

> Promoting systemic change in shallow markets – lessons from experience



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Promoting Systemic Change in Shallow Markets

Lessons from the
Market Development Facility

Market Development Facility

MDF



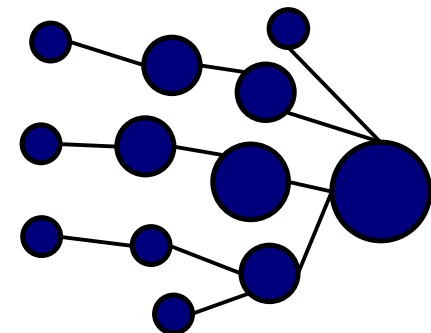
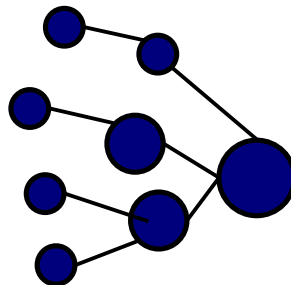
www.marketdevelopmentfacility.org

Systemic Change in Robust Markets

Livestock Silage in Pakistan

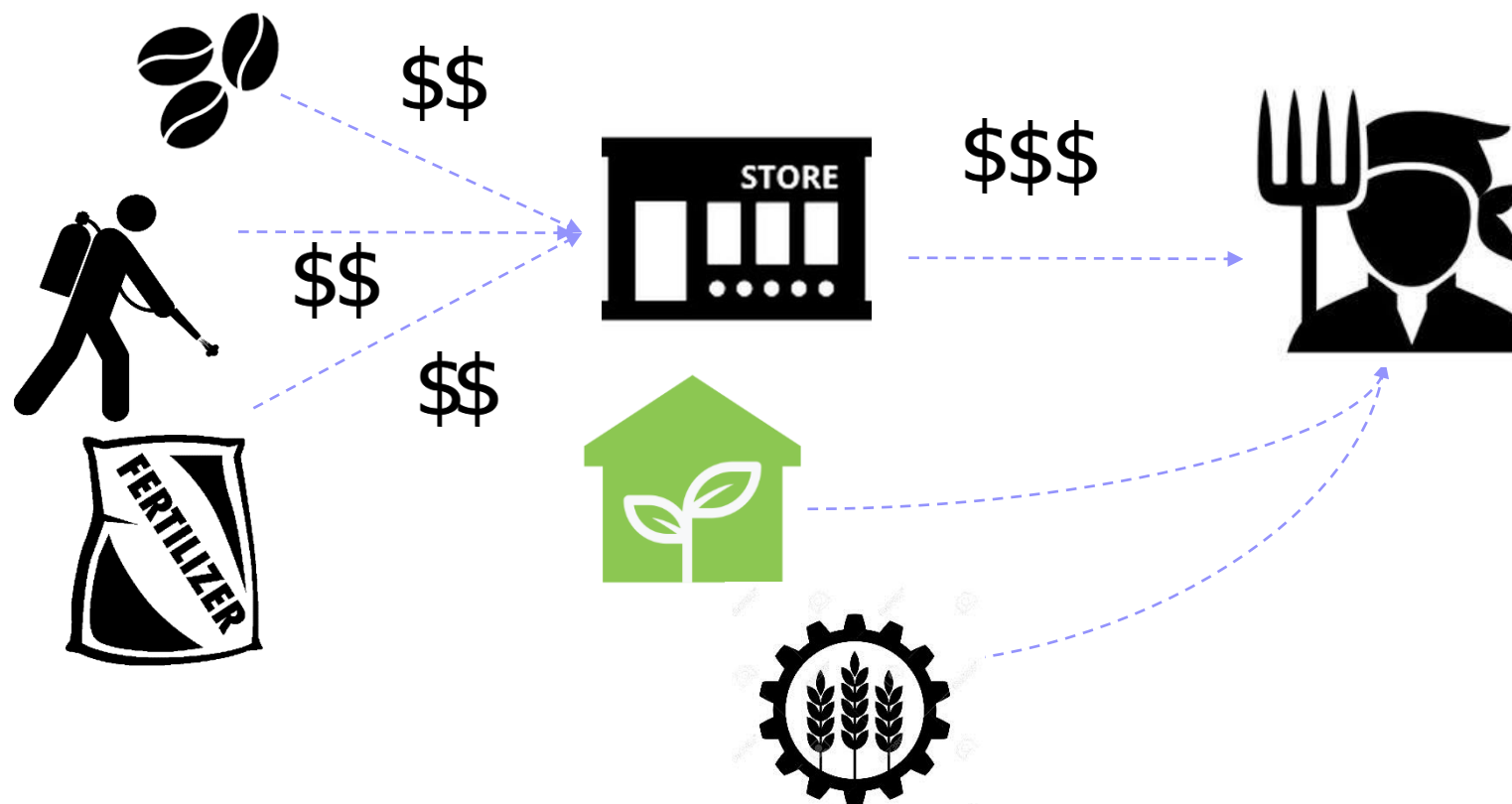


Change Process



Systemic Change in Shallow Markets

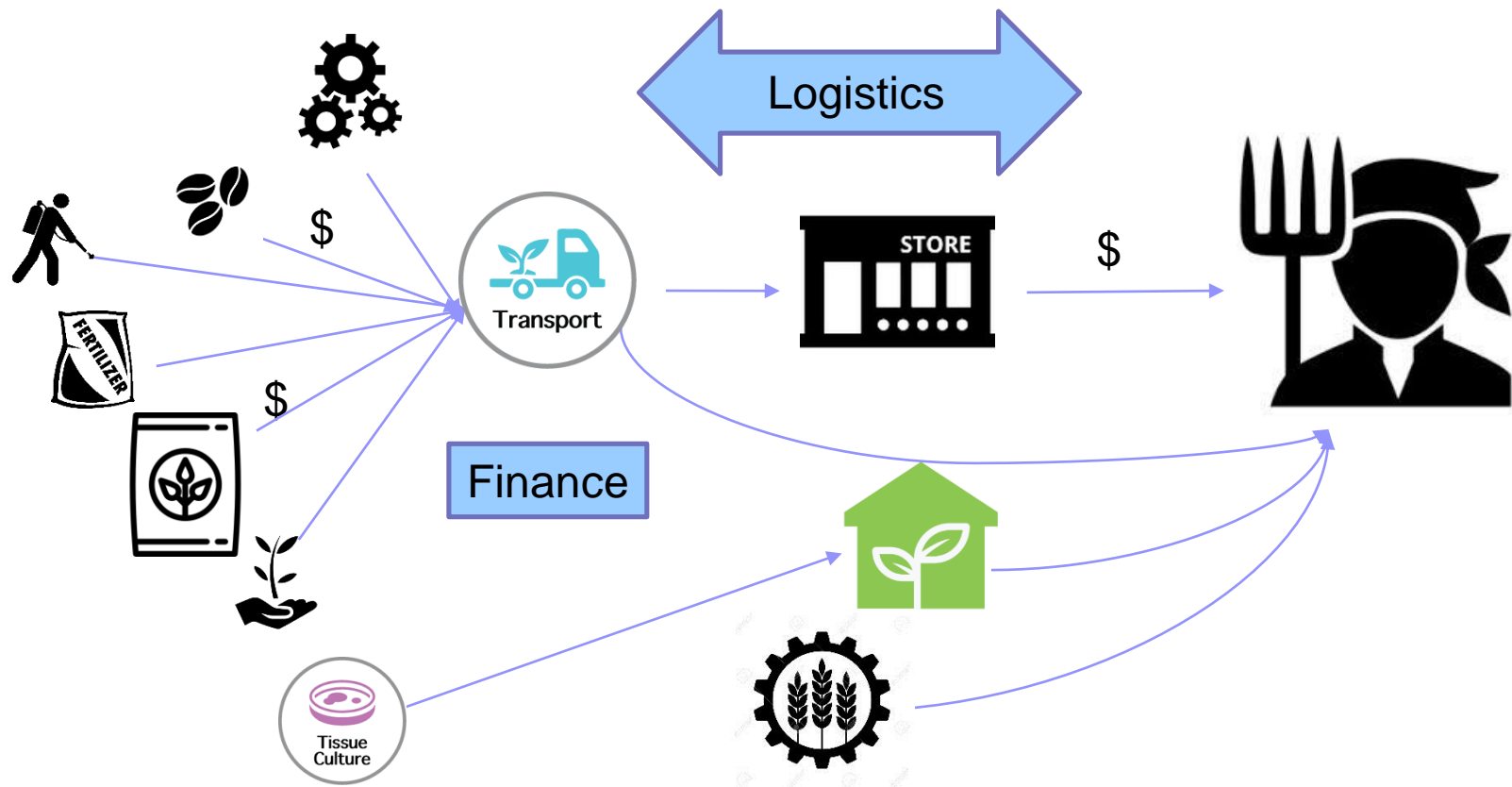
Agricultural Inputs in Fiji



Before: 2011

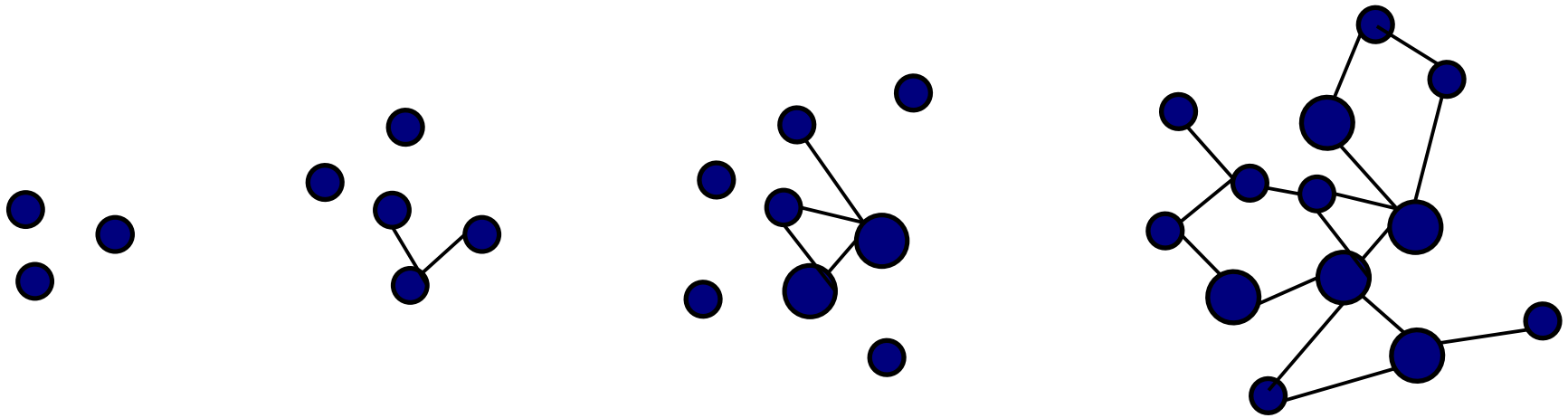
Systemic Change in Shallow Markets

Agricultural Inputs in Fiji

