

> Alleviating extreme poverty using a  
market systems approach

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# Market Systems Approach, Its Relevance to Extreme Poverty and the Case of SHOMOSHTI

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# From agricultural market systems to Extreme poverty alleviation...



1

The approach is now widely adopted by agricultural, fisheries, livestock value chain development programmes worldwide for income and employment generation

2

The approach is being increasingly adopted for water and sanitation market development projects, health systems development projects, skills development projects

3

The interventions are primarily private sector driven; project supports are channeled to selected 'lead firms' who are seen as scale agents

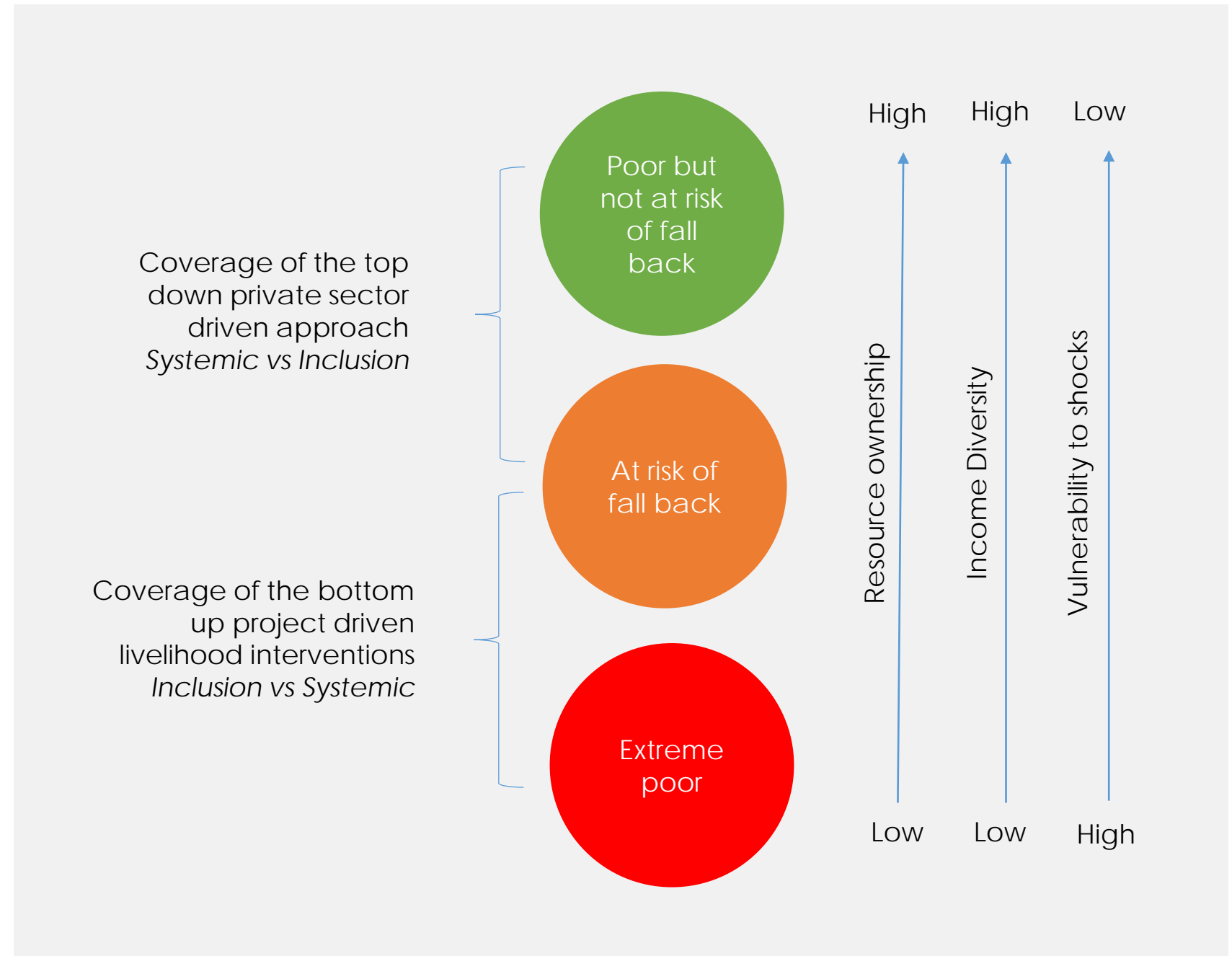
## Some questions!

