

Sustainable livelihoods and pro-poor market development

How do sustainable livelihoods approaches relate to newer approaches such as pro-poor market development? The July 2009 sustainable livelihoods (SL) seminar at the University of Bath, in the UK, focused on this question.

The first in this series of seminars indicated that SL principles – people-centred, holistic, dynamic, based on strengths rather than needs, making micro to macro links and committed to sustainability – have been more influential than the detailed checklist contained in the SL framework.

However, criticism includes its failure to deal with processes of economic globalisation, power and politics, changing environmental conditions and the lack of a long term vision for rural economies. So, to what extent do pro-poor market approaches (PPM) fill the gaps? Do they operate in synergy with or in tension to the SL approach?

Pro-poor market approaches are diverse, and include:

- 'Making Markets Work for the Poor' ('M4P'), promoted by the UK Department for International Development and the Swiss Agency for Development and Cooperation, which focuses on ensuring institutions and support services operate effectively to enable the 'core' functions of markets.
- Value chain approaches, ranging from working with lead firms 'backwards' down the supply chain, to 'bottom up' approaches using techniques of participatory value chain mapping, and identifying areas for improvement in services and relationships along the chain.

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The articles summarise findings presented at a seminar hosted by the Centre for Development Studies at the University of Bath, in the UK, in July 2009 which explored how pro-poor market development relates to and interacts with sustainable livelihoods concepts and approaches.

Where do SL and PPM approaches converge?

The SL and PPM approaches both take a systems perspective which recognises that livelihoods operate within wider social, political, economic and environmental processes. This also reflects their multi-disciplinarity, in that they draw on political economy, social analysis and economics to generate insights into the way these influences affect the livelihood processes and outcomes generated by poor people.

Both approaches refer to institutions, in themselves complex. The greater focus on understanding market institutions of PPM approaches, has unpacked the 'policies institutions and processes' box contained in the SL framework that often went unexamined. Institutions are crucial to livelihood processes and outcomes, however, and approaches to unpacking them can involve different perspectives.

Emphasis on sustainability is critical for both approaches, although pro-poor market approaches prioritise the economic and financial aspects more than the environmental and social. The vision of transforming livelihoods and the idea of 'transformational growth' was raised at the July SL seminar but the environmental angle needs much more exploration. Quite what the vision of transformed growth looks like from an environmental perspective is a pressing question that neither approach has yet fully engaged with.

Where do they diverge?

Divergence can be seen in issues of scale and empowerment. Pro-poor market approaches are seeking to realise impact at a scale that SL approaches have failed to achieve. They seek to influence whole market systems to ensure benefits for poor people.

Katalyst, a market development project in Bangladesh, (see article by Gibson and Elliott on page 7) is addressing the low productivity of vegetable farmers by improving information flows via retailers in the input supply chain and institutionalising this in the training systems of input supply companies. Many more farmers can be reached in this way than would have been



Buying vegetables in the market with Zambian kwacha notes, Sinazongwe near Lake Kariba Crispin Hughes/Panos Pictures

the case under a more conventional extension approach. PPM approaches are less likely to work directly with those it is trying to benefit but benefits will be generated indirectly through changing systems of product and service delivery and support as a whole.

The article by Daniels and Jeans (on page 7) describes how vulnerable groups - people with disabilities or living with HIV/AIDS for example - face significant barriers to entering markets due to stigma and discrimination. Specific interventions are needed to build people's confidence and self-esteem and encourage them to engage in market-based livelihood activities. Social differences clearly create barriers: better understanding is needed of how systems of exclusion operate and how pro-poor market approaches can overcome them.

What are the challenges?

The seminar highlighted three key challenges for pro-poor market approaches.

Co-ordination

Recognising there are multiple constraints to 'stepping up' (improving) and 'stepping out' (changing) livelihoods activities for poor farmers in particular, which require infrastructure, technology, inputs, credit, output markets and safety nets to be simultaneously in place for change to happen. Co-ordination between these aspects in the supply chain at the meso level is crucial.

Where markets are thin and risky the potential for coordination is, however, weak.

The role of government in making markets work at this level is still a controversial subject that requires further experimentation and investigation.

