Market systems approaches and ‘leaving no one behind’

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June 2017

Citation

Thorpe, J, (2017) *Market systems approaches and 'leaving no one behind'*

Published by:

The BEAM Exchange
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The BEAM Exchange is a facility for knowledge exchange and learning about the role of market systems approaches in reducing poverty.

Acknowledgements

Special thanks go to John Meyer, Chief of Party, GRAD at CARE Ethiopia; Zenebe Uraguchi, Programme Coordinator, Eastern Europe Unit, Senior Adviser, Market Systems Development, HELVETAS Swiss Intercooperation; and Michael Jacobs, Chief of Party for PRIME, for sharing their programme experiences, as well as all the participants in the web discussion that took place as part of the development of this think piece.

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The BEAM Exchange is a programme funded by the UK's Department for International Development (DFID) and the Swiss Agency for Development and Cooperation (SDC). It is administered by PricewaterhouseCoopers LLP, working with organisations including the Institute of Development Studies and Itad.

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1. Introduction

Substantial progress has been achieved internationally on reducing poverty since the launch of the Millennium Development Goals over 15 years ago. Despite these achievements, inequality is growing and extreme poverty remains stubbornly high. In response, the 2015 Sustainable Development Goals have set out a clear and explicit commitment to 'leave no one behind'.

The question is – what role can market systems approaches play in reaching beyond relatively better-off groups to engage and benefit those in the bottom ten per cent — groups excluded socially due to gender, caste, ethnicity or disability status, for example? Can these approaches bring these groups within thriving market systems, reducing poverty and contributing to development at scale? Or do they risk leaving them further behind?

This think piece offers a structured analysis of how market systems approaches, which work through market actors and by facilitating rather than directly delivering solutions, can support inclusion. It also recognises some difficult challenges which limit what these approaches can be expected to deliver on their own. It builds on earlier work commissioned by the Rockefeller Foundation (Thorpe, Mathie & Ghore, 2017), and draws heavily on the learning and experiences of three market systems programmes that have explicitly sought to reach highly marginalised groups. These are: Graduation with Resilience to Achieve Sustainable Development (GRAD), targeting 65,000 chronically food insecure households in Ethiopia; Pastoralist Resilience Improvement through Market Expansion (PRIME), which seeks to ensure accessibility for people with disability within its programmes; and Samriddhi in Bangladesh, which includes extremely poor households amongst the target population, with strong women's empowerment goals. The analysis has been further enriched through discussion with 15 market systems practitioners engaged in similar programmes.

The paper starts by exploring who the extremely marginalised are, what we know about how they engage in markets, and the potential for market-based approaches to be more inclusive. It then presents the experiences from GRAD, PRIME and Samriddhi, and draws lessons from these experiences and those of other practitioners for reaching highly marginalised people through a market systems approach.

2. Who are the extremely marginalised?

The World Bank calculates that there are 800 million people living below the international poverty line of US$1.90 a day.[1] At this level of income, people lack the minimum to meet their food and other basic needs, and have few assets and poor education. However, extreme marginalisation has multiple dimensions other than economic ones (Pogge & Rippin, 2013). The most marginalised face intersecting forms of exclusion – vertical, horizontal and spatial. Vertical exclusion means that they have less wealth and income than others – and are located at the 'base of the economic pyramid'. Horizontal exclusion arises because of the 'group' they belong to, which is identified – by others in society and possibly by the marginalised themselves – as being inferior to other groups. This discrimination may relate, for example, to gender, race, caste or disability status. Spatial exclusion arises due to remoteness and geographical isolation, particularly in rural areas or areas blighted by violence and lack of services, such as urban slums or areas of conflict. At the intersection of these different forms of exclusion, the most marginalised are systematically left behind from the social and economic progress experienced by others in society (Kabeer, 2016). Multiple dimensions of exclusion imply multiple challenges for beneficial market engagement which can be expressed in terms of weak physical (assets, infrastructure), social (networks and support), human (skills, literacy, self-esteem) and natural (good quality water, soil, air) capital (Narayan et al 2000).

In 2006, Banerjee and Duflo published an in-depth analysis of the economic lives of the extremely poor, based on an analysis of household surveys from 13 countries supplemented by more in-depth qualitative surveys.[2] While out of date in some respects (e.g. mobile phone ownership), it nevertheless paints a picture of the economic opportunities and challenges faced (Table 1).

