Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Direktion für Entwicklung und Zusammenarbeit DEZA
Direction du développement et de la coopération DDC
Swiss Agency for Development and Cooperation SDC
Agencia Suiza para el desarrollo y la cooperación COSUDE

Making Markets Work for Poor
Comparing M4P and SLA frameworks: Complementarities, divergences and synergies

Mike Albu
The Springfield Centre, United Kingdom
(on behalf of the Fauno consortium)
June 2008

Employment and Income Division
Freiburgstrasse 130, CH – 3003 Bern
Tel. ++41 31 322 10 65, Fax ++41 31 323 08 49
e-i@deza.admin.ch
www.deza.admin.ch/ei

Disclaimer

This paper was prepared on behalf of the FAUNO Consortium (Skat, Springfield Centre, Swisscontact, Facet, Inbas), which is a mandate of the Employment and Income Division of the Swiss Agency for Development and Cooperation (SDC).

This paper is one of three exploring synergies, complementarities and divergences between the M4P and Sustainable Livelihoods approaches. This document represents the views of the author and does not imply the expression of any opinion whatsoever of the SDC, Employment and Income Division.

Table of contents

Preface

Poverty reduction is the ultimate objective of both Market Development and Sustainable Livelihoods approaches. However, the means by which to achieve this goal often differ. Realising the need to find common grounds of understanding between the two approaches, the Employment and Income (E+I) Division of the Swiss Agency for Development and Cooperation (SDC) has jointly organised a seminar with the Social Development (SoDev) Division.

The seminar was the culmination of a series of activities conducted by the E+I division under the FAUNO consortium[1], and it was the third of its kind conducted on an annual basis. It engages relevant SDC partners in a discussion on *Making Markets Work for Poor* (in short: M4P), looking for complementarities, divergences and synergies with other approaches to poverty reduction. This seminar in particular focussed on the Sustainable Livelihoods Approach (SLA).

This paper is one of three publications:[2]

1. **Briefing notes:** The briefing notes describe the analytical framework under which the M4P and SL approaches were compared to each other. These essentially focus on how both approaches interpret and implement a) achievement of impact at scale, b) focus on institutions and institutional change, c) sustainability and d) empowerment/participation.

2. **Case studies:** Once the framework for comparison had been agreed on, The Springfield Centre commissioned Mike Albu from Practical Action and Helen Schneider from the Institute of Development Studies (IDS) to compare two projects in Bangladesh: KATALYST for M4P and LEAF/SAAKTI for SLA. The findings were written up into two case studies, which are part of this publication. A further case study reports about a joint initiative between KATALYST and LEAF/SAAKTI – i.e. outlining potential areas of collaboration.

3. **Main paper:** The findings of the field research as well as discussions within the FAUNO consortium further lead to a paper written by Mike Albu with contributions from David Elliott, outlining the conceptual framework used to assess the two projects as well as summarising the discussion on synergies, divergences and complementarities between SLA and M4P. It laid the foundation for the seminar in which representatives of both approaches were given the opportunity to express their views on each other.

Believing that the comparison between M4P and SLA frameworks and the case studies also provide useful insights to other development partners, the E+I division of SDC has compiled these documents into a publication. It thereby hopes to stimulate a discussion on how best to achieve significant poverty reduction towards the UN Millennium Development Goals.

The publication is the result of the work of many people involved. Particular acknowledgement has to be made to David Elliott from The Springfield Centre for his contributions to the publication and also organisation of the seminar; to Jean-Christophe Favre (SDC, E+I division) who has been the driving force for the seminar within SDC; Reto Wieser (SoDev, SDC) for his contributions and presentation of SLA, Peter Tschumi (E+I, SDC) for representing E+I, Urs Egger (SKAT) for his moderation of the seminar, and finally Anne Berberat for her patience and organisational talent.

---

[1] The Fauno consortium is a thematic backstopping mandate under the Income and Employment division of the Swiss Agency for Development and cooperation. The consortium consists of SKAT, The Springfield Centre, SwissContact, INBAS and FACET, and has been in operation from 2004 to 2005.

[2] The three publications are separated for the electronic version, but available as one publication in print

1. Introduction

1.1 A story about karkadeh producers [3]

It is March 2006, in the semi-arid Sahel of Sudan's Kordofan state. Fatima Yousif is harvesting flowering stems from *karkadeh* bushes on the margins of her family's small land-holding. Later, in their brick and millet-thatch compound, Fatima and her children will painstakingly extract the hard seed kernels from each large florescence, and spread the bright red-orange calyxes on the ground to bake dry in the sun. Each year, they produce about two quintals (100 kg) of dried *karkadeh* in this way. Some is kept to make a vivid-red cold drink – traditionally taken during Ramadan at sunset to celebrate the end of fasting. The rest is sold to market traders for about 150 dinar (€ 0.7) per kilo, generating a modest income. Fatima usually keeps one or two bags in reserve – for medical emergencies or funerals, when extra cash might be needed. Although the drought-resistant shrub demands little cultivation and the income is welcome, producing *karkadeh* is a low priority compared to tending their millet crops and husbanding their few goats. Each year the prices get lower, and Fatima suspects the *karkadeh* traders are exploiting her.

Five thousand kilometres away in Hamburg, Dieter, a purchasing manager for a leading European beverage manufacturer is studying a commercial market analysis report. It predicts lively growth in the multi-million Euro fruit and herbal drinks sector. Few of his customers know that the base constituent for many herbal and fruit teas is *Hibiscus sabdariffa* - the plant known in Arabic as *karkadeh*. The manufacturers value its colour, flavour and acidity, and are also awaking to the marketing potential of its reputed health properties. Sourcing high quality ingredients is a key objective for Dieter, and Sudanese *karkadeh* varieties, grown in ideal conditions without need for chemical inputs, are renowned for their desirable flavour and colour. Sadly, poor consistency of quality is a constant headache, so Dieter is working to source more reliable suppliers in Thailand and Senegal.

Back in the Khartoum, export trader Ibrahim Koubani has just received a fax from Germany. It warns of a 10% penalty on the contract value of his latest *karkadeh* shipment, due to product contamination. Along with spiralling transit taxes and export tariffs, this penalty will wipe out his profit margin. Not for the first time Ibrahim thinks of abandoning this trade. It is not a new problem: sacks of *karkadeh* often arrive at his depot in Port Sudan with the delicate calyxes broken or crushed, the product littered with grit, seed kernels and animal droppings from farmer's compound floors. Not surprisingly, his buyers in Germany are unhappy. Ibrahim knows that 1200 km west in El Obeid, where *karkadeh* from myriad small holdings in Kordofan and Darfur is bulked up, the traders have little interest in assuring quality. Incentives could be offered but how could he begin to reach, instruct or supervise the thousands of dirt-poor, illiterate women and men who feed his *karkadeh* supply chain.

1.2 Interpreting the story

This question at the heart of this paper is: <u>how should development agencies - and governments - respond to the situation of poor households like Fatima's: whose livelihoods are intertwined through markets with socially, politically or geographically remote actors and processes?</u> What ways of thinking, what approaches, will assist their staff to make the best decisions about how to intervene?

The story above represents an archetypal tale of how particular groups of poor people can easily miss out on the benefits of economic growth[4]. Some specific details in the account are

[3] This account is based on information from the international NGO 'Practical Action' (particularly communications from Khalid Al Badrabi) about their work with the karkadeh sector in Sudan

fictionalised, but the plot is genuine. An estimated 200,000 small-holders – mostly women - include *karkadeh* cultivation and processing among their livelihood strategies in western Sudan. Their modest income sustains livelihoods and bolsters local economies among some of the poorest and most vulnerable communities in the world. Ibrahim and the fax he received are real. Sudan's export volumes (once worth € 6 million) have more than halved since 2001. This is despite the steady growth in global demand for hibiscus, and Sudan's intrinsic competitive advantage. A poor reputation for quality vis-à-vis their emerging international competitors is a key factor in this decline.

The question 'how should development agencies and governments respond?' deeply concerns SDC's F-Department, whose various technical divisions are responsible for engaging and advising development practitioners and other stakeholders on policy, strategy and technical programming issues related to pro-poor growth and poverty-reduction.

Naturally, the responses of these divisions are partly conditioned by the professional schools of thought which their staff subscribe to – explicitly or otherwise. These influence how situations are perceived and interpreted (i.e. the diagnosis of the development challenge), and shape responses – in particular by defining the portfolio of familiar programming interventions which staff are experienced about and comfortable to advise SDC's operational departments about. In contexts such as the one described above, the perspectives of two divisions - Social Development (SoDEV) and Employment and Income (E+I) - are both particularly relevant and also at times, hard to reconcile.

The F-Department has a clear interest to promote and present a more coherent approach across its work in diverse fields. In particular, it would like to try to knit together more closely the various conceptual frameworks that populate their different schools of thought, so that they can be better understood individually, and with respect to each other.[5]

The overarching purpose of this paper is to contribute to that goal: initially, by providing a conceptual and operational bridge between SoDEV and E+I divisions. It will do this by reviewing and positioning the two dominant frameworks or approaches used by these divisions respectively with each other. In the case of SoDev division, this is the sustainable livelihoods approach (SLA), as elaborated for example in SDC & NADEL's recent paper '*Working with an SLA*'[6]. In the case of E+I division, it is the 'making market systems work for the poor' approach (M4P) as described recently in the working paper for E+I entitled '*Comparative approaches to private sector development'*.[7] Having established this bridge, the paper will then describe a possible series of steps to further examine each with a view to enhancing them as frameworks for analysis and action.

1.3 The value of linking development approaches for 'Livelihoods' and 'Markets'

Before reviewing these two approaches in their abstract representations as conceptual frameworks, we should ask what added value we can expect, from an operational perspective, from the effort of trying to reconcile distinctive schools of thought.

Consider the initial 'karkadeh producers' story and the different advice and outcomes one might expect for a team informed at one extreme by a social development perspective and at the other extreme by an economic policy-reform (i.e. enabling environment) approach.

