climate-smart practices falls below its threshold at the year 2 review (Annex A) |
| Red line crossed | The activity causing the harm stops immediately, whatever its results; the harm is remedied where possible, and the donor is informed | A partner promotes a banned herbicide in program-supported activities |

In programs with annual reviews, the implementer's management response is the appropriate place to set out the explanation or corrective action. Thresholds clarify in advance which shortfalls need explanation and which need corrective action.

Donors can also require corrective action, withhold approval or payment, and, ultimately, end a contract. These powers sit alongside the incentives described in Section 4.

## 7.3. Adjust openly

Trade-offs change as markets shift, interventions succeed or fail, and evidence accumulates. Intervention managers may find, for example, that a transition is slower or more costly for market actors than expected. This is evidence for recalibrating targets and thresholds. Changes should be agreed between donor and implementer and recorded with the reasons.

For significant trade-off decisions, a short record of the options considered, the evidence, the decision and who made it helps to make the reasoning transparent, and shows that the decision was made with reference to the agreed hierarchy of objectives.

When implementers identify and report trade-offs early, donor and implementer have more options for responding. Review processes can encourage this by recognizing early and candid reporting of trade-offs.

## 7.4. What donors and implementers can do

Table 13 summarizes what donors and implementers can each do to keep monitoring, evaluation and adaptation focused on the agreed hierarchy of objectives.

**TABLE 13. WHAT DONORS AND IMPLEMENTERS CAN DO IN MONITORING, EVALUATION AND ADAPTATION**

| Donors | Implementers |
|---|---|
| Agree at inception which outcome, process and portfolio information will be reviewed, and when. | Collect and report this information, including disaggregated data. |
| Respond to shortfalls according to the agreed instrument. | Explain shortfalls against targets, and propose corrective action when a threshold is breached. |
| Agree and record changes to targets and thresholds, with reasons. | Propose recalibration when evidence shows that targets or thresholds are unrealistic. |
| Recognize early reporting of trade-offs in review scoring. | Report trade-offs and red line breaches as soon as they are identified. |

## 7.5. Gaps and uncertainties

Programs differ in how they handle three practical aspects of monitoring and review: how often portfolio composition is reviewed, who in donor and implementer organizations has authority to rebalance it, and how the monitoring of outcomes is resourced within existing review cycles. It would be useful to review and compare current practice in these areas across a range of donors and programs, in order to identify approaches that work well and could be adopted more widely. Documenting how a sample of programs review portfolio composition and make rebalancing decisions would indicate a practical review frequency and where decision rights sit, and would identify the additional monitoring required and its likely cost.

# 8. Gender equality, disability and social inclusion

## 8.1. How the approach applies to GEDSI

Gender equality, disability and social inclusion (GEDSI) objectives can be traded off against other objectives in the same way as economic and environmental objectives, and the approach in this paper applies to them in the same way. This section draws together four points.

**GEDSI issues can be treated as objectives (of any rank) or as delivery commitments.** Where these sit depends on the program's mandate and the donor's commitments. If a donor expects results on gender equality, for example because the program is marked as significant under the DAC Gender Equality Policy Marker, gender equality needs to be at least a secondary objective, with a target and, where appropriate, a threshold. Red lines and safeguards protect against harm, and apply in addition to any GEDSI objective.

**One issue can sit in more than one category.** A program might treat women's economic empowerment as a secondary objective, protect Indigenous Peoples' land rights through a consent red line, treat disability inclusion as a delivery commitment, and prevent sexual exploitation, abuse and harassment through red lines and safeguards.

**Inclusion can involve trade-offs.** Reaching women, people with disabilities or Indigenous Peoples may require more time, adapted delivery and a higher cost per person, which can reduce the number of people reached for a given budget. Costs are not only financial. Some environmentally beneficial practices require more labor, and the additional work may fall on women, while payment goes to the registered farmer. Identifying these costs allows them to be planned, budgeted and agreed with the donor.

**Measurement affects what can be achieved or protected.** The number of women reached and their incomes can be counted. Changes in women's agency, decision-making and the social norms that constrain them change more slowly and are harder to observe. Without disaggregated data and leading indicators for these outcomes, it is difficult to set or monitor thresholds for them.

