Step 4: Empowering Marginalised Actors

‘Marginalised actors have the skills to make PMSD work for them’

Summary

The process of participatory market system development offers the opportunity for market actors to make markets work better for them. However not all market actors are equally well-prepared to seize this opportunity. Step 4: Empowering Marginalised Actors provides guidance on how to empower those actors who start from a point of marginalisation so that they become capable, willing and able to interact on an more even footing with more powerful and market savvy actors.

In all PMSD projects, this step typically involves working with micro-entrepreneurs, small-scale producers or smallholders. However, producers may not be the only actors that need attention under this step. Labourers, local input and service providers and intermediaries often need empowerment to engage with better-off actors.

The empowerment of marginalised actors to engage with other actors goes hand in hand with processes of reflection and discussion about the roles and value that they can have in the improvement of the market system as a whole. These processes are at the heart of participatory planning, which is covered in more detail in Step 7: Participatory Planning.

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Section 1: Why is empowerment necessary?

Not all market actors are equally well-prepared to make their markets work better for them. Both those who start from a point of marginalisation and key actors who are more savvy and well-connected need to be empowered and oriented to be able to work together to transform their market system more effectively. PMSD is not just about “making markets work better for the poor” but also about empowering the poor to make their markets work better for them.

Markets that don’t work for the poor

Market systems in developing countries typically don’t work well for many people. Markets performance can be both a cause and a consequence of social vulnerability, marginalisation and income poverty. Furthermore it is possible to facilitate market systems to become more productive, efficient, and competitive without the economic benefits reaching the most marginalised or vulnerable. Facilitating market systems can reproduce and entrench marginalisation.

PMSD therefore puts a very strong focus on how to facilitate market systems to become not just more efficient and productive, but also more inclusive and equitable.

Empowerment for engagement

PMSD offers the opportunity for market actors to make markets work better for them. However not all market actors are equally well-prepared to make the process work for them. This step mainly concentrates on the market actors who typically need the most support to prepare them for the PMSD process: poor producers and farmers. However they are not the only marginalised actors in the system, and so you should use the analysis carried out under Step 2: Preliminary Market Mapping and Analysis to identify other market actors who may also need orientation, such as labourers, local service providers and some small-scale market chain intermediaries.

This step provides guidance on how to empower those actors who start from a point of marginalisation so that they become capable, willing and able to interact on an more even footing with more powerful and market savvy actors.

It is important to note though that marginalised actors are not the only ones who need to be empowered. Past experience suggests that the relatively more powerful and market savvy market actors may also need “empowerment” (mainly in the form of training or orientation) to help them engage with marginalised actors. Buyers, input and service providers, extension agents, academics and policy-makers are all good examples of market actors who may need to improve some of their skills or attitudes to engage better with marginalised actors.

The optimal time to work with these more powerful actors is once they have shown a strong interest to engage with the PMSD process; that is, after you have carried out Step 5: Engaging Key Actors.
Empowering more powerful actors – example from the Nepal dairy sector:

In the specific case of the dairy sector in Nepal, project facilitators found that large scale milk processors did not know how to speak to groups of small-scale milk producers about the opportunities and challenges of becoming suppliers. The project facilitators spent time with the company representatives to explore the issues that producers faced and work on communicating in straightforward language before taking them to milk-producing villages to begin discussions between the processors and the producers. This made a big difference, enabling the processors and producers to agree on terms through which the companies would sponsor and lead extension activities with producers.

Empowerment for engagement is not about providing sectoral or sub-sectoral training to the market actors; it is not about training “poor” farmers on how to vaccinate a cow, produce more rice, or manage their cooperatives or farms better. The provision of these training services should be provided by the market system and should still be available to the users in the long term.

Rather, empowerment for engagement is the process of providing marginalised market actors with the minimum and basic sets of skills to kick start a “good” engagement with other market actors so that they can work together to unlock the vicious circles or marginalisation, poverty and environmental degradation that affect them.

For their engagement to be considered “good”, it has to be proactive, creative and effective:

- **Proactive**: the marginalised actors can see potential business and market opportunities and go for them themselves, instead of waiting for the NGOs or other market actors to tell them what they can do for them.

- **Creative**: the marginalised actors bring their knowledge or recombine the knowledge from other actors to propose new solutions that are appropriate and relevant to them.

- **Effective**: the marginalised actors can get business deals done and build relationships that work for them and add value to other actors in the system.

In order to attain this level of engagement, in our experience, there are three basic and minimum competencies or skill sets that are needed by the marginalised actors to start breaking their isolation from other key market players:

- **Representation and mobilisation**,

- **Market literacy**

- **Dialogue and negotiation**.

These are analysed in more detail in section 4 of this guideline.

It is very important to keep in mind that the process of empowerment for engagement that we facilitate is transitory; it is intended to kick-start and catalyse the integration of marginalised actors in the processes that shape the evolution of their market system. We are not supposed to keep on doing this kind of empowerment forever. As the cycle of marginalisation breaks, the empowerment process starts to
take place by virtue of the market engagement itself! In other words, it is the market system that should take over from the facilitator and continue building the skills and attitudes that the previously marginalised actors need in the long run to stay productive, efficient, competitive and adaptable.