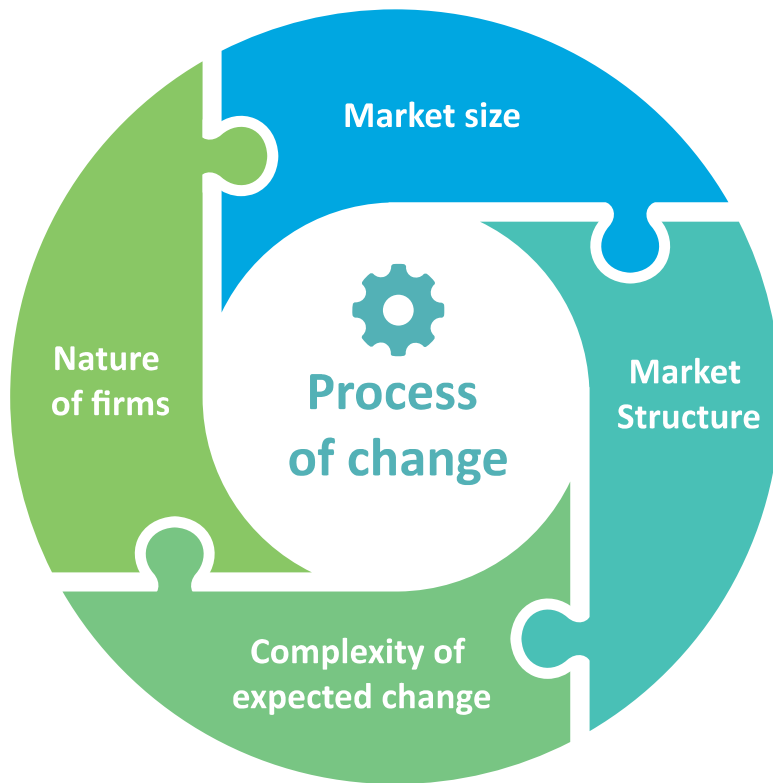


2017

Systemic Change in Shallow Markets



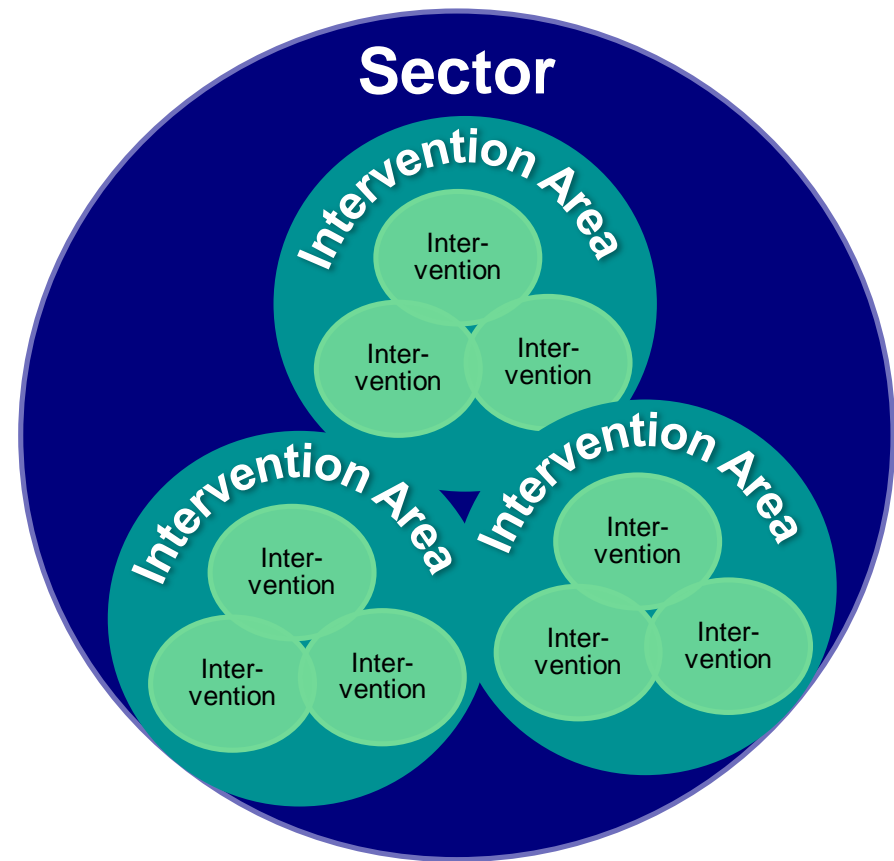
Why the difference?



- Adaptation
- Information flows
- Response to incentives
- Coordination
- Adjustment of perceptions and norms

Practical implications for design

- Plan at the sector level
- Consider links among interventions
- Integrate implementation and design
- Reflect and replan



Practical implications for implementation



“I used to harvest 10 tonnes of cane from seven rows of sugarcane. After liming, I now get the same tonnage from four rows.”

- Prioritize visible change
- Be hand on
- Craft viable business models
- Work with change agents
- Encourage coordination



KKs HARDWARE

building you up

What do we need?