Dynamics

A further challenge is flexibility and the ability to respond to change. Engaging with market systems will require a steep learning curve for interveners in terms of where and how they can achieve scale, sustainability and impact. Markets

are themselves dynamic and opportunities that arise may need a shift in focus and approach (as the Catalyst project shows). Project planning and management systems need to be nimble and flexible, able to respond to the learning curve and the dynamics of markets, which they rarely are.

Impact

Intervening at a systems level creates potential for impact at scale but tracing impact back to those for

whom development assistance is intended is a huge challenge. Evidence to date is very thin and often more about the potential than the reality. Methodologies in this area are being developed but will require effort and investment to generate the evidence needed.

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Growing out of a downturn

Rethinking market development

The financial crisis is forcing new thinking throughout the development community. Building social safety nets and plugging gaps in financing are two responses. But should the crisis also lead us to reconsider approaches to economic and private sector development?

The UK Department for International Development (DFID) has estimated that 90 million people will become poor, or remain in poverty as a result of the crisis. Many countries have been exposed to falls in commodity prices, the rising cost of credit and the collapse of export markets. Remittances sent home to Africa are predicted to fall by US\$ 800 million this year.

New approaches to economic development?

The crisis is forcing us to re-think the market institutions that help protect people and help them rebuild their livelihoods. Micro-insurance, for example, can protect livelihoods from downturns and, in particular, from climate change.

DFID will continue to focus on market enhancement at the broadest level. It will continue to work on reforming business regulation, competition and taxation to strengthen the business environment for all sectors. The competitive market is the prime driver of innovation that will transform the lives of poor people.

Markets adjust, develop, expand and contract. They are not static. But some market developments have made transformational improvements to economies and the lives of poor people: for example, the textile industry in Lesotho and mobile banking or cut flowers in Kenya.

Working with markets and livelihoods approaches

Can a 'making markets work for the poor' (M4P) approach identify and support new economic opportunities? Simply securing 'access' to existing markets, for example, while vital for poor people, can imply a rather static analysis of what a market is – or what it could be. Policymakers and practitioners need to be able to identify markets that have the potential for transformation and have the tools to stimulate this.

The M4P approach is sometimes used too statically by analysing and only working with existing markets and market players. As Andrew Dorward argues on page 4, it is not enough to merely protect livelihoods or even to strengthen them. We should not just be looking to help poor people improve their existing livelihoods strategies (to 'step up') - but also to 'step out' of existing livelihood strategies to identify and take new opportunities. This challenge is as important for the market development approach as it is for the livelihoods approach.

Markets are a crucial mediator between poor people's assets and livelihood and development outcomes. The M4P framework is thus squarely situated alongside and within the livelihoods framework. In fact, M4P should rarely be used by itself. It can and should, be used in conjunction with other development approaches: value chain analysis, the political economy 'Drivers of Change' approach, and investment climate reform more broadly.

M4P has a particularly strong link to the livelihoods framework. It has in some ways filled a gap between targeted livelihoods work with rural poor people and a purely market, or

macro-economic, development model. It has helped understanding of the links between market development and transforming lives, and the relationship between markets and the social, human, physical, natural and financial assets available to poor people.

There is a danger in promoting M4P, or the livelihoods framework, in isolation. We need to ensure that the incentives driving staff within development agencies do not push us to focus on each one separately; they need to know how to make the frameworks work together.

M4P has helped us move from addressing the symptoms of broken markets to the causes. It has moved us from piecemeal and direct interventions to systemic change. The challenge for livelihoods and private sector development policymakers and practitioners is to offer a more dynamic approach for transforming economic and livelihood opportunities, rather than simply better business as usual.

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Simply securing 'access' to existing markets, for example, while vital for poor people, can imply a rather static analysis of what a market is – or what it could be

See also

Private Sector Development Strategy, Prosperity for All: Making Markets Work, Department for International Development, London, 2008
www.dfid.gov.uk/Documents/Publications/Private-Sector-development-Strategy.pdf

Pro-poor market approaches

Steps towards a constructive dialogue

Why is it so difficult to sustain a constructive dialogue between practitioners of sustainable livelihoods and pro-poor market approaches? People from different professions and disciplines bring different assumptions and visions of change to their work. Yet, our core motivations are similar: to improve the quality of people's lives, and find enduring solutions to poverty.

