



Seizing Opportunity

A Practitioner's Guide to Supporting Market Systems
Change toward Inclusion and Equity

Using the Market System Innovation (MSI) Approach

HARVEY KOH, LAURA AMAYA, SUJATA RATHI

About FSG

FSG is a mission-driven consulting firm supporting leaders in creating large-scale, lasting social change. Through strategy, evaluation, and research we help many types of actors—individually and collectively—make progress against the world’s toughest problems.

Our teams work across all sectors by partnering with leading foundations, businesses, nonprofits, and governments in every region of the globe. We seek to reimagine social change by identifying ways to maximize the impact of existing resources, amplifying the work of others to help advance knowledge and practice, and inspiring change agents around the world to achieve greater impact.

As part of our nonprofit mission, FSG also directly supports learning communities, such as the Collective Impact Forum, Shared Value Initiative, and Talent Rewire, to provide the tools and relationships that change agents need to be successful.

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INTRODUCTION

As we write this, the world is reeling from a calamitous health and economic crisis due to COVID-19. Even with a vaccine being rolled out in some countries, infection numbers continue to climb, as does the death toll from the virus. The economic impacts are already severe and far-reaching, and things may get worse before they get better.

The reality is that our world was deeply broken—reflected in poverty, hunger, racial injustice, gender-based violence, and religious conflict—long before the pandemic hit. What COVID-19 has done is further exacerbate and highlight the inequities that perpetuate harmful outcomes for billions of people around the globe.

There is a growing realization that many of today's most pressing problems result from the way that we organize and run our economic systems, and the way that people and businesses participate in markets. A growing number of voices are calling for global leaders to seize this crisis as an opportunity to “rebuild better,” and shift markets toward more inclusive and equitable behaviors and outcomes.

This is easier said than done. New business models and practices that promise positive change are indeed emerging, but they often operate within a framework of market rules and norms that—wittingly or unwittingly—stymie their progress. Deep and lasting change requires *all* of these elements to change in meaningful and mutually reinforcing ways, so that the market system itself is transformed.

How can we help markets to achieve such systemic transformations toward inclusion and equity? This is the key question that has underpinned the work of our Inclusive Markets teams at FSG for over a decade.

As we grappled with this, we also became increasingly troubled that many philanthropic “systems change” efforts we observed in our field were neither truly *systems-oriented*, nor actually seemed to support deep and meaningful *change*. Many initiatives also had more than a whiff of hubris, describing how their “interventions” in systems would drive change, carrying the implication of somewhat omnipotent powers to change complex human systems.

It is against this backdrop that we began our Market System Innovation (MSI) partnership with The Rockefeller Foundation in 2016, with the aim of developing a more effective approach to fostering inclusive market systems change. We published our foundational report—*Shaping Inclusive Markets*—in 2017, setting out the approach underpinned by in-depth analysis of real-world market transformations. In the years since, we have worked with partners around the world to put the MSI approach into practice.

Building and drawing on all the work to date, this document is intended to **share our lessons and provide further guidance to philanthropic actors seeking to seize opportunities for inclusive market transformations**. In particular, we provide more practical detail on how MSI could be applied in three kinds of scenarios in which it could be of value:

- A. Refining strategy in the early stages of a market-building initiative**
- B. Coalescing and galvanizing allies for market systems change**
- C. Developing a rapid strategic response in a moment of crisis**

Our aim is to contribute to the wider field of philanthropic work that seeks to promote more inclusive and equitable market systems, so that we can all be more effective at seizing opportunities to foster the changes that we desire to see in the world. We also very much hope to continue in a learning dialogue with other practitioners in the field and look forward to the questions and discussions that this publication might stimulate.

THE MARKET SYSTEM INNOVATION (MSI) APPROACH

The MSI approach is based on the understanding that innovations within the market system create possibilities for market progress, and that these innovations are found not only in relation to business models and practices, but also in the spheres of market rules and norms, since these govern the behaviors of market players. As such, relevant innovations and innovators might be found not only in the private sector, but also in the public sector and in civil society.

This approach also acknowledges that the market systems we engage with are continually evolving. When we approach a market system, we should not think that we are bringing change to an otherwise static system. In reality, we are joining a system in motion, at a point on its journey, and with a range of possible future paths and outcomes. Certainly, we should not fall into the trap of believing that the first day of our intervention is also the first day of change for everyone else in the system.

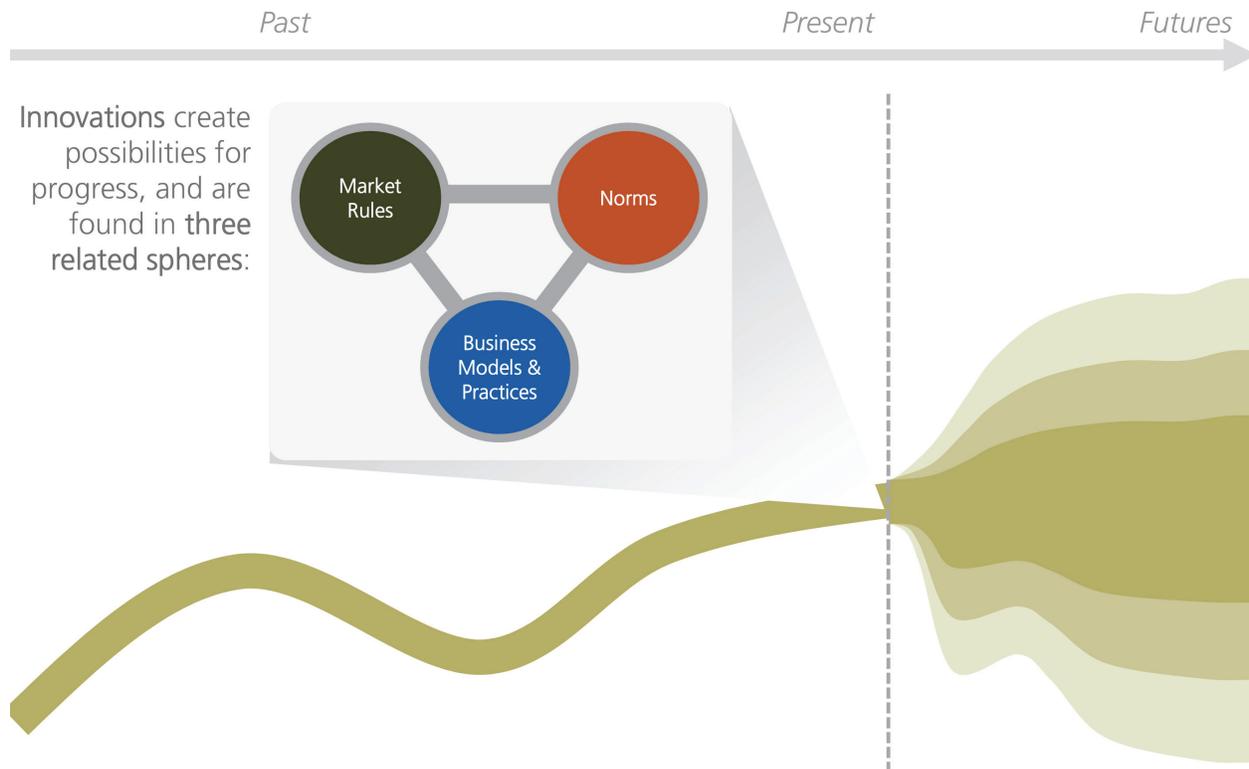
The MSI approach is oriented toward continually seeking innovations that hold potential to change the system, and supporting and harnessing those that advance the market toward a more inclusive future (see Figure 1).

We must also recognize that market systems, like all social systems, are characterized by *complexity*. Changes in these systems result from the interplay of multiple factors that influence each other in ever-changing ways.

Because of this, a perfect strategy for market system transformation is unlikely to be designed at the outset of any planned intervention. Approaches that rely on upfront analysis to determine a strategy and a fixed set of activities and targets are ill-suited to market systems work, which requires flexibility, adaptability, and continual learning.

