



# INCLUSIVE MARKET SYSTEMS DEVELOPMENT

HEKS/EPER'S STRATEGY, ACTIVITIES, PROGRESS  
AND PERSPECTIVES ON INCLUSIVE MARKET  
SYSTEMS DEVELOPMENT

ZÜRICH/LAUSANNE, MAY 2019

# WHY INCLUSIVE MARKET SYSTEMS MATTER

## Globally

---

Economic development has strongly contributed to lifting hundreds of millions out of poverty around the world. However, many people remain poor – especially in Sub-Saharan Africa –, unable to effectively participate in or benefit from economic opportunities despite being economically active as workers, producers or consumers. Structural inequalities, underdeveloped markets and other constraints lead to lack of access to inputs, financial and business development services, decent work and employment opportunities, technical knowhow as well as a lack of access to skills development opportunities and information that people would need to be competitive and to adapt to economic challenges and opportunities. To include poor people better in market systems, to improve the systems and to make them more inclusive, so that the poor can benefit from them as well, is hence an important means to poverty reduction.



## To HEKS/EPER

---

HEKS/EPER projects and programmes promote a market systems development approach that strengthens the voice of families and local communities, upgrades the value chain structure for the benefit of producers and/or consumers, and therefore contributes to a strengthening of income-generating conditions for rural families and communities.

The market systems development (MSD) approach provides a rigorous yet flexible framework for analysing a system, for systemic intervention planning and implementation, as well as for monitoring and learning and subsequent adaptation of interventions. HEKS/EPER builds on international best practice in informing its application of the approach and in constantly developing the capacity of HEKS/EPER programme staff accordingly.

Pursuing systemic changes in market development involves developing a vision for a more efficient, inclusive and equitable market system and working from several angles with critical market players to achieve this goal in a self-sustaining way. Since systemic challenges in a market system involve many different actors, and solutions require coordinated action, it is in HEKS/EPER's experience essential that all the relevant actors are involved in the process of developing an understanding of the entire system, identifying and addressing challenges and exploiting the opportunities. Genuine participation, in the sense that the process of intervention planning and action is led by market actors – and therefore that they feel a strong sense of ownership over it – is key for ensuring that the transformations persist after the end of a project's involvement in facilitating the market system change.

Good market system development implementation is iterative, not linear, and requires effective and timely feedback loops, adaptation and ongoing review.

# HEKS/EPER WORK ON INCLUSIVE MARKET SYSTEMS DEVELOPMENT

## Selected project results

### CAMBODIA – UPGRADING MEMOT PEPPER VALUE CHAIN

By increasing quality and productivity, about **700 pepper farmers increased** their income. The project contributed to **improving the enabling factors** by supporting the establishment of a pepper federation and the development of a pepper policy.



### GEORGIA – LIVESTOCK MARKET SYSTEMS DEVELOPMENT

In Georgia, a project in the **livestock sector** (meat and milk) increased and improved the livelihoods of more than **35'000 small-scale farmers** in the rural Kakheti region through improving product quality, agricultural services (e.g. fodder, veterinaries), info and market access.



### ETHIOPIA – HONEY MARKET DEVELOPMENT

Within a honey market development project in Ethiopia, the average **production of honey per HH** could be **increased from 115 kg to 198 kg** and income of HHs have increased by the factor 2.7 within 3 years.



### BRAZIL – CERRADO PRODUCTS

A network of about **3'000 smallholder farmers** and traditional communities show that **alternatives to the agribusiness in the Savannas of the Cerrado** in Brazil are possible through the marketing of non-timber forest products.



### MOLDOVA –INCOME OPPORTUNITIES FOR BERRY FARMERS

In Moldova, nearly **60% of berry farmers perceive an increase in income** over the last two years (2017/18). In addition, the production area could substantially be increased for about 1'200 berry farmers.



