

The Springfield Centre

Making markets work for the poor: scaling up impact of private sector development programmes

DFID/BAA/ODI Event Series

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The Making Markets Work for the Poor (M4P) Approach

What it is and why it's important

But first an example

Uganda rural small businesses constrained by lack of information

Project A: 1999--; US\$2.5m/3 yrs;
est. av. \$0.5m/yr

2 projects

Project B: 1999-2007; ~US\$1.2m

Peak of 7-8m listeners

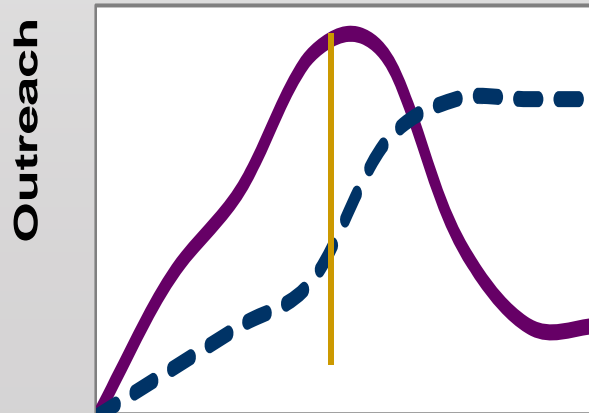
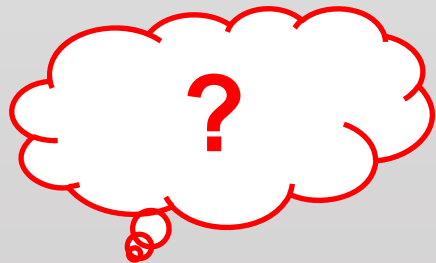
Outreach

7m regular listeners

Initially 10 stations but reduced as
funding cut to \$50k/yr. Other
activities remain donor funded

Sustainability

30+ stations with MSE independent
programmes; new programmes &
support services: no donor funding



Development



What explains the difference?

Provide information to MSEs

Rationale

Make commercial media work better for MSEs in rural areas

Symptoms: what info do the poor need?

Understanding

Causes: understand structures, practices, incentives of media system – why not pro-poor?

Unclear: “A long term strategic public good”, but no assessment of govt capacity or incentives

Sustainability

Explicit: commercial, based on local ownership & incentives, appropriate for local context

Direct involvement & finance:

- info collection
- analysis
- prog production
- purchase airtime
 - coordinate

Action

Facilitate and catalyse:

- develop own understanding, networks & credibility
- influence, demonstrate & link
- TA to stations & other players
- tap into incentives, build capacities
- no finance to radio stations

What is it?

An approach

To developing market systems so that they function more effectively, sustainably and beneficially for poor people

That provides guidance in understanding the poor in market systems (analysis) and in intervening to bring change (action)

Applicable to:

Different market systems:

- Value chains
- Factor markets
- Service and product markets
- “Non-economic” sectors such as water, health and education

