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# Pros and cons of market systems approaches



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**The LEAD project has successfully used market systems development to bring increased incomes to more than 105,000 maize and poultry farmers in Tanzania. Reflecting on the project, there is much to say about the approach's limitations and successes.**

Lucy Francetarimo is a LEAD project farmer living near Tarakea, in the Moshi region of Tanzania. Her story showcases the best of market systems interventions. Before LEAD, Lucy worked hard but produced only about 40 new chicks per year. She was held back by lack of vaccination services, poor feeding and temperature control equipment, and lack of proper care and hygiene techniques. Access to these things was not available to her. The LEAD project changed that, affording her training (on farm management and care for poultry, especially chicks), linkages with suppliers of good inputs (including modern feeders, drinkers, feed, and vaccination services), and agrifinance to invest. It also encouraged her to join with other nearby farmers to share knowledge and develop a mutually supportive marketing platform. This holistic intervention simultaneously improved Lucy's production and market position. She currently produces around 240 new chicks per year, and makes a decent profit of around USD \$110 from selling eggs every month.

This change for the better is not unusual among LEAD farmers. As of June 2016, project farmer income from maize farming was up 77 per cent from the baseline, and that from poultry farming up 168 per cent: BRAC's market systems development project is on track.

Market systems approaches are characterised – the clue's in the name – by the way they understand and interact with markets as systems. Systems analysis is used to map the market: the actors within it, the connections between them, and external socio-political rules and norms. Interventions are then targeted to lend the poor a more advantageous position within the market.

Essentially, the market can be seen as an engine that generates wealth, and the market systems approach seeks to tune that engine to divert as much wealth to the poor as possible. This usually involves increasing the power of the engine – the value of the market – as well. Thus, the poor, usually involved in the market as primary producers, are getting a bigger slice of a larger pie.

This is the basic market systems approach. Of course, it is not a cure all for any situation. BRAC finds it most appropriate for agricultural contexts, because primary producers in agriculture (farmers) are usually poor and lacking in business know-how, but self-employed (so they have the agency to make change in their lives), and numerous (development interventions can be far-reaching and cost-effective). For other poor people, such as low-paid manufacturing workers, it is much less applicable. Moreover, it is a relatively difficult strategy to implement, requiring multiple, synchronised interventions and constant adaptive management. In a dynamic system, interventions need to be balanced. But this is also the beauty of the approach. Done right, an intervention should be a catalyst – leveraging the innate dynamism of markets to create a situation that is more profitable for all involved.

The complex nature of the engagement encourages close cooperation between multiple actors: NGOs, government, large private companies, small-scale local businesses and people. It is a naturally participatory system. Examples from LEAD include: bringing quality inputs and technological innovations (such as PICS storage bags) from the private sector to farmers; collaborating with other NGOs to test inter-cropping techniques (IITA) and poultry feed calculator app-technology (Single Spark); holding workshops with farming communities and local market actors to discover their needs and concerns; and encouraging farmers to form cooperative producer groups.

The approach is also very scalable: it can be employed just in a local market unit, or over large areas. It integrates very well with microfinance initiatives, a BRAC speciality. Lastly, its greatest strength is its strong potential for sustainability. Rather than building something new, the modification of an existing system means that little fundamental has to change – and since the market system post-intervention delivers more value for everyone, people are likely to work to keep it that way.

Markets aren't everything

Considering all the above, market systems development is a forward-thinking developmental tool with a great chance of delivering meaningful results. However, it is not without problems. Most seriously, its reliance on existing market systems can mean that inequalities within these market systems can be reinforced by the intervention process.

Unavoidably, richer people higher up the value chain are likely to benefit more than the targeted poor farmers – at least in absolute monetary terms. Because market systems development favours an economic perspective of the world, pre-existing socio-cultural biases in the market system may be ignored. It is important not to miss these inequalities, and tailor market systems interventions specifically to contradict them, which is possible. For example, in the LEAD project, the majority of farmers and small-scale agri-businesses owners trained must be female; a decision taken to combat gender inequality.

A few basic things are required to benefit from greater involvement in the market: a home; food; the physical and mental capacity to engage in business; enough social standing that people will do business with you. For the most vulnerable in society, even these most basic standards are uncertain. The vulnerability of the poor also affects their ability to hold onto their beneficial market positions. A [study by Oxfam](#) found that: ‘Poor people are generally subject to market forces over which they have little control. Market gains for poor people can easily be undermined or captured by those with more power.’ Sure, market systems are self-sustaining, but they are also highly flexible. Price fluctuations and other external influences could undo gains made, and antisocial businesses, if left unchecked, could exert leverage to squeeze as much profit as possible out of those further down the value chain.

## Always a tool for the job

To sum up, market systems approaches can be great tools for solving particular problems. There is always a tool for the job, and in this case the job is reaching large numbers of relatively poor farms and improving their incomes substantially. Other jobs call for other tools. For example, the ultra-poor projects might use BRAC’s ‘graduation’ approach, which calls for 24 months of education in basic skills, food stipends, mentoring from project staff and community leaders, and input support (chickens, cows, etc). After graduation, the previously ultra-poor could be linked into a market systems development project to continue developing their livelihoods.

BRAC believes in ‘hands-on’, pragmatic market systems approaches, where networking and market linkages are supported by training, some input support (perhaps including technical innovations), peer group creation, and microfinance provision. This raft of interventions not only serves to raise incomes, but instils confidence and resilience in poor producers. Knowledge, cooperation, and the capacity to self-mobilise are necessary if the poor are to safeguard their livelihoods

for the future. These approaches can go further still by synthesising them with, for example, female empowerment actions, nutrition-related actions, or climate-readiness actions. This has always been the BRAC way: holistic development, integrating multiple actions across large numbers of people, is the best way to effect lasting change.

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