



# 6

## Value-chain development and market systems

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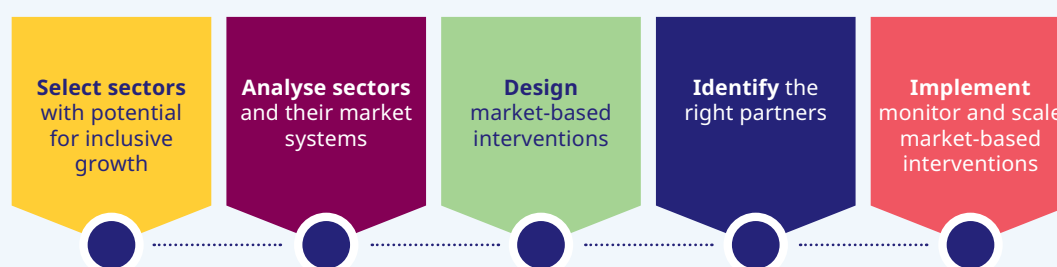
There is increasing recognition of the need for a more integrated approach to bringing humanitarian response and development assistance – one that goes beyond meeting immediate needs and considers durable solutions for refugees.<sup>43</sup> Market-oriented approaches are increasingly employed in the humanitarian-development nexus to enhance access to economic opportunities for vulnerable populations in a sustainable manner. By promoting the economic self-sufficiency of refugees and host communities, market-based strategies not only encourage self-reliance but also improve social cohesion and enhance the contributions of refugees to the economies of host countries. Such strategies are valuable in protracted humanitarian situations, as they provide concrete solutions to economic integration and improve the way markets function, while aiming for sustainable, scalable impact.

The Approach to Inclusive Market Systems for Refugees and Host Communities (AIMS) was designed by the ILO and UNHCR in 2013 to develop livelihood interventions for refugees and host communities that are both sustainable and market-driven. While traditional approaches to refugee livelihoods and value-chain development in displacement contexts often deliver needed goods and services directly, AIMS focuses on understanding the overall system in which refugees and host communities live and make a living and designs tailor-made solutions to make the system work better for both communities. This is achieved through the application of “push and pull” approaches: on the one hand, AIMS interventions focus on developing markets and value chains to increase the quantity and quality of opportunities available to the target group (the “pull”); on the other, AIMS seeks to develop the capacities and skills of the target group to engage with the market and benefit from new opportunities (the “push”). The AIMS approach has been implemented in five PROSPECTS countries – Uganda, Sudan, Egypt, Kenya and Lebanon – either fully or partially (e.g. an AIMS assessment has been conducted in some countries but the approach has not (yet) been implemented).

## ► 6.1 Description and key approaches

In line with the steps in the approach summarized in Figure 4 below, in six PROSPECTS countries, the market systems in which refugees and host community members operated were analysed in order to understand the barriers to fully realizing economic opportunities. These market-led approaches improved economic self-sufficiency in a manner that was directly linked to local economic development.

► **Figure 4 Steps in the AIMS approach**



**Source:** ILO, *Designing and Implementing Market-led Interventions in Forced Displacement Settings*, 2024.

43 ILO, *The Humanitarian Development Nexus in Action: A Review and Mapping of Market-led Approaches in Forced Displacement Contexts*, 2023.

