A TYPOLOGY OF MARKET-BASED APPROACHES TO INCLUDE THE MOST MARGINALISED

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I. Executive Summary

In recent years there has been a surge of interest in the role that markets and the private sector play in development, and interest to understand how development actors may most effectively support 'inclusive economies'. What is missing, however, is a systematic analysis of what it takes for market-based approaches to include the most marginalised. In light of the Sustainable Development Goals' pledge that 'no one will be left behind', this research identifies and analyses 22 examples of market-based approaches that show promise in reaching and benefiting extremely marginalised people.

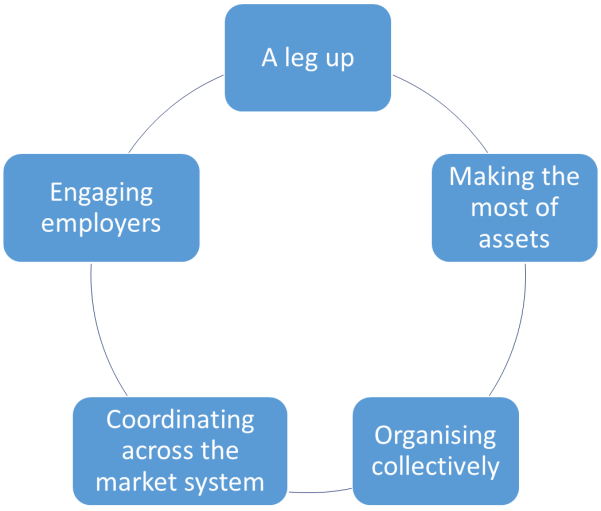
By 'market-based approaches' we mean initiatives that generate viable livelihood opportunities by supporting the most marginalised to engage in markets, on better terms, and strengthening demand for the goods or services they produce. By 'extremely marginalised' we refer to those living at the intersection of economic and social exclusion, lacking the minimum to meet their basic needs while facing exclusionary social norms due to gender, caste, ethnicity, disability and other factors that leave them in positions of low status and power.

Through a literature review, identification and analysis of the 22 'promising' examples, a series of thought-leader interviews and a multi-stakeholder meeting at the Bellagio Center, the research has systemised the ways in which excluded groups and those supporting them respond to and shape circumstances to enable market inclusion. This report presents the resulting typology of five opportunities and multiple pathways to inclusion, and four core design elements: sector, enabling factors, risk and resilience and financial models.

1. Five entry points for market inclusion that 'fit' circumstances

Market-based approaches which include extremely marginalised groups revolve around one or more of five entry points:

- **A leg up: support to engage in markets**: pre-market social protection that supports the most marginalised to be in a better position to engage in markets
- **Making the most of existing assets**: identifying and linking existing skills and assets of the marginalised with specialised product or labour markets
- **Organising collectively to meet opportunities**: mutual help and solidarity as a collective response to exclusion
- **Coordinating with other actors across the market system:** in which the marginalised benefit from expanded markets for services, trade or employment within a community or region



- **Engaging employers**: improved employment opportunities where structural barriers are removed, and training meets market demand.

These entry points, described below, lead to multiple livelihoods, many in the informal sector. They include rural self-employment in farming, dairy and livestock production, agricultural input and service provision; urban self-employment through small-scale production; integration into company value chains through agricultural production and home-based garment or textile production; micro-entrepreneurship in retail and local services; and jobs in manufacturing and service provision.

1. A leg up: support to engage in markets

A sequenced package of interventions supports extremely marginalised populations to get a foot on the ladder towards the market frontier. 'Graduation' and 'graduation-type' approaches provide a sequenced package of social protection and livelihood development support to enable very poor households to move from social assistance to accessing social services and economic opportunities, with each stage building on the achievements of the previous one.

E.g. **Graduation with Resilience to achieve Sustainable Development (GRAD)** in Ethiopia works with households experiencing chronic food insecurity, building on the Government of Ethiopia's Productive Safety Net Programme (PSNP) in order to shift from dependence on food aid towards resilience. GRAD incrementally increases households' participation in economic activities by helping them save money and gain access to loans through the Village Economic and Social Association (VESA), and linking them to inputs and local/regional markets. Multi-stakeholder platforms provide opportunities for value chain actors to problem solve, share information and plan improvements.

E.g. **Gone Rural** in Swaziland is a social enterprise that makes home accessories using local inputs and traditional grass-weaving skills. It trains groups of women in remote areas to make different products based on high-end design, which may also incorporate other materials such as metal and ceramics. Gone Rural's business model provides rural women, most of whom are heads of household, with a home-based income and the flexibility to balance family and work.

2. Making the most of existing assets

This approach identifies and develops the assets and skills already possessed by the most marginalised, or which they have access to, linking them with market opportunities. It also includes pathways where marginalised producers and distributors that have particular skills or assets to offer are integrated into higher-value product chains.

3. Organising collectively to meet opportunities

Collective organising may be spurred by an external body that supports existing grassroots associations or provides a reason to organise. In other cases, members self-organise to advocate for their rights, some achieving scale and influence through federation into nation-wide organisations. Collective action can be the precursor to savings and enterprise development, with parallels to a graduation approach. What is distinctive here, however, is the principle of mutual self-help and solidarity, and the status of member-based organisations as a legitimate voice of their members.

E.g. **The RUDI Multi trading Company in India** began as a branded rural marketing and distribution network, set up by the Self Employed Women's Association (SEWA). Agricultural goods are procured from SEWA members who are small-scale farmers and sharecroppers, and sorted, graded, cleaned, processed and packaged at *haat* (market) centres. Processed goods can be sold back to the farmer at a low price or packaged and distributed through hubs to village-level retail outlets which work through specially trained door-to-door saleswomen called Rudiben.

E.g. **Eco-Veg** in India supports a market system for organic produce, linking marginalised farmers with 'agripreneurs' who provide technical advice and a distribution network that reaches urban centres. Landless farmers, women and youth benefit from activities that are not land dependent, including producing or selling inputs (organic fertiliser, treated seeds) to small-scale farmers. A real-time digital monitoring system supports data collection and supply management.

4. Coordinating with other actors across the market system

Extremely marginalised groups on their own may lack economies of scale due to low purchasing power or geographic isolation, be highly vulnerable to risks or lack political clout. Being part of a wider market system, and coordinating with better-off farmers, enterprise owners or traders can offer improved opportunities to pilot new approaches, create scale in input or output markets or influence market barriers.

5. Engaging employers

Despite the challenges which the most marginalised face in gaining wage employment, where jobs are accessible they represent an alternative to the unpredictable business environment and precarious earnings that can trap the self-employed into a cycle of extreme vulnerability to negative shocks. The examples in the typology focus on demand-led approaches where potential employers are consulted to ensure training programmes are a good fit, and structural barriers to employment can be removed through changing employer knowledge and incentives.

E.g. The **Youth Economic Empowerment Project in Pakistan** is designed to help marginalised youth develop employable skills in a highly conservative region where opportunities for young women are especially sparse. The emphasis is on market-driven technical and vocational services, by identifying employers and inviting them to input into training design and delivery, and to offer work placements. Equally important has been sensitisation at the community level to the benefits of vocational and technical education, so that the young people can be actively supported.

2. Design elements: Creating circumstances to include the most marginalised

The 22 promising examples analysed do not only respond to opportunities through the five entry points identified, they also create context-specific circumstances that support inclusion. The report identifies four core design elements.

1. Sector of activity: Choices about sector are determined not only by current demand, but also an understanding of growth prospects. The focus may be on sectors where marginalised groups are already active, but new opportunities arise where as yet unrecognised assets or future demand can be identified. Sectors also matter because they affect the risks which the marginalised are exposed to, or the resilience that is built.

2. Enabling factors: Even with a clear sectoral opportunity, marginalised groups face multi-dimensional and inter-connected barriers to market inclusion. Design factors from the 22 examples point to the need to create context-specific circumstances to overcome exclusion. 'Hard' factors include individual assets and skills; supporting functions that deliver training, inputs, finance, information and market access; and protection of legal entitlements, as well as appropriate rules and standards. However, the soft factors, which can be overlooked in market-based approaches, were decisive. These include building individual self-confidence and resilience; integration in social networks such as cooperatives or self-help groups; and changing exclusionary norms, such as appropriate roles for a woman, cultural barriers and social stigma that perpetuate disadvantageous

power relations. The point is not that all barriers have to be tackled at once, but that they are inter-connected and addressing the soft factors can often be the key to sustainability and scale.

3. Risk and resilience: The most marginalised often hedge their bets by investing time in multiple and diverse (often non-market) livelihood strategies including building social capital in family networks, carrying out unpaid work, sustaining subsistence food production and gathering activities that are as or more important than any potential market opportunities on offer. While increased income through market activity boosts coping capacity, it also increases risk exposure if loans are taken, scarce assets invested or diversity of livelihoods is reduced. Minimising risk and building resilience through, for example, consumption-smoothing, diversification and accumulation of assets are important preconditions to open opportunities to the most marginalised, and avoid these groups falling back into poverty.

4. Financial models: None of the examples in the typology operates on a purely commercial basis. There are a mix of funding sources, with more direct transfers and grants for the most marginalised, while shifting at the market frontier towards grants used to facilitate changes in the market system, as well as social and hybrid approaches. Social finance can support innovation and non-core activities needed for market-based approaches to benefit marginalised communities, e.g. education, health, water and sanitation; hiving these off from commercial operations which can then be run as a business by those with appropriate skills and experience.

3. Conclusion

This report shows how market-based approaches can reach more of the extremely poor than the majority do currently. The 22 examples the report analyses have built confidence, increased bargaining power, created more profitable, predictable and diverse income sources, addressed chronic hunger, challenged cultural biases and supported enabling legislation, amongst other outcomes. The greater the levels of poverty and marginalisation and the more challenging the context in terms of corruption, conflict or poor public services, however, the more direct support that is required. For the absolute poorest, market-based approaches may only ever play an indirect role, by increasing incomes in households that support them, for example, or though strong economic activity and a progressive tax regime. Nevertheless, a combination of the entry points and design elements described in this report shows how extremely marginalised people, supported by member-based organisations, enterprises, NGOs and donors, have fit and create circumstances to reach and benefit from markets.

II. Inclusive economies that leave no one behind

In recent years there has been a surge of interest in the role that markets and the private sector can play in development, and an explosion of new types of social businesses, public-private collaborations, and member-based organisations working in this field. Donors and foundations too have been seeking to understand how they may most effectively support 'inclusive economies'.[1] Inclusive economies can also help governments deliver on their responsibilities to tackle poverty, and ensure stability and security. As the 2015 Sustainable Development Goals pledge that 'no one will be left behind', however, the question is how markets can go beyond those relatively better-off, to reach and engage those living in the bottom 10 per cent — including groups excluded socially due to gender, caste, ethnicity or disability status.

[1] See for example The Rockefeller Foundation: www.rockefellerfoundation.org/our-work/topics/inclusive-economies/ (accessed 9 January 2017) or the Open Society Foundations: www.opensocietyfoundations.org/about/programs/economic-advancement-program (accessed 9 January 2017)

While the sceptics argued that markets naturally tend towards exclusion or exploitation of relatively uncompetitive actors, market optimists point to the 'trickle down' effects of a thriving market system, which promises change on a scale that would otherwise not be possible. Evidence to date backs up both of these views. It finds, for example, that indirect approaches which have elements of comprehensive coverage, such as infrastructure development or access to improved seeds, may be particularly significant for the extremely marginalised (Baumüller *et al*. 2013); but that power dynamics within value chains can perpetuate poverty, creating extra work without contributing to empowerment (Torri 2014). While an increasing awareness of the special requirements of marginalised groups has led to more targeted efforts to remove access barriers (Larsson 2006), related cost inefficiencies become the challenge for market-led approaches, where commercial viability and return on investment are critical. For socially-minded actors, such as social enterprises and impact investors, however, alignment of commercial and social objectives may be achieved on more flexible terms (Garrett and Karnani 2010). What is missing across this research, however, is a systematic analysis of what it takes for market-based approaches to include the most marginalised.