Extreme poor often do not participate in value chains...how can we reach them through a value chain centric approach?

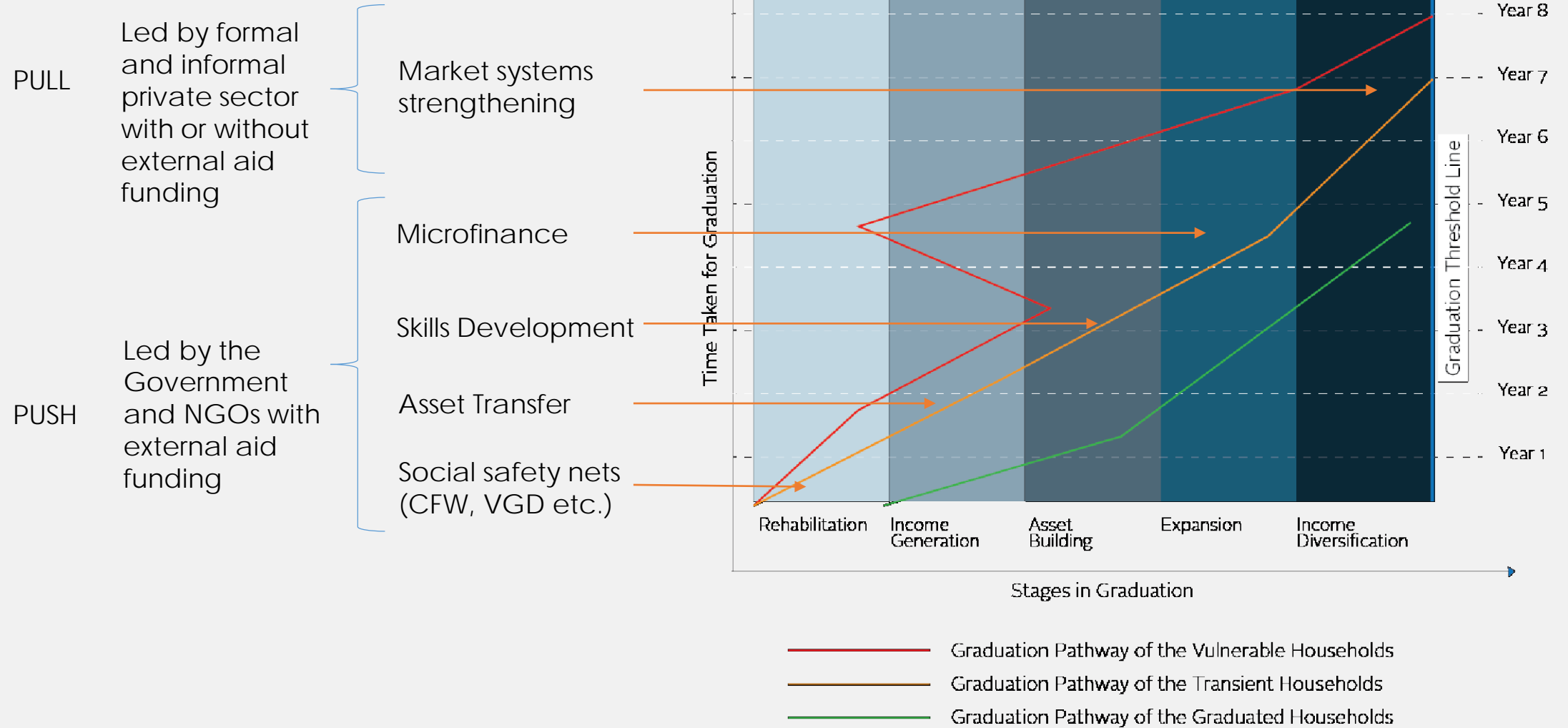
Private sector does not scale interventions with extreme poor!  
Can we take a lead firm centric approach for extreme poverty interventions?

