

**Market Systems Development (MSD) Peer Learning Event, 16-18 November 2016**  
**Summary of discussion**

10<sup>th</sup> February 2017

The Market Systems Development (MSD) Peer Learning Event marked the launch of the Asia-Pacific MSD Peer Learning Network, an informal platform for MSD programmes across the region to bring together small groups of practitioners to discuss practical operational and management issues faced by staff on a day-to-day basis.

The network this year was divided into two forums; one for implementing staff, and one for team leaders. The forum for implementing staff discussed a range of MSD topics from November 16 to 18 in Jakarta, Indonesia, with 18 participants from 6 programmes, including PRISMA Indonesia, Katalyst and M4C Bangladesh, NAMDP Nepal, 3i Cambodia, and MDF Fiji, Pakistan, PNG, Timor Leste and Sri Lanka.

The forum participants were nominated by their respective team leaders, and the agenda of the forum was participant-led, with each team member highlighting the key day-to-day challenges faced in their respective programmes. Based on these team chosen topics, Jim Tanburn moderated the discussions.

The network was hosted by PRISMA in 2016, and another programme will take the lead in organising the next event in 2017.

1. Topics of interest to participants

Before the event, participants were asked what their 2 or 3 top challenges were; the following topics emerged as common themes. The sessions of the event were therefore structured around them:

1. Identifying appropriate private partners
2. Negotiating deals
3. Working with the public sector
4. Working with co-facilitators
5. Operational structures and processes
6. Internal and inter-programme exchange and learning

Subsequent discussions revealed appetite to talk also about use of mass media, target groups (women/disabled/inclusion) and results measurement. These were not, however, covered in detail.

Each programme was asked to present the issues for them, in the themes listed above, to get discussions started; this approach generally succeeded in stimulating lively discussions, involving everyone. In practice, discussions<sup>1</sup> roamed across various topics, discussed below in the order that they came up.

2. What do we mean by MSD?

The recent Donor M4P workshop<sup>2</sup> in Dar es Salaam had revealed a wide range of understanding about what MSD actually is, so the first session was dedicated to group work to discuss what might be the essential, minimum elements of an MSD programme. This showed a high degree of consensus among participants, that MSD is strategy-led, flexible, adaptive, sustainable, addressing market imperfections, low-profile, and not becoming a market actor.

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<sup>1</sup> Under the Chatham House Rule, so no-one is quoted in this report

<sup>2</sup> Organised by DCED, BEAM Exchange and AMDT, 2-3 November 2016; report forthcoming.

### 3. Programme identity, presentation

Emerging from the MSD discussion, several participants were concerned about the identity of their programme, and in particular how to present it to potential, private sector partners. It was felt that this would be easier to explain if the programme had 'skin in the game', as an investor standing to gain from success (and to lose from failure).

But there is no mechanism (yet) for allowing programmes to receive money (despite it being an interesting option for donors at HQ level), and anyway, it would make the programme a market player with too much investment in the success of one company (above others), and so reluctant. Nonetheless, participants were clearly concerned with the question of whether they could make their programmes more sustainable in the long run.

In terms of presentation, programmes generally started by presenting their problems, and rarely if ever painted a picture of the vision or opportunity. This might have been a function, however, of the way that the invitation was perceived.

### 4. Donors

The picture painted in several cases was of donor expectations that were very difficult to meet – particularly in trying to take a market systems approach in very thin or non-existent markets. There was also frequent mention of tight timescales, especially when relating to rural communities that may be hard to reach and/or slow to grasp commercial opportunities.

Donor coordination is also an issue, when donors and Government subsidise activities that programmes are trying to trigger on a sustainable basis. This is particularly the case when the same donor is funding direct-delivery programmes in the same geographical areas; this makes it difficult to explain to beneficiaries that the programme cannot provide any direct subsidies.

### 5. Partnering

There was appetite to partner with large companies, to reach scale. But the power dynamic is different, compared to partnering with SMEs. The large company may be an equal to the programme; the programme may even be the junior partner. This is particularly the case if the programme is trying to move beyond CSR or parallel operations, and into partnering on the core business operations.