This report contributes to filling this gap through identifying and analysing examples of market-based approaches that show promise in empowering extremely marginalised people. By 'market-based approaches' we mean initiatives that generate livelihood opportunities which are self-sustaining in the long term. By 'extremely marginalised' we refer to those facing multiple dimensions of exclusion, including income poverty alongside exclusionary social norms (see Section C for a fuller discussion of these terms). As many relevant initiatives are in still their early stages, these promising examples were not identified based on 'success', measured in terms of impact. Instehad, the typology identifies how these examples sought to respond to and shape enabling factors and barriers, leading to inclusion pathways with the potential to benefit the most marginalised.[2]

This typology is one contribution to a broader research project led by three partners: ADD International, the Coady Institute and the Institute of Development Studies, which aims to establish to what extent, and how, market based solutions can improve the lives of extremely poor populations. The learning questions behind this research, which the typology contributes to, are:

1. What are the different types of market-based approaches that could be relevant to extremely poor populations?
2. To what extent can existing business models or market-based approaches be modified to directly benefit the extreme poor, and in particular the most socially marginalised groups?
3. How can we identify and design new market-based solutions that can be particularly effective at enabling the poorest and most socially excluded to participate in the market, increasing their incomes and improving their human development outcomes?
4. To what extent can market-based solutions be combined with strategies and innovative partnerships to address the power and voice of the poorest and most socially excluded populations to generate more inclusive outcomes?
5. When are market-based solutions not appropriate, or only appropriate when complemented with policy, regulation or non-profit supports?

[2] The language of 'pathways' is inspired by the pathways approach of the STEPS Centre (Social, Technological and Environmental Pathways to Sustainability), www.steps-centre.org (accessed 9 January 2017).

The report is structured as follows:

- **Section C** sets out our understanding of inclusive economies, and what we mean by a market-based approach and extremely marginalised populations.
- **Section D** contains a brief discussion of the methodology used in the collection and analysis of the promising examples that sit at the core of the typology.
- **Section E** presents the typology of market-based approaches relevant for extremely marginalised groups. It includes a short summary of the 22 promising examples identified, which appear in more detail in the Annex to this report.
- **Section F** discusses what it takes to identify, design and adapt market-based approaches to include and benefit the most marginalised.
- **Section G** explores the extent to which market-based approaches are actually reaching extremely-marginalised groups.
- **Section H** identifies areas for future research and innovation.

III. Market-based approaches to an inclusive economy

Having acknowledged the surge of interest in inclusive economies and market-based approaches, along with the commitment to leave no one behind by addressing extreme poverty and marginalisation – what do these ideas mean in practice?

1. Extreme poverty and extreme marginalisation

Extreme poverty is assessed on economic terms. According to World Bank figures, there are the 800 million people living below the international poverty line of US$1.90 a day,[3] representing roughly 11 per cent of the world's population. At this level of income, people lack the minimum to meet their food and other basic needs, they have few assets and poor education. They are predominantly rural, young and working as agricultural labourers; and many are women. Extreme marginalisation refers to social exclusion and isolation based rather on gender, disability, HIV status, ethnicity, caste and other factors that leave individuals or groups in positions of low status and power.

Poverty and marginalisation are not synonymous, but they are inter-related, with significant overlaps between these groups, especially where poverty and marginalisation persist over time. For this report, we focus on the intersection between economic and social exclusion; specifically groups facing both extreme income poverty, with limited assets and poor education, and facing exclusionary social norms.

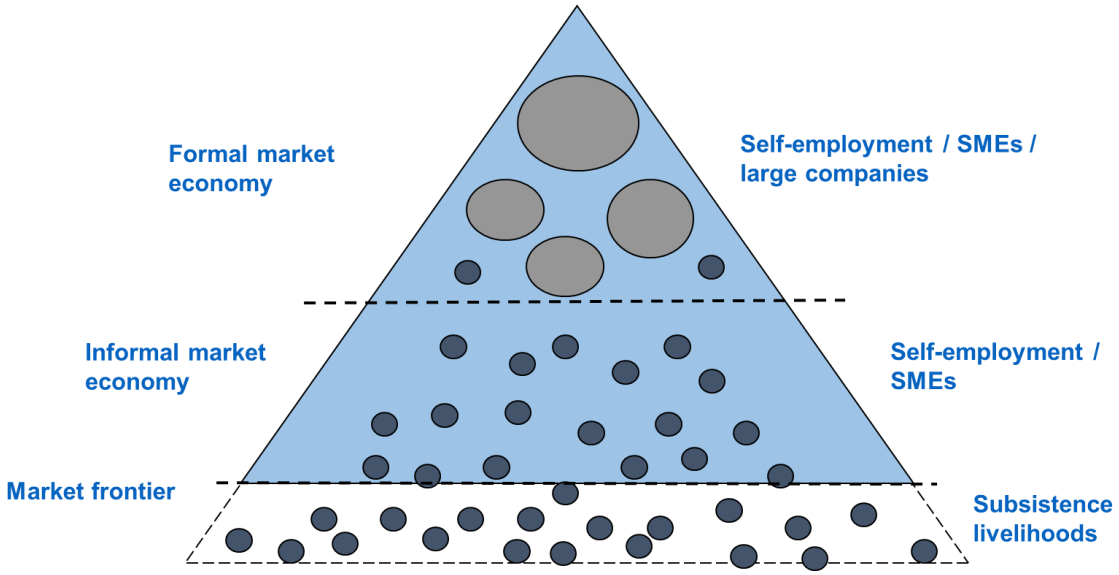
2. Inclusive economies

Inclusive economies create opportunities that are accessible for all, so that wellbeing and prosperity is shared. However, most economies are characterised by an economic pyramid that excludes those at the bottom. At the top of the pyramid is the formal sector, where jobs and livelihoods are relatively secure, with good income, working conditions and other benefits. Actors operating in this area of the economy are legally registered and recognised, are protected by laws, pay tax, have bank accounts and title deeds, and can access loans and other services. Below comes the informal sector where incomes are considerably lower, and much more dependent on self-employment, casual labour and informal trade, with multiple income sources often used to manage insecurity and risk. At the bottom of this group are those with very basic assets (e.g. less than 0.5ha of land) and skills (e.g. primary education), often facing geographical isolation or exclusionary social norms but who do have access to income-generating activities. Actors operating in this area of the economy have no legal registration or

[3] *World Bank Poverty and Shared Prosperity 2016: Taking on Inequality*, US$1.90 PPP per capita per day

recognition, are often not protected by laws, and do not access credit or services from the formal economy. It is where many of the poorest find or create their own employment. While there are many drawbacks to remaining in the informal sector, it can also bring benefits such as flexibility. Finally, below the 'market frontier' are the most marginalised, who survive outside the economy, through subsistence livelihoods, precarious informal activities like begging and/or reliance on family members, possibly undertaking valuable but low status unpaid work in the household or community.

Figure 1: Economic pyramid



Source: Adapted from Coady International Institute's 'Livelihoods and Markets certificate course' material by Yogesh Ghore and Farouk Jiwa, www.coady.stfx.ca/education/certificates/livelihoods/

3. Market-based approaches

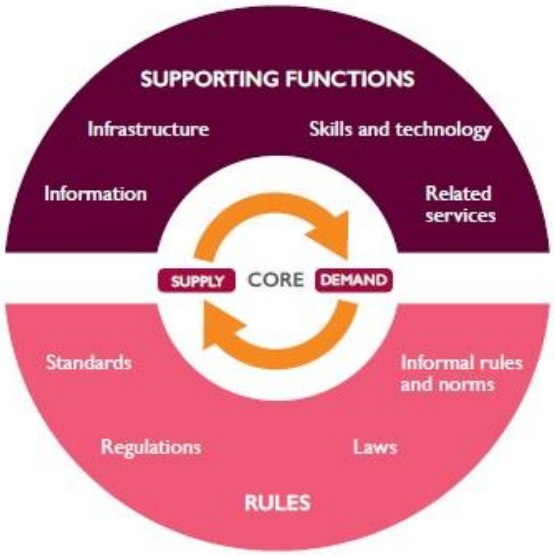
There is no simple or universally accepted definition of a market-based approach in development, and consequently the term is understood in many, often divergent, ways. It can be interpreted to mean big business, multi-national enterprises and corporates as the major formal market actors who include the poor as producers, employees or consumers – often associated with 'base of the pyramid' thinking (Prahalad and Hart 2002) or 'inclusive business' approaches. A broader definition also includes other private sector actors such as SMEs, micro enterprises, cooperatives and producer companies, and individual entrepreneurs, from both the formal and informal sectors. Although there is a wide literature on inclusive value chains, there are few documented examples that target the most marginalised. Those that do focus particularly on value chains or segments of value chains with high relevance for marginalised producers

Still broader is the notion of markets encapsulated in the 'markets for the poor' (M4P) or market systems development approach.[4] Here, the market includes a core exchange (buying and selling of goods or services) but also depends on a number of supporting functions such as information, infrastructure, training and finance, as well as operating within a set of formal and informal rules and norms which guide market transactions. 'Market actors' within this conceptualisation include all types of private enterprise involved in the exchange or in providing supporting functions, as well as government regulators or community service providers which are also part of this market 'system'

[4] BEAM Exchange https://beamexchange.org/ (accessed 9 January 2017).

(Figure 2). The core idea is that by aligning the objectives, incentives and capabilities of market actors with pro-poor changes in the market exchange, systemic and therefore lasting changes will be created.

Figure 2: The market system



Source: The Springfield Centre (2014).

There are significant debates as to whether strict market systems approaches can benefit the poorest directly, indirectly or not at all (Blaser 2014; Sahan and Fischer-Mackay 2011). Measures to improve inclusiveness include focusing on value chains most relevant to the poorest and combining market systems and other approaches, particularly those which address power asymmetries in markets.

Perhaps the broadest understanding of market-based approaches includes any activities (e.g. training, asset provision) designed to increase the agency of the most marginalised and their ability to access markets or to engage in markets on better terms. These can be termed 'push' interventions, to distinguish them from approaches or interventions focusing on market access and creating the demand or 'pull' for the goods or services which the most marginalised are being supported to develop.[5]

3.1 Our definition

For this research, we do not strictly follow any one of the four understandings described above, although our conceptualisation is closest to the market systems development approach in Figure 2. We define **a market-based approach** as having the following characteristics:

- it expands access to or improves the quality of livelihood (earned income) opportunities for the most marginalised, in order to improve wellbeing
- it addresses not only the market 'push', but also the market 'pull' for the goods or services the most marginalised offer, by identifying, strengthening or creating demand
- it seeks long-term viability (implying both resilience to shocks and external pressures, and independence from funding sources from outside the market system).

Note that this definition excludes market-based approaches designed primarily to provide goods and services like energy and healthcare to the poorest, without being linked to livelihood opportunities. It

[5] The language of push-pull is inspired by Garloch (2012) and USAID's Pathways out of Poverty programme.

also excludes approaches that focus only on push strategies. In the context of extreme poverty, where basic needs are not being met, we feel that the focus on livelihoods and on pull factors is appropriate. All the examples involve costs (particularly for the most marginalised, who have to invest their time or resources) and will not create sustainable solutions if the poorest are unable to afford products or services, or if there is no market for the goods they produce. However, most of the promising examples included do integrate elements of these approaches tied specifically to livelihood activities – making specific goods and services like seeds, veterinary services, tools and training available and/or supporting the poorest with social protection and asset transfers.

