

# > Greening Market Systems Development

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# STRUCTURE

- Economic Development, Environment & MSD
- Case studies
  - Risi Albania working on Medicinal and Aromatic Plants (MAPS)
  - Markets 4 Recycling (formerly Ecovecindarios) working on waste
- Overarching lessons
- Discussion / Q&A

# ECONOMIC DEVELOPMENT AND THE ENVIRONMENT

- Value chains operate in a wider natural environment supplying resources and other ecosystem services
- Environmental degradation threatens jobs and livelihoods
- Advancing environmental sustainability can safeguard, improve and create jobs and help avoid other adverse effects on socio-economic development



Source: [European Platform on Life Cycle Assessment](#)

# ECONOMIC DEVELOPMENT, ENVIRONMENT & MSD

## Where does MSD come in?

- Promoting growth in a “green” sector such as renewable energy
- “Greening” / improving the environmental sustainability of a sector (including “green” sectors)
- Increasing resilience of a sector to climate change

→ BUT in practice few MSD projects integrate environmental concerns



# Markets for Recycling – M4R

Insights to the Application of the Markets Systems Approach  
Sara Pauli – 09.12.202



A faint, dotted world map in the background of the slide.

## Content

1. Solid Waste Management: challenges and opportunities
2. Project *Ecovecindarios*: results
3. Project *Markets for Recycling*: vision of change and intervention lines
4. Lessons learned: Applying the MSD approach





## Challenges and opportunities

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Awareness building



Municipal recollection systems



Laws and regulations



Green businesses

- **1.247.888** people sensitized
- **677** new green jobs created
- **51** green businesses supported
- **2.463.423** USD additional income generated
- **28** municipalities with an integrated waste management system
- **1** National Law for Solid Waste generated
- **97.086** tons of waste recycled
- **64.250** tons of CO<sub>2</sub> reduced



# What is a green business?

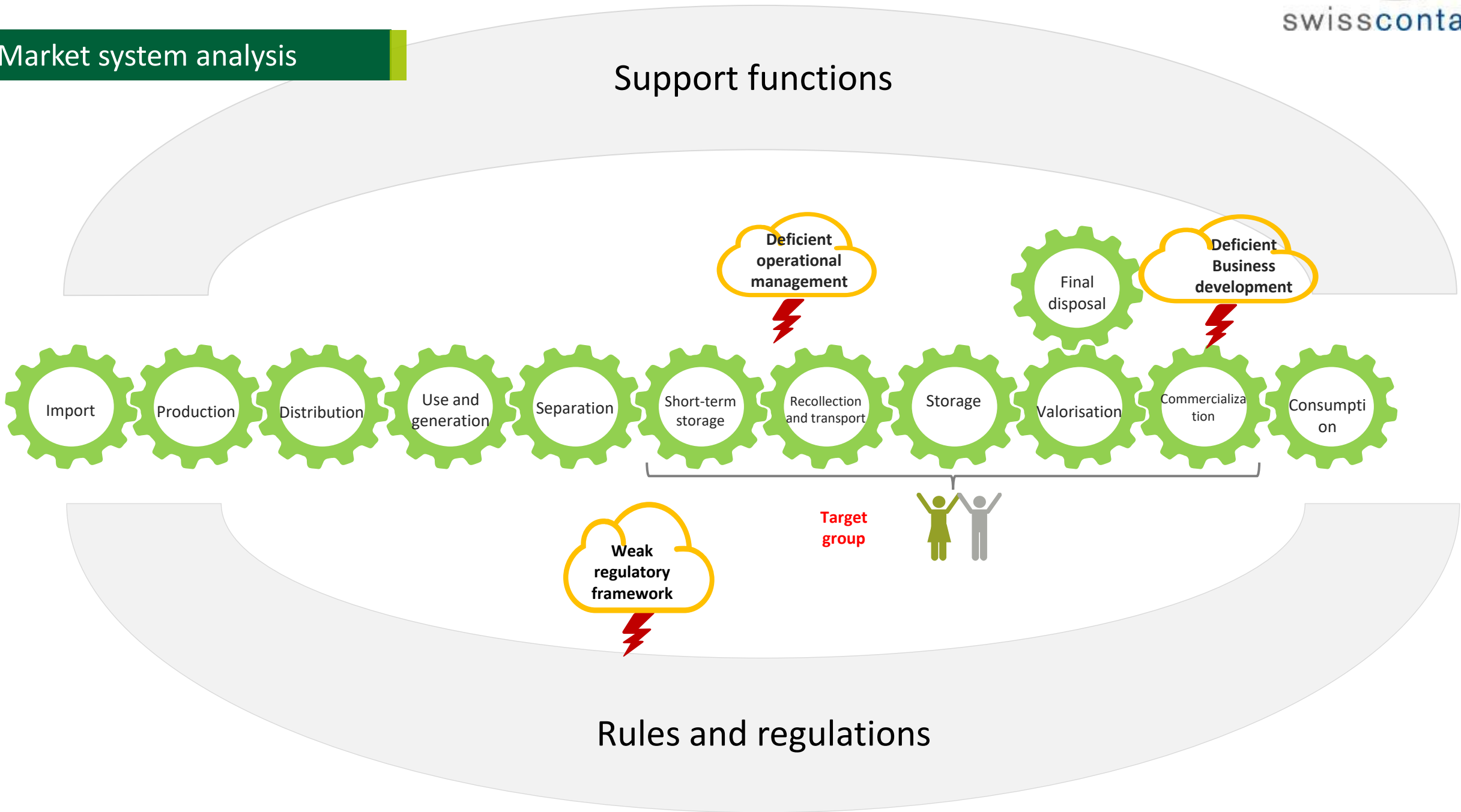
## Definition of the International Labour Organisation (ILO)