Public sector competes with private sector for social services at the bottom! How can we sustain and scale the interventions?

## In Context of Extreme Poverty



# In Context of Extreme Poverty





## The Findings show



01

Sustainable graduation out of extreme poverty **requires both push and pull interventions**

02

If intervened separately, the push approach can be inclusive but might not essentially be systemic; the pull approach can be systemic but not essentially inclusive

03

Market systems approach in context of extreme poverty alleviation **needs to look beyond private sector; marriage between public, private and NGO interventions are essential** to have both inclusive and systemic impact in the graduation pathway



# Market Systems Approach

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Its Relevance to Social Services





Income and utilization of social services (health, water, sanitation, education) is not positively correlated



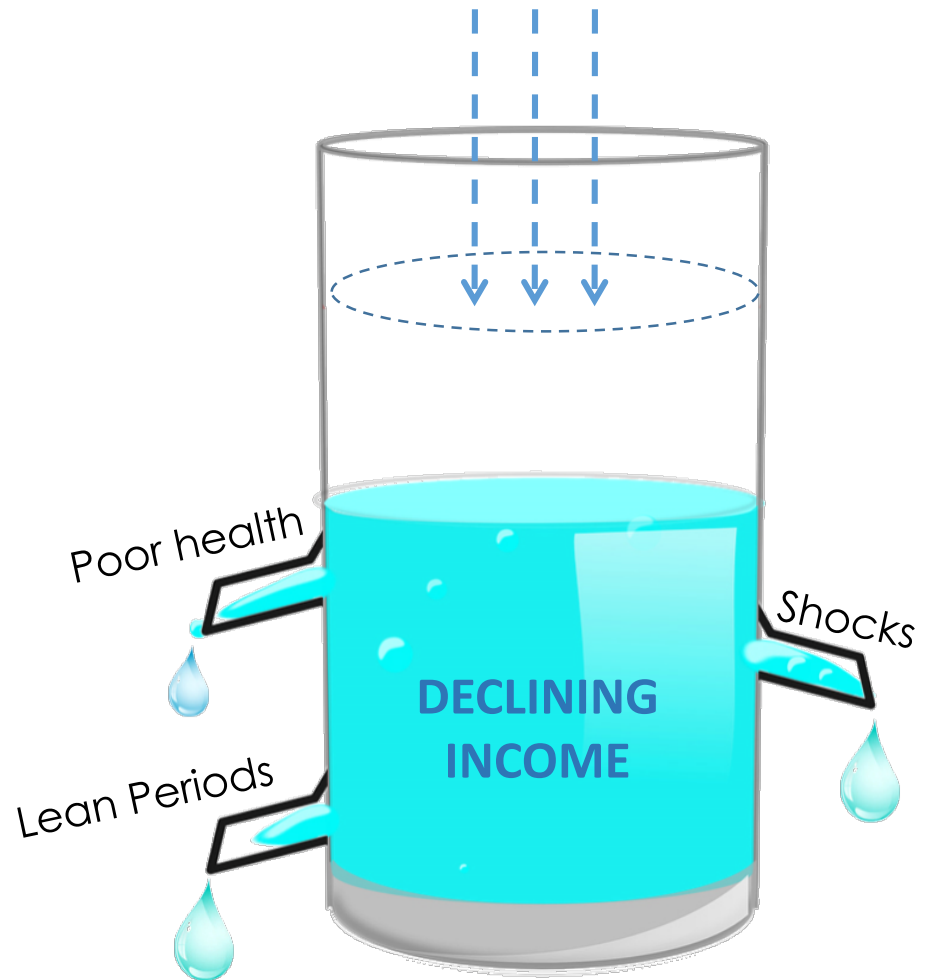
Social services are primarily seen as public goods to be provided for by the government and facilitated by the NGOs

Culture, behavioral norms, accessibility and availability of service providers dictate utilization of social services



Low access and utilization of social services mean that the population remain vulnerable to fall back.

