

Market systems development in fragile contexts

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Systems are multi-function, multi-player

PLAYERS

SUPPORTING FUNCTIONS

Information

Government

R&D

Financial services

Private sector

Academic bodies

Demand

Supply

Civil Society Groups

Laws

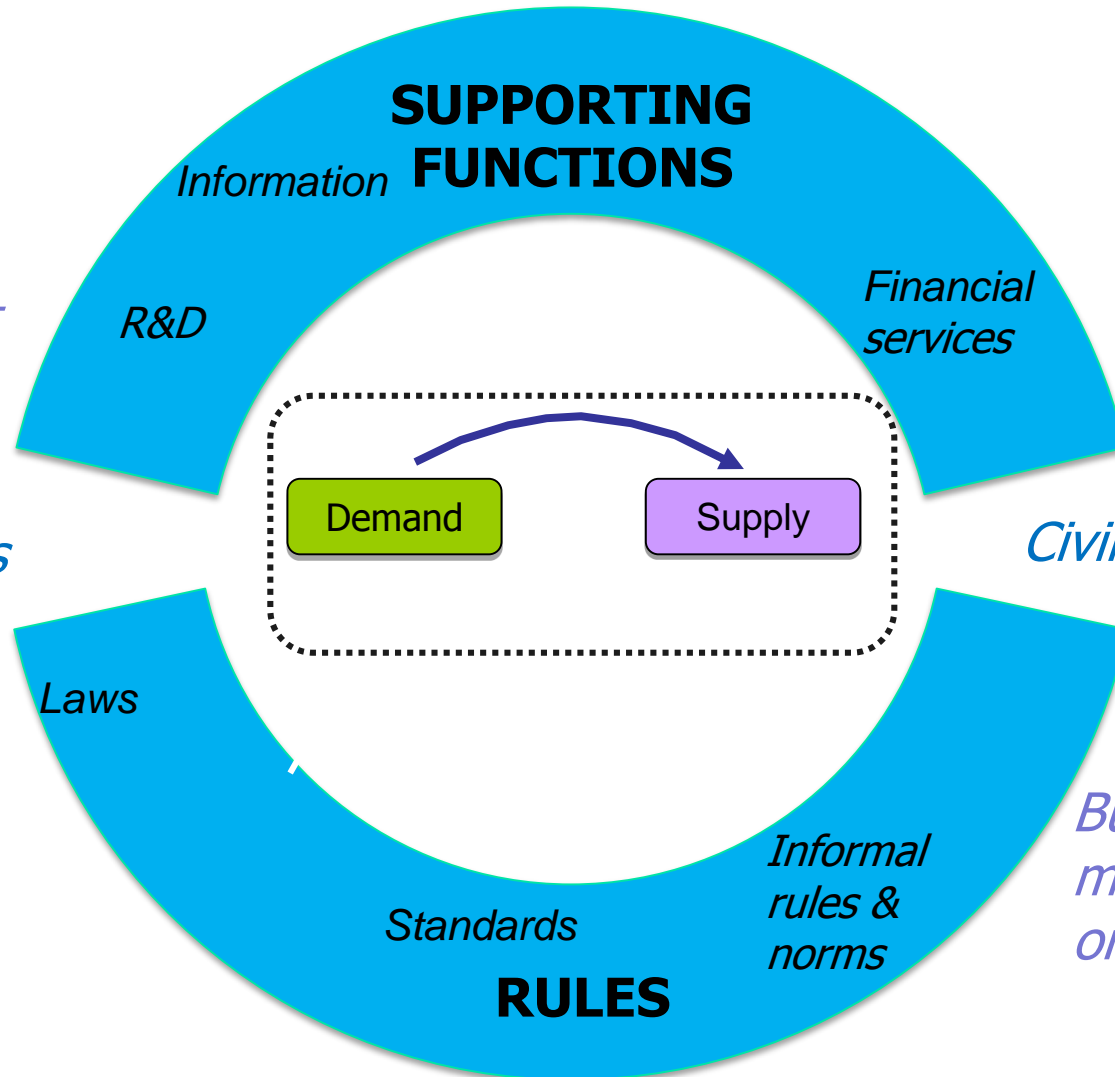
Informal networks

Informal rules & norms

