

# Market Development in Challenging Environments

## American Refugee Committee's experience

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# ARC and its approach to MD

- ARC is a multi-sectoral organization that works with conflict affected populations in Africa and Asia
- **ARC's involvement in microenterprise development (MED)** is relatively new and focused mostly on financial service provision
- Market Development (MD) services have generally been introduced as a complement to financial services and particularly to help serve vulnerable populations.
- MD programs have been both long and short term, depending on the environment.
- Both value chain and cross sector approaches have been used.

# Major issues affecting MD programs in Conflict environments

- External Challenges
- Internal Challenges
- Opportunities



# External Challenges

- Fragmented markets
- Relief activity distortions
- Not as much choice in terms of value chains to choose
- Poor infrastructure
- Hard to get good information from stakeholders
- Loss of skills/networks among clients
- Insecurity

# Internal Challenges

- Scared to work with for-profits
- Unsuitable staff
- Short term funding
- Need for a rapid response makes analysis more difficult
- Numerous ways to intervene – which is the best?

# Opportunities

- Start afresh – try to begin linkages that may not have been possible pre-conflict or pre-disaster
- Early focus on market development can provide natural progression to programming
- Earlier involvement in market development can hasten reconstruction efforts

# ARC Response



# Restoring Fishermen livelihoods in Thailand following the Tsunami

- The Tsunami devastated coastal villages in Thailand and destroyed most fishing boats, preventing many families from pursuing their main livelihood activity
- ARC has been working with Burmese refugees in refugee camps in Eastern Thailand, providing health, shelter and some basic skills training activities



# Design

- **Value chain** – fishery sector
- **Intervention** – order fishing boats to replace those that had been lost; encourage builders to employ out of work fishermen as labor thus providing them with short-term income and new skills
- **Actors** – local fishermen association; government; fisher families
- **Duration** – one year program, with option to continue working with Fishermen associations in future to improve marketing outlets;
- **Funding** – \$2.2 M USD; mostly private, some public (AID)
- **Clients** – 750 fisher families

# Challenges/Results

## Challenges

- Shortage of wood
- Slow government response/bureaucracy
- ARC had to retool expertise/staffing
- Where to take the program next?

## Results

- 150 9m boats produced
- 300 11 m boats produced
- 200 HOH employed in boat building
- Introduction of fiberglass boats as eco-friendly alternative
- Early coordination avoided duplication

# LINKS in Post-conflict Sierra Leone

- Sierra Leone emerged from a brutal 10 year conflict in 2001.
- The greatest amount of devastation occurred in the North Western part of the country
- ARC had established a Microfinance Institution in 2000 that by 2004 was the leading MFI in the country. ARC also provided MED services to camp based Liberian refugees and some health services.

# LINKS Program Design

- **Value Chain** – key agricultural products
- **Cross Sector approach** – build sustainable business management training sector to improve ME skill levels
- **Interventions**
  - Improve production through farmer field schools
  - Re-establish national marketing channels for agricultural products and input supplies
  - Build local orgs ability to provide biz mgmt training to businesses on a sustainable basis
  - Improved information to farmers/entrepreneurs through Radio
  - Complementary financial service activities
- **Actors** – Implementers (ARC, CRS, WVI, Care, SCG), farmers, private sector marketers/input suppliers, biz mgmt training providers (Ngo, private sector)
- **Duration** – three year program
- **Funding** – USAID, UNDP; \$8.5 M USD.
- **Clients** – 33,000 farmers and microentrepreneurs

# LINKS interventions



# Challenges/Results (1 yr. in)

## Challenges

- Complex program with many actors that tries to intervene almost everywhere along the value chain
- Suspicion about use of the private sector among some players
- Very poor infrastructure
- Relief mentality impedes info flow/buy-in
- Still transition from direct implementation to facilitation

## Results – 1<sup>st</sup> year preparatory

- Voucher program (covers 80% of costs) for business training working well; 1 partner providing training without subsidy
- Farmer Field Schools established
- Radio programs working
- Value chain analysis conducted for marketing work
- Financial services (MFI, savings groups, grants, ag finance all moving forward)

# Conclusions – “Best practice” MD can be implemented, but need to:

- Design programs that are appropriate for your staff and clients
- Supplement lack of in-country human resources
- Take a market development approach from the beginning
- Even if long-term funding is lacking, design program in steps that can have impact, but will lead into other, more sophisticated activities
- Engage other actors early to help implement programs and put-forth unified vision