

## An Introduction to Participatory Market Systems Development (PMSD)

---

Participatory Market System Development (PMSD) is Practical Action's approach to designing and delivering inclusive markets programmes that reduce poverty on a large scale and protect the environment. Christian Aid has adopted this approach and has now trialled it in over 15 country programmes. Programme staff have also been trained in Emergency Market Mapping Analysis, a similar process to PMSD designed for the humanitarian context.

Experience has shown that participatory approaches, like PMSD, that engage market stakeholders enable us to design programmes that are based on a holistic understanding of the market – interventions that are targeted at unlocking blockages and opportunities in the market are most likely to enable us to deliver impact at scale. Practical Action has been developing an approach called *Participatory Market System Development (PMSD)* – an approach to ensure that our programmes make markets more inclusive.

PMSD is designed to bring all of the key people within a particular market together. These people are known as stakeholders, or market actors. The PMSD process works to build trust and a joint vision of change between these market actors, and helps them to collectively identify obstacles and opportunities affecting their market system. Facilitators trained in PMSD techniques support the group of market actors to come up with joint strategies and action plans that will overcome these obstacles, and take advantage of potential opportunities to improve market conditions for everyone. The approach, which has been developed over 12 years of fieldwork, is based on three broad principles: *participation, systems thinking, and facilitation*. You can read more about these principles further below.

### PRINCIPLES

PMSD is based on three core principles:

- **Systems thinking:** Markets are complex systems that adapt to new information constantly. They are made up of large numbers of actors who are connected to one another and whose decisions are influenced by, and have an influence on each other. These “complex and adaptive” systems behave in ways that achieve more than the sum of their parts. In other words, we cannot predict how the system will behave by looking at the individual people or parts; we need to understand the relationships and the interactions.
- **Participation:** Applying systems thinking to markets forces us to recognise that no single actor can determine how the system will change. Some very powerful actors can influence the trends or general direction of change, but how this change manifests in reality is a product of the decisions of all the actors. As a consequence, if we want to influence how a market system develops, we need to bring strategic players together to gain an understanding of the whole system, to jointly assess blockages and opportunities and to implement collaborative strategies and actions that will improve how the system functions.
- **Facilitation:** Facilitation can be understood here as creating the conditions for public and private market actors to drive change themselves. If we want to become effective facilitators, we have to therefore avoid becoming actively involved in the market as market actors. Facilitators can provide support, and even use subsidies as a way to build trust and joint visions, and to contribute to the introduction and dissemination of new ideas, practices or business models; however this must always be as part of an exit strategy. Good facilitation is at the heart of sustainability, because it is underpinned by the ownership that the key actors have over their own process of change.

### PROCESS

The above principles shape how we work on the ground. Whilst the reality of the process is messy, organic, and interactive, the following describes the typical sequence of steps that you follow when carrying out PMSD.

The PMSD process starts with programme staff analysing factors such as the potential to reach those most in need, and a particular market's potential for growth, so that they can establish which markets within an area provide the best opportunities for reducing poverty on a large scale; for more information on this read the [Market Selection Guidelines](#). The next step is to get a better understanding of that market system, and the problems within it, by mapping out how the system fits together, and researching each connection and market actor in detail. Further information on [market mapping can be found here](#).

Partners then work as facilitators engaging the key public and private actors within that market who can drive change – i.e. actually make the system work better – and find “hooks”, which are essentially just a set of convincing incentives that can motivate them to attend participatory workshops with all the actors within the market chain.

At the same time, the facilitators work to empower representatives of the marginalised actors so that they can engage with the rest of the actors in a meaningful way in these participatory workshops. By improving their business language and helping them to better understand the market, it puts them on a more capable and even footing to have an influence on how the process of change will take place.

Within the workshops, tools and activities are used to help the actors to visualise the market, and facilitators help the market actors in understanding where the opportunities and blockages are within the market system. It is through these interactions that the market actors can develop a joint vision, to build trust, and to coordinate their actions and collaborate, to achieve positive changes within the market system.

The facilitators support the actors throughout the process of strategic thinking, planning and action, in ways that help them to overcome potential conflict and risks. Throughout this time, we work to ensure that they steadily gain ownership of the process, so that once our intervention has come to an end, they can continue driving change in the future without us.

### **Additional Guidance: The Practical Action PMSD Roadmap**

Since PMSD was created in 2002, Practical Action has been stressing the importance of understanding the principles, and giving programme staff the freedom to apply them according to their needs. However they have realised that it's important to provide practical guidance that will help practitioners to go through every step of the PMSD process, without losing their ability to be creative and responsive to the reality on the ground.

Practical Action have therefore created a set of tools and guidance that practitioners can follow when they need to carry out PMSD. The steps are collectively known as the PMSD Roadmap, and they essentially describe the sequence above. The PMSD Roadmap is not a recipe that has to be followed step by step. Rather, it is intended to provide practitioners with the tools and inspiration to build the capacity of their staff and partners to become effective facilitators of PMSD.

You can access the [PMSD roadmap here](#): or at <http://practicalaction.org/pmsd-roadmap>

This document has been based on an introduction to PMSD by Practical Action: <http://practicalaction.org/page/14424>

If you would like further support with PMSD please contact James Cannon ([jcannon@christian-aid.org](mailto:jcannon@christian-aid.org)) or your regional inclusive markets advisor.