IV. Methodology

The development of the typology involved five steps: a literature review, the identification and analysis of the 22 promising examples, a series of thought-leader interviews and finally a facilitated meeting at the Bellagio Center.

a) Literature review: We reviewed over 50 papers, primarily from academic literature, that discussed a diversity of market-based approaches and presented evidence of their potential to reach and benefit extremely marginalised groups. The papers covered a broad range of approaches and a wide understanding of extreme marginalisation. The literature review informed our analysis of the promising examples, and the identification of key enabling factors. It was also the source of five of our examples.

b) Promising examples: In addition to the five examples identified through the literature review, the research sought to identify and include examples that are not already well-documented, based on a wide outreach to networks and organisations that work on market-based approaches.[6] In identifying examples, we chose not to include 'success' as a criterion. Change in complex systems like markets can be unpredictable, and may take significant time as well as much trial and error before it is achieved, especially at scale. Instead we wanted examples with a clear theory of change of how inclusion of the most marginalised would be achieved. As a result, we are conscious that the examples in the typology could be accused of showing 'more promise than hard results' (Karamchandani *et al*. 2009: 128), yet we felt it was a pragmatic approach. Further investment is needed to generate more robust evidence (e.g. evidence over time, considering systemic effects).

c) Analysis of examples: Through the literature review and outreach process, a universe of 109 potential examples was identified, which were analysed to ascertain whether (a) they intended to or had been able to benefit the most marginalised; and (b) they did so through a market-based approach. By eliminating those which did not meet these basic criteria, a long list of 44 promising examples was identified. The examples in the long list were contacted to gather and verify further information, forming the basis of the typology development and leading to the final short list. Examples were excluded at this stage where we were not able to gather sufficient additional information, or further information showed that the example did not meet our criteria. In addition, where examples were

[6] A communication calling for examples was shared between December 2015 and February 2016 through social media (Twitter, blogs, Facebook, LinkedIn) and direct outreach. Communications were sent to the Coady Alumni network (196 members reached globally) and the IDS Business and Development Centre network (501 reached globally), and outreach also took place through the IDS Alumni ambassadors and network, the BEAM Exchange (www.beamexchange.org), Business Fights Poverty (www.businessfightspoverty.org), BOND (www.bond.org.uk), the International Disability Alliance (www.internationaldisabilityalliance.org), the International Disability and Development Consortium (www.iddcconsortium.net) and the Ethical Trading Initiative (www.ethicaltrade.org) (all websites accessed 9 January 2017).

highly similar (e.g. two examples from the same programme submitted by the same organisation), we only included one example in the typology.

d) Thought-leader interviews: To further test and ground our analysis, we interviewed 12 practitioners and thought leaders from academia and think-tanks, member-based organisations, NGOs and social businesses, updating and amending the analysis as the interviews progressed.

e) Bellagio meeting: Finally, a facilitated meeting was held at the Bellagio Center, with 24 practitioners and thought leaders, working across the spectrum of rights-based and social movements, and market-based and investment approaches. The aim was to probe how far market-based solutions can promote transformative change for the most marginalised, and to generate new ideas on how to more explicitly direct market-based solutions to drive positive change for those typically left out. While the outputs of that meeting are reported separately, the discussions influenced the framing of the analysis in this report.

V. Typology: Five entry points for market inclusion

1. Introduction

This section presents our typology of five entry points for inclusion of the most marginalised (Figure 3) that was identified from the 22 promising examples. It systemises the different ways in which excluded groups and those supporting them responded to the circumstances they found to enable market inclusion. While these categories appear static, practice is much more dynamic, with context-specific design elements shaping opportunities (Section 5), and numerous pathways leading to different livelihood outcomes (Figure 4). This synergy between making the most of the opportunities that exist while prying open more spaces for economic inclusion is at the heart of this action.

The section starts with an overview of the 22 promising examples (Table 1), grouped by the typology category and showing the livelihood they are intended to enable. While the examples are assigned to the specific categories they best illustrate, many in fact employ a combination of approaches or sequence them over time.

Table 1: Shortlist of promising examples grouped by key pathways to inclusion

Promising example	Implementing organisation(s)	Country	Marginalised group	Intended livelihood outcome
A leg up: support to engage in markets				
Graduation with Resilience to achieve Sustainable Development (GRAD)	CARE, SNV	Ethiopia	Chronically food insecure households	(Better) rural self-employment
Monga Mitigation Project	Mennonite Central Committee (MCC)	Bangladesh	Landless women	(Better) rural self-employment
Naro Island Seaweed Project[a]	ILO, Swiss Agency for Development and Cooperation (SDC)	Philippines	Extreme poor, vulnerable to child labour	(Better) rural self-employment
Making the most of existing skills or assets				
Gone Rural	Gone Rural	Swaziland	Women, mostly heads of household	Integration in value chains

Hilltribe Organics (HTO)	HTO	Thailand	Hill tribes	Integration in value chains
Samriddhi	Helvetas, SDC	Bangladesh	Poor and extreme poor in remote areas, women	(Better) rural self-employment
Specialisterne	Specialisterne	Global North	People with autism spectrum disorder (ASD)	(Better) wage employment
Street Business School	BeadforLife	Uganda	Marginalised women	(Better) micro enterprises
Organising collectively to meet opportunities				
Business Facilitation Model Project	World Vision	Kenya	'Necessity' entrepreneurs	(Better) micro enterprises
Ciudad Saludable[b]	Ciudad Saludable	Peru	Informal waste recyclers	(Better) urban self-employment
Maitree Mahila Producer Company	Srijan	India	Disadvantaged women, scheduled castes and tribes	(Better) rural self-employment
Pathways to Secure and Resilient Livelihoods ('Pathways')	CARE	Bangladesh	Women day labourers	(Better) rural self-employment
Ruaab SEWA Artisans Producers Company Ltd[c]	Self Employed Women's Association (SEWA)	India	Textile workers in displacement colonies	(Better) urban self-employment
RUDI	SEWA	India	Marginalised women	(Better) rural self-employment
Coordinating across the market system				
Eco-Veg	Sustainable Agro-Alliance (SAAL) Consortium, Christian Aid	India	Scheduled castes, landless women and youth	(Better) rural self-employment
Improving Market Access for the Poor (IMA4P)	Voluntary Service Overseas (VSO)	Cambodia	Landless or near landless	(Better) rural self-employment
Nobo Jibon[d]	Save the Children	Bangladesh	Landless or near landless	(Better) rural self-employment
The Competitiveness Company[e]	The Competitiveness Company	Jamaica	Extreme poor from inner city communities	(Better) urban self-employment
Engaging employers to access jobs that are in demand				
Marks & Start	Motivation Charitable Trust, Marks & Spencer	Sri Lanka	Persons with disabilities	(Better) wage employment
PRIME	Mercy Corps	Ethiopia	Persons with disabilities (physical impairments)	(Better) wage employment

Rate Drop Rebate	Social Capital Partners	Canada	Youth, migrants, and persons with disabilities	(Better) wage employment
Youth Economic Empowerment Project (YEEP)	Government of Pakistan, PLAN	Pakistan	Youth, especially women	(Better) wage employment

Sources: For the majority of the promising examples, the information has been provided directly by the initiatives themselves and/or their implementing organisation(s). The other cases came from documented examples as follows:

[a] The SEEP Network (2015) *Meeting in the Middle: Linking Market Development and Livelihood Support for a More Integrated Approach. Project Examples from a Case Study Competition*, Leveraging Economic Opportunities Report No. 18.

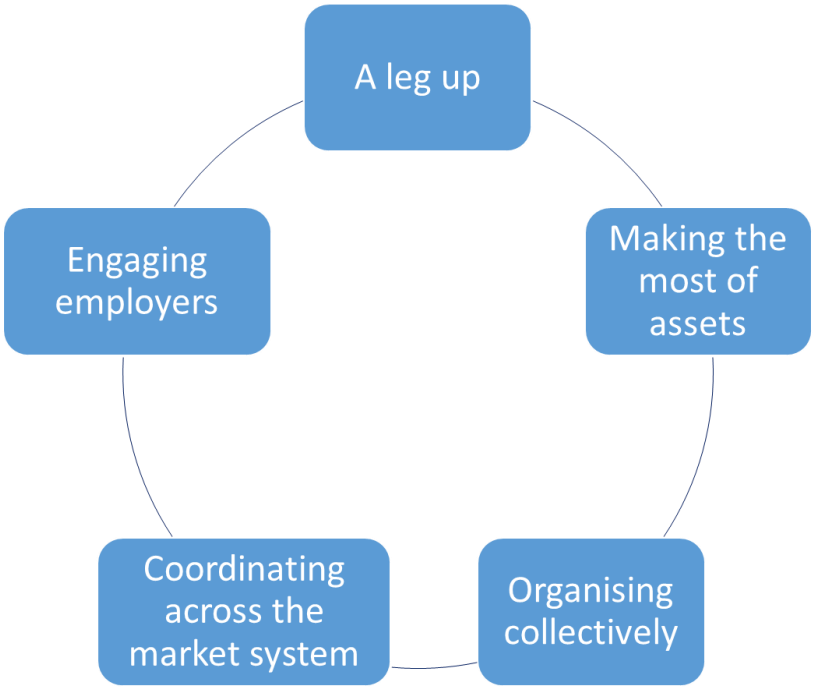
[b] Castro, P.B. (2012) *Desarrollo del mercado del manejo integral de residuos sólidos reciclables: Una experiencia de la inclusión social y económica de los recicladores en Lima, Perú*, Lima: Ciudad Saludable.

[c] The Self Employed Women's Association (2014) *Empowering and Mainstreaming Women Home-workers in Delhi, India*, http://wiego.org/sites/wiego.org/files/resources/files/SEWA-mainstreaming-women-home-workers.pdf (accessed 9 January 2017).

[d] The SEEP Network (2015) *Meeting in the Middle: Linking Market Development and Livelihood Support for a More Integrated Approach. Project Examples from a Case Study Competition*, Leveraging Economic Opportunities Report No. 18.

[e] Morgan, B. (2012) *Creating Wealth in Inner-City Communities in Kingston, Jamaica: Pathways Out of Poverty Case Study*, USAID.

Figure 3: Five entry points for inclusion that 'fit circumstances'



Entry point	Explanation
1. A leg up: support to engage in markets	'Graduation' and similar approaches with staged 'push' and 'pull' interventions
2. Making the most of existing assets	Identifying and linking existing skills and assets of marginalised with specialised product or labour markets
3. Organising collectively to meet opportunities	Mutual help and solidarity as a collective response to exclusion
4. Coordinating with other actors across the market system	Benefiting from an expanded market for improved services, trade or employment created within the local community or region
5. Engaging employers	Improved employment opportunities where structural barriers are removed, and training meets market demand

As indicated in Table 2, each example is linked to livelihoods which represent the intended outcomes of the initiative. Figure 4 presents schematically how the five entry points from the typology map onto different livelihood outcomes. The diagram is intended to represent the 'messy' reality of the multiple pathways that we found, with no two quite alike, and each affected by positive and negative feedbacks, emergent behaviour and unexpected events. The curved line at the top and the backward arrow at the bottom are intended as reminders of this non-linearity.