* Adapted from Koh et al., (2017) *Shaping Inclusive Markets*.

FIGURE 1: THE JOURNEY OF A MARKET SYSTEM, AND MARKET SYSTEM INNOVATIONS



The MSI approach enables us to respond to an evolving reality where opportunities emerge, setbacks occur, and hypotheses about how to effect change are revised as funders and intermediaries engage with the system. This requires an iterative approach, where strategies and goals are continually refined as we better understand the system and as the system itself evolves. It is important, therefore, that these efforts are underpinned by a set of mechanisms and a culture within our own organizations that supports dynamic learning and adaptation.

The MSI approach is intended to allow funders and intermediaries to continually deepen their understanding of the market system and make informed decisions about where and how to act to help the market system evolve toward greater inclusion.

SECTION 1

UNDERSTANDING THE MSI APPROACH

MSI is an approach developed by FSG and The Rockefeller Foundation based on deep analysis into how real-world market transformations toward greater inclusion and equity were achieved. The MSI approach is intended to provide guidance to philanthropic actors that wish to be more effective in supporting such changes in market systems going forward. These actors could do so in various ways, including:

- A. Seeding a dedicated market-building initiative or institution, which could work at a variety of levels from the local to the global. Examples include the **Global Off-Grid Lighting Association (GOGLA)** in the energy access sector and **FSD Africa** in the financial inclusion sector.
- B. Engaging directly with stakeholders relevant to a specific market system, to coalesce and galvanize allies for a desired change.
- C. Developing their own thoughts on a strategic response, perhaps in a particularly fast-moving or unclear context.

In this section, we introduce and highlight key features of the MSI approach and explain how it sits alongside other, complementary tools and approaches existing in the field.

In Section 2, we delve into each of the scenarios above and provide specific guidance on applying the MSI approach in each situation.

Readers should note that the MSI approach is described comprehensively in FSG's 2017 report, *Shaping Inclusive Markets*, and this paper is intended to be read as a companion to that work.

Key Features of MSI

The key distinctive characteristic of the MSI approach is its particular focus on the *dynamics* of market systems change and on how philanthropic actors can identify and seize opportunities to advance inclusive change within those systems.

MSI acknowledges that market systems themselves are continuing to evolve, and that they hold within them the seeds of future change. Accordingly, those of us who desire to see movement

toward inclusion need to view our role as one of supporting the dynamics and innovations that can bring about such change, rather than as one of imposing some kind of force on the system to make it change.

The reason for this may be obvious: Philanthropic actors lack the power to fundamentally reorder market and economic systems, which tend to be highly resistant to any initiatives to change them. **Our best hope for change is to identify cracks in the current system that hold possibilities for improvement—we call these potentialities—and work iteratively and adaptively to strengthen and advance them.**

As we have applied MSI with partners in recent years, we have refined our articulation of the approach. The following are five elements key to deploying the MSI approach:

1. UNDERSTAND THE MARKET SYSTEM'S EVOLUTION SO FAR

Market systems are not inert and static, waiting for us to act on them; instead, they are evolving, having changed in the past and prone to changing again in the future. In order to effectively formulate and calibrate what we should do now, we need to understand how change has happened before, then retrace our steps to the present to get a sense for what might be changing now.

Doing so with participants that have deep experience has allowed us to look back across several decades of the market, uncovering new patterns and illuminating insights. On this time horizon, we can see where significant shifts have happened and where they have *not* happened (or even attempted and failed), as well as which actors, interests, and processes have been involved. This is not about trying to copy what was done in the past but about discerning underlying dynamics in the market that might not be apparent from examining only its current state.

"Our best hope for change is to identify cracks in the current system that hold possibilities for improvement—we call these potentialities—and work iteratively and adaptively to strengthen and advance them."

2. CONSIDER BOTH MARKET PLAYERS AND MARKET RULES

Deep and lasting shifts toward inclusion come from changes in both business models and practices *and* changes in market rules and norms, often “ratcheting up” toward a deep and lasting change. When examining the market system’s journey, it is easier to pay attention to the parts of the system we know best. Many will focus on the players in the market, especially the major businesses that operate in it. Typically, fewer will look closely at the rules of the market, i.e., laws, regulations, tariffs, and subsidies. Fewer still will consider societal norms—such as movements to include particular groups or changing consumer preferences—that might not be explicit but can nonetheless exert a powerful influence on behavior.

This perspective is relevant not only to understanding the past, but also to shaping the future. In our research, we found the rules changes that drove success were not the ones that “leveled the playing field,” but those that tipped the playing field firmly in favor of inclusive practices. Given the unfolding COVID-19 pandemic, it is interesting to note that these changes were often achieved in the wake of major crises.

3. ANCHOR ON POTENTIALITIES, NOT ON BARRIERS

In working toward a goal, it is not uncommon for us to first identify the major barriers in our way, then act to try to remove or neutralize them. This is very difficult to do in the context of systems change, since the biggest barriers could also be the hardest to surmount. Without godlike powers to change the system at will, we instead need to find the seeds of change within the system itself. In our work, we call such a seed a *potentiality*, which Merriam-Webster defines as “a quality that can be developed to make someone or something better.”

Most of us are attuned to the idea of potentialities but tend to see only those we are most familiar with. Those whose inclination is to find and back promising new businesses might revert to an interventionist mode when it comes to changing laws and regulations. Meanwhile, those who are adept at gathering public policy ideas and nurturing them to fruition, might fall into the trap of imposing unsound business ideas on the market. Doing this well requires us to bring together people working in different domains and with different perspectives to maximize the range of opportunities we are able to see.

4. LOOK OUT FOR DIVERSE KINDS OF INNOVATORS INCLUDING UNUSUAL SUSPECTS

As complex human systems, market systems cannot be directed by a single actor. Instead, they evolve through the interaction of efforts led by a diverse set of individuals and organizations over time. The MSI approach guides us to look out for *innovators* in the broadest sense (i.e., those who are breaking with established or conventional patterns and doing something new and potentially better) that could help to advance inclusive potentialities. These could be individuals or organizations, and they could be working across any or all spheres of the market system: business models and practices, market rules, and norms.

As with potentialities, we tend to recognize some innovators and innovations more readily than others. Those who are quick to spot the need to provide early-stage risk capital to entrepreneurs pioneering business models may less readily see the potential for investigative journalism to drum up public support for a market rule change. Those focusing on the decision-makers at the top of the political hierarchy may overlook the innovators working quietly *within* government in ways that advance inclusion. Widening the scope of potential change agents can help us better identify and engage with more actors across the system.

It is important to note that change agents in a market system do not all need to share a common agenda for them to work in complementary ways; our research shows how key advances have been achieved by disparate innovators each pursuing their own interests. It is the confluence of their *efforts* rather than of their motivations that is consequential in the process of change.

5. EXPLOIT THE ENERGY OF EXTERNAL EVENTS

Major events outside the immediate market system can play a critical role in advancing transformations toward greater inclusion. Indeed, our analysis of historical case studies reveals that crises often precipitated major shifts in the structure of market systems: disease outbreaks, independence movements, political revolutions, and economic downturns. While they are no guarantee of positive change, these events can create windows of opportunity that could be used to strengthen or advance inclusive potentialities. The MSI approach encourages us to be aware of these possibilities and to be more prepared to seize these opportunities as and when they arise.

Orientation on Inclusion and Equity

It has become increasingly clear to us that engaging in any effort to support systemic change requires us to develop a robust view of the “North Star” that guides our work. In this context, it would be unwise—and potentially counterproductive—to engage in working for inclusive and equitable systems change without properly understanding what we mean by both inclusion and equity, and what this might look like in practice.