### BANGLADESH – SOCIAL INCLUSION THROUGH MARKET SYSTEM INTEGRATION

Marginalised Dalit and Adivasi communities were better integrated to mainstream society. Totally **3,142 households directly benefitted** so far from improved linkages in input and output markets, newly obtained skills and increased income.



## Global results

### SUBSTANTIAL INCREASE OF INCOMES

About 60% of the people\* targeted by HEKS/EPER market related interventions worldwide state that they could increase their income.

### RESPONSIBLE USE OF ADDITIONAL INCOME

36% of the people, which state that they could increase their income, used part of the additional income for consumption purposes, 27% have partly reinvested it, 23% used it for education purposes and 21% saved it for later.

\* based on data of a sample of about 8'000 people in 35 projects worldwide for the years 2017 and 2018.



## PROMISING PRACTICES

### Moldova – Improvement of production and market access for berry farmers

---

Through a market development project in the berry sector, HEKS/EPER strives to **improve the economic and social living conditions of the rural population in the central and northern part of the Moldova** – regions where berries mostly grow. To increase market access for smallholder berry farmers, the project team focuses on establishing better relationships between berry farmers and potential buyers. It further develops existing markets in Moldova, stimulating consumption by changing the traditionally critical view of processed (e.g. frozen or dried) berries.



Based on programme data, about **70% of farmers reported increased sales**. Every second farmer attributes the higher sales to an increase in yield, as a result of better productivity due to improved techniques and favourable climatic conditions. Other reasons were better promotion and marketing and more demand.

At the beginning of the project, berry production was largely confined to the backyard and only for household consumption. As it was not considered as a cash crop since the demise of the Soviet Union, official statistics were scarce. The programme estimated there to be about 780 ha under berry production by 38,900 farmers in 10 rayons in the North and Centre of Moldova. National data has shown an increase in area under berry production from 3,000 ha to 3,600 ha between 2015 and 2017. The programme counts a total of 1,215 direct beneficiaries (farmers), which additionally established in average between 0.3 and 0.5 ha of berry plantations as a result of programme interventions. Thus, **the programme contributed to an increase of production area of between 150 ha and 265 ha in total**.

Nearly one third of respondents to the end-line survey started growing berries in the last two years and their plantations have not yet achieved full production levels. From the already established berry farmers, 20% have expanded production during the programme phase. It is likely that the project contributed significantly to this increase in berry production areas.

In addition, the programme aimed at improving farmers' access to the market through three lines of activity: **Improved relationships to buyers such as traders, processors; improved post-harvest handling, including sorting and storing; and improved collaboration among farmers** through support to the berry association.

### Georgia – Market opportunities for livelihood improvement (MOLI) 2011-2018

---

Kakheti is one of the largest regions of Georgia with an economy that is highly dependent on small-scale agricultural production. Cattle and pig rearing for dairy and meat production is particularly important with an estimated 85% of farming households keeping at least one cow. More than 55% of households are subsistence-oriented livestock producers, owning 1-3 animals and almost 20% are semi-subsistence oriented with 4-10 animals. This distribution of livestock ownership means that well-targeted improvements to livestock production and livestock product marketing can make a substantial contribution to poverty reduction in the target area.