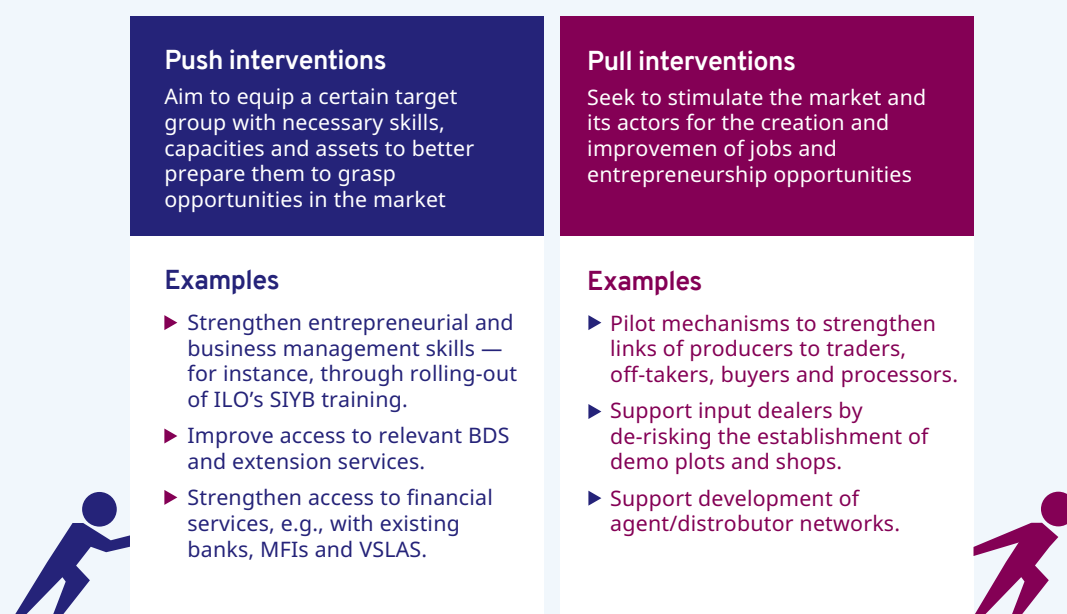
Based on the composition of local economies and on the fact that refugees and host communities in rural displacement contexts are mostly dependent on staple value chains, most of the AIMS analysis conducted by PROSPECTS focused on the agricultural sector and related value chains. The exceptions to this were Egypt and, to a lesser extent, Jordan, where most refugees – and therefore PROSPECTS’ geographic focus – are concentrated in urban areas. The inclusion of refugees in urban settings in Egypt also meant that the project could potentially operate in a more developed and diverse market environment (compared with other PROSPECTS-targeted districts) and had a wider range of high-potential value chains to choose from.

The AIMS and value-chain analysis conducted by PROSPECTS included:

Country	Focus
Uganda	Arua district – <a href="#">cassava</a> , <a href="#">sesame</a> , <a href="#">cattle</a> (2020); Isingiro district – soap, textile, handicrafts, waste, <a href="#">horticulture</a> (2021)
Sudan	<a href="#">Groundnut and sesame</a> (2022)
Kenya	Turkana County – livestock, poultry, wholesale and retail trade (unpublished, 2022)
Ethiopia	Jijjiga – livestock and milk (unpublished, 2020)
Egypt	Furniture and care economy (unpublished, 2020); <a href="#">Food services and digital economy</a> (2023)
Lebanon	<a href="#">Horticulture</a> (2020)

The market-system analyses in these countries followed the AIMS approach to identify high-potential sectors and value chains that could sustain the livelihoods of refugees and host communities. They also unpacked key constraints that underpinned how markets operated and included (or excluded) marginalized groups. Typically, they considered not only the core value chain of the selected sub-sector but also the different supporting functions, like business development services (BDS) training and access to finance and information, alongside the laws, policies and social norms that governed the sub-sector. As illustrated in Figure 5 below, these interventions were broken down into the push and pull approaches described above. Attempts were made to stimulate the market to generate additional opportunities for refugees and host community members (pull), while, in parallel, the target groups were supplied with market-relevant skills, capacities and assets to be able to take advantage of those opportunities (push).

### ► Figure 5 Push and pull interventions explained



Source: ILO, *Designing and Implementing Market-led Interventions in Forced Displacement Settings*, 2024.

However, as discussed in the section entitled “Operational lessons” below, several projects in the PROSPECTS countries struggled to translate the results of these assessments into actionable and sustainable push and pull interventions, owing to specific operational and technical challenges. As a result, many of the value-chain interventions implemented by PROSPECTS countries seem to have focused more on the supply side of the labour market and the “push” approach (capacity-building and technical training, distribution of seeds and grants, construction of infrastructure, etc.), often implemented through direct support with partners, rather than influencing how markets could work to deliver such support.

In refugee contexts, a key underpinning factor is constraints on the sectors that refugees are legally allowed to access, and encompassing the processes governing them, like issuance of work permits. In Lebanon, there was a very short list of sectors in which refugees could work legally,<sup>44</sup> while, in Uganda, practical access to small plots of land within settlements made agriculture one of the few viable livelihood opportunities in more rural areas where refugees resided, despite their being able to work legally in more sectors.<sup>45</sup> Alongside legal and practical variables that defined what livelihood opportunities were available to refugees, cultural norms played a part in determining who participated in these activities and how. In Uganda, Kenya, Sudan and Egypt, a gender dimension in the selection of value chains was apparent. For instance, in Kenya and other East African countries, women were traditionally more involved in caring for and milking small livestock or camels and in selling the associated products, while men were more involved in decision-making regarding the sale or purchase of large livestock. Moreover, men were still largely in control of household budgets and profits generated from sales. In Egypt, the assessment of the care and food-services value chains highlighted a substantial representation of women, especially in the most informal and micro enterprises.