---

4 Of course, other poor people (in Senegal) may be benefiting in their place
5 Recommendations from orientation and training event on Pro-Poor Growth in August 2006
6 SDC / NADEL, 2006
7 De Ruijter de Wildt *et al.* 2006

‘Livelihoods’ advice, informed by a social development perspective, would likely be to start by exploring the assets and strategies that Fatima and neighbours employ to survive in this vulnerable environment. Drawing on people-centred and responsive principles, staff might well engage the women in participatory processes to listen to their needs and help them identify their priorities. In this way, they would learn about the important part which karkadeh income plays in household strategies, and problem of declining prices. In a rural community with agricultural assets, the team would likely have some agro-ecological expertise: they might well analyse the farming system for opportunities to increase output, improve soil fertility, save labour. They would certainly examine gender roles and power-relations, perhaps considering how these influence the women’s interactions with karkadeh traders in the village market, or the way that cash is used in the household. Conscious of the way poverty is at least partly socially-constructed, they would be drawn toward initiatives that promised to reduce exclusion among the most vulnerable community members.

As a result, our hypothetical ‘livelihoods’ team might propose interventions such as:

- Formation of *karkadeh*-producer groups to try to by-pass village trader
- Distribution of higher quality karkadeh seed varieties to groups
- Training re a simple labour-saving hand-tool for extracting seed-kernels from calyxes

In contrast, an ‘enabling environment’ team informed by classical economic perspectives would have a rather different approach. A main concern would be how government policies and regulations set the rules of the game in the *karkadeh* industry, influencing the performance of markets, the incentives to invest, and the cost of business operations. A natural starting point for understanding the decline of Sudan’s *karkadeh* exports might be to examine export tariffs, and the functioning of facilities at Port Sudan. Via interviews with export traders like Ibrahim, they would learn of the labyrinth of transit taxes and other transaction costs negotiated by entrepreneurs moving goods across Sudan’s internal State boundaries. They would probably review Sudan’s fiscal policies and foreign exchange markets to see how these influence investment incentives. Finally, they might analyse the regulatory environment for trading businesses, and explore the capacity commercial trade associations to play a role in reform. Conscious of the need to effect a wide impact, they would probably be drawn towards initiatives that could potentially lead to improvements in the general institutional environment for the private-sector in Sudan, rather than detailed institutional arrangements [8] in the *karkadeh* industry specifically.

In consequence, our hypothetical economics-orientated team might propose interventions such as:

- Promoting reform of Sudan’s internal State transit tax regimes
- Investment / technical assistance in the freight-handling infrastructure at Port Sudan
- Governance initiatives to tackle rent-seeking corruption in the Customs & Excise department.

So far so good. It could be argued that both sets of responses are legitimate and complimentary: addressing obstacles at both micro and macro-levels. However, it is also apparent that something is missing from these intervention repertoires, and it is not hard to envisage the disappointing scenarios that might emerge from either or both of these two disconnected initiatives.

[8] In New Institutional Economics theory, the institutional environment comprises the institutions governing general economic behaviour (e.g. trade and macro- economic policies and conditions, business and government practices, governance) whereas institutional arrangements are particular forms and terms of contracts in which buyers and sellers make contact and agree, conduct and enforce transactions (see Dorward & Poole, 2005)

For example, the 'livelihood' interventions raise production of *karkadeh* locally, but this causes local prices to fall further. Relations between increasingly articulate producers and traders become sour. The women take control of transporting their produce to El Obeid, causing the village traders to withdraw. However, the women's venture barely thrives, as costs and risks turn out to be larger than anticipated. Without an effective replication mechanism, any successes are confined to Fatima's relatively small community.

Meanwhile, the 'enabling environment' interventions struggle to makes much headway against the bureaucratic obstructions of government officials especially at sub-federal state level. Political support for the inevitably slow reform process is weak, even from among the main private-sector players. It proves hard to find quick wins to bolster morale and encourage political efforts. For exporters like Ibrahim, business is more pressing than politics, and he finds no solutions to his most immediate problem of quality control. Whatever limited reforms that are achieved in Khartoum, these have no visible impact on the producers in Kordofan.

The three protagonists – Fatima, Ibrahim, Dieter – in the *karkadeh* story, live in worlds alien to each other, but their livelihoods and businesses are tied together by economic demand from European consumers. An effective intervention strategy must surely transect the boundaries between these spheres. Most obviously, more attention is needed on the chain of real (economic and also social) relationships and linkages that connect these three actors. A joined-up strategy would not lose sight of macro-level 'enabling institutional environment' issues, nor ignore the underlying aim of bolstering livelihoods among the communities of Kordofan. But it would explicitly recognise the importance of market institutional arrangements, rules and practices that mediate these actors' relationships along the *karkadeh* supply-chain.

We might expect the market issues that such a joined-up approach identifies to include, for example:

- What sustainable mechanisms might be instituted for translating and communicating to producers, the information and processing skills required by European *karkadeh* buyers' quality standards?
- How might producers of high-quality *karkadeh* organise themselves to reduce transaction costs and achieve more market power in their relationship with intermediary traders?
- How might institutional arrangements for quality assurance be negotiated and enforced along a supply chain that includes various other actors?

Although this 'thought experiment' about *karkadeh* is a little contrived, it serves to illustrate a more general point. A coherent approach, that satisfactorily knits together two or more diverse schools of thought, means more that merely bolting together different conceptual frameworks. It is should result in novel ways of thinking about problems, as above. This depends on unpacking and finding synergies between the underlying rationales and logics of each parent approach.

The approach known as 'making market systems work for the poor' is emerging in this context. It has developed historically out of diverse experiences in the field of enterprise promotion and private-sector development policy, as well as the SL approach itself. It has also been inspired by general dissatisfaction with the experience of using different existing approaches. Like the Sustainable Livelihoods approach, M4P draws on a broad range of tools and practices – including work on value-chains, policy initiatives, support for producer groups, business services and local economic development. It is looking to connect economic, institutional and social dimensions in a joined up, systemic way.

In this regard, like the SL approach, M4P is a work in progress and needs to learn, improve and continue to evolve.

2. Comparison of the M4P and SL approaches

2.1 Principles & rationales

The **Sustainable Livelihoods approach (SLA)** is a way of thinking about the objectives, scope and priorities for development[9]. Fundamentally, the approach articulates the belief that putting people and their livelihoods at the centre of development will increase the effectiveness, relevance and social sustainability of development cooperation. Therefore the SLA emphasises the importance of working alongside poor people, building on their strengths and supporting them to reduce poverty.

Alongside the core-message of promoting people-centred development, the SLA is underpinned by three other 'normative' principles. Development interventions should be:

- *Empowering:* they should result in amplified voice, opportunities, well-being for the poor
- *Participatory & Responsive:* poor people must be key actors in identifying and addressing priorities.
- *Sustainable:* they should strike a balance between economic, social, institutional and environmental dimensions of sustainability

SLA also emphasise a number of operational principles, such as the need for a multi-level or holistic perspective[10] on livelihoods; the necessity of disaggregating (not assuming homogeneity among) disadvantaged groups ; the advantage of working towards shared goals in transparent partnerships with the poor, and the importance of intervention programmes being flexible and long-term.

Implicit in the rationale for the SLA is the idea and the observation that development assistance is too often diverted away from achieving its poverty-reducing objectives by

i. an inadequate analysis of how poor people actually live (i.e. multi-dimensional nature of poverty, the dynamics of livelihood strategies and differences between and within groups labelled 'poor')

ii. the distraction of intermediate objectives that are assumed to lead to benefits for the poorest (e.g. economic reform, infrastructure investment, agricultural productivity)[11]

iii. the capture or diversion of the processes by which development assistance is planned and delivered by elites or other non-poor interests

In this context, the SLA principles becomes a means of keeping the focus of development assistance planning, delivery and its evaluation, firmly on the benefits which poor people should enjoy.

The **Making Market Systems Work for the Poor (M4P)** approach is also fundamentally a way of thinking about the challenge of reducing poverty. M4P is associated with a range of methods and tools, but like SLA, aims to be more than just a toolkit.

[9] DFID's Sustainable Livelihoods guidance sheets (www.livelihoods.org)
[10] i.e. one that includes understanding of structures & processes at macro- and meso-levels, as well as micro-level activities of the poor themselves
[11] i.e. that projects get fixated on achieving specific intermediate objectives (e.g. boosting aggregate farm output), lose sight of the underlying poverty rationale and fail to ensure that impact addresses poor people's priorities.

Fundamentally, M4P addresses the relationship between people's poverty and capacities to do something it, and the opportunities created (or not created) by their social, economic and institutional environment. The approach essentially sees poverty as a symptom of flaws or 'systemic constraints' in the structures and processes of that environment. In particular, M4P emphasises failings in market institutions and arrangements which mean that the poor are either excluded from, or have disadvantaged access to, critical markets for labour, land, goods and services.

The starting point for the M4P approach then is that markets matter for the poor (as producers, workers and consumers), but that inadequate attention has been paid to market systems[12] and where the poor fit in to them. The principal objective of M4P development interventions should therefore be to stimulate market systems and market actors to work more equitably for disadvantaged groups. Therefore the value-chains, localities or institutional constraints targeted for M4P actions should be selected for their relevance to the poor.

Alongside this basic message, the other key principles of M4P approach include

- *Systemic analysis*: all M4P interventions should be based on a sound understanding of why market systems don't currently work for the poor, and a credible vision of how they might work more effectively in the future
- *Facilitation Role*: M4P development agencies should only take on explicitly temporary, finite roles, where they try to facilitate indigenous market actors to play more effective roles in market systems. They should not perform market functions directly.
- *(Institutional) Sustainability*: there should be an explicit focus in M4P work on stimulating and aligning the incentives and capacity of those market players seen to have important continuing roles, so that they play more effective roles in market systems
- *Impact at Scale:* by putting these other principles into practice, M4P interventions should aim to use the leverage of market systems to achieve reductions in poverty on a large scale (i.e. reaching significant numbers of people)

This final emphasis on the finite nature of the role which operational development agencies – in contrast to governments, private sector and civil society actors - should play in effecting change is a distinguishing feature of M4P's approach. It is informed by a strong conviction that too many development interventions distort or displace indigenous market mechanisms and institutions, rather than promoting local incentives and ownership and hence sustainability.

2.2 Conceptual frameworks

Both SLA and M4P recognise poverty as a symptom of underlying structures and processes whose interactions are often complex. SLA emphasises that livelihood strategies of the poor are richly diverse, and the factors that influence livelihood outcomes numerous and dynamic. M4P recognises that market systems are also often replete with interacting actors, linkages and institutional factors. Both approaches therefore look to some kind of conceptual framework to assist practitioners to understand and analyse this complexity, structure information and reveal patterns. They endeavour to guide the way we think about livelihoods and market systems.

