

II. The Market Systems (Value Chain) Approach

A. Market Systems

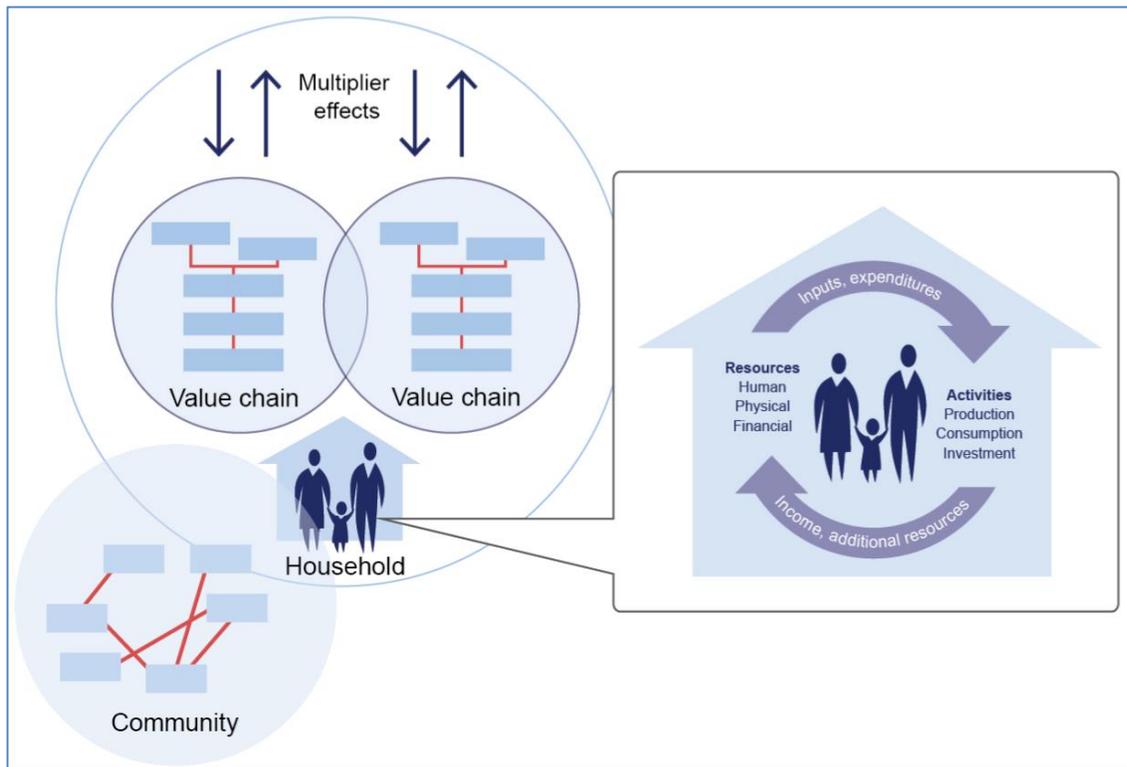
Market system development involves strengthening the product-to-market systems. The objective is to increase incentives for the system to improve performance, productivity, and trade, and, ultimately, economic returns for poor producers. Many of the strategies discussed in this Field Guide are guided by principles for effective value chain development and market systems development programming strategies.

The diagrams that follow depict a market system followed by a close-up of one of the value chains within that system. USAID describes market systems as being complex systems that comprise multiple value chains and which include actors and dynamics at both household and community levels. Specifically:

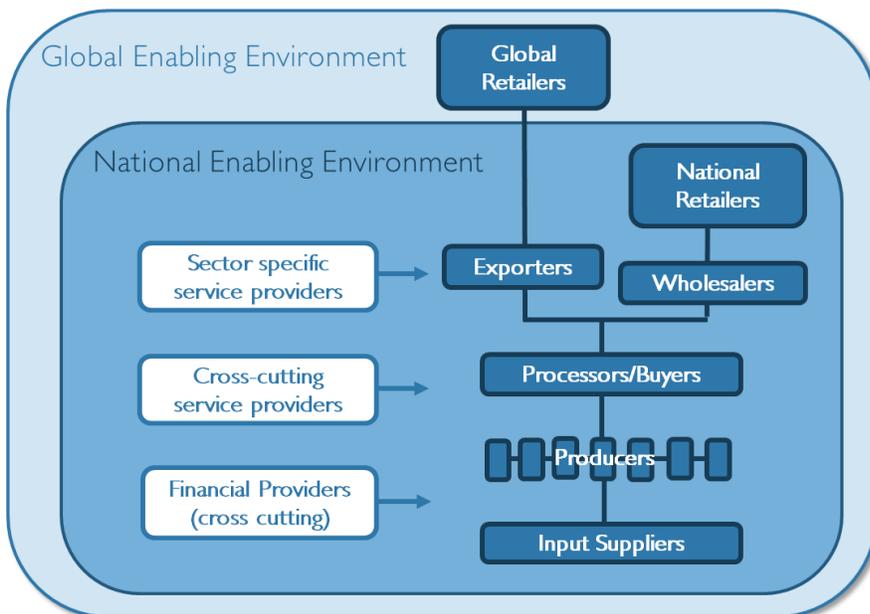
“Achieving sustainable impact at scale is the objective of ... [many] projects. Inclusive market system development is increasingly recognized as a potential means for achieving this objective. ... an inclusive market system development approach focuses on building the capacity and resilience of local systems, leveraging the incentives and resources of the private sector, ensuring the beneficial inclusion of the very poor, and stimulating change and innovation that continues to grow beyond the life of the project. Specifically, the objective of inclusive market system development is to catalyze a process that results in a market system that is (i) competitive—system actors are able to effectively innovate, upgrade and add value to their products and services to match market demand and maintain or grow market share; (ii) inclusive—delivering a sustainable flow of benefits to a range of actors, including the poor and otherwise marginalized, as well as to society as a whole; and (iii) resilient—system actors are able to address, absorb and overcome shocks in the market, policy environment, resource base or other aspect of the system.”¹

¹ See [http://www.acdivoca.org/site/Lookup/LEO-Market-Systems-Framework/\\$file/LEO-Market-Systems-Framework.pdf](http://www.acdivoca.org/site/Lookup/LEO-Market-Systems-Framework/$file/LEO-Market-Systems-Framework.pdf)

Market System Framework²



Value Chain Framework



² See [http://www.acdivoca.org/site/Lookup/LEO-Market-Systems-Framework/\\$file/LEO-Market-Systems-Framework.pdf](http://www.acdivoca.org/site/Lookup/LEO-Market-Systems-Framework/$file/LEO-Market-Systems-Framework.pdf)

B. Nutritionally Sensitive Market Systems

Nutrition-sensitive market system programming refers to initiatives that intentionally improve the food and nutritional security of the extremely poor. This could include specific consideration for the extremely poor in terms of the selection of crops, post harvesting processes, and processing. It is important for development practitioners to always consider food and nutritional security.

A nutritionally-sensitive market system approach includes:

- Integrating nutritional considerations into market system selection criteria
- Analysing dietary habits and dietary needs for local and national consumers to identify relevant nutritional gaps, and developing intervention strategies built on these assessments³
- Facilitating transport, packaging, and storage options that preserve and maximize nutritional value
- Supporting the processing of food crops to increase nutritional value. This could include introducing and building demand for high quality fortified food products (through product development, market research, supplementary food formulation and testing, behaviour change campaigns, technology transfer, and efforts to build regulatory reforms). In addition, it could include upgrading food crop processing through strategies for fortifying foods to enhance nutritional value of foods, working with the private sector to build sustainable markets and delivery systems for fortified foods, or improving input supplies that have higher nutritional value (such as promoting bio-fortified seeds and roots that have added nutritional value).
- Extending availability of diversified varieties and extending growing seasons (such as through the use of tunnels) to overcome the nutritional challenge of the poor only having access to undiversified diets for the majority of the year. Practitioners can use seasonality calendars to determine what is available at different times of the year in various climates.
- Supporting the implementation of nutritional specifications and certifications⁴, or country-specific food products' nutritional requirements
- Advocating for nutritional analysis and labelling of foods where appropriate
- Applying regulations, standards, and capacity building on food quality, food regulations, food safety, and food controls
- Examining new or existing market channels to channel food crops (including fortified food products) to local and national nutritionally-vulnerable groups
- Enhancing food usage in local markets through strategies to reach infants 6-12 months old
- Facilitate community-level behaviour change as needed to improve nutritional outcomes

- Use tools to monitor and evaluate for nutritional outcomes in economic and agricultural development projects

3 Tools to support this include diet analysis tools, such as Optifood Tool, being developed by WHO, the London School of Hygiene and Tropical Medicine, and the USAID-funded Food and Nutrition Technical Assistance II (FANTA-2).

4 Nutritional specifications and certification examples include CODEX international standards on food safety and nutrition.