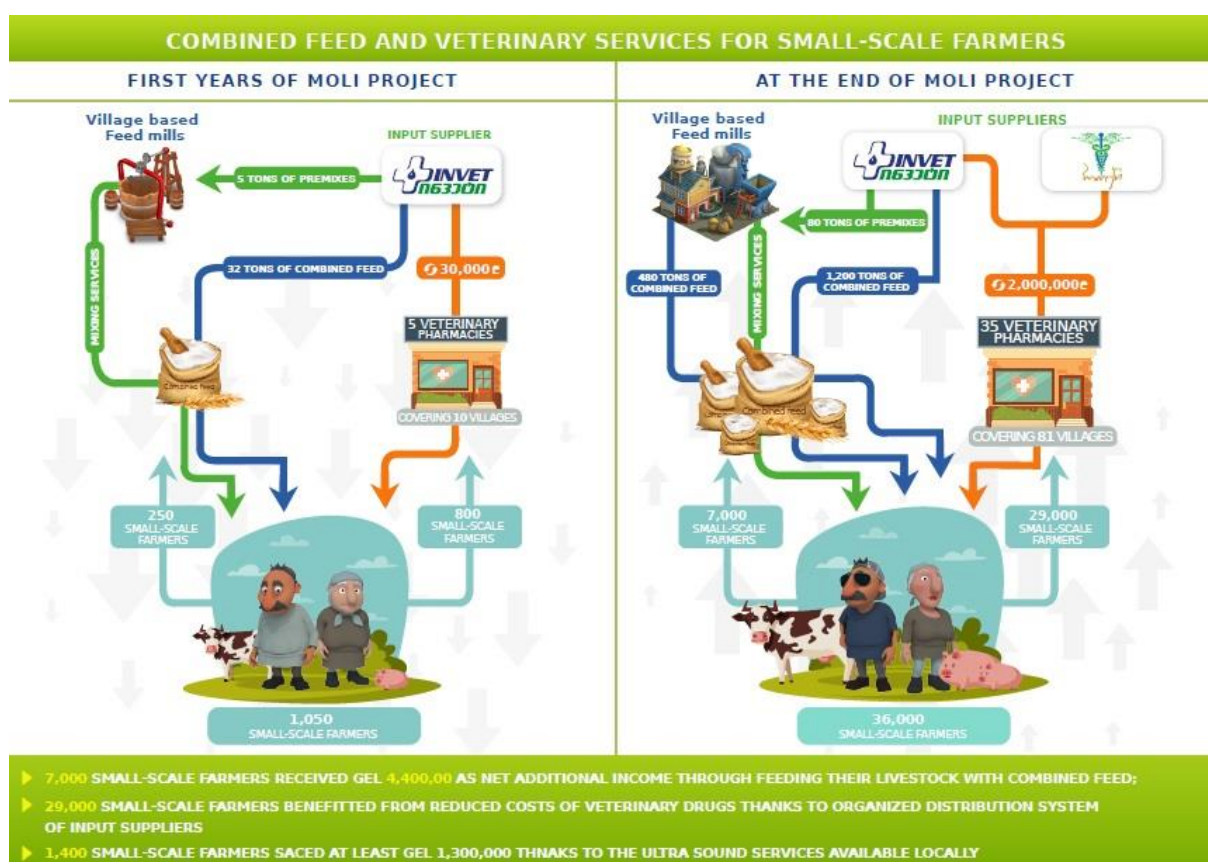
To address the challenge of livestock system development in the Kakheti region, HEKS/EPER implemented the Market Opportunities for Livelihood Improvement in Kakheti project (MOLI) in two phases between 2011 and 2018. **The overall goal of the MOLI project was to increase the incomes and improve the livelihoods of small-scale farming families** (those that own less than ten cows and/or ten pigs) **through improved products, services, information, market access and frame conditions**.

To achieve this goal, the project did not work directly with small-scale farmers. Instead, the project focused its core interventions on strengthening the businesses and institutions from which small-scale farmers receive inputs, services or information. And with those businesses, small-scale farmers sell their produce, such as milk and living animals for slaughtering purposes.

### ***Intensification of cooperation between dairies and milk supplying small-scale farmers***

Through the conditional support provided to selected dairies by MOLI-Project, small-scale milk-producing farmers were provided an opportunity to increase their income and improve their position in the market system thanks to more favourable market access and conditions for selling milk. The improved business relation between the milk producers and the dairy company results in direct and indirect benefits for small-scale farmers:

- Small-scale farmers producing good quality milk can sell their produce to dairies based on agreed terms of trade (quality, quantity, price, seasonality etc.). This contributes to securing their access to the market.
- Small-scale farmers benefit from the provision of veterinary services through the dairy veterinarian. The improved health conditions and productivity of their cows results in an increased family income.
- With the provision of improved feed by dairies, the cows have a better nutritional basis which results in increased milk volume, especially during winter period. This contributes to an increased family income.
- The well-established cooperation with dairies allowing small-scale farmers to better plan farming activities which leads to an increased number of cattle and more income.



