Reducing vulnerability for the extreme poor in Bangladesh’s chars: M4C’s experience of applying market systems

5th February 2019

S M Mahmuduzzaman
M4C Team Leader

Jannat Adib Chowdhury
Manager, Knowledge Management and Cross-cutting Themes, M4C

Dr Syeda Zinia Rashid
Senior Programme Officer
Embassy of Switzerland
Bangladesh

Anirban Bhowmik
Country Director
Swisscontact

DCED
The Donor Committee for Enterprise Development

GRAB THE MIC

BEAM EXCHANGE
Applying Market Systems Approach for Vulnerability Reduction of the Extreme Poor Households in Chars of Bangladesh: M4C Experience

Dr. Syeda Zinia Rashid, SDC Bangladesh
Anirban Bhowmik, Swisscontact
S M Mahmuduzzaman, M4C, Swisscontact
Jannat Adib Chowdhury, M4C, Swisscontact
Bangladesh at a Glance

3rd fastest growing economy in world in 2019 (GDP growth rate 7%)

Poverty rate down from 40% (2006) to 23% (2016)

Char Dwellers’ Life Struggles

Exposed to Climatic Shocks
Frequency of flood every year

Fragmented Economic Activities
Sporadic livelihood options

Geographic Isolation
Cumbersome travelling process
Average travel time to mainland district 3 to 4 hours

Socio-cultural norms
Mobility restrictions for women
Prevalence of early marriage
to reduce poverty and vulnerability of char households
by facilitating market systems that enhance
opportunities for income generation
Why SDC aims to create market system change in Charhs?

Shift from asset-based livelihood support to market system development approach to complement the large livelihood programme in chars by DFID-funded CLP
SDC mandate for inclusion and Hard-To-Reach areas

✓ Work with Poor and disadvantaged people, strong focus to women

✓ Work in Hard to reach (HTR) and vulnerable context and focus on DRR
✓ Start with crop sector-based approach

✓ Continuous action research to improve intervention quality

✓ Adaptation of market dynamics - regrouped intervention strategy in selected systemic change areas in crop and livestock

✓ Partnership with private companies shifted from project-based promotional activities to more strategic institutional engagement

SDC ‘Flexibility’ in managing implementation
About M4C: Theory of Change

Reduced vulnerability and increased wellbeing

Increase in char households income from economic activities

Char households enhance performance due to improved market systems in the chars

**Outcome 1:** Char households use better services (input, production, output)

**Output 1:** Char households access better services (input, production, output)

**Activity Set 1:** Facilitate private businesses/public agencies to expand customer and producer base; improve quality and/or introduce products and services in chars integrating cross-cutting themes (WEE, governance, CCRM, DRR)

**Outcome 2:** Service providers adapt and expand their services to the chars

**Output 2:** Service providers have improved capacity and sustain provision of services

**Activity Set 2:** Support a relevant public institution to capitalise and anchor char relevant data/experiences (PS strategies, business models, advocacy) from M4C

**Outcome 3:** Public and private sector actors become more aware about char potential and invest in chars

**Output 3:** Selected public institution becomes a knowledge hub/platform, and advocate to foster public/private sector initiatives for the chars
How the interventions has contributed to establish a seamless transition between continuous offerings and participation within the market actors in such a **vulnerable context**

The ways this **transition** has contributed to the **vulnerability reduction**

Development of **MSC4VR Framework** and validation through an empirical study
**About M4C: How do we do it**

<table>
<thead>
<tr>
<th>Input</th>
<th>Output</th>
<th>Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Char producing households have access to and use better quality inputs and production practices for crops and livestock (primarily beef)</td>
<td>• Char producing households have improved linkages with output market actors and are able to produce quality products and sell at optimal price</td>
<td>• Char producing households have access to appropriate financial services such as seasonal loan products to enable them to produce good quality crops and livestock</td>
</tr>
</tbody>
</table>
Changes in Market System and Immediate Results

Additional income **16.4 Million** Swiss Franc

Benefitted **103,400** char households (comprising more than **579,040** women, men and children)