Pathways out of poverty

Poverty, vulnerability and marginalisation happen for many reasons, and they are experienced by people very differently. Alongside the limited opportunities to earn a reliable and reasonable income, people can also find themselves fighting ill-health; struggling with physical or psychological trauma; or struggling to meet basic food requirements or debt repayments, to name just a few examples. Therefore, marginalised people often find themselves falling behind in a fast-changing world, or being pulled out of various economic, social and political systems by vicious circles that can take generations to be broken.

In order for market development approaches like PMSD to work for the poorest and most vulnerable people, it is essential to understand what their most immediate priorities and needs are, and to support these. For these market actors, encouraging sophisticated or demanding types of engagement in the PMSD process or taking on high levels of risk may not be appropriate, nor likely to succeed unless other factors contributing to their marginalisation are addressed first. Of course, the sophistication and levels of risk associated with the market engagement will be context specific and relative to the type and intensity of marginalisation. Common sense and a facilitation approach are extremely important here so that these actors can take the process at their own pace.

It is very important to keep in mind however that even small improvements driven by the desire to participate in the market can contribute greatly to breaking vicious circles of marginalisation and boosting self-esteem. For example:

- Improved quality or volumes due to marginal changes in technology, practices or techniques:
  - Wash your hands before milking a cow
  - Dry hibiscus on an elevated mesh

- Improved quality of services or bargaining power due to marginal organisational changes:
  - Allow the female head of the household to participate in a community meeting
  - Relax or toughen up the rules of participation in a cooperative meeting

In other words, it is not always necessary to empower people before they engage in the market; market engagement empowers in itself!
Approaches that seek to lift very poor people out of poverty need to take account of the ability of these people to cope with the potential risks of engaging in new ways with their current market or with new markets or with new types of markets.

Households or individuals with high levels of economic vulnerability will probably need interventions that will stabilise their household consumption and assets, and begin to build in risk management strategies. However, for these interventions to be sustainable and scalable, at least the following two recommendations should be taken into account:

- The market systems selected have to be suitable for the extreme poor to engage. Avoid selecting a market system first and then trying to make it fit the objective of reaching the extreme poor.
- Government support or safety nets (subsidies) should be part of any successful intervention to empower large numbers of extremely poor market actors in the long-term. Avoid coming up with donor-funded, NGO-driven empowerment programmes, unless they are trying to test a new empowerment model that will be adopted by the government.

**Examples from the field – Pathways out of rural poverty in Bangladesh:** Practical Action’s work in Sirajganj and Rajbari has been combining a focus on the very poor with market-driven interventions that aim to achieve both scale and sustainability. The EC funded programme involved targeting vulnerable and marginalised farming households who needed to stabilise their income, ensure their food security and adequate nutritional status, and have access to low-risk income generating opportunities. Initially it was vital to select market systems on the basis of economic relevance and potential opportunity for the target groups (in the agriculture, fisheries and livestock sectors). A combination of strategies were necessary – both using a “push” strategy to bring the intervention to the attention of target groups, and make it accessible to them, and a “pull” strategy to develop the skills and knowledge of the market actors, and bring them up to a level where they could engage with the intervention. The push strategies mobilised local social capital and worked on ‘reaching down’ to ensure that interventions such as demonstration plots were accessible and could reduce the risks (actual and perceived) of innovation; these were combined with a mix of ‘smart’ subsidies, asset transfer and learning sessions. The ‘pull’ strategy focused on market system development. Nurturing improved relationships and win-win linkages between market actors was an important part of integrating marginalised farmers into the value chains.
Section 2: Understanding marginalisation

A crucial part of working with marginalised actors and helping them to move out of poverty and become active members of the market system is to understand who the marginalised really are. In order to do this, analysis of the marginalised actors is essential.

A model to gain deeper insights into the marginalised target groups

**Identify:** Who is being marginalised from the market system?
*Consider marginalisation not just in economic terms, but also social, political, informational, etc.*

**Understand livelihoods:** How do the marginalised groups live? What assets and resources do they have access to? How do they combine such assets to add or extract value from the system? What livelihood options exist for them? What roles do they play and could they play in the market system?

**Understand power and networks:** Who do marginalised and excluded groups interact with? Who do they respond to? Who influences or controls how they live, organise themselves and invest?

**Understand risks:** What are the perceived risks for engagement? How can these perceptions and realities of risk be reduced through our interventions and the interventions of other market actors?

**Explain:** Why are the target groups marginalised from the market? How will the wider system react to a better engagement of the target groups?

