

# Course Notes: Implementing a Market Development Approach (MDA) in the Health Sector

## Session 2 of 4: Design

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These notes accompany the **FHM Engage pilot course titled “Implementing a Market Development Approach (MDA) in the Health Sector.”**

## Introduction

Session 1 of this course, which covered the Diagnose phase of the Pathway to Impact process, explained how to 1) select a focus market based on the health problem and the potential impact of interventions, 2) assess the market in terms of demand and supply side characteristics, including market size and potential, and 3) evaluate how the market is performing in terms of access, quality, and affordability and identify root causes of underperformance.

The Diagnose phase also provides a clear idea of who the key market actors are and begins to engage them. It results in a “low-resolution” strategy that includes the kinds of changes that are needed to improve market performance and who will need to be involved in making those changes.

This session, which covers the Design phase, yields a “high-resolution” strategy for addressing the root causes of market system underperformance—by strengthening the incentive, capacity, and accountability environment in which market actors operate.

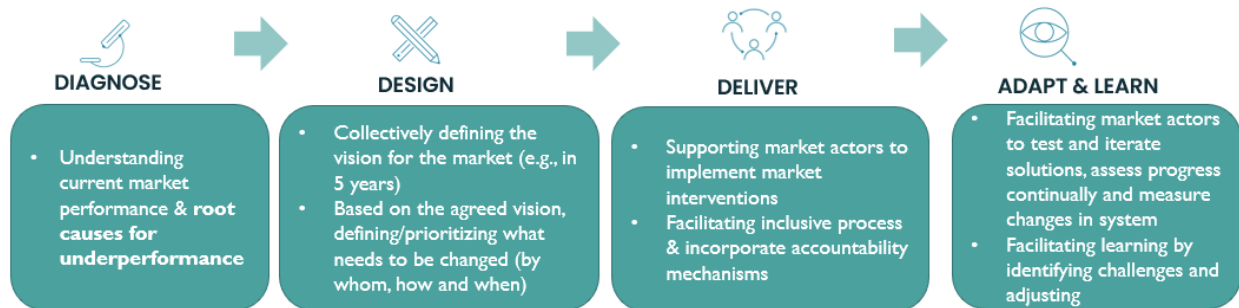
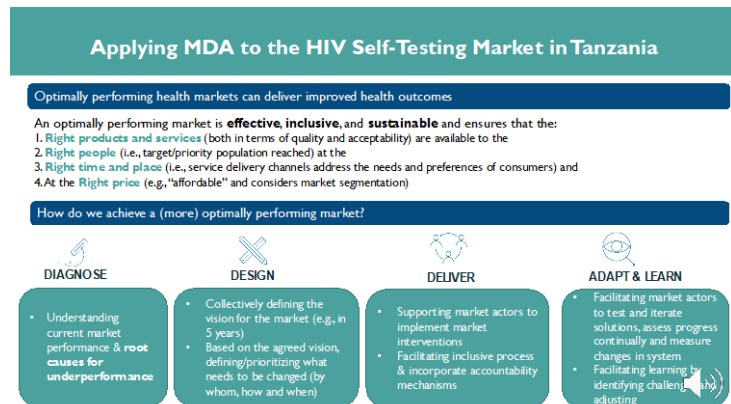
The Design phase has four steps:

- **Step 1:** Summarize the findings about the current state of the market.
- **Step 2:** Develop a realistic vision of how the market could work after interventions are implemented.
- **Step 3:** Analyze the feasibility of the vision.
- **Step 4:** Select a set of interventions and determine the role of Frontier Health Markets (FHM) Engage in implementing the vision.

# Tanzania Case Study: The HIV Self-Test Market

Optimally performing health markets can improve health outcomes. They are **effective, inclusive, and sustainable**. They also ensure that the **right products and services** (in terms of quality and acceptability) are available to the **right people** (the target population) at the **right time and place** (through delivery channels that address the needs and preferences of consumers) and at the **right price** (an affordable price for each market segment).

This case study describes the use of the Pathway to Impact to achieve a more optimally performing market for HIV self-testing in Tanzania.






## Phase I: Diagnose

According to the World Health Organization (WHO), "HIV self-testing is a process in which a person collects his or her own specimen (oral fluid or blood) and then performs a test and interprets the result, often in a private setting, either alone or with someone he or she trusts."

### Relevance

- Achieving the Joint United Nations 95-95-95 Goals by 2030 is a national priority for Tanzania as well as a global priority. (The first 95 goal is for 95% of all people with HIV to know their status.)
- In Tanzania, **only 61% of people living with HIV know their status**, and testing remains low among men and adolescents 15 to 19.

