

Sida's Market Systems Development (MSD) Toolbox provides background information as well as a simple set of tools and guidelines on how to adopt an approach which prioritises scale and sustainability of impact for poor and disadvantaged people. This approach has become a priority for Sida in recognition of the need to increase the long-term impact of Swedish development cooperation.

The primary intended users of this toolbox are Sida's partners, who are encouraged to utilise the tools and principles in their collaborations with Sida, especially when applying a systems approach. The toolbox is not intended to be exhaustive as MSD is a comprehensive approach and should be considered as an entry point to further learning.

MSD PROGRAMME STRUCTURE AND DESIGN

Either within our thematic areas, geographical units, or embassies, Sida has a strategy for development cooperation outlining Sweden's priorities. This forms the basis of our contribution development. Based on the identified needs, strengths and weaknesses with respect to the strategy, Sida will determine areas where additional contributions are needed to deliver the strategy. These may be entirely new contributions or they may involve Sida providing funding to an existing initiative.

Typically Sida will not, and will not expect partners, to specify exactly what they will do and with whom from the outset. MSD is an adaptive approach with evidence based decision making at every stage, determining who is best place to sustainable deliver change.

Contributions will typically be comprised of an inception phase, where you conduct analysis and experimentation to narrow down the sectors and intervention areas in which the programme will work, followed by an implementation phase.

In all cases, Sida will have determined:

- The development objective: increased incomes, job creation, reduction of losses or vulnerability, improved health or education outcomes, reduced environmental degradation etc. These objectives can be combined but this should be explicit rather than assumed.
- The target group: For whom these objectives are to be achieved – women, young people, very poor people, etc.

Additionally, Sida may (or may not) wish to specify:

- Geography: A particular region, country, or area of a country where the programme should focus.
- Sectors: Any particular economic sectors or cross-cutting systems where the contribution should work. Whether specified by Sida or determined during the programme, the prioritisation should focus on how many of the target group might benefit, and whether there are any clear drivers or blockers of intervention in this sector.
- Instruments: Any particular ways that money should be spent in order to achieve those objectives such as grants, a challenge fund, matched grants, guarantees etc.
- Timeframe and Budget

UNDERSTANDING MARKETS AND DIAGNOSING ROOT CAUSES OF FAILURE

MSD takes a market based approach to all development intervention. This doesn't mean that it's only focused on money and the private sector. It simply means that we see everything as a transaction between people, organisations, and institutions and we use that as a framework to understand how we can improve the outcomes from that transaction.

An important tool we use in market systems development is the market system diagram. This allows us to look at all the factors influencing outcomes in a transaction so that we can understand how to change them. Importantly, the analysis focuses on what needs to be done and not on who does it, so the diagram doesn't include specific actors or organisations. This helps us to escape predefined solution such as training a particular type of actor.

Having identified which aspects of this institutional framework are preventing our intended development objective being reached for our intended target group, we then explore that market further in the form of a support market analysis. You can see that the support market concerns a different transaction. It has different actors on the supply and demand side and is influenced by different functions and rule. He is an example from a vegetable production market system.

FURTHER READING

[The BEAM Exchange](#)