**Pathways:** Appropriate and sequenced support

**Facilitation:** Empowerment for engagement

**Appropriate action**

Figure 2: The process of understanding marginalisation – a useful model
NB: The model described in figure 2 is not only useful for the facilitator to enhance their understanding about marginalisation of the target groups, but also for the marginalised actors themselves to better understand their strengths and weaknesses; the actors, forces or factors that exacerbate their marginalisation; and the opportunities that the market system offers that can help them make their way out of poverty.

Different kinds of marginalisation

The term marginalisation has different connotations for different international development practitioners. It is therefore very important to be clear at this point what we mean by marginalisation in the context of PMSD.

From a systems perspective, poverty is a manifestation of marginalisation at many different levels: economic (eg. low wages, lack of access to financial services), social (eg. caste structures), political (eg. political party affiliations), cultural (eg. preconceptions about tribal backgrounds), religious (eg. Shia and Sunni tensions in Middle East), technological (eg. lack of access to affordable seeds or equipment), informational (eg. low literacy levels, lack of access to market prices), and even psychological (eg. self-marginalisation driven by social stigma or fear).

PMSD facilitators can address marginalisation more effectively if they:

- Look beyond the poverty line and strive to find the blockages and gaps in the system that are nurturing the vicious circles of marginalisation.
- See the market system in terms of more than just economic transactions. Market systems are full of opportunities for the poor – even for the poorest of the poor; by providing spaces to build relationships, self-esteem and knowledge.
- Use the actors’ self-interest as an opportunity to facilitate new relationships between market actors. Relationships that are initially driven or motivated by purely selfish or profit-making motives, can eventually lead to friendship, trust, collaboration and innovation.

Definition – Marginalisation in the market system: Actors who form part of the system as producers or consumers, but who face disadvantages due to a lack of bargaining power, knowledge, political influence, socio-economic status, etc.

The stakeholder analysis that takes place under Step 2: Preliminary Market Mapping and Analysis is perhaps the most important exercise to understand who the marginalised market actors are. However, keep always in mind that the PMSD process is “circular” or iterative; not linear. This means that even in the first step (Market System Selection), it is necessary to reflect about the populations of marginalised actors that we are targeting. The market system we select must include considerations about both its potential to reduce poverty of the target groups and their potential to engage and participate in the market.
Various common risk scenarios exist in value chain development:

Adapted from UNIDO - Pro-Poor Value Chain Development pg 34

1. Not being able to produce the quality and quantity required by the buyers on a sustainable basis.

2. Not having access to enough assets (land, property, financial resources, etc.) to enter into production.

3. Switching from growing a mix of food staples to one particular cash crop catered to the market demand (this may reduce food security, especially if buyers stop purchasing from them or prices fall).

4. Falling into a debt trap: while less powerful and less developed actors may finally make it into more dynamic value chains, their profit margins are too low, tying up capital and labour that could be used for other activities.

5. Generating resentment, tensions and even physical conflict with neighbouring communities: certain vulnerable groups, such as women, minorities, HIV-affected people, immigrants and disabled people may be able to obtain rewards from improved roles and profits in dynamic value chains but at the cost of unsustainable social and psychological unrest.

6. Failing to comply with traditional roles or functions attached to certain market roles: engaging in a new productive activity or being seen as making more profits can lead to changes in status and social ties which, in turn, generate new expectations and social contracts. For example, a farmer who becomes a cereal miller and trader may lose backing from neighbouring farmers in times of difficulty or be expected to give credit to farmers.

7. Another important point to consider is risk aversion. Engaging in new fields of production, processing and trade requires taking risks. While this may be possible for certain actors in the market system, others who depend on their resources for survival (for example, because they live on less than a dollar per day) may be less inclined to invest their few resources in risky businesses and in the end, remain excluded from new income opportunities.

Examples from the field – Women farmers selling more and better potatoes but...

In the High Andes of Peru, one of our projects improved the ability of women to produce higher quality and larger volumes of a couple of varieties of native potatoes that have a good demand in the local and national gourmet markets (restaurants and snacks). However, their involvement in this improved economic activity demanded extra time. In order to adapt to this change, they started spending more on pre-made and canned food to spend less time cooking for their families. Some of the unintended consequences of this process were that profits from the potato business where partially eroded by higher expenditure in processed food; children received a less varied diet (with increased consumption of starchy foodstuff) and some women reported increased stress and conflict with their husbands.

Risk analysis is an important aspect of good facilitation all along the Roadmap; as the processes of participation, engagement, collaboration, strategic planning and coordinated action between the market actors move forward, both perceived and real risks change. These changes in turn create or preclude new
opportunities that the facilitator and the market actors need to be aware of. **Do not hesitate to frequently ask the question: “is this a good idea?”**. If in doubt, leave it to the market actors to decide. They are the ones who need to decide how much risk to take at every step of the way. Use a ‘demand approach’ to risk-taking; use subsidies to help market actors take on risks they are clear about and that they are keen to take. **Do not** use subsidies to convince market actors to take on new or unknown risks simply because you have targets to meet and objectives to achieve.