### 6. Co-facilitators

This topic was discussed repeatedly, perhaps because there was some confusion about the use of the term. Some programmes used it to refer to any contractor, consultant or research body. Other programmes only used the term to refer to partners that were genuinely developing a market. In addition, some programmes only used NGOs as co-facilitators, while others used management consultants. Discussions covered who pays for what, Value for Money, and how to motivate co-facilitators to achieve good results.

There was generally a sense that co-facilitators are a problem, perhaps imposed by donors, rather than a solution to, for example, a lack of in-house or local capacity. There were relatively few success stories; most co-facilitators have apparently taken a lot of time and energy to manage; in particular, the challenge is often to benefit from their technical knowledge and experience, while avoiding support to implementation in a traditional format. Nonetheless, some felt that co-facilitators have an important role to play in scaling up proven pilot activities.

### 7. Operating procedures

Programme managers were generally appreciated, and considered to be accessible and supportive. However, the discomfort of being at the interface between rapidly-moving businesses, and risk-averse bureaucracies, was mentioned repeatedly by participants. Morale was rapidly and seriously affected by expectations that staff would move quickly with partners,

when the administrative systems often did not support them in doing that. Several found programme processes to be overly complex and confusing.

In this context, accounting software was discussed at length, with a simple system based on Lotus Notes coming out in a favourable light. Microsoft packages and custom-built systems were not so highly regarded. Uncertain, unpredictable or unexplained delays in getting decisions, authorisations and payments were frequently mentioned as a problem; cutting response times to a day would be widely appreciated.

Flexibility was generally seen as a Good Thing (albeit time consuming); several noted, however, that they were not entirely clear where the dividing line was between what was delegated to them, and what needed to be referred to their management. Personal discretion also left individuals open to undue pressure, and/or partners renegeing on agreements.

How are staff motivated and measured? It would be better to assess staff on their application of MSD principles, rather than on quantitative targets (which set perverse incentives). To which organisation (programme, contractor, donor...) do they feel loyalty? The answer is probably to the organisation that shows most loyalty to them. Would training for senior management in management skills be helpful? Most have to learn on the job.

#### 8. Working with the public sector

Lively discussions around working with Government did identify some opportunities for fruitful collaboration, for example where MSD approaches help extension workers to achieve their goals more effectively. Mostly, however, the discussions focused on ways to manage the relationship with Government, in the face of challenges like rapid staff turnover; advice shared included the following:

- Identify someone who recently retired from a senior role in public service, and work through him / her to reach their ex-colleagues
- Reach out to people through personal networks (e.g. old school or college friends) but be careful to maintain appropriate boundaries
- Increasingly in some countries, pro-active networking with people of the opposite sex is seen as inappropriate
- Gain public profile in the newspapers and other media that Government notices and reads
- Liaise actively with Governments that are particularly pro market systems

#### 9. Summary of the evaluation forms

All participants filled in an anonymous evaluation form, and all felt that the event had fully met their expectations. All sessions were rated on average between 3 and 4 (4 being the best possible). The open and frank discussions, and the informal setting, were frequently mentioned as very useful. A complete breakdown of comments made is available on request.

#### 10. Action points for the future

Some of the points outlined above do not lend themselves to action by programme managers; those that do include the following:

- Participants felt that they could do their jobs better if the internal transaction costs of administrative requirements were minimised. This would include systems for obtaining approval, time required for that approval, predictability of settling invoices, exactly what is delegated to them and what is not, etc.

- Financial systems could be improved through deliberate dialogue between technical, IT, financial and administrative staff. Where the transaction cost of processes is significant and unavoidable, it would boost morale if the reasons for it are explained clearly.
- Appropriate training in management skills could be useful for senior programme managers, to systematise management processes

Participants wanted more learning opportunities, including for example exchange visits. Several suggested that this event should be repeated every 6-12 months. If it had the same participants, however, it would need to cover themes not covered this time (e.g. working with mass media, reaching target groups, results measurement), and/or drill down into selected themes or sectors (to be identified). Alternatively, it could include different staff members of the same programmes, although English language skills might be an issue for some.

If the event is repeated, it should start with a presentation outlining key characteristics of each of the programmes represented in the room. This would cover countries, budgets, number of staff, sectors and any other distinguishing feature of each programme.