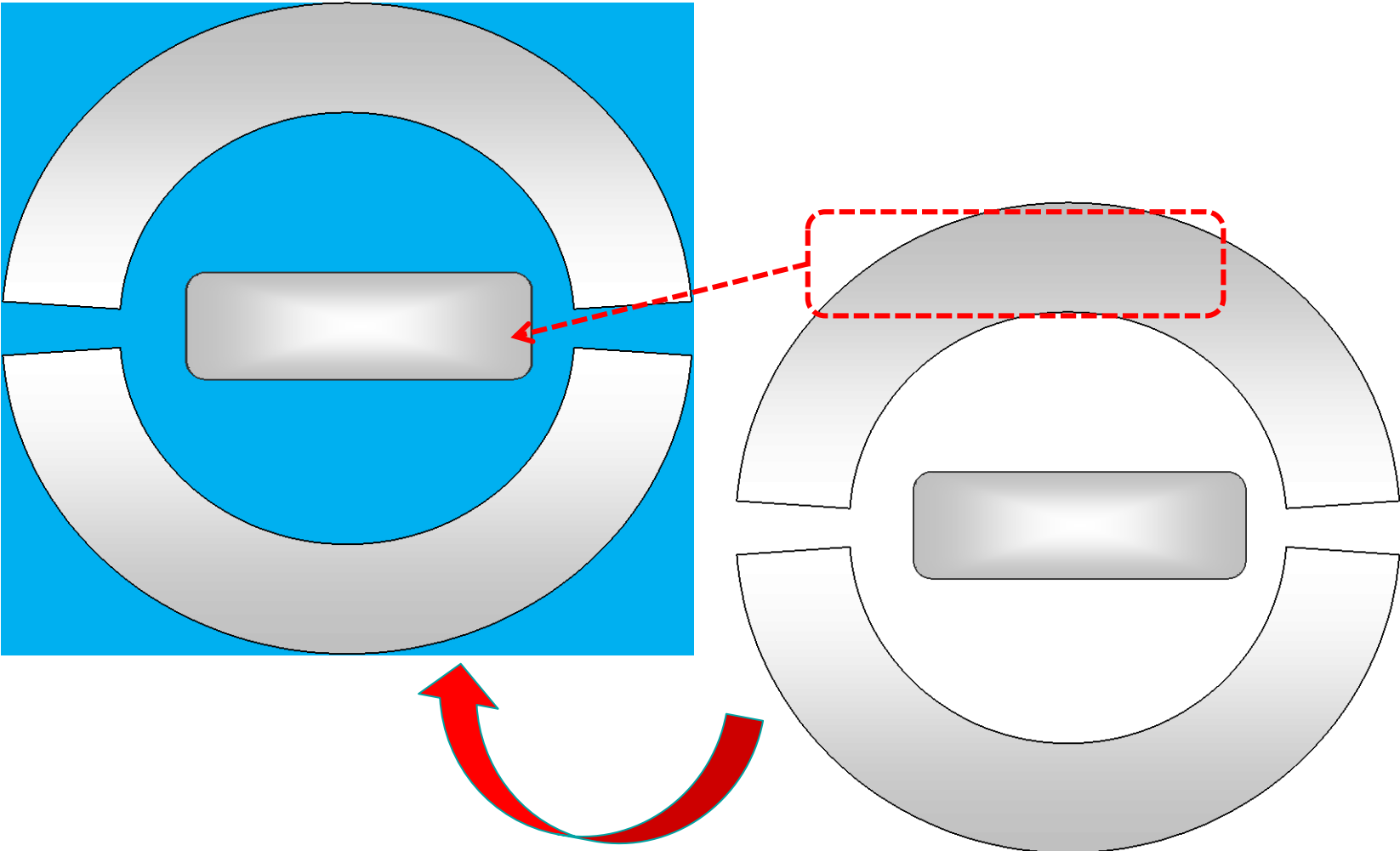
Business membership organisations

Standards

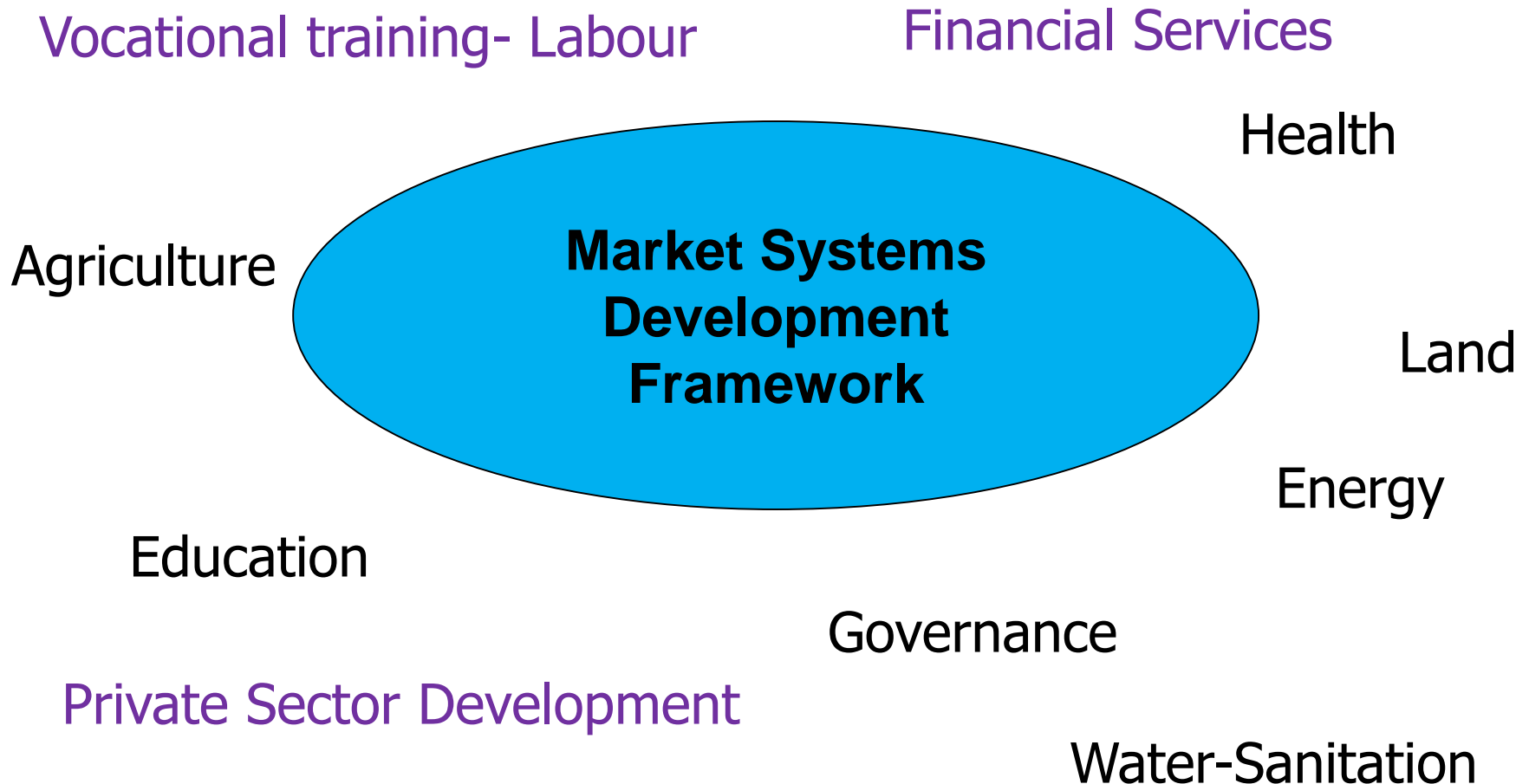
RULES



...and interconnected



Same framework- different sectors

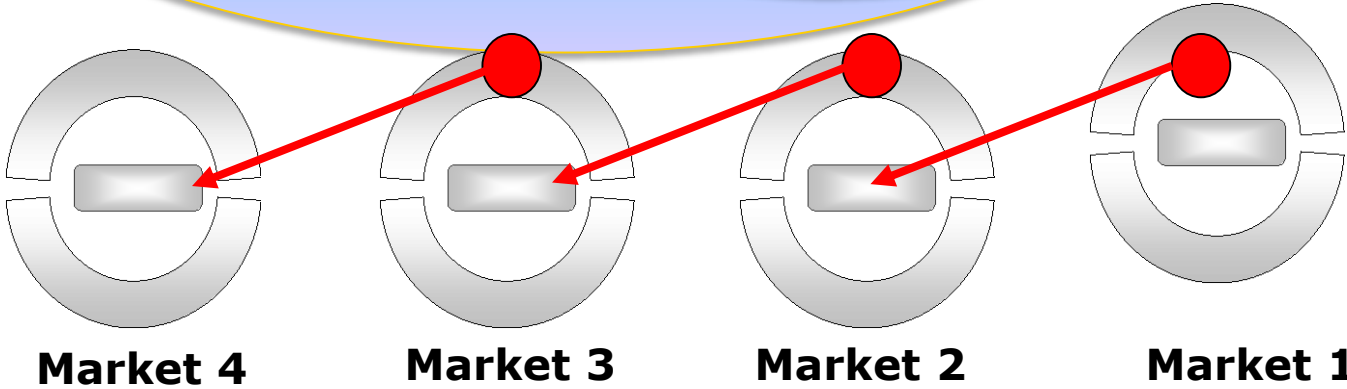
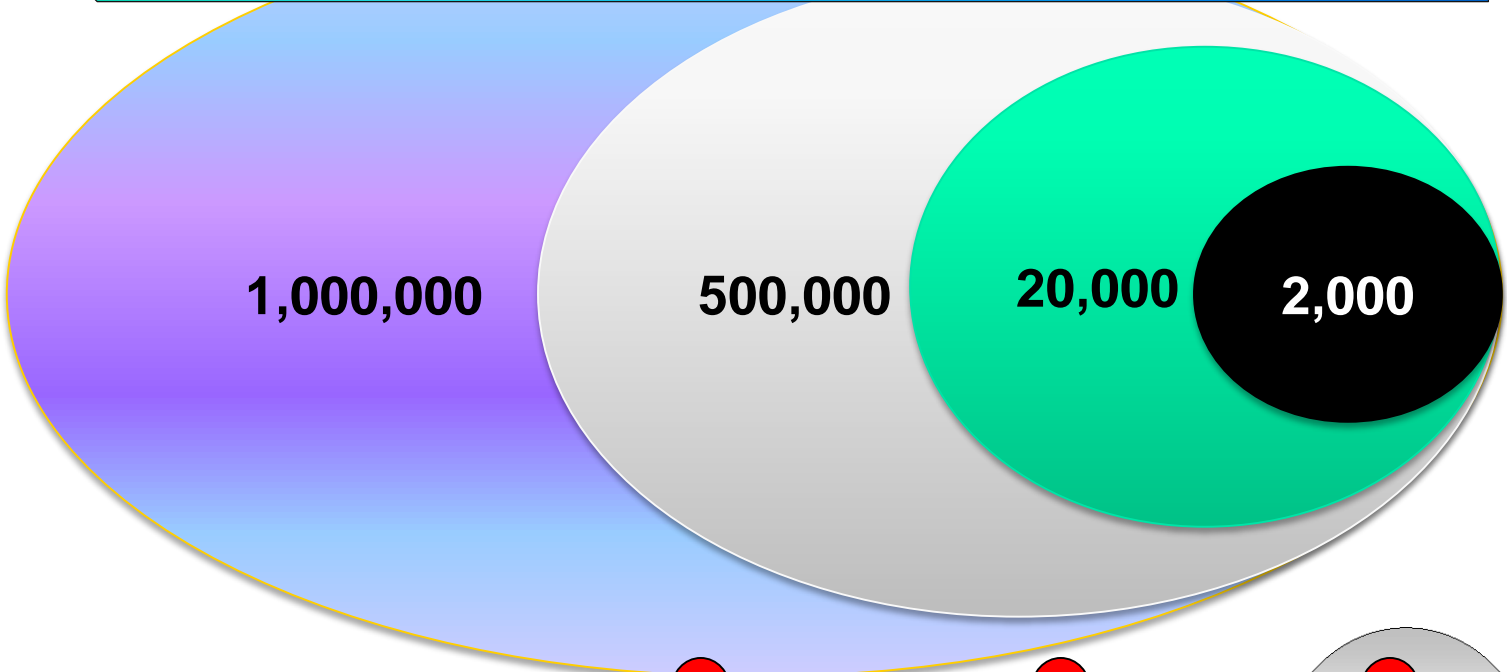


What makes the difference?

Market Systems Development Principles

- **Context-specific & Systemic:** understanding where systems are failing to serve the needs of the poor- *constraints*- and acting to correct those failings
- **Large-scale Impact-** explicitly aims to reach large numbers of poor by harnessing the dynamism of the market system- seeks *leverage points, co-investment* and '*crowding*' in of market players

Leverage



- **Facilitative role- Sustainable change:** *catalytic* role of development agent to stimulate, not displace, market functions or players.
better aligning *functions* and *players* with the *incentives* and *capacities* to work more effectively.
- **Learning & Adaptability:** systems are *dynamic* - interventions need to be! *Iterative* process of change needs built-in learning to support flexible decision-making and seize windows of opportunity.