Before moving on, it is important to note that this document does not attempt to cover the details of poverty assessment techniques, and it assumes that the reader has some experience in these issues. The document instead intends to add some value to the reader’s knowledge about marginalisation and poverty analysis within the context of PMSD. The following are some references that we found useful:

**UNIDO - Pro-Poor Value Chain Development** includes a tool to investigate how the value chain affects poor people in the value chain (pg 35-37), and also discusses the impact of gender based constraints (pg 39)

The **Pathways Out Of Poverty toolkit** provides a more robust tool for bringing the poorest actors to a point of empowerment, from page 5 onwards.

**Grameen Shakti’s DRAFT Value Chain Identification for the poorest Toolkit** provides further guidance on selecting value chains that have the maximum potential to engage and positively impact very poor populations.
Action Point A – **Clarify how the donor understands marginalisation:**

Study documents from the donor such as their “request for applications”, the terms of reference, the contract or the project proposal to get an idea of how the donor understands poverty:

- What indicators is the donor using (e.g. income per day, access to basic services, etc.)?
- How does the donor refer to “the poor” (terms and discourses)?
- How do they describe or analyse the processes that produce poverty and what assumptions do they make along the way?
- What are the implications of these indicators for the design and execution of the project?
- What are the implications for the selection and engagement of stakeholders?

Check for potential clashes, tensions or contradictions between the understanding that the donor has about poverty and your understanding. If the gaps are too wide, you may be getting into a very difficult relationship (if you get the funding in the first place!).

Action Point B – **Clarify your own understanding of the marginalised and marginalisation**

Go through the questions proposed in fig. 2, discuss them with the project team (if available) and write down all related insights and new questions that arise.

- How compatible are your understanding and the donor’s understanding about poverty and marginalisation in the market system you will intervene?
- What are the implications or the differences or similarities?
- Do you need to discuss your understanding with the donor at an early stage?
Action Point C – Helping marginalised actors and other strategic actors to gain a better understanding of marginalisation

Use the questions in Fig. 2 to promote a reflection amongst marginalised actors and other strategic stakeholders about poverty and marginalisation in their market system.

- How do they understand poverty? Take note of the aspects they mention. This can give you an idea of other important aspects they may not be seeing. For example, they may be aware of lack of jobs or income but not about the lack of political influence on their local institutions, or lack of skills. Try to understand if they see poverty as resource scarcity or as exclusion from economic, social, political and informational processes.

- How do they experience poverty? In other words, how is poverty manifesting in their lives? This can give you an idea about gaps, incoherence or contradictions between the way they rationalise or articulate poverty and the way they experience it in practice. For example, what they articulate as “lack of jobs” is manifested in the fact that they have to migrate and leave their families for long periods of time.

- What are the knock on effects and synergies (vicious cycles) of poverty? Try to find out as many knock on effects as possible and help them to reflect about the connections between the different effects. For example, actors not being able to be close to their children could contribute to the children missing school on a regular basis, and therefore decrease their chances of finding a good job in the future.

- What do they think the causes of their poverty and marginalisation are? Who or what do they see as the driving forces or agents of their poverty? Help them to reflect about the situations where they are contributing to their own marginalisation. Help them to reflect about their values, beliefs, attitudes, preconceptions, institutions, etc. that may be fuelling poverty.

The most important idea that you should help the most marginalised actors to find out and adopt is that “we are all in this together”. Help them to see themselves as more than passive recipients of poverty. Help them to see themselves as part of the problem too. This is a very important step towards seeing themselves as part of the solutions that can make their market system work better for them, their families, their ecosystems and society in general.

Finally, (if needed) help the not-so-marginalised and strategic well-off actors to understand that poverty and marginalisation in their market system can be actually hampering their capacity to become more successful. Remember that your agenda is to reduce poverty but theirs is not! They have to realise that poverty and marginalisation in their market system is against their interests.
Section 3: Who should we empower?

Knowing who to empower is difficult and time consuming, but the rewards are high. The so called “target populations” or “the poor” are not homogeneous; they are very diverse and complex universes indeed. A systematic reflection about who precisely to empower – not only within the target populations, but also amongst the actors who should interact and collaborate with them is key to reduce time and costs and make the rest of the PMSD process smoother and more effective.

Identifying the right actors

Knowing precisely who will require your attention in terms of empowerment is very difficult, especially during the inception and design phases of a project (steps 1-3 of the Roadmap). Even during the implementation of activities and after knowing the stakeholders well, it is not easy to identify which actors need to be empowered. This is due to several possibilities:

- Some market actors do not know what they need to do or achieve in the PMSD process
- Some market actors do not know what skills and attitudes are needed to engage with the rest
- Some market actors do not like to look weak or admit that they need help
- Some actors pretend to be or sincerely believe that they are weaker than they really are

Empowerment is one of the most expensive and time-consuming processes in PMSD, but it is also the one with the highest rate of return. Once the right actors are empowered to engage, the rest is easier and more effective in terms of poverty reduction at scale. Empowerment for engagement is the key to real “pro-poor” market development.

