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Discussion Paper

Making markets empower the poor

Programme perspectives on using markets to empower women and men living in poverty

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Market-based development programmes can help people living in poverty benefit from markets and lift themselves out of poverty. However, many such approaches do not pay attention to power imbalances that perpetuate marginalisation and poverty. To reach their fullest potential, market-based programmes should actively strengthen the power of marginalised smallholders and women. Major events in the market system, induced by changes in policy, regulation, social movements or business models can provide opportunities to intervene and rebalance power. Market-based programmes should also be complemented by non-market interventions that address poverty and sustainability issues in household and environmental systems. Through its work, Oxfam has encountered some of the challenges and limitations of market-based approaches. This paper is intended to raise these challenges with the broader community of development practitioners employing market-based approaches and share approaches Oxfam has taken to addressing them. The most conspicuous of these challenges is a need to address power imbalances between smallholders and larger businesses, as well as between women and men.

Oxfam Discussion Papers

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Summary

Market-based development programmes are increasingly attracting more support from donors. However, it is important that they do not limit themselves to 'market-ready' individuals, but reach more marginalised groups that are not ready to engage meaningfully in markets. This paper is intended to raise challenges around power disparities in markets, which can prevent market-based programmes from reaching those who are not market ready. It also shares approaches Oxfam has taken to address these challenges.

People are poor because they are powerless.¹ To tackle poverty, every development programme, including market-based development programmes, should focus on increasing the power of marginalised women and men.

Where to intervene: not only in the market system

Market-based approaches, which naturally operate within the market system, will not address all poverty issues. It is important that they are accompanied by complementary interventions in household and environmental systems. For example, it may be necessary to address gender-based violence, build capacity to sustainably manage natural resources, or provide water infrastructure to communities. Interventions in the market system must also ensure that they do not destroy the natural environment, on which the survival of the market system depends.

When to intervene: leverage catalytic events that disrupt markets

Events such as significant government policy changes, large-scale social movements, migration, regulatory reform, changes in powerful firms' business models, technological change or disasters can open up the possibility for interventions to rebalance power. Programmes can build upon these disruptions and intervene to support marginalised producers in taking advantage of new opportunities and acquire greater power. In the absence of such catalytic events, interventions can themselves disrupt markets to rebalance power. However, they can have greater impact when they build upon a catalytic event that is already occurring.

Why to intervene: to disrupt the market and rebalance power

There are three underlying approaches that drive the debate on market-based development. They differ in the extent to which they focus on rebalancing power. They also provide different levels of flexibility in allowing or preventing interventions to shake up the market system and rebalance power:

1. Avoid intervening directly to assist those in poverty, but rather play a facilitative role in connecting those people, firms, or institutions already in the market system;
2. Play a service provision role in markets directly to fill gaps in the market system; and
3. Intervene temporarily but directly in markets, informed by an understanding of market incentives, so as to disrupt markets and rebalance power.

Across these approaches, underlying beliefs about markets will shape interventions. Beliefs centred on free markets will make a programme reluctant to intervene more actively in the market system. This will lead to reaching only the market-ready.

How to intervene: Oxfam's experience

Unless markets are disrupted and power rebalanced, programmes will only reach such market-ready smallholders. Many marginalised people live in remote areas, or are

surrounded by undeveloped market systems. These are places where the costs and risks of doing business inhibit commercial investment, leading to producers being denied access to key services such as finance. Additionally, some of the most marginalised people, especially women, face cultural exclusion from markets. Such people can be excluded from not only markets but also from broader society, through exclusion from rights, resources and relationships.² To assist marginalised people, a programme should actively address the barriers that keep these people from using markets to lift themselves out of poverty. In order to reach more remote and marginalised smallholders, Oxfam tries to disrupt markets and rebalance power via four interventions:

1. **Supporting producer organisations (POs):** Effective POs (such as co-operatives and collectives) can empower small-scale producers through economies of scale, increased influence in output and input markets, and strength in numbers. Oxfam assists POs to build the market power of producers, and encourages them to take progressive measures to ensure equal participation and benefits for women producers.
2. **Supporting new business models:** Enterprises such as specialised intermediaries and service providers often fill an important gap in markets for smallholders. They allow a poorly organised producer base (smallholders) to connect to sophisticated and modern input and output markets. They also provide support in product quality control, processing, and access to inputs. While this role can be performed by POs themselves, which operate at the primary-tier, it is often more effective for it to be performed by a separate enterprise operating at a second level (i.e. serving multiple POs). These higher-tier enterprises can themselves be owned by a group or union of POs. To be successful, enterprises must adapt to be commercially efficient, but also empower smallholders, including women, by helping them become more competitive and able to access more lucrative formal markets. It is also important for development programmes to work with existing firms to get them to deal more fairly and transparently with smallholders.
3. **Making pre-commercial investments:** Many marginalised people lack the assets and skills necessary to use markets to lift themselves out of poverty. Providing pre-commercial investments to such individuals and groups is often necessary to allow them to participate meaningfully in markets. Providing assets and training for women is a core part of Oxfam's work.
4. **Giving marginalised groups a voice in governance and investment:** Where regulations and public investment address the needs of small-scale and female producers, this can bring new producers into the market and level the playing field for women. Oxfam supports marginalised groups in dealings with governments, helping them to access public pre-commercial investment in technologies such as irrigation. It also works to influence policies that have an impact on women, such as those covering land rights.

It is important that interventions open up new opportunities for marginalised producers without exposing them to excessive risk. Promoting access to local markets and the diversification of crops is critical for programmes to protect smallholders from such risk. This could also include support to diversify sources of income by promoting access to off-farm income. It is also critical that programmes avoid facilitating contractual relationships that lock smallholders into single value-chains and dependent business relationships.

Glossary of terms

Business models: A 'business model' describes how an individual firm organises itself and its relationships in order to create and capture value. It explains how the building blocks of production, marketing, costs and revenues come together to provide a value proposition in the marketplace that differentiates the firm from its competitors. The business model concept is linked to business strategy (the process of business model design) and business operations (the implementation of a company's business model into organisational structures and systems).

Crowding in: 'Making markets work for the poor' programmes aim to stimulate private and public sector actors to take on new (or adapted) functions – to 'crowd in' – while avoiding becoming active market players themselves.

Facilitative approach: The approach of facilitating existing market actors to perform required roles, as used by the **making markets work for the poor** approach.

Formal markets: A regulated system within which the exchange of goods and services takes place.

Making markets work for the poor (M4P): An approach that grew out of the market development work of the UK Department for International Development (DFID) and others. It focuses on understanding where market systems are failing to serve the needs of poor people, and acts to correct those failings. M4P divides the market system into three parts: the core (where providers and consumers exchange goods and services); the rules (formal or informal rules which shape behaviour); and the supporting functions (such as information, logistics, marketing). In M4P interventions, donors or NGOs play a facilitative role rather than an active part in the market system, i.e. they catalyse others. Interventions may be small themselves, but they strive to leverage market forces to create sustainable impact at a large scale.³

Market actors (aka market system actors): Someone who is actively participating in the exchange of goods or services.