The territory where these two approaches overlap is often fraught with disagreement. Surely it is possible, imperative even, to develop a synthesis of the ideas behind Sustainable Livelihoods and pro-poor market (PPM) approaches?

Both SL and PPM approaches use a systemic framework, recognising that the livelihood strategies of poor people cannot be understood in isolation. They are enmeshed in wider, complex systems of a social, political, economic and environmental nature. They involve institutions, structures and other agents which influence the opportunities and outcomes that poor people experience. Both approaches appreciate that to tackle the causes of poverty, we need to ultimately transform these systems.

To facilitate constructive dialogue between SL and PPM practitioners, I propose four 'talking points':

Impact at scale

Official development assistance is less than US\$40 a year for everyone living in poverty. If we are not to limit aid to a tiny minority, we need ways to scale-up the impact of aid, using it as a catalyst for systemic change.

There are several possible mechanisms:

- political, through policy shifts
- administrative, through changes to public service priorities
- commercial, through uptake of new products or practices
- social, through the spread of new ideas, knowledge or social norms.

Institutions

Institutions are the rules, norms and processes that shape people's interactions with governments, markets, the environment and each other. Both approaches agree that the form of institutions, their strengths and weaknesses are key factors in poverty.



Different people put emphasis on different institutions. A social development practitioner may pay more attention to gender; a private-sector development specialist to the investment climate. But these differences should not prevent greater coherence between SL and PPM. We simply need to listen to each other and weigh the evidence in specific contexts.

Sustainability

Sustainability of impacts is crucial but often dealt with superficially. Claims about 'sustainability' should also refer to capabilities of the wider system. Since the opportunities and threats which people face constantly change, the adaptive capabilities of systems are just as important as the assets which poor people hold.

This suggests limits to what can be done via direct assistance. The most obvious short cuts to poverty reduction – such as asset or cash transfers – are also the most risky from a sustainability perspective. Enduring systemic change is more likely to occur when subtle ways are found to realign the incentives and interests of the powerful or influential with poverty-reducing outcomes.

Empowerment

Lack of control over resources and decision-making is a cause and a consequence of poverty: achieving outcomes that are 'empowering' is a fundamental part of poverty reduction. But our dialogue often suffers from inadequate distinction between empowerment as a broad (and preferably large-scale) outcome of programmes, versus empowerment as a specific instrument or process within a set of activities.

Participatory processes that bring poor people into the design or management of development activities are empowering for the individuals involved and can be a valuable way to get poor people's voices heard in decision-making. But these activities are surely only empowering as an outcome to the extent that they lead to greater participation of poor people in critical economic, social or political systems.

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Spice and produce sellers at a local haat (market) in Bogra, Bangladesh

Katalyst

See also

Making Markets Work for Poor - Comparing M4P and SLA Frameworks: Complementarities, Divergences and Synergies, by Mike Albu, Springfield Centre, UK, June 2008

www.springfieldcentre.com/publications/sp0803.pdf

Making Markets Work for Poor - International Development Cooperation: Seeking Common Principles that Underpin a Coherent Approach to Poverty Reduction, by Mike Albu, Springfield Centre, UK, June 2008