At each stage of the program cycle, this means:

TABLE 14. IMPLICATIONS FOR GEDSI AT EACH STAGE OF THE PROGRAM CYCLE

| Stage | Implications for GEDSI |
|---|---|
| Setting objectives and priorities | Decide the category for each GEDSI issue. Recognize that higher ambition on inclusion may mean lower reach or a higher cost per person. |
| Program design and implementation contract | Express GEDSI objectives through targets and thresholds, including shares. Budget for safeguards and accessible delivery. |
| Analysis and intervention design | Examine women's roles, control over income and assets, and time burdens in market system analysis. Consider gender-responsive finance, care and time-saving support, and supplier development for women-led and disability-inclusive enterprises. |
| Implementation | Apply safeguards, including consent processes and protection from sexual exploitation, abuse and harassment, to all interventions. Check the share of the portfolio contributing to GEDSI objectives. |
| Monitoring, evaluation and adaptation | Review disaggregated data and progress against GEDSI thresholds, not only the number of people reached. |

## 8.2. Gaps and uncertainties

Two practical questions would benefit from further work. The first is how programs estimate and budget for the additional costs of reaching women, people with disabilities and Indigenous Peoples, and how they agree these with donors. The second is how programs track outcomes that change slowly, such as women's agency and social norms, well enough to set and monitor thresholds for them within a program's lifetime. It would be useful to review and compare current practice in both areas, in order to identify approaches that work well and could be adopted more widely.

Collating cost data from a sample of programs that have reached these groups would give an indication of the additional cost involved, which could inform realistic targets and budgets. Further work on leading indicators for agency and social norms would show how thresholds can be set for these outcomes within a program cycle.

# 9. Open questions and next steps

## 9.1. Open questions

The approach in this paper has not yet been tested in full with programs, and the gaps and uncertainties identified in Sections 2 to 8 raise a number of practical questions. The main ones are:

- **Evidence for setting targets and thresholds.** Both depend on evidence that is often limited at design, including baseline data on environmental outcomes and women's economic empowerment. It is not yet clear what data are needed, how teams judge an acceptable shortfall, and whether provisional thresholds hold up once better data are available (Section 2.6).
- **Organization-wide commitments.** Climate finance or gender spending targets may shape how objectives are ranked, or targets set, for individual programs, in ways that do not match the program's own hierarchy of objectives (Section 3.5).
- **Contracts and results frameworks.** How the instruments work under different contracting arrangements, such as payment by results or grant agreements, and where thresholds and red lines can be written into donors' standard templates, have not been examined (Section 4.11).
- **Selecting market systems.** Weighting selection criteria by the hierarchy of objectives has not yet been tested with programs (Section 5.6).
- **Judging the balance of a portfolio.** There is no agreed way to compare contributions to objectives measured in different units, such as income gains, increased climate resilience and hectares of forest protected (Section 6.4).
- **Proportionate safeguards.** Programs may work with many small partners, and it is not yet clear how to match safeguards to the level of risk without leaving gaps where red lines could be crossed (Section 6.4).
- **Review and decision rights.** Programs differ in how often they review portfolio composition, who has authority to rebalance it, and how outcome monitoring is resourced (Section 7.5).
- **Inclusion.** It is not yet clear how programs should estimate and agree the additional costs of reaching women, people with disabilities and Indigenous Peoples, or how they can track slow-changing outcomes, such as women's agency and social norms, well enough to set thresholds for them (Section 8.2).

Annex C sets out further questions, including how to analyze the trade-offs faced by firms and other market actors, and how these link to trade-offs between program objectives.

## 9.2. Next steps

The Canopy Lab is interested in:

- testing the approach with donors and implementers on one or two programs at design or inception stage, and documenting what works;
- developing guidance on the trade-offs faced by market actors, building on Annex C;
- examining how thresholds and red lines can be included in standard results frameworks, contracts and review processes;

- developing the analysis of inclusion trade-offs, including their costs and how slow-changing outcomes can be monitored;
- reviewing how organization-wide commitments, such as climate finance or gender spending targets, shape the targets set for individual programs.

The Canopy Lab welcomes discussion with donors, implementers and research partners interested in shaping or testing this work.

