

# CHRISTIAN AID AND PRO-POOR MARKET DEVELOPMENT

# POVERTY

## Introduction

Markets are everywhere: poor women and men engage with them every day as producers, traders, service providers, employees and consumers.

Christian Aid believes that by pursuing more market-oriented approaches we can create opportunities for enterprises run by poor people to grow in scale, profitability and strength, so that they are less likely to fail when faced with economic or environmental stress. We believe this will **enable people living in poverty to achieve a greater share of the value of their productivity**. It will also allow them to access goods and services that will make their livelihoods more secure.<sup>1</sup> This view fits within the perspective of our corporate strategy, Partnership for Change, which notes that 'to escape poverty, people need fair and inclusive markets to provide the income, goods and services they require'.<sup>2</sup>

Pro-Poor Market Development (PPMD) work is already taking place across Christian

Aid's country programmes. For example, our international partners are already actively engaged in 47 agricultural value chains in Latin America, Asia, the Middle East and Africa. This paper sets out the rationale for Christian Aid's engagement with markets, and our framework of approaches and principles for this work.

## 1 Defining Pro-Poor Market Development

Christian Aid believes that the private sector has a critical part to play in ending the scandal of poverty. This sits within a vision of a private sector that is organised in a way that enables poor women and men to seize opportunities to strengthen their voice and ownership, and to develop their assets and capabilities.

However, supporting the development of markets does not mean we are embracing them uncritically. The way in which the market system – and powerful actors within it – operates can trap people in poverty as easily as it can help them to escape it. PPMD activities are one

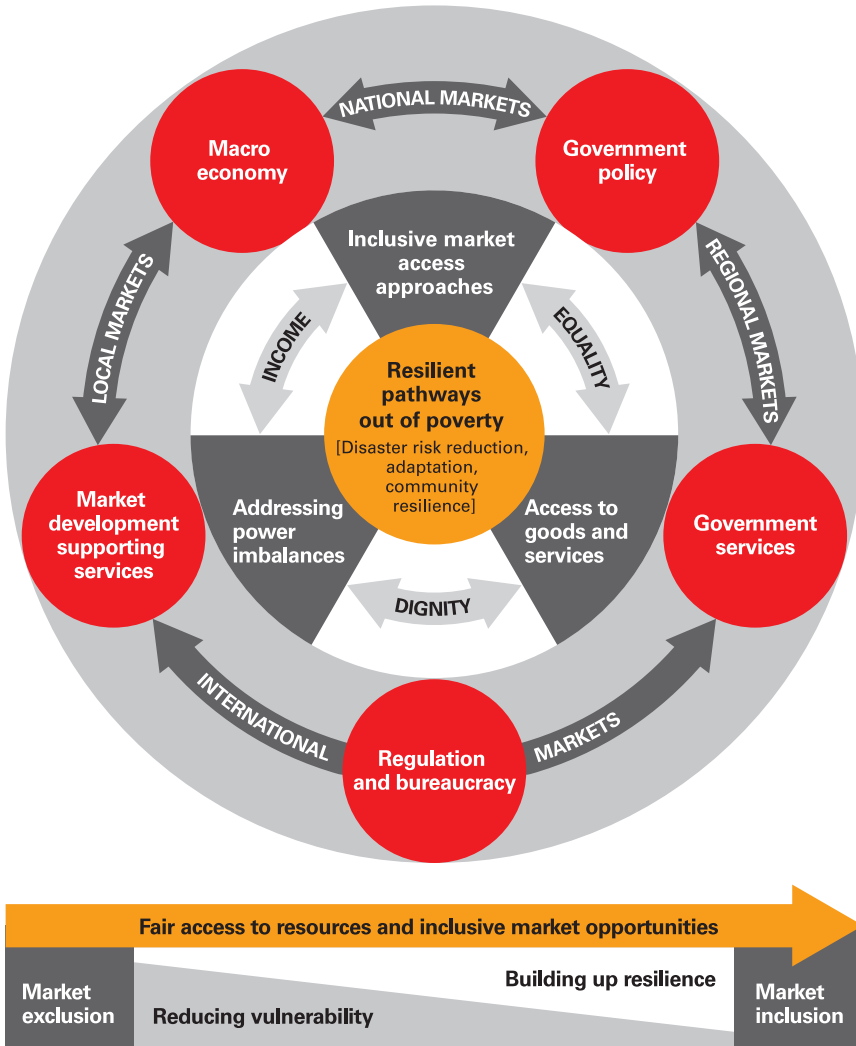
PPMD approaches are clearly complex and multi-faceted. Reflecting on our own experience we are confident that the following success criteria will enable us to develop PPMD activities that will deliver long-term, sustainable change for the poor communities we seek to serve.