Once you know who needs empowerment, it is easier (although not always easy) to make educated guesses about how much and how long the empowerment processes will take.

The preliminary market mapping and stakeholder analysis that you did in Step 2: Preliminary Market Mapping and Analysis should give you an initial list of the people you should engage in the PMSD process.

The next step is to be clear about the dimensions or aspects of marginalisation that are relevant for the donor, you and the market actors. The most common ones, as previously mentioned, are economic, social, political and informational, but there can be more; for example, cultural or religious. Make time both within the project team and with market actors to have systematic and periodic reflections about which aspects of marginalisation you are paying attention to and why.

The Market Opportunity Groups

Once the representatives of the target populations and other marginalised actors have been identified, it is convenient to work with them as groups. In the PMSD approach, these groups are referred to as market opportunity groups, because their main objective is to explore new market opportunities for their
peers. These will be the focus of most of the empowerment for engagement processes that you will facilitate. It is possible to have more than one MOG in the PMSD process.

For more information on market opportunity groups, refer to section 5.
**Action Point D – Identifying who needs to be empowered**

There are two broad groups of actors who need to be empowered: firstly, the target group (the so-called “poor”) and secondly, the not-so-poor or the better-off, who need to be empowered to engage better with the target group (generally in the form of orientation or awareness raising)

Bring together the list of actors that you built in *Step 2: Preliminary Market Mapping and Analysis* and the list of dimensions or *aspects* of marginalisation that you identified in section 2 above (e.g. economic, political, religious, technological, etc.)

Use the following questions for each of the target groups:

- Is this target group (community, group, network, etc.) marginalised in [aspect A]?
- How is this marginalisation manifesting in the lives of the target group?
- What basic and minimum skills or attitudes does this target group need to engage better with [actor 1]
- If the target group is successfully empowered, will [actor 1] engage well?
- If not: are there similar actors who would engage positively?
  - Yes: Then engage them
  - No: what basic and minimum skills/attitudes should [actor 1] have to engage well with the target group?

For example, the conversation within the project team could go like this:

- Are these dairy farmers from this district marginalised economically?
  - Yes.

- How is this marginalisation manifesting in the dairy farmers?
  - They do not have access to credit to buy good quality seeds and other agricultural inputs to increase their yields.

- What basic and minimum skills should they have to engage better with local credit providers?

- If the farmers reach out to the credit providers, will the latter engage (e.g. will the credit providers receive them, discuss business opportunities with them, work with them to create appropriate financial products, etc.?)

**NB:** Try to work with market actors who are supportive of the principles of PMSD, who have incentives to engage or who find it easy to understand the value of market-wide improvements. In highly dysfunctional market systems you may have no choice but to invest time and resources in the few actors who are available to the target groups. If so, keep this in mind for your work plan and budget!
Section 4: Basic Competencies for Engagement

In order to prepare marginalised actors to start/initiate a proactive, creative and effective engagement with other market actors, it is important to first build three sets of basic competencies: representation and mobilisation, market literacy, and dialogue and negotiation.

Minimum necessary competencies for engagement

We have identified three competencies that marginalised actors often lack and which prevent them from representing themselves well in participatory processes with other actors. These are described below.

- **Representation and mobilisation**: Focuses on the abilities of market actors to organise themselves and choose leaders to represent them. It also covers the ability of the representatives to report back to their constituencies, and to mobilise them to take action towards the plans and agreements that are struck in the participatory process.

- **Market literacy**: Focuses on the ability of marginalised actors – and their representatives in particular – to understand the market system in which they participate, the different actors within it and how they can interact to make the system work better as a whole.

- **Dialogue and negotiation**: Focuses on the ability of marginalised actors, and particularly their representatives, to get their point across in meetings with more powerful actors, and to communicate their potential and needs persuasively.

**Representation and mobilisation**

Typically, marginalised actors are very numerous. PMSD can achieve impacts on a large scale because it brings about changes in the system that impact this wide base of actors. It is not feasible however to involve all of this population in the participatory activities that bring them together with other market actors. Effective representation is therefore absolutely essential, and is usually done using market opportunity groups. Leaders - nominated or elected in some way - must represent the interest of the wider population of marginalised actors.

In our experience, a wide participation of stakeholders in the election of their representatives tends to work better than appointments made by the project or by a small number of people. However, keep in mind that a group of very popular representatives who have been democratically elected may lack fundamental traits and attitudes when it comes to negotiation, communication and mobilisation. If this is the case, the empowerment process will take longer and will be more expensive than if you have the right combination of profiles. A good way of overcoming this apparent dilemma is by allowing people to elect their representatives keeping in mind that for their “team” to be successful it has to have a combination of three types of actors: translators, connectors and opinion-makers.

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1 This classification was proposed in the 90s by E. M. Rogers in his seminal book “Diffusion of Innovations” and almost a decade later popularised by M. Gladwell in his book “The Tipping Point”.