### ***Improved access to improved livestock feed and veterinary services***

As a second pillar, MOLI-Project was focusing its facilitative interventions on meso-level and linked national level input suppliers with service providers / input suppliers serving meat-producing small-scale farmers such as veterinary pharmacies and village-based feed mills. The latter increased their business operation better meeting the growing demand of small-scale farmers with input supply, services and information. The infographic below provides information on the positive changes achieved.

The facilitation work by MOLI-Project and the natural scaling up by national level input suppliers in the expansion of their business network results in direct and indirect benefits for small-scale farmers:

- The interest and demand from small-scale farmers to invest in their livestock by improved feeding practices increased remarkable based on 2 important factors: a) small-scale farmers are able to purchase improved livestock feed even in remote rural areas, through the change of business practices by different suppliers being in competition with each other; b) small-scale farmers receive proper

product information and advice on improved feeding practices since input suppliers are interested in sales.

- Those small-scale farmers involved in pig fattening for meat production doubled their income on this particular activity. The use of improved pig feed allows them to make 2 fattening cycles per year, since the pig will fatten faster to reach the proper weight for slaughtering.
- The financial benefit of one small-scale farmer family, who used improved feed for their pigs in one year is in average GEL 2,000 (about CHF 750) as additional income.
- Based on the expansion of the business network, veterinary drugs are now widely available in Kakheti region, as well as the information provided by veterinary technicians. Small-scale farmers no longer find it as difficult obtaining the information and supplies they need, which saves time and money.
- Small-scale farmers benefit from the availability of new services like ultrasound diagnostics for the detection of pregnancy of their livestock. According to a study, in the last 18 months about 2,300 small-scale farmers saved at least CHF 500,000, as non-pregnancies were detected quickly and treated properly.

### **Cambodia – improved organisation of pepper farmers, access to knowhow and markets and an enhanced enabling environment for the Cambodian pepper sector**

---

The pepper project of HEKS/EPER Cambodia organised in its first phase (2015 to 2018) around **700 farmers in 48 villages in the largest pepper-producing area (Tboung Khmum province) into two cooperatives**. It trained farmers and facilitated training by private sector actors on improved production techniques and the Good Agricultural Practice (GAP) standard. To make the techniques more tangible, it supported the establishment of demonstration farms. Through newly acquired knowhow, **farmers have seen a decrease in mortality rate and an increase in pepper productivity**.

The introduction of **GAP opened up the possibility to export to Europe and other high-end markets**. The project linked the cooperatives to local processors and international buyers. Cambodian pepper, apart from the well-known Kampot pepper, is almost entirely sold to Vietnam, Cambodia's neighbour and the world's largest pepper processor. This created a high level of dependency on Vietnamese buyers, who sometimes misuse their bargaining power.



Vietnam, in turn, struggles with quality, particularly related to the use of chemical inputs. This is where farmers and recently the few, established processors from Cambodia can differentiate themselves from Vietnam. Local processors, however, have difficulties to compete with its competitors due to a difficult enabling environment, such as energy and export handling costs. The project sensitised the government for these issues, as well as for the need to secure the superior quality level and convinced it to **develop a national pepper policy**. This policy was elaborated with support from our project partner, an international expert, and HEKS/EPER staff.

To support market actors to continue pushing for improved conditions, the project supported the **establishment of a pepper and spices federation**, which includes processors, traders, farmer associations and cooperatives. It is also responsible for creating a Cambodian pepper brand and for the promotion of Cambodian pepper in foreign markets.

