



CARE Ethiopia

A Decade of Program Learning Series Market Based Approaches

In recent years there has been a surge of interest in the role that markets and the private sector can play in development, and in particular how to effectively support 'inclusive economies'. Market-based approaches show promise in empowering poor and marginalised people and generating sustainable livelihood and economic opportunities, especially for women. Market-based approaches have the potential to build confidence, increased bargaining power, create more profitable, predictable and diverse income sources, address chronic hunger, challenge cultural biases and support enabling legislation, amongst other outcomes.

CARE Ethiopia knows that with the right approach even the poorest, chronically food insecure households and women in particular, can engage in value chains, participate more equitably in markets and increase their ability to earn a more sustainable income with remarkable improvements to their socioeconomic status and resilience.

With over a decade of experience in working with marginal and vulnerable farmers and pastoralists and their communities, CARE Ethiopia adopted and adapted market-based approaches to make them more gender-inclusive in its resilience and women and girls economic empowerment programming. CARE Ethiopia uses a holistic approach to improve the sustainability, productivity, and resilience of food and markets systems in a gender equitable manner. This requires looking beyond direct engagement with small-scale production; working with agro-dealers, agro-entrepreneurs and extension systems; and in post-harvest processing and storage.

How we have been applying Market-based Approaches

CARE Ethiopia works to create efficient market linkages between value chain actors to provide competitive and sustainable access to markets opportunities to smallholder farmers, particularly women. Through initiatives like the GRAD Project, CARE convenes stakeholders along specific opportunities to strengthen the competitiveness and inclusiveness of specific value chains (livestock, pulses, honey, vegetables - including potato, red pepper, tomato and onion- and malt barley) with a focus on smallholder farmers. Through these and similar interventions, CARE has been creating and supporting decentralized input supply systems that link agro-dealers and model farmers. We have also created awareness amongst producers about quality, quantity, and distribution requirements of major private buyers which has led producers to improve production techniques and create adequate pre-sorting, weighting, packaging and distribution facilities. In addition, through projects like GRAD and others, CARE has contributed to linking grassroots financial inclusion schemes such as Village Savings and Loan Associations (VSLAs) and Village Economic and Social Associations (VESAs) with Microfinance Institutions (MFIs) and formal banks to provide small agricultural producers not only with working capital but also with financial resources for basic infrastructure and productive asset formation.

CARE Ethiopia's PRIME Project supports pastoralist households of Ethiopia living in Afar, Oromia, and Somali regions to build

The greatest impact on poverty can be achieved by value chain interventions that target women.

Encouraging women especially in joining VESAs and VSLAs provides a safe and supportive way for people to learn about saving small amounts of money and to access loans, along with important social interventions aimed at empowering women, improving nutrition, and adapting to climate change – the ‘push’ factors. As women become more confident, their aspirations grow and productivity improves – ‘pull’ elements can draw them (households) into the formal economy.

resilience through a facilitative market systems development approach. Protracted drought has resulted in deteriorating livestock body condition due to lack of pasture and water and has disrupted the core function of the livestock market system: traders’ demand for local shoats declined sharply, though pastoralists in the area had increased their supply of shoats to sell. Livestock traders are reluctant to buy shoats with poor body condition due to high costs in re-conditioning their bodies, risk of mortality during travel, and lack of willingness from end market actors (slaughterhouses) to buy them. Based on careful analysis of drought effects on the livestock market, a series of emergency response interventions were designed to improve household income while also preventing loss of development gains. An appropriate commercial de-stocking strategy that stimulates market actors to continue trade in unfavorable conditions was one of the viable interventions chosen for implementation.

Working with households experiencing chronic food insecurity, CARE’s USAID funded GRAD Project builds on the Government of Ethiopia’s Productive Safety Net Programme (PSNP) and is designed to shift dependence on food aid towards resilience through participation in agricultural value chains. GRAD took a small-scale trial and error approach – allowing for the piloting (and eventually scale up) of promising models and solutions to help life people out of poverty. GRAD incrementally increases households’ participation in economic activities by helping them save money and gain access to loans - first

through the Village Economic and Social Association (VESA) and then through MFIs - and linking them to inputs and local/ regional markets. Multi-stakeholder platforms have provided opportunities for value chain actors to problem solve, share information and plan improvements.

Similar to PRIME, GRAD also implemented Crisis Modifiers (CM) and other emergency/recovery interventions to mitigate the affects of drought on households participating in the program. Despite positive progress, the effects of the extreme events of the changing climate posed a dire threat of sweeping away the cumulative project investments; rolling back development gains and threatening households’ ability to graduate with resilience at the end of the program. Activating GRAD’s CM fund was critical to protecting livelihoods and reducing immediate and long-term household vulnerability. This mainly consisted of the provision of emergency seed, supplementary animal feeds, as well as restocking for drought-affected households. The intervention was also effective in involving and working with local agro dealers and cooperative unions and other market players providing an opportunity for these actors to enhance their capacity for supplying the seed and feed inputs in the future.