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Translators: actors who can translate ideas between different groups of market actors in ways that they can all understand (e.g. farmers and agricultural researchers, policy-makers or buyers)

Connectors: actors who can connect different types of market actors (i.e. they have very good interpersonal relationships and are prone to share their social capital)

Opinion-makers: actors who can influence the choices and investments of their peers.

In practice, most people can display more than one of these abilities; however it can sometimes be difficult to find actors who are very strong in these areas, especially when they are acting outside of their comfort zone (i.e. interacting with unfamiliar actors). The crucial task here is to try to influence the process of selection as much as possible so that the chosen representatives, as a collective, cover all three behavior types. The key question is: how to do it without losing neutrality, becoming dictatorial or undermining local leaderships?

One concrete way of doing this is by explaining the importance of these three characteristics to the people who will select their representatives and to the leaders of the community. Another way is to gather information from formal and informal leaders of the community about potential candidates, create three groups of preselected, keen candidates under the three categories, and ask people to select representatives from each group. This will produce a group that will have at least one of each type.

For a more detailed explanation of how to promote effective mobilisation, including the scale-up and adoption of new ideas please refer to Step 10 - Communicating Evidence for Uptake

Facilitators must ensure that the representatives they engage in the PMSD process have the skills, tools, tendencies and interest to report the lessons learned and action plans agreed back to their peers, connect them with other key actors (e.g. local buyers and service providers) and mobilise them to put the action plans into practice. This will increase the chances that the potential benefits and advantages are realised by the actors they represent.

Market literacy

Market literacy skills enable actors to understand the factors that shape the market systems in which they participate. They emphasise the interconnectedness and interdependency of different actors and, therefore, the importance of relationships and interactions between these actors when it comes to making their market system more inclusive, productive and efficient.

Market literacy skills also emphasise the economic factors that strongly influence behaviour of market actors. Helping marginalised actors understand why other market actors make the choices that they do is very important. It enables them to strategize how they can interact with other actors on terms that will interest them.

Market literacy skills can also cover a large number of other issues. These include household financial management, operations of cooperative and marketing groups, basic geographical awareness of where inputs, services, advice and buyers can be accessed to name a few. Precisely what type of skills and knowledge marginalised actors need will depend on the local context and the selected market system.
Factors that will affect this include the education levels of the marginalised actors, whether the interventions are encouraging producers to enter into entirely new subsectors or market functions, social cohesion and how long the actors have lived in the area. It is important to reflect about these issues and discuss with the marginalised actors themselves to know precisely what skills and information they need.

**Dialogue and negotiation**

Dialogue and negotiation skills enable marginalised actors to have the confidence to interact with more powerful actors in the market system, and to make these interactions as effective as possible.

There is a vast body of theory and practice out there about dialogue and negotiation approaches, techniques and skills. The following are useful reference materials that you can use:

*The Partnering Initiative/International Business Leaders’ Forum: Developing interest based negotiation skills.*

*Center for Creative Leadership: Giving effective feedback: The Situation + Behaviour + Impact (SBI) model.* (More on this in **Step 7: Participatory Planning**)

There are, however, some considerations that you need to keep in mind when trying to build dialogue and negotiation skills and attitudes:

- Remember that this is the one set of skills that several groups of market actors will need help with, not just the most marginalised. It is common to see well-off, highly educated and influential market actors in dire straits when it comes to finding common ground with marginalised actors.

- Keep the negotiation focused on feasible business opportunities and measurable reference points (e.g. the price of fish in the nearest market or the costs of fuel to get produce from point A to B). When you see that the discussion is moving towards recrimination, personal aggression and subjective judgements based on preconceptions (e.g. “you are just a greedy firm” or “these poor farmers do not know about business”), help the parties to focus back on the business potential. You could make them aware of the situation, propose a break, invite a new actor to bring new perspectives, etc. You can find more about this in section 2 of **Step 7: Participatory Planning**

- Allow for several sessions of negotiations (participatory market mapping workshops, one-to-one meetings, round tables, business fairs, etc.) in your budgets and activity plans. There is no magical formula to predict how many iterations or types of meetings you will need. This all depends on your knowledge of the possible market actors and the dynamics of the particular market system you selected (your preliminary investigations in steps 1-3 will be crucial to this). One thing is for sure though: you will almost certainly need to plan for more than one iteration.

- Remember that despite the initial focus on the business aspects of the market development process, these negotiations are permeated by social, institutional and political issues. In Nepal, for example, Practical Action had to invite representatives of the main political parties to the
market mapping workshops because of the tensions and mistrust that still remain in the country around social gatherings after many years of civil conflict.

- The objective is to help the actors to focus – initially on the things that can bring them together. These things are normally linked to business opportunities that have the potential to benefit all or most of the parties involved in the negotiations.

- Regarding private market actors, dialogue and negotiation skills must give marginalised actors the basic, minimum abilities and attitudes to use temporary and quick interactions with buyers, input providers and service providers to build long-term business relationships based on trust, quality and timeliness of delivery.

