Editorial: New approaches to old problems: systemic change as a unifying objective

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SYSTEMIC APPROACHES TO DEVELOPMENT HAVE, over the last decade, gone from a niche concern to what is arguably a paradigm shift, in discourse at least. In academia, the global value chains literature has shifted focus to align behind global production networks literature in being more inclusive of the multidirectional flows and institutional dynamics of systems (Hess and Yeung, 2006; Coe et al., 2008; Bair, 2008). In practice, donors have begun to align behind systemic approaches demonstrated by USAID's shift from *Value Chains* to *Value Chain Systems* (USAID, 2014) and the £1 bn of programmes commissioned under a *systems* banner over the past decade (authors' analysis of programme documents). The systemic approach to development intervention is grounded in the works of Polanyi, Porter and New Institutional Economics, and has analytical synergies with work on complex adaptive systems (Hall and Clark, 2010; Ramalingam et al., 2008, 2014). However, this journal has played a significant role in the conceptual development of the operational side of market system approaches, and their principal articulation, *Making Markets Work for the Poor* (M4P) (Elliott et al., 2008; Bear et al., 2003; Hitchins et al., 2004; Taylor, 2013; Bekkers, 2008; Bear and Field, 2008; Jones, 2012; Hitchins and Jain, 2011; Johnson, 2009), codified in the *Operational Guide* (DfID and SDC, 2008; Springfield Centre, 2015).

Fundamentally, the consensus which has emerged relates to the objective of ensuring that approaches to addressing development goals including poverty reduction, improved nutrition, and gender equity, achieve sustainable (Taylor, 2014) impacts at scale. A 'system' or 'market system' centres on a series of interconnected supply–demand transactions, each of which is supported by other functions and governed by formal and informal rules. Each of the supporting functions and rules as well as the roles of supply and demand are performed by a range of public, private, and civil society actors. The concept of a market is useful as it highlights the generation of outcomes through the incentives of the different players involved. However, these incentives go beyond economic incentives to include social and political motivations, and the markets terminology may be part of the reason behind the confinement of systems thinking to productive sectors, which this issue seeks to address. The paradigm emerged from some early development in financial services and quickly spread into a number of primary production-focused agricultural sectors. However, some of the sectors that have the greatest impact on the lives of the poor, and where the most donor money has been directed, have not embraced a systemic approach in the same way despite experiencing some of the greatest challenges to sustainability and scale of impact. This issue examines

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the systems of provision for health, education, water, and financial services from a market systems perspective; in doing so it steps into new territory, tackling some important, and perhaps contentious, issues.

Three of the papers included in this issue examine systems in health, education, and water which have received significant donor money for many decades. The papers examine the evidence on how effective these interventions have been and find that results have been, at best, mixed. The papers bring to light a critical issue in intervention design: a predetermined focus both on the recipients of funding – often public sector organizations already involved in the delivery of poor outcomes or international organizations that are temporary and external to the system – and on the method for delivery – commonly direct transfer of funds, hardware, or training. The papers on health and education apply case studies to examine how a more systemic approach could overcome some of the challenges faced by traditional approaches. Bourque and Mitchell then use the appraisal of previous programming as a departure point for a more practical consideration of how a systemic programme in the water sector might be designed.

There are other important contributions made by these papers which are of relevance to the wider literature on systemic approaches for development. Lomax's paper looks at systems of treatment and systems of transmission in health. This characterization provides a lens which might be employed elsewhere to understand where a development programme might want to lessen or eliminate a transaction. Ordinarily, intervention in market systems seeks improved price, quality, or quantity of a given transaction with respect to the poor, where the poor engage in the market as either suppliers or consumers, whether the transaction involves agricultural goods, healthcare services, or the right to vote. Here, the paper presents a way of understanding situations where a positive developmental outcome is realized by disrupting this transaction, and the 'supporting functions and rules' are things which perpetuate the negative outcomes currently being realized.

Taylor et al.'s paper on the education system in Nigeria provides a useful and generalizable five-point framework for understanding the rationale and objectives of donors intervening in systems. Cognizance of these dynamics allows funders to make an honest appraisal of what they hope to achieve by pursuing a given type of intervention and, through the example presented on education, how taking different approaches to intervention might deliver against these mixed and often inconsistent objectives.

Over a decade after a systemic approach to financial sector development was first applied programmatically, Porteous and Zollman re-examine work in the sector to date for the final paper of this issue. While systemic programmes may have focused on *finance*, they have not, the authors argue, gone beyond simple product-focused markets which aim only to deliver products to people, rather than ensuring that they are utilized or that these products change other behaviours culminating in poverty reduction. In doing so, the authors argue for what is effectively a new sectoral focus for systemic approaches on *financial health*. In common with the other papers in the issue, this necessitates a broader and less dogmatic focus including the provision of a number of merit goods; in this case household level financial literacy, regulation, and the role of civil society. The result of this shift in focus is an extension of the theory of change beyond access to finance – which is commonly where programmes stop their measurement efforts – towards welfare changes and an example of how a methodology for measuring these welfare changes might be employed.

The contributions to this issue argue that the focus of development to date on who should perform a function or enforce a rule rather than what that role should be and how it might perform better is one of the primary reasons for the challenges to sustainability and scale of impact. Overall, this issue represents a significant contribution to the literature on new directions in development programming. The broad scope of the issue allows for general reflection on the purpose of development aid and how it might be used to deliver more sustainable and larger-scale outcomes to improve the lives of poor people.

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