Below is an examination of the push and pull approaches implemented in the five PROSPECTS countries cited above, together with an exploration of the associated challenges, key success factors and sustainability considerations. The case study from Uganda of the provision of agricultural services by a private sector partner engaged by PROSPECTS in the country is an example of a successful combination of push and pull interventions.

## 1. Pull approaches

As already noted, pull approaches seek to connect marginalized groups to existing or untapped market opportunities, while stimulating the market and its actors to increase the quantity and quality of opportunities available. In contrast to push interventions, which are largely focused on the skills and assets of the target groups, pull interventions involve close collaboration with market actors, often (but not exclusively) the private sector, to facilitate sustainable business models, or “win-win” situations.

In Lebanon, the programme team aimed to influence both productivity and working conditions in the agriculture sector by working with agricultural input suppliers and off-takers<sup>46</sup> to introduce modern greenhouse technology on horticulture farms. This was done using demonstration plots on 12 farms as proof of concept and then comparing the yield achieved using modern greenhouses with that achieved using traditional structures. The demonstration plots that used modern greenhouses saw an increase of up to 100 per cent in crop yields compared with the yields produced in traditional greenhouses. Additional, non-financial benefits included better climate control, protection against pests and plant diseases, extended seasons and reduced use of pesticides. By enhancing the productivity and working conditions of horticulture farmers, PROSPECTS Lebanon helped protect livelihood opportunities for Syrian refugee agriculture workers that might otherwise have been lost or significantly reduced amid Lebanon's ongoing crises.

<sup>44</sup> These included agriculture, cleaning and domestic work.

<sup>45</sup> The small plots of land available to refugees living in settlements are not equivalent to land ownership.

<sup>46</sup> The parties who buy the product being produced or use the services being sold, usually through a collective agreement that ensures a market for the products and services.

In Uganda, the programme team partnered with a private sector agri-business to strengthen extension services and market links along the sesame value chain. The for-profit business Ag-Ploutos leveraged technologies to improve agriculture production further down the supply chain, while benefiting from improved quantities and qualities of produce that it then purchased for export or domestic sale. The model also built and strengthened market links by introducing extension services using village agents. In all, 10 small agriculture businesses, or “agripreneurs”, as they became known, were identified to rally farmers in their areas and help build up a network of village agents. These agripreneurs were trained in the market-systems approach. They then identified 10 village agents who could reach at least 200 farmers in their communities. The village agents helped develop farmers’ technical skills, distributed seeds, monitored the quality of harvests, provided resources for safe and hygienic drying of the seeds, and, finally, aggregated harvests from the farmers they served. Ag-Ploutos was the final off-taker, buying the collective produce that the agripreneurs had aggregated. PROSPECTS Uganda managed to facilitate a business model in which Ag-Ploutos implemented both push interventions – by supplying refugees and host communities with improved agricultural inputs and services on a commercial basis – and pull ones – by buying back the produce and ensuring continuous access to market by farmers. (For more information on the lessons learned from this partnership, see the case study on page 87.)

In Sudan, the PROSPECTS team identified an opportunity to support the formation of cooperatives of groundnut producers and connect them to off-takers who supplied high-end export markets that required higher-quality products. Working with the latter meant better profit margins for producers than working with off-takers who targeted mass markets and prioritized quantity over quality. The project’s support helped the producers increase their production capacities to be able to supply specific quantities and meet the standards demanded by the off-takers. As there were also benefits to this for the off-takers, who otherwise struggled to obtain the quality and quantity of products they needed, PROSPECTS co-invested, with the off-takers, in initial training for the groundnut producers in farming and production. This was provided on the understanding that all producers’ groundnuts would be aggregated to fulfil the off-takers’ quantity obligations.<sup>47</sup> By creating these market links, the project facilitated a win-win situation for the producers and off-takers. On the one hand, the off-takers received the required quality and quantity of groundnuts, while on the other, refugee producers were able to pool and sell groundnuts at a premium price. They also had access to a stable off-taker market.

## 2. Push approach

To take advantage of market opportunities, refugees and members of host communities need to have relevant sets of skills and competencies. Push interventions equipped refugees and host community members to obtain these necessary skills, capacities and assets to take advantage of opportunities in the market. In general, the interventions focused on developing and strengthening the capacities of producer groups, including to form cooperatives; enhancing technical skills for improved production quality and quantity; improving financial literacy and access to financial products, such as loans; and building infrastructure to improve connectivity to markets.