SL frameworks have been widely used since the end of the 1990s, adopted and adapted by different organisations to suit their particular needs and orientation. The latest version developed by SDC's SoDEV division with NADEL is illustrated below. Although there is a good degree of

[12] 'Market systems' reflects a more realistic and nuanced picture of markets than that of classical economics' emphasis on spot transactions between private actors.

diversity by now, all SL frameworks share common features or components which are integral to the approach:

1. People's portfolio of livelihood assets (represented by pentagon, hexagon, 9-square mandala etc) tend to be placed at the centre of the framework

2. The way people move into and out of poverty (livelihood dynamics) is represented by a cycle linking these assets to the livelihood strategies that people chose, to the livelihood outcomes they seek and achieve, and thence to further accumulation (or dwindling) of their livelihood assets.

3. Crucially, people's asset accumulation, their choice of strategies and the outcomes they achieve are heavily influenced by various powerful external factors which must be included in any analysis

In DFID's original and influential SL framework, external factors were organised into two categories:

a) transforming structures and processes (including for example, government policies, social institutions, private-sector practices)

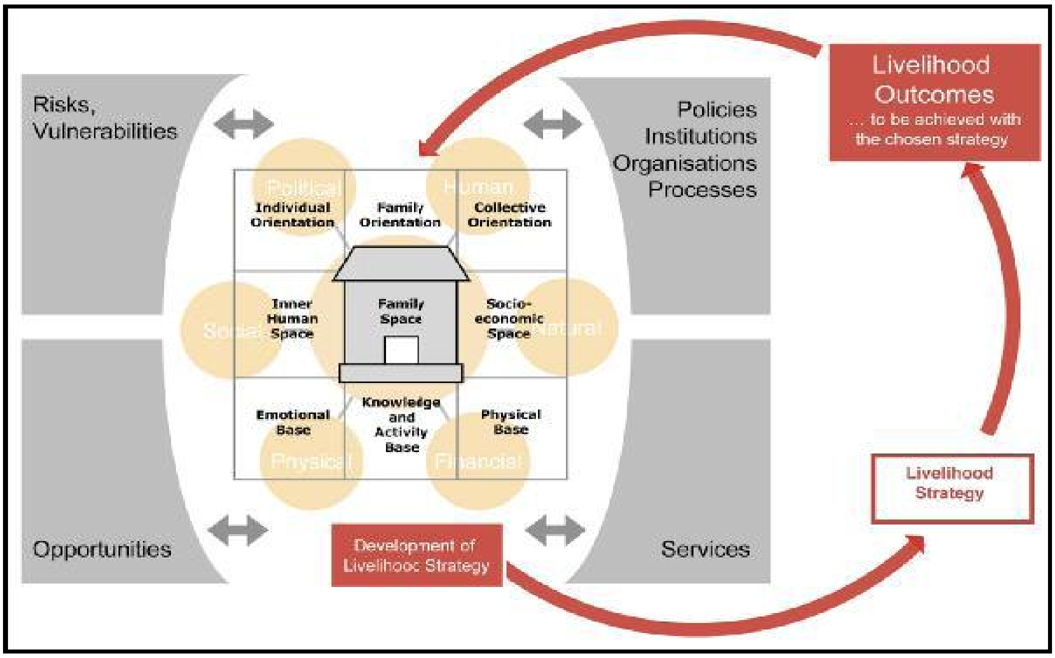
b) vulnerability context (shocks, trends and seasonality factors)

SDC's recent version differentiates these categories further so that, in particular, the analysis of factors which enable or block people's access to opportunities is considered separately; as is the influence of people's rights and access to services[13].

A distinguishing feature of this SDC version is the emphasis placed on inner (psychological or spiritual) dimensions to people's livelihood assets: recognising that 'orientations of the mind and heart' play an important part determining people's livelihood strategies. Concern with such intangible issues is not entirely foreign to a private-sector development perspective, which also recognises relative intangibles such as entrepreneurialism, incentives, trust and confidence as important factors in market system functioning.

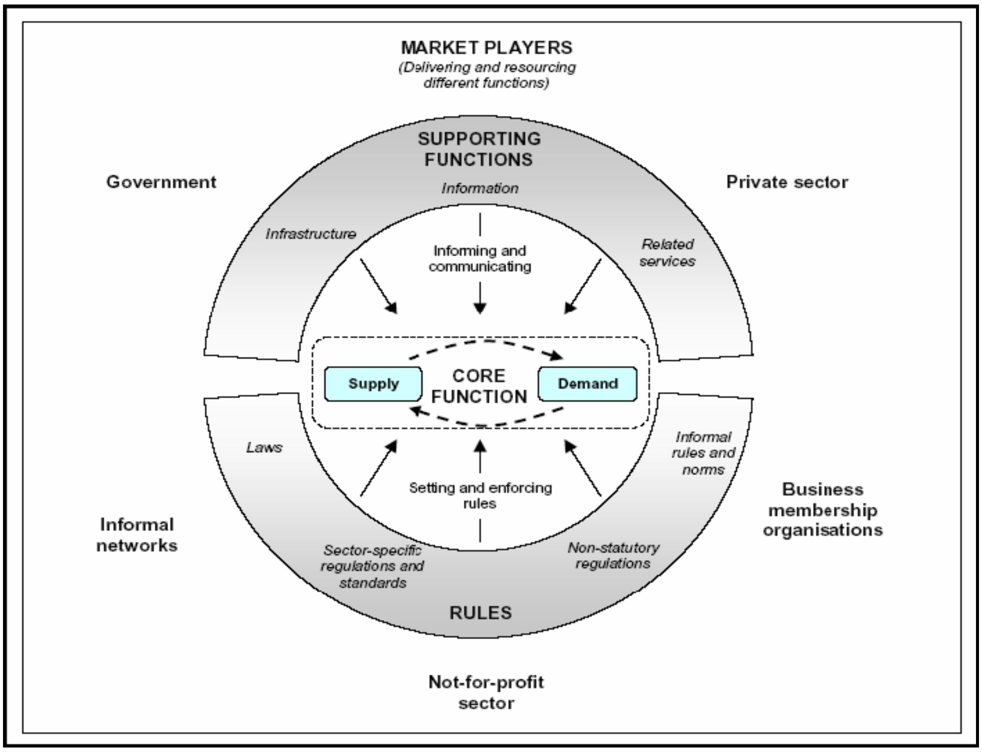
[13] Some feel that there are possible links here to rights-based approaches

Version of the SL Framework for SDC (2006) SoDEV / NADEL



Compared to the SL framework, ways of schematically representing the M4P approach in a framework are less well established. However, a consensus is emerging about the principal components, sometimes referred to as a market system map, such as that used in the recent paper for SDC's E+I division[14].

Version of the M4P Framework for SDC E+I division (2006)



[14] De Ruijter de Wildt *et al.* 2006

The M4P framework is centred on the core transactions that take place in functioning markets[15] when demand for a good or service is matched by supply. This core transaction might be a simple exchange between two individuals (e.g. wages for labour), or it might be a sequence of interrelated transactions that occurs as a product (e.g. *karkadeh)* moves along a value-chain.

The core transactions in markets arise however, not merely as a consequence of supply and demand for goods and services. They are underpinned by a range of supporting functions and governed by formal and informal rules which determine behaviour and practices, shape relationships, generate and provide information, knowledge and incentives.

The market-supporting functions of the system include everything from public infrastructure (e.g. roads), to research and information (e.g. about prices, technology) and related privately-provided services (e.g. transport). Rules meanwhile range from statutory laws and regulations, through industry-specific standards, to informal arrangements and cultural norms (such as gender roles).

Finally, as well as the market actors engaged in the core transaction(s), the M4P framework recognises a diversity of other stakeholders with varying roles, capacity, influence and competing interests in shaping the market system rules and functions. All of these factors need to be incorporated in a sound analysis of why a particular market system does not currently work for the poor, and how it might be stimulated to work more equitably for disadvantaged groups in future.

2.3 Development visions

Both SLA and M4P have explicit rationales that share the same overall goal of poverty-reduction. However, there are significant differences at the heart of the 'vision of success' which each approach offers its practitioners.

SLAs envisage scenarios in which people and communities can better maintain or enhance the assets on which their livelihoods depend, can cope with and recover from stress and shocks, and can provide for future generations[16]. A key dimension of achieving this is *empowerment* – i.e. that the poor have greater voice and opportunity to influence structures and processes, and power to claim their entitlements to assets and (public) services. Increasingly, a focus on strengthening rights and power vis-à-vis duty-bearers is a dominant theme on the SLA agenda, linking to rights-based approaches.

SLA does not privilege specific intervention mechanisms for achieving sustainable livelihoods: such decisions should flow from the analysis. However there is a strong normative agenda about the role which poor people themselves should play in identifying the problems / opportunities, planning and delivering interventions. As mentioned earlier, this agenda stems from the frequently observed diversion of development assistance away from poor people's priorities. Thus establishing effective mechanisms for popular participation in development processes, including for example the construction of a shared vision among different stakeholders[17], is seen as an essential objective on the road to achieving sustainable livelihoods.

For M4P, the vision of success is narrower in scope but more focussed and easier to tangibly define. M4P envisages scenarios in which market systems serve poor people's needs as workers, producers and consumers more effectively and equitably. It sees success in terms of gradually pushing out the frontiers of sustainable market access to people previously excluded by lack of affordability, geographical remoteness or social marginalisation. In other words, M4P is about

[15] Where markets are understood as sets of institutional mechanisms for exchange, coordination and allocation of resources, goods and services in an economy.
[16] From Chambers & Conway (1991)
[17] For example, Step 5 in the draft SARD process, Thévoz *et al.* 2007

including the poor within the economic mainstream[18], and it is inspired by the significant demonstrated impacts on poverty observed when appropriate changes in markets systems take place.

Like SLA, M4P draws on many tools or practices, and does not privilege any in particular – instead emphasising the need to accurately understand the flaws in specific market systems. M4P does however make explicit distinction between temporary, finite interventions financed by international development aid (donor projects etc), and enduring processes and functions financed by indigenous governments, private sector or civil-society. This emphasis stems from the observation that many development interventions distort or displace indigenous market mechanisms and institutions, yet because they rely on temporary financing are inherently unsustainable. Therefore M4P's vision of success involves the development of institutions, incentives and ownership structures which are truly sustainable – even if these are less than perfectly equitable or participatory in nature.