**HIV SELF-TESTING MARKET IN TANZANIA**

<b>What is HIV Self-Testing?</b>	"HIV self-testing is a process in which a person collects his or her own specimen (oral fluid or blood) and then performs a test and interprets the result, often in a private setting, either alone or with someone he or she trusts." (World Health Organization)	 Blood-based test				
<b>Relevance</b>	<ul style="list-style-type: none"> <li>Global &amp; National Priority to achieve <b>Joint UN 95-95-95 Goals</b> by 2030; (the first 95 goal is for 95% of all people with HIV to know their status)</li> <li>In Tanzania, <b>only 61% of PLHIV know their status</b> and testing remains low among men and adolescents 15-19yr</li> </ul>	 Oral-based test				
<b>Private Sector Opportunity</b>	<table border="1"> <tr> <td><b>Delivery Channels</b> for HIVSTK</td> <td>Tanzania HIV Policy mentions: Private Health Facilities, Workplace, Pharmacy, Drug Shops, Vending machines as potential channels for delivery of HIV Self-Test Kits (HIV STK)</td> </tr> <tr> <td><b>Supply</b> for HIVSTK</td> <td>Currently only one supplier supplying through public sector channels</td> </tr> </table>	<b>Delivery Channels</b> for HIVSTK	Tanzania HIV Policy mentions: Private Health Facilities, Workplace, Pharmacy, Drug Shops, Vending machines as potential channels for delivery of HIV Self-Test Kits (HIV STK)	<b>Supply</b> for HIVSTK	Currently only one supplier supplying through public sector channels	
<b>Delivery Channels</b> for HIVSTK	Tanzania HIV Policy mentions: Private Health Facilities, Workplace, Pharmacy, Drug Shops, Vending machines as potential channels for delivery of HIV Self-Test Kits (HIV STK)					
<b>Supply</b> for HIVSTK	Currently only one supplier supplying through public sector channels					
<b>Feasibility</b>	<ul style="list-style-type: none"> <li>GoT/Partner interest to expand private sector models</li> <li>No other partners actively supporting private sector delivery models</li> <li>Continue work that began under SHOPS Plus</li> </ul>					

## Opportunity

- Tanzania’s national HIV policy identifies an array of **potential private-sector delivery channels** for HIV self-testing kits: private health facilities, workplaces, pharmacies, drug shops, and vending machines.
- The kits are currently available only from **one supplier**, which serves public-sector channels.

## Feasibility

- The government of Tanzania and its partners are interested in expanding private-sector models.
- No other partners are actively supporting private-sector delivery models.
- New efforts can continue the work that started under USAID’s Sustaining Health Outcomes through the Private Sector (SHOPS) Plus initiative.

## Assessing the Market

The Tanzania team began with a desk review that lasted a few weeks. The team collected, reviewed, and analyzed the following documents and data sources related to the market for HIV self-testing kits.

Many of the documents were found online, but some were not as accessible and required reaching out to partners.

The aim of the desk review was to understand what was known and documented about the market, particularly barriers to access and government interventions that implicitly or explicitly engaged the private sector. The team reviewed documents for further country health context and to identify key market actors. Finally, they used available data sources to gain a basic understanding of the supply and demand for the self-testing kits, map the market structure, and understand the barriers to access in Tanzania.

OVERVIEW OF THE HEALTH MARKET	KEY SOURCE TYPES (*list is not exhaustive)
<b>A. Known Access Barriers and Country Priority Interventions</b> <small>(*attention to those that involve the private sector)</small>	<ul style="list-style-type: none"> <li>National Policy, Strategies or Guidelines</li> <li>Investment case/framework</li> <li>Donor reports</li> <li>Implementing partner reports</li> </ul>
<b>B. Country Health Context</b>	<ul style="list-style-type: none"> <li>National Policy, Strategies or Guidelines</li> <li>Donor report</li> <li>Global data sources (e.g., Demographic Health Survey; Service Provision Assessment; Service Availability Assessment; other National Health Surveys, etc.)</li> </ul>
<b>C. Key Market Actors</b>	<ul style="list-style-type: none"> <li>Donor report</li> <li>Internet query/website review</li> <li>Easily facilitated Key Information Interviews (KIIs)</li> <li>National Policy, Strategies or Guidelines</li> <li>National Essential Medicines List</li> <li>List of Locally Registered Products (with Drug Regulatory Authority)</li> <li>Implementation framework</li> <li>Government training curricula for health market/area</li> <li>National quantification</li> <li>Costed implementation plan</li> <li>National Policy, Strategies or Guidelines</li> <li>Published analysis of Demographic Health Survey</li> </ul>
<b>D. Key aspects related to supply of products/services</b>	<ul style="list-style-type: none"> <li>Budget and Expenditure Analyses</li> <li>Donor reports</li> <li>Market landscape</li> <li>Retail audits</li> <li>Health Facility Master List</li> <li>Global data sources (e.g., Demographic Provision Assessment; Service Availability Assessment; other National Health Surveys, etc.)</li> <li>Peer reviewed research (e.g., on aspect/product/service use, retention, etc.)</li> </ul>