Readers will have their own views about what an inclusive and equitable market is, but these tend to be tacit: We know it when we see it, but find it difficult to describe or define it with precision. When we developed the MSI approach, FSG adopted the Inclusive Economies to help us align on a uniform way to characterize inclusion and equity. Developed in 2016 by The Rockefeller Foundation with the academics Chris Benner and Manuel Pastor, the framework is multidimensional and features five key characteristics: equity, participation, growth, sustainability, and stability (see Figure 2).

It is not our intention to suggest everyone align themselves with this set of goals nor that this is the only correct way of defining an inclusive economy. However, we hope this framework is helpful to others as they reflect on their own goals, which may relate to one or more dimensions reflected in the framework.

Through our experience of working for equitable systems change at FSG (which includes but is not limited to our work with MSI), we have been learning a number of important lessons:

- **We need to disaggregate our views of inclusion and equity.** To understand current patterns of exclusion and inequity, we need to disaggregate our views of the world along the relevant dimensions along which these play out. These may include gender, race, religion, socioeconomic class, and geographic location, among others. Disaggregating our views also helps us target and track progress toward greater inclusion and equity in meaningful ways. While this seems an obvious point, it typically requires us to gather and analyze additional data, as well as ask specific questions when we do the work.

We must also be cognizant of differences across the relevant dimensions, rather than assuming anything that makes progress in some way is therefore positive across all dimensions. For example, an innovation that improves gender equity *could* have a neutral or negative impact on racial equity.

- **Inclusion and equity can deepen over time.** While we can and should be aware of all relevant dimensions and aspire to making progress on them, we should accept that we are unlikely to advance all of them quickly and simultaneously.

Our experience and past research suggest that individual potentialities and innovations tend to skew toward one or two dimensions of inclusion and equity. For instance, we might find pressure for change for racial equity comes from a very different place than pressure for environmental sustainability, which advances intergenerational equity. This dynamic underscores the MSI approach of “placing multiple bets” across the system, rather than banking on a single intervention.

- **Power dynamics are important to advancing change.** It is difficult to avoid confronting and dealing with issues of power as we explore why exclusion and inequities persist and look for ways to address these challenges. Although MSI is not framed explicitly in terms of power disparities or contestations, these elements are very much implicated in the process of achieving market system change, since they are key features of complex societal systems.

We believe it is particularly important to note this because many of us who work in market-based settings—and particularly those who have business backgrounds—do not naturally come to the work with a deep appreciation of this. We suggest this could be a fertile area for further work and welcome ideas or collaborations with others to delve further into this.

FIGURE 2: FIVE CHARACTERISTICS OF INCLUSIVE ECONOMIES (THE ROCKEFELLER FOUNDATION, 2016)



EQUITABLE

More opportunities are available to enable upward mobility for more people. All segments of society, especially the poor or socially disadvantaged groups, are able to take advantage of these opportunities. Inequality is declining, rather than increasing. People have equal access to a more solid economic foundation, including equal access to adequate public goods, services, and infrastructure, such as public transit, education, clean air, and water.



PARTICIPATORY

People are able to participate fully in economic life and have greater say over their future. People are able to access and participate in markets as workers, consumers, and business owners. Transparency around and common knowledge of rules and norms allow people to start a business, find a job, or engage in markets. Technology is more widely distributed and promotes greater individual and community well-being.



GROWING

An economy is increasingly producing enough goods and services to enable broad gains, well-being, and greater opportunity. Good job and work opportunities are growing, and incomes are increasing, especially for the poor. Economic systems are transforming for the betterment of all, including and especially poor and excluded communities. Economic growth and transformation is not only captured by aggregate economic output measures (such as GDP), but must include and be measured by other outcomes that capture overall well-being.



SUSTAINABLE

Economic and social wealth is sustained over time, thus maintaining intergenerational well-being. In the case of natural capital, inclusive economies preserve or restore nature's ability to produce the ecosystem goods and services that contribute to human well-being, with decision-making incorporating the long-term costs and benefits and not merely the short-term gains of using our full asset base.



STABLE

Individuals, communities, businesses, and governments have a sufficient degree of confidence in the future and an increased ability to predict the outcome of their economic decisions. Individuals, households, communities, and enterprises are secure enough to invest in their future. Economic systems are increasingly resilient to shocks and stresses, especially to disruptions with a disproportionate impact on poor or vulnerable communities.

MSI Within a Larger Toolkit

We believe the MSI approach is a valuable addition to the array of tools and resources that support market systems work, a domain sometimes referred to as market systems development (MSD).¹ Specifically, MSI has a focus on the *dynamics* of market systems change and how those can be better understood and supported by philanthropic actors.² We chose this focus intentionally in 2016 as it appeared to be a clear gap in field-wide MSD understanding and practice. Our experience and discussions since then have affirmed that view.

However, we must also make it clear that MSI complements other valuable MSD tools and resources, and we would encourage philanthropic actors to think about how they can use the right combination of tools for their needs.

One well-developed category of tools and frameworks focuses on the structure and operation of market systems. These tools help with assessing problems and gaps and envisaging potential alternatives that might produce more inclusive outcomes. Put differently, these tools support analyses of the state of a market at a particular point in time, which complements the MSI focus on how a market could change over time.

One well-known example approach within this area is **Making Markets Work for the Poor (M4P) developed by the Swiss Agency for Development and Cooperation (SDC), the UK's Department for International Development (DFID), and the Springfield Centre**. This approach describes how the core interactions of a market—supply and demand—are shaped by supporting functions and rules. Supporting functions include information flows, infrastructure, skills and technology, and related services. Rules include standards, regulations, laws, and informal norms. This typology aligns with the spheres of innovation defined in the MSI approach: business models and practices, market rules, and norms.

Closely related to the M4P approach are frameworks that consider how ecosystems around new inclusive models need to be shaped to facilitate the development and growth of such models.

Two examples of these are:

- **Ecosystem scaling barriers and industry facilitation, developed at Deloitte by a team led by Harvey Koh (one of the authors of this paper)**. This approach describes how new inclusive business models can be constrained by multiple scaling barriers, many of which lie beyond the firms themselves; these could be in the industry value chain, related to public goods, or in government policies, regulations, and laws.

1. For further information on MSD resources, please visit the **BEAM Exchange**.

2. In developing the MSI approach, we must note that we also drew on a wealth of knowledge from beyond the MSD domain, including Hurst and Zimmerman's **Ecocycle framework**, and Acemoglu and Robinson's **work describing critical junctures**.

- **Social investment ecosystem building blocks developed by the Shell Foundation.** This framework describes the four quadrants of a market that must be in place to facilitate the scaling of new models: building supply, building demand, institutional support, and access to finance.

There is also a considerable base of knowledge on the **design and implementation of inclusive business models**, going back to the seminal Monitor Group report *Emerging Markets, Emerging Models* (2009) focusing on India, and the follow-up report *Promise and Progress* (2011) focused on Africa. More recently, there has been increasing discussion of new models and practices that disrupt norms of shareholder primacy and other aspects of economic neoliberalism and that advance concepts of shared business ownership with workers and communities.³

Alongside this, there has been an evolving discussion about ways in which investors can better support the advancement of more equitable models. One area of focus is on **catalytic capital that is better able to seed, scale, and sustain models that deepen inclusion and equity**, by being more flexible, risk-tolerant, and patient than conventional capital. Related to this, there is increasing attention being paid to new models and strategies that intentionally entrench inclusion and equity through shared ownership models.⁴

3. While it is not possible to provide a comprehensive overview of resources in this paper, we would point interested readers to work by the **Hewlett Foundation, Omidyar Network, The British Academy "Future of the Corporation" programme**, the **World Fair Trade Organization, Marjorie Kelly**, and **Purpose**.

4. For more on this, please see work by **Transform Finance** and **FSG**.

SECTION 2

MSI IN PRACTICE

In *Shaping Inclusive Markets*, we shared ideas for how funders and practitioners could look into the past to shape inclusive markets in the future. Although the MSI approach was grounded on past experience, we had not tested it in practice.