Table 1: The Economic Lives of the Extremely Poor

Productive assets – land	Landholding ranges from 1.4% in South Africa and 4% in Mexico, to 30% in Pakistan, 50% in Indonesia, 63% percent in Cote d'Ivoire and 99% percent in Panama. Mostly these are small plots of non-irrigated land. Renting land is infrequent.
Productive assets – other	Apart from land, extremely poor households in rural areas own few productive assets. In Cote d'Ivoire, 34% own a bicycle, but less than 14% in Udaipur do. In Udaipur, less than 1% has a sewing machine, a bullock cart, a motorized cycle or a tractor, and no one has a phone.
Investment in education	Household spending on education is low; however, children often attend public schools that do not charge a fee.
Livelihood	The livelihoods of the extremely poor depend on (often multiple forms of) self-employment. In rural areas, this includes farming (25-98% percent of households), non-farm businesses (7%-36% of households), and day labour, generally outside agriculture. Unpaid care work represents a substantial proportion of women's time.
Sectors	In Hyderabad, non-farm businesses operated by the poor include small general stores (17%), tailors (11%), selling fruit and vegetables (8%), telephone booths (6.6%), milk sellers (6.3%) and auto owners (4.3%). Except for tailoring, none requires the specialised competence that takes a long time to acquire and is associated with higher earnings. The most common assets of the businesses are tables, scales and pushcarts.

Source: *Summarised from Banerjee & Duflo, 2006*

1 World Bank Poverty and Shared Prosperity 2016: Taking on Inequality, US$1.90 PPP per capita per day

2 Based on household surveys conducted in Cote d'Ivoire, Guatemala, India, Indonesia, Mexico, Nicaragua, Pakistan, Panama, Papua New Guinea, Peru, South Africa, Tanzania, and Timor Leste. In addition, two more detailed surveys were carried out in 2002 and 2003 in Udaipur and in informal neighbourhoods of Hyderabad (Banerjee & Duflo 2006). The extremely poor were defined as those living in households where the consumption per capita is less than $1.08 per person per day, using the PPP in year 1993 as the benchmark.

More recently, work by the Institute of Development Studies, the Coady Institute and ADD explored the livelihoods of persons with disabilities in Uganda. Two of the life stories are presented in Table 2.

Table 2: Livelihoods mapping of persons with disabilities in Gulu Town, Uganda

Stella's story	Atochi's story
Stella had no vision in one eye at birth and had been gradually losing the vision from the other eye. When her husband died in 2000, she was left alone with seven children to raise. There was no support available from anywhere. Stella moved from her remote village to Gulu Town and used a small amount of money she had to start brewing alcohol. She had already acquired the skill but had never brewed drinks commercially. Despite a lack of formal education, she had a natural business acumen, and was able to build the business, with access to finance from the local cooperative savings and credit society. Despite the economic success she achieved against the odds, Stella still faces discrimination in her own community. People question her character (because she sells alcohol to men), they steal from her, and she is subject to jealousy, with comments such as: 'how can this disabled woman earn so much?'	Atochi is a mother of four. She acquired her disability after catching polio when she was a child. Her husband had left her to marry a woman without a disability. Atochi is engaged in multiple livelihood activities to support her family, such as farming and trading farm produce like sesame, beans, sorghum, millet and onions. With support from her father and a local organisation, Atochi was also able to take a tailoring course, and her father bought her a sewing machine and helped her to find clients. Atochi faces steep challenges. In tailoring, people think only persons without disabilities could do a good job, and prefer to go elsewhere. Lack of access to finance means that she cannot rent a shop in a good market location (her shop is hidden inside) or buy goods in bulk.