2.4 Guidance for action / intervention

From a process perspective, the SL and M4P approaches are both concerned with a similar fundamental problem: how to support and guide the response of development agencies to inherently complex and highly contextualised real world situations. In the case of SLA, focus is given to the complexity of poor people's livelihoods and their vulnerability contexts, whereas M4P is more preoccupied with the complexity of market systems and their institutional contexts. Both approaches place great emphasis on understanding of the 'systems' surrounding respectively people and markets; and both provide guidance on the tools and methods which can assist this analysis. But they can appear much less instructive when it comes to providing guidance for action.

A common complaint about SLA is that aside from such operational principles as *transparent partnerships with the poor* and *intervention programmes being flexible and long-term,* it is not clear 'how to do it'. In her review of SLA practices[19], Carney suggests that this complaint reflects inexperience, and is not shared by "those who are deeply enmeshed in SL thinking". In practice, there are no textbook livelihoods projects or blueprints for intervention, since as with M4P approaches, intervention choices should emerge from the analysis. With intervention decisions thus more an art than a science, DFID's solution to the problem of instruction is to provide – in the SL Guidance Sheets[20] – several highly contrasting examples of development projects which adopted SL principles in their implementation. These attempt to illustrate SL thinking, rather than an SL decision methodology.

The difficulty of providing instructive advice on SLA intervention decision-making is illustrated by the draft SARD manual for SDC. The task of making 'substantiated choices' for intervention is covered by step 8 of a nine-step process. This advises:

"It's therefore a matter of negotiating and of establishing priorities. … These must take into account the concerned people's proposed orientations and also what is feasible (financial resources, policies, donors' priorities etc.) and a choice must be made."

It would not be surprising, if such advice is seen as less than helpful operationally. With only a participatory principle to guide one, intervention decision-making is reduced to a negotiation between 'concerned people' and development agency. This risk is that actual insights from the

---

18 'Inclusion in the mainstream' can be understood broadly to include both changing market system institutions so that they are more inclusive, and empowering the poor so they have better access and capabilities to benefit from opportunities in the wider (mainstream) economy.

19 Carney, 2002

20 SL Guidance Sheet no. 7 (www.livelihoods.org/info/guidance_sheets_pdfs/section7.pdf)

preceding livelihoods analysis are sidelined, and decisions are dominated by the 'donor feasibility' criterion.

The M4P approach shares with SLA the idea that intervention decisions should emerge from an accurate analysis of a specific real-world situation, and hence that there are no blue-prints for market system development. However, with its narrower scope and focussed vision, it offers rather more instructive guidance. For a start, M4P argues that interventions should

a. Address contexts in which significantly large numbers of poor or disadvantaged people are already close to markets (as producers, workers or consumers).
This is not a major constraint, since the vast majority of livelihoods in low-income countries are in the private sector, and very few poor people do not engage with markets in some way.

b. Tap opportunities for those people to be incorporated more equitably in the economic mainstream – including through 'stepping up' their existing livelihood strategies, and by 'stepping out' into new jobs, markets and livelihood strategies.

c. Bring about this incorporation on a sustainable basis by effecting lasting change in underlying market system rules, institutional arrangements and supporting functions.

M4P advises caution in applying donor financial resources directly into local market systems, whether for financing public or private roles. In practice it proposes more subtle and indirect approaches, aimed at influencing and leveraging market system actors. This is the essence of a so-called facilitation strategy. Bearing this in mind, intervention choices will be appraised by such questions as:

- Do intervention activities relate to a potential market function in the future?
- If so, are there appropriate local actors with an interest in performing this function in the future?
- If so, what kind of relationship do we need to have with them to ensure that they are encouraged to focus on the performance of the function?
- What kind of support is needed to be consistent with that relationship and the future performance of that function?
- Is our intervention leaving the door open for *crowding in* of other actors, or are we conferring an unfair advantage to specific actors?

3. An M4P perspective on the SL approach

With few exceptions, the livelihood strategies of poor people in low-income countries involve markets and engagement with private enterprise (large or small), in one way or another. People sell their labour, skills or surplus produce, and buy food, basic consumption goods, agricultural inputs etc. Despite the pervasive role of markets, analysis of economic and market factors in livelihoods is often downplayed - especially by practitioners with little experience of working with the private-sector. Although veterans of SLA stress that the economic dimension is as much a part of an SL as any other[21], it is also acknowledged that the SLA toolbox is lacking in tools for market analysis and development.

3.1 Emphasising the demand dimension

The first major gap in SL thinking which M4P can help address concerns the issue of 'demand' for the outputs (labour, goods, services) that poor people produce with their portfolios of assets. It does not require an economics degree to appreciate that livelihood outcomes – income, well-being, status – are almost always significantly affected by demand conditions. Demand levels, prices and trends essentially determine the potential for people to earn a living from any particular set of assets, by creating an envelope of economic opportunity for related livelihood activities.

As has been frequently observed, interventions that build productive assets without confirming that demand exists for the resulting increased output, typically succeed only in saturating markets, undermining prices and damaging producer's livelihoods. Therefore, assessing the size and character of market demand ought to be an elementary part of decision-making in intervention planning: providing a fundamental check on feasibility. Some development agencies already grasp this e.g. Helvetas, and advocate market appraisal tools as a part of programme design[22].

The SoDEV/NADEL version of the SL framework includes a component called the *context of opportunities* [23]*,* which one might argue, addresses the demand dimension. However the demand dimension is more than simply *another* contextual factor. The role of local and external demand is so pivotal that Dorward & Poole go so far as to propose modifying the SL framework so that *demand for livelihood outputs* (rather than asset portfolios) is placed at the centre of the livelihoods analysis[24]. There are two main reasons for this emphasis on demand in a livelihoods framework.

Firstly, when markets work well, linking people's livelihoods to each other and to other actors in market systems, then changes in demand and supply responses for certain goods and services[25] have a positive 'multiplier' effect on the wider local economy – setting up virtuous circles of increasing demand and increasing income. These virtuous circles underpin local economic development, and little poverty reduction is possible without them. Understanding and tapping into these growth dynamics is therefore crucial for leveraging the modest interventions of development agencies into larger-scale poverty reduction impacts.

Secondly, demand is not simply an 'exogenous' factor, beyond the influence of local actors in market systems or development agencies trying to reduce poverty. It is intimately linked to the rules, institutional arrangements and supporting functions of market systems themselves. In the *karkadeh* story, for example, the way that European consumers' demand for hibiscus-based herbal teas permeates down through a chain of traders all the way to villages in Kordofan, has a large influence on farm-gate prices. If one could facilitate lasting institutional changes in the market system – for example, ones which cut transit taxes, support quality assurance mechanisms, improve infrastructure – then the demand for poor producer's outputs can be significantly altered. With an accurate grasp of a market system, it may also be possible to channel some demand into specific market segments which favour the poor as producers or labourers – e.g. through product-innovation, niche-creation, fair-trade agreements.

---

[21] Carney, 2002
[22] Joss *et al.* 2004
[23] This SL component prompts practitioners to ask "what opportunities offer potential for improving livelihood?" suggesting for example: markets, credit facilities, education, social networks, etc.
[24] Dorward & Poole, 2005
[25] Dorward and Poole call these multiplier effects "growth linkages"

Among the portfolio of tools used in the M4P approach, *subsector analysis* and *value-chain analysis* [26] are particularly designed to explore such detailed features of the demand picture. These tools are intended to be diagnostic, as opposed to merely descriptive. They start from a recognition that poor producers operate as participants in complex market systems, so their situation and growth prospects cannot be understood when viewed in isolation. By studying the networks of relationships linking suppliers, processors, transporters and traders in ways that connect producers with final consumers of goods and services, they enables practitioners to identify market channels with greater demand potential for poor producers.

The role and influence of market institutions, rules and arrangements on livelihoods can also be more clearly appreciated though the lens of *New Institutional Economics*[27]. Through the analysis of transaction costs, NIE provides helpful insights on how institutional factors affect the impact of changes in technology, infrastructure or policy on people's livelihoods, and can be used to identify entry points for reducing constraints to productive asset use.

3.2 Focussing on specific market systems

Once it is recognised that demand for livelihood outputs has a central role in livelihoods, and that the pattern of demand is not just a contextual issue, but closely linked to the institutional environment and arrangements, then a second limitation of all established SL frameworks becomes apparent. SL frameworks encourage SL practitioners to divide their analysis of market systems into different but not well-defined components: i.e. the opportunities context, PIOPs and services. These divisions arise because of the people-centred principle, which in effect prompts practitioners to consider all the market systems which touch a particular group of people's livelihoods. Faced with such a task, it is not surprising to find diverse market systems lumped together, and subject to only a very generalised analysis. This may identify broad, cross-cutting (often intractable) issues e.g. in the policy / institutional environment, but cannot hope to explore detailed institutional arrangements between actors in specific markets systems. Lumping together diverse market systems thus makes it almost impossible to achieve subtle insights into the underlying causes of market system weaknesses, or what can be done to make specific market systems work better for the poor.

Two case studies of SDC-financed work in northern Bangladesh by Katalyst, illustrate the kind of focussed delving into specific market system details needed to identify effective market intervention strategies. In the first case[28], preliminary scoping exercises revealed that demand for vegetables represented a significant, growing and relatively untapped opportunity for huge numbers of poor women farmers. The immediate obstacle to realising this opportunity was manifest low productivity, linked to lack of knowledge about good farming practices (vegetables are novel crops for most farmers in the area). However, in order to pin-point an appropriate intervention, Katalyst had to explore in detail the underlying systemic reasons for the weakness of information services in the sector. These weaknesses related to incentives and know-how in the input supply chain. Ultimately, their analysis led Katalyst to instigate a very specific capacity-building training process for rural input retailers, in partnership with a large multi-national supplier of seeds and inputs.

In the second case[29], Katalyst tried to understand why major opportunities for increased farm income and agricultural wages from maize production were not being fully realised, despite a long-term surge in demand and high prices for maize. Superficially, the lack of a vigorous supply

[26] See for example overview offered by Action for Enterprise www.actionforenterprise.org/approach.htm
[27] Morrison et al. 2000, provide a useful overview of relationship between New Institutional Economics thinking and Sustainable Livelihood approaches.
[28] Gibson, 2005
[29] Gibson, 2006a

response from farmers was due to a combination of difficulties integrating maize with other crop-cycles, declining soil fertility and poor access to inputs and buyers. The solutions to these surface problems were understood – including the adoption of short-duration rice varieties (STA), organic composts and contract farming. However, in order to develop appropriate interventions, Katalyst had to delve into a detailed analysis of why the market system (actors and institutions) was not promoting or providing these solutions spontaneously. Ultimately, this led Katalyst to form partnerships with several private companies in a coordinated drive to promote STA varieties, formulate better organic composts and demonstrate a viable business model for contract farming.

