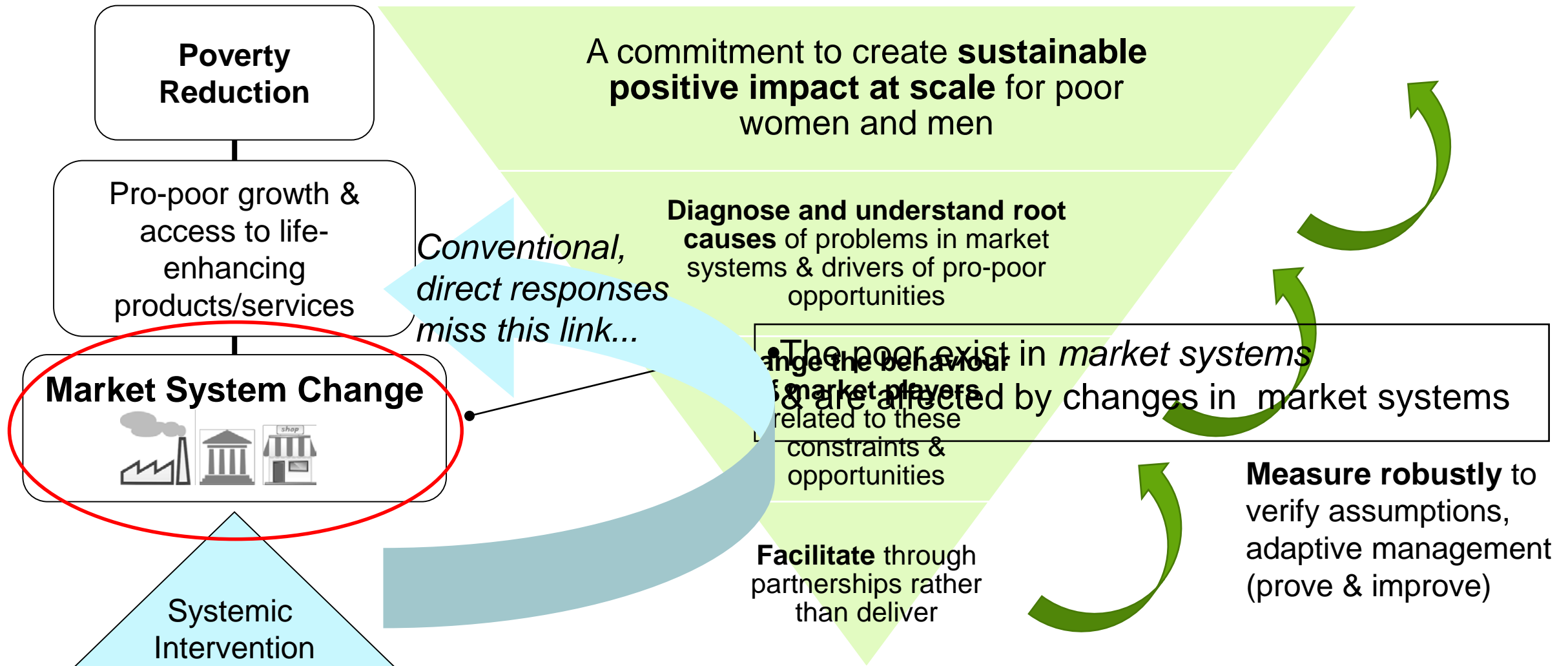


Does market systems development impact the ultra poor? An examination of the evidence

Tim Stewart & Kate Fogelberg

What is Market Systems Development (MSD)?

Also known as Making Markets work for the Poor (M4P)



Criticism of MSD

MSD arose largely from criticism of direct approaches, but is no stranger to criticism too

- Being a neo-liberal conspiracy
- Gender blindness
- Demonstrating systemic change
- Not reaching the poor (including whether “markets” and the private sector can truly be positive for the poor)
- **Not poor enough – not reaching the “ultra-poor”**
 - + advocacy for “hybrid”, “push/pull” approaches combining MSD and ultra-poor graduation (or similar) direct approaches

So we gathered some evidence

This was the hard bit!