## Mapping the Market Structure

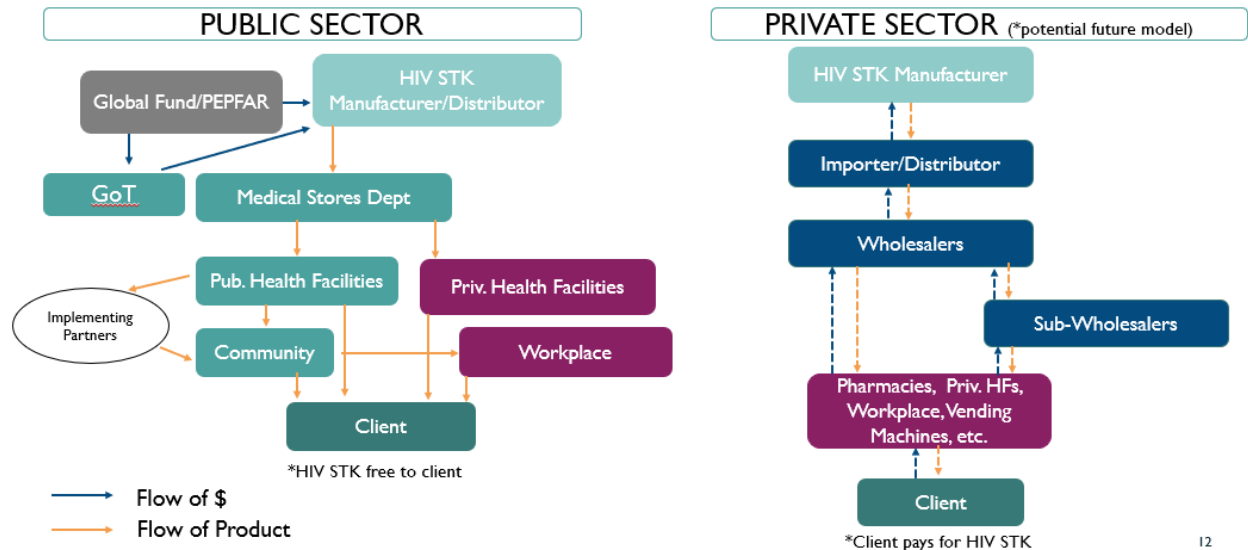
The team mapped the market structure by identifying key players, their roles in the market, and relationships among them. Key market actors included the government, donors, bilateral organizations, multilateral organizations, nonprofit organizations, and social marketing organizations.

The public sector was found to be the only regular supplier and distributor of the

KEY HIVST MARKET ACTORS	WHO?	ROLE IN HIVST?
	Government	<ul style="list-style-type: none"> <li>Ministry of Health</li> <li>Medicine Regulatory Authority</li> <li>Medical Stores Department</li> </ul>
Donors/Bi-laterals/ Multi-Laterals	<ul style="list-style-type: none"> <li>Global Fund</li> <li>USAID/PEPFAR</li> <li>UN Agencies</li> </ul>	<ul style="list-style-type: none"> <li>Supply-side Financing</li> <li>Policy</li> </ul>
NGO/Not-for-profit	<ul style="list-style-type: none"> <li>PEPFAR IPs</li> <li>Not-for-profit HFs</li> <li>Faith-based HFs</li> </ul>	<ul style="list-style-type: none"> <li>Distribution</li> <li>Service provision</li> </ul>
Private for-profit/Commercial	<ul style="list-style-type: none"> <li>Importers/Wholesalers</li> <li>For-profit Health Facilities</li> <li>Pharmacies</li> </ul>	<ul style="list-style-type: none"> <li>Procurement/Distribution</li> <li>Service Provision</li> </ul>
Social Marketing	<ul style="list-style-type: none"> <li>PSI</li> </ul>	<ul style="list-style-type: none"> <li>Procurement/Distribution</li> <li>Demand generation</li> <li>Data generation</li> </ul>
Other	<ul style="list-style-type: none"> <li>Civil Society Organizations</li> </ul>	<ul style="list-style-type: none"> <li>Demand generation</li> <li>Distribution</li> </ul>

kits; private health facilities and workplaces received free supplies through public channels.

The following figure depicts what a potential future model would look like.



## Identifying Barriers and Root Causes

The team attempted to answer the questions listed in the figure below, to identify global and national policies related the market for the kits.