The impact of the new ideas, methods and business practices introduced by Katalyst was remarkable, considering their very modest financial investment. In both cases, many thousands (or tens of thousands in vegetable sector) of farmers have directly benefited – leading to substantial increases in crop production and productivity, wages and local economic growth. More importantly, by stimulating and aligning incentives for private-sector actors and others, the interventions set in motion powerful replication mechanisms. Other input suppliers and farming contractors are beginning to crowd in and copy the business models now that the benefits have been demonstrated. For example, in the vegetable sector case, the successful business model of embedded information services is now rippling out through other input suppliers to thousands of retailers nationwide, and hence potentially millions of farmers in Bangladesh.

The power of market systems to deliver impacts on these kinds of large scale, by leveraging often very modest initial interventions, is an important attraction of the M4P approach. Although interventions may often seem a long way from poor people's immediate reality, provided the analysis is correct, the overall impact should favour them. But of course, it is far from easy to identify and craft appropriate interventions. This is why the M4P approach places emphasis on practitioners / facilitators having a deep and detailed analysis of the market system, along with the skills and orientations to engage private-sector partners in an entrepreneurial and flexible manner.

3.3 Putting participation in context

The discussion so far now points, controversially, to a third dilemma in the SL approach – the application in practice of the participatory principle. All versions of SLA have a strong normative agenda about the role which poor people should play in identifying the problems and opportunities in their lives, and in planning interventions. It is central to the SARD process in steps 4 – 8, for example. The empowering ideal of participation provides an important check against the risk that expert-led intervention processes lose touch with poor people's needs, or get captured by elites. However, it can also be at odds with pragmatic requirements of the detailed and sometime technical market system analysis described in successful examples of the M4P approach.

People-centred participatory processes carry various risks. It is already widely recognised that people's willingness and ability to participate in open discussions about their livelihoods is constrained by social relations. It should also be obvious that such processes tend to give excessive weight to popular but superficial interpretations of problems and needs: perceptions based on symptoms rather than causes of poverty. Powerful presumptions about what development 'projects' donors are likely to provide, based on people's past experience, can easily dominate the participatory agenda. Which is likely to be heavily biased to favour intervention strategies that provide 'direct' tangible support to intended beneficiaries, and to underplay issues of long-term sustainability.

Equally problematically from a market system development perspective, participatory processes rarely include private-sector actors. They are either not invited, or they are discouraged / excluded by the nature of methods used (e.g. protracted time-consuming workshops) and problems of mistrust. In their absence, prejudices about roles of 'other' market system players abound. For example, mutual distrust between traders and small-holder farmers contributes to the ubiquitous but often untested assumption that low prices for small-scale producers must reflect 'exploitation' or abuse of market power. In such negotiating environments, it is very unlikely that well-informed perspectives on the functioning of specific market systems can be formed or shared.

This is not to say that participatory methods are incompatible with a market system approach. Some development agencies – CIP[30], CIAT[31], KIT/FAIDA/IIRR[32] and Practical Action[33] – make intensive use of participatory methods to facilitate understanding and decision-making in market system interventions. However, rather than broadly encompassing livelihoods, their participatory processes and events focus on specific market systems, and pay careful attention to including representatives of different types of market actors and other institutional players on their own terms. In this version of participation, the grounds for negotiation between different stakeholders are carefully prepared. Preliminary research is used to map the main opportunities in a market system, and provide a credible focus for negotiations.

3.4 Questioning consensual action

The participatory principle can be interpreted as meaning that a broad consensus among multiple stakeholders, from civil society and government strata, is necessary for taking effective action. A preoccupation with consensus reflects the idea that poverty reduction depends on persuading a wide range of (non-poor) stakeholders to unite behind a cohesive plan of action, motivated by high objectives of social and economic progress, philanthropy, justice or public duty. Of course, rights-based approaches unpack the more naïve aspects of this idea by also emphasising the need to empower and enable poor people to claim their rights. However, this insight has limited operational value where important stakeholders are private individuals or businesses which neither recognise nor are accountable for any duty-bearing roles. As a result, the objective of including the private-sector in consensual plans is rarely achieved in practice, or commitments are so aspirational as to be meaningless.

Of course, consensus may sometimes be critical to progress: for example, achieving a common vision among policy makers, banks and consumer groups was absolutely essential to FinMark Trust's work to improve access to financial services in South Africa[34].

Other experiences of M4P approaches, however, show that it is not always necessary to build a broad consensus among diverse stakeholders, for interventions in market systems to have a profound pro-poor impact. In fact, often successful interventions are constructed upon relatively private negotiations with individual or small groups of market actors – in order to tap into very specific private incentives and motivations but which have broad positive externalities.

For example, in Katalyst's work in the vegetable and maize sector in Bangladesh, most of the key partnerships took place with private companies motivated by their self-interest. Katalyst's role as facilitator was to introduce new ideas and demonstrate business models that revealed to these partners how their incentives could be better aligned with those of other actors such as retailers and poor farmers. So, as a multinational input supplier (Syngenta) now invests in training its huge retail distributor network in how to counsel farmers in better vegetable farming practices, it is motivated by the demonstrated benefits which those farmers' greater productivity and earnings have on its own sales of seeds and inputs. Katalyst's intervention strategy was never based on a

[30] CGIAR Centro International de Papa (CIP) based in Peru promote a participatory methodology for market-chain analysis (Bernet, Thiele & Zschocke, 2006)
[31] CGIAR Centro Internacional de Agricultura Tropical (CIAT) based in Colombia employ participatory methods in their agroenterprise development approach (Ferris, Best *et al*. 2006)
[32] The Dutch Royal Tropical Institute (KIT), with international partners FAIDA and IIRR, describe participatory methods in their chain empowerment manual (KIT, Faida MaLi & IIRR, 2006)
[33] See Albu & Griffith, 2006
[34] Gibson, 2006b

broad consensus. Initially, it struggled to find commercial partners to pilot the initiatives. Having demonstrated success in the business model it is attracting interest from other input suppliers, who through the natural learning processes of markets - copying – will greatly expand the impact ever further over time.

Ultimately, the power of market systems – when they work well – is to coordinate through price signals and institutional arrangements the activities of multiple players, despite each pursuing quite different self-interests. This characteristic, along with a spontaneous tendency to self-replicate successful business models, makes market systems powerful agencies of change. M4P approaches seek to use this power by tweaking market rules or supporting functions to achieve pro-poor objectives. Consensus on action is not necessarily essential. However, an ability to work flexibly and entrepreneurially with the private sector probably is.

3.5 Sustainability of poverty reduction processes

In the early days of SL thinking, concerns about sustainability were closely tied to the issue of environmental sustainability – particularly the desire to reconcile conflicts between environmental and poverty reduction objectives. The principles are now broader - emphasizing four types of sustainability: economic, institutional and social as well as environmental, and recognising that all are essential considerations.

In the SL tradition, the lens of sustainability is generally applied more rigorously to outcomes of poverty reduction interventions, than to the intervention processes and activities that generate these outcomes. So, for example, if a group benefiting from an intervention (such as farmers receiving skills training) is able to produce an on-going stream of benefits (increased crop yields), this is regarded as a sustainable outcome. This is so, even where planning and delivery of the intervention itself is heavily subsidised.

This narrow interpretation of sustainability relies on two conceits. Firstly, that maintaining the stream of benefits requires no foreseeable repetition or re-innovation of the original intervention support. Secondly, that given the right political prioritisation, resources could exist to scale up and maintain intervention processes reaching meaningfully large numbers (i.e. millions) of poor people.

In practice, few livelihood constraints can be addressed merely by direct one-off or temporary support interventions. Addressing people's livelihood needs in the context of changing trends in vulnerability and opportunity, typically requires continual or repetitive supporting functions. So truly sustainable solutions must address the underlying economic and institutional basis of these supporting functions: for example the incentives and capabilities that exist for on-going provision of training and information services to poor farmers.

Realistically, the capacity and revenues available to most governments in low-income countries, even with international development assistance included, are wholly inadequate for directly performing most types of market supporting functions. It is hard to dispute the argument that governments should in these circumstances focus their limited resources on providing essential services – primary health & education, law enforcement, public infrastructure, management of public natural resources etc. Yet, the institutional sustainability and transfer to scale of many development initiatives still often rests on assumptions that local and national authorities can and will take up or subsidise diverse resource-intensive roles and functions indefinitely.

Experienced SL practitioners will be alert to these considerations. However, many of the methods and orientations advocated in SL approaches – including broad participatory and consultative processes, and the explicit opening up of government agencies' narrow sectoral responsibilities to more holistic, people-centred agendas – are costly to implement and lack obvious mechanisms for replication or increase in outreach in the absence of continual wholesale financial support. A good illustration of this is provided by one of the ‘example’ projects using an SL approach described in DFID’s SL Guidance Sheets.

The Andhra Pradesh Rural Livelihoods Project (APRLP)[35] to which DFID committed £46m over 7 years aimed to strengthen the Government of AP's watershed development practices by adopting an SL approach. It was developed in 1997 / 8 out of concern that GoAP’s conventional watershed development activities were failing to benefit the most marginalised sectors of the community – especially landless women. Instead of considering land / water and its potential for development, attention was given to people and their rights to various resources. As well as soil and water conservation works, the SLA-inspired “watershed-plus” approach would thus build capacity of self-help groups, fund and support the development of non-land based economic activities (e.g. in NTFPs, aquaculture, handicrafts). The design team also discussed water and sanitation schemes, literacy and numeracy classes, crèches and ‘business development’, but aware of the risks of engaging on too many fronts, accepted that such activities would only be defined after village-level participatory planning is complete. In practice economic enhancement activities have included seed banks, livestock improvement, intensification of rice cultivation and general micro-enterprise promotion through subsidised credit and training schemes.

An important component of APRLP was disbursement of donor funds. Conscious of the elite-capture of local government bodies, new institutions (self-help groups networked into village organisations) were established and given matching grants to address the wider needs of the community. DFID later acknowledged[36] that these project-specific institutions “may be less sustainable and inadequately integrated with existing institutional structures”.