Source: *Summarised from Ghore, 2017*

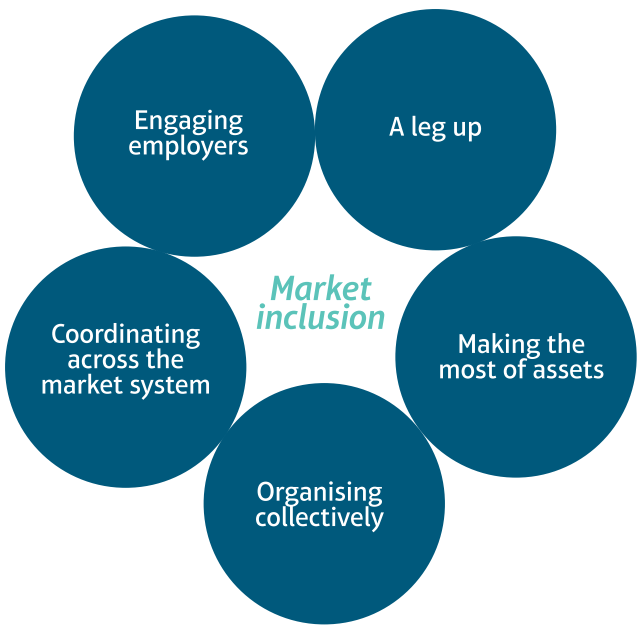
3. What do we know about markets and marginalisation?

Markets are a common feature[3] in the lives of poor households, integral to meeting basic needs and achieving livelihoods, although often these are informal, poorly functioning and insecure. The way that extremely marginalised groups experience markets depends in part on general factors in the wider economy and society, such as wage levels and wage growth, the structure of the economy, available infrastructure, access to goods such as improved seeds or fortified foods, and social attitudes and beliefs (Asadullah & Ara, 2015; Baumüller, Ladenburger & Von Braun, 2013; Riisegard et al., 2010).

For market-based approaches to benefit extremely marginalised people, they need to reach relevant markets and create livelihoods with growth potential (Baumüller et al., 2013; Muller & Chan, 2015; Thorpe et al., 2017), and these opportunities need to be accessible (Baumüller et al., 2013; Nguyen, 2013). The challenge is that efforts to remove access barriers often create cost inefficiencies, which are a disincentive for commercial investment, particularly where commercial viability and return on investment are critical. Several analyses suggest that inclusive models require the flexibility to accept some trade-offs between maximising profit and achieving poverty reduction (Baumüller et al., 2013; Garette & Karnani, 2010; Larsson, 2006).

Where extremely marginalised groups have benefitted from markets, these gains are rarely the result of a single intervention; they emerge from multiple changes, related to assets as well as skills, and to changes at micro as well as macro levels, proceeding in a non-linear fashion (Bandiera et al., 2013; Kabeer, Mahmud & Tasneem, 2011). Excluded groups and those supporting them have found different entry points (Figure 1) which enable market access and lower barriers to entry (Thorpe et. al 2017). These are: making the most of existing assets or skills; organising collectively amongst the most marginalised; coordinating with others in the market; and engaging employers and others to remove physical and attitudinal barriers in the workplace. A fifth entry point, described as providing a 'leg up', highlights that for some, social safety nets and livelihood development support are preconditions to pursuing and benefiting from opportunities.

Figure 1: Entry points to overcome economic exclusion



Research seeking to understand the relationship between economic empowerment and overcoming structural barriers has produced mixed results. Access to paid work supports empowerment, particularly where work is regular, visible and delivers social benefits (Kabeer et al. 2011). Some also find that women's participation in the labour market improves their decision-making power in the household (Muller & Chan 2015), although others find no such link (Hafiza, Kamruzzaman & Begum 2015). On the other hand, enterprise development may have negative consequences, such as increasing women's workload without increasing their effective empowerment (Torri, 2014).

[3] This is not necessarily true for all households or all individuals within a household. There are those who are entirely outside either formal or informal markets, and who depend on subsistence livelihoods, precarious informal activities like begging and/or rely on family members – and who may undertake valuable but low status unpaid work in the household or community.

Risk is another major factor. The most marginalised lack forms of insurance, safety nets or social networks, which leaves them vulnerable to shocks (e.g. economic, climate-related, health of family members). When households experience shocks, gains made or assets accumulated can be lost in a moment, with long-term repercussions. Vulnerability to risk also affects how poor households approach their livelihoods. The most marginalised emphasise risk reduction over income maximisation (Maes, 2010), and there is 'under-investment' in profitable but risky technologies like improved seeds and a focus on diversification rather than specialisation (Banerjee & Duflo, 2006).