In recent years, we have worked with a range of partners across sectors and geographies to deploy MSI in their work to foster more inclusive markets and economies. We have engaged with different types of partners—from working with specific teams within organizations to bringing together a range of actors across a market system. We have also applied the MSI approach in market systems at different levels of maturity for change—some at nascent stages, others at critical junctures.

Based on these experiences, we are now able to discuss in greater depth the application of MSI in three different real-world scenarios:

A. Refining strategy in the early stages of a market-building initiative

B. Coalescing and galvanizing allies for market systems change

C. Developing a rapid strategic response in a moment of crisis

MSI has supported our partners in the following areas:

- Understanding how the market systems they are working to influence have been evolving over time and how that feeds into possibilities (and constraints) for future change
- Considering strategies and interventions that relate not only to business models and practices but also to market rules and norms, all of which shape outcomes in the system
- Identifying windows of opportunity and relevant moves to support market systems in advancing toward specific inclusion goals
- Galvanizing other actors and stakeholders to work together in a more coherent and effective way going forward

It is also important to be clear-eyed on when MSI might not be the most relevant tool to apply to the work. In one of our partner engagements in Southeast Asia, we found the pressing need was not MSI itself but rather the design of specific innovations: structures and policies to support a new way of doing inclusive business. In that situation, FSG pivoted to doing much deeper and more narrowly focused work to understand the parameters of both community and investor needs and to work closely with our partner on the detailed design of a proposed new scheme.

Below, we describe each scenario to help organizations identify which one may be relevant to their present situation. For each scenario, we outline the context, the activities that could be involved, and the players that should be engaged. We also share an example of how each scenario unfolded in our work and highlight key lessons learned.





REFINING STRATEGY IN THE EARLY STAGES OF A MARKET-BUILDING INITIATIVE

MSI IN CONTEXT

In this context, the lead actor using MSI is a market-building institution or initiative that is already up and running but still has considerable flexibility to adapt its work in response to feedback as it engages with the external environment.

MSI can help the lead actor consolidate its learning about the market system it is already working in, direct attention to previously overlooked areas, and continue to evolve its market engagement strategy in response to emerging potentialities. The process of engaging with MSI can also help build greater understanding of the market system across the lead actor's staff team. This enables staff to strengthen their capacity to continue feeding into and refining strategies as part of their ongoing work as they interact with and observe developments across the market system.

INDICATIVE ACTIVITIES

- A series of intensive workshops with the staff team, with market sensing and probing activities conducted by the staff team between workshops:
- **Workshop 1:**
 - Introduce the team to the MSI approach using relevant and compelling case studies
 - Build a deeper understanding of how the market system has evolved so far, harnessing the collective expertise of the team
 - Identify potentialities for change
 - Develop a plan for market sensing to validate and better understand potentialities
(to be conducted before Workshop 2)
- **Workshop 2:**
 - Collectively make sense of observations from market sensing
 - Refine a view of which potentialities should be prioritized
 - Identify (or develop ways to identify) innovations and innovators that could advance specific potentialities
 - Develop a plan for further market sensing and probing⁵ *(to be conducted before Workshop 3)*

5. Experiment with initial interactions or actions to complement and test findings from sensing. Probes allow us to observe and assess what happens in response to a specific action and to learn more about where the system is and how change could be achieved. For example, instead of just gathering views from legislators on a potential market rule change, this could be proposed informally by a supportive legislator to their colleagues to assess the response that it receives.



- **Workshop 3:**
 - Review further observations and findings with respect to potentialities, innovations, and innovators
 - Integrate MSI perspectives back into the lead actor's strategy and activities going forward, which could also include their external positioning and narrative

KEY PARTICIPANTS

Staff team members of a market building institution or initiative, including senior leaders.

EXAMPLE ENGAGEMENT

In Southeast Asia, FSG supported Smart Power Myanmar (SPM) to apply the MSI approach as it was embarking on its quest to build an inclusive energy access sector across the country. SPM had already developed an initial strategy and plan of work and was building out its core leadership team.

The MSI approach helped the SPM leadership team more clearly see how their work was situated within the broader arc of economic and political change in Myanmar. It also elucidated connections between SPM's work and that of other actors and stakeholders.

Through the work, two new potentialities were identified for exploration and development:

1. Supportive market rule changes that could come about through the work of “policy entrepreneurs” within various government agencies
2. Allied business models that could anchor demand for energy in underserved areas (e.g., rural agri-processing), in ways that complement the decentralized energy generation and distribution models supported by SPM

This process helped the SPM team clarify the connections among each team member's tasks and the overarching systemic change ambition. It also helped the team identify where it needed to continue strengthening its skills and capabilities to be more effective at advancing system-level change.

For example, the greater focus on policy entrepreneurs following the MSI engagement led SPM to add two senior energy strategy advisors to its team. SPM has described this move as follows:



“The magnitude of the electrification challenge requires a deep understanding of the coalitions and systems that influence decision-making at all levels, and these formidable individuals will help Smart Power Myanmar ‘think and work politically’ and advise us and our partners as we develop increasingly complex financing, data, planning, and community development programs.”

LESSONS

- **Take the time to build a deeper, shared understanding of how the market system has been changing.** We have found the System Journey Mapping exercise (see **Tool 2 in the Appendix**) highlights new patterns and linkages, even for teams that are knowledgeable about and in regular interaction with the market system. This may be because the exercise pieces together knowledge held across different team members, with a wide span across spheres (i.e., business, rules, norms) and time (typically several decades). This foundational understanding is essential to the subsequent work of identifying and working on potentialities.
- **Use case studies and other inputs from outside the team’s context to broaden the scope of thinking.** SPM’s CEO Richard Harrison described the use of MSI case studies in Workshop 1 as a “helpful mind trick” that encouraged the team to be more imaginative and ambitious in conceiving of change possibilities and that helped them understand the key principles of the MSI approach.
- **Carefully consider how market sensing and probing can be conducted effectively between workshops.** The SPM team needed to undertake market sensing and probing activities between workshops to make best use of these sessions. This required thoughtful planning of activities and resources in a way that was integrated with ongoing efforts. Sometimes, new team members or advisors could be needed, particularly in relation to highly novel potentialities.
- **Continually assess and clarify how the MSI engagement connects with the team’s ongoing strategies and activities.** Applying MSI in this context entails refining a strategy that is already in various phases of implementation. As such, it is critical to understand and respond to the team’s strategic and operational context. Throughout our engagement, FSG was in continual communication with Harrison to determine how MSI discussions and actions should best dovetail with existing team priorities and concerns. Where it made sense, existing team topics and questions were injected into MSI workshop agendas. This underscored our view on the importance of strengthening a team’s capacities to use MSI beyond the timeframe of FSG’s involvement.



COALESCING AND GALVANIZING ALLIES FOR MARKET SYSTEMS CHANGE



MSI IN CONTEXT

In this context, the lead actor applying MSI is a philanthropic institution or initiative that is beginning to support one or more specific market systems and intends to coalesce and galvanize a set of allies in those systems. This might be an actor working to address a specific need at a global or regional level that is now planning to deepen its work by targeting a subset of geographies. The lead actor likely has some hypotheses for how change could be supported but is keen to deepen its understanding and codevelop strategies with allies.

MSI can help the lead actor rapidly build knowledge about the market system it wishes to support, facilitate productive dialogue among a diverse set of potential allies, and identify where there is energy and alignment for a concerted market systems change effort.

INDICATIVE ACTIVITIES

- Daylong workshops in each geography, involving key participants
- Workshop activities include:
 - Introducing the group to the MSI approach using relevant and compelling case studies
 - Generating a shared vision for a more inclusive market system (e.g., using **Appreciative Inquiry** methods)
 - Building an understanding of how the market system has evolved so far, harnessing the collective expertise of the group
 - Identifying high-level potentialities and surfacing relevant innovations and innovators
 - Surfacing participants' interest and energy in joining a shared market system effort
- Workshop preceded by preparatory calls with participants (conducted by the lead actor) to ensure an initial level of alignment and interest and to set appropriate expectations for the workshop
- Follow-up calls with participants (conducted by the lead actor) to pick up on interest expressed during the workshop and follow through toward a potential market systems change collaboration



KEY PARTICIPANTS

In addition to the individual (or team) from the lead actor, participants would include market players, facilitators, and observers directly relevant to the market question being discussed. These could represent a diverse range of organizations including dominant or incumbent businesses, innovative or challenger enterprises (this would typically include self-identified “impact enterprises”), industry or professional associations, public policy experts, nonprofits, philanthropic funders, and investors.

