



Inclusive Markets

HEKS/EPER's strategy and achievements on inclusive market systems, inclusive business, income and employment (overcoming economic discrimination).

Why Inclusive Markets Matter

Global challenges

Economic development has contributed enormously to lifting hundreds of millions of people worldwide out of poverty. However, many people remain poor – especially in Sub-Saharan Africa –, **unable to effectively participate in or benefit from economic opportunities** despite being economically active as workers, producers or consumers. Structural inequalities and underdeveloped markets hinder access to inputs, financial and business development services, decent work and employment opportunities and technical know-how. Another problem is the lack of access to education, skills development opportunities, and information that people need to be competitive and adapt to economic challenges and opportunities. **Minorities are often excluded** or disadvantaged because of social stigma or stereotypes, which can threaten peaceful co-existence. Including poor and marginalised people better in market systems is an important means to poverty reduction and supporting peace and political stability.

The **COVID-19** crisis hit vulnerable people the hardest. The WFP stated that in 2020 alone, 957 million people across 93 countries suffer hunger with food systems failing. The number of people suffering acute hunger and malnutrition is rising again (155 million people in 55 countries were suffering acute food insecurity in 2020 – 30 million more than 2019). Unless inequalities such as economic disparities or fair access to resources are not reduced, the world will not in 2021 nor in 2022, nor in the years that follow contain the pandemic with its devastating consequences certainly for MIC and LIC countries.

How HEKS/EPER responds

HEKS/EPER contributes to the Sustainable Development Goal's (SDG) agenda of **'leaving no one behind'**, i.e., achieving inclusion and increasing income of the poor and marginalised people in agriculture and non-agriculture markets as producers, processors, employees or self-employed. To do so systemically and sustainably, HEKS/ EPER applies a combination of Market Systems Development and Inclusive Business approaches, impact investment and, where needed, additional direct interventions.



Inclusive markets enable small producers to participate actively and are a basis for food security, income, economic and social perspectives.

HEKS/EPER promotes a **Market Systems Development approach** that strengthens families' and local communities' voice, upgrades the value chain structure and benefits producers, workers and consumers. In the frame of context analysis, every project carefully assesses the market structure, actors and dynamics, reasons for exclusion and malfunctioning of markets, and opportunities. Interventions are elaborated in a participatory way with relevant market actors, piloted and upscaled based on a sound monitoring and learning system. Including vulnerable groups in mainstream markets is not straightforward. It requires building the pre-conditions for them to take an active role in the market and overcome soft barriers to participation, such as stigmatisation, lack of trust, or prejudice. To achieve this goal, HEKS/EPER applies a **participative approach** to Market Systems Development and potentially some **additional, more direct interventions** (if needed).

While the Market Systems Development approach aims at changes in the broader system with several actors changing their way of working through the **Inclusive Business approach**, HEKS/EPER supports the creation, development and scaling up of business models of single companies or entrepreneurs. These models can include vulnerable people at various points in a value chain, be it consumers on the demand side or producers, employees or entrepreneurs on the supply side. Scaling up of such models can be supported by providing investments through the global **impact investment** facility of HEKS/EPER.

Promising Practices Worldwide

Eastern Europe – enhancing labour market inclusion of Roma job seekers

As part of Social Inclusion Projects in **Romania** and **Kosovo**, HEKS/EPER has developed project components on economic inclusion, aiming at a **better labour market inclusion of disadvantaged Roma job seekers**. The interventions were constantly adapted during the implementation process, shifting from formal vocational education to tailor-made /on-the-job trainings and job-mediation.

In **Romania**, 26% of the beneficiaries who were part of job mediation services between 2016 and 2019 obtained a job (258 persons). In the difficult 'COVID-year' 2020, 109 students from professional and technical schools received counselling services. 18 were employed after graduation thanks to the mediation of the project (28 companies were contacted for job mediation); 10 got employed on their own initiative. The main activities to reach this goal were networking and job mediations with private companies and public institutions. Since 2019/2020, the focus has been on quality rather than quantity. Candidates continue to be mentored during the job mediation process to improve the chances of insertion in the labour market. A study conducted in 2019/2020 showed that the retention rate of jobseekers from vulnerable groups can be increased when employers adequately support them during the induction period in their new jobs and actively create a culture of mutual respect. 84 people working in HR or middle management of 8 companies in the public and private sector were trained on increasing the retention rate.