Pre-commercial investment: Upfront grant or asset transfer to either a) enable new market actors or enterprises (which may lack assets, skills, or knowledge) to access a market, or b) ensure that the necessary market system infrastructure (e.g. transportation services or rural market provision) is operational, to enable market actors, or enterprises to initiate a new business model or value chain within the market system.

Producer organisations (POs): For Oxfam, there are three defining features of a PO:

1. It is a business (also called an enterprise). It must generate enough profit to provide tangible benefits to its members and cover its own costs.
2. It is owned and controlled by its members: small-scale producers.
3. It collectively markets or supports joint-marketing of commodities produced by its members.

Value chain: The full range of activities that are required to bring a product (or a service) from conception, through the different phases of production, to delivery to final consumers and disposal after use. Oxfam takes a broad understanding of value chains, and looks at the complex range of activities implemented by all actors (primary producers, processors, traders, service providers, etc.) to bring a raw material to the retail of the final product. The 'broad' value chain starts from the production system of the raw materials and will move along the linkages with other enterprises engaged in trading, assembling, processing and other activities.

1. Introduction

In recent decades, many development economists and practitioners have noticed that, while economic growth sometimes contributes to poverty reduction, the *type* of growth and the ways that markets work often determine how many people living in poverty benefit from economic growth and trade.⁴ The quest for poverty reducing growth and market activity has led to an array of new approaches that aim to alter the way markets work. There is considerable excitement around these new approaches, partly due to the disappointing results of more traditional charity-based livelihoods programmes.

Oxfam uses market-based approaches to enhance the livelihoods opportunities of women and men living in poverty. However, it is important to recognise that markets are biased systems, with the 'rules of the game' being shaped by those with economic or political power. The challenge has been applying these approaches in remote and thin markets, and ensuring they serve the interests of women or other marginalised groups.

This paper (and Oxfam's livelihoods work generally) focuses on agriculture and rural markets because 70 per cent of the world's 1.4 billion extremely poor people live in rural areas.⁵ For them, agriculture is often the best opportunity to work and trade their way out of poverty. Also, studies show that growth generated from agriculture is four times more effective in reducing poverty than growth in other sectors.⁶ However, urban market-based approaches will be increasingly important as urbanisation in developing and middle-income countries continues, and further work in this area will be essential.⁷

Markets provide different benefits for women and men, smallholders and large-scale producers, and remote rural and urban populations. The growth of markets can easily entrench biases and power disparities between these groups. The 2012 World Development Report argues that markets have a different impact on men and women because of significant differences in time-use, access to assets and credit, and treatment by markets and formal institutions.⁸ Generating economic growth is often not enough to empower women. Nor is it necessarily enough to get the world's poorest people out of poverty. Over the 20 years to 2001, only 1.5 per cent of global economic growth benefited people on less than \$1 per day (which was one-third of the world population at the time).⁹ It is the quality, not quantity, of economic growth on which programmes should be focused.

Market-based approaches can fail to reach the most marginalised populations, who often face social exclusion beyond mere exclusion from markets. For example, social safety nets and labour rights protections will still be critical in many contexts. For this reason, the approaches outlined in this discussion paper cannot replace interventions in other areas. Oxfam maintains its non-market-based livelihoods work, and cautions against viewing market-based approaches as a panacea.

Through its work, Oxfam has encountered some of the challenges and limitations of market-based approaches, and this paper is intended to raise some of these challenges with the broader community of development practitioners employing market-based approaches. The most conspicuous of these challenges is a need to address power imbalances between smallholders and larger businesses, as well as between women and men.

To address these issues, programmes that operate in the market system need to take a flexible approach and incorporate a nuanced understanding of household and environmental systems, which inter-relate with market systems. Complementary programmes that directly address poverty issues in household and environmental systems are also needed.

2. Background to market-based approaches and beliefs

The majority of market-based approaches can be broken down into three groups, based on the unit they analyse and seek to influence: an individual enterprise, the value chain, or the market system.

1. Enterprises

The individual enterprise has been the focus of numerous poverty reduction efforts. There is widespread support for enterprise development, particularly for small and medium-sized businesses (SMEs), which may include co-operative enterprises formed by small-scale producers. Support includes:

- financial support, in the form of microfinance; ‘missing middle’ finance, which fills the gap between microfinance and commercial finance; first loss capital; patient/long-term capital; or venture capital;
- technical assistance, for example, mentorship or peer networks etc.; and
- capacity building, for example in financial literacy and book-keeping.¹⁰

Social entrepreneurs, who use sustainable and scalable for-profit business models to create social and economic value, attract capital from foundations and socially responsible investors. A classic example is the Aravind Eye Care Hospitals in India, which use payments from affluent patients to provide eye surgery for impoverished and marginalised individuals.¹¹ A wide range of ‘inclusive businesses’ have sprung up, which are often larger businesses that are intended to serve or employ people living in poverty. Investing in social entrepreneurs and inclusive businesses is sometimes known as ‘impact investing’, which means investing for social and economic returns.

2. Value chains

In 1985, Michael Porter popularised the ‘value chains’ concept, which proposed that value chains encompass the full range of activities and services required to bring a product or service from its conception to sale in its final markets, and that the product gained value as it moved along the value chain.¹² The value chain approach to development and poverty alleviation involves looking at each link in this chain, considering how each one relates to those before and after it, and how much value (or profit) each link creates or captures. For example, using Porter’s concept, NGOs can help producers near the beginning of the value chain capture more value (and profit) by processing or refining a product before they trade it to the next member of the value chain.

Value chain projects focus on business-to-business relationships, and they encompass a range of activities intended to make value chains more effective and inclusive, including changing and strengthening relationships between links, and improving the flow of information, resources, and goods along the chain.¹³

3. Market systems

The enterprise and value chain approaches are limited in their focus to one or a few market actors and products. A more recent systemic approach to understanding markets has become influential. 'Systems thinking', a concept which was adapted by Peter Senge and others from its scientific use to analyse organisations and businesses, defines a 'system' as a set of variables that influence one another. Systems thinking emphasises that cause and effect may not be close to one another in time or space, that feedback loops can amplify or nullify actions, and that small changes can create big results. A systems thinking approach to markets understands their complexity and dynamism. It emphasises the importance of understanding all elements in a system, including government, infrastructure, and hidden forces such as cultural beliefs and practices, which are often ignored in more limited market-based approaches. Because changes to a system may produce unexpected results, it is important to monitor market interventions closely to detect unintended consequences, and address those that are negative.

Oxfam embraces a market systems approach because it recognises the complexity of markets and the role of non-market actors, such as governments, and the importance of related factors, such as infrastructure, on development and livelihoods.

Making Markets Work for the Poor (M4P) is an approach that targets key weaknesses within market systems. It does not focus on a single value-chain, instead looking at all elements of the market system that surround poorer communities. It fosters understanding of the functions and actors within these systems and aims to strengthen them, so they can better serve the needs of poorer communities. M4P advocates a facilitative approach, which means that NGOs and donors seek to catalyse existing market actors to create sustainable and scalable changes, rather than providing market functions themselves.¹⁴ In other words, under M4P, NGOs and donors avoid playing a service provision role, and instead focus on getting existing market actors to provide these services. The facilitative approach is time-bound, and generally does not involve active participation in the market or costly interventions. However, the M4P approach generally does not consider 'hidden' forces such as culture and gender, which Oxfam believes influence the ways that markets work and the distribution of their benefits.