## Interventions focusing only on Income & Employment



## Interventions on both income and employment and utilization of Social Services





# Take Aways from our Workshop

# Market Systems In Context of Extreme Poverty

It is essential to **understand the shifting poverty dynamics** and position the interventions accordingly.

**Top-down and bottom-up approach should be aligned.** Bottom-up approach can help understand the poverty dynamics while top-down private sector driven approach can help scale interventions.

Market driven projects should aim to **strategically target households that were supported through different social safety net programmes and aim to pull them up** through integration with the market systems and sustain their graduation. Otherwise these households have high risk of fall back.

# Market Systems In Context of Financial Inclusion

Agent banking and mobile financial services are the two recent inclusions in financial service provision for the poor. However, **extreme poor communities are still being served through Micro Finance Institutions (MFIs).**

**Projects are struggling to scale-up interventions targeted for the minority groups** like adivasis or dalits.

The partner institutions are yet to scale their services to hard to reach areas on their own and build on each other's learnings.

**Projects are depending on MFIs for door-step financial services.** MFI can provide saving opportunities and loans but cannot provide the vehicles to transfer money from one place to another. Extreme poor households are thus not able to benefit from full range of financial services that the formal banking channel could have provided.

## Market Systems In Context of Women's Economic Empowerment

**Increasing income of the women may not necessarily improve her control on income**, her ability to save and spend.

Many projects have access to market (physical market) as an indicator for empowerment. **Often, women voluntarily decide not to engage in trade in the physical market place** as they find it as additional burden to their household roles.

While projects are engaging women in more vocations in addition to their roles in the household, **the role of men in the household activities remains unchanged.**

Gender norms at household and community level needs to be addressed for women's economic empowerment; otherwise there is a risk that **the burden of the women is increased due to project's interventions.**

Private sector only approach may not be effective to change the gender norms. **Projects need to find a bridge between community led approach and market driven approach to tackle the issues of women's economic empowerment.**

# Market Systems In Context of Health, Education, Water, Sanitation and Nutrition Services

The work of social provision is constitutionally the responsibility of the government, **the entire sector is still highly dominated by the government and their subsidies.**

**Market systems approach works in mitigating the quality gap in public service provision;** its a niche area that serves the households to shift to improved services.

The challenge in this context is to show the value added to the households to shift to improved quality services.

On one hand a project needs to work with the government policy, rules and regulations while on the other hand it needs to work with community for behavioral change issues as well. **Light touch facilitation in this context does not deliver the intended results.**



# The Case of SDC-SHOMOSHTI





# SHOMOSHTI

M4P APPROACH WITH THE  
INTEGRATION OF SOCIAL  
SERVICES



Schweizerische Eidgenossenschaft  
Confédération suisse  
Confederazione Svizzera  
Confederaziun svizra

Swiss Agency for Development  
and Cooperation SDC



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Defending Dignity.  
Fighting Poverty.