Figure 4: Pathways to inclusion

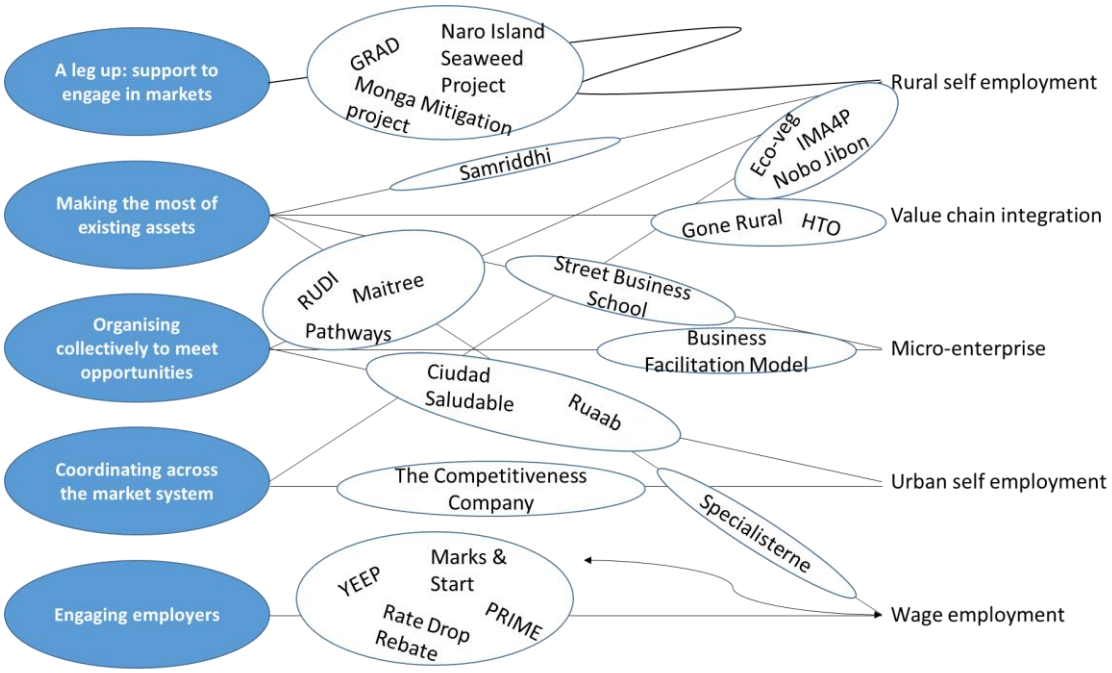


Table 2: Intended livelihood outcomes

Livelihood outcome	Sectors
Rural self-employment	Farming, dairy and livestock, agricultural day labour, input and service provision, work in processing, packaging and sales, often in the informal sector
Value chain integration	Agricultural and home-based textile and garment production
Micro enterprises	Retail and local services (barber, hairdresser, battery charging), often in the informal sector
Urban self-employment	Small-scale production in areas such as garments and textiles, recycled waste, and ornamental fish farming, often in the informal sector
Wage employment	Manufacturing (e.g. garments) and technical service provision, especially in the formal sector

2. Elaborating the typology

The rest of this section elaborates the five entry points outlined in Figure 3. Each opportunity is described, and relevant examples are presented in summary format, based on their pathway (= entry point + intended outcome).[7] A full description of each example is also presented in the Annex.

1. A leg up: Support to engage in markets

This entry point is based on a sequenced package of interventions that support extremely marginalised populations to 'get a foot on the ladder' towards the market frontier. They include 'graduation' and 'graduation-type' approaches[8] that provide a sequenced package of social protection and livelihood development support to enable very poor households to move from social assistance to accessing social services and economic opportunities, with each stage building on the achievements of the previous one. The literature review found good quality evidence which points to the effectiveness of graduation approaches in both increasing consumption and food security and improving incomes, amongst other benefits (Banerjee *et al*. 2015; Krishna *et al*. 2012; Emran *et al*. 2009).

While strictly speaking graduation approaches are not in themselves a market-based approach, they provide a 'push' (a pre-commercial investment) to help groups be in a better position to engage in markets, which is increasingly being combined with market approaches that provide the 'pull'. A typical example is the transfer of a livestock asset (Monga Mitigation Project) combined with training and establishment of veterinary services and access to dairy markets. Producing milk year round helps families supplement wage labour earnings and smooth out income fluctuations. Other examples include a sequenced package of support including training, savings and loan facilities (GRAD), and an asset or cash transfer (Naro Island Seaweed Project), both involving the promotion of vertical linkages to value chain actors.

Examples: A leg up: Support to engage in (better) rural self-employment

Graduation with Resilience to achieve Sustainable Development (GRAD), Ethiopia Working with households in 16 districts experiencing chronic food insecurity, GRAD (CARE) builds on the Government of Ethiopia's Productive Safety Net Programme (PSNP) and is designed to shift dependence on food aid towards resilience through participation in agricultural value chains. GRAD incrementally increases households' participation in economic activities by helping them save money and gain access to loans through the Village Economic and Social Association (VESA), and linking them to inputs and local/regional markets. Multi-stakeholder platforms provide opportunities for value chain actors to problem solve, share information and plan improvements. GRAD is implemented by CARE and funded by USAID.
Naro Island Seaweed Project, Philippines The Seaweed Project aimed to improve the livelihoods and smooth incomes of very poor and often landless families on Naro Island in the Philippines, where there is a high incidence of child labour. It was based on a combined strategy of building capacity and assets to enable vulnerable families to graduate into market activities in seaweed production ('push'), and strengthening the market 'pull' for the produce. While seaweed was already being produced on the island – it is simple to produce with technology within reach of households – the sector was previously poorly

[7] The information for these summaries of the promising examples has been provided directly by the initiatives themselves and/or their implementing organisation(s), except where another source is indicated in Table 1.

[8] These approaches typically involve a sequenced package of social protection (meeting basic needs, such as food and healthcare), social integration and livelihood development support (such as access to savings and loan, training and coaching, asset transfers) which aim to improve consumption by very poor households and enable them to graduate from social assistance to accessing social services and economic opportunities. See also BRAC http://brac.net/targeting-ultra-poor/item/748-programme-approaches and CGAP www.cgap.org/topics/graduation-sustainable-livelihoods (both websites accessed 9 January 2017).

coordinated and in decline as a result of low productivity, poor quality and low profitability. The project facilitated access to inputs and access to markets, both direct to an exporter and also to local traders supplying other exporters.

Monga Mitigation project (MCC), Bangladesh

The Monga Mitigation project in Dimla aims to address the impact of the *monga* (meaning 'hungry season'), the cyclical famines occurring in this region. Through asset transfer and value chain coordination, the project works with landless households to move up the economic ladder, by creating a livelihood opportunity through livestock and dairy production. Because infrastructure was weak, local service providers have been trained to provide veterinary services, feed and chiller facilities. With ownership of cows, vulnerable households are now involved in dairy and fodder value chains and selling compost, the income from which has tided them over the hungry season.

2. Making the most of existing assets

These approaches identify and develop the assets already possessed by the most marginalised, linking them with market opportunities. The Street Business School, for example, in Uganda, provides entrepreneurship training for marginalised women and helps them identify viable local enterprise opportunities based on individual skills and assets. While only a minority of any given population is likely to possess the necessary desire and aptitudes for entrepreneurship (Asadullah and Ara 2015), the Street Business School overcomes this challenge by selecting women to participate who show entrepreneurial potential but lack confidence and know-how. A different example is Specialisterne, working in northern contexts like Denmark and the USA but with significant ambitions to apply the model globally. Specialisterne links the unique skills of people with autism spectrum disorder that are valued by employers, to work opportunities in IT, finance and other business sectors.

This category also includes pathways where marginalised producers and distributors that have particular skills or assets to offer are integrated into high-value product chains. The companies involved are social enterprises, with the flexibility to include poverty reduction amongst their objectives (Baumüller *et al*. 2013). Their business models are based on sourcing unique local products and crafts from marginalised groups who can produce at home on a flexible schedule (e.g. Gone Rural, Swaziland) or adapting a contract farming model to link organic agricultural products to high-end supermarkets and restaurants (Hilltribe Organics, Thailand).

Examples: Finding (better) rural self-employment opportunities in existing assets

Samriddhi, Bangladesh

Samriddhi works along three dimensions of the rural market system: farmer/producer knowledge (technical, business, financial); private sector development, particularly through micro and small enterprises and linkages between market actors and local government bodies. Samriddhi focuses on 12 value chains including some (medicinal plants, chicken rearing, jute crafts) which are particularly relevant for poor and women farmers. Production can be done close to home, uses available assets, such as land along roadsides where medicinal herbs can be cultivated, and skills like dexterity, patience and/or nurturing which women are perceived to have. Samriddhi facilitates capacity building of local service providers and service provider associations by private and public agencies, and supports farmers to organise into micro and small enterprises. Samriddhi is a project of the Swiss Agency for Development and Cooperation (SDC) implemented by HELVETAS Swiss Intercooperation, as a follow-on to two earlier programmes (LEAF and SAAKTI).

Examples: Finding (better) micro enterprise opportunities in existing assets

Street Business School, Uganda The Street Business School (SBS) provides entrepreneurial training to support marginalised women living in poverty by giving them the skills needed to start and grow a successful small business. SBS provides business training and supports women to identify opportunities based on existing assets or skills – aiming to shift perceptions that lack of capital prevents them from starting a business. By the time women graduate, they will have launched at least one business. SBS is run by BeadforLife, a not-for-profit social enterprise that was originally established to link producers of recycled paper jewellery to the international market, and builds on training developed for an earlier business training initiative called Beads to Business.

Examples: Finding (better) value chains opportunities in existing assets

Gone Rural, Swaziland Gone Rural is a social enteprise that makes home accessories using local Swazi inputs – lutindzi grass – and traditional grass-weaving skills. It works with groups of women in remote areas of the country, training each group to make different products based on high-end design, which may also incorporate other materials such as metal and ceramics. The company is an active participant in the Fair Trade movement in Swaziland and internationally. Gone Rural's business model provides rural women, most of whom are heads of household, with a home-based income and the flexibilty to balance family and work. The enterprise is financed mainly through shareholder loans, although they also received funding and advisory support from the Grassroots Business Fund from 2005 to2007.	**Hilltribe Organics, Thailand** Hilltribe Organics (HTO) creates new value chain linkages for certified organic eggs, linking marginalised hill tribes and supermarkets and restaurants in Thailand and Hong Kong. Based on a contract farming model, it builds on the hill tribes' endowments of unspoilt soil and water, clean air, and skills in and knowledge of livestock. The model has a very low barrier to entry for the farmers, as the company provides hens, feed, technical assistance and veterinary services for free, and farmers are required to build the chicken coop to keep the birds. The model also provides a regular monthly income, based on guaranteed pricing (set at the beginning of the cycle and valid for two seasons). HTO is a social enterprise that aims to make more profitable, predictable and regular livelihoods accessible to traditionally excluded groups.

Examples: Finding (better) wage employment in existing assets

Specialisterne, Denmark, with a presence in UK, Iceland, Switzerland, Norway, Poland, India, Brazil, Spain, Australia, Canada, Ireland, Austria and the USA Specialisterne, a Danish social enterprise, works with people with autism spectrum disorder (ASD). Some autistic people have unique competencies that give them the potential to excel in the right role in business, given the right circumstances. Starting with the IT sector, Specialisterne has provided training and jobs for autistic people, offering services such as software testing, quality control and data conversion. Specialisterne also links people with ASD to direct employment opportunities. Sectors such as finance and retail, as well as software development, need what many autistic people have to offer (a good memory, pattern recognition, high accuracy with repetitive tasks). Although they have started in the more developed world – initially in Denmark where there is a strong welfare state – they see the need to expand in the developing world, and recognise that this will mean addressing different challenges in new contexts.

3. Organising collectively to meet opportunities

Organising in peer-to-peer self-help groups, initially for the purpose of savings and then moving on to more diverse financial services such as credit or insurance in a regulated system, has been a well-documented strategy for reaching the most marginalised, especially in India where linkages with the formal banking sector have been established. These initiatives create collective action that can be the precursor to enterprise development, as well as a channel for finance and services, with parallels to a graduation approach. What is distinctive here is the principle of mutual self-help and solidarity.