Different beliefs about markets lead to different solutions

Market-based approaches are founded on a belief that markets can lead to poverty reduction. However, the degree to which markets must be changed to achieve this result is debated.

Organisations have fundamental differences in the way they conceive of key issues, including the relationships between markets, power, and gender; incentives; and sustainability. These differences in beliefs lead to different types of interventions.

Oxfam believes that poverty is about power. The World Bank's *Voices of the Poor* study, which talked to 64,000 people living in poverty across the world, concluded that 'the common theme underlying poor people's experiences is one of powerlessness'.¹⁵ Poverty reduction must address this. It is not a given that market-based approaches will reduce unequal power relations; in fact, interventions may exacerbate disparities if they are not carefully conceived and implemented with sufficient participation by the affected communities.¹⁶ Sometimes, development interventions need to shake up existing power structures. This may involve funding or subsidising particular services, building capacity and institutions, investing financial resources, or brokering fairer deals between market actors with unequal power.

Incentives are another area of disagreement between organisations. Many who have great faith in markets believe that, if a need exists, a market actor will naturally fill it. However,

Oxfam often finds that, in remote rural areas, the incentives to meet the needs of small-scale farmers are insufficient, and subsidies or other incentives may be required. Even if one supplier does arrive to fill a need, it does not necessarily mean that other suppliers will 'crowd in' to the market, as some M4P advocates assume. This may be because, even if the business model works, the returns from a thin market do not justify further entrants. The supplier may therefore be in a position to exploit its customers and, to prevent this, other interventions may be required.

Another difference in worldview affecting how organisations intervene is the concept of 'sustainability'. M4P uses the term to mean economic sustainability, i.e. that the activities will continue to be economically viable after the development programme's intervention. As a result of this understanding of sustainability, facilitative approaches may insist that existing market actors perform all key market functions. For NGOs and governments to perform key functions may be seen as unsustainable.

Oxfam disputes this understanding of economic sustainability. Private sector market actors abruptly exit markets all the time – just because they are providing a function in a market today does not mean they will be there indefinitely. At the same time, government bodies and NGOs often perform market functions for long periods of time. They may also need to perform a function in the market for a limited time before a market actor can take on the role. Oxfam's broader understanding of sustainability provides itself and other non-market actors (including governments) with greater flexibility to perform critical roles.

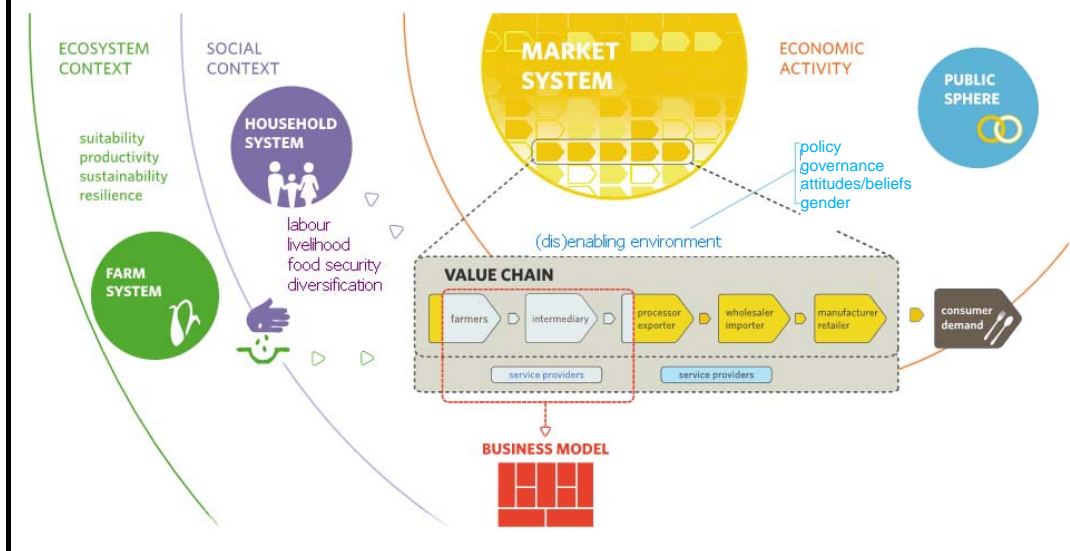
In addition to this difference in belief about economic sustainability, Oxfam understands sustainability as a trio of issues: economic sustainability, social sustainability, and environmental sustainability. The importance of social and environmental sustainability is often under-appreciated by proponents of market-based approaches.

In summary, an organisation's underlying beliefs about markets will determine the kinds of interventions it conducts. Three different conclusions can follow from differences in beliefs:

1. Programmes should avoid intervening directly to assist those in poverty, but should play a facilitative role in connecting existing market actors;
2. Programmes should play a service provision role in markets directly to fill gaps in the market system; or
3. Programmes should intervene temporarily but directly in markets, informed by an understanding of market incentives, so that they can disrupt markets to rebalance power.

While all three approaches recognise the need to increase smallholders' productivity in order to make them competitive, they allow for different types of intervention. This paper argues that power disparities in markets, between women and men, smallholders and large-scale producers, and remote rural and urban populations, must be better incorporated into market-based approaches and that interventions must be designed to actively rebalance power. In addition, interventions targeting market systems should also be accompanied by complementary programmes that address poverty issues in household and environmental systems.

Figure 1: The three systems: market, household, and environmental/farm¹⁷



Beliefs about gender and its implications for markets work

Oxfam believes that gender inequality and the denial of women’s basic human rights are among the greatest barriers to poverty eradication . Societal beliefs about gender roles extend to the ways in which markets work, limiting the ability of women to engage in, and benefit from, market activities. Unequal pay, conditions, and promotion opportunities in labour markets are perhaps the best known examples of gender discrimination in markets. It has been widely documented that women worldwide are regularly paid less than men for performing the same work.

In poor rural communities, women are often excluded from participating in markets. This is caused by discrimination in land titling and asset ownership, cultural norms that prohibit them from engaging in many lucrative activities, and more limited access to financial services, technology, and government extension services.¹⁸ Market development that benefits households may not benefit women. At worst, interventions that improve men’s income and skills may reinforce unequal power over women in households. Conversely, assets and income in women’s hands is linked to lower malnutrition¹⁹ as well as increases in agricultural productivity by between 2.5 per cent and 4 per cent.²⁰

Oxfam’s focus on women’s economic leadership

Oxfam puts women’s rights at the heart of all its activities and programmes. In its market systems work, it uses a gendered market mapping exercise to identify which markets are most likely to offer significant opportunities to empower women, and then uses this information to decide where to intervene. When considering what market systems interventions Oxfam will support, it also considers issues such as time constraints and other responsibilities that women have in order to choose economic activities that reduce, rather than add to, the burdens and constraints they face. Oxfam’s research in one area of Tanzania, for example, indicated that the poultry, chick-pea, and rice sub-sectors offered greater potential for women than the *jatropha* or cotton sub-sectors.²¹

Analysing the potential of markets to empower women has on many occasions led to Oxfam changing the focus of its programmes. For example, in the Philippines, as a result of research

and analysis on gender, Oxfam changed a programme's focus from biofuels to processed *moringa* leaves, which offered more opportunities for women.