Government resource transfer and graduation programmes have gained recognition as a means of providing temporary safety nets that either create assets (through asset transfer) or protect against asset depletion (cash or food transfers or cash for work programmes) (Maes, 2010). The evidence on their impacts has been mixed (Asadullah & Ara, 2015; Hafiza et al., 2015; Krishna, Poghosyan & Das, 2012; Uraguchi, 2011), although a recent high-profile evaluation has found statistically significant gains in areas such as consumption, asset ownership, financial inclusion, time use, income and revenues, and women's empowerment, which still hold one year after the intervention ended (Banerjee et al, 2015).

Market systems approaches and extremely marginalised groups

Given the nature of markets and marginalisation, there have been a number of debates[4] as to whether market systems programmes are able to reach and benefit the most marginalised. Blaser (2012) outlines some of the common perspectives amongst practitioners in response to the question: 'Can M4P[5] reach the poorest?'

1. Critics argue that the poorest benefit little from market systems approaches, which fail to pay sufficient attention to the power imbalances that perpetuate marginalisation (Sahan & Fischer-Mackay, 2011).
2. Market systems approaches can reach poorer populations but not the poorest, who lack the assets to participate in the market or be of interest to private sector partners. The poorest must be supported through safety nets or supplementary interventions (often considered to be outside the scope of market systems programmes).
3. The poorest do benefit from market systems approaches but only indirectly, as benefits trickle down in the form of new opportunities for employment, trade and service provision. Some add that more direct support is also needed to ensure these gains are achieved, such as skills improvement, infrastructure or community development.
4. Market systems programmes can reach the poorest, by selecting the right sectors which are relevant to them, by innovating products and services to reach them and/or by working systemically to change the rules.

There is insufficiently robust evidence to easily resolve this debate. Reviewing the BEAM Exchange Evidence map,[6] for example, only two high quality impact evaluations were identified that provided outcomes and impact data disaggregated by factors related to poverty and marginalisation.[7] Given this relative lack of overall evidence, the focus of the rest of this think piece is on drawing learning from programmes and practitioners working to benefit very marginalised people through market systems approaches.

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4 See for example: https://www.theguardian.com/global-development-professionals-network/2013/aug/09/making-markets-work-for-the-worst-off-live-chat; http://www.linkedin.com/groups/Servingpoorest-poor-3728319.S.135468063; http://www.seepnetwork.org/do-systemic-interventions-reach-the-poorest-of-the-poor--resources-615.php

5 'Making markets work for the poor'

6 https://beamexchange.org/resources/evidence-map/

7 The Kenya Maize Development Programme (Pan African Research, 2012) targeted women and youth. The evaluation finds that the project was indeed able to integrate these groups, although it does not draw any conclusions about the relative benefits achieved. The joint SDC – Irish Aid review of the Mekong Market Development Portfolio Programme (Ramm, Long & Hung, 2011) included data on impacts disaggregated by the level of poverty of beneficiaries (poor = less than $1.25 per day; near-poor = less than $2/day). The BEAM Exchange Evidence Map can be found at: https://beamexchange.org/resources/evidence-map/ (accessed 29 April 2017).

4. What has been achieved through market systems approaches?

Three programmes which have sought to improve household incomes of those who are marginalised or particularly vulnerable by supporting them to engage in new (more formal/commercial, more resilient, higher value) markets are:

- **Graduation with Resilience to Achieve Sustainable Development (GRAD),** Ethiopia: Managed by CARE and funded by USAID, GRAD works in districts targeted by the Ethiopian government's Productive Safety Net Programme (PSNP). The project focuses on 65,000 chronically food insecure households, all of whom are beneficiaries of the PSNP.
- **Pastoralist Resilience Improvement through Market Expansion (PRIME),** Ethiopia: Implemented by Mercy Corps and funded by USAID, PRIME connects pastoralists to strengthened livestock market systems and helps those transitioning out of pastoralism to pursue alternative livelihoods. PRIME aims to reach 250,000 households, including the 15 percent of households where at least one person has a disability (PWD).
- **Samriddhi,** Bangladesh: Implemented by Helvetas and funded by the Swiss Agency for Development and Cooperation, Samriddhi works in some of the most isolated and poverty prone areas in the north of Bangladesh. Beneficiaries include, amongst others, 168,188 extremely poor households as identified by the communities. Women's empowerment is an explicit goal.