In **Kosovo**, the combination of internships co-funded by employers, local employment offices and the project proved to be successful in facilitating the transition from education to employment for young Roma men and women. Here as well, active networking with companies addressing their fears and stereotypes played a crucial role. In Kosovo, the new project phase will focus on creating mechanisms and campaigns to combat antigypsism in the labour market and address stereotypes. The consortium continued to focus on job mediation, internship programme and advocate for increasing the proportion of Roma, Ashkali and Egyptians working in public institutions. A cooperation agreement was signed with the State Employment Agency to support Roma, Ashkali and Egyptian: In total, 50 young jobseekers have started an internship and 14 got employed by the end of the year. In total, 90 young people were part of the information and mediation process, out of which 20 got employed. The consortium identified 14 informal Roma construction groups all over Kosovo and supported 5 of them to formalise their construction companies and register their business.



Kosovo: 14 out of 50 young job seekers in the internship programme found a job in the formal labour market.

Georgia – Organic Hazelnut Production



Georgia: Quality check in the middle of the hazelnut grove.

Many families in rural Georgia are engaged in subsistence and live below the minimum subsistence level – HEKS/EPER promotes an organic fair trade hazelnut project to increase the income of local farmers by better production, certification, inclusive market. The private Georgian hazelnut processing company ANKA and the private Swiss premium brand Pakka sells fair-trade nut specialities made from organic ingredients to retail and wholesale in Switzerland and Europe.

The 2020 mid-term review of the Organic Hazelnut Production project revealed evidence that the project activities successfully contributed to a substantial **increase in the income** of the engaged farmers through hazelnut sales. It also has contributed to more decent employment for the families in rural areas. The review also showed that the project made considerable progress in several areas managed by the farmers themselves. Despite COVID-19 crises and

difficult world market conditions, the number of farmers remained stable, and the **hazelnuts' quality improved**. These results have significantly contributed to more consolidated sales. By December 2020, 679 farmers were part of the [UTZ](#) and organic certification system (195 organics among them). 15.3% of farmers reported a massive increase in income through hazelnut sales and 46.6% experienced a medium increase, while 14.7% reported that the income stayed the same as the year before.

The project provided vocational training and tested drip irrigation, windbreaks, different organic fertilisers, and organic pesticides on demo plots. As a result of training and extension activities, farmers' mindset and practices drastically changed over the last few years. Furthermore, there were some unintended contextual changes such as more favourable legislation for farmers through the changing of law for the establishment and operation of cooperatives.

Cambodia – improved organisation of pepper farmers, access to know-how and markets and an enhanced enabling environment for the Cambodian pepper sector

During its first phase from 2015 to 2018, the pepper project organised around 700 farmers in 48 villages into two cooperatives. In its second phase from 2019 to 2022, already in 2020, it addressed **9'500 people**. The project supports the 'Cambodian Pepper and Spices Federation' (CPSF) to become a well-functioning organisation that can drive the sector's development. By the end of 2020, there were 11 export companies, both local and international, and 15 local associations with 5'985 members registered in the CPSF.



Cambodia: Pepper plantation.

The project aims to strengthen the existing cooperatives and associations and to make the knowledge on improved pepper production accessible to more farmers by using information technology. The partner organization of HEKS/EPER trains farmers, supports the establishment of demonstration farms and facilitates training by private sector actors on improved production techniques and the 'Good Agricultural Practice' (GAP) standard. 225 pepper producers followed the safe/GAP techniques advised by the project, particularly on the proper/safety use of pest control product on the pepper. They produced safe/GAP pepper around 650 ton in 2020. The introduction of GAP opened up the possibility to export to Europe and other high-end markets. The project **linked the cooperatives to local processors and international buyers**. In 2020, associations members sold 170 tons of GAP pepper to FUCHS (a German branch company exporting mainly pepper), 45 tons of organic pepper to OLAM (another global food supplier), and 1 ton to SELA Pepper (a Cambodian pepper exporting enterprise). These are significant achievements, as Cambodian pepper so far was almost entirely sold to neighbour Vietnam, the world's largest pepper processor. This created a high dependency on Vietnamese buyers, who sometimes misuse their bargaining power. COVID-19 brought constraints to both pepper producers and exporters. The border between Cambodia and Vietnam was closed for several months. Buyers, therefore, did not order the usual quantities, and the price declined towards 1.50 USD/kg in April and May, but again increased until the end of 2020 to 2.75 USD/kg. 2020 was not a very profitable year, as the average production cost per kg of black pepper amounts to 1.87 USD. To mitigate these negative effects, the project started to **integrate livestock** (chicken and goats) into the pepper farming system, **developed new products** (green pepper sauce, pickled green pepper, and pepper oil), and started to grow the pepper plants on concrete 'living' poles. Positive effects are expected for 2021.