Each participant should bring deep knowledge about the market system, specific capabilities that could help in supporting market systems change, or both. All participants should share an interest in shifting the market system toward greater inclusion, but the extent to which this is an explicitly stated interest may vary across the group.

EXAMPLE ENGAGEMENT

FSG supported EYElliance, a multisector coalition headquartered in New York City that drives the global strategy to close the gap in access to eyeglasses. EYElliance was eager to deepen its work into two specific country markets in Latin America: Colombia and Mexico.

EYElliance saw strong potential in scaling innovative, market-based models to provide eyeglasses to low- and middle-income consumers and to penetrate new markets that previously did not have affordable access to quality eye care and eyewear. However, it recognized that change at scale could be achieved only with a market systems approach, where innovative business models were accelerated by complementary market rules and norms. EYElliance also embraced the need to engage and cocreate any change effort with aligned local actors. It thus saw its role partly as one of helping to catalyze effective local alliances in each country.

Using MSI helped EYElliance and potential allies understand the evolution of the market system in each country and identify promising potentialities and innovations that could advance movements toward greater inclusion. MSI also helped convene diverse participants to discover where their interests were aligned and to cocreate ideas around potentialities where there was energy in working together. As EYElliance’s chief executive Elizabeth Smith describes: “Because participants were not necessarily natural allies, the big value add of the workshop was bringing together actors that would not normally be in the room together, and approaches like the **System Journey Mapping** exercise then helped everyone share and engage.”

In Mexico, EYElliance has already galvanized action on a major new initiative through the MSI engagement, working with a leading eyeglasses retailer and one of the country’s largest philanthropies, both of which participated in the MSI workshop. This group has now established a partnership with government



agencies in six southern states of Mexico to improve access to visual health for thousands of previously underserved people.

Overall, Smith has remarked that “The robust and productive results from the MSI approach, in terms of surfacing new potentialities and unlikely allies and partnerships, has not been replicated anywhere else in [their] work over the past six years.”

LESSONS

- **Use the *System Journey Mapping* tool to establish a common basis for rich discussions in a diversely knowledgeable group.** As in other settings, it has been valuable here to harness the collective knowledge of a diverse participant group to build a deep understanding of how the market system has evolved. Beyond the considerable value of helping participants spot patterns and identify potentialities, this also helps the group coalesce by cocreating a tangible and useful output that could not have been created by any one participant. Smith adds: “Everyone learned from one another, and it created a neutral environment for building trust.”
- **Align participants to work off a shared vision for the desired future.** In the workshops we conducted in Mexico and Colombia, we worked to bring participants together early on around shared vision for a more inclusive future market system. Together with the System Journey Mapping exercise, this became the basis for further discussion and—in the case of Mexico—actual partnership. We used Appreciative Inquiry techniques to facilitate this step, which allowed participants to collectively envision and describe a desired future themselves, rather than imposing a previously prepared concept.
- **Position the MSI workshop as a key juncture in a longer arc of work.** In this scenario, the ultimate success of the MSI approach hinges on the efforts of the lead actor to identify, engage with, convene, and mobilize other actors relevant to a specific market system. Despite working in the same market system, many of these actors may not know each other well. The efforts undertaken by the lead actor—both before and after the MSI workshop—are therefore key to bringing the group together and reaching a successful outcome. In Latin America, EYElliance undertook the requisite groundwork to identify the right participants and understand where they were coming from. EYElliance also followed up actively after each workshop to convert interest into action.
- **Consider learnings from one market as useful for other markets.** EYElliance has reported that the workshops surfaced new understandings that were applicable more broadly. For instance, historical developments in favor of optometrists in Colombia produced a very different current-day market than in countries that had not historically had as many practicing optometrists. After the workshop, EYElliance found the same pattern across countries with a similar history and is now using this to inform its wider strategy.



DEVELOPING A RAPID STRATEGIC RESPONSE IN A MOMENT OF CRISIS

MSI IN CONTEXT

In this scenario, an external crisis has exposed inequities and other problems in the existing market system and potentially opened windows of opportunity for change. However, there is no concerted plan of action to respond to the moment, nor is there a single intermediary or facilitator that is poised to be the lead actor implementing specific actions.

One or more philanthropic organizations are interested in determining whether and how to leverage the moment of crisis to advance movement for change. These organizations need to establish if the crisis has opened a window of opportunity for change. If it has, they also need to identify what the window of opportunity is and how they can capitalize on it to support inclusive shifts in the market. Based on this, they would then make decisions about how best to respond.

INDICATIVE ACTIVITIES

- Consultations with system actors, stakeholders, and observers to gather perspectives about the market system, past and present
- Synthesis and analysis of consultation inputs to understand the market system's evolution, surface needs, and identify potentialities
- Identification of innovations that could advance existing potentialities, as well as potential innovations across the market system
- Development of a strategic response to leverage any windows of opportunity and support inclusive shifts in the market in an adaptive way

KEY PARTICIPANTS

Market players and related stakeholders. Sample actors to consult may include incumbent businesses, social enterprises, network associations, local governments, policy experts or advisors, funders, investors, charities, think tanks, academics, and journalists.



EXAMPLE ENGAGEMENT

FSG worked with philanthropic partners in the UK to shape a strategy aimed at improving conditions in the social care market system against the backdrop of the unfolding COVID-19 pandemic crisis. Our core partners had identified new business models that could move the system toward greater inclusion through shared business ownership, such as cooperative models. While this potential was not new, the pandemic crisis had heightened and highlighted existing issues in social care, including poor working conditions and the financial limitations of existing business models. As such, the crisis opened a window of opportunity to accelerate inclusive change.

Unlike in the other two scenarios, this engagement took the form of a rapid-cycle strategy development project, rather than a workshop format. This reflected the reality that no one organization was ready to convene market system actors (as in scenario B) nor take the lead itself in developing and executing a market-building strategy (as in scenario A). FSG therefore took a more active role in sensing and sense making across the market system, leveraging the networks of our core philanthropic partners.

EMERGING LESSONS

- **Move quickly and remain adaptive.** Major crises or other powerful external events have proved to be pivotal in processes of market transformation. In the past, we have seen crises open windows of opportunity that are then exploited by innovators in the system to advance change. Given that these windows might not stay open for a long time, it is important to be fleet-footed when working in such scenarios. In the case of our work with partners in the UK, this involved determining that a workshop setting (even a virtual one) was not likely to be effective. It also meant accelerating the analysis and strategy development process to provide quick, high-level guidance, rather than deeper guidance more slowly. This aligns with the MSI view that strategy is necessarily iterative and adaptive when engaging with complex systems, where it is difficult to predict cause and effect in advance with a high degree of confidence.
- **Shape the approach according to the readiness of lead actor(s).** Unlike in scenarios A and B, no lead actor existed that could apply MSI in this context. It was thought difficult in this situation even to convene a workshop with the necessary participants and on the right terms and expectations. Responding to the existing reality, FSG took a more active role in the process of understanding the system's evolution, identifying potentialities, and outlining a high-level strategy to support their advancement. This raised the possibility that one of the steps coming out of this would be to identify (or establish) a lead actor or intermediary that could coordinate efforts. Our partners agree with this view and are in the process of considering next steps to support this.



- **Subdivide the market system to uncover more potentialities.** Our early work in UK social care revealed that potentialities could look quite different depending on the geographic level of aggregation: Market rules potentialities that are dormant nationally might be *intensifying* in specific local hotspots. This has important implications for strategies and actions being developed, as well as considerations about which organizations should best play lead (and supporting) roles going forward.