Community-based research and analysis can help to make visible women's contributions to agriculture and the economy, and allow for common understanding to develop around the (often unequal) access enjoyed by women and men to key services, assets, roles, and benefits in agricultural activities. This common understanding can be the basis for changing beliefs and practices related to gender.

Oxfam has developed a 'gendered enterprise and markets toolkit' that promotes women's economic leadership.²² This is used to understand how market institutions and services reinforce gender inequalities and ingrained beliefs about the appropriate roles for women and men, alongside considerations of power inequalities between large and small market actors. Oxfam's approach identifies practical steps to improve women's market power and roles, making effective, relevant change in a particular context, and providing women with leadership opportunities.²³

Selecting markets based on their potential for building gender equality is essential in identifying opportunities for WEL. It is also important that strategies to develop WEL are integrated into wider strategies in market and enterprise development, so that all small producers (or the community as a whole) benefit. Thus, a business opportunity becomes an incentive to encourage new practices for positive outcomes for women.

Ingrained attitudes and beliefs in local communities around gender roles can severely inhibit any programme's ability to change gendered power dynamics. Therefore, there is a need to promote ideas of gender equity in these communities wherever possible. This can involve making the business case to private sector decision-makers that empowering women will increase their profits. In Colombia, where Oxfam has partnered with a privately owned local company, Alpina, to improve livelihoods for small-scale dairy farmers, the programme has researched and disseminated information about the extensive, but largely unrecognised, role that women play in milk production. After working with Alpina to understand the productivity gains from providing women with greater opportunities, women now have a more formal role in quality control in the supply chain.²⁴ This includes a 40 per cent increase in the number of women who supply to Alpina.²⁵

In Mali, Oxfam is trying to get a local bank to lend more money to women by setting up a fund that provides the bank with a guarantee on such loans. This has led to a doubling of the average number of women in the co-operatives that access these loans.²⁶ In these ways, Oxfam seeks to influence institutions so that women can benefit more from market development.²⁷

Oxfam has seen that changes in gender dynamics in market systems can result in changes in gender relations in broader society. Women who become more powerful within a market system may become more powerful in other realms as well. Meanwhile, if market system interventions ignore gender inequalities, market changes and economic growth can exacerbate disparities and increase women's marginalisation.

3. Power in the market system

Power disparities in the market keep people poor.²⁸ If a livelihoods programme does not identify and look for opportunities to address these disparities, its poverty reduction impact will be limited. Power is important because some vulnerable populations are so powerless that they are almost completely excluded from markets (e.g. those with disabilities or restricted mobility). Others participate in markets on poor terms (e.g. they lack negotiating power or options because of geographical isolation, they are price-takers, or are engaged in monopolistic markets). To reach more marginalised populations, programmes need to address power imbalances preventing marginalised populations from benefiting from market development.

Certain events can be catalytic in disrupting a market system's status quo. Examples of such events are major policy changes, social movements, technological changes, new companies entering the market, existing companies changing their business model, disasters, or social and demographic shifts. These events provide opportunities for interventions to rebalance power and build on the disruption to the market through various intervention points.

Below are described four intervention points that Oxfam has used to rebalance power within markets to benefit more marginalised and isolated groups. These do not cover the whole breadth of Oxfam's market-based interventions, but instead provide insights into how certain approaches can be used and strengthened.

i) Empowerment through producer organisations

Producer organisations (POs) include co-operative enterprises, associations, private limited companies, and informal networks of producers. The majority of POs are agricultural, which is the focus here, but they do exist in other contexts (e.g. POs of artisans in urban areas). When they operate effectively, POs allow smallholders to share risks and costs, negotiate, and bargain collectively. As a result, through POs, producers can better access, compete in, and influence markets, giving them greater access, competitiveness, and power.²⁹

However, POs can be inefficient and simply add unnecessary costs, so there is a need to develop innovative PO business models to avoid inefficiencies and dependencies. There is also strong evidence that women are often excluded from decision-making within POs, and concerted efforts are required to provide leadership opportunities for women.

Access, competitiveness, and power

POs provide their members with many of the advantages that larger producers enjoy. POs often aggregate their members' produce and, with higher volumes, they may be more powerful and less dispensable as suppliers. They may also be able to access buyers in higher-value markets that pay higher prices. POs can also develop internal product grading processes and invest in quality improvements for produce. This can allow POs to meet the strict quality and health standards of higher-value or niche markets, which is often too costly and difficult for individual producers. POs often carry greater credibility and legal standing than individual producers, so they can more easily secure credit for improving their businesses. One more important role for POs is to promote a change in producers' attitudes, empowering them to be more proactive and stimulating an entrepreneurial mindset.

For example, in the Occupied Palestinian Territory, Oxfam has supported a PO of herders and veterinary professionals to provide new services to members. Many of the members had become accustomed to receiving handouts of fodder and being provided with free veterinary

services by previous development projects. Following Oxfam's intervention, the PO now provides members with improved access to inputs through bulk input procurement. It also provides its members with information on flock management and productivity, as well as a mobile veterinary service offering artificial insemination services. As result of this improved access to inputs and services, members of the PO now actively operate as entrepreneurs, and do not wait for the provision of free services or the distribution of fodder and other inputs.³⁰

POs can make bulk purchases of agricultural inputs (such as seeds or fertiliser), insurance, logistics services, and warehousing, resulting in lower costs per producer. Economies of scale can also make it easier for a PO to invest in processing, storage, or transport facilities that can give members the ability to choose when and where to sell their products.

While small producers may have trouble accessing information about market requirements and prices, POs are able to invest more time and resources in gathering and analysing market information. They may be able to extract more information from buyers on demand trends and market conditions.

In Viet Nam, residents of Tra Vinh had attempted clam farming in the past, but had abandoned it because their clams were being stolen from the open coastal waters in which they were farmed. In 2003, Oxfam helped form three POs, known as 'Clam Clubs', which solved this problem by using pooled funds to pay guards for the farms.³¹ The structure of the POs allowed members to invest (and profit) at different levels according to their means. Oxfam set up a revolving fund so that poorer members could borrow money to invest in baby clams, and then pay back their loans once they were sold. The profits were distributed. The loans were repaid with interest, so that more poor residents could join the PO over time, making the PO not only equitable and inclusive, but sustainable and growth-oriented.