This section explores how these programmes have approached the diagnosis of market constraints, programme design and implementation, and monitoring and evaluation, with a view to supporting the inclusion of extremely marginalised people.

Diagnosis: Market constraints

The diagnosis carried out by the three programmes did not involve specific techniques uniquely relevant to extreme marginalisation, though good context analysis was a common feature. While constraints were largely context-specific, some common elements emerged:

- **Weak base of skills and assets**
- **Isolation** (geographical; physical): For example, producers are isolated from markets for both inputs and outputs, and lack or have weak collective organisations, e.g. for marketing. Due to physical limitations and/or social norms, women and PWDs face mobility limitations or difficulties in communicating, and these exacerbate their isolation.
- **Discrimination:** Exclusion or exploitation frequently arises, e.g. employers or clients often reject PWDs because of their disability. There may also be 'self-discrimination' through low self-confidence, adherence to discriminatory norms or fear of sanctions.

During diagnosis, targets or priorities were sometimes set top down (e.g. GRAD, through its direct link to the government's safety net programme), while at other times more participatory tools were used (e.g. Samriddhi involved community identification of extremely poor households through a participatory wellbeing exercise along with ongoing participatory gender analysis).

Intervention design: Sector selection and market entry points

In all three programmes, and consistent with advice in the M4P Operational Guide,[8] the focus is on sectors that are relevant to the target population, with growth and upgrading opportunities and where catalysing change is feasible. For example, Samriddhi included medicinal plants, rearing of small livestock and cotton crafts amongst its target value chains. These sectors allowed home-based working and used existing assets and skills available to women. PRIME identified that both government Technical and Vocational Education and Training (TVET) colleges and private institutions were failing to reflect employer demands. It has supported these institutions to develop new skills training that is relevant for alternative (non-pastoralist) livelihoods and reflects market opportunities.

In addition, programme interventions include elements to address common constraints (Table 3). Support for asset and skill development reflects the sector(s) targeted as well as the assets that are available to beneficiaries.[9] Samriddhi facilitated access to land along roadsides (to grow herbs) through a dialogue with the government, which controls the rights to fallow land. For GRAD, Village Economic and Social Associations (VESAs) are informal groups which enable asset accumulation through saving, and later, access to formal finance.

A second entry point is collective organisation. While farmer organisations are common in agricultural programmes generally, normally for product aggregation or pooled purchasing, collective action has additional functions here. In the case of GRAD, for example, VESAs are not only a stepping stone to formal finance, but also act as a forum to raise and address collective community needs (e.g. water access) and to provide an informal safety net. FEMAs (Farmer Economic and Market Associations), also supported by GRAD, act as pre-cooperatives. VESAs and FEMAs are informal organisations which can be more accessible to very marginalised people, but they also create linkages to more formal actors – formal marketing cooperatives, service providers and financial institutions – that help overcome isolation.

Finally, the programmes' interventions target physical and attitudinal barriers to inclusion. PRIME provides TVETs and private training institutes with materials, micro-grants, equipment and training to enable facilities and services to meet the needs and support the inclusion of PWDs. Technical assistance also includes disability awareness and inclusion training for key stakeholders. Samriddhi have found that role models can influence social norms. For example, the more often women travel independently, the more likely it is to become acceptable. The programme supports change through group discussions between opinion leaders and community members. Samriddhi also uses study tours and exchanges so that successful examples of enterprising women's groups can inspire others.

8 The Springfield Centre, 2015
9 Note that none of the programmes involved significant asset transfer.

Table 3: Interventions that reach very marginalised groups

	GRAD	PRIME	Samriddhi
Assets & skills	VESAs create savings and access to finance so that assets can be purchased through own resources (rather than asset transfer)	Facilitates access to relevant skills through supporting TVETs and private colleges to design curricula to meet demand Partners with institutes to make training accessible through scholarships	Value chains chosen to use available assets, and create access where necessary (e.g. through advocacy with government to make fallow land at roadsides available)
Isolation	VESAs support households to access loans and work with other community members to address collective needs FEMAs act as pre-cooperatives to link marginalised producers to formal marketing cooperatives Multi-stakeholder platforms bring together market actors (traders, micro-finance institutions, cooperatives)	Ensures opportunities and information accessible to all interested people	Farmers supported to organise into micro and small enterprises (MSEs) for aggregation Local service providers and service provider associations act as a hinge between poor farmers and public and private agencies, and for provision of services and inputs Collection centres funded by companies or traders bring market closer to farmers (including women), and support consolidation and quality
Discrimination	Works with government actors to raise gender awareness and analyse challenges and strategies	Facilitates TVETs and private institutes to upgrade facilities and services to be accessible and meet needs of PWDs	Female mentors support confidence building and advise women on health and social issues Group discussions and exchanges raise awareness