# SHOMOSHTI Project Context

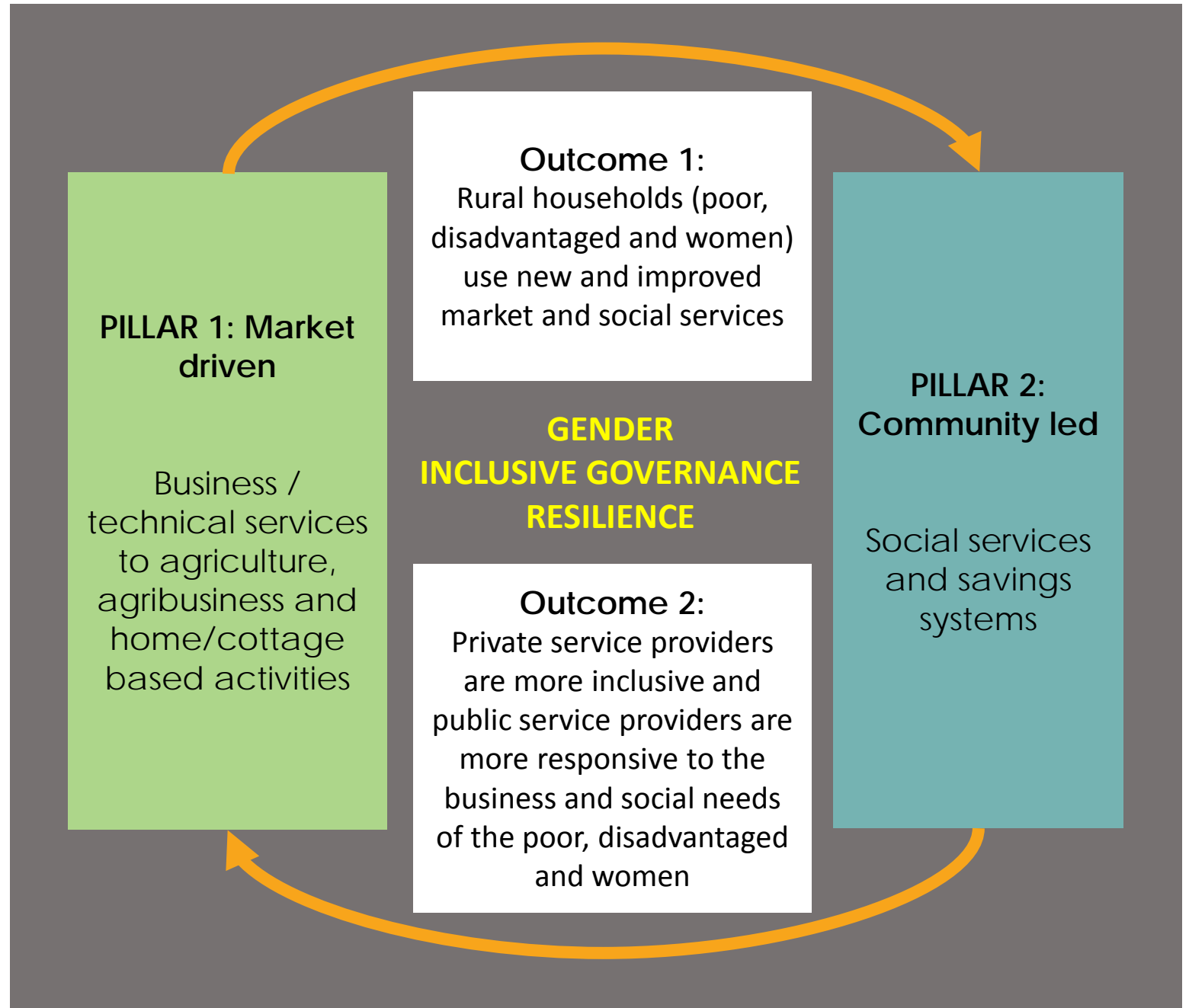
**M4P** approach contributes to increase of income