(Dis)empowering women in POs

There is general recognition that women experience major challenges in participating in, and benefiting from, POs.³² They are often under-represented and sometimes face discrimination.³³ Many POs require members to own land, which in many contexts limits the number of women who are eligible.³⁴ Other barriers include their lack of voice in their communities, and the time required to actively participate. Cultural barriers can also limit women's participation in POs. For instance, in some cultures, women are not allowed to leave their homes without their husband's permission. Additionally, larger and more formal POs, as well as coalitions of co-operatives, often limit membership to heads of household or even male heads of household.³⁵

Even in instances where women are not in a minority, men may simply benefit more from collective action. For example, even where women and men invest the same resources and time in a PO, men may have greater access to credit, information, and contact with service providers and markets.³⁶

Changing gender biases can be very difficult. A 2002 evaluation of Oxfam's support to a coffee PO in Haiti found that efforts had been made to increase women's participation in assemblies and elections. However, this did not lead to changes in gender roles in production, or women's representation among paid employees or leadership and decision-making positions in the PO.³⁷

There have been some success stories, though, in efforts to increase women's participation in POs.³⁸ In the Amhara region of Ethiopia, an Oxfam programme conducted advocacy that led to the introduction of a new law whereby co-operatives could only be registered if their leadership included at least one woman. It also led to bylaws permitting dual membership from one family in all the co-operatives and unions with which Oxfam works – with a view to

scaling this up in the next phase. Thus far, such actions have led to women's membership in honey co-operatives increasing from zero to 22 per cent, and from zero to 10 per cent in coffee co-operatives (2,800 women).³⁹

Other challenges of POs

POs can discriminate against more vulnerable producers and those with fewer assets. This is because, in order to participate, producers usually must be able to produce a surplus crop or product that meets the demands of the target market and satisfies other conditions of membership. PO membership may also impose costs that are too high for many small producers. Development programmes may provide assets and capacity building so that poorer producers, and women who face a gender bias, are able to participate in POs.

Collective decision-making can be difficult for POs, as can the problems of 'free-riders' and dishonest members.⁴⁰ POs can also be formed or captured by local elites who seek to maintain control of local market activities.⁴¹ Some POs fail because certain members figure out how to extract more benefits or income for themselves, causing members to lose trust in the group and abandon it. For this reason, it is very important to build trust and robust processes in order to prevent individuals from exploiting opportunities to benefit themselves at the expense of other members.

It often takes a number of years for a PO to break even and be able to pay its members prices that are higher than those offered by other traders. Until it reaches this point, members may have to make investments in the PO without receiving any benefits, which prevents participation by poorer producers who cannot make such sacrifices. Additionally, in many POs, there is a delay between produce being collected and payments being made, which may also prevent poorer producers from participating.

Thus, addressing power disparities by promoting POs comes with many challenges. Therefore, new PO models must be developed, and much more must be learned about how to address marginalisation based on gender or asset ownership in POs.

ii) New business models: specialised intermediaries, service providers, and innovative partnerships

Small producers often face significant barriers that hinder their ability to participate in lucrative markets. One of these barriers is a lack of specialised intermediaries, which are businesses that both find new markets and help smallholders access these markets fairly. A second barrier is a lack of service providers who can offer affordable services appropriate for smallholders. Where an existing market actor is able to perform either of these roles, Oxfam aims to support them. However, often such enterprises and intermediaries do not exist in the market, or cannot serve smallholders, mainly because the business case for playing this role can be weak. Smallholders can be seen as unreliable and as carrying business uncertainty, which is a barrier for potential investors who require greater stability and certainty. Where these enterprises do exist, they may not be tailoring their services sufficiently for smallholders. POs may be the only enterprises willing to invest in new activities in remote areas, so Oxfam may offer grants, loans, and training to help establish such enterprises. Specialised intermediaries often serve multiple primary POs.

New business models are emerging outside of the co-operative structures commonly found in developing countries. These include private limited intermediaries that are fully owned by smallholder co-operatives. These include suppliers of equipment that allow POs to undertake processing, and enterprises that specialise in sourcing higher-grade produce from

smallholders. The discussion below reflects some of Oxfam's experience in setting up and supporting these enterprises.

Specialised intermediaries

Intermediaries often need to link smallholders to modern markets. Smallholders need specialised services to:

- ensure product quality and consistency;
- have diversified production and markets;
- access new technologies, financial services and cost-effective inputs; and
- process produce.

These are all services that can be performed or enabled by enterprises that specialise in working with smallholders. This role can sometimes be performed by a PO, but it often needs a separate enterprise in order to focus and build expertise. This can be performed by a private enterprise with a social vision or a producer-owned enterprise.

These intermediaries will often ensure smallholders can access the right services so they can meet the price, quality and volume requirements of their target markets. An example is that of a sugar beet factory in Azerbaijan, which opened bank accounts for smallholders to ensure they have credit to buy quality inputs at the start of the planting season.⁴² They can also bulk purchase inputs, and loan these against future orders. Overall, such intermediaries can supply services or enable access to services necessary for smallholders to access modern markets.

Oxfam's Enterprise Development Programme (EDP) is supporting and investing in 17 specialised intermediaries or service providers.⁴³ This provides an opportunity to measure the success of focusing on these key market actors. In 2010, for example, the revenues of the smallholders within the primary POs increased by an average of 39 per cent, while the number of farmer members supplying them has increased by 28 per cent since Oxfam's intervention began.

The Amhara region in Ethiopia provides an interesting example of how Oxfam has supported an enterprise in performing the specialised function of an intermediary. Ambrosia, a private limited processor that trades in international markets, has built a training centre that offers producers in a remote food-insecure area of Ethiopia quality assurance and beekeeping techniques, sharing initial training costs with Oxfam. Farmers who previously produced small quantities of low-quality honey have since quadrupled their output and are now producing honey for export to the French market. Another example of a specialised intermediary is described in Case Study 1, below.

Case Study 1: Diversifying crops for cotton producers in India⁴⁴

In South India, Oxfam helped cotton farmers convert to organic and Fairtrade-certified cotton, which reduced input costs and improved farm health and labour conditions. The initial income gains were roughly 20 per cent, relative to conventional farms. Subsequently, Oorvi, a specialised intermediary that facilitates deals between farmers and buyers, developed a relationship with an Indian company that wanted organic sesame. After four years of diversifying into sesame, ochre, and other products, producers trading with Oorvi had increased their incomes by 112 per cent, while local cotton farmers not trading with Oorvi had increased their incomes by only 23 per cent in the same period. This experience and others like it have led Oxfam to shift focus away from single value chains, to instead look at larger market systems that encompass multiple sectors.

Innovative product and service providers

Creating new services can bring previously marginalised producers into the market. However, it is often more effective for these services to be provided by a separate enterprise to the intermediary. This can be a spin-off from the intermediary described above, or a completely independent enterprise. However, in this situation, the intermediary would continue to link smallholders to output markets while providing other specialised services. An example of this comes from Ethiopia, where Oxfam is supporting a producer-owned enterprise, Zembaba, to setup a beehive manufacturing enterprise. This is separate from its role as a specialised intermediary, which is focused on finding new markets for honey producers. Prior to this intervention, hives produced by local carpenters were the wrong dimensions, meaning a bee colony would not settle in them. Oxfam provided a mix of grants and loans for equipment, salaries, and working capital to Zembaba. These hives doubled productivity, while enabling women to become beekeepers by overcoming the need to climb trees to harvest wild honey, which is both dangerous and culturally inappropriate for women.⁴⁵

Another example of an enterprise that gives marginalised groups access to critical business services is outlined in Case Study 2, below.