Implementation: Enabling factors for reaching extremely marginalised groups

Beyond programme design, certain elements of programme implementation promote inclusion. To start with, having the relevant expertise available within the programme team provides core support. Samriddhi invested in capacity building to recognise and challenge gender inequalities within the project team, partners and the community, coordinated by a dedicated gender focal point. At PRIME, disability advisors in each location provide partners with disability awareness and inclusion training and supporting guidelines. They also review 'concept notes' – PRIME's process for vetting intervention proposals – to understand whether proposals risk excluding PWD, and if so, how they can be fixed.

The programmes include elements of social safety nets and livelihood development support that create the preconditions for extremely marginalised people to benefit from market opportunities. GRAD builds directly on the government's safety net programme, which provides a cash or food transfer for consumption purposes to food-insecure households. GRAD has also found that achieving women's participation requires dedicated efforts to build capacity and confidence. PRIME provides cash transfers in some limited cases, as a form of safety net for single female-headed households, in order to strengthen the resilience of programme achievements. Samriddhi has developed a system of female mentors – elderly women from the community who support other women through awareness raising and accompaniment on health and social issues (e.g. early marriage, hospital care in pregnancy).

Despite a level of support greater than is common in most market systems programmes, in all three cases, the emphasis is on embeddedness and sustainability. Partners, structures and processes are designed for independence, through transferring knowledge to relevant stakeholders and ensuring they are incorporated into future approaches. The female mentors supported by Samriddhi are linked to local authorities and institutions, so that they will continue to work after the programme ends. The cash transfers supported by PRIME are designed to support programme resilience (rather than being design elements in themselves) with long-lasting changes, such as ensuring households have access to bank accounts or personal identification for the first time. GRAD is aligned with the government's ongoing safety net programme.

Note that the partners identified in each programme include a variety of market actors not limited to the private sector. The government often has an integral role, particularly in providing public goods or overcoming failures in markets where there is insufficient commercial incentive. PRIME targets government TVETs (as well as some private providers). In the case of Samriddhi and GRAD, while the primary service providers are local (private sector) agents, these intermediaries in turn receive extension services and technical support from a combination of government and company experts.

Monitoring and evaluation: What evidence are programmes gathering of benefitting extremely marginalised people?

Consistent with most market systems programmes, GRAD, PRIME and Samriddhi have monitoring and evaluation systems to track quantitatively the outputs and outcomes achieved. In addition, there is some data disaggregation aimed at understanding the outcomes for marginalised groups: PWD, women and extreme poor households. Samriddhi also supplements quantitative indicators with qualitative data to understand changes in household decision-making and women's empowerment.

Table 4: Sample of programme data from midline or endline surveys

GRAD	PRIME	Samriddhi
• At mid-term, 2,591 VESAs created • 65% of VESA members have accessed formal microcredit • 70% of targeted (PSNP) households are involved in value chain activities GRAD is anticipating a 60-70% graduation rate across the programme, although drought has caused setbacks	• At midline, at the height of Ethiopia's drought, households had increased incomes, but lost out through inflation • Of 132 students with disabilities, 45 have graduated and 60% are working	• At endline, 455,000 producers (47% women; 35% poor and extreme poor) were organised in 5,700 MSEs • Another 300,000 producers were involved but not in MSEs • A sample survey found that women who were involved in decision-making over assets increased from 37% in 2010 to 57% in 2012

While all three programmes aim to ensure sustainability and scale of impact, evidence remains anecdotal or theoretical. Samriddhi, for example, notes that compared to the public extension service or private sector professionals, the local service provider system that was catalysed is relatively cheap and accessible. The assumption is that farmers will be willing to pay for services that are accessible, affordable and which allow them to increase incomes, leading to sustainability. Samriddhi also has anecdotal evidence of service provider associations that have independently expanded to new areas without programme support. PRIME highlights the scale potential which comes from strengthened training institutes that can then spread their agents across the region, and points to examples where private colleges have begun opening in more rural and remote areas.