CARE’s Food Sufficiency for Farmers (FSF+) successful seed multiplication intervention incorporated the sharing of basic agricultural knowledge, introduced certified seed and facilitated market-linkages to increase smallholder, especially





women, harvest yields and better prepare local farmers for climate change adaptation. Ultimately, what made a difference for these smallholder farmers was good agricultural science, improved farming methodologies and enhanced business practices – supported by input and output market linkages between the groups and Cooperative Unions. The formation of seed groups and producer market associations also allowed for more advantageous market leverage when both buying inputs and selling outputs. Quality seed production was monitored and certified by Haramaya University, Quality Seed Control Office ensuring farmers were producing quality seed varieties.

CARE's Livelihoods for Resilience manages a flexible, streamlined, iterative, and adaptive Innovation Fund. Activities supported by the Innovation Fund are primarily focused on addressing systemic obstacles to inclusive and resilient market systems. New innovations, technologies, and approaches which aim to address these systemic constraints are being tested using small, flexible awards. One priority is to promote new technologies that build value chains and improve nutrition, such as food processing and packaging to add value and preserve nutrients from crops. Proven technologies, innovations and approaches (whether tested and proven within or outside of Livelihoods for Resilience) are considered for larger-scale awards to help take these innovations to scale. Additionally, private sector investment will be catalyzed through buying down risk and addressing barriers to entry.

Through its WASH programming, CARE Ethiopia facilitated linkages with MFIs to enable households and communities

to access loans for water system construction and worked with local private sector suppliers to develop input supply value chain for maintenance of water points and handwashing facilities. As a result households were able to improve water coverage and use, reduce the distance and workload on women and girls for water collection and self supply through private sector technical support, spare parts and hygiene and sanitation products. Incomes were also raised through home gardening and livestock fattening, due to increased water availability from household point.

The Spotlight: What we have learned

- There is enormous opportunity for scaling successful approaches such as CARE's VSLAs & VESAs as strong platforms for linking with MFIs and markets.
- Multi-stakeholder platforms provide opportunities for value chain actors to problem solve, share information and plan improvements.
- Improving poor people's, especially women's access to markets, unlocks their potential for greater production (including improved value chains), increased profits on small-scale agriculture and improves food and nutrition security.
- A mix of 'push' and 'pull' elements are needed to holistically address the underlying constraints to successful value chain and market participation.
- Small-scale trial and error (but with scaling up in mind) is a

cost-effective way of quickly finding the solutions that work, and just as importantly, those that don't. This has enabled us to scale up the models we feel certain will improve poor people's livelihoods and help people move out of poverty in a sustainable way. Housing these small-scale pilots into the structure of more established programs is an effective way to do that.

- Collaboration with a range of stakeholders (e.g. Agro-dealers, livestock traders, private sector companies, local suppliers, MFIs, Ministry of Agriculture and Agriculture Research Institutions) who have a vested interest in strengthening value chains and markets for the poor – is key to unlocking scale and reaching more people.
- Markets can also work for those most impacted by crisis through Crisis Modifications with strategies to stimulate market actors to continue trade during crisis and / or in unfavorable conditions.
- In order to be confident that we are minimizing the distortionary impact of our interventions in markets requires

better up-front analysis, clear articulation of intended outcomes and better monitoring (including of unintended effects).

- It is imperative to deepen analysis and understanding of 'risk and return' – both from CARE's investment into private sector actors and effect of those investments on CARE's impact population.
- It is important to allow for flexibility and innovation, as market systems are complex and dynamic. Encourage/ introduce practical adaptive management approaches to existing projects. Strict adherence to detailed workplans, even as/when the operating environment has changed significantly since the plan's creation, is one of the biggest practical challenges to widescale and effective adoption of markets approaches. Frontline staff should not only be permitted, but encouraged, to deviate from workplans proactively.



A Gradual Approach

CARE Ethiopia's GRAD worked with the private sector and government to help 50,000 households achieve food security. A particular challenge was how to help poor rural households – and women in particular – diversify and increase their incomes. There were so many households facing this challenge, so we needed a range of opportunities. One idea was to set up a rural distribution pilot with East Africa Tiger Brands, an affiliate of a South African fast-moving consumer goods company. This small trial recruited just 24 chronically food-insecure women to work as door-to-door salespeople, selling consumer goods to earn extra income. To manage risk, the pilot started small and women worked flexible hours based on their existing commitments. The pilot generated sales of over \$20,000 in just four months, and has since been scaled up.

Want more information?

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