

A SYSTEMIC RESPONSE TO COVID-19

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In a crash, it is not the speed that kills you, it's the sudden stop¹

The COVID-19 pandemic is a stark reminder of how interconnected our world is – and of how rapidly societies can turn inwards in times of crisis. It is also a reminder of how economic systems are intertwined with health, education and social systems: as countries strive to slow the spread of the virus and cope with the strain on health services, the extent of the economic disruption caused by preventative health measures is becoming clear. Millions of people are likely to fall – or move more deeply – into poverty. Economic contraction, social and educational disruption, and health risks all disproportionately impact poor people, affecting their capacity to sustain their livelihoods and take care of their health and environments, as well as hampering governments' abilities to support them.

A health and economic crisis as pervasive and unprecedented as COVID-19 demands substantial responses. Governments, businesses and citizens have reacted in myriad ways around the world. From mandatory quarantines to voluntary self-isolation; from multi-million dollar stimulus packages and investments in vaccine development to repurposed production lines and entrepreneurs sewing masks; from e-commerce innovations to local community support for vulnerable neighbours, much is already being done to mitigate this crisis.

The crisis itself and the consequent mitigation measures have presented numerous challenges for aid agencies. Delivery mechanisms have been compromised by movement controls, international staff have been repatriated, and resources are being redirected to COVID-19. COVID-19-centric support runs the risk of doing harm as well as good. Rapid influxes of aid into fragile systems might crowd out local initiative. Local firms might be encouraged to rush into temporary opportunities that are [not sustainable in the long run](#). Preoccupation with distribution of food and medical supplies might distract attention from maintaining livelihoods and supply chains or undermine them further. As other complex crises have taught us, pouring resources into fragile systems does not always lead to better livelihood outcomes.

At a time when the inclination is to either leap to the rescue or to hunker down and wait for it all to go away, it is critical to think pragmatically about how we can meet the dual challenges of enabling people to cope with immediate distress as well as supporting them to prepare for recovery. As previous experience has demonstrated, how we respond now has implications for the future. Our collective response to COVID-19 should be smarter than past responses, adapted to local contexts and opportunities, and anchored on market actors with the incentives to respond, recover and reconstruct.

Using the tools that we already have

Whilst the time for innovation is ripe, we don't need new frameworks or acronyms to be relevant to COVID-19 and its aftermath. Using existing approaches to sustainable development such as market systems development (MSD) will allow aid organisations to respond rapidly whilst considering future impacts. Existing tools are not only tested and hence more reliable. They are also familiar and therefore more likely to be used well. Scant resources and time do not have to be spent on developing them. Of course, we shouldn't apply approaches just because they exist. They must be fit for purpose. Several features of MSD programmes make them well suited to respond to the COVID-19 crisis.

Local, and led by on-the-ground intelligence: MSD programmes do not deliver solutions directly, but work through extensive networks of businesses, government agencies, apex bodies, research organisations, etc, that have long-term stakes in local economies, and reach from international buyers to remote farmers. Even during times of crisis, MSD programmes maintain a presence on the ground and, by supporting their

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partners to survive, adapt or pivot, can often continue delivering, albeit at a different speed and scale. The extensive in-country networks of MSD programmes also allow them to gather market intelligence from every level of the economy and analyse impacts from households to multinational firms. This is valuable in normal times but becomes acutely important during a crisis, when a paucity of data is one of the challenges aid agencies face.

Inclusivity-led opportunism: Whilst the crisis has been devastating, and difficult times undoubtedly lie ahead, crises can also breed opportunities: supply chains fragment and demand becomes more localised, creating opportunities for farmers and businesses; powerful incumbents are challenged by new technologies and practices; entrenched positions are scrutinised and people are more open to reform. MSD is equipped with tools to search for and assess the opportunities hidden within dysfunctional markets. It is about spotting trends, identifying opportunities, and helping firms and governments to adapt and innovate – to get ‘ahead of the curve’ – in a way that is inclusive of and beneficial to disadvantaged populations.

Flexible mechanisms: MSD initiatives are set up for rapid programming and re-programming, making them versatile. They work through diverse portfolios of sectors, partners and instruments (such as technical assistance, grants, coordination, and behaviour change campaigns). This enables them to identify and [respond to rapidly evolving circumstances](#), dropping, adjusting and adding activities according to need. With so much changing every day, unpredictable timelines for restrictions, and no guarantees about what might work, now is the time for more flexibility.

Partners with incentives to respond and recover: Much continues to change in the markets that MSD programmes work in, but it remains true that private firms and public agencies have clear incentives to find ways to mitigate the crisis, limiting the negative impacts on their bottom lines and their constituents’ lives. MSD’s approach to scale and sustainability is to work with willing and able private and public market actors to deliver goods and services to poor producers, workers and consumers. As the numbers of people living in poverty increase because of COVID-19, it is imperative that international recovery efforts do not bypass those with incentives to invest in long-term recovery; short-term, medium-term, and long-term measures are inevitably interconnected. Economic sustainability is a central pillar of MSD, stimulating changes that outlive aid. As donors and implementers aim to invest their resources in the most efficient and effective ways, it makes sense to work on rebuilding the systems that people most depend on, delivering as much aid through them – and, in the process, to them – as possible.

Systemic: The spread of COVID-19 has been a reality check for how interconnected we and the systems we rely on are – through labour migration, global supply chains and travel. A responsible attempt to alleviate immediate suffering as well as to promote long-term recovery therefore requires a systemic approach, that considers health *and* economic systems, with awareness of how they are interconnected. MSD programmes analyse how systems work, and what is keeping firms and governments from capitalising on opportunities that would benefit poor people, then working with them to lower their risks or increasing their ability to work in new ways and continue doing so without further support. Working in this way reduces the risks of market distortion or destruction that can be caused by extensive direct delivery.

Applicable to crisis situations: Although the COVID-19 crisis is unparalleled in modern times, MSD programmes addressing other crises have been able to both minimise immediate shocks and support economic recovery. There is recognition within the humanitarian sector that direct delivery of assets and skills does not necessarily lead to economic security or [resilience](#). An expanding community of practice is working to implement humanitarian programmes more sustainably, notably working with local actors as opposed to delivering aid directly.

This generation has never seen anything like COVID-19, in terms of what it is doing to people’s health and wealth. A challenge of such scale and complexity merits a response that has been proven to take scale and complexity seriously. MSD – a flexible approach, led by analysis and opportunity, and driven by partners with incentives to continue once relief measures end – is arguably more relevant now than ever, as we all seek to minimise the immediate impacts, foster inclusive recovery for as many people as possible, and work together to make systems more resilient to the effects of future shocks.