5. Discussion: What have we learned about reaching extremely marginalised groups through market systems approaches?

This final section reflects on the detailed experiences of GRAD, PRIME and Samriddhi already described, but also draws heavily on a web-based discussion with these programmes and 12 other market systems practitioners who are also working with highly marginalised groups.[10]

Key lessons highlighted

Strong contextual knowledge, based on good analysis and implemented by those with the right expertise, enables programmes to identify and reach very marginalised groups: This point arose forcefully in the web discussion, echoing the analysis above. Fatimah Kelleher of WISE Development International, working as a strategic adviser on Propcom Makarfi, described the programme's efforts to achieve their gender target of 250,000 women farmers. Initially, the lesser visibility of women in farming and related markets in some regions of northern Nigeria posed a key challenge for the market systems approach.[11] However, with a more explicit women's empowerment focus, including engaging with women's groups, they are now seeing results. Their conclusion is that a more rigorous analysis in advance of implementation would have made a difference, as the level of contextual knowledge prevalent for northern Nigeria is low. Mariam Shehu, reflecting on VSO's experience, concurred. "Without initial time and resource put into context analysis – it will come back to bite you."

Suggested diagnostic approaches include participatory rural appraisal, power analysis and ethnographic analysis to identify who the poor are, the challenges they face and how these are related to structures within the market system. Diagnosis can also be integrated into more experimental programme design which involves critically monitoring what change is being achieved, which interventions have been working and which haven't, and adapting the approach in response. Zenebe Uraguchi shared Samriddhi's learning that monitoring needs to be right-sized and relevant for the purpose. While programme monitoring is often heavily reliant on tracking quantitative changes, qualitative analysis often provides better insights where changes are not easily quantified, such as household power dynamics or how improved income supports food security or children's education.

Taking a sequenced approach: Sequencing builds the conditions for inclusion and sustainability, and moves at an appropriate pace for those who are intended to benefit, considering not only their capacity, but other factors such as time, confidence and resilience. For example, there is sometimes a temptation to use asset transfers or provide quick access to finance as a short cut to market activity, but the result can be unsustainable or (in the case of loans) create an unmanageable debt burden for marginalised people. Fatimah Kelleher suggested that supporting groups to be able to engage in markets safely and effectively may mean starting off not with tens of thousands in order to reach hundreds of thousands, but with a few hundred, and then a few thousand. John Meyer from GRAD added that achieving change at scale means mapping out steps, in a process that takes households from not engaging in economic activities through to building initial assets, engaging in income generation and then producing for the market. This sequencing implies a sufficient investment of time to achieve results; the experience of GRAD suggests that this is in the range of five years, although the exact time required is likely to vary by household and context.

10 The web-based discussion took place on 10 April 2017, and involved 15 participants from a dozen organisations. They discussed key challenges and enabling factors for market systems approaches to include and benefit very marginalised groups.

11 Although women farm and own farmland, in some regions of northern Nigeria such as the North West geo-political zone, women's engagement with on-farm work is less visible than, for example, in the North Central region. Women are also less visible in the market overall in northern Nigeria, although the goods for sale often come from women's off-farm processing. These patterns are rooted in the intersection of social and cultural factors and gendered economic norms, which lead to variable access to rural markets for women.

Building connections: Market systems programmes often overcome coordination failures in markets through catalysing new linkages, as the preceding analysis of GRAD, PRIME and Samriddhi has identified. However, given the low visibility and isolation of very marginalised people, more is often needed. Mariam Shehu highlighted an early lesson from VSO's work to improve market access for extremely marginalised farmers. While VSO traditionally works through farmer cooperatives, they found that marginalised farmers tend to work in isolation and that it is important to proactively identify them and support them to organise. Of course, there are risks here too. Setting up groups which include only the most marginalised can reinforce their exclusion from the mainstream. Supporting not only collective action but also integration with broader structures in the system is important. GRAD's example of the FEMAs, which act as pre-cooperatives creating connections amongst marginalised farmers and then linking them to more formal marketing cooperatives, is a case in point.