Collective organising may occur as a result of intervention by an external organisation, such as an NGO, that supports existing grassroots associations or provides a reason to organise. For example, in the early phase of its work in Rajasthan, Srijan encouraged women to come together to save, learn about ways of earning a small income, access services and enjoy the benefits of integration into the District Association. Some eventually participated in buffalo milk production for the Maitree dairy producer company that was subsequently created. In other cases, self-organising takes the form of member-based organisations for the poor (MBOs – see Box 2) that form in the spirit of 'we are poor but so many' (Bhatt 2006), to pool savings, build cooperative enterprises, and/or advocate for their rights. Some of these achieve scale and political influence through federation into nation-wide organisations, such as the Self Employed Women's Association in India (SEWA) – a trade union (Chen *et al*. 2007). Coordinated self-organisation for enterprise development has been one of SEWA's achievements. For example, in its work with home-based embroiderers in Delhi, the Ruaab Producer Company was formed to enable these home-workers to overcome the isolation that had reduced their ability to bargain or receive better prices, as well as their subjection to unpredictable and often unfair value chain dynamics. In another case, the RUDI Multi-Trading Company has encouraged coordination of different SEWA members across the region who are involved in agricultural product supply, processing, packaging and retail, linking producers to consumers to strengthen the local economy.

The status of MBOs as a legitimate voice of their members gives them important influence in regulatory and policy debates and deliberations. These MBOs or coalitions are at the forefront of creating favourable conditions for their members in the informal economy. For example, in India, the victory to legalise street vending in 2014 was the culmination of decades of work by SEWA to protect the interests of self-employed women in the informal sector.[9] Other examples are efforts to secure protections for home-based workers now enshrined in ILO Convention 177. Similar bottom-up pressures resulted in legislation in favour of micro businesses being integrated into the solid waste sector in Peru (Ciudad Saludable).

Examples: Organising collectively to meet (better) rural self-employment opportunities

Maitree Mahila Producer Company, India

Producer companies are a relatively new legal entity in India, a hybrid between a private company and a cooperative. Working in rural areas with extremely disadvantaged populations, Srijan has helped to form five of these across India. Maitree Mahila Dairy and Agriculture Producer Company in Rajasthan is one, established by members of a federation of self-help groups (SHGs) after ten women became promoter shareholders. Now there are over 500 shareholders. Initially, Srijan formed these self-help groups with women whose caste and gender combined to keep them secluded and uneducated. When the World Bank provided buffalo to extremely poor households at 80 per cent subsidy, the idea of a dairy producer company under the auspices of the federation

[9] ILO/OECD *SEWA joins forces with the ILO to help informal workers move out of poverty*, www.oecd.org/dac/povertyreduction/48869455.pdf(accessed 9 January 2017) Increasingly the ILO has also supported the efforts of MBOs.

of SHGs began to take shape. Over a ten-year period, a dairy value chain has been established and 'barefoot vets' trained to serve members.
RUDI Multi trading company (SEWA), India Linking local producers to local consumers, the Rural Urban Distribution Initiative (RUDI) began as a branded rural marketing and distribution network set up in 2004 by the Self Employed Women's Association (SEWA). Through this network raw agricultural goods are procured locally from SEWA members who are small-scale farmers and sharecroppers, and then sorted, graded, cleaned, processed and packaged at *haat* (market) centres under the RUDI brand name. SEWA members are employed at these processing centres. Processed goods can be sold back to the farmer at a low price or packaged and distributed through distribution hubs to village-level retail outlets. The village outlets utilise specially trained door-to-door saleswomen called Rudiben. RUDI Multi-trading Company is now registered as a public limited company.
The Pathways to Secure and Resilient Livelihoods Project, Bangladesh Pathways, implemented by CARE, focuses on empowering poor women smallholder farmers, increasing farmer productivity through improved access to input and output markets, land and financial services, and creating more equitable agricultural systems at scale in six countries. This example focuses specifically on efforts to reduce the gender wage gap amongst agricultural day labourers in Bangladesh (and not broader efforts with smallholders). Key elements include dialogue and community engagement, and engaging landlords and local government, supporting the bargaining and negotiation capacity of women and mass mobilisation on fair wages for women and men in larger administrative units, highlighting the consequences of low wages in their region. The programme has been supported by the Gates Foundation and MAC Philanthropy.

Examples: Organising collectively to meet (better) urban self-employment opportunities

Ciudad Saludable, Peru Ciudad Saludable, a local NGO in Peru, helps to create better jobs for workers in the informal recycling sector by supporting recycler collectives to create formal associations and develop inclusive businesses that collect, process, manage and recycle solid waste. Forming local associations in four municipalities, members access training in occupational health and business services, and have developed micro businesses that collect, process, manage and recycle solid waste. They are provided with small *moto furgones* (vehicles) that allow solid waste to be collected in sufficient volumes to satisfy demand. The model seeks to address the entire solid waste value chain by linking together three key elements: advocacy for a comprehensive solid waste management system at municipal level; social and economic inclusion of recyclers; and environmental awareness-raising. In 2010, influenced by Ciudad Saludable, Peru became one of the first countries to pass a law promoting the legal integration of micro and small enterprises into the value chain for solid waste.	**Ruaab Producer Company, India** Since 1999, SEWA Bharat has organised female home-based workers in the garment supply chain. Many are Muslim and have migrated to Delhi from rural areas. Disadvantaged because of their migratory status and social norms that restrict their access to education and employment, they relied on often very exploitative home-based work, especially in stitching and embroidery. By establishing embroidery centres, SEWA Bharat linked these homeworkers directly to garment companies, shortening the supply chain, thereby eliminating the middlemen. By 2010, with six centres operational in Delhi reaching 700 artisans, SEWA had organised them into a producer company, linked to exporters and retailers that support ethical trade practices.

Examples: Organising collectively to meet (better) micro-enterprise opportunities

The Business Facilitation Model Project, Kenya
The Business Facilitation model, implemented by World Vision, supports marginalised and vulnerable micro entrepreneurs to develop and engage in Community Business Councils (CBCs). This example focuses on the Wema Area Development Programme in Kenya, a rural setting where 86 per cent live in extreme poverty (< US$1 a day). These are mostly peasant farmers along with some who earn an income via micro enterprises like shops, barbers and battery chargers. Employment opportunities are extremely limited. The model involves a two-pronged strategy addressing systemic constraints in the business environment through the CBCs, and the lack of individual business competencies through a business training and coaching programme. A local Business Facilitator supports CBCs to improve the local business environment, improve business competencies of members and utilise new productive networks and resources. Key to the approch is not isolating marginalised micro entrepreneurs by restricting CBC membership only to that group.

4. Coordinating with other actors across the market system

While collective organising brings significant benefits, extremely marginalised populations on their own may lack economies of scale due to low purchasing power or geographic isolation, be highly vulnerable to risks and lack political clout. Being part of a wider market system, and coordinating with better-off farmers, enterprise owners or traders, can offer improved opportunities through the piloting of new approaches, creating scale in input or output markets or influencing market barriers. Improving Market Access for the Poor (IMA4P) and Eco-Veg work with better-off farmers to improve the market system, which then also provides access to higher quality services at better prices for the most marginalised. Those who are not directly engaged in farming also benefit through new employment opportunities on farms or in the services or enterprises that develop.

The Competitiveness Company working in Kingston, Jamaica, demonstrates that these approaches are not only relevant to a rural farming context. For example, its Collaborate to Prosper programme focuses on building alliances between different groups of ornamental fish farmers across the formal and informal economy in Kingston, in order to increase the competitiveness of the whole sector and support producers to access more lucrative export opportunities. While focusing on upgrading by creating stronger horizontal and vertical linkages in the value chain, the approach also emphasises the breaking down of cultural barriers between established fish farmers and poor informal producers so that they can cooperate to effectively meet the export market demand.

Examples: Coordinating across the market system for (better) urban self-employment

The Competitiveness Company, Jamaica
Collaborate to Prosper focuses on urban value chains and clusters, specifically in the ornamental fish sector, that can generate income opportunities within marginalised inner-city commmunities. When the project began, marginalised young men from inner-city communities were already, through their own enterpreneurship, selling gold fish in plastic bags on street corners, but most raised the same species and sold them at the same size and price, leading to unproductive competition. By strengthening local market linkages and breaking down cultural barriers between established fish farmers and the urban informal economy, value chain actors have been able to effectively cooperate to compete. Collaborate to Prosper is implemented by The Competitiveness Company and supported by USAID, building on an earlier project also in the ornamental fish sector.

Examples: Coordinating across the market system for (better) rural self-employment

Eco-Veg, India Eco-Veg supports a market system for organic produce, linking marginalised farmers, particularly from scheduled castes, with 'agripreneurs' who provide technical advice and a distribution network that reaches urban centres. Landless farmers, women and youth benefit from activities that are not land-dependent, including producing or selling inputs (organic fertiliser, treated seeds), or they work on model farms. A real-time digital monitoring system supports data collection and supply management. Eco-Veg is implemented by the Sustainable Agro Alliance (SAAL) Consortium, supported technically by Change Alliance, a part of Christian Aid. It brings together NGOs, academics and technology firms.
Improving Market Access for the Poor (IMA4P), Cambodia Improving Market Access for the Poor (IMA4P) aims to develop value chain and market system infrastructure as a prerequisite for inclusion of the most marginalised. They are working with rice farmers to establish collective social enterprises to jointly procure inputs and services, and build linkages with millers that provide technical support. By initially working with less vulnerable groups such as enterprise owners who can influence a market barrier, or farmers who can pilot new approaches, the changes generated also benefit those with very small plots of land who then have access to higher quality services at better prices. The landless can benefit through employment or as micro-business owners providing services. VSO is implementing IMA4P by facilitating a network of market actors that will continue to function after IMA4P ends**.**
Nobo Jibon, Bangladesh Nobo Jibon aims to reduce food insecurity and vulnerability for 191,000 households based on farming, livestock and aquaculture. Better-off farmers who nevertheless are disconnected from input suppliers and market channels are supported to build linkages. Those with very small plots of land are initially supported to boost household food production and then to sell surpluses using the channels initially facilitated for the better-off poor. Village Savings and Loan Associations (VSLAs) were introduced, helping households to save, take very small loans and build social capital. The most marginalised benefit from employment opportunities, fo example in fingerling production for acquaculture, and are provided with significant direct support such as small livestock or non-farm productive assets. Nobo Jibon is implemented by Save the Children and funded by USAID.

5. Engaging employers

Given the potential benefits of wage employment, some of our interviewees felt that this entry point needed greater attention, pointing to trade-offs between wage and self-employment. On the one hand, self-employment has the benefits of low barriers to entry and flexibility, while the very marginalised face great challenges in gaining employment and frequently receive lower earnings than those better off, due to discrimination and lower access to education and training[10] (Cooney 2008). On the other hand, even relatively low quality employment can have a positive impact (Muller and Chan 2015), since self-employed workers frequently face an unpredictable business environment with precarious earnings that can trap them into a cycle of extreme vulnerability to negative shocks, leaving them unable to accumulate assets over time.

The examples in the typology focus on demand-led approaches where, for example, potential employers in a value chain are consulted to ensure training programmes are a good fit (YEEP), or structural barriers to employment can be removed through changing employer incentives. The Rate

[10] Results from the World Health Survey in 51 countries show a gap of over 10 percentage points in primary completion rates for persons with and without disabilities (World Bank/World Health Organisation, *World Report on Disability 2011*: 206).

