

Intervention challenges

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Lack of access to market information

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Products and services not reaching poor customers

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Lack of access to finance

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Lack of access to professional services

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Poor or missing rules

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Misaligned incentives for improved performance

It's important to remember that, as a market systems practitioner, not everyone shares your vision of change. Often, the reason markets do not work for the poor is due to the fact that someone in power does not want them to. Examples can include:

1. **Monopoly.** This refers to a situation where one provider is able to control prices through what economists call 'economies of scale': where they have access to all of the available product or service that others need and therefore have more power to set prices.
2. **Externalities.** This refers to situations, such as with regard to climate change or working with marginalized groups, where market incentives do not align with development objectives.
3. **Information asymmetry.** This refers to a situation where one party of group of market actors has more information about prices than another and utilises that advantage to their benefit. (See [market information](#)).

Market failures and what may be done about them

A list of market failures and the corrective action required.

Creating change in this type of context involves shifting 'institutional biases', otherwise known as the rules and patterns that

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Missing market function

behaviors are based on. These can be 'relational', as in referring to how actors relate to each other, or 'strategic', referring to how firms and individuals make decisions.

Shifting institutional biases

Using value chain governance to address a market's underlying systemic structures.

Addressing this type of market context could involve so elements of the following tactics:

- > Align different market actors incentives to be able to communicate and apply more robust grades and standards with farmers and other suppliers
- > Showcase the performance advantages of one group of actors shifting to more inclusive patterns of behaviour (e.g., offering quality differentiated pricing) through media coverage, industry forums and case studies (See [Exchange visits](#))
- > Enable a national millers' association to promote aligning farmers and millers' incentives with those of exporters (See [Stakeholder coordination](#)).
- > Work with local regulators to better police negative market behaviours.