Christian Aid is developing successful PPMD activities that:

- are based on a holistic understanding of the market and integrated with the interventions of our peers, governments and the private sector
- are strategic, in that they focus our resources, maximise our impact and intervene in the market in an opportune, time-bound way using creative partnerships that do not encourage dependency
- are ambitious, enabling us to extend the impact to benefit more people living in poverty
- provide multiple benefits to poor people that go beyond increases in income – greater resilience, equality and dignity are all key indicators of success
- prioritise the need to make national and regional markets function effectively for poor producers and consumers, both in terms of production and the availability of goods and services
- where appropriate, engage with sustainable export supply chains that complement local, national and/or regional market development, and provide fair value to producers and employees
- only engage with enterprise activities that have the potential to be sustainable and are run on a business basis
- combine policy and advocacy actions with strategic PPMD programming work for lasting change.

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Figure 1. Pro-poor market development elements



mechanism that Christian Aid can use to ensure markets become more inclusive and responsible. We are achieving this through three approaches:

1. Building up poor women and men’s market-orientated activities, to create new opportunities for them to secure a greater share of the value of their productive and entrepreneurial activities.
2. Enabling poor women and men to access high-quality, affordable and appropriate products and services that meet their needs and make their livelihoods more resilient.
3. Enabling poor women and men to secure long-term change by tackling the power imbalances that are keeping them poor.

All three approaches are underpinned by our commitment to building resilient livelihoods. By resilience we mean the power of individuals and communities to live with dignity, recover from disasters and successfully manage the opportunities and risks that they face. Access to, and availability of, adequate market resources and economic opportunities are essential components of resilient livelihoods.

We recognise that a resilient livelihood means different things for people in different contexts, and therefore the means to achieve it can vary widely. For example, some people may increase the resilience of their livelihoods through diversification, more processing capacity and better quality controls that increase the market value of their products. Others may require support to build both understanding of their market and confidence to engage with the other parties operating within it, so they can negotiate a fair value for their products or services.

As well as a commitment to resilient livelihoods, Christian Aid is also **tackling the power imbalances in the markets** that poor people are operating within as producers, employees, business owners and consumers. Power is at the heart of Christian Aid’s understanding of poverty<sup>3</sup> – this in turn places gender inequality at centre stage.

At a global level, tackling power imbalances can be demonstrated in practice by our trade, economic justice and tax work. At a country level, partners have proven it is possible to secure lasting change by challenging governments to shift the policy-enabling environment in favour of small businesses. They have also taken actions that challenge authorities to take responsibility to protect and enforce workers’ labour rights. At a household level, our partners have supported communities to establish businesses among people living with HIV, to enable them to earn a living in the face of stigma and discrimination.

Unequal access to markets due to gender and power inequalities hinders inclusive market development. Understanding the role of women and marginalised groups in markets, and the constraints to their participation in them, is critical to the design of initiatives.

Christian Aid is analysing the position of women and men in market activities, together with their differential access and control of assets and resources. For example, women are often disproportionately affected by socio-cultural norms and beliefs, and these determine where they are placed in the market chain. This in turn limits their participation in certain types of economic and productive activities. Only by integrating this analysis within our activities will we ensure that our PPMD approaches deliver sustainable, long-lasting change.

Christian Aid’s Tajikistan programme is a good example of this approach. It has been promoting local enterprises for excluded women in a bid to challenge and change traditional power imbalances. In Dekhanabad village, Christian Aid partner Youth Eco Centre has helped to establish a thriving market gardening women’s cooperative; the profits have been reinvested in the community, establishing sewing workshops to provide younger women in the village with diversified skills and livelihoods. The cooperative’s growing voice in addressing

community problems around water and energy access also demonstrates how access to and control of resources increases overall influence in decision-making.

## 2 The foundation of PPMD activities: a holistic understanding of the market

Poor women and men are active producers, consumers and employees in markets. Christian Aid analyses each market with which we engage. If we are to ensure our PPMD approaches deliver sustainable change, we need to understand the roles different people play in the market and the power imbalances that exclude poor people from participating equally in markets.