Development agencies & governments

With a number of common features

Key features

Based on an understanding of
Market systems

- ‘Close’ knowledge of:
- functions and players
 - constraints and opportunities

Aimed at
Systemic change

- The systems around our ‘target groups’
- Large-scale
- Causes not symptoms

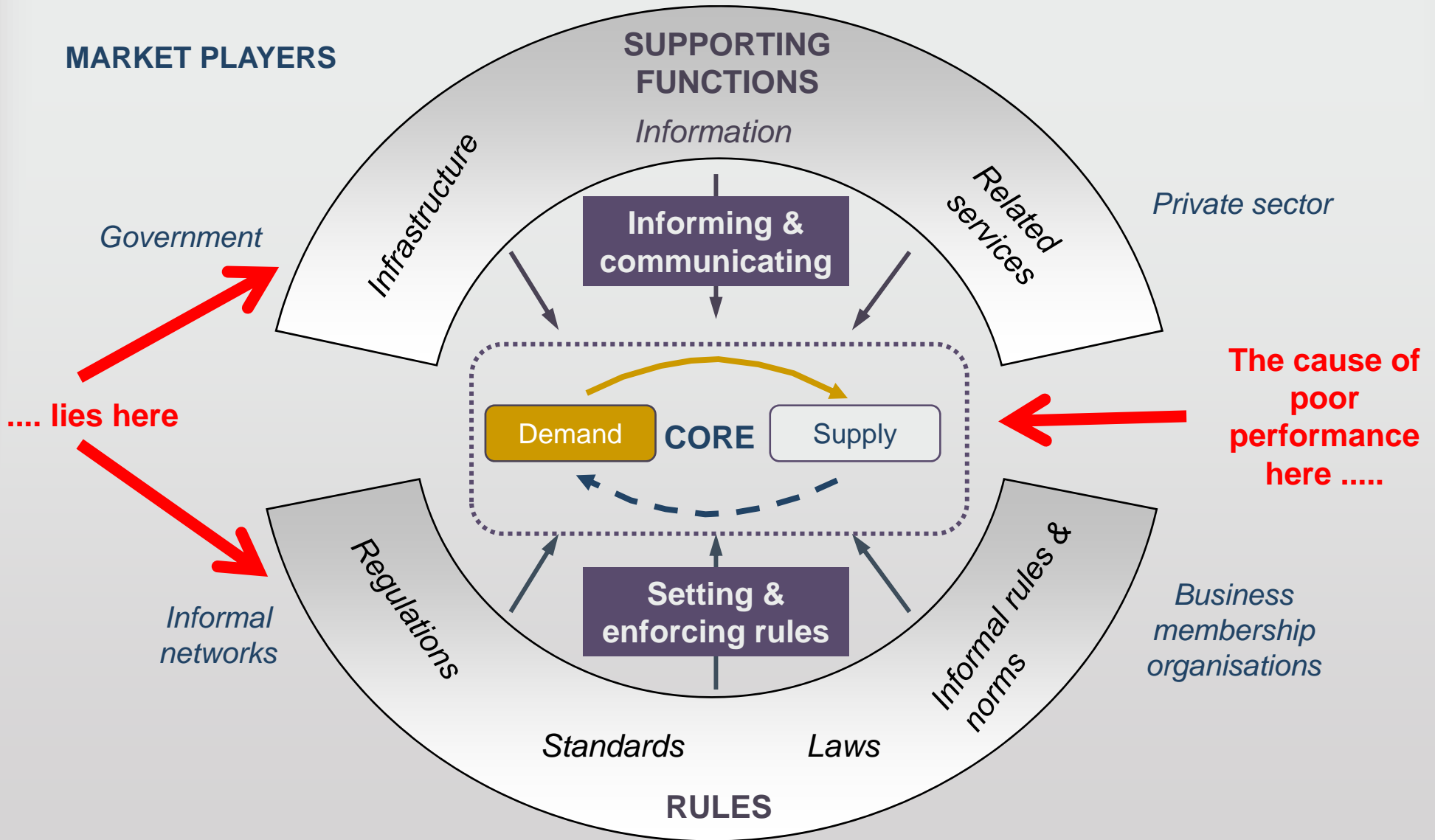
Implementation through
Facilitation

- Crowding-in other market players and activity
- Key principles and frameworks

A strong emphasis on
Sustainability

- View of the future shapes interventions now
- Who does/‘who pays’ framework

The market system



.... lies here

The cause of poor performance here

A focus on systems requires different questions

Conventional

What problems do people /businesses have?

How can I help to solve these?



Market development

What problems do people/businesses have?

Why isn't their market environment providing solutions to these?

... Why isn't the market system working for the poor?

M4P in practice: (in places) delivering significant, sustainable change

Financial services in South Africa

Higher access: 39% (8.8m) in 2002 – 60% (19m) in 2007

Systemic changes

- *New commercial information source*
- *Improved regulatory processes*
- *Better coordination*
- *Improved innovation processes*

Vegetable value chain in Bangladesh

Higher outputs and productivity amongst 1m vegetable farmers

Systemic changes

- *Better farming practices, resulting from ...*
- *... Improved information flows through input retailers*
- *Training supplied by input suppliers*
- *Changing the input supply business model*

Water users in Somalialand

Better quality and reliability for 3,000 users

Health worker training in Bangladesh

Trebling of no. of training organisations and no. of trainees with agreed new curriculum.

Small wool farmers in S Africa

Improved access to services and higher incomes for 5,000 farmers

Dairy sector in Armenia

Doubling output, securing market access, tripling incomes for 2000 farmers

Implications

For development agencies

+ve

Bring consistency and clarity across development

Potential for large-scale sustainable change

Challenges

'How to'

- sell to decision-makers
- operationalise

For business

Not about changing the fundamental role of business

Be alive to opportunities to collaborate and engage