In Kenya, bottlenecks in camel-milk production were due to, among other things, insufficient volumes of milk for sale, unhygienic cooling and storage, and inefficient transport to markets and points of sale. To address these, interventions employed various ILO tools and approaches, including Employment Intensive Investment Programme (EIIP) interventions to build water sources for livestock and milk-cooling facilities, thus addressing the key factor in poor camel-milk production and inadequate storage. In addition, animal-feed production was boosted through county-level agreements on access to land and off-take production. For example, through a community-based agreement at county level in Garissa, refugees were given land on a riverbank near the Da’adab refugee camp to grow fodder for the pastoralists in the area. The fact that refugee producers entered into a community agreement also supported access to markets through a government-supported fodder-restocking programme, which provided a guarantee to off-take excess fodder from the growers.

<sup>47</sup> ILO, *Designing and Implementing Market-led Interventions in Forced Displacement Settings*, 2024.



In Uganda, Kenya and Sudan, cooperative groups were formed to address the limited production and bargaining power of individuals. Cooperatives' capacities were built through ILO Cooperative training,<sup>48</sup> including Start.COOP and Think.COOP. By forming cooperative groups, small-scale producers were able to achieve greater scale so that off-takers would see value in travelling to more rural refugee-hosting areas to collect their harvest. Collective bargaining power also allowed the producers to set more competitive prices than they would otherwise have been able to offer as individual producers. In Uganda and Sudan, this support was combined with extension services provided by private sector off-takers (and/or their village agents), as part of a commercially viable "buy-back" business model.

In Sudan, specifically, the land was owned by host communities and refugees laboured on it in return for 50 per cent of the harvest. The programme team supported the formation of cooperatives so that, collectively, refugees and host community members could access land and take full ownership of their collective production. They aggregated individual production and took equal shares in the profits yielded. This is an example of starting by building push capacities (cooperative formation) rather than with pull factors. The programme supported THINK.COOP and START.COOP training, as well as Start and Improve Your Business (SIYB) and GET Ahead training, for the cooperatives. As this intervention started at the level of cooperative formation, the ILO COOP training materials were adapted for groundnut production and translated into Arabic. Technical training in harvesting was also provided for the groundnut producers, using Ministry of Agriculture tools. This addressed a weakness in local production and helped ensure quality standards were met for export and that post-harvest damage was limited.

Financial inclusion, including financial education and the provision of loan products, addressed another common barrier to market access. In Uganda, farmers, in addition to receiving financial education, were supported to compile necessary documents and proof as part of the Know Your Customer (KYC) requirements that serve as a prerequisite for opening a bank account. In Lebanon, the pilot also included the provision of vouchers for agricultural inputs and training using the Improve Your Agricultural Business (IYAB) tool. IYAB was adapted from the ILO's SIYB methods and materials to support horticulture farmers' engagement in the value chain. It addresses sector-specific business management skills, such as managing aggregation processes, finances, cashflow and loan settlements – knowledge and skills that were not readily apparent among the rural farmers with whom the programme team engaged and which took time to instil. The programme team in Lebanon also supported the provision of technical training in horticulture production, including growing, harvesting and storage of crops, in accordance with quality assurance requirements.