### Methodology:

- 1) Desk review (key global/national policy documents; peer-reviewed research; health surveys; Govt websites, etc.)
- 2) \*Easily facilitated key informant interviews

Policy (Global and National)	Practice	Where are there misalignments and areas of market underperformance?
<p><b>Which HIVSTK</b> are recommended (e.g., oral vs. blood; quality considerations?, etc.)?</p> <p><b>Who</b> is the target population?</p> <p><b>Where</b> are HIVSTK allowed?</p> <p><b>Who is allowed to distribute/dispense</b> HIVSTK? (e.g., certain health cadres that have undergone a training, etc.)</p> <p><b>How much</b> should HIVSTK be available for (e.g., across channels, brands, types, etc.)?</p> <p><b>How many</b> have been quantified?</p> <p>(supply-side) <b>Who is financing</b> (\$)?</p>	<p><b>Which HIVSTK</b> are registered and available? (# registered? Are they high-quality-WHO-PQ?)</p> <p><b>Who</b> is accessing HIVSTK?</p> <p><b>Where</b> are HIVSTK available?</p> <p><b>Who is distributing/dispensing</b> HIVSTK?</p> <p><b>How much</b> are the HIVSTK (across different service delivery channels; brands; types, etc.)?</p> <p><b>How many</b> have been procured? (delivered?)</p> <p><b>How much</b> was committed (\$)?? how much was disbursed?</p>	<p><b>Why do these misalignments &amp; market weaknesses exist?</b></p> <p>e.g.                      MISMATCHED <b>RULES &amp; REGS</b>                      INADEQUATE <b>FINANCING</b>                      INADEQUATE <b>STEWARDSHIP</b>                      INADEQUATE <b>INFORMATION</b></p> <p><b>Asking why (repeatedly) gets us to the root causes</b></p>

Key questions included:

- **What** is the target population?
- **Where** are the kits allowed?
- **Who** is allowed to distribute or dispense them?
- **How much** should the kits cost (e.g., across channels, brands, types)?
- **How many** have been quantified?
- **Who** is financing the supply?

Next, the team used available data to identify current practice. This highlighted misalignments in the market. Understanding the root causes of market underperformance is critical to designing effective interventions to move the market in the right direction.

## Analyzing Policy vs. Practice

The team conducted a policy vs. practice analysis, looking specifically at which HIV self-testing kits were recommended. The key source documents included WHO policy, which recommends the use of quality-assured diagnostic tests, including five WHO-prequalified blood-based tests and one WHO-prequalified oral fluid test. The documents included Tanzania’s HIV/AIDS Prevention and Control Act and Tanzania HIVSTK Implementation Framework. However, the review did not find which kits were available in Tanzania, requiring further interviews with market actors. Overall, the findings showed that global and national policies were mismatched and misaligned.

POLICY				PRACTICE	
Which HIV Self-test kits are recommended?				Which HIV self-test kits are registered in TZ?	Which HIV self-test kits are available in Tanzania?
What does policy say?	Global (WHO)	TZ HIV/AIDS Act	TZ HIVST Implementation Framework		
TYPE	QUALITY SPEC.	WHO-PQ	none	WHO-PQ	WHO-PQ
	ORAL-BASED	x	x	x	<u>Orasure</u>
	BLOOD-BASED	x	x	<b>Not allowed</b>	Mylan Abbott <b>Not allowed</b>

### Findings from Policy vs. Practice Analysis:


Global and National policies are mismatched/misaligned (some allow blood-based others prohibit)

**Why are there misalignments?:** Answered during subsequent meetings with market actors

## Phase 2: Design

Once the team had a basic understanding of the market, they convened a market development workshop with representatives of known key market actors. The workshop focused on introducing the market actors to the MDA, validating the team’s understanding of current market performance, and co-creating a vision for what a future market for HIV self-testing kits could look like within a five-year period—including which kits should be available, to whom, where, through which delivery channels, and at what price.

**Design: Moving from the Current to a “More Optimally” Performing Health Market**




**Current Market**  
Where we are now

→

**Future Market**  
Where we want to be

DIMENSION	CURRENT MARKET	FUTURE MARKET (in 5 years)
<b>WHAT?</b>	<b>PRODUCTS</b> • Only one oral-based product	<b>PRODUCTS</b> • Both oral and blood based • Allow for urine when available
<b>WHO?</b>	<b>TARGET GROUPS</b> • KVP	<b>TARGET GROUPS</b> • KVP
<b>WHERE?</b>	<b>GEOGRAPHIC AREAS</b> • HIV/AIDS “hot spots” • Areas where target groups are concentrated	<b>GEOGRAPHIC AREAS</b> • HIV/AIDS “hot spots” • Areas where target groups are concentrated
<b>HOW?</b>	<b>CHANNELS</b> • Public supply • Public sector delivery • Private sector pilots (workplace and pharmacy)	<b>CHANNELS</b> • Public and private supply • Public and private delivery >>> all modalities
<b>HOW MUCH?</b>	<b>PRICE</b> • Public free price • RSP 3,000 TZS (pharmacy pilot)	<b>PRICE</b> • Public free price • Social affordable price • Commercial market price



