



What is the Market Development Approach (MDA) Process for Family Planning, and Maternal, Newborn, and Child Health?

Brief #1 of 4 in a series on the MDA

September 2022 / by Mark Hellowell, David Elliott, and Barbara O'Hanlon

Introduction

To create a common understanding of key concepts in a market development approach (MDA), USAID's Frontier Health Markets (FHM) Engage produced a series of short "MDA briefs," for a diverse audience of policymakers, private sector actors, and development partners working in these health markets in low- and middle-income countries. The purpose of the MDA briefs is to clarify what MDA is and how it works in family planning (FP) and maternal, newborn, and child health (MNCH) markets. This first briefing note (Brief #1) aims to define the market development approach and its importance to improving FP market performance.

Why a market development approach for health?

The rationale for the market development approach stems from a new appreciation of the importance and role of market systems in increasing access to key health services and products, including family planning. There are two reasons why MDA is important to the health sector in low- and middle-income countries:

- First, the wide experience using MDA in different fields and the common learnings that have emerged are relevant to the health sector. Learnings from these experiences indicate that governments and donor agencies need to ground what they do in the reality of market systems and focus on stimulating systemic change.¹
- Second, the achievements and successes of the MDA approach and the growing evidence that MDA can deliver substantial, sustainable impact. More than 100 MDA programs have been funded by a range of development agencies, including USAID, which focus on economic sectors such as agriculture, finance, investment climate, and livelihoods, and social sectors such as water, health, and education.²

MDA is not a panacea and there are still areas of debate over its application in the health sector. Nonetheless, the growing experience and body of evidence highlight the value of the approach in addressing misconceptions of market systems in health, introducing a more positive yet realistic view of its role in achieving national health goals and objectives, and setting out how to realize MDA's potential

¹ A synthesis of The Making Markets Work for the Poor (M4P) Approach. UK Department for International Development (DFID) and the Swiss Agency for Development and Cooperation (SDC). October 2008.

² See: <https://beamexchange.org/practice/programme-index/>

for growing the FP market, thereby expanding equitable access to quality FP services and products for all.

Although widely applied to multiple economic and social sectors, MDA is neither a narrow prescription nor a branded tool. Instead, it is a flexible, context-specific, comprehensive approach. MDA enables governments and development agencies to achieve large-scale, sustainable change across multiple country contexts. MDA differs from other private sector development approaches by focusing on promoting a different role for donor agencies, impact investors, governments, and other development actors in bringing about systemic changes in health markets such as FP and MNCH.

How does MDA impact health?

MDA is an approach to developing market systems in health so that they function more effectively, sustainably, and beneficially for underserved population groups not receiving FP goods and services. Applicable to both economic and social fields (like health), it is an approach defined by a number of important characteristics:

- **Tackling the root causes of market failure.** MDA addresses the underlying causes of market failure in family planning. Rather than focus broadly on macro-health system problems or individually on specific private healthcare businesses, MDA understands and analyzes the way that all health providers / suppliers (both public and private) of FP services and goods interact with health consumers. By diagnosing and targeting root causes, market actors can make systemic changes that create lasting, inclusive growth.
- **Stimulating scale.** Public and/or private health sector-centered approaches (see Box 1) are often insufficient on their own. Both groups, but particularly the private market actors, continually hit obstacles that prevent them from scaling up to reach large numbers of health consumers seeking FP services and products. By contrast, MDA seeks to address the specific and unique underlying causes of poor performance in particular FP markets by stimulating changes in the rules, relationships, barriers, and incentives that affect how public and private market actors behave, helping important market functions to perform more effectively. If successful, this improves the whole market system, enabling multiple private healthcare businesses to innovate, grow, reach out, and serve wider populations.
- **Intervening sustainably.** As every market system is dynamic, it is essential that MDA builds the capacity of market actors to respond to current and future changes in the market system. This requires careful analysis of key market functions and market players in an FP market and how they could work more effectively in the future. Through a market intervention strategy, MDA aims to align the FP market and objectives with the incentives and capabilities of key market actors. The resulting changes in behavior and capacity will have a material effect on the quantity, quality, and distribution of FP goods provided and consumed. These results will not be a temporary response to a market strategy, but rather lasting changes in an FP market system that endure far beyond the period of intervention.

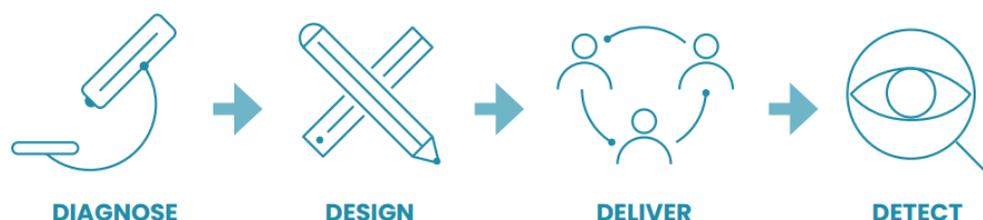
BOX 1. WHAT DO WE MEAN BY PRIVATE HEALTH SECTOR?