Case Study 2: Transforming savings into enterprises and electricity in Bougara, Mali⁴⁶

Saving for Change (SfC) is a savings group programme supported by Oxfam and Freedom from Hunger. SfC began in Mali in 2005, and now reaches over 300,000 women in that country. It has also expanded to Cambodia, Senegal, El Salvador, and Guatemala. SfC 'animators' work in villages to organise women into savings groups of 20–25 members. The women meet weekly and pool their savings, which can be different amounts, based on their incomes. Once this money has formed a large enough pool, the women lend it to each other to expand or start businesses, or to meet other needs. The loans are repaid with interest, and at the end of the year the fund is divided, and each woman gets her savings back with the accumulated interest.

After saving for one year, members of Benkadi, an SfC group in Bougara, Mali, took an 85,000 CFA (West African Franc) collective loan from their fund to construct a work station for a grinding mill. Group members collectively reimburse their fund on a monthly basis from profits received through the use of the mill.

Recently, the group has taken out another loan to purchase an electrical generator, five ploughs, and a motor pump. Benkadi plans to pay back the loan by renting out the ploughs during the rainy season. Members are in the process of constructing an electricity station for their generator, which they plan to make available – for a small fee – to everyone in the village. Once they have repaid these two loans, the group plans to purchase two bulls to rent out with the ploughs. This is an example of how a women's savings group can develop collective enterprises that improve the livelihoods of its members and also benefit the larger community.

Innovative partnerships and business models that empower smallholders

In many rural areas, smallholders are unable to access critical financial services because financial markets do not exist. An innovative collaboration between Oxfam, the global re-insurance company Swiss Re, the government of Ethiopia, the Rockefeller Foundation, the World Food Programme, and others has developed a new business model and programme to meet the needs of rural farmers, described in Case Study 3.

Case Study 3: Risk management and weather insurance for rural farmers in Tigray, Ethiopia⁴⁷

Oxfam's Rural Resilience Initiative (R4 for short), first piloted in Tigray, Ethiopia in 2009 and now expanding globally, includes four key components: reduction of the risks that accompany climate change (i.e. the increased frequency and intensity of droughts or floods) by improving the management of local resources; weather insurance designed to cover a variety of crops, guaranteeing farmers a pay-out if bad weather ruins their harvests; better access to credit, which allows farmers to make smart investments in items such as seeds and fertilisers; and savings that can serve as a buffer against hard times. During the 2011 agricultural season, the programme expanded to 43 villages, reaching more than 13,000 households in Ethiopia, up from 1,300 households in 2010.

R4 is linked to Ethiopia's Productive Safety Net Programme, a food security programme that covers 8 million chronically food-insecure households. This enables marginalised farmers to pay their insurance premiums with labour by working on community projects. The insurance is offered by local insurance companies, leading to the development of a local agricultural insurance market.

R4 ensures that women and female-headed households are involved in programme design so that programmes meet their needs. It also incorporates key considerations of environmental sustainability, making it an example of how a market-based programme can address power, gender equity, and eco-sustainability.

Innovations in business models and programming such as R4 are needed to combat the manifold challenges facing rural producers, including climate change, volatile markets, and the absence of financial services that meet their needs. R4 is a hybrid approach which changes a market system but which also includes a critical social safety-net component to ensure that the most marginalised are not excluded.

Making new business models work for women

There needs to be an active effort to provide women with decision-making roles in new enterprises. The same barriers that women face in gaining a voice in POs exist in producer-owned enterprises. In fact, these barriers can be worse in such enterprises, as they are higher up the value chain, where women tend to have an even smaller presence. However, the establishment of such enterprises can be an opportunity to break down existing power dynamics and shake up the market system. An example of the kind of opportunity that these enterprises can present for women is described in Case Study 4, about a specialist intermediary in Ethiopia.

Case Study 4: Promoting women's role in processing and trading in the Assosa enterprise in Ethiopia⁴⁸

In Ethiopia, Oxfam's Enterprise Development Programme is supporting Assosa, an oil-producing enterprise that is starting to process its own seeds and capture higher returns. The programme is financing the purchase of a processing machine, providing working capital, and contributing to specific salaries.

Assosa operates in a context of high gender inequality, which is deeply rooted in local culture and social norms. Oxfam is supporting women in gaining a greater role in processing, trading, and distribution. This includes support for women's leadership in the distribution of sesame oil, which was agreed as an additional activity to promote women's economic empowerment. It also promotes more equal gender relations through workshops, communication, and campaigns, while facilitating access to services such as finance, research, and agricultural extension for women. Since 2009, women's membership in the POs that comprise Assosa has risen from 2 per cent to 21 per cent.

Principles of new business models

Working with Sustainable Food Lab, Oxfam has identified five principles for developing new business models, described in the Briefing for Business paper *Think Big, Go Small*.⁴⁹ These five principles underpin sustainable trading relationships with smallholders and should be turned into agreed components of any formal or informal contract:

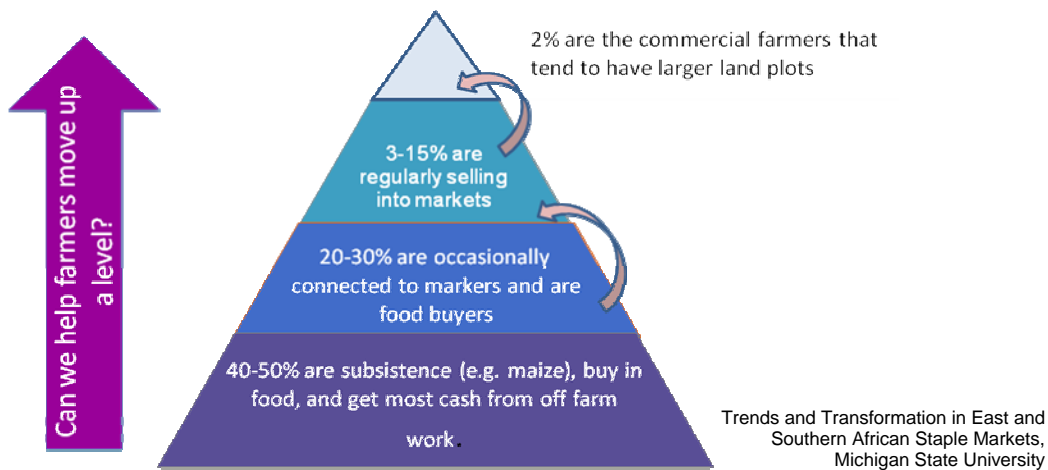
- Value chain-wide collaboration and innovation to address issues related to doing business with smallholders;
- Market linkages through specialised intermediaries;
- Fair and transparent governance through the supply chain (including clarity from the outset on terms of trade, quality standards and pricing structure);
- Equitable sharing of costs and risks (e.g. micro-insurance, supply chain risk-management funds, and shared investments to improve the functioning of the chain); and
- Equitable access to services (including technical expertise, business training, agricultural inputs and appropriate financing).