www.springfieldcentre.com/publications/sp0801.pdf

Dynamic livelihood development

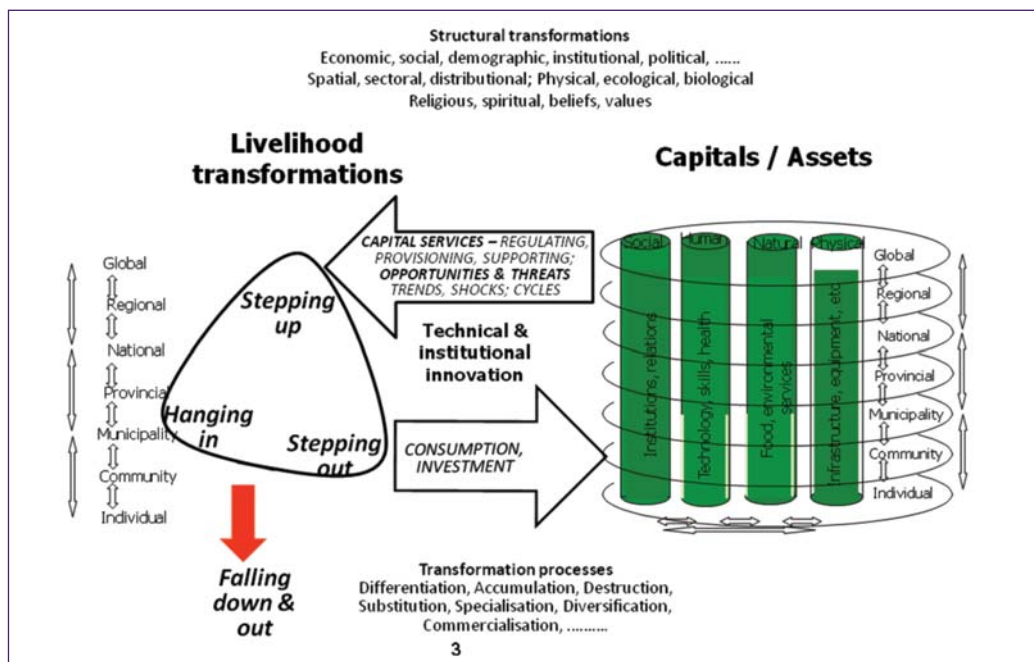
Hanging in, stepping up, and stepping out

Both policy analysis and participatory work with poor people could benefit from adoption of a conceptual framework for analysing livelihood development as a dynamic process of 'hanging in' (protecting livelihoods), stepping up (improving livelihoods) and stepping out (changing livelihood activities and structures).

This process occurs among different actors and at different scales across different sectors. It also involves changes in the relative stocks and functions of different resources, assets or 'capitals', with these functions being defined in terms of 'provisioning', 'supporting' and 'regulating'. Changing relationships between and among livelihoods and resources involves a variety of transformations and transformation processes.

A major benefit of this framework is recognition of the importance in rapid pro-poor development of coordinated change and exchange across different scales, sectors, actors, dimensions and processes. This involves development of (a) coordinated exchanges across multiple elements and (b) mechanisms for coordination (not just of exchange, but across all processes).

Markets provide a very important mechanism of coordinated exchange. 'Gift exchange' (between individuals, groups, organisations and their representatives) and 'hierarchies' (formal, informal, private, communal and state organisations) provide other mechanisms. There are also multiple hybrids between these three primary forms of exchange. The three forms of exchange and different hybrids are important in both more and less



'developed' economies, in different forms and playing different complementary and competitive roles.

The need for coordinated change occurs at different levels and can lead to multiple poverty traps, with micro-, meso- and macro-traps reinforcing each other in constraining agricultural and other development in poor rural areas. Increasing staple food productivity is particularly important in pro-poor growth and particularly constrained by these traps as they affect the complementary development of input, finance and output markets and supporting services.

State, private and civil society organisations need to work together, performing complementary roles in the development of accessible and efficient markets for different

agricultural products and supply chains and for different and changing stakeholders in those supply chains.

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See also

Integrating Contested Aspirations, Processes and Policy: Development as Hanging in, Stepping up and Stepping Out, by Andrew Dorward, School of Oriental and African Studies, University of London, 2009
www.eldis.org/go/home&id=43496&type=Document



Vegetable vendors at a busy food market in Rangpur, Bangladesh
Katalyst

Market integration

The challenge of climate change

How to integrate small-scale agricultural producers into markets has always been a challenge. But climate change adaptation strategies are now raising new issues and challenges.

The key question remains the same: how can small agricultural producers benefit from participating in imperfect markets – those dominated by a small number of sellers? The difference today is that in order to adapt to climate change farmers are introducing new crops and varieties and changing their production portfolios. This has knock-on effects on their diets and how they participate in markets.

What are the implications of these changes? Is adaptation opening up new opportunities or reinforcing existing inequalities and vulnerabilities among the most disadvantaged?

In the Bolivian Altiplano, higher temperatures make it harder to produce chuño and tunta – potato products that require freezing temperatures and have been part of the local diet for centuries. In warmer temperatures, farmers who have the resources are replacing potatoes with onions which command better prices. These adaptation strategies are likely to severely affect diet.