**Current Market**  
Where we are now

→

**Future Market**  
Where we want to be

DIMENSION	CURRENT MARKET	FUTURE MARKET (in 5 years)
<b>WHAT?</b>	<b>PRODUCTS</b> • Only one (oral-based) product	<b>PRODUCTS</b> • Both oral and blood based • Allow for urine when available
<b>WHY?</b>	<ul style="list-style-type: none"> <li>Globally there is only one WHO-PQ'd manufacturer of oral-based HIV STK &amp; only WHO-PO'd HIV STK are allowed in Tanzania</li> <li>Blood-based tests are registered in the country but not available; There is a <b>Mismatch of Rules/Regs</b> with some National policy allowing them (e.g., TMDA Policy) while others prohibit (NACP Policy)</li> <li>Waste disposal concerns is one of the primary reasons blood-based kits are not allowed in TZ; however, the technology has accounted for this in its innovative design (<b>Inadequate information</b> among policymakers)</li> </ul>	<p>↑</p> <p><b>How?</b></p> <ul style="list-style-type: none"> <li>Which challenges should we prioritize?</li> <li>What types of interventions will overcome these barriers?</li> </ul>

The Design phase asks: How do we move from the current market to the future market? Answering this question requires understanding the symptoms of underperformance, their root causes, and thus the types of interventions that could have an impact.

## Potential Interventions

In identifying only one supplier in Tanzania, the team realized that some of the challenges were beyond the scope of FHM Engage and the program timeline. They therefore focused on market shortcomings that market actors could feasibly address.

They focused their efforts on opening the market to two high-quality blood-based

**Prioritizing where Market Actors will have Impact**

DIMENSION	CURRENT MARKET	TYPES OF INTERVENTIONS
<b>WHY?</b>	<ul style="list-style-type: none"> <li>Globally there is only one WHO-PQ'd manufacturer of oral-based HIV STK &amp; only WHO-PO'd HIV STK are allowed in Tanzania</li> <li><b>Mismatched Rules/Regs:</b> Some allow blood-based while others say only oral-based are allowed</li> <li><b>Inadequate information:</b> Waste disposal concerns is one of the primary reasons blood-based kits are currently not allowed in Tanzania but the product design has accounted for this</li> </ul>	<ul style="list-style-type: none"> <li><b>Policy change</b> through <ul style="list-style-type: none"> <li>Advocacy</li> <li>Ensuring that blood-based HIV self-test kits feature in training curricula, etc.</li> </ul> </li> <li><b>Sensitization of policy-makers</b> on blood-based products through <ul style="list-style-type: none"> <li><b>Regional benchmarking</b> to show where blood-based test kits have been rolled-out without issue</li> <li><b>Blood-based STK Product demonstration</b></li> </ul> </li> <li>Additional <b>Information generation</b> through <b>Feasibility/Pilot studies</b> on use of blood-based kits</li> </ul>

tests that are registered in Tanzania. Expanding private-sector delivery channels test kits would be beneficial for many reasons, including to address anticipated challenges in product differentiation and product diversion.

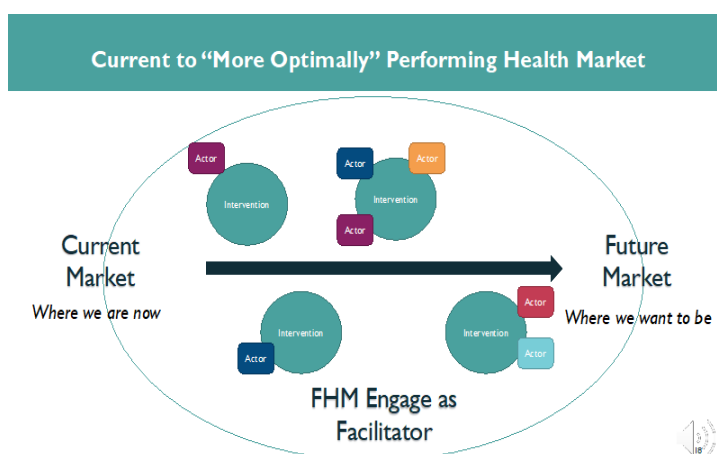
They identified the following interventions to expand the market to the two tests:

- **Facilitating policy change** through advocacy and ensuring that blood-based tests are included in training curricula.
- **Educating policymakers** on blood-based products through regional benchmarking to show where blood-based test kits have been rolled out without issues, test kit product demonstrations, and information generated through feasibility/pilot studies on the use of blood-based kits.

The success of these interventions would depend on FHM Engage ensuring that market actors know their roles and perform the necessary actions and functions.

The following figure shows the goal: a market that has evolved through interventions facilitated by FHM Engage toward a future market that addresses the different challenges of the current market.

Note that the role of FHM Engage, as a market facilitator, is to be external to the market while helping to improve its performance. The role is to be a temporary, catalytic agent of change that works with and through market actors, including public, private, and other entities to achieve large-scale change inclusively and sustainably. FHM Engage does not play a governmental role in the market system, nor is it active in the core market, a provider of supporting functions or rules, or a creator of norms.