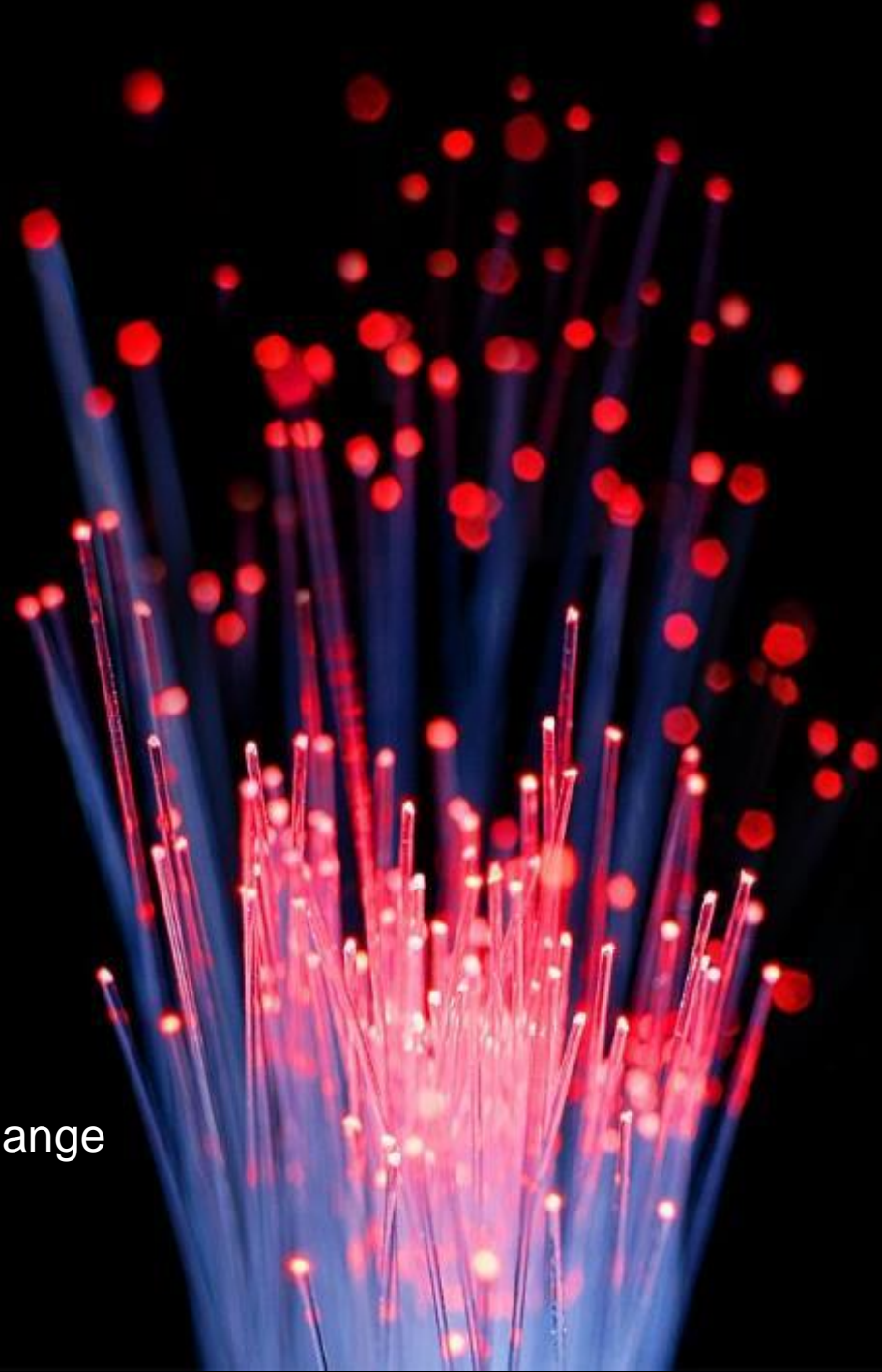
- Different frameworks for processes in shallow markets
- Better ways to understand changes
- More sharing of experience