An example of a partnership that promotes some of these principles is that between Oxfam, the global re-insurance company Swiss Re, the Rockefeller Foundation, the World Food Programme, and others. This partnership has resulted in smallholders in Ethiopia gaining access to insurance that protects their livelihoods in the event of drought or flooding.⁵⁰ Similarly, in India, Oxfam facilitated a partnership between a local NGO and an insurance company to extend micro-insurance to smallholder farmers. Such innovative business models are needed to combat the challenges facing rural producers resulting from climate change, volatile markets, and the absence of financial services that meet their needs.

iii) Pre-commercial investment: transferring assets and building capacity

Marginalised groups often lack the assets to participate meaningfully in markets. These assets can include land titles, cash to buy inputs, knowledge of how to grow a new crop, basic irrigation equipment, or simple tools. As the example in Figure 2 shows, nearly half of those working in maize in east and southern Africa traded into local markets, but were unable to sell into modern markets. Pre-commercial investments, whether in the form of cash, inputs, or machinery, may be needed to assist these people. A strictly facilitative approach may help only those who are market-ready, but Oxfam believes that this is not sufficient. While opportunities can be created through enterprise development (such as the new beehive enterprise described above), this would not reach most of the 40–50 per cent of people shown in Figure 2 who are considered subsistence farmers. It can also potentially miss the 20–30 per cent who only occasionally connect to markets.

Figure 2: Can market-based livelihoods programmes go deeper and help the more marginalised and vulnerable?⁵¹



For example, people displaced by conflict may require direct assistance to be able to participate in markets. In north Sri Lanka, an Oxfam programme helped communities to acquire the assets and skills needed to engage in the dairy value chain. Through the pilot project, people returning home after the conflict were given a cow, under the condition that the cow's first calf would go back into a revolving fund and would then be provided to other community members under the same condition. The programme also provided and facilitated capacity building for village co-operatives to improve breeding practices, fodder production, marketing, and general livestock management.

While many proponents of market-based approaches criticise asset-transfer programmes as unsustainable due to their cost, as this case demonstrates, an initial grant of the first cows was critical. The design of the programme was sustainable, because it allowed people to access loans to buy additional cows and lift themselves out of the asset-less and powerless situation that resulted from conflict. So far, this has resulted in an additional 1,700 farmers participating in a local producer-owned dairy enterprise.⁵² A separate example of asset provision, one specifically targeting women, is highlighted in Case Study 5.

Case Study 5: Providing water tanks to women in Chawa, Rajasthan, India⁵³

In Chawa, an arid village in Rajasthan, women from lower castes had to walk for two hours each day to collect water from a pond 5km away, because the only closer source, a well, was reserved for upper caste families.

The programme supported by Oxfam gave lower-caste women prominent roles in procuring the materials to construct and repair rainwater harvesting tanks. The tanks, which were the first asset that many of the women had owned, provided them convenient access to water for their households and livestock, as well as agricultural use. It also saved them hours each day.

As women travelled to procure supplies and supervised the construction of the tanks, they gained mobility and status within their households and community. Women were also trained in masonry and agricultural techniques, giving them access to work that is normally done by men, and which has the potential to earn them cash incomes.

As this asset transfer programme demonstrates, the donation of materials and training to construct an asset can vastly improve people's lives and contribute to their productivity and livelihood opportunities. Also, it can empower marginalised groups facing caste and gender barriers, and expand the opportunities for mobility and decision-making within households and communities by promoting different gender behaviour and freeing women's time.

Another common challenge with asset transfer programmes is difficulty in ensuring that assets will be used to generate revenue. A common question is, 'If we give a family a dairy cow, how do we know they won't slaughter and eat it?' Oxfam recognises this dilemma, and seeks to facilitate asset transfers from within existing market systems, where possible. However, this has proved challenging, as people who lack assets do not present an enticing business opportunity for private sector actors. Where a facilitative approach cannot provide these assets, Oxfam and other organisations continue to provide assets to help those who are unable to produce surpluses for trade or meet the demands of the target market. However, the provision of such assets is accompanied by an exit strategy, so as not to create a relationship of dependence.

Asset transfers to women

Women in developing countries are often marginalised and asset-poor. The case for empowering them through asset transfers is compelling, as existing social structures do not allow them to acquire the assets necessary to become empowered through markets. Providing women with physical assets and access to community assets is critical; this could be in the form of their first cow, access to land or water, or processing machinery. Asset transfers can also free up their time, so that they can participate more formally in farm or enterprise development. Intangible assets, such as education and skills, are also critical. As women in marginalised communities are frequently denied access to education and skills training, programmes need to focus on providing this. Finally, a lack of social capital or influence over others can necessitate confidence-building to help women to speak out and voice their concerns through, for example, the establishment of women-only organisations.

iv) Giving producers a voice in governance and investment: changing the rules of the game

There is an important role for governments in challenging the status quo of markets' power dynamics. Public investment can build the capacity of relatively powerless farmers, increase their market profile, or transfer assets to them. Governments can also build roads and business infrastructure that provide more market options for producers. Lastly, the government has a critical role in regulating markets and maintaining a fair legal system. This can include ensuring that market power is not abused by powerful companies, labour rights are respected, contracts are honoured, and product safety requirements are met.

There is a need for platforms for producers to promote their interests and influence policies with local, regional, national, and even international public bodies. Through these platforms, smallholder organisations can influence government decision-making around policies and practices that can either enable or inhibit the activities of their members. POs can also mobilise producers to do something about other problems that affect the wider community, such as the provision of essential government services.

There are two reasons why Oxfam might actively support smallholders to influence their enabling environment. Firstly, effective lobbying and advocacy work requires significant skills and resources. Secondly, the platforms that bring policy-makers and smallholders together often do not exist. It is often necessary for donors and NGOs to provide training to smallholder representatives and to support the establishment of appropriate platforms.

An example comes from Bogotá, Colombia, where Oxfam facilitated meetings between representatives of local POs and the city's government. Oxfam also conducted research that supported the advocacy efforts of the POs and added its voice to the debate. The result was that Bogotá's mayor and government agreed to incorporate the principle of a 'fair price' into the city's food supply plan. The mayor also agreed to increase investment to boost production in neighbouring rural municipalities, together with investing in linking smallholders to markets, in particular through infrastructure such as stalls for farmers' markets in the city.⁵⁴ Another example of collective action resulting in changes in government policy is provided in Case Study 6.

Case Study 6: Fishing communities in India assert their traditional rights over livelihoods resources⁵⁵

Villagers in the Tikamgarh and Chattarpur districts of Madhya Pradesh traditionally had the right to fish the region's ponds, but had lost control of these valuable resources to landlords and contractors. Despite encountering violent opposition, the fishers began organising to reclaim control of the ponds. With Oxfam's support, they established village co-operatives and formed a federation that gave a strong voice to the region's fishing communities. By 2008, fisher co-operatives controlled 151 ponds, with nine run by women's groups. In 2008, their campaign persuaded the state government to revise its fisheries policy. This resulted in a new law that protects the rights of traditional fishing communities, and contains provisions that should help to improve livelihoods in the drought-hit region.