→ The private health sector is complex and heterogenous. It encompasses all non-state actors in health service deliver and product supply, including for-profit and not-profit entities, formal and informal providers and suppliers and domestic and international actors.

How to implement MDA?

FHM Engage follows a four-step process to put MDA into practice for FP and MNCH health markets called the *Pathway to Impact* (see Figure 1) discussed below. To achieve impact, the Pathway to Impact must be an inclusive process from the beginning and through the MDA process. Achieving universal health coverage (UHC) principles in FP and MNCH health markets requires a ‘whole-of-society’ approach in which government actors facilitate coordination, collaboration, and alignment among multiple stakeholder groups (see MDA Brief #4 on stewardship).

FIGURE 1: THE MARKET DEVELOPMENT APPROACH'S PATHWAY TO IMPACT



- **Diagnose.** A market intervention program needs a good understanding of how the market system works – diagnosing how, why, and who it fails – before intervening. This diagnostic process begins by identifying the constraints in a FP market system (the ‘symptoms’) and iteratively proceeds into a detailed analysis that explains the factors creating these constraints (the ‘root causes’). Market systems are complex, so locating root causes can be difficult and time-consuming, but ending the diagnostic process too soon can result in programs intervening in the wrong places: dealing with symptoms but not their underlying causes. During the *Diagnose* phase, FHM Engage convenes all relevant market actors in an FP market – public, private, and civil society – to inform the understanding of the targeted market system and to ensure the analysis reflects all relevant perspectives.
- **Design.** Once the diagnostic process has identified what is not working in the market system and why it is not working, FHM Engage facilitates the market actors to look forward and think through how the FP market system may work better in the future. As sustainability is central to the MDA, project activities should plan for their exit before intervening. This means developing a clear and realistic vision of how the FP market system will continue to serve underserved population groups effectively after interventions have ended. Designing a vision of a well-performing FP market system requires: (a) detailing the market functions that need to work more efficiently and inclusively to achieve the FP market’s vision of change, and (b) identifying specific market players who have the required capacity and incentives to perform those functions more effectively. In *Design*, FHM Engage involves multiple market actors to assess the market’s capacity to implement the intended strategy, and to inform the interventions to be taken. In addition, FHM Engage convenes and supports a small group comprised of public, private, and civil society market actors to empower them to steward the FP market changes detailed in the market strategy.
- **Deliver.** FHM Engage’s support develops systems by transforming the behaviors and practices of market players within them such that change lasts. Care is taken not to distort the way those systems work, through displacing or bypassing market players and the roles

they need to perform or causing them to alter their behavior and practices in ways that aren't appropriate or sustainable. Understanding market player's incentives, and taking them seriously, precedes any intervention. This way the market strategy supports the relevant market actors to innovate and perform more effective roles and empowers them to maintain and adapt those improvements in the future. This requires facilitation. At times, FHM Engage will work closely with individual market players to understand market dynamics and test whether a necessary behavior or changes can endure. At other times, FHM Engage will work with a diverse range of market actors to encourage behavior or practice changes to deepen and broaden market system responses that will improve the performance of the supporting functions and rules and regulations. In *Deliver*, the FP market stewardship group takes the leadership role, with FHM Engage support as needed, to monitor the market strategy's implementation and make mid-course corrections as needed.

- **Adapt and Learn.** Monitoring and results measurement (MRM) is key to a successful MDA program. Market systems are complex, and intervening to make them more efficient and inclusive is not a matter of implementing a fixed plan. MRM must be both rigorous and pragmatic to deal with this complexity. There are two aspects of MRM: monitoring changes in an FP market to assess interventions' effectiveness and adjust actions accordingly, and measuring system-level change and its impact on FP market performance. In *Adapt and Learn*, FHM Engage facilitates the FP market stewardship group to define what a well performing market looks like and the market system changes needed, along with the metrics to measure them. In addition, the project supports the stewardship group to use the MRM data to assess how the strategy is moving the market system in the 'right' direction, and to be flexible enough to make mid-course corrections as required.

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Frontier Health Markets (FHM) Engage works to improve the market environment for greater private sector participation in the delivery of health products and services and to improve equal access to and uptake of high-quality consumer driven health products, services, and information. FHM Engage is implemented by four core consortium partners: Chemonics International (prime and co-technical lead), Results for Development (co-technical lead), Pathfinder International, and Zenysis Technologies, and a host of Network Implementation Partners (NIPs).

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