## ► 6.2 Narrative and lessons learned

### Operational lessons learned

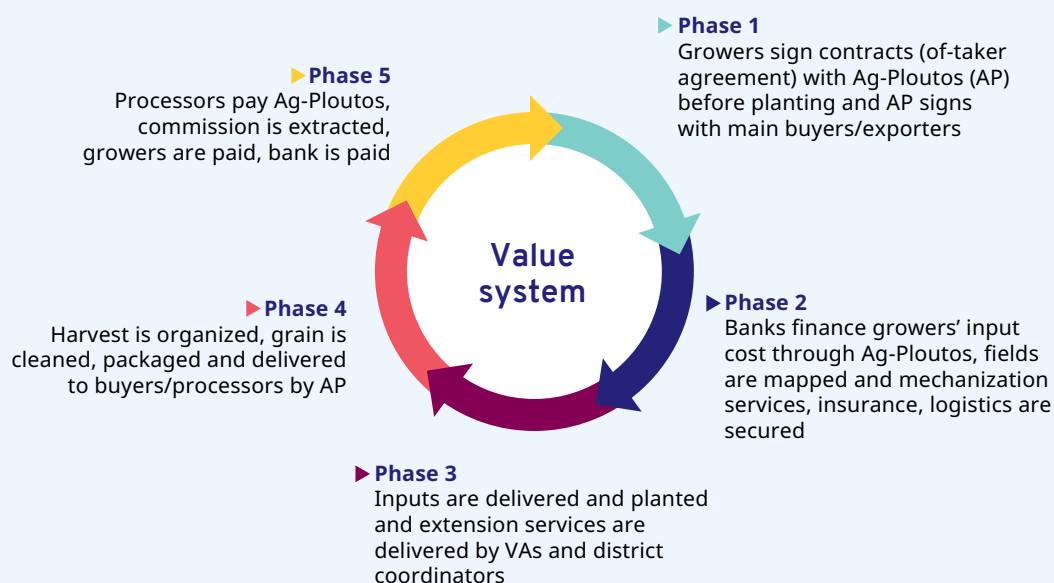
PROSPECTS' work on value chains and market systems has highlighted the relevance of using market-oriented approaches to strengthen value chains in refugee-hosting areas, especially those that are remote and rural. This built on previous AIMS work conducted alongside PROSPECTS to demonstrate the value in such approaches to help refugees and host community members access market opportunities. The implementation of these approaches is not, however, without challenges, particularly in the complex contexts in which PROSPECTS operates. PROSPECTS' experience has highlighted how engaging with market actors, particularly private sector entities, requires de-risking incentives and aligning incentives between market actors. Successful examples, such as the partnership with Ag-Ploutos in Uganda and the market links established with groundnut producers in Sudan, demonstrate the feasibility of adopting market-led approaches in refugee-hosting areas.

<sup>48</sup> A series of training packages support cooperatives, and those interesting in forming and strengthening cooperatives to develop necessary skills to develop, start and manage a cooperative.

## ► Combining push and pull interventions: lessons from the PROSPECTS/Ag-Ploutos partnership in Uganda

PROSPECTS Uganda conducted an AIMS assessment that identified challenges and opportunities in supporting sesame and cassava value chains, highlighting their potential to provide livelihoods for refugees and host communities. The assessment identified several constraints, including inconsistent and low-quality input supplies, a lack of downstream agri-dealers or agents, inadequate farming practices, inconsistent supply for aggregation, poor post-harvest handling and limited market access. In response, the project began identifying private sector partners with the capacity and commercial incentive to engage with farmers in these underserved areas. Through an open call, Ag-Ploutos was selected as a partner.

Ag-Ploutos is an agricultural company that specializes in strengthening food supply chains by collaborating with public and commercial entities, including governments, cooperatives and farmers. Through its agent network it provides aggregators with quality inputs, extension services, financing, crop insurance and access to credible markets. The company had already identified a business opportunity in expanding its reach to 30,000 farmers in new territories and had already planned to expand into the West Nile region to increase its pool of quality sesame suppliers for high-end export markets. As the company's manager explained to the programme team, it would have eventually expanded into West Nile with or without PROSPECTS' support; however, the opportunity to work together substantially accelerated its penetration of the local market, enabling it to achieve its expansion goal in just one year instead of three. This also demonstrated that the business case was sound and aligned to the company's own objectives.



The model that was developed with Ag-Ploutos can be broken down into five phases. The graphic above illustrates these and clearly shows how the partnership facilitated access to export markets by de-risking transactions between large export buyers, banks and small-scale farmers. The phases were as follows: 1) the grower signs contracts with Ag-Ploutos, which, in turn, signs contracts with export buyers; 2) based on the guarantee provided by these contracts, local banks agree to finance growers' input costs through Ag-Ploutos, which will recover the loan on behalf of the bank. At the same time, fields are mapped and mechanization services, insurance and logistics are secured for the growers; 3) inputs are delivered and planted, and extension services are implemented through a network of trained village agents and district coordinators; 4) village agents buy back the sesame production from farmers, deducting a pre-financing cost of the inputs from the total. Ag-Ploutos aggregates the sesame harvest locally and has it cleaned, tested and packaged in Kampala; 5) export buyers pay Ag-Ploutos, a 5 per cent commission is extracted for the village agents and the loan to the banks is paid back.<sup>a</sup>

<sup>a</sup> "Piloting private service provision to refugees and host Communities in Uganda," <https://reliefweb.int/report/uganda/piloting-private-service-provision-refugees-and-host-communities-uganda>. January 6, 2025.



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Alongside the extension services, the programme team facilitated training with the National Organization of Trade Unions to train farmers in occupational safety and health. This addressed decent work deficits observed at the farm level and served to support compliance with export buyers' requirements.

