

Jan. 5, 2023

# Going hybrid: knowing when to step in and when to step out to address climate, conflict & social inclusion



Harald Bekkers



David Hirst

All blogs

## **Responding to market contexts is key to MSD - and achieving systemic development may depend on facilitators daring to 'go hybrid'.**

Systemic development facilitates the linkages and know-how that local market actors need to improve business models or public delivery models and create lasting, resilient, positive change. In response to too much direct aid for too long, practitioners have been taught that good facilitation is hands-off. Solutions should originate from local market actors; development partners should only provide short-term technical support.

However, as we continue our MSD journey into new lands, we are learning that good facilitation must respond to market contexts to be effective. MSD in bustling Bangladesh differs from MSD in isolated Pacific Island nations, which differs from MSD in humanitarian situations.

### Addressing climate, conflict and social inclusion

This lesson is even more important now that MSD must step up to fight climate change, support recovery from disaster and further social inclusion.

Climate change is forcing millions of micro, small and medium enterprises (MSMEs) to adopt new practices and technologies to withstand extreme weather and reduce emissions. How do we facilitate this transition in shallow markets in which market

actors are busy establishing themselves? How do we do this in mature markets with vested interests potentially firmly entrenched?

Including those who have been excluded from economic activity - and are not recognised for their potential may require addressing norms and stereotypes that go beyond what a single market actor can do. How will we facilitate this social transition?

Supporting recovery from disaster will require coordination between emergency responses, investments in recovery and long-term systemic development. How can we facilitate this transition?

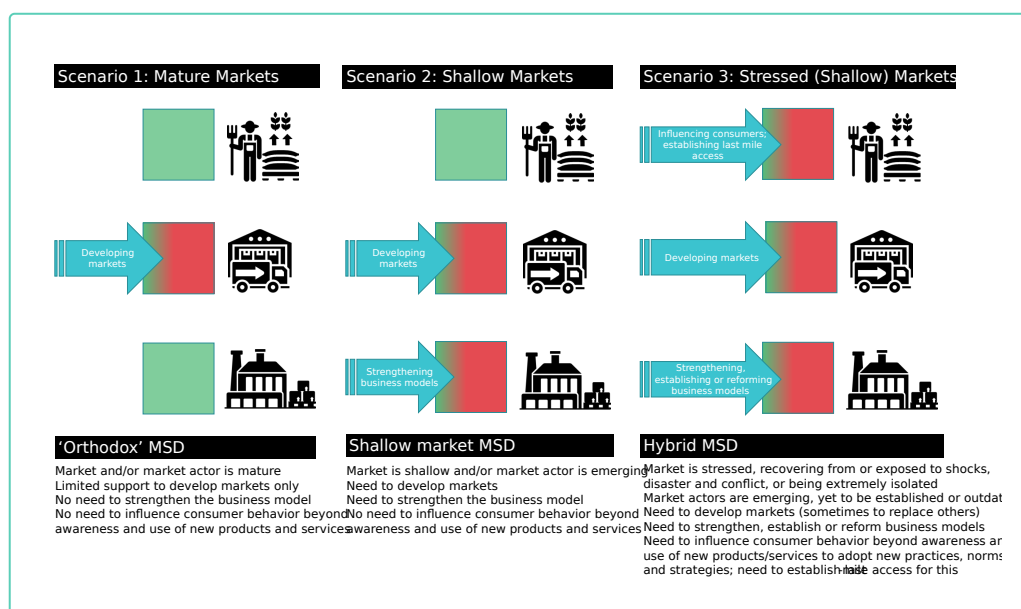
## Knowing when to step out and when to step in

The answer is that, sometimes, successful market systems development requires a mix of the hands-off facilitation combined with knowing when to take the lead. It needs a vision of an inclusive and resilient market system as well as a clearly defined exit strategy.

Systemic 'building blocks' need to be guided into place, as good facilitators do, in a responsive and creative manner, moulding support to local market actor needs without creating dependencies.

In this process, sometimes facilitators need to be ready to step out of their comfort zone, step in to create change, then step out again.

Let us compare three market scenarios to explain this.



## Scenario 1 - the 'orthodox' MSD approach

In mature markets, many market actors are capable and motivated. Short-term, hands-off technical support is enough to support more positive engagement with clients or constituencies.

**Example:**

In Bangladesh, agribusinesses struggled to engage their smallholder clientele on good quality input use. When the **Katalyst programme** partnered with Syngenta, Bayer and domestic companies, it focused on bridging the gap between companies and smallholders by supporting investment in retailer training programmes and field staff. Katalyst did not influence how these companies produced their inputs, nor did it need to engage farmers to teach them the basics of productive farming.

**Scenario 2 - 'shallow market MSD'**

As programmes began working in less mature markets, MSD had to be adapted to be successful. Market actors in shallow markets required longer and more hands-on support to strengthen business models or delivery capacity before they could engage clients or constituencies. Technical support had to be combined with capital investment, working capital support, and business mentoring. Where facilitators did this well, they often helped establish first-of-their-kind market actors filling critical market gaps.

**Example:**

In Fiji, smallholder farmers faced increasingly acidic soils for lack of access to affordable agricultural lime. The **Market Development Facility (MDF) programme** discovered that the only local company able to mine limestone was a construction company with no knowledge of agricultural markets. Their partnership had to focus on a broad range of issues: investment in machinery, branding, packaging, marketing, and cost-effective distribution. The end-result was a new business unit and a new product. Other market actors engaged smallholder farmers.

**Scenario 3 - a hybrid MSD approach for stressed markets**

Our learning is continuous as we encounter challenges in relation to climate change adaptation, disaster recovery and inclusion.

Market actors in Scenario 2 may have the incentive to respond, but the response required may be beyond their means.

Market actors in Scenario 1 may be more capable, but may have less incentive as they are invested in the status quo and change is costly.

In such scenarios, facilitators should feel free to 'go hybrid' and intervene directly into the market system to stimulate the right change for the right reason.

### **Example:**

In Uganda, the emerging market system for potato had not kept pace with the rapid spread of potato cultivation. Access to inputs and services, in particular disease-free seed potato and information on good agricultural practices, was virtually absent. Yields were low and declining – pest and disease infestations were on the rise. Heavy rainfall and droughts exacerbated the problem.

The **Resilient Efficient Agribusiness Chains (REACH) programme** applied the lessons from Scenario 2 and prioritised building up a local seed potato supply chain (among others system interventions). But while the market actors in this new supply chain were learning to collaborate and manage their businesses, farmers needed to be pulled out of their negative cycle of poor practices and low yields. Thus, REACH paired supply chain development with delivering training to farmers on good agricultural and climate-smart practices, laying the groundwork for more productive potato farming, with the necessary inputs and market linkages to achieve this.

### Conclusion

Variations on the REACH example can be applied to contexts in which actors face social barriers that prevent market inclusion, or for post-emergency scenarios in which supply and demand are weakened. In such scenarios, systemic development may only emerge if facilitators dare to go hybrid.

A hybrid approach is as informed by MSD principles as orthodox or shallow market MSD. Precisely because of this, a good facilitator knows how to integrate exceptions to the rule to foster systemic development in the most challenging of circumstances.