But only **income** does not lead to  
**Sustainability** of economic gains

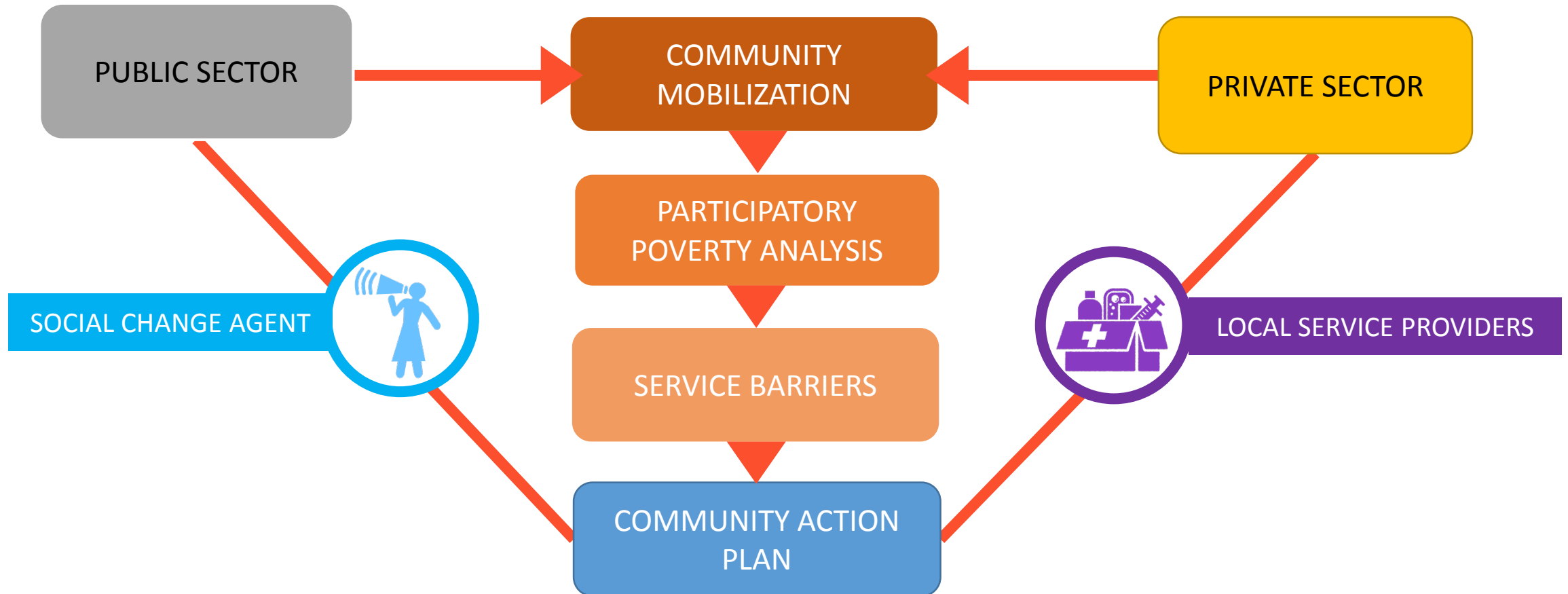
Access to **social services** contributes  
sustenance of economic benefits

# Project Strategy

Aims to bridge between  
**income and utilization of social services**  
to ensure sustainable  
pathway out of poverty for  
**180,000 Households**



# SHOMOSHTI SERVICE LINKAGE MODEL



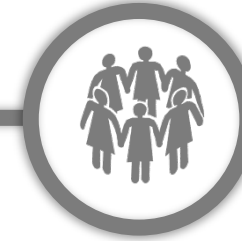
## SOCIAL SERVICES – RESULTS AT A GLANCE