Myanmar – value addition for peanut farmers and timely harvesting for maize farmers

A pilot programme in Myanmar capacitated two local NGOs in the Market System Development approach and financed pilot interventions to practically apply the learning. Within only two years, a tiny budget, and a lot of dedication of the NGO staff, the projects managed to bring about some important systemic changes.

Besides other interventions, one of the projects encouraged peanut millers to add peanut shelling and drying to their services for farmers. Before the project intervention, they only milled peanuts for the production of seeds. It linked interested farmers with milling machine producers to **start being a peanut**



Myanmar: Digital tractor rental service.

miller. 1'977 farmers used the new services and now sell peeled and dried peanuts instead of in-shell peanuts, **adding a total of 90'000 USD income** to these farmers in the second year alone.

HEKS/EPER also invested in a recently established enterprise in Myanmar through its impact investment facility. Through an app-based solution, the company links farmers with machinery service providers for planting or harvesting. Such services have become more important in Myanmar, as there is a lack of labour for farms due to migration to urban areas or abroad. This sometimes leads to delayed planting or harvesting and, therefore, lower production. At the same time, there is an insufficient number of such service providers, so the company also started to offer these services. HEKS/EPER's co-investment enabled the company to scale up its operations.

Bangladesh – social inclusion of minorities through market systems development

HEKS/EPER Bangladesh promotes inclusive market systems where **Dalit and Adibashi receive opportunities to increase their income and improve their economic status.** Dalit are the lowest cast of the minority community Hindus. Adibashi are ethnic minorities with distinct religious and ethnic characteristics. Both groups are socio-economically and politically discriminated, with significantly lower access to education, health services, social security, infrastructure, the justice system and the labour market.

Dalits typically earn a living as shoe, leather or bamboo basket makers, scavengers, garbage and carcass removers, street sweepers and latrine cleaners for municipalities and private households. They cannot engage in other occupations due to a lack of skills or the unwillingness of the majority to use services of 'untouchables'.

Adibashi, typically work as daily labourers on the farmland of others. Like Dalits, they lack recognised land ownership for the little land they may have.

From 2017 till 2020, **1'983 Dalit and Adibashi households were active in bull fattening, chicken rearing and doormat production,**

and directly **7'500 people benefitted** from this HEKS/EPER's project. Even though the COVID-19 pandemic reduced some progress of 2020, over the past 4 years, the achievements were remarkable:

- Thanks to these three commercial activities, the average income increased from 4'921 BDT (average in the phase 2013-2016) to 8'323 BDT and 72% of the producers increased their income.
- 1'238 producers received vocational training.
- 236 youth received technical training, and 228 were linked to the job market.
- Women were explicitly included in the activities, making up more than half of the producer groups members. About 100 of them expanded their business on a large scale, gradually increasing their income, and they kept the power on managing the finances.
- About 50% of the people engaged in bull fattening, 55% of those engaged in chicken rearing and 80% of those engaged in doormat production were able to sell their products to the mainstream market (i.e. to people of the majority population). These linkages help to improve the social inclusion of the marginalised Dalit and Adibashi.
- 270 claims related to agriculture subsidy card, water and sanitation, roads construction, temple, Technical and Vocational Education and Training (TVET), safety-net, drug, community solar were submitted, and 111 accepted by authorities.
- Most project participants are landless. Still, the project enabled land user rights of overall 52 ha land for 428 people. 185 received even transfer rights over 9.4 ha.



Bangladesh: Bull fattening intervention promoting economic *and* social inclusion of Dalit.