Because the farmers involved were small-scale and largely unregistered, Ag-Ploutos also developed a digital profiling tool for the farmers, accompanied by an evaluation tool. The profiling tool provided basic information about the farm, such as crops grown and geographical area of operations. The evaluation tool allowed farmers to receive ratings from buyers, which helped legitimize their operations. The evaluation tool was also expanded to predict productivity potential of the farms and evaluate compliance with labour standards. The two tools were adopted by banks for the purpose of due diligence, which also helped previously unbanked farmers access finance.

## Results

- In all, 5,740 refugees and host community farmers had access to inputs and extension services, as well as guaranteed access to export markets.
- In one season, 350 tons of sesame worth US\$420,000 were produced and aggregated.
- The new seed variety introduced by Ag-Ploutos improved farmers' yields, increasing them from 100 kilograms per acre to 500 kilograms.
- Farmers' revenue increased by a minimum of 150,000 Ugandan shillings (US\$40) and up to 800,000 shillings (US\$216) in one season.
- In total, 890 individual bank accounts were opened for farmers at Equity Bank.
- Overall, 215 businesses were started in the sesame value chain. ■



## Interventions need to be grounded in updated, field-based market evidence

In countries covered by the PROSPECTS initiative where push and pull approaches were implemented successfully, evidence provided by AIMS assessments was combined with up-to-date data reflecting country and local contexts, markets and business incentives. Gathering such information during implementation and triangulating it with data from diverse market actors helps refine and orient approaches. For example, in PROSPECTS Sudan, decisions were made to enhance farmers' capacity to produce higher-quality groundnuts after engaging with buyers and identifying that traditional mass markets yielded very low margins for producers. In this case, the AIMS assessment confirmed market access – in terms of distance, produce quality and quantity – as a key barrier. This was triangulated through consultation with producers.

## Adaptive management is key to adjusting focus and operations

Market-based programming in fragile contexts requires a high degree of adaptability to respond to volatile environments, evolving market trends and shifting market incentives. These contexts are more exposed to socio-economic and political shocks that impact and change markets. This was seen in Lebanon and Ethiopia, where hyperinflation and currency devaluation impacted national and regional markets. In such instances, PROSPECTS teams had to monitor impacts and interpret changing indicators to inform the push-and-pull design. For PROSPECTS Lebanon, for instance, adaptive management was critical in responding to the collapse of the financial and political systems in the country. As farmer profitability and investment potential drastically declined, many development partners pivoted towards humanitarian and direct aid efforts. PROSPECTS Lebanon chose to adapt its approach, to move closer to direct assistance and subsidized services. It did so, however, with a view to transitioning back to more sustainable forms of finance and support once the effects of the crisis subsided. This is where the use of subsidized interest rates and blended finance came in.

## Facilitation versus delivery: engaging with market actors

As previously highlighted, the challenging and demanding contexts of forced displacement often call for direct support and subsidies. PROSPECTS has frequently stepped in to provide access to inputs, training, financing and other solutions. However, some interventions, such as the Ag-Ploutos model, demonstrate that PROSPECTS not only has the capacity to directly implement solutions but can also facilitate more sustainable, market-driven approaches. By collaborating closely with local market actors, PROSPECTS has shown that, with the right support, these actors can establish commercially viable models to deliver services and inputs over the long term – reducing reliance on continuous support and funding from humanitarian and development organizations. Market facilitation is particularly critical for “pull” interventions, which require project staff to use a distinct set of skills to effectively engage with the private sector. These skills include speaking the language of private sector actors, understanding business incentives, mitigating risks for investments, and fostering collaborations that encourage market actors to pilot and adopt innovative, mutually beneficial business models involving refugees and host communities. Such approaches have been successfully implemented in Lebanon, Uganda and Sudan.

A lot of effort has also been invested by the ILO in its own programmes, and those with UNHCR, on building development practitioners, government partners and the private sectors' knowledge and capacities regarding market-systems approaches. Running a course on market systems at the ITCILO was another measure to help both humanitarian and development partners working under a market system use the same language and have a common understanding of the approach. Market facilitation and the resulting inclusive business models should not be confused with the work carried out by implementing partners commonly engaged by PROSPECTS. Without direct funding (from PROSPECTS or others), there are no inherent business incentives for these partners to continue providing such services independently. As analysed further in the chapter on financial inclusion, market facilitation efforts have significant implications for both sustainability and scalability, making them essential components of long-term solutions in forced displacement contexts.