A green business can be defined from two perspectives:

- One relates to the output in the form of **green products or services**
- The other relates to the **process** of an economic activity

- **We define green businesses as enterprises that offer products or environmental services** in the areas of recycling, water, energy, urban mobility or other environmental sectors.
- Green businesses are important because they create a threefold benefit: **economic, environmental, and social impact**. They offer solutions to often complex environmental problems.

# Market system analysis





## Markets for Recycling – Intervention areas

↑ Green +  
decent jobs  
and income



**Awareness building +  
communication**



**Generation  
+ implementation  
of normative**



**Enterprise promotion  
of Green Businesses**

↓ Environmental impact  
(-tons of waste and CO<sub>2</sub>)

# Markets for Recycling – vision of change

+ Green Jobs and income, + recycling, - use of natural resources



GB improve quality, quantity, efficiency and access new markets



GB Access new products and services

Capacity building

Research and technology

Financial products

Access to markets



Business support organizations offer new products and services for GB

Chambers of industry, business development institutions, universities, municipalities, financial institutions, etc.



Systemic intervention

Introduce and strengthen together with business support organizations new products and services for GB



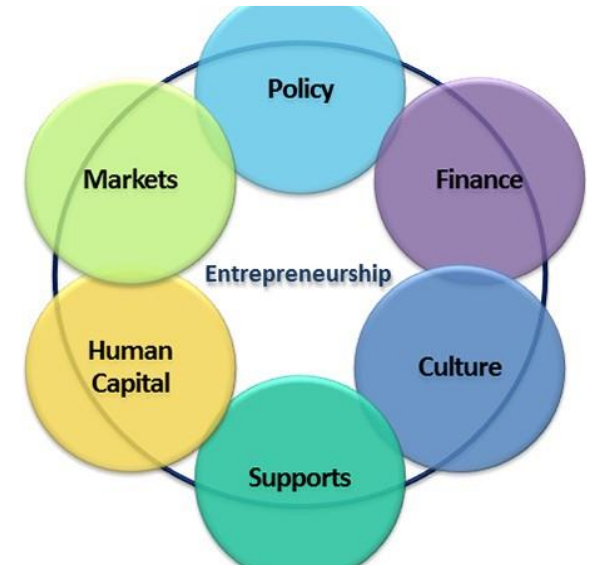
# Enterprise promotion for Green Businesses



