

Market analysis

08

Resilience in market systems

Resilience is increasingly prevalent in development where humanitarian assistance in times of crises has not necessarily left populations better prepared or reduced their vulnerability.

Resilience has overlaps with the market systems concept of sustainability, or the ability of a system to provide solutions without external support. DFID defines resilience as, *'the ability of countries, communities and households to manage change, by maintaining or transforming living standards in the face of shocks or stresses without compromising their long-term prospects.'*



Market systems for resilience

Synergy and tensions between resilience and market systems.

Despite some obvious overlaps between resilience and sustainability, there are differences. This is especially true in programme and implementation.

- **The trade-off between efficiency and resilience.** Market systems need to be efficient to grow – even local markets are vulnerable to competition from low-cost imports – whereas resilience requires investments to mitigate risk against a wide variety of (non-market) shocks that may or may not occur.
- **Conflicting implementation strategies.** Programming in areas prone to shocks typically include activities aimed at improving the resilience of vulnerable households and separate activities targeting value chain development. In theory both types of activity are mutually supportive, but in practice there can be tensions between the two approaches.

Is market systems development inherently a resilience approach?

How market systems development can contribute to resilience.

The tensions between a humanitarian focus and activities aimed at market system development reflect a misunderstanding. In practice, resilience needs to be considered at two levels: that of the household and that of the market system in question. Households cannot be resilient without access to markets, and market growth is of little value if it means the poor are left behind. In both cases, the ultimate goal of your programme is to ensure the target group is in a better position to support themselves or access relevant services than they were prior to the intervention.

Go to [Vision](#) next or return to [Guidance](#).

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