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## Program documents and practitioner input

- Design documents and logical frameworks of three bilateral market systems programs, reviewed for this paper. The programs are not named (Annex B).
- Discussions with the Canopy Lab's Green Avengers community of practice.
- A session at the DCED Global Seminar 2026.

# Annex A. Worked example: an agriculture program

This example shows how the hierarchy of objectives and the instruments might work in one program. The figures are illustrative. Each heading names the section of the paper that the step illustrates, so the example can be read alongside it.

## Setting objectives and priorities: the base case

A five-year, £20m program has two objectives:

- **Primary:** higher net farm incomes for smallholders.
- **Secondary:** adoption of climate-smart practices, such as cover crops, reduced tillage, organic soil inputs, drought-tolerant seed and water harvesting.

In this program, the main trade-off is between two ways of raising incomes. Increasing sales of chemical fertilizer and pesticide through agrodealers can raise yields and incomes quickly and at relatively low cost. Climate-smart practices take longer to adopt and are harder to sell commercially. Without limits, the program may rely mainly on chemical inputs to meet its income target.

## Writing the hierarchy of objectives into the program design

Table A1 sets out the program's targets and thresholds for each objective.

**TABLE A1. TARGETS AND THRESHOLDS IN THE WORKED EXAMPLE**

| Objective | Target | Threshold |
|---|---|---|
| Incomes (primary) | 50,000 households increase net farm income by at least 20% | 30,000 households |
| Climate-smart practices (secondary) | 25,000 households adopt at least two practices and are still using them two seasons later | 12,000 households, with annual checkpoints |
| Balance between the two | (none) | No more than 60% of households with higher incomes achieve them mainly through greater use of chemical inputs |

The program also sets three red lines:

- No program support for highly hazardous pesticides (for example, WHO Class Ia and Ib).[14]
- No program-supported fertilizer recommendations above agronomic rates for the crop and soil.
- No program-supported expansion of farming into forest or wetland.

[14] WHO 2020

## Monitoring, evaluation and adaptation: using thresholds to guide decision-making

At the year 2 review, 20,000 households have higher incomes, but 80% of them through agrodealer sales of fertilizer. Only 3,000 households have adopted climate-smart practices, below the annual checkpoint. Both the climate-smart threshold and the threshold on chemical inputs have been breached, although income results are strong.

The implementer proposes moving budget into finance for farmers making the transition, and into links with buyers of climate-smart produce. It notes that the income target may be reached a year later, or narrowly missed. The donor agrees, and the decision and reasons are recorded.

This shows how the two instruments work together. Income results were on track, so the income target alone would not have prompted any change; it was the breached thresholds that required the program to change course.

## Monitoring, evaluation and adaptation: responding when a red line is crossed

In year 3, a partner agrodealer is found to be selling a banned herbicide in program-supported promotions. The implementer stops support for that product line immediately and informs the donor, whatever the income results of the partnership.

## Setting objectives and priorities: a climate-smart variant

If the donor had funded a climate-smart agriculture program instead, it could decide that both incomes and climate-smart practices are primary objectives (see Section 2.3). The target for climate-smart adoption would be more ambitious and its threshold closer to it, the threshold on chemical inputs would be stricter, and some limits might become red lines: for example, no program support for increasing the use of synthetic inputs. The income target would be less ambitious to reflect this. Because soil health is unlikely to improve measurably within five years, the thresholds track adoption and continued use of practices as leading indicators.

## Setting objectives and priorities: adding tiers

If the original program, with incomes as its only primary objective, also pursued other secondary objectives, these could be divided into tiers. A higher tier has a more ambitious target and a threshold set closer to it, leaving less room for it to be traded off; a lower tier has a less ambitious target and a wider range; and the lowest tier may have a target but no threshold, so that it can be given up entirely if it conflicts with higher tiers. With added objectives on women's control over farm income and household diets, for example, the tiers might look like those in Table A2.