It is still early to judge how far the APRLP has succeeded in reducing poverty through its non-land-based livelihood activities. The project website features numerous mini-case studies of more and less successful individual micro-enterprises. An independent evaluation[37] of APRLP (along with two World Bank-funded irrigation projects in Andhra Pradesh) will be published in June 2007. The main point is that this huge project is seen from an SLA perspective as a success story – because the focus of the government agency has shifted from resources to people and their livelihoods.

From a market systems development perspective, the APRLP approach is intrinsically problematic on several levels. Firstly, there is little to indicate that the approach to supporting non-land-based economic activities has learned any of the lessons from enterprise development and micro-finance programmes in the past two decades. With such a broad remit, there is little scope for APRLP staff to develop expertise in specific market systems. Hence no systematic assessment of market demand or opportunities, no attempt to stimulate viable financial or business services that will outlast the project funding, no vision of how any of the many market systems that the project touches or displaces, might be made to work better.

More fundamentally, the sustainability of the APRLP approach appears to be founded on the assumption that large-scale donor or government funding will continue to be channelled into the programme indefinitely. Even if this is true for now in Andhra Pradesh, it is a strategy which places the livelihoods of huge numbers of people (1.5 million are meant to be impacted) on a politically precarious footing. In this respect, the contrast with M4P’s light-touch, facilitatory principles could hardly be greater.

[35] DFID Sustainable Livelihoods Guidance Sheet no 7.4 www.livelihoods.org
[36] Report of the UK House of Commons, International Development Committee (Third Report 2004-5)
[37] Howard White (2007) Impact Evaluation of Rural Poverty Programmes in India, World Bank

4. An SL perspective on the M4P approach

From a sustainable livelihoods perspective, the main concern with an approach grounded in a market-systems framework is that it is insufficiently people-centred. This means that, despite use of rhetoric about poverty-reduction, it is feared that the principal objective of making market systems work better (i.e. more efficiently, productively, competitively) tends to dominate M4P in practice. Meanwhile the roles of social institutions in shaping market outcomes for poor people may be badly downplayed. In the worst scenario, it is feared that M4P in practice may actually mean 'making markets work better, even if the poor suffer (at least for a while)!

These sort of anxieties about 'market development' are probably exacerbated by a lingering sense that M4P values have emerged from or represent one side of the old ideological left-right divide between advocates of Markets and States in managing economic activity. No wonder, in that case, there is sometime gut-resistance to even contemplating a better role for markets in poor people's livelihoods.

This section examines some of the main concerns about M4P, from a social-institutions-orientated, people-centred perspective – to see if these concerns really present implacable obstacles to greater cohesion between SL and M4P approaches.

4.1 Market systems and power

One of the main observations that underpin scepticism of M4P is that market systems are never level-playing fields, but are expressions of the relative power of different players. Market systems fail to serve the poor, because the poor are relatively powerless – enabling more powerful actors to capture the economic benefits of product and trade, extract rents and drive down margins for the poor.

Since the powerful never voluntarily relinquish their power, it is argued that M4P really only works in those few situations where market system efficiency gains are sufficiently large that powerful market players don't mind sharing the benefits with the poor. These win-win scenarios tend to be confined to situations featuring excellent growth opportunities (so there is plenty of cake to go round) – e.g. in the two Katalyst case studies discussed earlier[38]. But what has M4P to offer in situations where the absence of potentially large efficiency gains means that confronting power inequalities is unavoidable?

With plenty of evidence that poverty reduction is easier (though not inevitable) in the context of sustained economic growth[39], it is natural that M4P's starting points are often linked to particular growth opportunities. However an M4P perspective is also underpinned by economic theory (i.e. new institutional economics[40]) which emphasises different agents' power and influence in determining both market 'rules' and institutional arrangements between market actors.

The typical M4P response to monopolistic behaviour (e.g. informal cartels etc) is to encourage competition through entry of more players, service providers, intermediaries etc. But, of course, in very weak or thin market contexts – where populations are sparse, output low, transaction costs high and social and economic relations are highly enmeshed – it can be very difficult to create competitive pressures sufficient to drive behaviour change.

In addressing issues of market power, M4P therefore stresses the pragmatic importance of working with the incentives that shape how market actors behave, and how their behaviour may be changed to achieve pro-poor ends. Aside from simple profit motives, these incentives or

[38] Gibson, 2005 and Gibson, 2006a
[39] E.g see Stephan Klasen's 2003 review: In search of the holy grail: how to achieve pro-poor growth
[40] Morrison, Dorward & Kydd, 2000

governance mechanisms can be very diverse: ranging from subtle appeals to actors sense of social responsibility at one extreme, through to fully fledged legally enforced rules (e.g. anti-monopoly competition policies) at the other.

Sometimes, confronting power imbalances directly is simply not the best option to deliver benefits to the greatest numbers. Katalyst's work in the fish-ponds sector in Bangladesh, for example, showed that improving knowledge and information flows in the supply chain achieved greater gains for poor fish cultivators than confrontations with powerful actors over access to leased public waters *(khas)*. These gains were not only financial, but included better representation of poor producers in the fish-cultivators business association. [41]

One way a market systems analysis can help in weak market contexts, is by defusing false assumptions about market intermediaries' profit margins based on hasty comparisons of price differentials. Often large price differences may simple reflect unseen embedded services (transport, packaging, information) or very high transaction costs (chain coordination, insurance, finance).[42] Inadequate appreciation of these costs is often a source of deep mistrust between producers and intermediaries (as illustrated in the initial *karkadeh* story). By reducing this suspicion, better understanding of embedded services and transaction costs can encourage more efficient trading arrangements and cut transaction costs for all parties. Such knowledge can also divert development agencies from supporting rash attempts to by-pass indigenous intermediaries.

Even in situations where cartels or other forms of market power abuse are entrenched, and reforming the institutional environment is not seen as practicable, an M4P perspective is valuable. It can help inform more nuanced development interventions that aim to directly increase market power of poor producers or consumers. In Central America, for example, Oxfam have adopted a market systems perspective which is strongly influencing the direction of its livelihoods programme.

One project in El Salvador illustrates this. After several years of direct livelihoods support to ex-combatants farming in a horticultural region, during which time Oxfam realised that wider market system trends threatened these and many other farmers' livelihoods.[43] Factors such as CAFTA, emerging regional markets, rising private sector standards and the introduction of government licensing for trading companies was likely to squeeze isolated or informally organised small-holders out of the growing market for horticultural produce. The threat was particularly severe because the formal horticulture trade was controlled by a small, nepotistic and politically well-connected cartel.

With little scope for influencing the institutional environment, Oxfam's partners decided that the best way to defend small-holders access to the horticulture market was through establishment of producer-controlled 'portal companies'. In due course, Agrolempa was established (2001) and registered as one of only three formally licensed horticultural trading companies in El Salvador. By 2006 it was turning over $250,000 p.a. supplying the hospital sector, supermarkets, fast food restaurants and industrial food processors – with produce from 60 co-operative association members and other small-holder producers in El Salvador, Honduras & Guatemala. Although Agrolempa is still a relatively modest business, it represents direct competition to the established cartel and keeps the door to the formal horticulture market open for small-holders.

From an M4P perspective, Oxfam could have done more to work on the institutional environment. For example, lobbying against the largely unnecessary requirement for licensing of trading companies, which creates significant entry barriers to the sector. However, given the organisation's established 'livelihoods' skill-sets and limited prior market-awareness, the

[41] De Ruijter de Wildt, 2007 draft case-study

[42] Elliot, 2006, Understanding embedded business services, Rural Development News

[43] Oxfam's analysis of markets up this point had not been systemic: exploring markets for crops which the producer groups were already committed to, rather than using market analysis as the basis for selecting crops for example. (personal communication from David Bright, Oxfam GB Market Access Team)

Agrolempa project represents a good example of synergy between M4P and SL approaches. Once they adopted a more systematic market analysis approach at the programme design stage, Oxfam were able to identify the key underlying issues that inhibit market development for producers and respond to these.

4.2 Grasping the role of social relations in markets

A second criticism of M4P is that its treatment of the role of social relations in market systems is inadequate[44]. Many of the causes of poverty are located in social dimensions, therefore as well as analysing market failure, M4P needs better ways of engaging with these issues.

This weakness in M4P manifests in various ways, but the most important probably relates to the gender dimension of household economic relations. According to these arguments, M4P doesn't explore well the intersection between market and household systems, and thus may miss some of the negative impacts of increased market engagement for example. A classic example would be where commercialisation of cash-crops leads to greater earnings for households, but shifts control of income from women producers to men.

A second manifestation would be in the perspective M4P takes on exchange systems that are at least partly non-monetary. This does not mean only barter-exchange. There are many farming systems for example which rely on reciprocity (for example where farmers share responsibility for important seasonal tasks that require communal labour, such as maintaining irrigation infrastructure in paddy cultivation). Equally, there are others (e.g. land tenure systems) that rely on philanthropic patronage, where labour is effectively exchanged for various forms of social support and insurance against certain risks. These diverse forms of socio-economic relationship might actually be highly appropriate to the rural environments in which they evolved over long periods of time. The perception of its critics is that M4P privileges market systems that promote choice, competition, ease of entry and exit, and a narrowly-defined efficiency between independent economic agents, over all these other exchange systems.

A related risk for the M4P approach given its market-systems focus, is that as access frontiers expand, more account is taken of the benefits for those becoming more engaged with markets, than of the relative losses to those left behind. If the new access frontier coincides with social divisions (of gender, ethnicity age) there is a danger of exacerbating economic exclusion.

If they fail to recognise that economic agency is closely related to social agency, development agencies using an M4P approach risk misjudging the likely impacts of market development interventions on the poor. For example, reforming land tenure systems to encourage rental markets and more efficient patterns of land-holdings, might (inadvertently) wreck important but less visible social support systems that serve to protect poor households from financial shocks.

One of the advantages of the people-centred SL framework, is that properly applied, it encourages development agencies to take note of the multiple dimensions to poverty – explicitly recognising access to social capital for example. SLA can compensate for the M4P weaknesses by bringing a more holistic picture of people's livelihoods – hence highlighting other indicators of whether change is "pro-poor" – especially in terms of a gendered perspective. These may be particularly relevant for assessing impact before and after M4P interventions.

As experiences with the M4P approach evolve, it is also clear that some of the lessons of SL orientation are already being learned. For example, FinMark Trust[45] found that one of the main reasons financial markets were not working well for the poor in South Africa, was that banks have inadequate picture of their potential customers' livelihoods, and thus the shape of demand for

[44] Johnson, 2006
[45] Gibson, 2006b

financial services. FinMark introduced a livelihoods-nuanced analysis tool (FinScope) for the industry that has helped banks more confidently develop financial products appropriate to the needs of the un-served population.