In its new phase, the project will support the Cambodian Pepper and Spices Federation to become a well-functioning organisation that can drive the development of the sector. It will further support some of the existing cooperatives and associations to become stronger. It finally will make the knowledge on improved pepper production available to more farmers by using information technology.



## Bangladesh – Social inclusion of Dalit and Adivasi through a market systems development

---

The Bangladeshi economy is extremely unbalanced in many ways. While the Gross Domestic Product (GDP) has constantly grown impressively over the last decades, this growth is not distributed equally and does not reach the most marginalized and vulnerable communities of Bangladesh, in particular the Dalit and Adibashi. Dalit are the lowest cast of the Hindu community, which is a minority already in Bangladesh with its Muslim majority. Adibashi are ethnic minorities with distinct religious and ethnic characteristics. Both groups are socio-economically and politically discriminated. Their ability to access education, health services, social security, infrastructure, justice system and the labour market is significantly lower.

In terms of economic opportunities, Dalits normally work only in the areas of garbage management, sewerage cleaning, shoe and leather works, and bamboo baskets making. Dalits largely depend on selling their labour power as scavengers, garbage and carcass removers, street sweepers and as latrine cleaners, both for municipalities and for private households. They cannot sell their labour in other occupations due to a lack of skills and the unwillingness of the majority people to employ services of “untouchables”.

The ethnic minorities, Adibashi, typically work as daily labourer on the farmland of others. Like Dalits, they lack recognized land ownership, for the little land they may have, if any.



**HEKS/EPER promotes inclusive market systems where Dalit and Adibashi receive opportunities to increase their income and improve their economic status.** A focus target group for our work are urban Dalit and youth. HEKS/EPER conducted systemic interventions in **the sub-sectors bull fattening, native chicken and doormat production**. The main intervention lines are:

(i) to improve the access to finance for beef producers in the form of tailor-made microcredits combined with livestock-insurances; (ii) to further establish linkages to the output market in the beef and native chicken sector; (iii) to engage the urban Dalit in commercially viable

sectors to increase their income and inclusion; (iv) to improve the access to inputs for native chicken producers; and eventually (v) to improve the governance of Rural Sales & Service Centres (RSSC) and strengthen their role as business hubs.

By 2018, **a total of 3,142 Dalit and Adibashi practiced commercial bull fattening, chicken rearing and door mat business and directly benefitted from these interventions**. More than 80% of these producers are linked to corresponding input suppliers and traders through the strengthened Rural Sales & Service Centres. In addition, the following results could be achieved:

- About 79% of the involved Dalit and Adivasi stated in 2018, that they were able to increase their income due to the project interventions.
- About 85% of the people involved in bull fattening, 70% involved in chicken rearing and 95% involved in doormat production were able to sell their production to the mainstream market, i.e. to people of the mainstream population. These linkages help to improve social integration of the marginalised Dalit and Adibashi.
- About 90% (993 out of 1081 people) of the targeted Dalit and Adivasi by tailor-made credit and insurance facilities received loans for their businesses in 2018 (total value about CHF 385'000).
- During 2018, 210 Dalit and Adivasi youth were enrolled in state-run TVET programmes and private TVET training institutions. 139 out of them found a job in local, district and national level enterprises.

## Niger – Moringa, base to enhance food and nutritional security

---

A project in the two regions Maradi and Zinder with the objective to **strengthen the food and nutritional security of the population of eight villages in two communes through the promotion of the Moringa sector and support for market gardening**. In the first two years of operation, the production of Moringa significantly increased to 21.8 t/ha compared to the average reference yield in the region of 18.15 t/ha., with a **gross production of more than 100 tonnes of Moringa**, from which 71% was dedicated to the own consumption needs, 10% processed and 19% sold at markets (collection centres and sales

counters) as leafy vegetables. The average income from the sales per producers is estimated at about CHF 100.

