CONSIDERING RESILIENCE of the Market System in Output Buyer Market Systems

Find the full cartoon learning series at: https://www.microlinks.org/library/cartoon-learning-series

Produced by EcoVentures International for USAID’s Leveraging Economic Opportunities (LEO) project
How can we help to facilitate a market system that is more RESILIENT - to be able to bounce back after a downturn or threat?
Resilient Market

... BOUNCES BACK after stress

... Boing!

... rather than ...

... SPLAT!
Let's consider a story ...

The Tale of Two Projects
I'm a smallholder farmer trying to make ends meet.

I work for a donor-funded project.

I'm a local buyer buying crops to process in my factory.
If we used different approaches to strengthen the market to benefit farmers....
Let's See...

How RESILIENT is the market...
when there is a downturn and it becomes stressed?
WHAT IF?

... there is suddenly a DROP IN PRICE in what the end market can pay?
Oh no! The buyers in the big city are paying less than they were before ...

... we'll have to pay the farmers a bit less than we did last season as we had promised to keep the business running!
Let's look at what the story might look like if we used a project-focused approach!
Project-focused Approach?
Lying, cheating #@!$% ... always making excuses to pay us less!

We won’t grow this crop again next season!

We’ll find another buyer!
... WE'LL stop trusting your project too ...

... you're probably pocketing the extra!
The situation is tense! WE can't lose our farmers ... we need to get to our targeted numbers!

So ... we've decided that the project will pay the price difference to the farmers!
Let's look at what the story might look like if we used a market-focused approach!
Market-focused Approach?
This is bad ... I have to tell my farmer suppliers the news as soon as possible.

I work closely with them ... we have good social capital ... we’ll have to see what we can do.
Oh no! ... but we know our buyer and trust his reps ... he is not trying to cheat us.

Let's meet with him to plan how to move forward.
If the market relationships become really strained ... our project can facilitate a meeting between the buyer and farmers.

We can help them to work through the challenge in a fair and transparent way to manage the price drop.
What are ways that we can help the market system to manage any future stress?
We could train some highly-respected regional people in mediation so that potential disputes can be mediated/negotiated locally in the future!
Think about YOUR project...

How are you facilitating the development of a more RESILIENT market system?