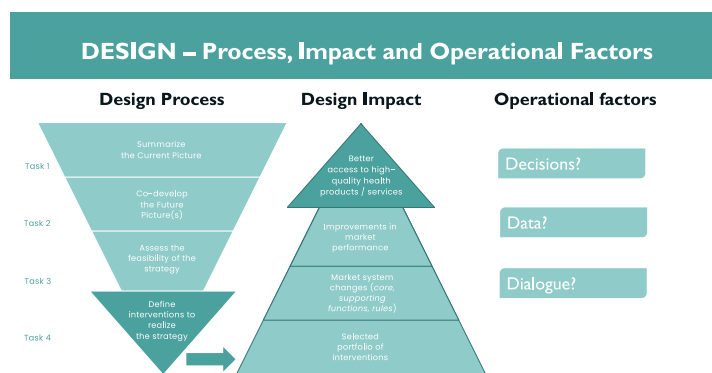
### Box 1. What is market facilitation?

Market facilitation focuses on strategic leverage points within a market system, such as the supporting functions and rules that determine incentives and capacities of market actors, to improve the market system's operation and performance. Facilitators use a "light touch" approach in their interventions, minimizing their direct presence, especially in areas in which their role may create market distortions, or is unlikely to continue beyond the timeframe of the specific program on which they are working. Their role is to be a temporary, catalytic agent of change - working with and through market players, including public, private, and other actors, to achieve change at a large scale, in an inclusive, and sustainable manner. Hence, FHM Engage, as a market facilitator, does not play an "insider" function in the market system, but instead, it strives to strengthen supporting functions, rules and norms performed / created by other market actors.

# The Design Process

The diagram summarizes how the design process works.

From a summary of the current picture of the market, market actors co-develop the future picture and then assess the feasibility of the initial strategy generated during the Diagnose phase. This leads to identifying interventions that can support the strategy—interventions that can theoretically produce market system changes in core functions, supporting functions, and rules and thereby improve market performance and ultimately improve access to high-quality health products and services. The Design phase requires dialogue and data to inform the key decisions at every step.



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## Step 1: Summarize Findings About the Current Market

This step involves reviewing key insights from the Diagnose phase about how the market is currently functioning, including the performance of the market’s supporting functions, the root causes of underperformance (e.g., lack of capacity or lack of incentives), the configuration of rules and norms, and potential changes to supporting functions and rules to improve performance.

The Design phase draws on this analysis to ask some critical questions about the **core functions** of the market, the **supporting functions**, and **rules**:

- Which market player, if any, **implements** the particular function or rule?
- Which market player, if any, **pays for** the function or rule to be implemented?

The answers can be summarized in a simple table.

THE CURRENT MARKET: Institutional Arrangements			
	Who implements?	Who pays?	Absent, inadequate, mismatch?
Core market			
Supporting Functions			
Rules			

The next section shows the table filled out for the Tanzania example.



## Step 2: Develop a Realistic Vision of the Future Market

**Develop a Theory/Vision of Change for a 'well' performing market**

**Who does? Who pays? – applied to Tanzania**

	Who will do?	Who will pay?
<b>Core of the market</b>	Public sector (Government, Regional, and District Health Services)	Public sector (Government, Regional, and District Health Services) and Private sector (for-profit and not-for-profit)
<b>Supporting Functions</b>	<ul style="list-style-type: none"> <li>Regulation: Public sector (Government, Regional, and District Health Services)</li> <li>Information: Public sector (Government, Regional, and District Health Services)</li> <li>Human resources: Public sector (Government, Regional, and District Health Services)</li> <li>Finance: Public sector (Government, Regional, and District Health Services)</li> <li>Logistics: Public sector (Government, Regional, and District Health Services)</li> <li>Quality: Public sector (Government, Regional, and District Health Services)</li> <li>Research: Public sector (Government, Regional, and District Health Services)</li> <li>Legal: Public sector (Government, Regional, and District Health Services)</li> <li>Communication: Public sector (Government, Regional, and District Health Services)</li> <li>Community: Public sector (Government, Regional, and District Health Services)</li> <li>Private sector (for-profit and not-for-profit)</li> </ul>	<ul style="list-style-type: none"> <li>Public sector (Government, Regional, and District Health Services)</li> <li>Private sector (for-profit and not-for-profit)</li> <li>Community (for-profit and not-for-profit)</li> <li>Government (for-profit and not-for-profit)</li> </ul>
<b>Rules / Norms</b>	<ul style="list-style-type: none"> <li>Public sector (Government, Regional, and District Health Services)</li> <li>Private sector (for-profit and not-for-profit)</li> <li>Community (for-profit and not-for-profit)</li> <li>Government (for-profit and not-for-profit)</li> </ul>	<ul style="list-style-type: none"> <li>Public sector (Government, Regional, and District Health Services)</li> <li>Private sector (for-profit and not-for-profit)</li> <li>Community (for-profit and not-for-profit)</li> <li>Government (for-profit and not-for-profit)</li> </ul>

**One vision of change**

- WHAT?** PRODUCTS
  - Both oral and bi-dosed
- WHO?** TARGET GROUPS
  - Who are the underserved, where are they, how many?
- HOW?** MODALITIES
  - Public and private supply
  - Public and private delivery modalities
- HOW MUCH?** PRICE
  - Public free or low cost
  - Commercial market price (but with some subsidy - to be defined...)

