

June 23, 2022

Using market-based approaches to respond to shocks: insights from Bangladesh



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We tested different business models and found ways to increase the resilience of both large and small agricultural businesses.

Our world is entrenched in systemic challenges, from COVID-19 and global warming to supply chain issues. So, how do we respond to them effectively and sustainably?

Market-based approaches offer one solution, but not all approaches are created equal. And many questions remain regarding how market systems development programs can support communities facing these shocks.

During a recent [BEAM Grab the Mic webinar](#), my colleagues and I shared some of the results from the [Outcome harvest](#) for the recently concluded [Feed the Future Bangladesh Rice and Diversified Crops Activity](#), which was funded by USAID and implemented by ACDI/VOCA from 2016 to 2021.

In Bangladesh, we worked with smallholder farmers in the southwest who faced regular struggles due to cyclones, the pandemic, and regulatory changes, all of which hurt commercial investment in the area. That's where market-based solutions came in. We wanted to find out which business models created systemic change, the scope of that change, and what factors made it possible. So, we tested a number of market-based approaches.

[Which business models create systemic change?](#)

Agent banking succeeded in connecting farmers living in remote parts of Bangladesh with commercial banks that were previously inaccessible to them. “Agents” were people who typically already owned a business in the community and could provide farmers with limited banking services.

We tested this model with our partner CitiBank. and discovered agent banking made it so that last-mile farmers only had to visit a local business, where they likely already had a trusted relationship with the owner, to access financing. This saved commercial banks the cost of setting up physical branches in remote locations and provided them with new clients who would otherwise be unreachable.

Another successful market-based solution came about through our partnering with **Chaldal**, Bangladesh’s largest online grocer. When the pandemic hit, there was an explosion in demand for food and food delivery in urban and peri-urban areas. We teamed up with Chaldal, linking them to regional supply chain distributors in the Feed the Future Zone where we operated. Soon, Chaldal was selling products grown by smallholder farmers once excluded from such a market. Chaldal gained new suppliers, while farmers gained a new buyer and saw their earnings increase.

How do we apply these solutions elsewhere?

In our five years serving the Activity, we found that what worked best was applying not one, but many approaches. We also learned the value of having trusted partnerships and reflecting on what works and what doesn’t. This allowed us to test different business models while increasing resilience among both large and small agricultural businesses.

Want to learn more about these and other models we tested? Explore this topic by watching the recent **Grab the Mic webinar**.