More generally, there is no intrinsic reason why an M4P approach should automatically favour promotion of 'free market competition' as a solution to market system failures. New institutional economics which underpins M4P, offers a more nuanced way of understanding (in terms of transaction costs) the advantages and disadvantages of non-market exchange systems. M4P practice is learning to take this on board. It increasingly recognises that economic agency is closely tied to social agency, and that changes in one can have both positive and negative impacts on the other.

In interesting example of M4P learning from a livelihoods perspective is provided by Katalyst's maize case-study already mentioned[46]. One of the main interventions was to improve contract farming arrangements. On the face of it, this initiative was irrelevant to poor farmers who invariably lack sufficient land to enter into maize production contracts. The danger was that more contract farming would even encourage larger farmers to appropriate land from the poorest.

In fact, evaluation of the project showed that the strength of social relations in Rangpur – including rooted traditions of sharecropping and informal land rental agreements – contributed to positive outcomes even for very small farmers and landless labourers, as farmers innovated informal sub-contracting arrangements. Katalyst had not planned this: the outcome was more by luck than judgement. However, it has learned the value of including these kinds of social relations in its analysis of market systems.

4.3 Market systems and the 'viability void'

A third source of unease about the M4P approach concerns the scope of its relevance to rural regions and communities facing chronic economic weakness and intractable market dysfunction. In some circumstances, factors such as geographic isolation, lack of natural resources, pervasive social exclusion or conflict can be so extreme as to make any form of engagement in the economic mainstream unfeasible. M4P recognises these extreme situations can be interpreted as a 'viability voids' [47], requiring social protection measures or even support for migration, as a higher priority than market interventions.

It might be argued that many of the contexts in which development agencies ought to prioritise their work, are precisely such situations of extreme market dysfunction. What relevance does M4P approach have if there are no growth opportunities that might involve the poor, or if long-term support (i.e. subsidies) is essential for protecting life and livelihoods?

A sustainable livelihoods approach, in contrast, by offering a comprehensive picture of people's livelihoods, explicitly focuses on the coping mechanisms and social structures that help people survive in vulnerable contexts. Conducted well[48], an SLA can help reveal opportunities for livelihood diversification, or highlighting less visible economic factors such as the role of rural-urban links, migration and remittances.

In seeking a way of bridging these apparently contradictory perspectives, it is probably helpful to dispel some the more crude or simplistic assumptions about the M4P approach. The most unconstructive of these is the idea that a market-systems perspective conceives no role for public finance (i.e. state subsidies) in supporting livelihoods of the poor. It is true that M4P practitioners

[46] Gibson, 2006a
[47] Hitchins, Elliot & Gibson, 2004
[48] Unfortunately, some SL analyses are rather conservative – focussing too much on the 'hanging in' strategies that people adopt, rather than the opportunities for 'stepping up' and 'stepping out'

are uncomfortable with concepts such as 'economic rights', which belie the complex reality of negotiated outcomes in market-systems. However, M4P clearly recognises the responsibility (and moral imperative) of governments not only to create an enabling environment for private-sector activity, but also to invest public finances in achieving pro-poor outcomes. The concern of M4P is that – to distinguish it from mere 'welfare' - such public investment should actually contribute to sustainable improvements, and diminish poor people's exclusion from the economic mainstream, rather than entrenching dependency.

This means that in very weak or dysfunctional economic contexts, M4P still starts by asking which markets are important and relevant for the poor. What changes in market systems are required for people to do better in terms of either earning more income (as producers), or incurring lower costs (as consumers). Even in remote or thinly populated rural areas, there are usually some entry points for economic integration and development – for example in access to seeds, tools, inputs, irrigation, water services, transport, telecommunications.

The difference between an M4P approach, and a 'neo-liberal' policy prescription, may be explored through the example of the cotton sector in Mali:

An estimated 3.7 million people rely on income from cotton in Mali. It forms the cornerstone of a livelihood system that includes livestock, cereals and other food crops. Until recently, state-owned CMDT has provided inputs and services to most cotton farmers via financing guaranteed through exclusive marketing rights on all cotton produced. CMDT pays farmers a guaranteed floor price for seed-cotton based on a formula related to producer costs. As well as ginning and marketing cotton, CMDT provided other services which play a vital supporting function in food production and other diverse livelihood activities (including transport, agricultural extension, rural literacy and organisation of producers). This state-controlled market system worked well until the late 1990s, when depressed and volatile cotton prices[49] exposed rent-seeking behaviour and chronic financial mismanagement in CMDT.

With CMDT's losses damaging the cotton sector's global competitiveness and draining public finances, the World Bank's prescription[50] for reforming the Mali cotton sector is to withdraw the state from productive activities and revise the floor price mechanism so that seed-cotton prices better reflect world market prices. The underlying assumption is this will squeeze out mismanagement, provide better prices for cotton farmers and better, cheaper inputs, technical functions and marketing services.

However, according to Oxfam[51], little attention was paid to the wider predicted economic and social impacts of this new policy, including serious economic losses and reduced production if the price of seed cotton falls further. Given the importance of cotton in Mali's poverty-reduction strategy, there is serious concern about direct negative impacts affecting so many. These included farmer indebtedness from having to shoulder the risks of volatility in world market prices, food insecurity due to withdrawal of parallel extension services, and destabilisation of the new co-operatives intended to take on some CMDT functions.

Oxfam has been supporting the efforts of West African negotiators at the WTO to battle US farm subsidies since 2003. However, the Bank-driven reforms in Mali have also prompted Oxfam to develop a targeted set of proposals for intervention[52], which make sense from market-systems perspective. Central to these proposals is a reformed price-stabilisation mechanism to protect farmers from price volatility. The proposed mechanism is modelled on successful institutional arrangements pioneered in Burkina Faso. A key innovation is that producers would have a strong voice in the effective management of this 'insurance fund'. Experience from Burkina Faso and Cameroon suggests that along with simple and transparent rules, this enables mechanisms to

[49] Due in part to continuing subsidies to US cotton producers
[50] Imposed via conditions for Structural Adjustment Credits in 2001 and onwards
[51] Oxfam, 2007
[52] Personal communication with David Bright, Oxfam GB Markets Advisor

work better in the long term without relying on external support 'except in exceptional circumstances or prolonged crises'.

With so many people's livelihoods at risk, Oxfam claims there is a strong moral imperative for the Mali government and donors in the global economy to defend cotton farmers by kick-starting the insurance fund and supporting it in the event of crises caused by continuing world market prices volatility. Based on analysis of the linkages between cotton and other market systems (staple cereals, livestock etc), and the transactions cost savings to farmers of having guaranteed floor prices, Oxfam essentially argue that this price support would be a much more effective way to reduce poverty and (ironically) support livelihood diversification out of cotton production, than public investments in social protection / targeted welfare measures.

What this case illustrates, is that having an M4P approach does not necessarily eschew a role for long term subsidised government services in economically weak areas – so long as these public 'investments' produce good returns in terms of impact on poverty.

However, where M4P differs from much existing development practice is in emphasising careful thinking about the respective long term roles of governments and donors vis-a-vis financing these services. In this way M4P seeks to avoid the sadly familiar spectacle of donors subsidising narrow market-system functions (e.g. vocational training centres in rural areas) for decades – simply because the institutional home for that support is in the wrong place.

5. Conclusions

Everyone agrees that markets matter to the poor. For M4P they are obviously central, and in SLA, even though 'markets' are sometimes not explicitly emphasised, they are still recognised – especially by more experienced SL practitioners. So there is no fundamental obstacle for SDC in developing a more cohesive approach between SoDev and E+I etc.

But M4P and SLA study the intersection of people's livelihoods and market systems through very different lenses. M4P observes from one direction (economic relations), SLA from another (people centred). Each of their respective frameworks serves a vital operational function – of reducing complexity to manageable dimensions.

Resolving these differences is not easy. We cannot simply merge them together, because this would seriously diminish the functional rationale of having a 'simple' conceptually helpful framework. The approaches are meant, after all, to be tools that assist better decision-making.

Also, we cannot subsume one within the other – e.g. giving primacy to SL first and M4P after, or vice-versa. Apart from the lack of professional consensus about which framework is 'primary', it is also clear that both frameworks have advantages and disadvantages in their own respective contexts.

So, is it just a question of mutual respect and distance? That is: each 'side' learning from or borrowing insights from the other as and when it fits their main perspective. There is, after all, some considerable value in this: e.g. M4P uses SL perspectives more in ex-ante impact assessment; SLA using M4P thinking in its analysis / response to the context of opportunities and PIOPs.

Mutual learning / sharing of tools is clearly necessary, and could strengthen each respective field. However, this alone would be a fairly shallow (and perhaps insufficient?) response to SDC F-department's ambitions vis-à-vis an overall more cohesive approach. Are there any deeper conclusions / points of contact between M4P and SLA?

Two interrelated aspects which unite M4P and SLA are worth highlighting:

- Analysis of institutions (rules)
- Sustainability objectives

5.1 Analysing institutions better

Both M4P and SLA are concerned with institutions (rules) and the way these shape people's engagement in market systems. M4P is more concerned with transaction costs, institutional arrangements and incentives, while SLA talks about power-relations in markets and the role of social institutions (esp. gender relations) in particular. Many of these considerations are open to analysis through the lens of new institutional economics. NIE therefore possibly offers a unifying theory to underpin the two frameworks.

Potentially, one might envisage a Markets and Livelihoods framework with institutions (public and private, economic and social) at its centre! At the very least, SLA needs to take more cognisance of private and economic institutions – and the way these influence transaction costs and demand for livelihood outputs. In order to do so in practice, it needs to step outside a people-centred perspective, and focus on the particular market systems that matter most to poor people.

Similar, M4P needs to give more thought to the role of social institutions in shaping market systems – particularly in assessing (ex-ante) the impacts of interventions, and measuring outcomes. This may require a more detailed exploration and disaggregation of the livelihoods of intended beneficiaries.

5.2 Clarifying sustainability objectives

Both M4P and SLA make addressing sustainability issues a point of principle, and understand that sustainability refers both to a) the capacity of a project (or market system) to function over time with minimum external input, and b) that the outcomes of the project are self-sustaining. It ought not to be difficult to agree what this means: after all they both believe in addressing causes not symptoms. But actually there are considerable differences in interpretation in practice.