This step identifies ways to improve or add supporting functions and rules and which market players could best carry out these changes.

The vision of change has four elements:

- **What?** What products or services to focus on within the available time frame?
- **Who?** What populations are underserved, and how many people are there in each?
- **How?** How will the target populations access the products or services?
- **How much?** What price level will help fulfil the vision (in terms of both margins and accessibility to the target populations)?

## Step 3: Analyze the Feasibility of the Vision

**3 Task 3: Analyze the feasibility of the vision of the future market**

**Feasibility Check (1) – 'five factors analysis'**

Nature of market	
History & momentum	
Innovation from elsewhere	
Incentives	
Capacities	

**Feasibility Check (2)**

Market players will respond to deliver change but lacking motivation (Low will, high skill)	Market players will respond to deliver change but lacking motivation (High will, high skill)	WILL	Capacity problem?	Why aren't they doing it already?
Market players lack both incentive and the capacity to deliver change (Low will, high skill) <td>Market players will strongly respond to deliver change but lacking motivation (High will, low skill)</td> <td>low</td> <td>Why work with them?</td> <td>Incentive problem?</td>	Market players will strongly respond to deliver change but lacking motivation (High will, low skill)	low	Why work with them?	Incentive problem?

low SKILL high

A five-factor analysis can help answer key questions at the heart of steps 2 and 3 of the Design phase.

Three factors are important to consider when deciding which functions and rules to implement and who will perform them:

- The nature of the market system
- The history (past actions) and momentum (current and planned actions) of market actors
- Innovation from elsewhere—changes that have occurred outside of the market system (e.g., in other health domains, sectors, or countries) but inform the feasibility of change within it

Two factors are crucial to consider when determining whether the vision is realistic:

- Alignment with market actors' incentives
- Alignment with their capacities

## Five-Factor Analysis

Nature of the market system	
History and momentum	
Innovation from elsewhere	
Market actors' incentives	
Market actors' capacities	

## Nature of the Market System

As noted in Session 1, market systems vary in their **complexity**, and this is an important factor in the feasibility of an intervention. Complexity is linked to two characteristics of markets: **transaction costs** and **externalities**.

**Transaction costs** are the costs of participating in the market system. They are not necessarily financial costs; they could relate to any scarce resource, such as effort, attention, or time. High transaction costs can create barriers for market players. Common transaction costs include:

- **Search and information costs.** In some market systems, it is difficult for buyers and sellers to find out about each other and enter mutually beneficial trades. For example, buyers may have difficulty knowing what to buy or from whom. They may end up seeking the wrong things (e.g., products that will not best satisfy their needs or will not satisfy their needs at the lowest cost) or buying from the wrong seller (e.g., those who do not provide products of acceptable quality or do not provide the best value). In such cases, information functions and/or intermediation functions such as accreditation of sellers are important.
- **Bargaining costs.** Some market systems have barriers to buyers and sellers reaching an acceptable deal (e.g., because of unequal power relations). In such cases, functions that rebalance power and reduce the scope for bargaining (e.g., through aggregation, collective representation, coordination, and standards or regulations governing price, quantity, or quality of goods and services) are important.
- **Enforcement costs.** Some market systems are prone to a lack of trust between buyers and sellers (e.g., because of unfamiliarity or unequal access to information). In some cases, for example, demand for health products and services may be “induced” by sellers, exposing buyers to both adverse health outcomes and financial risk. In such systems, functions that support good relationships or establish assurances, guarantees, or rights of redress are critical.

**Externalities** in market systems occur where the actions of one player can affect many. For example, it may be “rational” for a private physician not to notify public health authorities of a new case of tuberculosis (to reduce costs in terms of effort, attention, and time and maybe also please a patient who prefers to keep their health status private). However, this failure to notify will have negative impacts on health surveillance and thus population health. To restrict negative outcomes or to ensure favorable outcomes for the many rather than the few, regulation, coordination, and compensatory functions may be necessary. Externalities thus increase the need for public functions and the role of government.

## History and Momentum

**History.** The past can provide insight into the capacities and incentives of players, and therefore the potential for change in their behaviors and performance. It's important to consider whether anything in the system's history suggests that revising the functions and realigning market actors is or is not feasible.

- Do certain actors adhere strongly to long-established roles or norms? This might signal a resistance to change or affect how other market actors view the actors in question.
- Do certain actors hold positions of entrenched power or influence? If so, might they act as potential blockers or facilitators of change? (In either case, they will need to be “on board.”)