Institutional barriers to inclusive and effective markets remain a challenge for market systems approaches: Institutional factors (e.g. rooted in formal policies and regulations or in social norms) shape behaviour within markets and can act as barriers to market growth and inclusion; however, programmes are not very effective at addressing them for a number of reasons. For example, institutional factors may be recognised but accepted as part of the context within which interventions must be designed, or the feasibility of catalysing change may be judged to be too low. The result, however, can be that programmes address symptoms rather than root causes. At a more operational level, it can be a challenge to think and act systemically when a tactical need to implement activities with market actors is combined with time pressures and targets for results.[12] These challenges are very real. Yet at a minimum, there is a need for more explicit reflection – are institutional factors adequately incorporated in the contextual analysis and ongoing monitoring and evaluation, and have interventions at an institutional level been explored? The BEAM Exchange has supported the development of relevant guidance documents on understanding social norms within market systems approaches.[13]

Outstanding questions

Alongside the key lessons arising from the experiences of market systems programmes working with very marginalised groups, three outstanding questions arose where the answers were far from clear-cut.

How to best to use scarce resources? Practitioners are struggling with challenging decisions about how to most effectively use available time and resources, and with whether these can adequately catalyse changes to support marginalised groups to build confidence, challenge social norms, engage in markets safely and negotiate more effectively. It would be easy to say that the focus should be on achieving the maximum development reach with limited funds, which may mean choosing not to work with the most marginalised. However, the risk is that we entrench exclusion and allow the marginalised to fall further behind, or (potentially) that programmes take short cuts that fail to support groups to engage in markets safely and effectively, especially when driven by substantial project targets and strict timelines.

[12] Derks & Field, 2016
[13] Klassen et al., 2017; Markel, Gettliffe, Jones, Miller & Kim, 2016

Do the marginalised matter to more powerful market actors? Practitioners flagged the difficulty of engaging private sector partners to work with very marginalised people. On the one hand, there is scope for market systems programmes to help make the 'business case' to the private sector, demonstrating the relevance and feasibility to companies of working with marginalised groups, for example to secure new sources of inputs. Programme interventions can also help by changing a company's calculation of the profitability of an investment. For example, GRAD uses a credit guarantee scheme to encourage microfinance institutions to lend to marginalised households. As John Meyer notes, however, while such risk or cost-sharing mechanisms can entice private sector partners to participate, they will only stay engaged if it is in their long-term self-interest. The challenge is that even commercially viable opportunities (in the sense that the transaction can be carried out on a profitable basis) will not generate private investment if alternative opportunities to use the same resources generate greater returns. Albert Mutasa of VSO pointed out that this challenge is not exclusive to the private sector. Governments, too, face difficult trade-offs in policy-making and the allocation of finite resources; these generate winners and losers, often at the expense of the most marginalised.

Where commercially viable opportunities do not exist, can we create the conditions that support them to emerge? Creating these conditions is likely to require the involvement of market actors that invest in the expectation of returns beyond profit maximisation. These may include families, community and civil society groups that invest through in-kind support or philanthropic grants; the marginalised themselves who invest their time and effort; governments who provide grants or supporting services; or private investors working with more concessional financing models. The question is: how does a market systems approach connect with these other efforts? How is it different (in terms of objectives and methods); and how could market systems programmes engage with these other efforts in order to bring about systems change?

6. Conclusion

This think piece has explored the relationship between extremely marginalised people and market systems approaches, drawing from an emerging body of programming that explicitly seeks to catalyse market systems inclusive of these groups. It has highlighted common constraints, most notably related to weak assets and skills, geographical and physical isolation and the discriminatory norms faced by marginalised groups, identifying entry points where programme interventions supports markets that work better for them. Strong contextual knowledge, a sequenced approach, supporting collective action and building connections to others, and addressing institutional barriers emerged as key programme enablers. Yet significant challenges remain. Further progress in this area will require more detailed and ideally context-specific guidance to support diagnosis, intervention design, implementation and monitoring and evaluation. There is also scope for greater exploration and more explicit articulation of how market systems programming contributes, in conjunction with other programming, to development that leaves no one behind.

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