**TABLE A2. USING TIERED SECONDARY OBJECTIVES IN THE WORKED EXAMPLE**

| Tier | Objective | Target | Threshold |
|---|---|---|---|
| Primary | Incomes | 50,000 households increase net farm income by at least 20% | 30,000 households |
| Secondary, tier 1 | Climate-smart practices | 25,000 households adopt at least two practices and are still using them two seasons later | 12,000 households, with annual checkpoints |

| Tier | Objective | Target | Threshold |
|---|---|---|---|
| Secondary, tier 2 | Women's control over farm income | 15,000 women report sole or joint decisions over farm income | 5,000 women |
| Secondary, tier 3 (optional) | Household diets | 10,000 households improve dietary diversity | (none): tracked, but can be given up if it conflicts with higher tiers |

# Annex B. Observations from program documents

To ground the ideas in this paper, the author reviewed the design documents and logical frameworks (logframes) of three bilateral market systems programs, covering agriculture, enterprise development, and forests and land use. Each program pursues a combination of economic, environmental and social objectives.

The review looked only at founding documents. It did not assess how the programs manage trade-offs in practice, which may differ from what the documents show. The observations are reported without naming the programs.

**TABLE B1. OBSERVATIONS FROM PROGRAM DOCUMENTS AND THEIR RELEVANCE TO THIS PAPER**

| Observation | Relevance to this paper |
|---|---|
| In each program, the relative priority of objectives could be inferred from several documents, but was not stated directly. One program stated which objective would give way: it would prioritize jobs for women, even at the cost of slightly fewer jobs overall. | Stating the hierarchy of objectives explicitly (Section 3.1). A threshold can make a precedence rule more precise by defining how much shortfall is acceptable. |
| Impact statements, policy marker classifications, logframe indicators and the measures used in economic appraisal did not always point to the same priorities. | Aligning the impact statement with the results framework, and checking that the instruments are consistent (Section 4.7). |
| In one program, an environmental indicator was placed at impact level but applied to the results of one partner only, while the economic appraisal measured the program's benefits in economic terms alone, chiefly the income from jobs created. | Where an indicator sits in the logframe does not, on its own, show its priority; its coverage, and whether it counts in the appraisal, also matter (Section 4.7). |
| Some objectives were framed together, for example as climate-resilient jobs. In one case, an indicator of "absorptive resilience" was measured by the number of households whose real income rose by 15%. The same result therefore counted toward two objectives (higher incomes and climate resilience), so any trade-off between them could not be seen from that indicator alone. The program also tracked resilience separately, through the adoption of climate-smart practices. | Separating combined objectives (Section 3.3). |
| Private finance mobilized appeared at or near the top of results frameworks. Where mobilizing finance is itself a program's purpose, this is appropriate; where finance is a means to other goals, the relationship between the two needs to be made explicit. | Ranking ends rather than means (Section 3.2). |
| In one program, all impact indicators were economic, and the environmental objective was pursued mainly by supporting businesses that met climate-smart criteria. | The need for clear, verifiable definitions of selection criteria that are used to qualify objectives (Sections 3.3 and 4.4). |
| Logframes included share targets, such as 30% or 50% of jobs for women. The documents reviewed did not state what would happen if a share target was missed. | Share targets work in the same way as other targets and thresholds. Agreeing the response in advance makes them more useful (Sections 2.4 and 7.2). |
| Evaluation scores and weights were assigned to outputs delivered by partners or components that focused on different objectives. In one program, the planned share of results meeting a gender criterion changed over the program's life as the mix of partners changed. | Treating the division of budget as a trade-off decision (Section 4.6), and weighting outputs and review scores in line with the hierarchy (Section 4.8). |

| Observation | Relevance to this paper |
|---|---|
| In the programs reviewed, annual reviews focused mainly on output indicators, reflecting the standard review format. | Agreeing what outcome and process information will be reviewed (Section 7.1). |

In summary, the programs already used many of the instruments described in this paper. However, their founding documents did not state the hierarchy that the instruments were intended to express, or what would happen when objectives conflicted.

# Annex C. Unresolved questions

This annex sets out questions that the Canopy Lab hopes to explore through further work and testing, subject to available resources. Comments and suggestions are welcome.

## Transitional and structural trade-offs

An earlier version of the approach proposed in this working paper was presented at the DCED Global Seminar 2026.[15] It distinguished two types of trade-off:

- **Transitional trade-offs** arise from barriers that can be removed, such as high upfront costs, missing information or returns that the market does not reward.
- **Structural trade-offs** persist because of physical limits, such as finite land or water, or deep-seated inequalities.

One working hypothesis was that transitional trade-offs are the best candidates for programs to address directly, while structural trade-offs are better managed through thresholds and red lines, with an explicit decision on which objective takes precedence.