**Momentum.** Understanding trends and events in a market system can help clarify the feasibility of change. For example, on the demand side, are consumers becoming sophisticated in what they buy and from whom? Are they becoming more or less demanding or shopping around more or less for the products and services they need? On the supply side, are there new entrants into the market, signs of new innovations and product lines, or investments that improve quality?

## Innovations from Elsewhere

Innovations in comparable contexts can reveal what is possible in the focus market and provide a source of inspiration. A comparable context might be a similar market system (e.g., for a product or service of similar complexity), a similar function (e.g., accreditation or contracting), or a similar socioeconomic situation (e.g., a country with a similar socioeconomic and health system structure).

Considering the nature of the market system, its history and momentum, and comparable contexts can lead to a clear sense of **what to do, who can do it, and who will pay** (the financing arrangements that need to be in place). This analysis can be summarized in the table below.

THE VISION: What to Do, Who Will Do It, Who Will Pay		
What to do?	Who will do it?	Who will pay?
Core market		
Supporting Functions		
Rules		

Note that we want to develop a range of competing visions of change, so we have options to return to after we consider the feasibility of the changes in any one vision.

## Market Actors' Incentives and Capacities

Once we have developed visions of what the future market can look like, we need to address two key questions:

- **How willing** are the identified market actors to play the role set out for them in the vision?
- **How able** are they to adequately perform the role?

The Will-Skill framework can help answer these questions and help identify the support arrangements that will be needed to fill any gaps.

- **High will, low skill scenario:** The market actor has strong incentives to play the role but lacks the capacity to do so effectively. Support will be needed to strengthen the actor's capacity, through advice, training, or mentoring.
- **Low will, high skill scenario:** The market actor has strong capacity to play the role but lacks the incentives to do so. Support will be needed to align incentives with goals, such as through changes to financing arrangements and/or the enforcement of regulations.
- **Low will, low skill scenario:** The market actor lacks both the incentives and the capacity to play the role. Such an actor may not be worth the investment, but in a "thin" market, this actor may be the only option. It is important to recognize the risks associated with providing the necessary intensive support to address both lack of incentives and capacity.
- **High will, high skill scenario:** The market actor has both the incentives and the capacity to play the role, but their current inaction may be caused by dysfunction elsewhere. For example, market entry might be hindered by an overly strict regulatory environment or a lack of accreditation, which means that competent providers are crowded out by others.



## Understanding Incentives

A key element of the Skill-Will analysis is understanding each market player's incentives. Incentives are shaped by attitudes toward risk and reward. Three types of incentives directly influence a market actor's performance:

- **Material incentives.** These are based on a desire to get something or not lose it (e.g., money, market share, property, or operational autonomy).
- **Social incentives.** These are based on the need to belong to, or not be rejected by, a wider collective (i.e., peer acceptance, status, reputation).
- **Personal goals.** These are based on a personal desire (e.g., winning an election, getting a promotion, supporting a political cause).

The ability to shape a health market system depends on how well market interventions take incentives into account.

## Step 4: Select a Set of Interventions

**4** Task 4: Decide on portfolio of specific interventions to bring about the vision

**What does FHM do to ensure a healthy STK market?**




*"Our" activities – targeted at enabling change in rules / strengthening of supporting functions...*

<b>Advocacy</b>	Overcoming regulatory hurdles to enable diversity (of products / channels) in the core.
<b>Coordination</b>	Facilitating public / private planning – to reduce duplication, enable additionality and maximize impact. To join up marketing approaches. Co-investing to address unmet need.
<b>Finance (supply)</b>	Is the risk-return calculus favorable for the 2 registered blood-based product manufacturers? If so, do they know that? If not, do we consider a financing intervention?
<b>Finance (demand)</b>	Are subsidies going to be needed to get to the level of demand consistent with need? If not, again, do we consider a (short-term) financing intervention to encourage growth?
<b>Information</b>	Social marketing / generic messaging will be done / paid for by government / donors. But private sector engagement may also be needed - to ensure "our" messaging is right, and that campaign messaging and commercial marketing messaging are well-aligned.

Here is an example of the interventions selected to support Tanzania's market for HIV self-testing kits.

- **Advocacy:** Overcome regulatory hurdles to enable diversity of products and channels.
- **Coordination:** Facilitate planning in the public and private sectors to coordinate marketing approaches, reduce duplication, and co-invest to address unmet need.
- **Finance (supply):** Is the risk-return calculus favorable for the manufacturers of the two registered blood-based tests? If so, do they know that? If not, should we consider a financing intervention?
- **Finance (demand):** Will subsidies be needed to achieve a level of demand consistent with need? If not, should we consider a (short-term) financing intervention to encourage growth?
- **Information:** Carry out social marketing or generic messaging (implemented or paid for by the government or donors). Private-sector engagement may also be needed to ensure effective messaging and align campaign messaging with commercial messaging.

**FHMENGAGE**  
Healthy Markets for Healthy People

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<https://healthmarketlinks.org/fhm-engage>

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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