Resilient thriving livelihoods require access to markets that are non-discriminatory, where rules and regulations are enforced fairly and transparently, and in which greater equality increases the bargaining power of those who have traditionally been powerless. Understanding how markets function and prices fluctuate, and how they include or exclude poor women and men, is an essential part of empowering poor people to build livelihoods that are resilient to stresses and shocks.

We can gain a holistic or comprehensive understanding of a market through a market map – a visual aid that enables us to assess how the market operates and what prevents poor women and men from gaining full value for their products and accessing services within it. The market map (see figure 2) helps us to chart the issues affecting all the market actors, thereby enabling us to design PPMD activities that will address these issues at all three levels of the market:

- the market chain – all those in the supply<sup>4</sup>/value<sup>5</sup> chain
- market services – all those who deliver the services that the market chain depends on to function effectively
- the business enabling environment – wider economic, social and market influencers that affect how people participate in the market.

Using a holistic understanding of the market as a starting point means that interventions will be specific to the issues that are preventing the market from functioning to the benefit of poor women and men. It means we can prioritise interventions and take into account other market factors that could diminish the effectiveness of our work. It will also ensure that what we do adds value to the actions of market actors and NGO peers. Without this comprehensive understanding of the market, PPMD activities may not have the desired impact, or may even have unanticipated negative consequences.

This method of mapping the market fits within the Participatory Market Systems Development (PMSD) approach.<sup>6</sup> This is an approach to developing PPMD programmes that deliver

systemic change. The PMSD process brings together all those involved in a market to analyse the market situation and agree on steps that will improve its functioning. This approach is being adopted across the organisation because it places poor people at its centre and empowers them to have a greater voice in the market. It is a holistic process led by local stakeholders, it integrates policy and advocacy, and it can be applied to a number of contexts, including emergency settings.<sup>7</sup>

## 3. Pro-Poor Market Development interventions

### 1. Interventions that improve market access

Interventions that improve market access are those that enable poor women and men to gain **access to new markets or obtain greater value** for their products and services in existing ones. These interventions are a response to the market challenges faced by poor people; they are identified through market analysis and are therefore specific to each market with which we engage.

For example, a market access intervention can require Christian Aid to be a **convener**, bringing together market actors to find shared solutions to the challenges they face. Christian Aid partner ETC Andes is a current example of this. It has identified that alpaca producers in Peru are unable to secure a fair value for the wool fibre they produce because their wool quality is considered to be poor – however, there is no quality classification system to help them understand the quality required. As a result the prices paid by the three biggest buyers are very low. ETC Andes is beginning to address this by bringing together producers, buyers and regulators to discuss and develop shared solutions for addressing these problems across the whole alpaca market.

Another example of a market **access intervention** is one that ensures farmers can access information on pricing. Christian Aid's Ghana programme is partnering with Esoko, a company that provides market information and trading platforms via the internet and mobile phones. In this collaboration Christian Aid has temporarily subsidised the expansion of Esoko services to increase uptake into areas it has not operated in previously. The farmers in this programme can now access crop price information on the Esoko SMS platform and can also sell their produce via the Esoko mobile phone trading platform, which connects buyers and sellers.

Market access interventions can involve working with producer groups to **enable them to access and participate in new markets**. For example, Christian Aid partner SOPPEXCCA in Nicaragua has developed a union of 18 coffee cooperatives. As a union it is able to source cost-effective inputs and access credit, including pre-financing.

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The scale of the union and the uniformity of quality has enabled it to negotiate long-term fair-trade and non fair-trade export contracts with buyers. SOPPEXCCA also has a long-term resilient livelihoods plan; Christian Aid is supporting it to explore diversification into cocoa, in response to the changing climate affecting the coffee production of some farmers.

Finally, market access interventions can involve **providing practical support to help poor farmers develop and run successful businesses**. Christian Aid partner Samarthak Samiti in India is a good example of this. It has established 11 producer collectives and supported these to add value to traditionally-gathered wild forest produce, including black plum and honey, by providing expertise and facilities for packaging, labelling, quality control, safe storage and market linkages. The collectives are now able to sell their wares to a newly-registered producer, doubling the income of these very marginalised households. Importantly, the collectives also serve as common interest groups, enabling participants to organise themselves to advocate on issues affecting their local communities. Samarthak Samiti is carrying out advocacy with the Rajasthan government with the aim of improving the rates of honey purchase or allowing members of the excluded adivasi community to sell their produce in the open market.