This distinction raises two further questions. First, it may be better understood as a spectrum than as two categories. In practice, "structural" may mean "cannot be resolved within this program's budget and timeframe," which is a judgment about feasibility rather than a fixed property of the trade-off. Second, if treated as two categories, there is a risk that programs avoid addressing structural trade-offs, as resolving these would be deemed unfeasible given limited budgets and timeframes. Yet structural trade-offs may be precisely the problems where public funding can add most value, particularly when markets are unlikely to resolve them on their own. This connects to the distinction between private and collective barriers discussed below.

## Trade-off dimensions

The earlier version also proposed seven "dimensions" to help readers understand and analyze trade-offs. These were grouped into families:

- **Physical:** temporal (benefits now against benefits later), spatial (benefits here against costs elsewhere, or competition for limited space), distributional (benefits for some against costs for others), public–private (private gains against public value) and scale (deep change for a few against modest change for many).
- **Abstract:** risk and uncertainty (safe, incremental gains against riskier but potentially larger ones), and measurability and visibility (what is easy to measure against what matters most).

The approach did not explain how identifying a dimension should change the response. One working hypothesis is that the dimensions are more useful for analyzing the trade-offs faced by market actors (below) than for trade-offs between program objectives. Taking poverty reduction against forest protection as an example, the dimensions describe three different things at program level:

- **Time, space and distribution describe the shape of the trade-off.** In this example, the benefits of forest protection are long-term and partly global, while income gains are nearer-term,

[15] DCED 2026.

local and private. These differences make the two sides hard to compare. Distribution is the most relevant for decisions, because the costs of protection may fall on poor households.

- **Risk and measurability describe what is known about results.** They do not change the trade-off itself, but they affect how each side of it is seen. Results that are uncertain, slow to appear or hard to measure tend to count for less in decisions than results that are certain and easy to count, even when they matter as much. In this example, income gains can usually be measured within a year or two. Avoided deforestation is harder to attribute to the program, may take years to confirm, and often depends on approaches that are less certain to work, such as new markets for forest products. These differences may mean that the trade-off is "resolved by default" (Section 2.2) in favor of incomes, particularly when program evaluations focus on outputs. If so, the response lies in decision processes and indicators rather than in limits: choosing indicators that capture the harder-to-measure side, and agreeing in advance how uncertain or slow results will be judged. In this example, that could mean tracking leading indicators of forest protection, such as rates of clearance in program areas, and reviewing them alongside income results.

- **Scale describes a trade-off within one objective**, between depth and breadth, and is decided mainly through the choice of indicators. A program can reach fewer people or places with larger effects, or more with smaller ones. Indicators that count reach favor breadth, while those that measure the size of the change favor depth. In this example, a program could raise incomes substantially for a few hundred households at the forest edge, or modestly for many thousands across the wider landscape. Similarly, it could protect a small area of high-value forest closely, or a larger area more lightly. Although scale sits within each objective, it can affect the trade-off between them: spreading income support widely may make it harder to focus on the households whose land use most affects the forest.

At program level, the dimensions could serve as a checklist for design, prompting donors and implementers to ask when, where and for whom the costs and benefits of each objective fall. Whether this is useful enough to include in the main text is still open.

## Trade-offs faced by market actors: are the dimensions more relevant here?

To explore whether the dimensions could provide a useful framework for analyzing trade-offs faced by market actors, they were tested against three example cases. In the first, a cocoa buyer decides whether to invest in forest-friendly supply, for example by helping farmers raise yields without clearing forest and checking that their farms are deforestation-free, or to keep buying from producers who clear forest to expand. The second is based on an ILO program in Ghana, which is helping the Ghanaian Tomato Transporters and Traders Association switch from single-use wooden crates to reusable plastic crates. The plastic crates reduce losses in transport, last for years and can be recycled, which saves trees and reduces methane from wasted produce. Their standard size also builds trust between farmers and buyers. However, the switch puts at risk the jobs of the workers who make the wooden crates. The third is inspired by community co-management of fisheries supported by Fauna & Flora International in Tanzania, where fishers' committees set and enforce local fishing rules so that reefs and fish stocks can recover. In this case, a fishers' association decides whether to comply with no-catch zones. In each case, the dimensions helped to identify why a market actor might not choose the option that serves several objectives, and each pointed to a different type of response.