## Value-chain development takes time

Influencing markets through pull approaches takes time and is easily offset by contextual changes. This is partly because such interventions try to indirectly influence the market, which can require behaviour change and the realization of profit. Refugees and host community members may also need new knowledge and skills to make the most of the market opportunities. In Lebanon, many farmers lacked the knowledge of how to develop their business, or even the ability to see farming as a profitable business. This implies that farmers or cooperatives involved in value chains require two separate sets of skills, both of which may need time to be developed. This was particularly evident in Sudan, where PROSPECTS supported cooperative formation in a community that had traditionally followed individual production practices. It took more than two years to get individuals operating as cooperatives. Similarly, in Lebanon, the greenhouse pilot was used to demonstrate to farmers the benefits of modern technology and encourage them to adapt their traditional farming methods. However, notwithstanding the crisis in the country, a year is a short time in agriculture to demonstrate value addition. The positive impact on farmers' incomes might also be negatively impacted by external factors like inflation, supply-chain disruptions and drought, pointing to the need to engage for longer than just one growing season.

## The importance of timing

Value chains related to agriculture feature an inherent risk based on their dependence on environmental variables that affect production quality and quantity. This can mean that push and pull approaches do not “meet in the middle” of the market system at the same time. For instance, the off-taker needs some certainty that scale and quality criteria will be met by the growers, so that the off-taker can supply its buyers with high-quality produce in sufficient volumes. The growers and producer groups also need some certainty that their goods will be taken by the off-taker and that they will be paid accordingly. There can be a sequencing problem that may take a few years to iron out: stimulating the pull side in the absence of sufficient supply means off-takers may lose confidence in the system, while oversupply in the absence of sufficient off-takers means growers and producer groups do not receive the profit they had anticipated. This is further complicated in refugee-hosting areas, where off-takers and buyers were not previously present and thus had not yet established trust.

## ► 6.3 Sustainability

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The mapping of AIMS push-pull approaches implemented across PROSPECTS highlights an imbalance: push strategies were more frequently employed, while pull approaches were implemented effectively in just a few countries. There are several reasons for this:

- Fragile contexts, thin markets and vulnerable groups call for stronger support and subsidized activities to build the capacities of beneficiaries and market actors to engage effectively with the market.
- Push interventions are more familiar to project staff, as they are somehow aligned with more “traditional” development and humanitarian practices, especially when they involve training and distribution of products or assets.
- Push interventions provide quick results and can be more easily measured and reported against the current PROSPECTS monitoring and evaluation framework.
- Push interventions are easier to plan and manage for project teams, particularly when human resources are already stretched across the various pillars of PROSPECTS. This is especially true when these interventions are outsourced to third parties, such as NGOs, consultants, training providers, or local authorities.



However, push-only approaches cannot ensure the sustainability and scalability of market-led initiatives, as they fail to address the fundamental challenge of creating and expanding economic opportunities in displacement contexts and within the targeted value chains, that is, the need for tangible market opportunities and established links to be in place to absorb the services, products and skills enhanced by push interventions among refugees and host communities.

Ultimately, while push strategies are essential for inclusivity, their impact is significantly enhanced when combined with pull strategies, ensuring that interventions are both sustainable and aligned with market realities.

The cost of push-only strategies should also be considered, as they require significant investments in training, asset transfers and coaching. Their limited scale and low value for money might also be issues: the larger the target group that needs to be reached, the bigger the investment required. Pull-only strategies are not ideal in displacement contexts, either, as they risk excluding less market-ready individuals, such as vulnerable groups with limited skills and assets.

## ► 6.4 Integration with other areas of work

Value chains offer the possibility for a number of integrated approaches, notably in BDS, financial inclusion and cooperative development, as they help producers achieve scale. Two other integrated models – EIIP and OSH – can also be considered, as both relate to the infrastructure and decency of work in the selected value chain.

In terms of BDS, producers in the value chain were supported to grow crops beyond a subsistence level, as was the case in the ground nut and sesame value chains. To help the producers develop a business around their production, push approaches often incorporated BDS training, in addition to technical support for farming and other production practices. It also entailed group formation for small-scale producers located at a distance from commercial centres, which helped the target group achieve scale. SIYB, IYAB, Get Ahead and COOP training were all referenced as support tools in the push approach. BDS and cooperative development are best considered foundational elements of value chains and market-led approaches. As noted above, BDS may address a set of skills that farmers and cooperative managers do not have. Without these skill sets, businesses and cooperatives are unlikely to reach their full potential.

Cooperatives are a means of aggregating produce and improving the market power of otherwise marginalized actors in the value chain. Cooperatives also play a mediating role between off-takers and individual producers and can take ownership of collective infrastructure, such as storage facilities, machinery, or vehicles for collection of the produce.