**About 90% of the monitored producers stated in 2018 that their income increased compared to the previous year.** In addition, based on interviews with involved farmers, positive observed changes during this first year have been the first inclusion of small farmers in the market system in general; the creation of counters and centres for the collection and sale of gardening products and moringa products; the organisation of product marketing through various trainings (pricing techniques and stock management).



### Ethiopia - Contribution to enhance wellbeing/food security through apiculture

---



Within a 3 years project from 2016 to 2018, a total of nearly **4'000 beekeepers have received technical trainings on various areas that are relevant for improving their beekeeping business** including, improved apiary management, forage plantation, honey and beeswax harvesting methods, and bee inspection and apiculture products quality control and traceability. Following the various trainings provided by the project to the beneficiaries, 74.1% of the respondents have adopted various improved beekeeping practices (transitional hive making, harvesting, inspection and management practice), which were introduced or scaled up by the project.

Results show that beekeepers **increased their honey production from 115 kg from baseline figure to 197.5 kg** and that 62% of targeted beekeepers could increase their income. Further, the project demonstrated how to introduce new technologies and make them acceptable by the users which were not successful, and it also showed the local authorities (District Office) that training which include the whole segments of actors is essential in achieving a goal. The project contracted well known professionals from elsewhere and trained experts, DAs and model beekeepers creating the necessary knowledge at all level to insure sustainability.

### Zimbabwe – Creation of employment opportunities in the informal sector

---

The Traditional Apprenticeship Project (TAP) implemented by HEKS/EPER partner Silveira House in Matobo district, Matabeleland South Province between 2012 and 2018 aimed at **reducing poverty through the creation of employment and self-employment opportunities in the informal sector** of the region. The project has enabled these beneficiaries to undergo various vocational and entrepreneurial skills trainings, leading to attainment of certificates of competence in selected trades fields such as welding, carpentry, home décor, dress making, plumbing, grinding mills, leather work, construction, electronics, hairdressing, bakery and buying and selling.



Overall, 394 young men and women have been trained in entrepreneurial and enterprise skills development. Out of the 394 trained beneficiaries 213 remained directly involved in the self-created small enterprises. **Beginning of 2019, 52 different enterprises had been established across the project region.** About 75% of the targeted beneficiaries – based on data for 2017 and 2018 – state that their livelihood base improved in this period and a bit more than 50% state that they could increase their income, which they mainly used for consumption purposes.



## Brazil – alternatives to industrial agricultural production in the Cerrado region

HEKS/EPER partner organisations CEDAC (Centre of Agroecology of the Cerrado Region) and COOPCERRADO support communities in the Cerrado in the development of value chains. This includes **sustainable use of the Cerrado ecosystem by the collection and processing of non-timber forest products, and the production of organic vegetables, fruits and cereals**. COOPCERRADO is a commercialisation network composed of more than 3'000 peasant families, which successfully links production activities with access to markets strategies at regional and national level. An evaluation of the most recent project phase states the following: 'even though this experience is small in economic terms, the project is a counterpoint to the hegemony of agribusiness. In this sense, the results of the work by CEDAC and COOPCERRADO are more on a strategic level, since they make it possible to demonstrate that there are economic alternatives for the families living in the region, especially from the valorisation of their peasant production systems.'

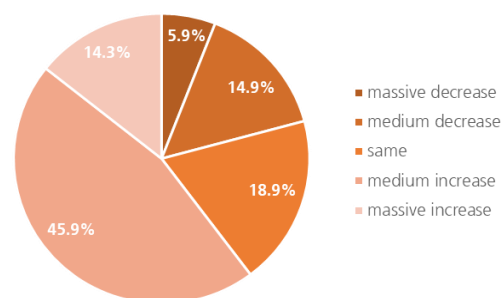


As one of the activities, the project established a commercial contract between COOPCERRADO and KORIN. KORIN, a national supermarket chain, which sells organic products, purchases now Cerrado Barú nuts from COOPCERRADO and sells the nuts and their sub-products in KORIN's shops and restaurants. This confirms the economic value of natural products based on the high biodiversity of the Cerrado savannahs.