Direct Support  
to GB  
(Phase I  
Ecovecindarios)



Support through  
Chambers of  
Industry  
(Phase II + III  
Ecovecindarios)



Support to  
**entrepreneurial  
ecosystem** of GB  
(M4R)

## Lessons learnt: Applying the MSD approach

- ✓ The MSD approach can be perfectly applied to markets systems in the recycling sector
- ✓ The methodology combines an environmental approach with an economic/entrepreneurial approach
- ✓ It helped to create criteria for the selection of interventions that have most potential to create an economic, social and environmental impact
- ✓ The MSD approach identifies the most vulnerable in the green business value chain and generates mechanisms from the private sector for their inclusion
  
- ❑ It is more difficult to work in an emergent sector where services and products are weak or non-existent (green businesses versus for example farmers).
- ❑ It is more difficult to work in such a diverse sector of GBs (formal/informal, large and micro, recycling businesses/other environmental businesses).



# Markets for Recycling – results





We create opportunities

# Greening Market Systems Development

Case from RisiAlbania:  
Medicinal and Aromatic Plants  
December 2021



# Rationale for MAPs sector selection

## Economic dimension

- Albania is among the top 30 world Medicinal Aromatic Plant (MAP) exporters with an annual turnover of 34 Mio Euro (12% of total exports in 2019). The key products are dried Sage, Helichrysum, Thyme, Lavender, Oregano, Marigold, Cornflower, Malva sylvestris; Primula veris. Main destinations are: USA, Germany, France etc
- MAPs have comparative advantages in resource poor mountainous regions. Opportunities to generate income for farmers and exporters with the potential for adding value, while developing inclusive supply systems that do no harm.



Figure 1: Cornflower

## Social dimension

- 20,000 families earn their main income with the sale of MAPs.
  - wild collection is dangerous and exhausting (low labour productivity, low quality jobs).
  - Income perspectives are uncertain due to high dependence in wild harvesting (unpredictable weather, climate change)
  - Not attractive for youth

# Rationale for MAPs sector selection

## Environmental dimension

- Albania has a rich biological diversity with over 3'250 plant species, thereof 360 MAPs commercially sold
- Over-exploitation and destructive harvesting harm genetic diversity and decrease quantities year by year.
- Big losses (av.30%) from poor post harvesting techniques
- High risks of natural resources damage due to lack of clarity and implementation of laws in administration of forests, lack of capacities of local government in informing/ controlling.
- Value chain sustainability is at risk due to dependency of the production mainly on wild harvesting versus cultivations



Figure 2: Harvester gathering MAPs



# Rationale for MAPs Selection: Potential for improving economic, environmental and social outcomes

Switch from wild harvesting

to

Cultivation



high risk for the environment and people



Conserving natural resources,  
paying respect to rural citizens



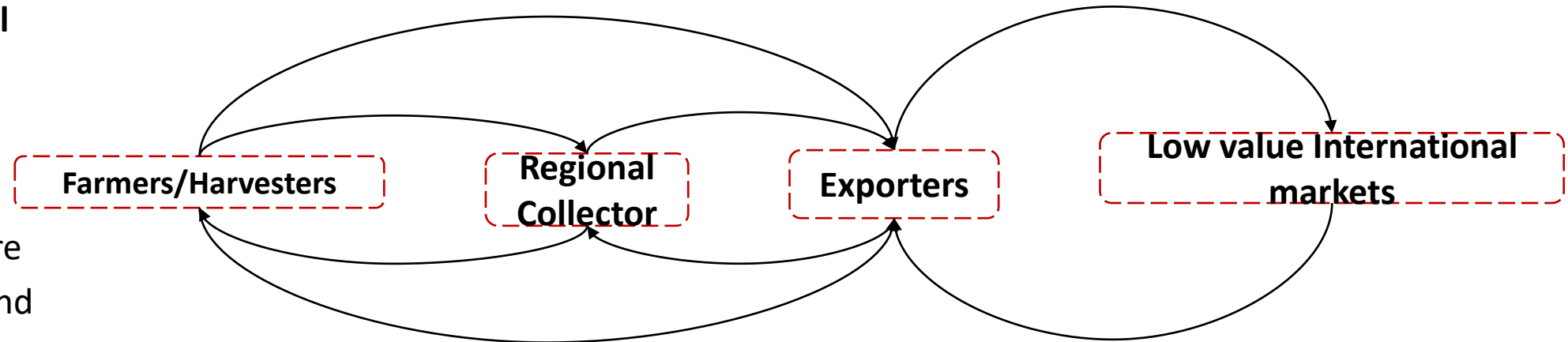
# Current supply model and constraints to improvement