CONCLUSION

We hope this paper provides useful guidance to philanthropic actors and other practitioners interested in supporting market systems change toward greater inclusion and equity. The world is in deep and urgent need of such changes, across a vast range of sectors and geographies, and it is imperative that philanthropic resources and efforts be as effective as possible, seizing opportunities as they arise.

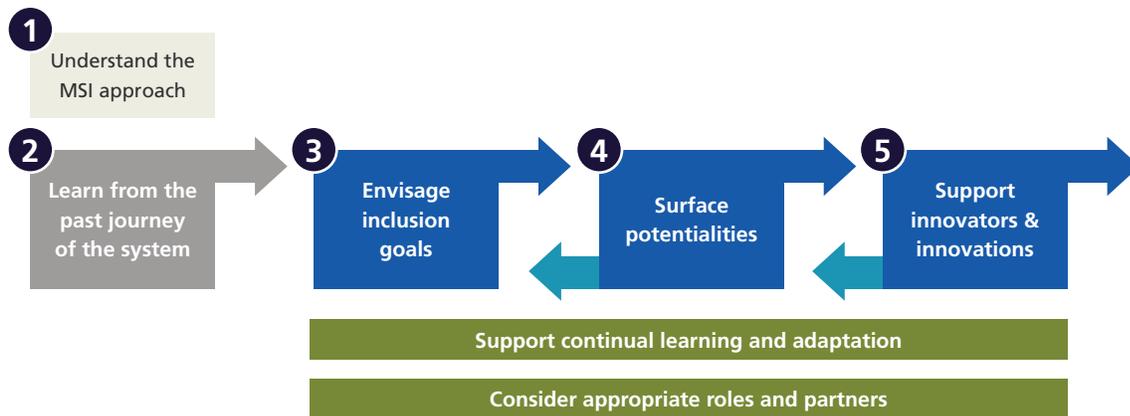
We at FSG will continue to work to advance our own practice and seize opportunities for change in partnership with others, and we welcome opportunities to collaborate with actors who share these interests. We have no doubt we will also continue to learn with and from others as we go: As we described in Section 1, we see MSI as part of a broader, field-wide toolkit that has been developed over time and that reflects the collective wisdom of many committed practitioners. As such, we offer this work in the spirit of dialogue with others in the field and look forward to engaging with the questions and discussions that emerge in the months ahead.



APPENDIX: MSI TOOLS

In our 2017 *Shaping Inclusive Markets*, we outlined the different elements of the MSI approach:

FIGURE 3: ELEMENTS OF THE MSI APPROACH



Across our partner engagements since, we have developed, tested, and refined five tools for deploying MSI in practice, based on the elements outlined above:

- 1. Case Studies** lay the foundations for participants to understand the MSI approach in practice.
- 2. System Journey Mapping** helps participants look beyond the current snapshot of a market system to understand how it has evolved over time and how it could change in the future.
- 3. Inclusion Goals Alignment** helps define an ambitious, shared vision for change, encouraging participants to reimagine what is possible for a market system.
- 4. Potentialities** is useful for participants to surface existing opportunities to advance change across the market system.
- 5. Innovations and Innovators** pushes participants to identify concrete ways to support the advancement of different potentialities.

We have used these tools in different ways depending on the needs of our partner engagements. However, the core of each one has remained valuable across settings. In this appendix, we describe each tool, outline the rationale for why to use it, offer considerations to bear in mind when using it, and provide an example of how we have deployed it.

TOOL 1

CASE STUDIES

MSI Case Studies are documented examples of how real-world change has happened across different market systems. They provide an overview of the transformation achieved and demonstrate the evolution toward better outcomes in a market system. Case studies highlight the role of innovations across the spheres of business models and practices, market rules, and norms, as well as the relevance of key trends and events that created windows of opportunity to advance change.

FIGURE 4: ELEMENTS OF AN MSI CASE STUDY



As a tool, these case studies also illustrate the theory behind MSI with tangible examples from specific market systems. The report *Shaping Inclusive Markets* shares a number of such case studies documented by FSG. Drawing on the principles of MSI, individual practitioners could also develop additional case studies to display other successful transformations toward greater inclusion.

PARTNER EXAMPLE

During FSG’s workshop with our partner in Southeast Asia, we presented two case studies to explain different concepts. Our partner’s focus was the energy market system in the region, so a case study on the water market system in Manila, Philippines, illustrated parallels in the utilities sector. A second case study on the financial services market system in Kenya helped participants understand the connections among the spheres of business models and practices, market rules, and norms.

WHY USE THIS TOOL

Historical case studies provide a **useful frame of reference to bring MSI theory to life**. They pull participants out of their day-to-day work and enable them to think afresh about the broad range of possibility to advance change toward inclusion. As a result, participants can begin to think differently about the change they are working to bring about. In the words of the CEO of Smart Power Myanmar, one of our partners: “The MSI case study worked like a ‘mind trick’ for our team that helped us move beyond a narrow focus in the sector we work in. The case study helped us understand some of the fundamentals of how large scale happened in other market systems and what we could learn for the work we do here.”

WHAT TO CONSIDER WHEN USING THIS TOOL

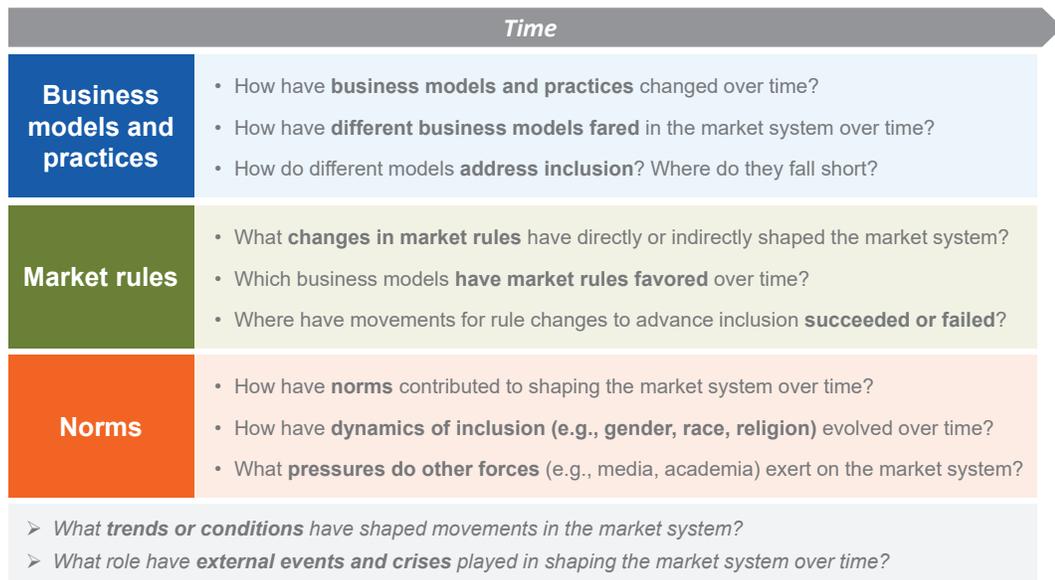
- » **Use case studies from different sectors and geographies:** Sharing case study examples from contexts that are different from the target market system pushes participants to think about the elements of MSI, rather than the contextual aspects that facilitated or hindered change. Despite the difference in context, the selected case study should have certain parallels to the target market system. These may include the existing level of momentum for change, the types of actors involved, and the interrelationships among spheres.
- » **Highlight the principles of MSI:** When telling the story of how change has happened, it is important to weave the elements that are central to MSI (see Section 1, **Key Features of MSI**). This helps participants map otherwise abstract concepts to the actual journey of a market system and illustrates how these concepts manifest in real life.
- » **Encourage participant reflections and discussion:** Engaging participants in a dynamic of mutual learning and discussion is helpful when introducing the MSI approach. To achieve this, participants could share their knowledge of how they have experienced different aspects of MSI in the context of specific market systems. Doing so creates space for participants to raise questions and highlights parallels that anchor MSI in historical examples.