Drop Rebate programme in Canada shows how a commercially driven model can work: small businesses are offered lower interest rates on loans if they hire people facing barriers to employment who are currently on social assistance. Investment capital is provided to the participating banks making the loans, while the government has a return on investment because of the reduced numbers of people on social assistance. This commercial model thus depends on the pre-existence of government social protection. In some cases (PRIME, YEEP), while viable employment opportunities are the goal, self-employment in the informal sector is also supported, recognising that many participants are most likely to find opportunities there.

Examples: Engaging employers to access wage employment

Marks & Start, Sri Lanka Marks & Start began as a collaboration between Marks & Spencer (M&S) in the UK and Motivation Charitable Trust to provide training and regular employment in the garment industry for persons with disabilities. It builds on the experience of Rehab Lanka, a local NGO, in providing vocational training for Sri Lankans with disabilities. At the same time, the project aims to improve the knowledge and facilities of the factories that hire employees with disabilities, through awareness raising and innovations such as buddy-training to enable existing employees to support disabled employees starting work. Since 2010 the programme has continued without NGO involvement, managed by M&S's Sri Lanka sourcing office and supported through its supply chain.	**Rate Drop Rebate, Canada** The Rate Drop Rebate programme in Ontario evolved from a pilot Community Employment Loan programme (CELP), started by the social enterprise Social Capital Partners (SCP) in 2008. It is designed to provide incentives for small businesses to hire individuals from low income populations facing barriers to employment. These include persons with disabilities, newcomers to Canada and unemployed indigenous persons. Participating banks offer reduced rates on loans (in the form of a rebate paid by provincial government) linked to the number of individuals hired. Potential employees are identified through government social service agencies (only those on social assistance qualify). The scheme is self - sustaining since the investment generates a favourable rate of return for government through savings on social assistance programmes, while participating banks and small businesses gain reputational as well as financial capital.
PRIME, Ethiopia PRIME is a five-year Feed the Future-funded programme designed to promote climate resilience among pastoralist and agro-pastoralist communities and people transitioning out of pastoralism through market linkages in the dry lands of Afar, Oromiya, and Somali regions of Ethiopia. Within the project are specific activities to ensure persons with disabilities gain business skills based on local labour market demands as established after an assessment. To do so, PRIME works directly with government-run technical and vocational education and training institutes (TVET) institutes, providing them with physical materials and technical assistance to strengthen them as system actors that can provide services such as technical education	**Youth Economic Empowerment Project (YEEP), Pakistan** In three districts with the highest levels of poverty and vulnerability to floods in Pakistan, YEEP is a collaboration between the Government of Pakistan and PLAN UK designed to help marginalised youth develop employable skills and find employment. This is a highly conservative area and so opportunities for young women are especially sparse. The emphasis is on market-driven technical and vocational education and training (TVET) services. After conducting value chain analysis in the three districts, the programme identifies employers and enterprises in the chain and invites them to have input into TVET design and delivery and to offer work placements. TVET graduated youth are able to take up

and business skills. Persons with disabilities are identified in the community and given opportunities to apply for scholarships in the TVETs. Once enrolled, they improve their employability through short-term skills training, access to financial services and the skills required to find employment or create small businesses. Participants have accessed opportunities in carpentry, furniture-making, welding/metal work, dressmaking and hairdressing.	employment opportunities with small-scale manufacturers, technical service providers, cotton ginners and in the national and international cooperative sector. While viable employment opportunities are the goal, self-employment in the informal sector has also been encouraged, in home-based business or market-based service shops, or through direct links with local markets. Equally important is sensitisation at the community level to the benefits of vocational and technical education so that the young people can be actively supported.

VI. Design elements: Creating circumstances to include the most marginalised

It goes without saying that the experience of exclusion and the conditions of poverty will differ from place to place, as will the opportunities and enabling conditions. The 22 promising examples analysed do not only respond to opportunities through the five entry points identified, they also create circumstances that support inclusion, based on context-specific barriers and innovations to overcome them. While the distinctiveness of a particular approach cannot be separated from its context, the different design elements in relation to sector, enabling factors, risk and resilience and financial models have relevance elsewhere and are explored in this section.

1. Sector of activity

Market opportunities or barriers to entry in different sectors are determined in large part by the assets and skills possessed by the most marginalised. However, choices about sector should also be determined by demand-side factors – whether sectors have potential in terms of current demand and prospects for growth, and whether they are labour-intensive or have a high reliance on wage labour inputs that might create opportunities for marginalised groups. Sectors also matter because they affect the risk the marginalised are exposed to, or the resilience that is built. VSO, which implements IMA4P, has a number of key questions to help identify appropriate sectors (Box 1).

Several promising examples focused on sectors where the marginalised were already engaged, often in the informal economy, as waste collectors (Ciudad Saludable), street traders (The Competitiveness Company) or homeworkers (Ruaab Producer Company). However, the sectors with the greatest growth potential are rarely those that are most accessible to the poorest. Samriddhi's analysis, for example, found that of the 12 value chains they worked with, those that were the most inclusive of women also had the least growth potential, including plant and jute

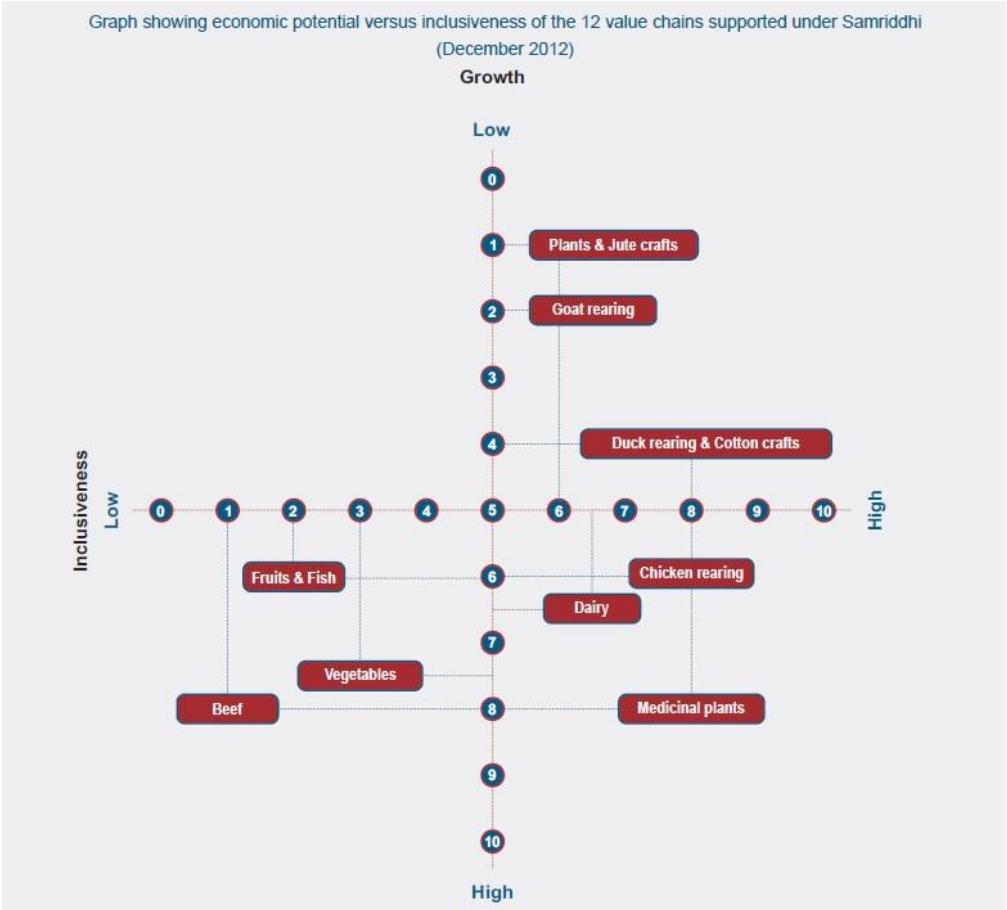
Box 1: Improving Market Access for the Poor (IMA4P) – sector selection criteria

When identifying the best opportunities, a number of criteria are considered.

- Does the sector offer a high return per area of land?
- Is the sector at low risk in terms of climate change?
- Does the sector have low volatility in price or demand?
- Is there a guaranteed market?
- Is the produce consumed locally and/or does it add to food security (as well as income)?
- Can the product be produced by enough people to achieve the critical mass needed for bulking?

crafts (baskets, ropes and mats), goat rearing, duck rearing and cotton crafts (Figure 6). However, a few sectors did offer significant opportunities for growth and inclusion of women, notably medicinal herbs and dairy products. The identification of the medicinal herb sector involved spotting a previously unrecognised asset which the marginalised had access to: land along roadsides where medicinal herbs can be cultivated. Other examples which spotted key assets that could be employed towards an improved livelihood, include Gone Rural (local lutindzi grass and traditional skills for high end home accessories) and Specialisterne (the good memory, accuracy and pattern recognition associated with autism).

Figure 6: Economic potential versus inclusiveness of 12 value chains supported under Samriddhi



Source: Carter *et al*. (2013).

Market-based approaches not only respond to but also influence demand. Gone Rural and Hilltribe Organics have invested in product quality and design, new product ranges, marketing, consumer education, and customer service and relationship building to boost demand in their identified sectors. Eco-Veg, which was started by a consortium of NGOs and academic institutes, is now evolving into a for-profit social enterprise to better manage marketing, sales, brand promotion, advertising and buyer relationships. In other cases, demand is created through spillovers from sectors targeting the less poor. For example, Nobo Jibon supported development of horticulture and aquaculture in rural Bangladesh. As the programme was implemented, it became clear that fingerling production for aquaculture is labour intensive, and as demand increased, labour opportunities rose for the landless.

Finally, extremely marginalised groups tend to derive their livelihoods from multiple sources. Samriddhi and the Monga Mitigation Project both highlight that the opportunities they have created *supplement* and *stabilise* household income, rather than providing the sole source. Nevertheless, this

additional income can mean a significant improvement in wellbeing, paying for children to attend school or smoothing fluctuations in consumption across the year, as well as increased household resilience. Sector diversity is also important at a community level. As research on self-help groups in India has found, where one sector or activity has been promoted across many producers, it quickly leads to oversupply, falling prices and increasing costs of inputs (Morgan and Olsen 2011).

2. Enabling factors

Even with a clear sectoral opportunity, marginalised households often fail to benefit due to multi-dimensional barriers including exclusionary social norms, poor economic and social connections, difficulty in managing new risks and low confidence and self-esteem. The more marginalised the group, the more likely they are to face simultaneous challenges in these multiple dimensions. The matrix presented in Table 3 identifies and systemises design factors that created the circumstances to overcome exclusion in the 22 examples.[11] These factors relate to individual capacity or agency to generate a livelihood; the enabling functions (networks, infrastructure, services and systems) that support individual agency; and overarching rules, norms and standards (both in the public and private domains). Both 'soft' or intangible and informal elements, and 'hard' or tangible and formal elements are included. These elements are also highly interconnected. One barrier (e.g. social stigma) impacts at multiple levels, such as exclusion from social organisations and low self-esteem. One design element, such as training, may lead to multiple benefits, such as improved skills and improved confidence. Each of the promising examples in the Annex includes a mini-matrix, highlighting the key factors addressed in each case.

2.1 Hard Factors

Externally-driven approaches often focus on the hard elements in the matrix as prerequisites for successful market engagement by the most marginalised. Elements may include building individual assets and skills through training or asset transfers directed to an individual or household; for example, both the Monga Mitigation Project and the Naro Island Seaweed Project directly provide very marginalised households with initial assets (livestock or a farming package) to create the conditions for market engagement. Elements may also include supporting functions that deliver training, inputs, finance, information and market access. For example, Samriddhi in Bangladesh has supported development of a rural advisory system to deliver technical advice and inputs to isolated rural communities. Compared to the public extension service or private sector professionals, the system is reported to be cheaper and more accessible for farmers (Kaegi 2015), who are assumed to be willing to pay to secure the services once income gains are achieved.