Sustainability Matrix: current and future vision

Functions	Players		Incentives
	Who does?	Who pays?	Why?
CORE Market			
RULES			
SUPPORTING FUNCTIONS			

Direct Delivery

What problems do poor people and their businesses and institutions have?

How can we help to solve these?



Market Systems Development

What problems do poor people and their businesses and institutions have?

Why isn't their market environment providing solutions?

Why isn't the market system working for the poor?

Why utilize a Market Systems Development Framework in Fragile Contexts??

Market Systems.

- impact poor people in fragile contexts-even more so!
- provide jobs, essential goods and services
- continue to function *even if* at reduced rates/ informal levels and *even when* other institutions may have broken down
- rebound quickly
- ‘phases’ of relief, recovery, development interventions do not reflect on- the-ground realities and may ‘do harm’
- *may promote stability*

Market Systems Development & Fragile Contexts

Strategic principles are the **SAME**

however....

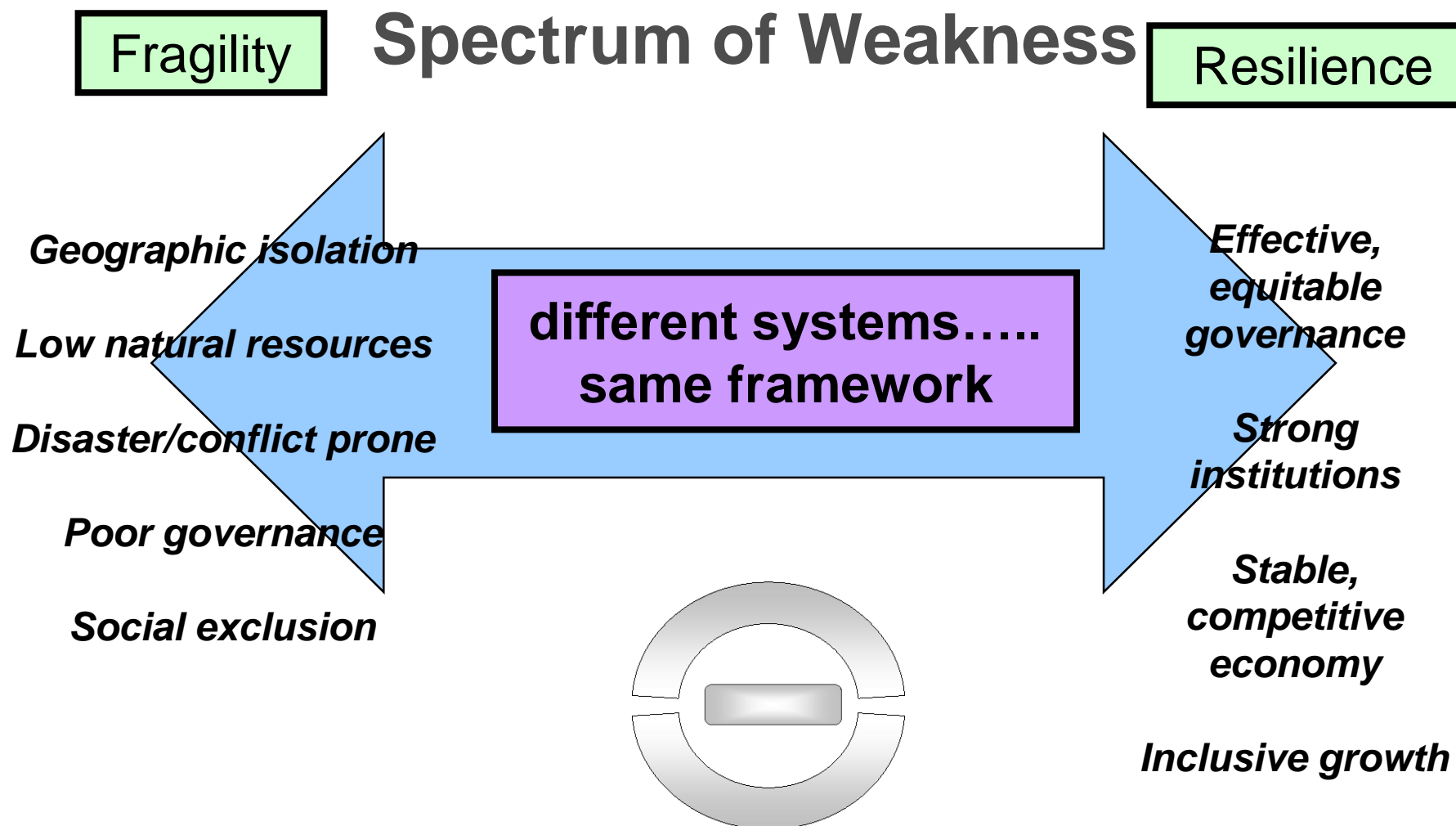
application of the strategy- *tactics*- requires
contextual adaptation

What is different in fragile contexts?