A survey of 330 households carried out in 2006 in the central and northern Altiplano region of Bolivia examined household capitals, market integration and risk perceptions regarding climate change. Significant differences were found in the extent of market participation, the characteristics of market integration and in the effects on household's economic welfare. The extent of market integration, measured in terms of the scale and frequency of commercialisation, largely reflected differences in the household's access to financial capital (household cash income), human capital (education), and natural capital (hectares of pasture).

The results show that:

- Households with higher capitals also have a higher income and depend less on income derived from migration. Marketing is carried out regularly in regional rather than local markets where prices are lower, and is shared more or less equally by men and women.
- Households with lower capitals also have lower income levels and depend more on labour markets, with wages derived from temporary migration. For the vulnerable, marketing is largely carried out in local markets where prices are low, by women only or

by men only, and is less successful than when men and women participate together.

It appears that market incentives are changing consumption patterns and how people participate. Local producers, driven by market incentives, are producing non-indigenous varieties of potato demanded by buyers which do not adapt as well to climate change (require less water, more resistant to pests) as do indigenous varieties.

While adaptation strategies may increase welfare in the short term, the long-term implications are uncertain. Changing practices, such as fewer varieties of potatoes or introduced crops such as onions, may not be sustainable, and may not improve the well being of the most vulnerable who lack bargaining power or the resources to shift to practices that increase resilience.

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Aymara women selling potatoes at a market on the Altiplano, Bolivia
Tweedie/Panos Pictures

Modern agrifood markets

Marginalising small producers even further?

National agrifood markets in emerging economies are being 'regoverned' by the private sector, as domestic food retail and processing modernises and restructures, and as the state withdraws from managing markets. These trends are thought to reward scale, capital, organisation, technology and formality and to penalise informality, dispersion and seasonality.

The Re-governing Markets programme sought to:

- test this theory of change – is it true that poor people are excluded as food systems restructure?
- investigate best practice for inclusive market development
- understand the policy implications.

The theory of change was shown to be far from universal. The rate of downstream modernisation is indeed rapid in many emerging economies, although regional variations are large. But the programme also showed resilient 'upstream' smallholder participation.

Putting a dedicated procurement network together that bypasses existing traders and wholesalers is expensive. It seems that the level of market 're-governance' has penetrated less deeply into the countryside than was first thought. From the outset, there was a struggle to fit the theory of

change to the situation in sub-Saharan Africa, where assisting the informal sector to upgrade, especially in terms of food safety, would seem a much higher priority than managing the incipient 'supermarket revolution'.

Empirical studies showed that modernisation does not always lead to exclusion and can proceed in a relatively pro-poor direction. The key variables are structure of land ownership and non-land assets, such as irrigation (for vegetable production) or cooling tanks (for dairy). Their interaction can broadly give rise to three different outcomes: inclusion, differentiation or exclusion.

Case study research demonstrated the difficulty of deliberate attempts to include smallholders in a chain. Successful new market linkages require a compound mix of organised producers, receptive business partners, a supportive policy environment, and a broker or intermediary to bridge the worlds of small-scale producers and modern markets. This is a complex and often costly task to establish and to sustain.

Main conclusions include:

- Exclusion of small-scale farmers is not an automatic outcome of modernising food networks – land and non-land assets, and wholesale market are major determinants, and food safety is a important driver.
- New inclusion of small-scale farmers into modern food networks

is a huge challenge: multiple elements are required to progress beyond boutique projects, especially against gravity of differentiated distribution of land and non-land assets.

A research focus on incipient retail modernisation can lead to risks of:

- overstating and generalising the degree of market 're-governance' penetrating into the countryside
- projecting trends from emerging economies to the whole of the developing world, especially sub-Saharan Africa where the informal sector is dominant but more resistant to 'tidy' research.

What does this mean for sustainable livelihoods and pro-poor market frameworks?

- It is not just assets that are important, but their distribution: land and non-land assets are key to explaining the differential impact of market modernisation.
- Unpacking the policies, institutions and processes box is necessary.
- Diversity needs to be maintained in distribution channels, including competitive and dynamic wholesale markets.
- Implementing food safety and traceability can rapidly accelerate differentiation.
- Resistance to change may be entrenched in core business models, including management of risk, costs and corporate social responsibility via few intensive supplier relationships.