## PROGRESS 2018 & PERSPECTIVES

### Self-perceived income increase within HEKS/EPER projects

Based on data from 30 projects in 15 countries, about **60% of the targeted beneficiaries state that their income increased in the reporting period 2018** (45.9% medium increase and 14.3% massive increase) due to project interventions (see figure). Out of the persons stating a positive change in their incomes nearly 60% explain this increase by **increased outputs** and about 50% by the **increase of market prices**. About 20% of the sampled individuals stated a decrease of their incomes, mainly due to decreased production because of diseases, unfavourable weather conditions and increased production costs – especially transportation, animal feed and other input costs. Additional income had been used by 60% respondents for consumption purposes, 40% reinvested in their business of farm, 38% education, 35% savings. (The beneficiaries are overlapped, as one person can select multiple answers).



Self-perceived changes in income (30 projects in 15 countries, sample of 4'748 individuals).

### Perspectives on market systems development

Over the past years, HEKS/EPER gradually has in many countries shifted from a production-oriented approach to a more market-systems-oriented approach. This meant also a switch in the role HEKS/EPER and its partners - from being a service provider to farmers towards a role as facilitator in a multi-stakeholder market setting. Facilitation of market development aims inter alia to assist market actors to build relationships, to undertake collaborative action, and to take up new ways of working and roles. In some cases, this needs support for capacity building of market actors, provision of infrastructure and/or introduction of new technologies. In the future, HEKS/EPER will strive to adjust its project portfolio to include even more projects that focus from the onset on addressing systemic constraints and opportunities within a market system, be it in agriculture-based or in non-agricultural based markets by looking for additional employment and income opportunities.

# THIS IS HEKS/EPER

HEKS/EPER – Swiss Church Aid is the aid organization of the Swiss protestant churches and campaigns for a more human and equitable world supporting in 2018 with 100 partner organizations people and communities in economic and social need with 228 projects in 32 countries.

HEKS/EPER is active in **development cooperation** ameliorating in 2018 with 23 M (net costs) the life of 1'146'000 people focusing on access to land and resources, securing basic services, fostering sustainable production and inclusive market systems. It promoted also social inclusion of marginalized, inclusive governance structures and conflict transformation. HEKS/EPER's **humanitarian aid** supported with 9.5 M 290'000 people affected by disasters with emergency interventions, restoring livelihoods and rehabilitating infrastructure. In the frame of **Church Cooperation** HEKS/EPER enabled with 2.6 M social work of Reformed Churches in Eastern Europe and Middle East reaching out to 35'000 people. Striving for a **systemic change** and the **human rights-based approach** are the guiding principles – HEKS&EPER is cultivating constant dialogue with all relevant development and Government actors enabling civil society to advocate for their needs and rights.

**In Switzerland,** HEKS/EPER supported with 25.7 M CHF 60 projects in 15 cantons disadvantaged people in becoming socially and economically integrated by promoting equal opportunity, and assists jobless people, refugees and other individuals with providing day structures, legal advice, vocational trainings, language courses, dialogue platforms etc.

## OTHER HEKS/EPER PUBLICATIONS RELATED TO MARKET SYSTEMS DEVELOPMENT

---

- HEKS/EPER (2015). Market Systems Development. Guideline to plan and facilitate market system changes. October 2015.



### HEKS/EPER – Swiss Church Aid

Headquarters	Phone	+41 44 360 88 00
Seminarstrasse 28	Fax	+41 44 360 88 01
Postfach	Email	info@heks.ch
8042 Zürich	Web	www.heks.ch

HEKS/EPER is a member of