**158,522 HHs (58,683 women)** accessing improved services



**3,586 Social Change Agents (62% women)** creating access to social services

**Collaborates with** Ministry of Health, DPHE, LGD, private sector social service providers



**29 SCAs cooped** with UP standing committees

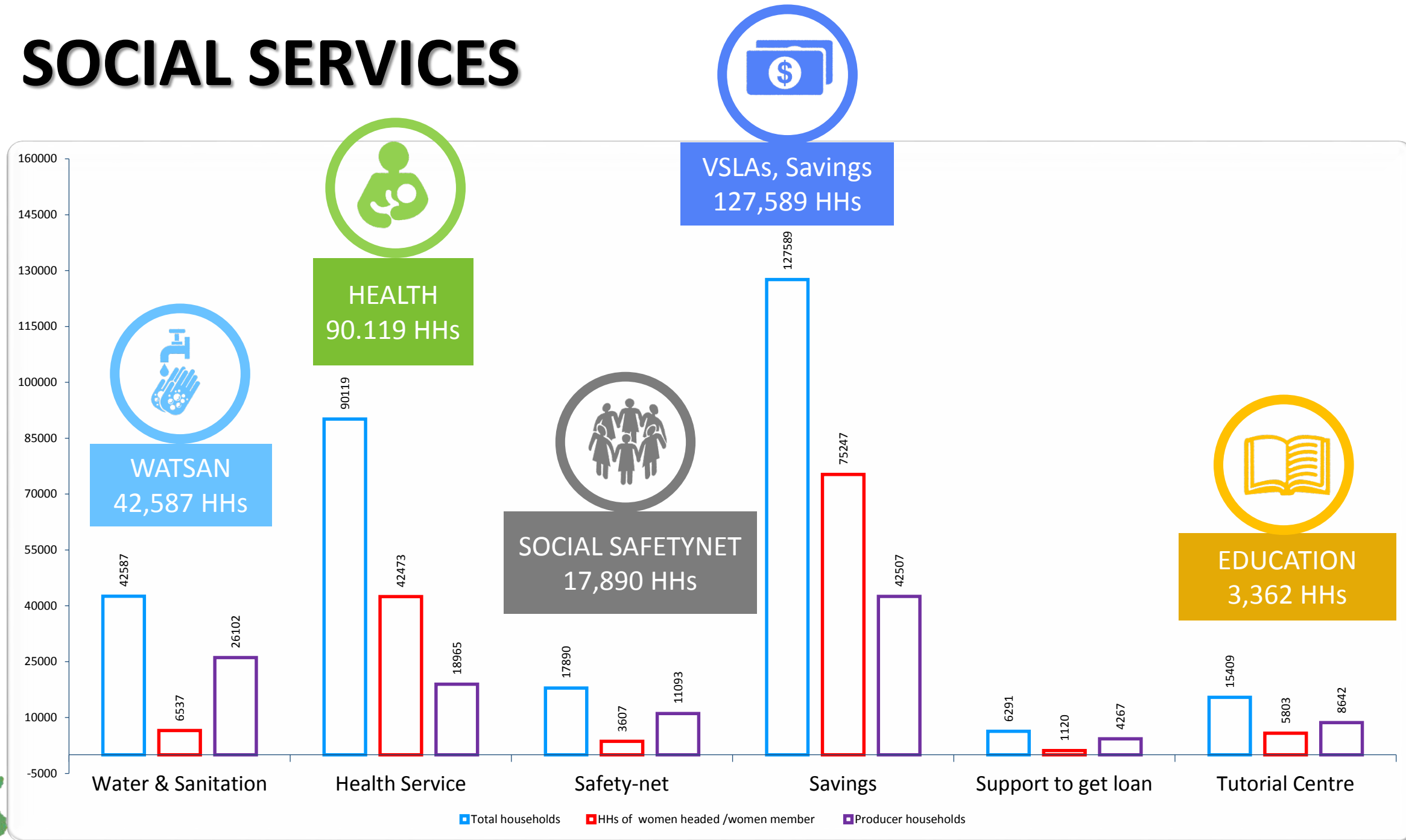
**72% HHs are satisfied** compared to 25% in baseline on access to improve social services



**Over 70%** households involved in community based savings



# SOCIAL SERVICES



# KEY LEARNING

Community's role in demanding services

Important to link services with income and wellbeing

Facilitate services through local and national providers

Gather evidence in favor of social service provision in market systems programs



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