This is not an exhaustive list of market access interventions, but it demonstrates a variety of potential activities already taking place within Christian Aid programmes. In a PPMD programme aiming to influence a whole market system, and thus achieving a far wider impact, a combination of market access initiatives will be required. To truly influence the market in a sustainable way we need to be prepared to enter into new and innovative engagements with our peers (international development organisations and donors) and the private sector,<sup>8</sup> to secure systemic change in the markets within which we are engaged.

## 2. Interventions that enable poor women and men to access goods and services that make their livelihoods more resilient

Poor women and men often have limited access to market information, resources and bargaining power. In the countries where Christian Aid works, the majority of the population earns less than US\$1,500 per year, and as a result they have no access to the products and services they need. Moreover, they often pay a 'poverty penalty':<sup>9</sup> they pay high prices for low-quality goods and services. The market does not cater for them for a variety of reasons, including the perception that they have low purchasing power.

Christian Aid is developing PPMD approaches that enable poor people to access products and services that strengthen their livelihoods and reduce their vulnerability. These product and services need to have clear social benefits,

such as providing clean drinking water for households in places where there are high health risks associated with untreated drinking water. This also includes productive assets – such as cookstoves that have health and environmental benefits and free up household labour for more productive activities; solar lighting that reduces indoor pollution and enables traders to operate after dark; or solar irrigation that reduces agricultural labour and increases productivity.<sup>10</sup> Although many companies are interested in selling poor and marginalised people products that may add value to their lives, Christian Aid will focus on those **that add value to their livelihoods**.

Current examples of these PPMD approaches demonstrate that products and services can be made available through sustainable business models. For example, Christian Aid has partnered with **solar lighting** specialist d.light,<sup>11</sup> designing a micro-finance based project that has brought solar lighting to more than 4,400 socially-excluded poor rural households in three Indian states in its first year. d.light produces the world's most affordable quality solar lanterns, providing off-grid energy access that reduces carbon dioxide emissions, fires, incidences of burns and respiratory deaths caused by burning kerosene in an enclosed space. Our partners identify rural entrepreneurs who manage the distribution and micro-finance alongside a network of women's self-help groups. The partners promote the product and provide training in financial management, while the self-help groups take orders and supply lanterns on credit. The interest from the micro-loans covers the administrative cost of the scheme and enables money to be reinvested in new stock, making the initiative sustainable.

Market access interventions can also involve Christian Aid developing **new business models**, which include improving **access to finance** for farmers, small producers or entrepreneurs selling pro-poor energy products. The development of entrepreneur-run 'one-stop energy shops' in Mali are a good example of this. A group of entrepreneurs set up energy shops in rural locations, enabling poor women and men to have access to a range of renewable energy products, from cookstoves to mobile phone chargers. An innovative partnership with a local bank has enabled the creation of a loan fund to support the entrepreneurs to set up their businesses and allow their customers to purchase their products.

In Sierra Leone a social enterprise pilot initiative supported by Christian Aid is enabling fishing communities to access both clean energy and better markets. The initiative is providing solar-operated cold storage facilities that reduce spoilage and enable small fishers to access more lucrative markets. This pilot is currently being implemented in two fishing villages, targeting 80 small fishers and their families. Other additional off-grid energy services – such as community lighting and mobile phone charging services – are

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also benefitting the wider community. Once this innovative social enterprise is up and running it will be scaled up and replicated in other river/coastal communities and could also form the basis for exploring the potential for strengthening the fish market value chain.

These examples demonstrate that goods and services that can make a significant difference to the lives of poor people do exist. The challenge lies in developing sustainable business models that ensure poor people can access the products and services in the long term. Often, in order to do this we will work with social enterprises (such as d.light) who share our values and objectives, but who use a business model to deliver them. It is also important to recognise that this approach – seeing poor people as a market – can also be used to sell products that have no or even negative social value. Clearly this is not something that Christian Aid would support or advocate for. We are open to partnering with social entrepreneurs who can provide the right products and services that will help people get out of poverty.

### **3. Interventions that enable poor women and men to tackle the power imbalances in markets that are keeping them poor, as part of broader market access work**

Government policies and activities can promote or hinder the development of a private sector that is organised in a way that enables poor people to seize opportunities to strengthen their voice and ownership, as well as to develop their assets and capabilities, in order to climb out of poverty. In many countries, governments promote large businesses and foreign investment, while neglecting the micro, small and medium enterprise (MSME) sector – the sector that has the biggest influence on lives and livelihoods.<sup>12</sup> As a result, government policies and activities often hinder MSME development and drive it into the informal sector, where it cannot receive official support. Without appropriate policies in place, poor producers, workers and consumers often face insecurity and exploitation.