- Thanks to advocacy programmes, 5'425 individuals received access to basic public services, e.g. government safety nets, education, medical care etc.
- The education rate increased and child marriage gradually decreased. 98% of children attend pre-primary school, 96% primary school, 84% secondary school and 50% a higher secondary level.
- 132 people (of which 47 women) were included in the various steering committees (e.g. school management committee, standing committee, Bazar committee, ward committee) for promoting their rights and entitlements. This inclusion to committees dominated by mainstream society is a success.
- Thanks to advocacy efforts, during the COVID-19 crises in 2020, 1'441 people received food support from the government and non-government organisation and 469 direct cash assistance.

Brazil – alternatives to industrial, agricultural production in the Cerrado region



Brazil: Cerrado products are best-sellers on the local markets.

The HEKS/EPER partner organisations CEDAC (Centre of Agroecology of the Cerrado Region) and COOPCERRADO support communities in the Cerrado in the development of value chains. This includes the **sustainable use of the Cerrado ecosystem** by collecting and processing non-timber forest products and producing organic vegetables, fruits, and cereals. COOPCERRADO is a commercialisation network composed of more than **3'000 peasant families**, which successfully links production activities with access to markets at the regional and national level. An evaluation of the most recent project phase states the following: *“Even though this experience is small in economic terms, the project is a counterpoint*

to the hegemony of agribusiness. In this sense, the results of the work by CEDAC and COOPCERRADO are more on a strategic level, since they make it possible to demonstrate that there are economic alternatives for the families living in the region, especially from the valorisation of their peasant production systems.” As one of the activities, the project established a commercial contract between COOPCERRADO and KORIN. KORIN - a national supermarket chain which sells organic products - now purchases Cerrado Barú nuts from COOPCERRADO and sells the nuts and their sub-products in KORIN's shops and restaurants. This confirms the economic value of natural products based on the high biodiversity of the Cerrado savannahs.

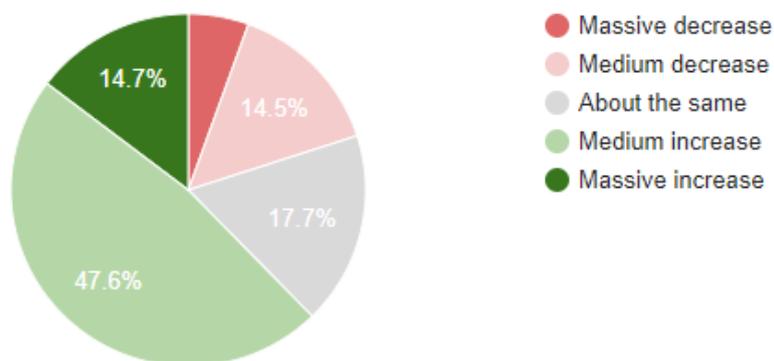
Achievements & Perspectives

Achievement over the past years

Outcome	Indicators	Result 2017	Result 2018	Result 2019	Result 2020
Inclusive and efficient market systems	% of beneficiaries stating a change in their incomes	55% state a positive change	54% state a positive change.	73.5% stated a positive change	61% stated a positive change
	# of individuals profiting from IM projects	100'000 people in market projects	125'000 people in market projects	190'000 people in market projects	103'000 people in market project

In the phase 2017-2020, more than 500'000 people participated in various HEKS/EPER projects related to access to markets, linked to the aim to generate increased income through agricultural and non-agricultural production, job mediation, etc. In every year, **54% or more of these persons reported an increase in income**. Both in 2019 and 2020, the results were above targets. However, mainly due to the difficult COVID-19 economic situation and more restricted project access, 2020 was less successful than 2019.

Achievements 2020



Income: 61% of project participants stated an increase of income – despite the COVID-19 crises.

of the people (total 62,880) achieved a **higher income**. Out of the persons reporting a positive change in their income, 53% explain this increase by **increased outputs** and 48.3 % by increased **market prices**, both remarkable facing the COVID-19 crises.

20% (2019: 14%) stated a **decrease in their incomes**, mainly due to decreased production (unfavourable climate conditions, increased production), less demand or lower prices they achieved selling on markets. Many stated they lost their jobs. Income was used by 58% of the respondents for consumption purposes, 40% reinvested in their business or farms, 35% saved the money, and 31% used it for education. Amongst those 32% stating they used income for 'other' purposes, most spent it for medical care or house renovation.

The Myanmar projects fostering ICT entrepreneurship with applications promoting financial literacy led to more income for small-scale farmers and was effective also during the COVID-19 crises.