Finally, hard elements include protection of legal entitlements, as well as formal rules and standards imposed by governments or which emerge from the market itself, such as industry standards or value chain requirements. Government plays a fundamental role in protecting rights and creating pro-poor institutions whether in land reform, inheritance for women, minimum wage legislation, agricultural policy, protection for street vendors, or incentives for hiring persons with disabilities. For example, Whitehead (2009) in studying disability in developed countries finds higher employment among persons with disabilities in those countries with high spending on active labour market policies. Private sector policies also matter. Both Marks & Start and Rate Drop Rebate, which aim to improve access to jobs for persons with disabilities and other marginalised groups, work to change human resources policies and practices to remove hiring barriers.

[11] The matrix has been inspired by the Gender at Work Framework, www.genderatwork.org/OurWork/OurApproach/GWFramework.aspx and BEAM's Making Markets Work for the Poor framework, https://beamexchange.org/market-systems/what-market-system/ (both accessed 9 January 2017). Other similar frameworks exist which present some, if not all, of these elements in different ways.

Table 3: Matrix of design factors

	SOFT FACTORS Presence or lack of:	**HARD FACTORS** Presence or lack of:
Individual agency	• self-confidence and self-esteem • personal resilience	• assets • skills and knowledge • capacity to invest in assets or skills (e.g. enabled by scholarships, loans, insurance)
Supporting functions	• social or community support • social or collective organisation (see Box 3) • market coordination (e.g. through value chain platforms, clustering)	• training • finance • infrastructure (communication, transport) • technology • public services
Rules, norms and standards	• supportive social norms (vs cultural barriers and stigma) • supportive mindsets (e.g. of gatekeepers or leaders)	• supportive laws, regulations and policies • protection of legal entitlements (rights) • supportive business rules and practices coordinated by companies

2.2 Soft Factors

Inclusion in market activity is achieved through a gradual chipping away at both structural barriers and individual confidence issues that lead to self-exclusion from market opportunities, and several of the examples aimed to build individual self-confidence, self-esteem and resilience. The Street Business School theory of changes prioritises self-confidence, alongside business confidence, to deliver increased incomes. All three together support greater resilience. Ciudad Saludable, Naro Island Seaweed Project, Pathways, Specialisterne, Street Business School, The Competitiveness Company and YEEP all provide some form of coaching or life skills training designed to build personal resilience and self-confidence. Self-confidence is also correlated with other areas of the matrix. For example, while improved access to training may boost self-confidence, the enduring psychological impact of negative social norms holds individuals back. The examples of Maitree and Ruaab in India speak about the length of time it takes to build self confidence amongst women doubly excluded due to gender and caste.

Supporting functions build on social capital and peer support. For those facing extreme isolation, integration in social networks is particularly important. In the Maitree example, preliminary work by Srijan meant reaching out to women secluded in the home in rural India who had little opportunity for independent earning. Their first big step was to join a self-help group and start saving in small increments (sometimes with borrowed funds from family members). Membership of cooperatives or producer companies also enables access to markets, services and finance, and increases market power. Maitree was the result of a process of building social connections, first through self-help groups, then a federation of self-help groups at the district level and finally the producer company, with stability and sustainability emerging through years of trust building. Solidarity and associational linkages also strengthen political power and voice (Box 2).

Box 2: Member-based Organisations (MBOs)

Recent exploratory research into the dynamic between economic and political agency (Mathie *et al*. forthcoming) suggests that inclusion of disadvantaged groups requires a combination of both economic and political initiatives to achieve structural change, social protection, economic empowerment and the opening up of opportunities for market entry at local levels. MBOs have had a significant role to play, including an array of collective organisational forms such as self-help groups and their federations, pre-cooperative forms such as recycler associations in Peru and producer associations in Ethiopia, the 5 million member strong Self Employed Women's Association (SEWA) of informal workers in India, and farmer associations and producer cooperatives operating on a local as well as national scale. The more hybrid forms, such as the producer company in India, combine elements of a cooperative with those of a private company.

Not only do MBOs act as a legitimate political voice to advocate for the change on which economic inclusion depends, but the participants' experience of solidarity, mutual responsibility, leadership and accountability carries over into local economic decision-making spaces, including the household. The experience of associational life (for economic or social purposes) lays the groundwork for democratic practice. This applies as much to market governance as to local governance, e.g. smallholders (cocoa, cashew) proactively organising to represent themselves to industry markets at local or meso levels or the self-organising of migrants to build skills, find employment and send remittances home. The greater control pro-poor collective organisations have over the value chain, the more likely they are to have power in bringing about sociopolitical change (Pastakia 2012), hold government agencies to account, and enlist support from other actors. MBOs can also improve competitiveness and bargaining power relative to larger enterprises, as well as foster stability.

However, there can still be a high barrier to entry into MBOs and particularly to leadership roles for the most marginalised, due to their limited access to or control over physical and financial assets, educational and skills barriers, and to cultural norms and biases. These may be addressed through awareness raising, services and policies that increase access, skills development, and an improved knowledge base (Majurin 2012).

Finally, for the most marginalised to benefit from economic opportunities, change often also needs to happen in the exclusionary norms, cultural barriers and social stigma that perpetuate disadvantageous power relations. As one interviewee put it, 'Rules and norms are exclusionary against the poor, period. On top of this are exclusionary practices against those who are extremely marginalised (because of caste, disability or gender)'. Norms, such as what is an appropriate role for a woman, also become internalised. Employers, community leaders, leaders of member-based organisations, families and even the individuals themselves are unaware that their views and behaviour are determined by a norm, or that the situation could be different.

While changing mindsets is challenging, several of the promising examples do tackle norms. For example, YEEP takes a community-based approach to improving access to vocational training opportunities for young women in rural Pakistan, for whom geographical and physical mobility is a major challenge, by sensitising parents and community gatekeepers to training opportunities and their benefits. At a minimum, market-based approaches that aim to include the most marginalised need to better understand norms, how norms change and the risk and opportunities that come with pushing boundaries (Box 3).

Box 3: Addressing social norms in market systems programmes

One recent study (Markel *et al*. 2016) on tackling gender norms in market systems programmes finds that norms can change where a conflict arises between existing norms and alternative standards of behaviour, especially where these other behaviours may be more advantageous for businesses, households or communities. For example, where new behaviours arise due to necessity (such as a women taking on new roles in response to widowhood or migration), they may later continue because of the wider economic benefits they bring. Bringing visibility to role models and promoting dialogue and reflection can further support norm change. On the other hand, transgressing social norms can be met with internal (guilt) and external sanctions and reprisals.

Partly due to the risk of sanctions, most programmes analysed in the study preferred to take an 'indirect strategy'. They encouraged new business models to reach women within existing norms, and supported women to move into these activities on the basis that the economic gains will lead to incremental norm change over time. While there seems to be some evidence for a link between economic empowerment and social change (Hafiza *et al*. 2015; Muller and Chan 2015; Kabeer *et al*. 2011), more work is needed to understand this relationship and the conditions under which economic gains lead to permanent norms change, rather than quickly eroding when initial interventions cease.

3. Risk and Resilience

Extreme poverty means high exposure and vulnerability to risks, since marginalised people have limited resources to cope with shocks such as extreme climate and weather-related events, illness and death, and periods of food scarcity. The local context may also have risk externalities such as violence and conflict, petty corruption and discrimination, or subtle forms of clientelism and informal 'protections' to take into consideration. The most marginalised often hedge their bets by investing time in multiple and diverse (often non-market) livelihood strategies including building social capital in family networks, carrying out unpaid work, sustaining subsistence food production and gathering activities that are as or more important than the potential market opportunity offered. While increased income through market activity also increases coping capacity, it can increase exposure to risks if loans are taken, scarce assets invested or diversity of livelihoods is reduced, often discouraging the most marginalised from taking up market opportunities.

Minimising risk and building resilience are therefore important preconditions to open opportunities to the most marginalised, and to avoid these groups from falling back into poverty. Measures implemented in the examples include:

- **Consumption-smoothing**: In the Monga Mitigation Project, very poor households that suffer chronic food insecurity were provided with a key asset – a cow. Since the cows produce milk year round, they not only subsidise household income overall, but also smooth out income fluctuations.
- **Diversification**: By diversifying livelihoods or food sources, households can reduce the severity of potential shocks. Farmers involved in Eco-Veg grow up to four species per field, with each crop playing a role in the resilience of the household (e.g. a mixture of cash crops and food security provision). Similarly, market diversification lowers risk. In the Naro Island Seaweed Project, while a portion of the seaweed produced is shipped to an exporter in the main commercial centre, Cebu, a percentage is also allocated for traders supplying other exporters in order to spread this risk.

- **Accumulation of assets**: Several of the examples used self-help groups or village savings and loans associations (VSLAs) to build savings. Nobo Jibon initially introduced VSLAs on a trial basis, a measure that evaluations later highlighted as a key success factor. VSLAs helped households accumulate reserves, plan for the future and build social capital.

Finally, (perceived or actual) risks to investment and to business operations from investing in working with highly marginalised groups acts as a deterrent to businesses, and so reshaping or redistributing risks can be a crucial precondition to market-based approaches. Potential strategies include risk pooling through innovative financial or insurance products.

4. Financial models

The financing arrangements behind the examples in the typology include a spectrum of approaches – from traditional grant-funded programmes at one end to social businesses and one corporate example (Marks & Start) at the other (see Table 4). Across the economic pyramid, the mix of sources can change, more dependent on direct transfers and philanthropic and government grants for those living in extreme poverty, but shifting across the market frontier towards minimal grants used to facilitate changes in the market system, and finally to commercial loans, guarantees and equity finance for enterprises reaching the formal sector. However, none of the examples in the typology operate on a purely commercial basis. Even Marks & Start, led by a major corporate actor, is grounded in the company's corporate social objectives.[12] While these investments are intended to add value to the company's brand and business, they do not maximise profits in a short-term sense.

Table 4: Who pays?

Funding model	Comment	Examples
Grant-funded	Direct government, donor or philanthropic support to 'push' households or market actors to a level that they can engage in markets on improved terms, along with temporary support to catalyse changes in the market that are self-sustaining	• Business Facilitation Model • GRAD • IMA4P • Monga Mitigation Project • Naro Island Seaweed Project • Nobo Jibon • Pathways • The Competitiveness Company • YEEP
Hybrid	Market activities operate on commercial basis; supporting activities funded by donors, grants or NGOs	• Ciudad Saludable • Rate Drop Rebate • Specialisterne • Street Business School
Membership based	Initial funds provided by members, with further finance based on either grants or bank loans	• Maitree Mahila Producer Company • Ruaab Producer Company • RUDI
Social business	Seeks to be self-sustaining, with the costs of inclusion absorbed into the model. Often supported by impact investors that seek to balance social and financial objectives, often over a longer timeframe	• Eco-Veg • Gone Rural* • Hilltribe Organics*

[12] Marks & Spencer's Plan A 2020. The initiative consists of 100 social, environmental, economic and supply chain commitments.

Market system approach	Time-limited grant or donor funding catalyses changes in the market that are self-sustaining, and within which the actors operate on commercial terms	• PRIME • Samriddhi
Corporate business model	Activities are integrated in company operations or supply chain activities	• Marks & Start

*Supported by some form of impact investment or patient capital

The preceding analysis points to the importance of social and hybrid forms of finance in approaches that aim to reach the most marginalised. These findings were corroborated by our interviews. As one interviewee explained, 'It is possible to bring in some private capital, by putting together a portfolio of financing, e.g. governments, development finance institutions, philanthropists. However, it is also important not to overestimate what the private sector can do. … Large companies simply don't see it as their role to invest in the extra costs of making extremely marginalised people work-ready.'