Enabling poor women and men to challenge systems and structures that keep them in poverty is at the heart of all Christian Aid's work. For example, after many years of advocacy, Christian Aid partner MST in Brazil has succeeded in ensuring that two comprehensive national government programmes are in place, which procure food for schools, low-income families, orphanages, prisons and hospitals. These programmes commit the Brazilian government to ensuring that at least 30 per cent of all state purchasing comes from smallholder agriculture; some municipalities now purchase as much as 70 per cent of their food from smallholders. These programmes have also integrated a pre-financing mechanism that enables smallholder farmers to access working capital so they can meet the contracts. These

policies have created the space for smallholders to participate and contribute to national agriculture market development.

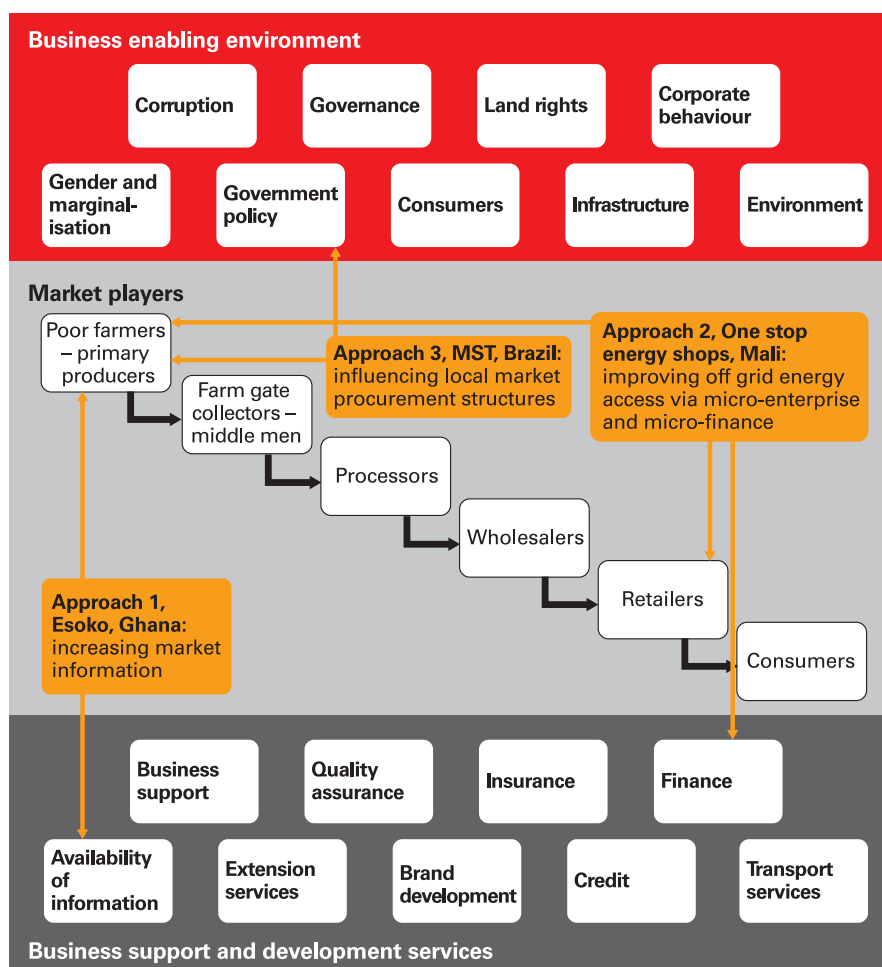
Christian Aid partners have also advocated for policies that enable poor women and men to compete with imports. In Ghana, Christian Aid has supported the establishment of the Ghana Trade and Livelihoods Coalition (GTLC), an umbrella organisation of smallholder producers campaigning to influence government policies and private service providers. The coalition provides training and a platform for members to engage with policy-makers from an informed basis; to push for guaranteed prices for rice, tomato and poultry farmers; to secure local market protection through the use of tariffs; and to support measures to help smallholders increase their productivity. This is a great example of how Christian Aid helps to empower communities. Local farmers are now able to articulate their concerns and demands directly to policy makers and service providers. As a result, they have secured government subsidies for a tomato processing plant and investment in irrigation and roads. Meanwhile, rice farmers have managed to reduce the interest rates they pay to banks by half, and have campaigned through the GTLC to promote the consumption of home-grown rice in Ghana, thus increasing demand for their produce.