- Regarding public market actors, dialogue and interactions skills must give marginalised actors the basic, minimum abilities and attitudes to understand the policies and public institutions that affect their possibilities of engaging with private market actors. These skills must also build their confidence and organisational capabilities to engage with policy-makers and politicians who will be able to make a difference in the enabling environment.

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**Key behaviours that marginalised actors should practice to engage better with other market actors.**

As a facilitator, work with marginalised actors to help them to understand the value of practicing the following behaviours, and keep an eye on the reactions of their peers and other actors:

**Representation and mobilisation:**
- Engage with other market actors with the interests of your peers at heart
- Use the position of power that the PMSD process gives you responsibly and strategically. This is your chance to speak up for your peers within spaces like the participatory market mapping workshops or the interest forums.
- Report back to your peers about what is happening in the PMSD process
- Help your peers to align their strategies and investment plans with those coming out of the negotiations with the other market actors in the PMSD process.

**Market literacy:**
- Negotiate mainly in terms of quality and quantity; not only price
- Know what the buyer and their buyers need or desire
- Make repeated sales (buyers coming back for more) your main objective; making a lot of money once is not sustainable
- Build trust and transparency with your buyers and providers
### Dialogue and negotiation:

- The other market actors will engage with you out of interest; not out of pity or because they want to help you.

- Some of the interests of some of the market actors are complementary or very similar to yours; use them to build trust, explore business opportunities, collaborative relationships or coordination of efforts.

- Listen carefully, be kind, be patient, be respectful to others. Put yourself in the situation of the person talking with you.

- Very few market actors will have ill intentions; most actors’ behaviour stems from their interests, assumptions and preconceptions, imperfect and incomplete information, and even fear, etc. The PMSD process will help you and all the other actors to find out compatible interests, clarify assumptions, learn from one another and build trust.

- Dialogue and negotiation takes time. Be prepared for several meetings, many of which will be frustrating. Do not give up at the first obstacle.

### Final considerations about the three basic skills:

- **They are synergic**: working on one set of skills will build the other two. For example, if you managed to facilitate a good process of selection of representatives, it is very likely that these people will be good at (or are prone to) effective dialogue and negotiation; or if you build basic market literacy, the representatives will tend to be more effective negotiators.

- **Use the approaches, methods and tools you or your colleagues already know.** This guideline assumes that you have some experience in working with marginalised actors.

- **Avoid training market actors in skills that the market system should provide.** Do this only when you need to demonstrate the effect of new ideas, technologies or models, or to create opportunities for market actors to come together to build trust, new forms of collaboration and coordination, and friendship. For example, hands-on, technical training events and field visits.
Section 5: Market Opportunity Groups (MOGs)

We strive for impact at scale, but it is impossible for large numbers of marginalised actors to participate in the workshops and meetings that we facilitate. To overcome this problem, the facilitator can use working groups or networks of a manageable size; in the PMSD approach, these are called “market opportunity groups”.

What are market opportunity groups?

Market opportunity groups are small groups (5-10 people) of representatives of marginalised producers. They are normally selected democratically or through consensus amongst larger numbers of peers. Market opportunity groups act as mobilisers of wider groups of marginalised producers, and as a bridge between these and the members of the interest forum. The degree to which they can be effective in these two functions will have a significant effect on how inclusive and scalable the process of market development is.

Market opportunity groups play a critical role in making markets more inclusive for their peers or constituencies. Their main functions are:

- To explore market opportunities, challenges and solutions with other market actors in the interest forums on behalf of their peers (other marginalised producers)
- To take these opportunities, challenges and solutions back to their peers
- To explore adaptations to these opportunities, challenges and solutions with their peers that will make them more appropriate or relevant to them and therefore increasing the chances of sustainability and scalability.
- To bring counter-proposals or new ideas from the marginalised producers back to the interest forum
- To mobilise their peers around plans agreed upon by the interest forums

How can you facilitate the engagement of market opportunity groups with other market actors?

Skilful facilitators should keep an eye out for areas of tension and attentiveness from the marginalised producers, as these can often be a useful catalyst for engaging market opportunity groups. The facilitator should consider using these tensions and interest to promote the emergence of a new market opportunity group, or to mobilise existing groups of marginalised producers in the interest forum.

In the case of pre-existing groups or associations:

- Make sure representatives of the group are invited to key meetings
- Explore the possibility of the group becoming the market opportunity group or one of the market opportunity groups (there can be more than one!)
- If necessary, help the group to communicate effectively to the other market actors regarding the opportunities and challenges they face and their ideas or solutions (this may require training and preparation)

Creating market opportunity groups from scratch or leveraging existing groups?

There is no easy answer to the question of whether to create market opportunity groups from scratch or to leverage existing groups. Decide using your experience, knowledge about the context, analysis of stakeholders, the preliminary market mapping and the information you gather from the market actors themselves. The most important thing is: do not get stuck in the traditionally accepted idea that pre-existing organisations are always best and that we need to build on top of them. Certainly try to do this as much as possible (it may save you time and money) but do not be afraid to promote new groups or networks if your evaluations and intuitions tell you that they will help you to facilitate the process more effectively.