RisiAlbania agreed with the first movers/pioneers for business model change

Buy low quality MAPs with no contract/ dried from farmers/ source from wild collection

No contract before the season

## Old supply model



50% of MAPs were classified as second quality  
Depopulation of rural areas  
Incomes are not stable

No incentive for cultivation

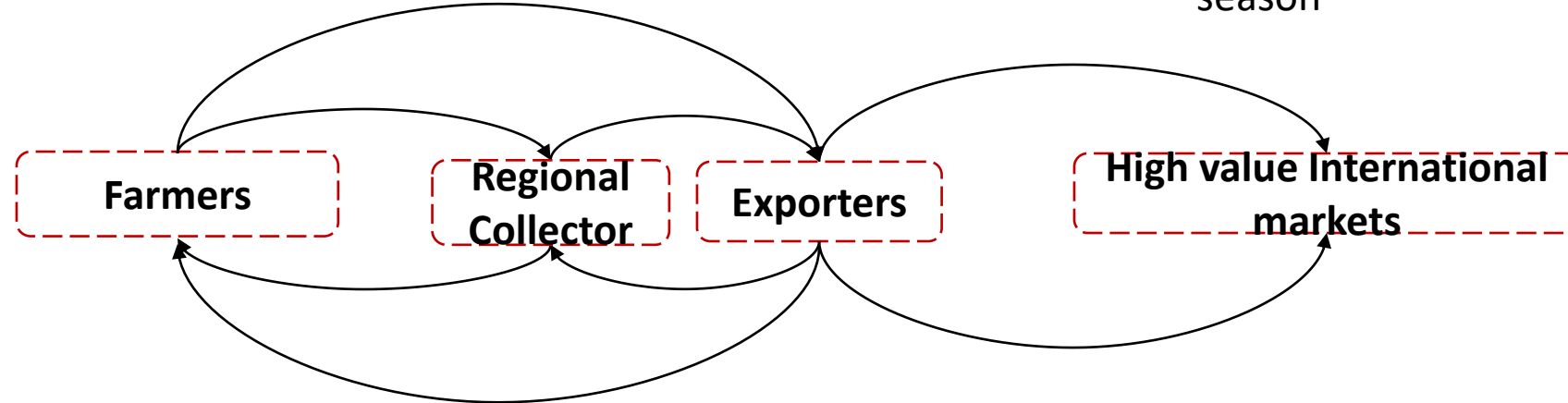
No embedded services

Low margins/high risks

# Work with private business and identify pioneers of change

Buy fresh high quality MAPs through contract/ dried from  
centralized drying facility/source more from cultivation

## New supply model



Contract before the  
season

Exporter offers incentives for cultivation. Farmers deliver  
fresh and exporter offer embeded services including  
agronomic advices, inputs, drying service close to the  
farmers.

high margins/lower risks

# How the transformation unfolds: zooming into the drying process

Switch from poor drying practices to improved drying systems (automatized chambers, greenhouses equipped with sensors and - smartphone based - controlling systems