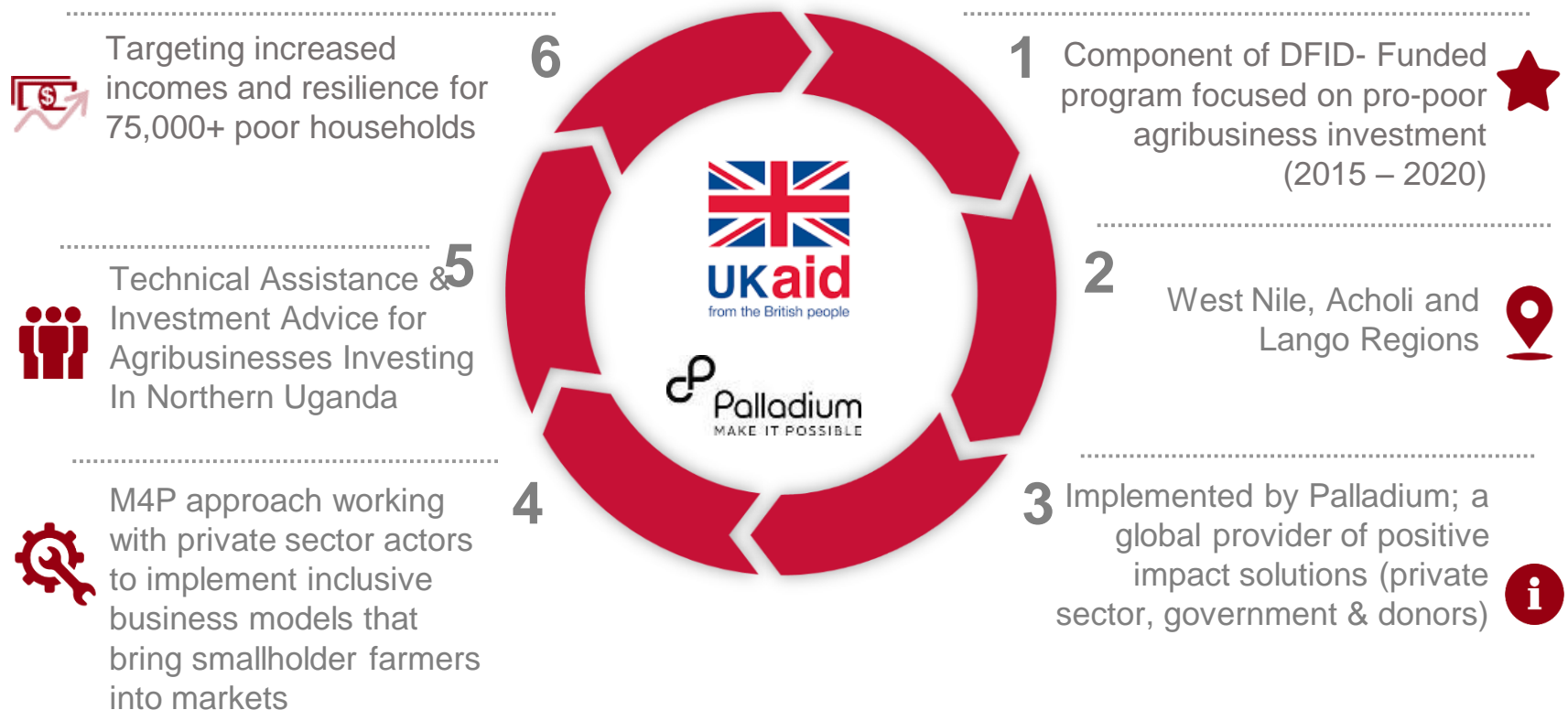
For more info see the paper at:
<https://beamexchange.org/resources/1155/>

Achieving Systemic Change in Shallow Markets: Case of Northern Uganda

Exploring Pathways for Transformative Change



Programme Facts: NU-TEC MD at a Glance



CHARACTERISTICS OF NORTHERN UGANDA

Emerging from a long period of civil war, economic neglect, isolation from rest of economy

Small, with
relatively few
market actors &
consumers

Limited
specialisation

Lack of
support
functions

Lack of clear
regulations &
government
practices

Weak or non-
existent market
institutions (such as
associations)

Practices that entrench shallow markets

In an effort to achieve some results and numbers, some MSD/M4P projects inadvertently entrench shallow markets

Excess subsidy to one or few large players

**Creating monopolies
Distorting already fragile markets**

Creating artificial business linkages

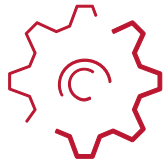
**Linkages not based on business analysis
Creating capacity that remain underutilized**

Building business models that are donor facing

**Latching onto sexy trends
Innovations that are not likely to fly without huge donor support**

What NU-TEC MD does to increase adoption/crowding in and systemic change

This is mainly aimed to spread risk of failure with one firm,
and increase many variants of the business model within shortest time possible.



1. Action research for business model discovery

- Learn together with those likely to take forward and adopt the business model
- Soya beans pilot



2. Innovation platforms

- Collaborative process discovery to resolve a common problem
- Facilitated by professional/expert to address specific issue
- Vegetable oil quality certification



3. Business roundtables

- Sell/Share idea with potential investors
- Encourage commercial collaboration & partnerships among actors to invest in opportunities.