From June 2012 - June 2018
Do we have enough proof that this result (income increase) is contributing to vulnerability reduction?
Scope of the Assessments

**Outcome 1:** Char households use better services (input, production, output)

**Output 1:** Char households access better services (input, production, output)

**Outcome 2:** Service providers adapt and expand their services to the chars

**Output 2:** Service providers have improved capacity and sustain provision of services

**Activity Set 1:** Facilitate private businesses/public agencies to expand customer and producer base; improve quality and/or introduce products and services in chars integrating cross-cutting themes (WEE, governance, CSPM, DRR)

**Reduced vulnerability** and increased wellbeing

Increase in char households income from economic activities

Char households enhance performance due to improved market systems in the chars

Vulnerability Assessment

Systemic Change Assessment

Annual Impact Assessments

Scope of the Assessments
Study on role of Market Systems in reducing vulnerability on the Char: an assessment of M4C’s contributions

Phase 1

**Micro-ethnographic study**

To develop indicators of livelihood capital enhancement and market system changes

Four Ethnographers lived in four selected chars communities for two weeks

Phase 2

**Quantitative validation**

To gather evidence of livelihood capital enhancement

Gathered information on 230 households with a population of 1189

Phase 3

**Qualitative study**

To measure the magnitudes of systemic changes in char market system

Gathered information through FGDs and KIIIs from – stakeholders
Indicators of Livelihood Capital Enhancement

- Income from farming
- Investment in Housing
- Investment in Livestock
- Investment in other crops
- Investment in Trade
- Investment in asset development
- Investment in agro-technology
- Investment in Education
- Investment in Healthcare
- Investment in asset development
- Investment in agro-technology
- Investment in Education
- Investment in Healthcare

Major Indicators of Changes in the Investment Climate

- Expanded Agro-input Market
- Agro-processing Companies
- Local Trading of Maize
- Emergence of Local Traders
- Presence of MFIs
- Investment Climate
- Study (Evidence of seamless transition: how did we measure it)
Study Findings: Evidence of seamless transition
Study Findings: Evidence of Systemic Change

- Perception
- Attitude
- Innovation
- Investment
  Crowding in
- Trust
- Relationship
Evidence of Systemic Change: Shifting Attitude

**Before**

- Perceiving chars to be loss making
- Highly transactional relationships
- Considering trading business as a secondary business
- Targeting merchants with fixed stores
- Few workshops focused on assembling agro-machineries

**After**

- Actively exploring opportunities for business expansion
- Value-additive relationship
- Emergence of large traders with linkage to millers
- Opportunities arising for investment and business expansion i.e. seasonal loan
- Increasing invest in assembling machines

**Evidence of Systemic Change: Shifting Attitude**
<table>
<thead>
<tr>
<th>Actors</th>
<th>2012</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input Retailer</td>
<td>72</td>
<td>502</td>
</tr>
<tr>
<td>Num of Distributorships</td>
<td>17</td>
<td>98</td>
</tr>
<tr>
<td>Num of Shelling Service Providers</td>
<td>1</td>
<td>77</td>
</tr>
<tr>
<td>Num of Drying Service Providers</td>
<td>4</td>
<td>43</td>
</tr>
<tr>
<td>Num of Storage Service Providers</td>
<td>0</td>
<td>19</td>
</tr>
</tbody>
</table>
Lessons for future design

Evidence challenges the conventional notion that extremely vulnerable people can only be mere recipients of assets and technical support. Rather they can also be economically self-reliant with right enabling environment induced by changes in the market system.

While addressing challenging contexts and extreme poor population through Market System Development approach, rigidity to market system principles should be avoided. Flexibility in intervention designing leads to high reduction of vulnerability.
Q&A
Reducing vulnerability for the extreme poor in Bangladesh’s chars: M4C’s experience of applying market systems

5th February 2019

Thank you for joining the webinar
Post your questions to the speakers in the Chat box

Please fill in our quick online survey – the link is in the Chat box.

A recording of this webinar will be available shortly if you visit our Webinars page at www.beamexchange.org/community/webinar/