

# Guest editorial: strategies for integrating the most vulnerable populations into market systems, from the SEEP conference

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TO OVERCOME THE CHALLENGES of global poverty, transformative solutions with potential for large-scale impact are necessary. Inclusive *pro-poor* market systems approaches seek to catalyse lasting changes in how markets function. Market systems encompass a range of actors including the public and private sectors and civil society, as well as support services, infrastructure, funding, policies and regulations, and socio-cultural norms. Market systems approaches require deep understanding of the constraints that prevent the poor from engaging in and benefiting from their participation in markets. When employed effectively, these strategies can lead to more active and productive participation of the poor as market actors and ensure broad-based economic development benefits, such as increased private sector investment, innovation, and job creation.

Market systems approaches are increasingly recognized as holding the promise of sustainable development and an exit strategy for development assistance. Nevertheless, there are still significant challenges to be addressed. For many development organizations, this perspective represents an evolution in their role from direct service provider to one of market facilitator. This evolution often requires new capacities and orientation. At the same time, many practitioners continue to work within specific sectors. As organizations become more specialized, 'silos' are created that fragment actions and reduce the potential for scale and impact, particularly with respect to very poor and marginalized populations.

By taking a systems perspective, the SEEP Network has the potential to support approaches that extend beyond single sector interventions. Our historical focus on both enterprise development and microfinance has provided the foundation for a more holistic approach to inclusive market development that can engage a wide range of industry stakeholders, services, and technologies. At the same time, the diversity of our membership presents significant opportunities for multi-sector action, knowledge creation, and sharing, within and across sectors and contexts. Many of SEEP's members work in multiple areas such as agriculture, health, and nutrition, and utilize a range of strategies. As a consequence, SEEP, in collaboration with our members, is able to contribute to a broad spectrum of learning agendas focused on improving practice, as this edition of *EDM* demonstrates. The papers in this issue are drawn from the 2014 SEEP Annual Conference held in Arlington, Virginia in September 2014.

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Given the SEEP Network's commitment to poverty reduction, our strategy places a profound emphasis on the integration of vulnerable populations into market systems: for example, women, youth, HIV-affected households, and the rural poor including farmers and labourers. Several articles in this edition refer to 'push-pull strategies'. Many SEEP members focus on vulnerable populations. Their approach to market development, therefore, often contains elements of both 'push' and 'pull'. 'Push' in this context refers to strategies designed to help very poor individuals and households build up a minimum level of assets (e.g. human, financial, social, cultural) that increase their capability to engage with other market actors (both public and private) and transition out of a cycle of extreme poverty. 'Pull' refers to actions that leverage commercial incentives to facilitate the more gainful participation of the poor in economic opportunities through sustained engagement in market systems – whether as producers, labourers, employees, or business owners. The series of 'push-pull' articles are complemented by cases of important development trends, including 'Big Data' and the use of information communication technologies (ICT) as a tool for catalysing change within the agricultural inputs retailing system.

The Crossfire debate between Sophie Romana of Oxfam America and Emmanuel Letouzé of Data-Pop Alliance demonstrates both the potential and controversies surrounding the use of 'Big Data'. Information derived from digital data sources and real-time analytics technologies is an increasingly pressing matter for traditional businesses. However, the applications to inclusive market development in low-income settings are at a very early stage but are beginning to produce some important lessons.

Small-scale entrepreneurs have the potential to transform agriculture markets. They are much more than 'petty traders' and are often the last-mile link between producers and larger, outside private firms. The experience of the Aga Khan Foundation (AKF), summarized in the article by Walkerman, Bowles, Cartland, and Ross, provides useful insight into the role local entrepreneurs can play in facilitating push-pull approaches. The paper is a case study of an AKF market development programme in southern Tanzania in which these actors successfully bridge gaps between rural producers and firms.

Disjointed programming between 'push-pull activities' within or between projects can impede the effectiveness of engaging extremely poor households (consuming less than US\$1.25 a day PPP) in input and output agricultural markets. Working with only push or only pull strategies presents challenges to bringing extremely poor households to the levels where they can engage in agricultural markets. Well-functioning and coordinated strategies facilitate pathways to sustained improvements in incomes and nutrition. The article 'Improving the food security of the extremely poor by linking them to markets' highlights the experience of CARE, ACDI-VOCA, and World Vision.

Women's economic empowerment is considered an essential element of inclusive market development. The case of Project Concern International (PCI), in the article by DeVries and Rizo, demonstrates how savings group (SG) methodologies combined with social empowerment strategies can be used to engage communities

meaningfully in addressing development challenges such as access to clean water and a functioning latrine.

Gender considerations are also a critical element in the strategies described by Favari, Wilson and Shaikh in the article 'Making markets work for women: how push and pull strategies can support women's economic empowerment'. Gender analysis can help to identify the change points in a system that will facilitate a positive shift in women's ability to act and interact with complex market systems and subsystems.

Together these articles demonstrate a commitment not only to improving practice but to a shared belief in the value of collaborative learning. We are thankful for the opportunity *EDM* has provided for these organizations, and our network in general, to continue the process of dialogue and sharing. We strongly believe collaboration of this nature can set the stage for breakthrough innovations and greater collective impact.

#### **About SEEP**

SEEP is a global learning network dedicated to exploring strategies that create new and better opportunities for disadvantaged and marginalized populations, especially women and the rural poor, to participate in markets and improve their quality of life. Founded in 1985, SEEP was a pioneer in the microcredit movement and helped build the foundation of the financial inclusion efforts of today. In the last three decades SEEP members have continued to serve as a testing ground for innovative strategies that promote inclusion, develop competitive markets, and enhance the livelihood potential of the world's poor. SEEP is composed of over 130 organizations working in more than 170 countries worldwide.