

Intervention challenges

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Missing market function

A missing market function refers to a situation in which, for whatever reason, no one has filled a market gap to provide an essential product or service for the poor. For market systems practitioners, this type of market poses significant challenges both in terms of who you work with, and how you work with them.

The blog, [Stimulating change in thin markets](#), describes the International Labour Organization's Business Opportunities and Support Services project (BOSS)'s experiences working in a thin market.

For example, when there is currently no one playing a function, your choice of partner can be limited. There may only be one or two potential suppliers or buyers to work with. In this case, consider the following options:

- › Look for outside players who might be supported to expand into your area.
- › When faced with a single, dominant player you might attempt to lower barriers to entry in order to create competition. If this isn't realistic, you will need to focus on strengthening supporting functions or rules that restrain anti-competitive behaviour and protect disadvantaged groups from exploitation.
- › Related, be wary of only working with one, sole supplier.

Facilitative approach for nascent markets

Detail on how to intervene in early-stage markets.

Once a partner is identified in this type of market, the principles of facilitation still apply. However, these principles need to be understood with a pragmatic lens to market realities. Consider, for example, the following:

- > **Expanded use of cost-shared subsidies.** You may have to support the expansion of a business by sharing the costs through a grant, or do so more intensely than in a 'normal' market. (See [Buying down risk](#)).
- > **Intensified pilot support.** This may include more support to the business in terms of technical advice, capacity building/training, and financial support. (See [Technical capacity building](#)).
- > **Appropriate expectations.** Activity outcomes and impact may take more time to be visible. It is therefore essential to set the right expectations with donors.
- > **Supporting businesses crowding-in.** Given the lack of market players, it is important to not only support first-movers but also any emerging competitors.
- > **Proactive outreach.** Field staff must spend more time in the field searching for firms and also have some flexibility around selection criteria.

Making the input supply market work for the poor

A detailed case study of a successful inputs intervention in a thin market.

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