Women's voices in changing the rules of the game

As discussed above, supporting women to have a greater voice in decision-making within POs is extremely challenging. The same barriers that inhibit women from having a say in the day-to-day operations of POs also apply to the advocacy role of POs and other institutions representing smallholders. The platforms that bring multiple actors together present similar problems for women. Where they are traditionally disempowered and not allowed to perform decision-making roles, they are often unable to voice their views or represent the concerns of their communities.

It is important that the unique barriers that women face are addressed by advocacy efforts. These include a lack of access to, and rights over, land. They also include safety issues on available transport and a lack of lighting and women's toilets in public markets. Women also traditionally have less access to public services, such as education (as evidenced by lower literacy rates throughout the developing world) and agricultural extension services. All this requires concerted lobbying and advocacy by groups that represent smallholders in dealings with government officials.

Programmes need to focus on giving women a voice so that they can get public institutions to start addressing their concerns. This can start with the promotion of women-only groups, which allow women to develop their leadership skills so that they can participate more effectively in mixed-gender groups.

4. The need for complementary interventions outside the market system

The market system does not affect the lives of marginalised people in isolation – household and environmental systems also shape their lives and interact with market systems. In order to achieve greater impact, market-based programmes may be complemented by interventions in these other systems.

Household systems⁵⁶

Households are complex systems that are influenced by several factors: assets, income and subsistence activities, inter-generational and cultural factors, and gender norms, among others. Problems in a household system not only affect its members, but also their ability to reach their maximum potential within the market system. For example, social problems, such as gender-based violence (GBV), which are critical development issues in their own right, may also reduce the ability of those affected to engage productively in the labour market.⁵⁷ While GBV often takes place within a household system, it also has a significant bearing on the market system. For example, in El Salvador, Oxfam works with activists, partner organisations, media organisations, and policy-makers to educate people about the problem of GBV and to change the ways that law-makers and the justice system as a whole handle gender-based crimes.⁵⁸ Such programmes may lead to greater productivity in market systems, even though this is not their primary goal.

Household systems may also benefit from asset-transfer programmes. Interventions at the household level can benefit household members whether there is a market impact or not. They are also likely to have positive knock-on effects on market systems. For example, programmes that provide fuel-efficient stoves can reduce illnesses related to indoor air pollution and the time spent gathering fuel, leaving household members healthier and with more time to engage in income-generating activities.

In Nepal, alongside efforts to create POs, Oxfam has supported the creation of Participatory Learning Centres (PLCs) for women. These are spaces for collective analysis and solidarity that often lead to higher motivation, social mobilisation, and the development of women's leadership. The development of leadership skills among women can have an impact on their participation and decision-making within households, and may translate into power within market systems.⁵⁹

Environmental systems

Environmental systems are critical to people's well-being, and programmes addressing natural resource management and other environmental issues can be important in helping communities meet their livelihood and health needs. For example, in Ethiopia, Oxfam works with local communities to improve access to water for irrigation, livestock watering, and drinking in drought-prone states, such as Tigray, Amhara and Oromiya.⁶⁰

The health and sustainability of environmental systems is also important because many market-based livelihoods depend on natural resources. Those livelihoods will only be sustainable if market activity does not erode such natural resources.

It is important to investigate the possible impacts of climate change on environmental systems before market-based agricultural programmes are implemented. In Latin America, Oxfam is working with the Sustainable Food Lab and the International Center for Tropical Agriculture (CIAT) to determine which crops will be suitable in the region

under different climate change scenarios. Oxfam and its partners then share their findings with the producers involved in their market-based livelihoods programmes so that they can make informed decisions about the crops in which they want to invest. This is a good example of how a market-based programme can integrate an appreciation of ecosystems to create a sustainable solution for both livelihood needs and climate change.⁶¹

Market systems benefit from non-market-based interventions

Interventions that are not market-based may improve the functioning of market systems for marginalised groups. For example, many women in coffee production in Ethiopia are unable to become business or farm managers because of limited literacy and numeracy. With a regional agricultural ministry, Oxfam developed an agronomic training module, which also focused on developing literacy and numeracy among women. After two hours a week of training over a seven-month period, the women had developed basic literacy and numeracy, and the training contributed to the doubling and, in some cases, tripling of farm income.⁶²

Interventions in the area of labour rights are also critical to reaching many marginalised workers. Workers on smallholder farms are often the poorest and most marginalised people in rural communities. Market-based programmes can incorporate mechanisms that promote good labour practices, and partner with programmes that specifically aim to improve working conditions on farms and other workplaces, such as factories.

Market-based programmes must work with, and be complemented by, programmes that address household and environmental systems, in order to be socially ecologically sustainable, respectively. Long-term development will be strong and sustainable only when all three systems are functioning well.

5. Challenges and recommendations

While market-based approaches cannot address all poverty-related issues, they can play a critical role in rebalancing power. This can result in women and marginalised smallholders accumulating greater power. In order to do so, they need to evolve and become more effective at seeking out intervention opportunities that shake up existing power dynamics. This will require both innovation and flexibility in how programmes are designed and implemented, so that they can address **three key challenges**:

- Empowering women through more effective, sustainable, and catalytic interventions;
- Connecting smallholders with more lucrative markets (frequently more domestic than international) without creating dependent business relationships; and
- Promoting sustainable agriculture while connecting smallholders to more lucrative markets.

Recommendations

1. Go beyond the market system

Market systems touch the lives of all poor women and men, but these are not the only systems with which they interact. Many poverty issues cannot be addressed through interventions in the market system alone. Market-based interventions should also consider how they inter-relate with other systems. Importantly, the possibility of complementary interventions that are not market-based in the household and environmental systems should be considered.

2. Build on catalytic events

Major shifts in competition dynamics, technology, environment, migration, market regulation, government policy, and social dynamics are examples of opportunities to intervene and rebalance power. Where there is a major disruption, look for an opportunity to support marginalised producers to acquire more power in the market system.

3. Intervene directly to disrupt the market, when simply facilitating a solution is not an option

Insisting on a facilitative approach may mean that only 'market-ready' actors are supported. This is because many existing actors in the market system do not have the incentive to connect with marginalised producers. Equally, programmes should not play a permanent role in linking smallholders to markets or providing them with a service, as this is not sustainable. Opportunities should be sought for temporary market interventions that will disrupt the market and allow marginalised groups (especially women) to accumulate enough power to participate more equitably in markets.

4. Use intervention points that rebalance power

Markets are biased, and can favour men over women, and larger businesses over smallholders. Opportunities to support and establish POs and specialised smallholder-focused enterprises that allow marginalised producers and women to connect to more lucrative markets should be sought. So, too, should opportunities for marginalised smallholders (particularly women) to voice their needs for favourable governance and investment (e.g. by supporting platforms that connect them with public officials). Lastly, those who have too few assets (particularly women) should be supported to participate effectively in markets with the assets they need. This is not a conclusive list, so innovate and look for other opportunities to rebalance power.

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