The following table describes some opportunities and risks in both approaches:

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Working through existing groups</th>
<th>Creating new groups</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opportunities</strong></td>
<td>Draw on existing cohesion, levels of trust and decision-making mechanisms</td>
<td>Ensure representation and participation of the poor through its design</td>
</tr>
<tr>
<td></td>
<td>Channel to reach existing membership base</td>
<td>Emphasise economic partnerships, keep focused on market development</td>
</tr>
<tr>
<td></td>
<td>Take advantage of other complementary functions of the organisations</td>
<td>Create opportunities for new leaders and ideas to emerge</td>
</tr>
<tr>
<td><strong>Risks</strong></td>
<td>Reinforce existing community power structures, community level marginalisation and exclusion</td>
<td>Additional resource support likely required</td>
</tr>
<tr>
<td></td>
<td>Reduce opportunities for innovation</td>
<td>Takes time to develop self-determination</td>
</tr>
<tr>
<td></td>
<td></td>
<td>May not avoid existing community power structures</td>
</tr>
</tbody>
</table>

Table 1 below provides a set of questions intended to take you through a systematic reflection on the key aspects of assessing the market opportunity groups. It is worthwhile asking yourself these questions regularly (e.g. every year); market opportunity groups can change over time and you may have to adjust your incentives, strategies or activities as a facilitator to make sure the market opportunity group performs effectively. The table is an adaptation of a similar one for interest forums that appears in Step 7: Participatory Planning.
Table 1: Steering questions for assessing existing groups

1. **Purpose**: What is the overall purpose of the market opportunity group (MOG)?
2. **Functions**: What are the specific functions of the MOG?
3. **Membership**: Who are the members of the MOG? Have the attitudes of the members changed? Is there still a good balance between translators, connectors and opinion-makers *(see Section 4 above)*?
4. **Leadership**: Who leads the MOG? Does it have a strategic vision? How are key decisions made, and by whom?
5. **Coordination**: How is the MOG coordinated and managed? Are the processes formalised or are they informal and fluid?
6. **Finances**: How sound is the financial management of the MOG? How are the MOG’s activities funded?
7. **Location**: Where do the members meet? How often? How long does it take members to reach the meeting place?
8. **Perceptions of stakeholders**: What are the members’ perceptions of the effectiveness of the MOG? What are the perceptions of other non-member stakeholders? How do the people the MOG represents see the group?
9. **Track record**: What is the MOG’s history and track record? What are its biggest success stories and past difficulties?
10. **Current challenges and opportunities**: What are the MOG’s current challenges and opportunities?
Case study: Creating a market opportunity group in Zimbabwe

Guar is a very versatile, drought-tolerant vegetable that grows well in semi-arid areas. Guar powder is a key input used by mining companies as a depressant in the flotation of nickel, and the parts of the plant that result as a by-product can be used to feed cattle.

Bindura Nickel Corporation, a mining company with operations in the Zambezi Valley of Mashonaland Central Province was interested in sourcing at least 1,800 tons of locally produced guar bean through an intermediary called Agriseeds.

A total of 500 farmers, 80% of which were women, were selected to participate in the project. The facilitators explained to the farmers that the focus of the project was on raising the incomes and status of women farmers. They also made clear that Practical Action was there to facilitate the development of trust and collaboration among the farmers and between farmers and other market actors.

The facilitators organised field workshops with farmers in Guruve and Rushinga to learn from lead farmers about the benefits of growing guar beans and to produce preliminary maps of the guar market. The workshops gave farmers an opportunity to select their representatives and agree on the most important issues that affected them in the production and marketing of guar bean.

Farmers from each district selected ten peers for the MOG (90% women) using the following criteria, which they had previously discussed and agreed among themselves:

- Proven leadership skills;
- Proven guar bean production record (farmers made it clear that they wanted to be represented in negotiations by farmers who were lead guar bean producers);
- Good negotiating and networking skills;
- Ability to read and write and to articulate and argue issues coherently and convincingly.

The day before the meeting with Agriseeds, the project team facilitated a preparatory workshop for the MOG to reflect about the main points and strategies for negotiation (e.g. focusing on quality and volume rather than prices).

After the negotiations between Agriseeds and the MOG, both parties produced position statements to make sure their commitments were clear. The buyer’s position statement committed to:

- Provide farmers with seeds, fertilisers and pesticides to meet farmers planting requirements;
- Establish buying points that are easily accessible to farmers.
- Pay competitive prices taking into account production costs and world prices.
- Support farmers to process and utilize guar stover as a livestock feed.

On the other hand, the farmers’ position statement committed to:

- Deliver all guar bean produced to Agriseeds by end of August each year.
- Expand cultivated area to achieve a total production of 500 tons of guar bean per year
- Use inputs provided by Agriseeds for the sole purpose of growing guar bean.