Through hybrid approaches, social finance can support non-core activities, e.g. education, health, water and sanitation, as well as investment in innovation to overcome exclusion barriers, which can be hived off from commercial operations such as marketing, sales, brand promotion, advertising and buyer relationships, which are run as a business by those with the right skills and experience. For example, in the USA, Specialisterne is setting up a centre for research and development, eligible for charitable funds, to focus on identifying and removing barriers that prevent persons with autism from seeking jobs. This centre is separate from Specialisterne's core operations in training, consultancy and job placement.

VII. How successful are market-based approaches at reaching extremely marginalised groups?

The typology identifies opportunities to reach and benefit extremely marginalised people, and the design factors show how these opportunities have been shaped to respond to different circumstances. While we have explicitly not chosen examples based on their 'success', this final section nevertheless explores what we learned about how successful these approaches have collectively been in reaching and benefiting those facing extreme marginalisation.

1. Benefiting the very poor or the absolute poorest

While the availability of data is variable, most of the examples we explored reported some evidence of positive impacts (see the Annex for further details).[13] Those that specifically targeted extremely marginalised groups were the most likely to have directly measured the results. Hilltribe Organics found that two-thirds of chicken farmers they work with had more than doubled their incomes; 120 persons with disabilities were hired by factories that supply Marks & Spencer in 2014/15 in Sri Lanka; while women participating in the Street Business School increased incomes by an average of 54 per cent – and over 500 per cent for those who started with the lowest earnings. However, for those examples which did not directly target the poorest, the achievements were often clearer for *poorer* groups in the middle of the economic pyramid – those with small plots of land, for example, than for the absolute *poorest*, with no land at all. In some cases, examples targeted *areas* of extreme poverty but did not have detailed information of who exactly within the region was benefiting. In others, the theory of change was based on opportunities 'trickling down' to the most marginalised but with relatively anecdotal evidence that this had been achieved.

[13] A few of the projects were at an early stage and had not yet conducted any form of impact assessment.

The question these findings raise is whether the improved market opportunities being supported actually reach the most marginalised, at least without further targeting, and brought to mind the 'three rural worlds' analysis by Vorley (2002) in his work on family farming. Following this logic, we can differentiate between three broadly different groups of marginalised producers and workers (even if the specifics vary across contexts).

- **Informal sector above the market frontier**: includes those with a minimal levels of skills, assets and social acceptance, and a geographical location that enables them to engage in economic opportunities, with livelihoods often based on multiple income-generating activities through casual labour and informal trade. While supporting functions, such as training and communications, can improve the quality of livelihoods accessible to this group, relevant public services are available or solutions can be accessed by the individuals themselves or provided within a commercial model.
- **At or near the market frontier**: includes those with very basic assets (e.g. less than 0.5ha of land) and skills (e.g. did not complete primary education), often facing geographical isolation or social norms that limit their access to improved economic opportunities, and who are vulnerable to risks. Many of our examples show how this group can be reached with improved market opportunities, if they benefit from some support. The 'cost' of this support will not be met through a commercial enterprise and some state, philanthropic, civil society, community and/or family resources are needed. Alternatively, risk management measures, government policies, or changing norms can influence business incentives and move the market frontier closer to this group.
- **Below the market frontier**: includes those with no assets (e.g. landless) and limited skills (e.g. no schooling), who also face highly exclusionary social norms, geographical isolation, and other challenges such as chronic food insecurity or high vulnerability to natural disasters that tend to wipe out any gains that are made. They are dependent on very precarious informal activities, begging and/or reliance on family members. Although 'positive deviants' do emerge, for many in this group, having the resilience, confidence, and assets to engage in the market will require direct state protection or community support. Some members of this group will remain economically inactive, such as the frail or very elderly, and need continued social protection.

2. Scale is still largely an aspiration

Market-based approaches are often of interest to development actors for their potential to achieve sustainability and scale. While traditional development programmes are limited by donor resources and may not be sustainable after interventions end, successful market activities, in contrast, are self-funding and will remain viable as least as long as market conditions continue. While these enterprises can be viable without achieving scale, profitable activities will generate the resources that allow for their expansion, and may attract others that crowd in to replicate the gains achieved.

All of the promising examples sought to have a significant social impact, and in many cases, the approaches were specifically designed with the aim of achieving scale. Table 5 sets out four different routes to scale identified, giving an indication of numbers reached or intended to be reached through the different routes, based on available evidence.

Table 5: Routes to scale

Route to scale	Explanation	Scale achieved (high/low examples)
Scaling up	Scale is driven by investment in the enterprise and its direct operations. Often 'scale' in the context of market-based approaches is taken to mean scaling up.	**Hilltribe Organics** has included 49 households in egg production and 43 in corn feed, and aims to reach 100 farmers in each by 2017. **Maitree Mahila Producer Company** buys from 1,800 women dairy producers regularly, and 3,500 during the peak season.
Scaling out	Could also be called horizontal scaling. Individual enterprises do not necessarily grow in size, but their impact is spread through copying, replication and proliferation.	**Marks & Start** has included 994 persons with disabilities in suppliers' factories in Sri Lanka, but also replicated the model in Bangladesh and India. **Street Business School** and related programmes under BeadforLife have impacted over 44,500 women in Uganda, and the aim is to reach 1 million entrepreneurs through replication with partners in Uganda and other countries
Rules and norms	Scale emerges as regulations and norms change, potentially benefiting every member of the relevant population group (though others outside the group may be excluded).	The **Business Facilitation Model** has included 1,100 business owners in business councils. However, improvements the councils create in the local business environment can impact all businesses. **Pathways** directly targets 1,641 women wage workers, but facilitated a women's wage increase declaration across three unions covering 16,392 labourers.
Market system	Scale emerges as a result of multiple actors in the system responding to changes, making new investments and undertaking new activities that reinforce gains achieved.	The **Competitiveness Company** has involved 400 ornamental fish farmers. **Samriddhi** calculates they reach 1.25 million farmers through local service providers, though it is unclear how many of these are the poorest

This analysis supports the argument that systemic efforts, such as market systems approaches, hold greater promise for scale than those that depend on the direct operations of a single company or organisation. While the Maitree Mahila Producer Company involves 3,500 producers in the peak season, this is at the bottom end of what other routes intend to achieve. RUDI, Nobo Jibon and Samriddhi all say they directly include over 150,000 producers, sales agents and/or employees. Samriddhi also calculates it reaches over a million farmers through the network of local service providers it has catalysed; although the proportion of very marginalised to less poor farmers or the impact in terms of income and wellbeing is unknown. That said, many of the examples with smaller-scale impacts also had significantly fewer resources to invest, compared to some of the large donor-funded programmes.

3. The risk of adverse inclusion

While the study looked for promising examples that support economic empowerment by reaching and benefiting the most marginalised, market inclusion can cause harm as well as bring benefits.

Individuals can engage in market activities on adverse terms, facing exploitative working conditions, and producers can be trapped in low value added activities. While producers or sales agents who are vertically integrated into company value chains benefit from greater stability, compared with self-employed traders, these arrangements leave them transactionally dependent on larger companies or buyers (Gereffi *et al*. 2005). They are 'included' but often unable to access better opportunities. At the root of these dynamics is a power deficit, with individuals in a weak bargaining position and vulnerable to discrimination and exploitation in the market (as well as the petty corruption endemic in many local government systems).

Strategies to address power within markets include collective organisation (Box 2). However, as they succeed in accessing markets and increasing incomes, these collective organisations also need checks and balances to ensure that they continue to include the most marginalised groups. Some business models which aim to achieve social impact also include arrangements which, if not changing the power dynamic, do seek to protect the most marginalised from adverse inclusion. For example, Hilltribe Organics say they set prices and volumes to enable commercial viability while aiming to triple farmer incomes, setting prices at the beginning of the cycle that are valid for two seasons (almost three years). However, as Sahan and Fischer-Mackay (2011) argue, few approaches that are designed to help the poor engage with markets and escape poverty through entrepreneurship pay sufficient attention to power structures.

VIII. Conclusion

This research asks what types of market-based approaches can reach and benefit the most marginalised, how successful approaches can be developed and what strategies and innovative partnerships are needed. It has identified 22 promising examples based on five entry points that respond to opportunities: (1) providing a leg up, (2) making the most of existing assets, (3) organising collectively, (4) coordinating across the market system, and (5) engaging employers. Each example meets these opportunities in context-specific ways, creating the necessary circumstances for inclusion at the level of individual agency, supporting functions, and overarching institutions. As a result, these initiatives have built confidence, increased bargaining power, created more profitable, predictable and diverse income sources, addressed chronic hunger, challenged cultural biases and supported enabling legislation, amongst other outcomes.

These examples are market-based but not 'market-led', in that they do not include and empower the most marginalised on purely commercial terms. We should not expect otherwise. For the poorest to reach the market frontier requires investments for which there are insufficient private (commercial) gains. The more challenging the context, in terms of extreme poverty and marginalisation, as well as factors such as corruption, conflict or poor public services, the more direct support that is needed. Member-based organisations, social enterprises, NGOs and donors have been the main investors, coordinating with market actors towards market-based solutions. These 'market actors' are sometimes large companies, but are equally small- or medium-sized enterprises or government regulators or service providers to the market.

Building on these promising examples, more research and innovation is needed to generate change on a scale adequate to the need. Key areas include:

- **Identifying the most important (future) economic opportunities for extremely marginalised people**: In principle, wage employment may offer the greatest benefits, and some of the examples specifically targeted employment outcomes. However, in practice, self-employment remains the most common livelihood in both rural and urban contexts. How are future

opportunities for both wage labour and self-employment being shaped by economic and technological trends?

- **Integrating social protection with market-based approaches**: The approaches that most clearly reached the most marginalised involved targeted support, while those which achieved the greatest scale were premised on spillovers, trickle down and indirect effects, with limited evidence of these impacts. Can these approaches be better combined to achieve viable market-based solutions which overcome marginalisation?
- **Innovative intermediary organisations or structures**: Producer companies, member-based organisations, business associations or federations of cooperatives act as 'gateway agencies' and 'honest brokers' to link activity at different levels of the economic pyramid, to provide or support access to aggregation, skills development, information and inputs, and to influence regulatory and policy debates. However, they can also exclude the most marginalised. How can existing organisations become more inclusive of highly marginalised people? What developments, e.g. technology, can make intermediaries more effective?
- **Innovating with hybrid financing models**: The findings suggest that hybrid forms of finance are important in market-based approaches that aim is to reach the most marginalised. What are the most effective models for social and commercial forms of finance to work together in different contexts (e.g. where greater or lesser levels of public support are available)?
- **Minimizing risk and building resilience**: Risk is inherent to markets; it cannot be eliminated but it can be reshaped or redistributed. For market actors, alternative financial arrangements can pool or redistribute risk, and bringing the market frontier closer to the poorest. For the most marginalised, asset accumulation and diversified livelihoods create resilience, while risk can also be spread through collective approaches. What new or innovative approaches exist to minimise risk and build resilience?
- **Generating evidence**: Public sector support is needed not only for new initiatives which support inclusion, but also to generate better evidence and a deeper understanding of the effectiveness of market-based approaches. While more evidence is needed in general, there are particular gaps in understanding changes within households, and the resilience of changes achieved over time.

While this report shows how market-based approaches can reach further down the economic pyramid than the majority do currently, we do not propose them as a panacea for the most marginalised. They may only ever play an indirect role for the absolute poorest, such as the elderly or infirm, who may benefit from increased incomes in households that support them, or, at a macro level, from strong economic activity and a progressive tax regime that enables social protection. Ultimately, a combination of the different approaches described in this report will be needed to support those at different points of the economic pyramid, to generate inclusive economies which truly leave no one behind.

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