Figure 3: MAPs drying in not good practices



Figure 4: Collector using atomized drying chamber



## Creating a better enabling environment for MAPs cultivation through public – private dialogue and partnerships

- Establishment of two cluster models (public private partnerships) in Kolonja & Tepelena region.
  - Municipalities offered incentives for cultivation of MAPs
  - Municipalities offered 30 Ha of land for rent
  - Clusters offered training to harvesters in the region
  - More than 40 farmers started the cultivation



Figure 5: MAPs actors in Tepelena region who established a cluster

# Lessons learnt

Access to information alone was not enough  
to stimulate change

Success is more feasible when the  
lead firms invest and own the  
initiative

Communicating the business case for  
exporters; the opportunity that the MAPS  
sector holds for win-wins

# OVERVIEW OF RESEARCH & CASES



## Starting point of research

- A lot of research on using MSD to promote win-wins BUT very little on the environment
- Why are environmental considerations often disregarded? And how can they be successfully integrated?



# OVERVIEW OF RESEARCH & CASES

## Case studies

- All VCD/MSD projects Focused on environmental and socio-economic objectives
- Diversity of contexts to unearth overarching lessons

Project	Energy Efficiency in Artisanal Brick Kilns in Latin America	Musika	The Zambia Green Jobs Programme (ZGJP)	Élan	Ecovecindarios (now Markets for Recycling)
Country	Argentina, Brazil, Bolivia, Colombia, Ecuador, Mexico and Peru	Zambia	Zambia	Democratic Republic of Congo (DRC)	Bolivia
Focal Sector	Brickmaking	Agriculture	Construction	Renewable Energy	Waste Management
Objectives	Increase incomes and decrease greenhouse gas emissions (GHGs) by supporting adoption of more energy efficient brick production practices and technologies	Increase incomes and create jobs while supporting adoption of greener and more climate resilient agricultural practices and inputs	Increase incomes and create (green) jobs by supporting adoption of greener construction materials and practices	Grow the renewable energy sector and improve access of poor households to energy	Grow the waste management sector and increase incomes among waste management market actors and create green jobs

# LESSONS LEARNED

## The major challenge of greening market systems

### ➤ Thin green markets + «enabling environment» constraints

- Ecov/M4R – Thin market as a result of few businesses involved in recycling, informal waste pickers, few support services geared towards needs of green businesses, weak awareness among waste generators, weak policy framework, etc.
- Risi Albania – “Tragedy of the commons” resulting from status quo mindset / norms, weak policy framework, weak skills, informality, etc.

# LESSONS LEARNED

## Sector (and scope) selection

- Feasibility and opportunity for green growth are key!
  - Risi Albania – MAPS as (potential) high value market with obvious sustainability challenges impacting sector's economic viability
- Dynamic feasibility & opportunity → Flexibility of scope is key!
  - Ecovecindarios/M4R – moving from basic to more complex waste value chains, while leveraging prior market system improvements



# LESSONS LEARNED

## Systemic lens / project strategy

- Constraints warrant working at different levels of the system, within supporting functions and rules segments
  - Ecovecindarios/M4R – working with green businesses and support service providers + on public services with municipalities, regulations & recycling norms
  - Risi Albania – working with exporter on business model, skills + with municipalities on public services and PPP development
- «Thicken» markets and (feasibly) strengthen the business case with policy

# CONCLUDING THOUGHTS / LESSONS

- Environmental objective integration adds value!
  - Win-wins & long term viability
- MSD adds value to achievement of environmental objectives!
  - Systemic Lens & experimentation + Market-driven focus
- BUT successful integration requires clear objectives, staff buy-in, expertise and tools
  - Identifying environmental challenges and solutions
  - Understanding economic and environmental benefits of solutions

# THANK YOU!



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Additional information on our work:

[Inclusive Markets & Value Chains \(ENTERPRISES\) \(ilo.org\)](http://ilo.org)

**Market Systems Development and the Environment**  
**A Strategic and Operational Guidance Note**



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