



19 years in facilitating market systems change! Lessons from the field. (Lesson -1)

I started my career for the DFID and SDC funded Katalyst project in Bangladesh in 2004. Fresh out of business school, I barely had knowledge about the field of development. I read pages after pages of the project's strategy. I remember Alan Gibson's name appeared almost everywhere and I asked my manager- who he was. I eventually worked with Alan, I worked around the world - from health systems to agriculture, WASH to nutrition, financial inclusion to malaria elimination. But my focus has always been on designing, facilitating, evaluating systems change! In this series of blogs, I plan to share the lessons and experience from the field that shaped my practice:



Lesson 1: Addressing systemic constraints is a necessary condition but may not be a sufficient condition; Design your facilitation strategy around future vision for inclusive growth of the sector

Market Systems Approach focuses on addressing systemic constraints to achieve scalable and sustainable solutions. A project working on engaging young men and women organic food value chain may work on addressing low institutional capacity for skills development of the youth (support services), quality assurance (support services), poor consumer demand (demand side), poor regulation of genetically modified crop production (rules). Given this information, it might appear that addressing these root causes might be both necessary and sufficient to develop an organic food production system that creates employment opportunities for young men and women in our targeted geographic location. However, if we put to context some additional information; it might look different. Say, studies show that large number of young men and women do not see farming as aspirational. They are joining the gig economy in urban centers. Studies further show that mechanized farming, production for global value chains along with digital marketing might attract the youth to farming but the potential for employment generation is low as these will be less labor intensive and more capital intensive. As you will perceive by now, if the project fails to align its interventions with this growing opportunity for the same target beneficiary it will fail to achieve the desired impact. The interventions that focus solely on the organic food system completely misses the growing opportunities and the vision of the future.



Projects often focus too narrowly on a sector and on the process loose oversight on competing developments which make interventions irrelevant. For example, in Bangladesh, even though women make up 60% of the 4 million labours in the ready-made garment sector, the supervisory and managerial roles are almost exclusively dominated by men. We are working to tackle this issue but we are also aware of the fact that the larger factories are mechanizing fast and the 4th Industrial Revolution has kicked off. Many of the positions will not exist in 7 years. Our agenda to promote women in managerial roles should not only focus on the current challenges but also align with future trajectories.

My first exposure to this issue was in 2004-2005 when we were working for the furniture sector in Bangladesh. Our preliminary focus was small scale manufacturers in one of the clusters in Dhaka. The first series of interventions were solely targeted towards supporting the association to establish facilities like wood drying kilns and such. As we progressed, we figured that the larger manufacturers were positioning themselves to evolve as large retail brands with franchise outlets across the country. We saw that some of them were outsourcing specific furniture from some small manufacturers but they needed more. We studied global cases and immediately observed that the furniture industries followed a specific pattern of growth. Outsourcing was to become key; market would be ruled by brands with ready to order furniture. MSMEs would start to observe declining market share. The nature of jobs in the industry will change as there would be demand for machine operators for manufacturing and for lacquer polishing. We created strong partnerships with the largest brands and started to work with them to help them develop an inclusive supply chain. On the process, we tackled the root causes that were restricting the inclusive growth of the sector. Here, we shifted from just focusing on the micro and small enterprises and their challenges (For example, unavailability of seasoning facilities, high manufacturing cost due to custom orders leading to losing market share to imported Chinese furniture etc.) to the systemic constraint tied to the future (lack of a functional outsourcing market that support the growth of the larger retail brands that eventually trickles down the growth to MSMEs). The latter approach meant that we opened up the market to the future that also addressed the challenges of the present. But if we were focusing solely on the issues of the MSMEs at that time, we might have not observed the competition coming from the retail brands which would have eventually made our interventions with small furniture manufacturers irrelevant.