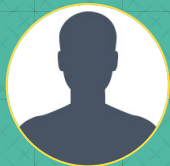
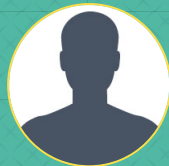


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Leaving no one behind



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All blogs

The 'leave no one behind' challenge - assessing the evidence for MSD in Australia's aid programme.

The logic of Market Systems Development (MSD) is compelling. It takes a system-wide approach and offers the prospect of stimulating lasting change in markets that are important to poor people. Over time, small project interventions can snowball into large-scale impacts.

But does it actually work? Donor agencies, like DFAT (Australia), look for evidence that MSD can deliver development impacts more efficiently, effectively and sustainably than the alternatives. That it can make a difference in a wide range of developing country contexts, including in 'thin' markets such as Pacific islands. And that it can - in the spirit of the SDGs - 'leave no one behind'.

Assessing the evidence

Australia's first MSD program began in [Cambodia](#) in 2010, followed soon after by the [Market Development Facility \(MDF\)](#) which now operates in Fiji, Timor Leste, Pakistan, Sri Lanka and Papua New Guinea. Our largest initiative is in [eastern Indonesia](#). Over the last three to four years, we've applied and adapted MSD-type programmes to new sectors (e.g. [infrastructure](#)), locations (from the [Palestinian Territories](#) to the [Solomon Islands](#)), and objectives ([nutrition](#); [women's economic empowerment](#)).

As our suite of MSD interventions expands, it's timely to step back and look at the available evidence on MSD, both from global sources like the BEAM Exchange, and

from Australia's own longest-running programmes. See our initial overview - [Beyond value chains](#).

At global level, an obvious starting point is the semi-regular synthesis based on the BEAM Exchange evidence map ([view the 2017 report](#); 2018 review in progress). Based on around 100 credible evidence documents, the 2017 study concluded that MSD is 'achieving results in promoting economic development, improving access to services and reducing poverty.' Early signs of systemic change were discernible across a range of contexts and geographic scales (both national and sub-national).

We reached a similar conclusion from recent reporting and reviews on Australia's three earliest MSD programmes (CAVAC, Cambodia, PRISMA, Indonesia and MDF multi-country). Quantitative indicators confirmed that investments can impact large numbers of beneficiaries, in terms of outreach (variously defined), farming practices and/or incomes. Importantly, our programmes provide evidence that making improvements to markets is feasible across a wide range of economic settings. Flexibility and adaptation to local circumstances is key.

In addition to achieving 'outreach' to their target populations, our MSD programmes are firmly focused on, and driven by, an intent to generate broader systemic change. This is evident in the way they articulate programme and sector strategies and intervention results chains, and in the way they use monitoring and results measurement to guide and adapt their approaches.

In practice, though, it remains challenging to move from local-level changes to more far-reaching 'systemic' change. Deliberate efforts are needed to identify, record and analyse broader market responses, including outside the project area and after project completion. Some specific examples of systemic change are beginning to emerge - for example the burgeoning smallholder-based pig industry in Flores, Indonesia (see Boxes 5 and 6 of this [2016 Review](#)). However, the current evidence base remains somewhat anecdotal. This is perhaps unsurprising, given that the broader MSD community is still grappling with defining and assessing systemic change.

The 2017 BEAM synthesis review did not find many evidence documents reporting results at the level of poverty impacts, but concluded that MSD approaches are 'valid' for promoting poverty reduction and 'can' help the poor access services. Given MSD evolved with the explicit intent of making markets function more effectively for the poor (M4P), further gathering and interrogation of evidence is clearly required.

[Reaching the poor\[est\]?](#)

As managers, designers and evaluators of Australia's MSD programmes, we have seen these programmes achieve significant changes that benefit people living in poverty. But it's harder to find clear evidence that investments are reaching the poorest of the poor. In fact implementers often tell us that the types of interventions undertaken cannot and should not expect to reach the poorest.

There are a multitude of reasons why the poorest often simply cannot – or choose not to – take up the new market opportunities created. An MSD programme will have some understanding of this from their poverty analyses and impact studies, but their direct relationships are primarily with intermediary market actors rather than with the intended end-beneficiaries. Since MSD programmes deliberately avoid providing direct support to the poor (lest this produce unsustainable results), implementers have limited understanding of the drivers of poverty and a restricted range of tools to overcome the barriers. So inevitably some people will be left behind, and these will tend to be the poorest and the most marginalised.

That's not a criticism of MSD approaches, but it is a limitation. At the same time, there is evidence that some forms of direct support to communities can provide effective and sometimes sustainable poverty alleviation for the poorest and most vulnerable, and help them escape from extreme deprivation. Australia's experience with [BRAC's Targeting the Ultra Poor](#) graduation programme is a case in point, where poverty alleviation impacts have endured for many years after the interventions end. But can these types of programmes connect the poor effectively to market opportunities that can take them out of poverty completely?

The [Australian NGO Cooperation Program \(ANCP\)](#) has in recent years seen an increase in NGO programming that deliberately tries to link smallholders to markets. BRAC is also looking to experiment with more proactive market linkages for its global graduation programming, for example by teaming up with market systems programmes to provide a more complete pathway out of poverty.

What we can see from our rapid survey of Australian programming in the markets arena is a strong complementarity between these two approaches: MSD programmes that can help markets 'reach down' to the poor, and community-based market linkage approaches that can 'lift up' the poorest and help them take up new opportunities. If we can find a way to bring these together more effectively, it may be possible to push the poverty frontiers of MSD work further to reach the poorest, and also to make our NGO cooperation programmes more impactful in terms of both depth and sustainability.

Private sector-focused MSD programmes and community-oriented NGOs are not traditional bedfellows. Will the MSD community be open to working with the direct delivery sector, whose methods it disparages as incompatible with sustainability and scale? Will NGOs overcome their trepidation of working with the private sector and create lasting linkages that give the poor market power and market share? Will

donors be smart enough to create hybrid 'lift and reach' programmes? That's the 'leave no one behind' challenge ahead of all of us.

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