M4P is particularly concerned with economic and institutional sustainability of different roles and functions in market systems, and working with the incentives that underpin that. It places great emphasis on thinking through the respective roles of private, government and civil society actors. To this end it is very cautious about how development agencies themselves intervene to change these incentives in a sustainable way (i.e. a light touch).

SLA in contract places more emphasis on social and environmental sustainability and its treatment of the institutional sustainability dimension often seems to downplay the impact of the development agency itself. Typical SL guidance advises that "capacity-building at community and institutional levels is essential for sustainability." This seems to assume that 'capacity-building' itself is a pump-priming exercise (a finite facilitation function), and therefore not subject to the same considerations of sustainability as permanent support functions or services. This assumption is then used to justify capacity-building interventions, including even asset-transfers, skills-delivery etc, that have no prospect of becoming sustainable support functions or services in themselves.

In reality, capacity-building functions are a permanent feature of any vibrant social or economic system. A lack of private, civil society or governmental capacity is very rarely a causal problem – except perhaps in the aftermath of a natural disaster. Usually, lack of capacity is a symptom of underlying weaknesses in social, political and economic systems – leading to inadequate support functions. If these weaknesses are not addressed, heavy handed capacity-building interventions only hide them and may easily exacerbate them.

In conclusion, much clearer guidance is needed about what sustainability, especially institutional sustainability, means in practice for a development agency like SDC. This guidance could learn from the well-defined distinction made in M4P between on-going support functions and services which it is the role of governments or markets to deliver, and genuine facilitation roles which it is legitimate for development agencies to play on a temporary basis.

5.3 Other common principles / themes

Aside from an ‘institutional orientation’ and ‘sustainability’, there are other points of contact between SLA and M4P where a clarification of common underlying principles would be helpful for establishing greater cohesion. Three issues stand out from this paper and the initial discussions between SoDev and E+I divisions in SDC:

Achieving large-scale impact

Poverty is a large-scale phenomenon touching hundreds of millions of lives. Ultimately, no development agency can claim success unless its work involves or builds mechanisms for achieving poverty-reduction processes that reflect the scale of the challenge. Not every action is large-scale of course, but there should a logic that connects development interventions with large-scale impacts. As a matter of principle, whether using an SL, M4P or other approach, it ought to be possible to describe the ‘scaling up’ mechanism envisaged in any SDC programme of work.

The concept of ‘empowerment’

Power is a common theme in poverty-reduction programmes. However beyond a common appreciation of the link between poverty and disempowerment, there is limited consensus between SL and M4P fields about what empowerment means in practice. In particular, it is sometimes difficult to bring together ideas about ‘power in markets’, with those about political governance processes. Further work is needed to negotiate and articulate a common set of principles about ‘empowerment’ that is broad enough to encompass both sets of experience.

Clarifying the role of participatory processes

This paper has also highlighted a significant divergence between SL and M4P approaches about the role of participation in intervention decision-making processes. The essential importance of letting poor people define their own needs and aspirations is widely accepted. However, many see this as an insufficient basis for analysing what should be done by agencies to intervene – implying that agencies must be prepared to use ‘expert’ knowledge (e.g. about market systems) to guide participatory processes in rewarding and sustainable directions. At the same time, the ability of poor people to participate in market systems on more equitable, accessible basis is seen by some as just as important as participation in underlying decision-making processes. As with ‘empowerment’, further work is needed to negotiate and articulate a common set of principles about ‘participation’ that is broad enough to encompass both sets of experience.

5.4 Development agency capabilities in practice

There are also some practical operational issues for F department to take into account in achieving a more coherent approach across its work in diverse fields. It must consider the skill-sets and orientation of its staff. As Longley *et al*[53] highlight in their exploration of links between humanitarian relief, social protection and development work, the capabilities and cultures of teams have a strong influence on practices. In relief-orientated teams, for example, one can expect staff to "miss the institutional forest for the projectised trees".

The cultural divide between private-sector-development and community-social-development orientations can be just as sharp as that found between relief and development agencies. It is expressed in issues as basic as whether a person feels more comfortable meeting in a board-room, or under a mango tree. Teams which try to shift their practices between these worlds find it a struggle, even with the right conceptual tools and motivations.

SDC should be under no illusion therefore, that the development of a cohesive conceptual framework between, for example, SoDev and E+I, will necessarily lead to cohesive practice. The real task will be to ensure that individuals with appropriate professional backgrounds and experience are applied to the particular interventions identified. So, if making a market-system work better for the poor requires a change in social institutions, then better employ a social development practitioner.

5.5 The way forward

This paper has sought to contrast M4P and SL approaches, and help to provide a conceptual bridge between the disciplines that use them with SDC's F-department. It concludes by asking where next for the department – how can these be taken forward to build a more cohesive approach?

This is essentially not a decision for an outsider, but the following ideas may be useful to consider:

1. F Department should work to agree and formulate (codify) a general consensus on the **basic principles** which implied by a. taking an <u>institutional perspective</u> on livelihoods and market-systems, b. focussing on <u>sustainability objectives</u> vis-à-vis SDC's role in development / poverty reduction, c. aiming to promote mechanisms for <u>large-scale impact</u> in SDC's work, d. a better consensus about what <u>empowerment</u> and <u>participation</u> mean in practice

   As a first step, at the meeting between E+I and SoDev on 22nd May, it was proposed to prepare a series of short concept briefing papers (2 – 4 pages each) that would outline these common principles.

2. F Department could begin to outline a common **conceptual framework** that expresses the above principles. This should not be a complicated merging of existing schematic diagrams, which are perfectly good in their own right. Instead, to be useful, it would have to be a clear and visually arresting new representation of the underlying principles above.

3. F Department should work to translate the concepts and principles into practical **operational guidance**. A starting point would be terms of reference for a genuinely short manual or set of guidelines, encapsulating the principles and examples of good practice.

4. F Department could begin thinking about and examining the gaps, likely needs and resource implications for **building capacity and skill sets** of SDC staff to operationalise a more cohesive approach based these common principles and guidelines.

[53] Longley, Christoplos & Slaymaker, 2006

In considering this last point, we should reflect that the core ideas in this paper are tricky to convey in accessible terms. They ask practitioners to go beyond superficial analyses of tangible development problems in order to diagnose underlying causes. Thinking about ‘institutions’ and ‘sustainability’ is necessarily rather abstract.

The challenge of establishing greater cohesion and operational guidance would be easier if SDC F-department had some accessible case-studies to illustrate good (and poor) practice in relation to the proposed common principles. These case-studies must not be perceived as ‘belonging’ to either one or other professional camp, as the examples in this paper might be. This could be an area for further research. For example, by re-examining some existing SDC work through a new common lens based on the principles agreed above, SDC could generate a series of **case-based learning reviews.** These would highlight and crystallise the cross-fire debates presented in this paper, but with greater operational insight for practitioners and staff.

References

Albu & Griffith, 2006, *Mapping the Market: participatory market-chain development in practice*, Small Enterprise Development, Vol 17(2), Practical Action Publishing, UK

Bernet, Thiele & Zschocke, 2006. *Participatory Market Chain Approach – user guide*, Centro Internacional de la Papa (CIP), Peru

Carney, 2002, *Sustainable Livelihoods Approaches: progress and possibilities for change*, paper for DFID, London

Chambers & Conway, 1991, *Sustainable rural livelihoods: practical concepts for the 21st century*, IDS Discussion Paper 296, IDS, Brighton

De Ruijter de Wildt, Elliott & Hitchins, 2006, *Comparative Approaches to Private Sector Development – a M4P perspective*, working paper for E+I division of SDC, Springfield Centre, Durham

De Ruijter de Wildt, 2007, *Accelerating Growth in the Pond Fish Sector*, Katalyst case study (Draft), Bangladesh

Dorward & Poole, 2005, *Markets, Risks, Assets and Opportunities: the links between the functioning of markets and the livelihoods of the poor,* Imperial College London, Wye

Elliot & Gibson, 2004, *"Making markets work for the poor" as a core objective for governments and development agencies,* paper for ComMark Trust, South Africa

Elliot, 2006, *Understanding embedded business services*, Rural Development News 1

Ferrand, Gibson & Scott, 2004, *Making markets work for the poor*: *an objective and an approach for governments and development agencies*, ComMark Trust, South Africa

Ferris, Best, Lundy, Ostertag, Gottret and Wandschneider, 2006, *A Participatory and Area-based Approach to Rural Agroenterprise Development*, Good Practice Guide 1, Centro Internacional de Agricultura Tropical (CIAT), Colombia

Gibson, 2005, *Bringing knowledge to vegetable farmers*, Katalyst case study no. 1, Bangladesh

Gibson, 2006a, *Enhancing the supply-side of the maize market*, Katalyst case study no. 2, Bangladesh

Gibson, 2006b, *Developing financial services markets for the poor: FinMark in South Africa*, working paper for FAUNO consortium, Springfield Centre, Durham

Hitchins, Elliott & Gibson, 2004, *Making business service markets work for the poor in rural areas: a review of experience*, report for DFID, Springfield Centre, Durham

Joss, Schaltenbrand & Schmidt, 2004, *Clients First: a rapid markets appraisal toolkit,* Helvetas, Zurich

Johnson, 2006, *Making markets work for poor people: the role of social regulation*, paper presented at DSA conference (Reading, Nov 2006), CDS, University of Bath

KIT, Faida MaLi and IIRR. 2006. *Chain Empowerment: Supporting African farmers to develop markets*. Royal Tropical Institute, Amsterdam; Faida Market Link, Arusha; and International Institute of Rural Reconstruction, Nairobi.

Klasen, 2004, *In search of the holy grail: how to achieve pro-poor growth*, in Tungodden, Stern & Kolstad (eds) Towards Pro Poor Policies, World Bank, OUP Oxford

Longley, Christoplos & Slaymaker, 2006, *Agricultural Rehabilitation: mapping the linkages between humanitarian relief, social protection and development*, Humanitarian Policy Group, ODI, London

Morrison, Dorward & Kydd, 2000, *Sustainable livelihoods and new institutional economics*, paper from www.livelihoods.org

Oxfam, 2007, *Pricing farmers out of cotton: the costs of World Bank reforms in Mali*, Oxfam Briefing Paper 99, Oxford

SDC / NADEL, 2006, *Working with a Sustainable Livelihoods approach*, working paper for SDC

Thévoz, Lausselet, Wennubst, Ruedin & Egger, 2007, *Systemic approach to rural development and fighting poverty*, draft manual for SDC, 150pp