Editorial

This issue of the *EDM* journal examines market development – the branch of enterprise development that seeks to integrate disadvantaged producers and workers into viable and more profitable market systems at the local, national and global levels. The market development field (known also as M4P, value chain development, inclusive enterprise development) continues to develop and evolve, but remains the darling of many donors and practitioners.

Here, and particularly in the crossfire debate, we examine the potential of market development interventions to reach and benefit low-resource communities and households. This has been the longest on-going debate in market development circles. But, perhaps the question should not be can, but when, does the approach reach and benefit such households? We have evidence that a market development approach can be operationalized downmarket – for example the well-documented ECDI-MEDA Behind the Veil project in Pakistan that has integrated remote, asset-less, illiterate and homebound women into higher value markets. This does not mean though that a 'best-practice' market development approach will always suffice or be appropriate.

Three articles in this issue highlight the challenges of a purely market development approach. The Knorringa and Huong paper on craft villages in Vietnam demonstrates that some lead artisans can be included in modern value chains, and that they will in turn bring in others as sub-contractors. However, there are those in the same villages (the more disadvantaged) for whom handicrafts will remain one of a number of livelihoods strategies. Is this a fault of the programme design – that is, could all craft producers be integrated into the chain – or does this point to the fact that not all small-scale producers have the capacity or desire to follow this path?

Flores and Bastiaensen describe systems change in the dairy sub-sector in Nicaragua – but show how it has negatively affected women in dairy supply chains. This is in fact not an isolated incident in the history of development; analyses have frequently shown that as systems upgrade and modernize (for example, the green revolutions in India and Mexico) women often lose resources and status as a consequence. Some would argue that the development of inclusive market systems (global commodity chains in particular) are part of the neo-liberal push to co-opt more marginalized producers for the gain of wealthier entities.

Garming, Guardia, Pocasangre and Staver present a case involving thousands of banana farmers in Bolivia that have been integrated into

Linda Jones is Senior Adviser at the Aga Khan Foundation.

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a new value chain, although there are significant doubts around the long-term sustainability of the initiative. Although considerable success has been gained in the short term, could there have been a better model with greater durability? We are very grateful to the authors for openly describing the challenges as well as the successes of this project – enabling us all to learn and ask the hard questions. Do these articles portray the limitations of a market development approach, or do they bring to light capacity gaps of implementers to change a complex system that is invariably interconnected with a range of systems? Even if some of us assume (ungenerously perhaps) that project design and implementation approaches have been lacking, we must question a development approach that even experienced development practitioners have difficulty in putting into practice.

Added to this reflection is the question of benefit. When and how do market development projects truly benefit small-scale producers? If upgraded domestic value chains, the green revolution and global commodity chains are all suspect, how can we measure the results of our programmes? The Donor Committee on Enterprise Development suggests income, jobs, and scale as basic priority indicators for market development programmes – but do these tell us about quality of life of the target households? Katerberg, Khan and Ruddick apply the sustainable livelihoods assessment approach suggested by Donovan and Stoian to measure impact on value chain actors in the horticulture subsector in Afghanistan. The paper illustrates that we can at least understand the well-being of target households by applying such an approach. And, if multiple actor levels in the value chain are assessed, we can get some sense of sustainability. However this approach will need to be further developed to gain a better understanding of issues such as system sustainability and attribution, and therefore long-term and widespread benefit.

We have included an excellent non-theme article by Reinsch, Dunford and Metcalfe that describes how microfinance institutions in various contexts have found cost-effective ways to deliver health protection services to their clients. In just two years, the five studied MFIs have reached over 300,000 clients with a low average cost per service to the financial institutions (US$0.29 per client) with some of these services expected to become profitable in the near term.

Finally allow me to thank Nicole Pasricha for her year as Assistant Editor, and for her thoroughness and commitment to the task. We will miss Nicole, but she has agreed to serve on our Advisory Committee. Ben Fowler, an international consultant in enterprise development and access to finance, and our previous Webwatch columnist, has replaced Nicole as Assistant Editor. We also welcome Hari Subhash who has taken over Webwatch.

Linda Jones