The aim is to pilot ideas with potential to create systemic change with as many players as possible right from the start

Restructuring the Sunflower Seed Chain in NU



Transforming sunflower seed supply in Northern Uganda

Objective

Increasing availability of improved sunflower seeds to smallholders

- Address seasonal shortage of seeds
- Improve supply of grains to millers

The Problems

- Large number of sunflower growers
- One exclusive importer of hybrid sunflower seeds
- Seed supply intermittent/mismatched with demand – seasonal shortages
- Fake/Adulterated seed suppliers

Results

1

Farmers resort to recycled seeds – low production

2

Low supply of grains to processors – processors operating < 36% capacity

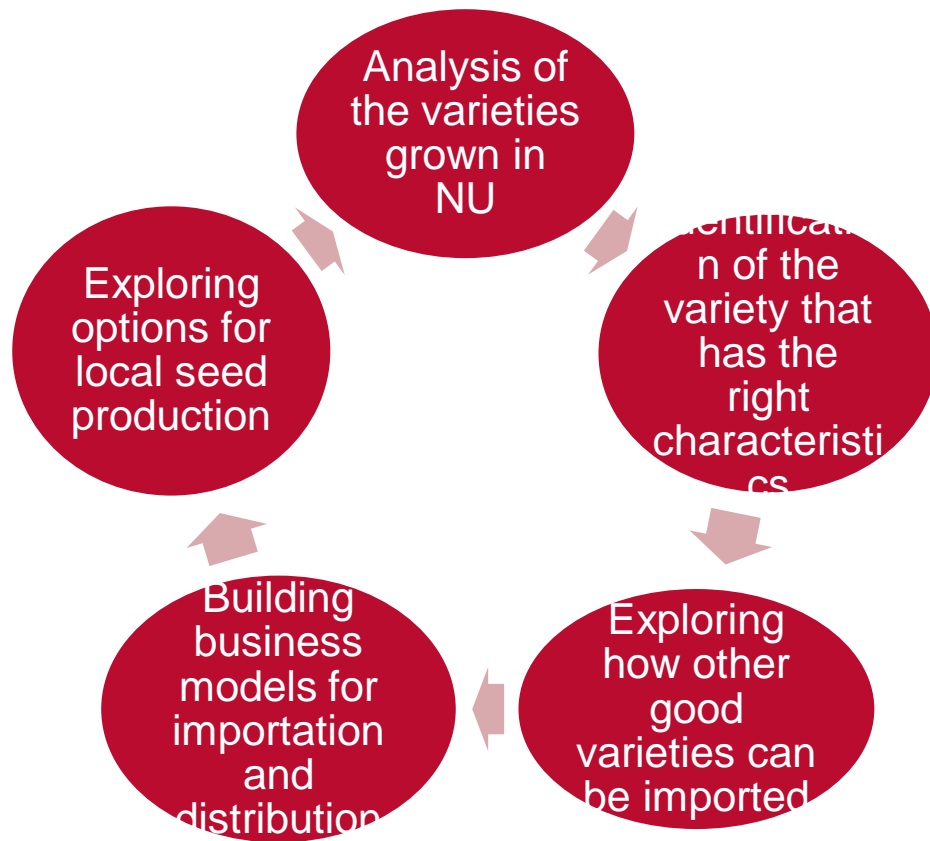
3

Disinvestment by processors

4

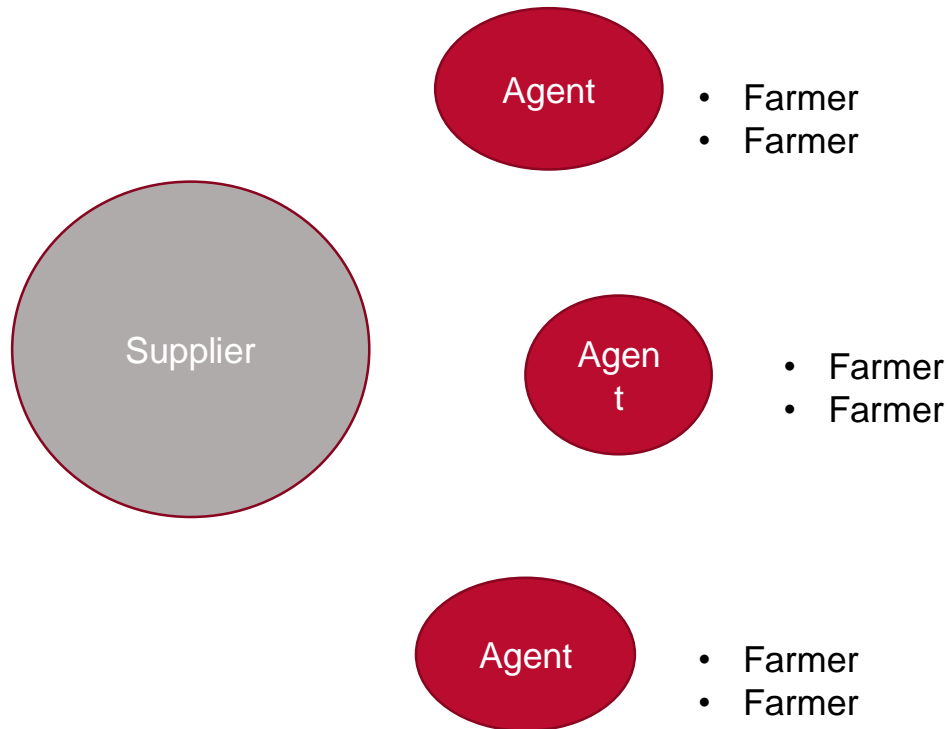
Whole industry being displaced by cheap palm oil