Table C1 applies the trade-off dimensions to each of the three test cases. The same dimension can take a different form in each case: time, for example, is an upfront investment for the cocoa buyer and the tomato business, but catch given up for the fishers.

**TABLE C1. TRADE-OFF DIMENSIONS APPLIED TO THREE MARKET ACTOR TEST CASES**

| Dimension | Cocoa buyer: invest in forest-friendly supply, or buy from producers who clear forest | Tomato business: switch to reusable plastic crates from single-use wooden crates | Fishers' association: comply with no-catch zones |
|---|---|---|---|
| Time | Investment in the supply chain now; returns (secure supply, premiums, market access) years later | Higher upfront cost; savings with each trip | Catch given up now; stocks recover later |
| Space | The firm can meet its commitments by buying from other areas; clearing may move to other buyers' supply areas | Crates must be returned, which is a logistics question | Fishing may move to unprotected areas; recovered stocks spread to neighboring areas |
| Distribution | Competitors may buy from farmers the firm has trained; forest benefits are shared by the public | The business that buys the crates may not be the one that gains from less spoilage; crates may be lost; the workers who make wooden crates may lose their jobs | Those who do not comply benefit from recovered stocks; processors, many of them women, lose volume |
| Risk | Premiums, farmer adoption and enforcement of regulations are uncertain | Low; savings are fairly predictable | Recovery of stocks is uncertain, as is compliance by others |
| Measurability | Buyers cannot easily verify that supply is deforestation-free, so cannot pay a premium for it | Savings from less spoilage are visible to the business | Stock recovery and compliance by others are hard to observe |

Across the three cases, each dimension points to a particular kind of barrier: a reason why a market actor might not choose the option that serves several objectives, even when that option would pay off overall. Table C2 lists these barriers, with possible design responses for programs to consider.

**TABLE C2. BARRIERS IDENTIFIED BY THE DIMENSIONS, AND POSSIBLE DESIGN RESPONSES**

| Dimension | Barrier | Possible design responses |
|---|---|---|
| Time | Costs come first; returns come later, if at all | Concessional finance or guarantees; time-bound cost-sharing; leasing or pooling; forward contracts or aggregated demand; sharing evidence on costs and benefits |
| Distribution (including public–private) | Benefits go to others; the person who pays is not the person who gains; some benefit without contributing; private costs bring public benefits | Contracts and deposit schemes; collective agreements and co-management; standards or regulation; payments for ecosystem services or results-based finance; gender-responsive finance; care and time-saving support; support for those who lose out |
| Risk | Returns are uncertain, including whether others will comply | Guarantees and offtake agreements; demonstration; support for enforcement |
| Measurability | The market cannot verify a practice, so cannot reward it | Traceability, certification and monitoring systems, shared through trade associations where possible |
| Space | Harm moves to other areas; logistics | Sector-wide or landscape-wide commitments; monitoring and enforcement; logistics design |

The test cases are few and simplified, but they suggest four provisional conclusions:

- Scale did not work as a dimension in these cases. It meant something different in each: depth against breadth, minimum viable volume, and the number of participants needed for collective action. Its useful content is covered by distribution.
- The dimensions overlap with the constraint analysis already used in market systems development. Their added value may lie in linking market constraints to program objectives.
- The cases differ in one important respect. The tomato case is mainly a private barrier, which a commercial solution can largely resolve, although the workers who make wooden crates still lose out. The fisheries case is mainly a collective problem, which needs rules, collective agreements or public payments. The cocoa case involves both. Where private and public interests diverge, trade-offs between program objectives may be sharpest, and public funding most needed.
- Measurability means different things at the two levels: at program level, whether a result can be reported; at market level, whether a practice can be verified and rewarded.

Finally, the cases suggest how trade-offs are linked, in both directions, between the two levels:

- **From program to market:** decisions at program level reach market actors through screening and selection, which determine which actors and trade-offs the program works with.
- **From market to program:** market actors' trade-offs affect the cost of program-level choices. High upfront costs, uncertain returns or weak markets increase the cost per result on the objectives affected. This is one reason to confirm targets and thresholds at inception and to adjust them through review.

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