Perspectives

To ensure income, improved livelihood, and overcome economic discrimination, HEKS/EPER continues to apply a combination of Market Systems Development (MSD), and Inclusive Business approaches, impact investment, and, where needed, additional direct interventions. MSD strengthens the voice of families, small-scale producers and local communities. It upgrades the value chain structure for the benefit of small producers and workers. Projects must carefully assess market structure, actors and dynamics, reasons for exclusion and malfunctioning of markets, as well as opportunities. Interventions are elaborated in a participatory way with relevant market actors and upscaled based on sound monitoring and learning. Including vulnerable groups in mainstream markets requires more specific measures to build the preconditions needed to take an active role in the market and overcome soft barriers to participation, like stigmatisation, lack of trust, or prejudice. Projects work with private and public actors to improve market systems and will consider the Human Rights-based Approach (HRBA). Based on these approaches and understanding of MSD, and also considering the challenges and learnings emerging from the COVID-19 crisis that has shown significant impacts on food markets and consumer behaviour, HEKS/EPER will focus its inclusive markets interventions in 2021 on:

- Development of short food supply chains and more direct producer-consumer relations.
- Development of territorial market approaches that strengthen the production of goods and services deriving from sustainably managed agricultural land, forests, savannas or marine ecosystems.
- Development of business promotion programmes and private sector engagement.
- Further elaboration of impact investment strategies.
- Inclusion of ICT solutions in selected projects.

In 53 projects in 17 countries, HEKS/EPER supported people to increase their income – either through trainings on how to sustainably increase agroecological production or through an inclusive market approach **linking more than 100'000 small-scale farmers to the local market** be able to sell with profits. Target 2020 was that 55% of the project participants would achieve an increase. Country surveys (see graphic left) show that **61%** (14.7% with an increase of more than 20%; 47.6% with an increase between 5-20%)

This is HEKS/EPER

HEKS/EPER is the aid organisation of the Swiss protestant churches and campaigns for a more peaceful and equitable world supporting in 2020 jointly with 100 partner organisations and strategic global alliances with 143 projects in 33 countries people and communities in economic and social need, investing worldwide 37.58 million CHF.

HEKS/EPER is active in **development cooperation** ameliorating in 2020 with 16.14 M CHF the life of 205'000 people directly – indirectly, 2.63 M people were reached. HEKS focusses on access to land and resources, securing basic services, fostering agroecological production and inclusive market systems. It promoted conflict transformation and inclusive governance structures in the countries as well as social, economic and political inclusion of disenfranchised people.

With a budget of 17.49 M CHF, HEKS/EPER's **humanitarian aid** supported 3'388'000 people affected by disasters with emergency interventions, to save lives, restoring livelihoods and rehabilitating infrastructure.

In the frame of **Church Cooperation** HEKS/EPER enabled with 3 M CHF social work of Reformed Churches in Eastern Europe and the Middle East reaching out to 38'700 people.

Additional 0.94 M CHF were invested in cross-sectional IC activities such as capacity building of partners and communities.

Systemic change and the **human rights-based approach** are guiding principles, also promoting the **nexus** between humanitarian and development activities. HEKS/EPER cultivates constant dialogue with all relevant development and Government actors, protecting civil society actors and enabling them to advocate for their needs and rights.

In Switzerland, with a budget of 28.8 M CHF, HEKS/EPER supported disadvantaged people in becoming socially and economically integrated by promoting equal opportunity, and assists jobless people, refugees and other individuals with providing day structures, legal advice, vocational trainings, language courses, dialogue platforms etc in 14 cantons.

Other HEKS/EPER publications related to 'Market Systems Development'

- Due Diligence Scan for Companies (2019). Scanning tool for small and medium enterprises HEKS/EPER partners with to assess the companies' compliance with responsible business guidelines.
<https://drive.google.com/file/d/1INUe1uUzVkJQafC4034eNMADwmlM-FA1E/view>
- HEKS/EPER (2015). Market Systems Development. Guideline to plan and facilitate market system changes. October 2015.
https://drive.google.com/file/d/16h5fmh2a7SAM2l2e5tobSGc1b_cqTbol/view
- Microfinance concept (2012)
<https://drive.google.com/file/d/1Zul9nXj5Vl-vWnr2uTvid2mz54LJblw/view>

Strategies, policies, reports published on HEKS/EPER ID's Governance website: https://en.heks.ch/Institutional_Governance



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