- Only used publicly available data
 - E.g. DFID, Sida, DCED and BEAM Exchange
- Programs operational between 2010 and 2019
- Self-identification as an MSD/M4P program
- Program designs, proposals and reports



■ Sida ■ DFID ■ DFAT ■ SDC ■ Consortia

- **35 programs**
- 24 countries
- Worth USD 771m
- 16 implemented by MCs
- 7 by INGOs
- 12 by Multilaterals, local NGOs & Consortia
- 23 DCED audited or pre-audit (+ 7 “using the standard)

And asked some tough questions

- Who are the ultra poor?
- Are MSD programs asked to impact the ultra poor?
- How well do MSD programs perform at impacting the poor and ultra poor?
- How might MSD programs improve their impact on the ultra poor?

Who are the ultra-poor?

There is no common definition of the ultra poor

- UN “extreme poverty” = USD 1.25/d PPP (SDG 1)
- World Bank “extreme poverty” = USD 1.9/d PPP
- National poverty lines (SDG 1.2)
- Chronic Poverty Advisory Network “severe poverty” = USD 0.70/d
- Various multi-dimensional poverty indices – specific indicators (e.g. nutrition, child mortality, housing, assets)



Who are MSD programs asked to target (in designs & proposals)?

Most MSD programs work in agricultural markets and target smallholders

- Three quarters (27) were designed to target agricultural markets primarily (others include finance, water, sanitation) – the ultra poor are often not farmers
- 1 program defined and targeted the ultra poor: 42% (15) had no defined target group
- 58% (20) characterised their target group/s: E.g. Smallholder farmers, rural entrepreneurs, micro, small and medium sized enterprises
- 37% (13) used an economic definition (ranging from USD 1.25/d to USD 2.00/d, remainder used NPLs)
- 10 used some form of multi-dimensional (non-income-based) definition: 6 used both

How well do MSD programmes perform at impacting the ultra-poor and poor?

Mixed: some do well – most could do better

- Most (25) had a specific outreach target – the number of individuals or households of the target group who would benefit from net attributable income change (NAIC)
- Half (13) had a specific NAIC target (either % increase, a specific amount or an aggregate amount)
- **Only 9 had both** (7 MCs, 1 INGO & 1 research organisation). These:
 - Had a total budget of USD 320m
 - Impacted 6.2 million households
 - With NAIC of USD 1.18 billion (USD 395/HH)
 - A social return on investment of 2.6
- No available data on ultra poor impact (some evidence but not in the public domain)

What's going on here?

MSD programs do not target the ultra poor because they are not asked to

- Poverty has been and remains largely a rural phenomenon – hence agriculture – hence smallholders (but this is shifting disproportionately towards urban environments)
- MSD popular among donors because of its potential for scale (big numbers) and sustainability
- Also often fulfil other priorities:

Climate change & resilience

Policy engagement

Business enabling environment reform

Stability & peace building

Local economic development

Private Sector Engagement

Etc...

Land law reform

Recommendations for donors and implementers

Design and implement better MSD programmes – including those targeting the ultra poor

1. Systemic problems require systemic solutions (& problems are getting more systemic) – no reason to abandon MSD
2. Design programs with more robust poverty definitions (poor & “ultra poor”), targeting and measurement
3. Ensure the means of impacting the poor are sustainable (not just the ends)
4. Challenge MSD programs to impact the ultra-poor, but this means:
 - Working in non-traditional market systems and actors, e.g. urban markets, WASH, housing, employment services, social welfare (not just agriculture/farmers) & engaging with informality.
 - Using some direct *tactics & instruments* are perfectly valid in MSD with right justification and exit strategy
 - Accepting trade-offs, especially scale and cost per beneficiary
 - Accepting risk, mitigated by adaptive management and robust measurement, set against gains in sustainability
5. Please make it easier to do this kind of research!

THANK YOU

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