

IS AN AVERSION TO 'MARKETS' UNCOVERING AN IDENTITY CRISIS IN THE SECTOR?

Katie Whitehouse

An aversion or suspicion of the term 'market' is revealing in that it acts as a barometer indicating the readiness of the sector to practice market systems development.

At this year's annual DCED conference, the Market Systems Development Working Group received feedback from several members that there was a continuing adverse gut-reactions to the approach from their colleagues because the term 'markets' aroused suspicion.¹ In the March 2018 'Making Markets Work' training conducted by the Springfield Centre there was general agreement amongst many of the participants that dropping the term 'market' and talking about 'inclusive systems' would address unhelpful misconceptions of the topic. The word 'market' seems to be the source of so much angst within the aid community, I wondered whether it was time for a re-brand.

When trying to convince other aid practitioners to use a market lens in their work, I have always started with debunking fear around the word 'market'.² From previous experience, when one asks aid professionals what a market system is, the common answer is a 'place to exchange goods' and 'the private sector'. Their definition is often very narrow, focusing on a supply-side understanding of the market and what a value chain looks like. It tends to omit the demand-side (which usually includes the target group) and the supporting functions, rules and norms governing the exchange of goods and services. 'Profiteering' and 'exploitation' are commonly cited fears from those reluctant to work with markets-based approaches. It is nearly 15 years since the first publication of the M4P Operations Guide and yet it is still being referred to as an innovative or new approach in many organisations. Indeed, the jargon surrounding markets is something that presents a glass ceiling for many in imagining their role in MSD, and as practitioners start to conceive the additional data requirements and skills required to acquire a comprehensive understanding of the system within which they are working, it is seen as too costly and time-consuming.

Thus, the word 'market' for new adopters almost instantaneously generates a negativity bias in any dialogue. From the outset, whether articulated or not, considering market-based interventions in the development or humanitarian space is on the back foot. Interestingly in some projects I have been involved with, the concept of MSD was welcomed by target communities, donors and local government (as it bought back the essence of development to local market players and civil society and away from the externally-funded, time-bound agencies and activities) and the challenges arose in building buy-in with local and international aid agencies.

MSD is not only a different way of thinking, but a different way of doing. Market development advocates are often not starting from the point of working with organisations ready to take on this challenge but having to convince them to do it in the first place and therefore by association working within organisations that may not be yet set up internally both in terms of process and behaviours to be able to deliver MSD

¹ Accessed at: https://www.enterprise-development.org/wp-content/uploads/MSDWG_meeting-minutes_19Feb18.pdf

² See M4P Operations Guide (2015) for definition of a market and market system. Accessed at: <http://www.springfieldcentre.com/wp-content/uploads/2015/11/2015-09-M4P-Op-Guide-Sept2015.pdf>

programmes. Historically, many organisations have found their *raison d'être* in filling the gap presented in dysfunctional, non-existent or collapsed markets by providing the function. Can we really defend the interventions of an organisation, however well-intentioned the cause, which inadvertently shift a market system to being dependent upon that organisation for it to function; or displace other local market players; or negatively distort consumer behaviour within it? The problem is that many organisations still may not even realise that they are having this detrimental impact on a local system nor how they may be compromising their mandate of creating sustainable change because of it.

By taking on a markets approach, it shifts the role of some of these organisations from delivery to facilitation or eliminates their *raison d'être* completely. Importantly, this does not mean that some aid organisations are not needed. Certainly, in the case where market systems and local capacity to deliver life-saving support are very fragile or have been obliterated by crisis, the case of humanitarian actors *temporarily* providing these functions may be valid. But by facilitating market system change, we are essentially asking certain aid agencies running MSD programmes to change their entire *raison d'être* and relevance in the market systems they are investigating. Should they be successful they are eliminating the reason for their existence. Redundancy of a development agency's role should, in most cases, be the ultimate goal but this can be a much harder pill to swallow in reality. As Marc Dubois, former Executive Director of MSF-UK writes in *'The New Humanitarian Basics'*, "localisation seems to frighten much of the formal system with the prospect of irrelevance".³ Such disruption in the aid sector also opens up new questions in terms of whether aid organisations can always be 'neutral' actors to facilitate MSD. Are aid agencies still relevant in this discussion or will they be displaced by others better suited to facilitating this change?

There is an ongoing effort to try to articulate MSD to a wide and varied audience in the aid sector. There seems to be a certain level of confidence within the aid sector that practitioners can easily add another set of market systems analysis, design and facilitation skills to their repertoire and convert to a new way of working with just a few weeks of training (regardless of the rest of the organisation being ready to deliver the supporting model for such programming). But could much of this effort be irrelevant when we consider the above and really call upon the sector to reflect and ask itself 'who' is best placed to facilitate MSD?

Will a re-brand address the aversion associated with the word 'markets' and improve uptake of MSD? There is a part of me that agrees that the economics jargon spilling into the sector when discussing MSD could be less academic but there is a point in which we need to make sure that in the quest to make the language and approach more palatable to those uncomfortable with its connotations, that we do not dilute the substance of what MSD is. Those that ask that we approach work in markets with caution have validity in their request. It is the responsibility of any organisation looking to transition into more MSD to approach it with caution and not 'play' with something it does not understand. But this point relates less to whether MSD is the right thing to do and rather to whether the organisation is both appropriately positioned and ready to do it. Thus, it is likely that a re-brand would just be addressing a symptom rather than a root cause of the issue and therefore have limited impact.

The debate on language raises more pertinent questions regarding the changing roles of aid agencies in delivering MSD and how ready the sector is to debate its relevance moving forward to meet MSD objectives. Until we start asking these questions, I fear the sector may just reconstitute MSD to suit the status quo rather than using MSD to challenge it.

³ DuBois, M. (2018) *'The New Humanitarian Basics'*, Humanitarian Policy Group, Overseas Development Institute. Accessed at www.odi.org.uk/hpg