A further example is in Egypt, where partner Wadi el Nil has helped stone quarry workers to improve their working conditions and realise their labour rights. The quarry industry in Minia district generates significant revenue for local authorities: however, workers are poorly paid, do not have paid leave or contracts, and struggle to access social, health or unemployment insurance. The creation of an Association for Quarry Workers in 2011 – Egypt's first independent trade union – has, among other things, enabled workers to arrange a monthly pension on retirement as part of a broader programme of livelihoods intervention.

Christian Aid's wider policy work on tax, corruption, trade and good governance can also play a major role in promoting pro-poor markets. In addition, work on access to finance is particularly relevant to PPMD approaches and interventions; poor producers, consumers and MSMEs who cannot access finance cannot grow. We partner with local finance providers to ensure our PPMD approaches are supported by appropriate financial services – whether this is micro-finance, loans or investments. In Zimbabwe, Christian Aid is a member of Zimbabwe Market Linkages Association (MLA), which provides a platform for interacting, sharing lessons/experiences, and networking with other practitioners in private sector development work, as well as with market value chain players. This provides opportunities to influence other market actors and achieve greater scale.

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**Figure 2. Examples of Christian Aid interventions at different levels of the market map**



Policy and advocacy activities that seek to enable people living in poverty to have their voices heard and shift market power in favour of poor people are important in establishing long-term change – both within PPMD interventions and as complimentary parallel activities. To deliver this change we are creative in our partnerships. We work with business associations and financial institutions, strengthening networks of producer associations, producer groups and other relevant alliances and coalitions who amplify the voices of poor people and enable their involvement in key public policy debates.

#### 4. Concluding remarks

Christian Aid sees pro-poor market development as a key way to achieve our commitment to shift economic power into the hands of poor and marginalised women and men as employees, producers, suppliers and consumers. We are placing a greater emphasis on the role of markets in making their livelihoods more resilient to disasters, stresses and shocks.

Poor individuals and their organisations must be supported, to enable them to access and participate in markets more effectively; campaign and influence policy formulation and decision-makers; and secure their land, labour and economic rights. We are partnering with like-minded peers, the private sector, governments and churches in our efforts to realise this goal.

**For further information on Christian Aid’s Pro-Poor Market Development work please contact**

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#### Endnotes

- 1 *Enterprise-based Development Communiqué*, Christian Aid, 2010.
- 2 *Partnership for Change: The power to end poverty*, Christian Aid, 2012, p22.
- 3 As outlined in the following Christian Aid reports: *No Small Change*, 2007; *Poverty Over*, 2009; and *Doing Justice to Poverty*, 2010.
- 4 Market or supply chains refer to the stages involved from production to the point of sale.
- 5 The value chain approach can improve the position of marginalised groups by lowering transaction costs and obstacles to market access. It includes the concept of how much value is added/retained at each stage. See [www.kit.nl/kit/Value-chains-for-development--Introduction?tab=2#2](http://www.kit.nl/kit/Value-chains-for-development--Introduction?tab=2#2)
- 6 See [practicalaction.org/pmsd\\_home](http://practicalaction.org/pmsd_home) and [slideshare.net/pmsd-map/the-pmsd-roadmap-flyer](http://slideshare.net/pmsd-map/the-pmsd-roadmap-flyer)
- 7 The Emergency Market Mapping and Analysis toolkit helps humanitarian workers use market systems more effectively to rebuild livelihoods in the short- and long-term, after an emergency.
- 8 Christian Aid recognises that we must engage with the private sector, to make it a positive agent for change for poor communities.
- 9 The concept of the ‘poverty penalty’ became widely-known through CK Prahalad’s 2005 book, *The Fortune at the Bottom of the Pyramid*.
- 10 Approximately 1.6 billion people live without electricity, and some 2.5 billion depend on animal dung, crop residues, wood and charcoal for cooking.
- 11 [dlightdesign.com](http://dlightdesign.com)
- 12 MSMEs play a vital role in the development of all economies, but particularly in poor countries.

**Poverty is an outrage against humanity. It robs people of dignity, freedom and hope, of power over their own lives.**

**Christian Aid has a vision – an end to poverty – and we believe that vision can become a reality. We urge you to join us.**

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