Successful new market linkages require a compound mix of organised producers, receptive business partners, a supportive policy environment, and a broker or intermediary to bridge the worlds of small-scale producers and modern markets

Useful weblinks

Sustainable Livelihoods and Market Development on Eldis
<http://tiny.cc/IUIAA>

Market Facilitation Initiative
<http://tiny.cc/MtLjT>

Do value chains help farmers out of poverty?
<http://tiny.cc/N90nR>

Market Facilitation Initiative's delicious resources:
<http://delicious.com/marketfacil>

Previous seminar highlights

SLA and community-driven development
www.id21.org/viewpoints/SLAJuly09.html

Revitalising sustainable livelihoods approaches
www.id21.org/viewpoints/pdfs/SLA.pdf

Future seminars

Disaster Risk Reduction and Community-based Adaptation to Climate Change
Practical Action, London, UK, December 2009

Food Security and Social Protection
Bradford Centre for International Development, UK, Spring 2010

Synthesis seminar
Institute of Development Studies, UK, Summer 2010

<http://community.eldis.org/sla>

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See also

Re-governing Markets: A Place for Small-Scale Producers in Modern Agrifood Chains? Edited by Bill Vorley, Andrew Fearn and Derek Ray, IIED, London, 2007
www.regoverningmarkets.org/en/publications

Bringing knowledge to farmers in Bangladesh

The vegetable sector in Rangpur, Bangladesh, is important for the economy and for poor people in particular. Already a large sector in which many rural households work as farmers and labourers, further development holds the promise of wider benefits. To improve performance and realise the potential gains, an underlying problem of low productivity needs addressing. For this to happen, improving knowledge and information services is vital.

Katalyst, a multi-donor project operating in Bangladesh since 2002, addressed this issue by training agricultural input retailers and developing 'embedded services' within the input supply chain. The project's market development approach to business services is characterised as follows:

Identifying underlying causes: low levels of knowledge and information in the market (a key cause of poor productivity) can be attributed to weak private sector capacities.

A clear strategic focus: developing the capacities of retailers, with whom farmers interact regularly, and input suppliers (retailers' main source of information) within the market system.

Operational flexibility: within these strategic boundaries, engaging with appropriate players in an entrepreneurial manner that builds ownership.

Scaling up with other players: in order to promote change throughout the market system, encouraging other input providers to invest in knowledge and information.

Initial experience showed significant impact on each of the market players:

- Farmers' perception of their experience with retailers' service has improved.
- Individual farmers' expenditure on inputs has decreased while their yields have increased.
- Retailers have greater self-confidence, place more emphasis on advice and information, have better customer relations and, in most cases, increased sales.
- The input supplier's sales have grown 3-4 times faster than in other regions.
- The strategic importance of knowledge and information in the supply-chain has been re-emphasised.

More recent evidence shows additional dimensions of impact:

- Farmer yields and incomes are increasing in the order of an additional 30-35 percent.
- More productive farmers are spending more on labourers.
- More companies, in more regions are replicating this experience for more crops.
- There are clear signs of wider systemic change and innovation through firms investing in specialist supply network training centres and services.

Knowledge and information is clearly important in improving agriculture performance. The challenge is for agencies to intervene effectively and stimulate better large-scale market development.

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See also

Bringing Knowledge to Vegetable Farmers: Improving Embedded Information in the Distribution System, KATALYST, Bangladesh, December 2005
www.springfieldcentre.com/publications/sp0502.pdf

Fighting discrimination; stimulating change

Enabling the most vulnerable to participate in markets

Even where markets are more accessible to poor people in general, wealth differentials occur and the most vulnerable are excluded.

Case study research with people with disabilities in Uganda and people affected by HIV and AIDS in Kenya, helped identify the services required and how these people might be supported to find work and run their own small businesses. These studies demonstrate how successful models use participation in economic activities to achieve sustainable impact by stimulating attitude change, and create a more level playing field, enabling access to market development and wider development processes.