Breaking the cycle



Market structure – Before

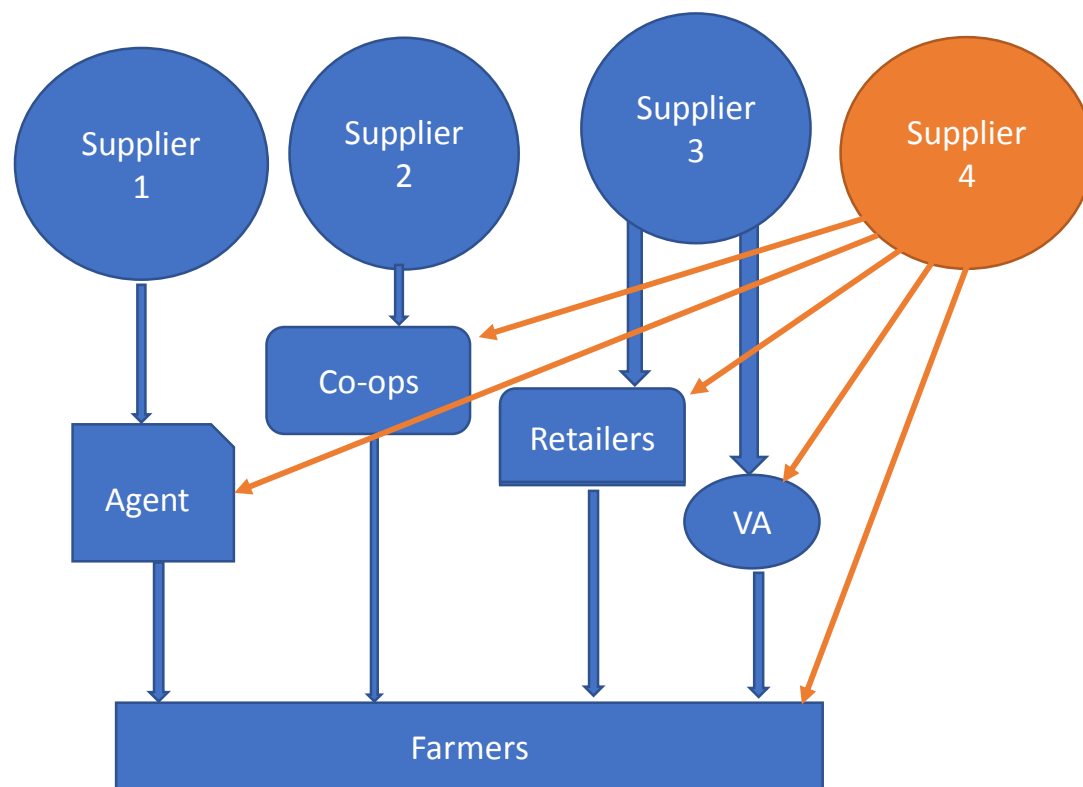
One dominant supplier controlling both source and distribution



Market structure - after



More than one channel,
and three varieties of
hybrid sunflower seeds
available to farmers.



Lessons:

- Don't stick to the rule book – systems are so broken, the rule book has no clue
- Spread the risk – work with multiple players right from start
- There is a missing middle missing in action – they are hungry to carve a niche in the market
- Use instruments that reduce risk exposure – real entrepreneurs will take up the challenge
- Constant iteration of business models – too many moving parts in shallow markets.

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