TOOL 2

SYSTEM JOURNEY MAPPING

This tool is a version of timeline mapping designed to help practitioners map the evolution of an entire market system. It explores the changes that happened over time by breaking the system down into three spheres: business models and practices, market rules, and norms. It also maps how external events and trends connect to changes in the system and helps draw connections between different parts of the market system. The questions below could serve to guide practitioners in mapping the journey for individual market systems.

FIGURE 5: GUIDING QUESTIONS FOR SYSTEM JOURNEY



This tool can be deployed in different ways. In a workshop setting, a group of participants could map the system's evolution from their existing knowledge. If developed independently, a dedicated team could conduct research and consultations to inform an understanding of the system's journey.

PARTNER EXAMPLE

FSG mapped the journey of the market system for social care in the UK across several decades through a consultation of relevant actors and stakeholders. This exercise showed the move toward greater privatization as a result of changes in the policy and regulatory framework. It also revealed connections between recent changes in market rules and the uptick of new business models and practices. These findings prompted our partners to pay more attention to the inter-connection in the spheres of business models, market rules, and norms.

WHY USE THIS TOOL

Despite having an overarching vision for inclusion, many organizations may not realize that market systems are in motion long before external organizations decide to intervene. In the words of Ashvin Dayal, senior vice president at The Rockefeller Foundation and key partner for this work, “It’s easy to fall into the trap of believing that the first day of our program is the first day of change for everyone else in the market system.” This tool helps **map the system’s past journey** to understand how change has happened across the system and sheds light on underlying patterns and elements that could be leveraged to support change in the future.

WHAT TO CONSIDER WHEN USING THIS TOOL

- » **Include diverse perspectives:** Mapping a market system’s evolution requires pooling knowledge from various parts of the system. In a workshop setting, bringing together a diverse group of participants with different perspectives can inform a more comprehensive mapping. If working within a single organization, conducting research from different sources and consulting a range of system actors is helpful to form a broad understanding of how the market system has evolved.
- » **Leverage available resources and skills:** Because this tool is a version of **timeline mapping**, we recommend practitioners familiarize themselves with existing resources to facilitate this process. By doing so, they will be able to leverage skills for a more robust process of System Journey Mapping.
- » **Continually review the system’s evolution:** Given that market systems continue to evolve over time, organizations should reference and update the System Journey Mapping as they learn more about a system. Having the tool available as a “live document” can help organizations refine their understanding of a system as new information emerges. This can also be useful in tracking how the system responds to innovations that are supported over time.

TOOL 3

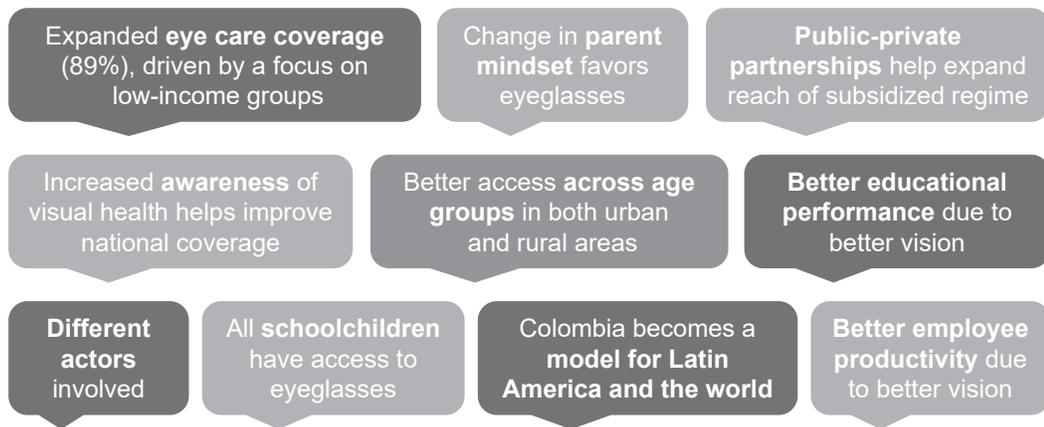
INCLUSION GOALS ALIGNMENT

Inclusion Goals Alignment enables practitioners to define an ambitious, shared vision for a more inclusive market system. It prompts practitioners to position themselves in a future point and reflect how the system looks and what enabled the transformation to take place. The tool also points to the different actors that could be involved in enabling that vision and the specific roles they each played.

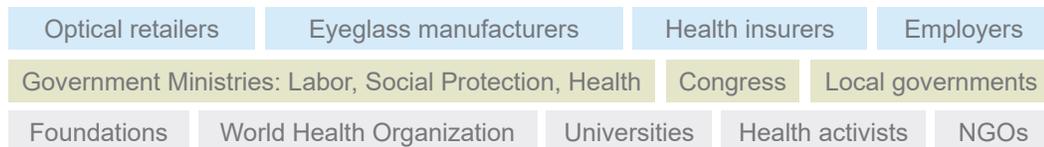
One recommended tool to support this step is **Appreciative Inquiry**, which can be deployed in a workshop setting, allowing individuals to jointly build a collective vision they can all support.

FIGURE 6: EXAMPLE OF INCLUSION GOALS FROM MSI WORKSHOP

In Colombia, participants envisioned a more inclusive optical market system...



...that involved a range of actors across sectors



PARTNER EXAMPLE

FSG's work with our partner in Latin America brought together individuals from different organizations and backgrounds. Although they operated in the same market system, they did not work together closely. Different participants perceived their incentives to be at odds with other participants'. Deploying this tool helped participants define a collective vision for change, envisage the role they could each play to support this change, and discover places of alignment they could coalesce around.

WHY USE THIS TOOL

Inclusion Goals Alignment can be useful as an **anchoring point for practitioners to define the change they aspire to catalyze** in the market system. This tool helps practitioners look beyond the day to day and toward an ambitious vision for change, setting an optimistic orientation that can then stimulate thinking about potentialities for change.

WHAT TO CONSIDER WHEN USING THIS TOOL

- » **Be bold:** Instead of envisioning incremental change, bold ambitions for the future can advance work toward exponential change. Consider radical shifts to deepen the inclusion of groups that have been historically marginalized, such as women or ethnic minorities. Considering the five characteristics of Inclusive Economies (see Section 1, **Orientation on Inclusion and Equity**) can be a good way to encourage participants to think beyond their traditional boundaries.
- » **Get specific:** Greater levels of specificity are useful in translating a future vision into meaningful ambition for change. This includes outlining the types of actions and individuals that could play a role in bringing about the desired change. While these specific ideas do not need to be grounded on in-depth research, having a sense of what may be needed and who could be involved is helpful in surfacing potentialities—and in identifying innovations and innovators who could help advance them.
- » **Create a baseline:** This tool is most effective with a baseline understanding of where a market system is today. While teams that work together may have this, diverse groups may benefit from sharing a high-level snapshot of the system's current state. Ways to do this can include: a brief presentation by a well-informed participant or a documentary trailer or short video clip, among others.

TOOL 4

POTENTIALITIES

This tool helps practitioners surface potentialities emerging from the knowledge of a market system gained with **Tool 2: System Journey Mapping**. It serves to identify potentialities across the system, in the spheres of business models and practices, market rules, and norms. This tool is also useful to determine what phases different potentialities are in, enabling practitioners to define how best to support them. The graphic below illustrates what potentialities look like at different stages and what they need to advance.