Women dry and process maize in Lalmonirhat, Bangladesh Katalyst

Market development approaches that achieve large scale increases in per capita Gross Domestic Product (GDP) can still leave severely marginalised people excluded – replicating inequalities rather than challenging them. Drawing on the positive elements of these approaches would ensure greater inclusivity, for example by:

- ensuring that service providers are genuinely inclusive and do not multiply and endorse discrimination
- including disability and HIV and AIDS in the analysis alongside gender
- providing or linking to additional services that relate to health or other development needs alongside business development interventions.

However, without the additional interventions to stimulate attitude and behavioural change, this will not challenge systemic marginalisation and consequent chronic poverty.

The case studies show it is possible to support discriminated groups to become successful entrepreneurs and employees and help transform the negative beliefs that underpin their exclusion from society. It will be easier

for people with disabilities and people living with HIV and AIDS in the project areas to be accepted as trainees, employees and business owners, as well as to participate in wider socio-economic activities and processes.

For enterprise development practitioners who wish to maintain the quality and focus of a particular market development approach and also involve the most vulnerable in market activities, effective partnerships will deliver the package of interventions required to overcome ingrained discrimination and exclusion, and reach the most vulnerable.

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See also

'Integrated Approaches to Enabling the Most Vulnerable to Participate', in *Markets Enterprise Development and Microfinance 20(2)*, June 2009

Value chains, small and medium enterprises and 'pro-poor' policies

A review of donor practice

A review carried out for the Ford Foundation Affinity Group on Development Finance examined a range of donor initiatives that use value chain (VC) approaches in promoting market-oriented growth and poverty reduction. It examines the causal models underlying value chain interventions, asking how and to what extent have the impacts of these interventions been systematically investigated?

From the theory, value chain interventions can be categorised as:

- targeted interventions working on the weakest link in the value chain
- improving flows of knowledge and resources between firms in the chain
- improving links between firms in the chain (that is trust-building activities)
- creating new or alternative links in the chain, such as creating links between new and existing suppliers and customers.

Using elements from these categories combined with their previous private sector development activities, donor-led VC interventions were of two types:

- those where the intervention was funnelled via a lead firm down to its suppliers
- those where the intervention had multiple points of entry along the value chain (that is some support via suppliers, other activities via the buyers and others via the producers).

Evidence of poverty alleviation?

The review found few independent impact assessments and evaluations with hard evidence on poverty alleviation effects. Therefore:

- We do not know if the interventions reduced poverty.

- It is difficult for any element of the intervention to be directly associated with poverty reduction.
- Many interventions assumed that small and medium enterprise growth would lead to poverty alleviation but this link was not measured.
- In many cases it is impossible to rule out the counterfactual – that the changes would have happened anyway due to other factors external to the intervention.
- Targeting is a good practice but it is not enough to prove poverty alleviation effects.
- For lead firm interventions it is important to accurately assess the capabilities of the lead firm to assist smaller firms as well as to clarify how much effort is required (from the lead firm) for the intervention to be successful.
- Less well-known but promising approaches: the review found that lead firm interventions where both distributors and suppliers are targeted may increase the number of beneficiaries to unexpected levels.

From 'poverty-oriented' to poverty-alleviating

It is important to make a clear distinction between reducing poverty and targeting activities or sectors in which poor people are involved: sometimes pre-existing activities are not the answer. The review highlighted some key points to be taken into account in the design, implementation and monitoring and evaluation of pro-poor value chain interventions:

- Where poverty impacts are part of the objectives they should also be part of the project design with assessment pathways to match, including identification of the degree of poverty – how poor is poor?
- Qualitative and quantitative poverty measurements are more powerful when used together.
- Cost effectiveness should be considered.
- Independent assessment, albeit costly, is necessary – our recommendation is to do it at least at the programme level.
- Indirect impacts and spillover effects are more likely when projects are large.

It is important to make a clear distinction between reducing poverty and targeting activities or sectors in which poor people are involved

Finally, while there are indications that the value chain approach is useful in certain situations, comparing and complementing with other approaches, such as the making markets work for the poor approaches, is still desirable.

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See also

Multinational Value Chains, Small and Medium Enterprises, and 'Pro-Poor' Policies: A Review of Donor Practice, Research Report for the Ford Foundation, by John Humphrey and Lizbeth Navas-Aleman, IDS, Brighton (forthcoming December 2009)

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