

# mesopartner Africa

## Capacity Building Series

*Practically improving the performance of the private sector  
within the context of local economic development*

**EVENT 3: 28 October 2010**

### **Understanding and addressing market failures in local and regional economic development**

#### **The topic**

Globally industries are increasingly becoming knowledge and technology intensive, often through the emergence of a variety of specialised business services. At the same time there is a shift away from publicly supplied business support and extension services that are often described as being too generic, or as undermining the development of private business support services. If it is considered that knowledge, technological and the service sectors are more prone to market failures, then it is clear that for smaller enterprises in Southern Africa to grow and compete will require specific attention to market failures that affects their performance.

Market development is prescribed as a response to overcoming the challenges faced by small enterprises in emerging economies. Market development is seen as an approach to overcome market failures that prevent enterprises from growing, expanding and being competitive. However, guidance to development practitioners is sparse and often has an oversimplified approach to a very complex situation. For many there are ideological biases (for and against markets), or 'market failure' is perceived to mean that the whole market system has failed (which would then imply that government failure means that the whole government has failed).

Matters are worsened because so few practitioners truly understand what "market failure" is, how to recognise it, and how to design programmes to address pervasive market failures. For instance, it is not possible to overcome market failure by applying better business management methods such as marketing or market research. It can only be addressed through understanding how and why enterprises transact in certain ways, how the specific market is functioning, and how the market is supported by private and public structures. This requires an understanding of different kinds of market (and other) failures, combined with a bit of creativity in programme design.

#### **Who should participate?**

Practitioner involved in private sector development, cluster promotion or value chain development, or that work with the design of enterprise development programmes.

## Content to be covered during this event:

- Different kinds of markets and transactions
- The pre-requisites of markets to function
- The characteristics of different kinds of market failure
- Identifying the issues that are affecting the ability of enterprises to transact or exchange
- Designing interventions to address market failures
- Understanding why knowledge intensive services, technology related and other specialised services are prone to market failure
- Market failure in local and regional economic development contexts: the role of different actors

If you would like to participate in this event, complete the registration form and send it to Annelien at [ac@mesopartner.com](mailto:ac@mesopartner.com) or fax 0866 501 099.