FIGURE 7: SYSTEM STATE AND SUPPORT NEEDED FOR POTENTIALITIES IN DIFFERENT PHASES

Business models and practices	Experimental <i>Desirable models or practices have a negligible presence in the market</i>	Significant <i>Desirable models or practices have a significant presence in the market</i>	Dominant <i>Desirable models or practices have become dominant or widely adopted</i>	System state
	<ul style="list-style-type: none"> New ideas, models, and practices Evidence of the viability and impact of the new ideas, models, and practices 	<ul style="list-style-type: none"> Strong expansion of model or practices, including geographic and value chain extension 	<ul style="list-style-type: none"> Refinement of models or practices to deepen or broaden inclusion impact 	Support needed
Market rules	Dormant <i>There is little awareness about the need for / benefits of a rule change</i>	Intensifying <i>Desire for a rule change has begun to increase and various proposals are being discussed</i>	Consolidating <i>A significant rule change has been made and interest in the issue has begun to dissipate</i>	System state
	<ul style="list-style-type: none"> Definition and communication of problem / opportunity New solutions / proposals for rule changes 	<ul style="list-style-type: none"> Pressure on / incentives for rule makers to enact rule changes Coalescing of support around specific proposals, resulting in a rule change 	<ul style="list-style-type: none"> Translation of change into impact Safeguards against reversals Deepening of impact achieved 	Support needed
Norms	Nascent <i>Desired norms are accepted by only a small minority in society and exert no pressure on market players</i>	Strengthening <i>Desired norms are widely accepted but contested and exert some pressure on market systems</i>	Ubiquitous <i>Desired norms are almost universally accepted, and most market players are forced to respond to them</i>	System state
	<ul style="list-style-type: none"> New ideas and values that support the desired norms Means of introducing the desired norms into public consciousness 	<ul style="list-style-type: none"> New mechanisms to harness desired norms into pressure on market players Popularization of desired norms 	<ul style="list-style-type: none"> Scale-up of mechanisms that harness norms into pressure on market players Safeguards against the emergence of opposing norms 	Support needed

PARTNER EXAMPLE

Our partner in Latin America set off to support the expansion of a new business model across markets in the region. After our MSI workshop in Mexico, participants identified an additional potentiality around integrating elements of this model into the public healthcare system. Our partner thus adapted its strategy in response to this potentiality and has worked to galvanize a set of actors in an effort that will have an impact on thousands of people across the south of the country.

WHY USE THIS TOOL

Having built a foundational understanding of the market system's evolution, this tool is then helpful in **uncovering potentialities—or seeds of change**—that lie within the system. The tool helps identify where in the market system these potentialities lie, how mature they are, and what they need to advance change toward greater inclusion.

WHAT TO CONSIDER WHEN USING THIS TOOL

- » **Look for a range of potentialities:** Exploring opportunities for change that exist in different parts of the system—in the spheres of business models and practices, market rules, and norms—is helpful to uncover a range of potentialities. This requires considering domains beyond those that may be more familiar to specific individuals and thus benefits from engaging a diverse set of participants.
- » **Explore places of complementarity:** Given the interrelationships present across a market system, harnessing complementary potentialities is key to advancing change. A potentiality in one sphere (such as a new business model) could be advanced by a potentiality in a different sphere (such as a rule change that favors the business model). Looking for complementary potentialities can create synergies to accelerate change by supporting mutually reinforcing efforts across the market system.
- » **Be flexible with market system boundaries:** Potentialities that emerge in adjacent, interrelated systems could help advance change in the market system of focus. For instance, a policy around new forms of credit provision could enable access to capital for inclusive agribusinesses. While defining a market system's boundaries is useful when mapping its evolution, as events in adjacent systems become more relevant to existing potentialities these initial boundaries may move or be blurred.

TOOL 5

INNOVATIONS AND INNOVATORS

The Innovations and Innovators tool helps define ways to advance potentialities by identifying concrete actions that lead actors could support. The graphic below provides examples of different innovations that could serve to advance potentialities across phases.

FIGURE 8: EXAMPLES OF INNOVATIONS TO ADVANCE POTENTIALITIES IN DIFFERENT PHASES

Business models and practices	Experimental <ul style="list-style-type: none"> A new social enterprise model focused on improving inclusive economy outcomes A shared value initiative where a corporation pursues both impact and financial returns A new research collaboration to document the social impact and financial viability of new models 	Significant <ul style="list-style-type: none"> A new market facilitator that helps address barriers to scale for particular models A cost-reducing technology that makes serving low-income customers more profitable A new credit scheme by banks to support adoption of desired business practices 	Dominant <ul style="list-style-type: none"> A new technology that can help reduce emissions without increasing cost A new social enterprise that extends the benefits of a model dominant in urban areas to rural areas
	Dormant <ul style="list-style-type: none"> Research to establish a baseline comparison of inclusion outcomes across countries Investigative journalism to highlight poor equity outcomes New pressure groups that advocate for equity issues to be addressed Public dialogues to generate potential solutions 	Intensifying <ul style="list-style-type: none"> Mobilization of producers to demand rule changes Public rallies and petition campaigns to increase pressure for a rule change Stakeholder retreats to discuss and address concerns around emerging solutions Research to project benefits of a rule change 	Rule Change Consolidating <ul style="list-style-type: none"> New public institutions to monitor and enforce rule changes Research to document impact of rule changes New civil society organizations which monitor implementation Fresh drives to collectivize producer groups who remain excluded from the benefits of the rule change
	Nascent <ul style="list-style-type: none"> University exchange programs intended for youth to learn from cultures where desired norms are stronger New advocacy organizations that support desired norms Sensitization workshops for key individuals within state structures 	Strengthening <ul style="list-style-type: none"> Certification systems that reveal whether pro-poor sourcing practices have been followed New legislative proposals that criminalize discriminatory hiring practices Sensitization workshops for screenwriters about the desired norms 	Ubiquitous <ul style="list-style-type: none"> Research to identify ways of scaling up and strengthening certification systems Education curriculum reform efforts to reflect new norms Periodic review mechanisms to assess progress and celebrate milestones (e.g., annual day)
Market rules			
Norms			

PARTNER EXAMPLE

In Southeast Asia, our partner's strategy focused on supporting pioneer enterprises in the energy sector and facilitating investment into them. While our partner was deeply interested in changes to market rules, their focus was largely on the decision-makers at the top of the political hierarchy. As the team widened its scope of potential change agents, it realized it had overlooked the innovators working quietly within government in ways that aligned with the organization's mission. Having identified this new type of innovator, our partners broadened their strategy to better identify and support these individuals.

WHY USE THIS TOOL

Supporting potentialities effectively requires going a level deeper to define concrete actions to advance them. This tool helps **identify what types of innovations—or breaks in previous practice—could advance different potentialities** and which individuals or organizations can lead them. This tool is also useful in determining how different organizations might be best placed to support specific innovations, either directly or indirectly.

WHAT TO CONSIDER WHEN USING THIS TOOL

- » **Have an orientation to action:** Identifying innovations and innovators requires thinking about what actions could advance different potentialities and which individuals or organizations could implement them. Remaining action-oriented throughout this process is critical to determining how best to support innovations and innovators and how this support could complement movement in other parts of the system.
- » **Consider “unusual suspects”:** Overcoming gaps and unconscious biases requires considering system entrepreneurs of different profiles and in different parts of the system. Beyond business entrepreneurs and technologists, look for innovators who may not be in traditional positions of power or may come from historically marginalized groups, such as women or ethnic minorities. Some examples include grassroots community organizers, leaders of social movements, academic researchers, political leaders, and civil servants, among others.
- » **Explore the role of different actors:** Deploying the most effective support relies on understanding where and how different organizations can add value to existing efforts. Organizations that are external to a market system—for instance, a global foundation—may be better placed to support other actors *within* the system, such as providing grants or connecting them to global networks. By contrast, organizations already operating within the system—research centers or local network associations, for example—may be better placed to implement innovations directly, such as by developing a new technology or submitting a new regulatory proposal.

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AUTHORS

Harvey Koh

harvey.koh@fsg.org

Laura Amaya

laura.amaya@fsg.org

Sujata Rathi

sujata.rathi@fsg.org

PHOTO CREDITS

Cover: Antonio Guillem / 123RF

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