- Less partners for engagement
- Potential for increased importance of informal institutions/ players
- More intensive work with partners
- Limited sectors for engagement
- Increased use of subsidies
- Increased temporary direct interventions
- Longer timescale to achieve scale/ sustainability
- Pressure to demonstrate 'quick-wins'

What is different in fragile contexts?

- Government may be weak, corrupt
- Potential presence of illicit markets
- Increased distortion from aid interventions
- Issue of *lack of trust* is paramount- affects social, civic, and business relationships
- Need for *integrated skill set* of facilitation team



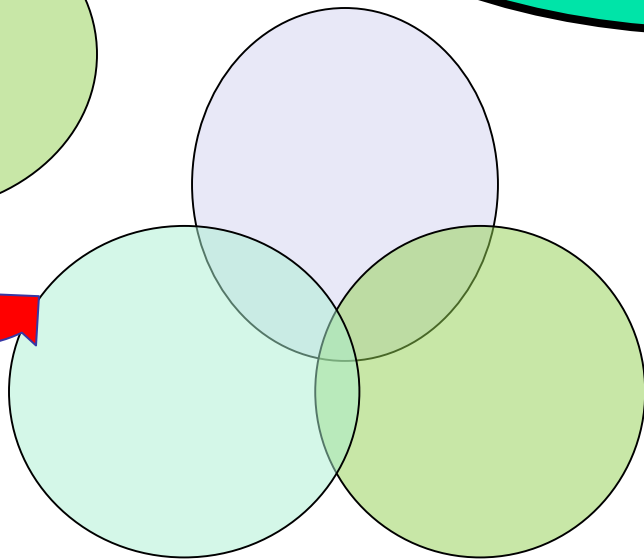
Context Analysis as starting point

**Conflict
Crisis
Fragility**

**Political
economy**

Market

**Power dynamics in
institutions/ systems
are interlinked!**



Market-Integrated Relief Early Economic Recovery

- meets basic needs
- minimizes market distortions
- targets crisis-affected populations
- jump-starts private sector
- promote re-emergence of essential markets
- builds platform (relationships, knowledge) for market systems development (*MICRO*)

Dividers

Negative drivers of change

Dynamics, players and institutions/ systems that *divide* people



Connectors

Positive drivers of change

Dynamics, players and institutions/ systems that *connect* people



Fragility SENSITIVE

- ‘Do No Harm’ as minimum standard
- **Goal:** poverty reduction or increased well-being
- Understand systemic causes of fragility
- CSPM: increase connectors



Fragility RELEVANT

- Assumes application of 'Do No Harm'
- **Goal:** reduced fragility and/or poverty reduction or increased well-being
- Understand and **address** systemic causes of fragility



Strategic framework = Theory of Change

Poverty
reduction

Improved
growth and
access

Stability

Increased
negotiated
settlements

System change-
increased access
to inputs

Focus on system change!

System change-
increased trust

**Systemic
intervention**

**Systemic
intervention**

Out of Fragility Vision- Theory of Change

- Does the program have a clear theory of change as to how systemic intervention will lead to reduced fragility?
- Is a market development intervention the most effective means of achieving the desired outcome?
- Does the theory of change have clear, logical indicators to measure progress towards multiple goals?

Why Market Systems Development IS a valid framework in Fragile Contexts

- lens to consider *complexity*
- keeps strategic focus on the poor
- considers institutions, systems and *power dynamics*
- incorporates DO NO HARM principles
- forces focus on *sustainability*
- inherently *flexible, dynamic* – focus on learning
- framework to link relief »recovery» development
- *applicable to multiple sectors*

Take Away Messages

- Context is the starting point
- Must consider POWER dynamics
- Focus on causes not symptoms
- Clarify programme goal(s) – and indicators of change
- Sustainability = facilitative role of development actor
- Flexibility, adaptability is key