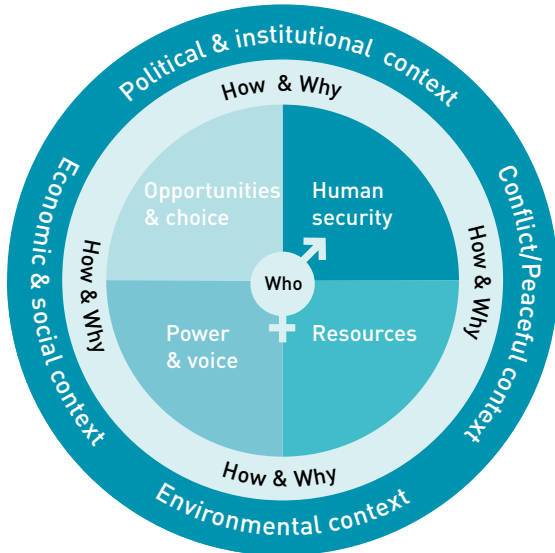


What does Sida’s analytical framework for Multi-Dimensional Poverty Analysis (MDPA) have in common with the Market Systems Development (MSD) approach? What are the differences? How can the two be combined? This brief tries to answer these questions.

The MDPA is Sida’s framework for analysing poverty that helps us understand the deprivations and constraints that people living in poverty face. MSD is an approach for understanding specific market systems (goods, value chains, financial services, etc) and how these can work better for people living in poverty.

Figure 1: The MDPA framework



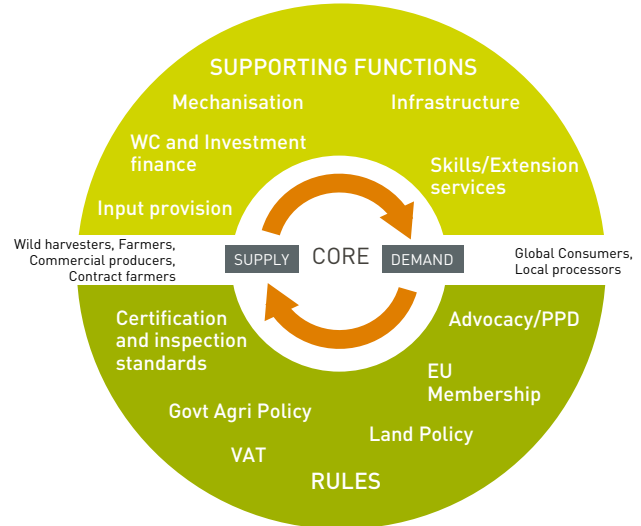
The MDPA is best applied in a country context whereas MSD is usually applied on a market system. Even though they have different purposes they can successfully be used in combination. One of the main commonalities between the two is the focus on people living in poverty and the context-specific factors that affect them.

The MDPA help us understand *who* is poor, *why* they are poor and *how* poverty is experienced by different

groups, zooming in on four dimensions of poverty: resources, opportunities & choice, power & voice and human security. The MDPA aims at understanding the context specific factors that are outside the control of individuals but affect the poverty reduction process, framed by four contexts: the economic & social, political & institutional, environmental and conflict contexts.

An MDPA that brings as much clarity as possible to some of these complicated factors gives us a deeper understanding of poverty which lays the foundation for developing and operationalizing a relevant and effective development cooperation strategy and portfolio.

Figure 2: The MSD “Doughnut”



The MSD approach also emphasises the context specific analysis but zooms in on particular market systems that affect people living in poverty as producers, consumers or employees. People living in poverty depend on markets for income and the purchase of goods and services. But often markets for jobs, staple foods, essential services and inputs for production does not operate in a way that meet their needs. MSD therefore aims to address the underlying causes of poor performance of a market system that matter to people living in poverty.

The purpose of the MSD analysis is to understand the particular market system and identify the root causes for its dysfunctional performance (dysfunctional for people living in poverty). The causes are then addressed in a way that brings changes to the functioning of the market system itself, sometimes called “systemic changes”. The approach has gained traction from many development partners since mid-2000 due to its potential for scale and sustainability in terms of development outcomes. The MSD approach also includes important principles for the actual implementation of interventions such as catalysing change rather than direct intervention, adaptive programming, multi-stakeholder partnerships, innovation and locally owned solutions.

The relationship between MDPA and MSD can thus be seen in a two-step approach in which an MDPA is applied at strategy and portfolio level to identify which groups are living in poverty and identify constraints/pathways to be addressed to lift people out of poverty. If a dysfunctional market system has been identified, the MSD approach can then be applied to further deepen the analysis of the market system, to address problems at the system level and suggest sustainable solutions to be scaled up. It’s important to point out that in most cases, the MSD approach is applied on contribution level and implemented by our partners whereas conducting an MDPA is the responsibility of Sida. The MSD approach could also be used for portfolio analysis.

AN EXAMPLE OF HOW TO COMBINE THE MDPA FRAMEWORK AND THE MSD APPROACH IN BOLIVIA

As a part of the Swedish cooperation strategy for Bolivia 2016–2020, the Embassy of Sweden in Bolivia was already working on MSD in the [Inclusive Markets](#) project with implementing partner Swisscontact. When MDPA was adopted as Sidas framework for multidimensional poverty analysis, Swisscontact developed a methodological guide for how integrate multiple dimensions of poverty and also added additional dimensions in the projects’ objectives and follow-up. Through its work on improving agricultural and financial services market systems it has also prevented violence against women and improved resilience. Hence these results address multiple dimensions of poverty: resources, human security and opportunity and choice. This work also inspired the Bolivian Ministry of Rural Development and their planning and monitoring of their programmes. In addition the Embassy also supported a Bolivian think tank to conduct a MDPA and develop a general MDPA index for Bolivia in collaboration with the Bolivian Bureau of Statistics. The work has strengthened the focus on multidimensional poverty from project and portfolio, to macro level in Bolivia.

For more information and tools please visit the [MSD Toolbox](#) and the [Poverty Toolbox](#) at Sida’s website.