Access to finance is another aspect that can be considered foundational for value chains to operate optimally. Producers need to acquire seed and other inputs. To purchase them on an ongoing basis, independent of external assistance, they will need financial products. Access to finance and, specifically, to bank accounts, credit and loans is crucial for transactions between off-takers, suppliers and producers, and for cooperatives to receive payments for aggregated production and then pay individual cooperative members. Helping refugee and host community members overcome barriers to accessing finance enhances their participation in the value chain.

Besides enterprise development, financial and non-financial business development services, EIIPs can be used to enhance a value chain. The cases outlined in this chapter demonstrated how infrastructure weaknesses contributed to lost economic opportunities. In refugee-hosting areas, poor infrastructure can interrupt regular access to markets, the delivery of critical inputs and of extension services. Addressing this as part of a market-systems approach helped address underlying causes of underdeveloped or lacking market opportunities.

Finally, the AIMS approach addressed OSH risks at the level of production in Lebanon. Refugee and host community agriculture workers were employed in modern greenhouses, which introduced better climate control and ventilation. To reinforce good OSH practices, workers were provided with information and training on pesticide use and temperature regulation. This was particularly important, as the market-systems intervention supplied greenhouses that were closed, and while the modern structures reduced the risks of heat exhaustion and exposure to chemicals and pesticides, agricultural work still involves inherent occupational risks that also impact overall productivity.

## ► 6.5 Challenges

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One of the key challenges in developing agricultural value chains that are inclusive of refugees is land rights and ownership. In Sudan, refugees did not own land and establishing a value chain required negotiation on land use with members of the host communities. In Uganda, sesame production required the leasing of land, as refugees did not have legal access to land ownership. Long-term and sustainable solutions require policy change over land rights, but in the short-term, programme teams helped facilitate access for a small cohort, on a case-by-case basis.

Different challenges affect individual value chains, which requires an agile approach to test and refine interventions. Some common challenges among the cases presented in this chapter includes lack of access to productive inputs, limited capacity to produce at scale, distance to markets and lack of financial capital. Each context shaped how these challenges affected the target group, and how push and pull approaches were developed to respond to them. Because the situations in PROSPECTS countries are relatively volatile, changes were more frequent and unexpected.

Working in crisis and post-crisis contexts also introduces several market distortions that can have unanticipated effects on the push and pull approaches. This was most evident in Lebanon but also observed in Ethiopia, during periods of hyperinflation, when the cost of goods and services changed overnight. Producers and consumers are highly responsive to sudden changes in costs, which cannot always be accounted for in the design of push and pull interventions. For example, the initial subsidy to farmers for greenhouses in Lebanon was 3,000 Lebanese pounds, which increased to 8,000 pounds during the crisis. At the same time, other INGOs started to introduce free-of-cost goods and services and employed cash grants. While such measures might be necessary in times of crisis, they do distort the market over a longer period after the crisis, making it more difficult to develop a market for a good or service that was at one point subsidized.

As already identified, push and pull approaches take time to implement and deliver results. In cases where behavioural change is needed, this can take several years and different types of intervention to occur. While PROSPECTS did involve a relatively long timescale, there was a point at which the programme needed to see evidence of change in order for it to continue implementing the approaches. In some cases, an approach had to be abandoned, perhaps prematurely, in order to pivot to a different approach that might influence change more quickly.



- ▶ Market-oriented approaches are increasingly employed in the humanitarian-development nexus to enhance access to economic opportunities for vulnerable populations in a sustainable manner.
- ▶ AIMS interventions focus on developing markets and value chains to increase the quantity and quality of opportunities available to the target group (the “pull”). On the other hand, AIMS also seeks to develop the capacities and skills of the target group to engage with the market and benefit from new opportunities (the “push”).
- ▶ Based on the composition of local economies and on the fact that refugees and host communities in rural displacement contexts are mostly dependent on staple value chains, the agricultural sector and related value chains are usually selected.
- ▶ Many of the value-chain interventions implemented in PROSPECTS countries seem to have focused more on the supply side of the labour market, with “push” interventions (capacity-building and technical training, distribution of seeds and grants, construction of infrastructure, etc.) often delivered through direct support. Programme teams struggled to implement pull interventions.
- ▶ Push-only approaches alone cannot ensure the sustainability and scalability of market-led initiatives, as they fail to address the fundamental challenge of creating and expanding economic opportunities in contexts of forced displacement.
- ▶ Pull-only strategies are also not ideal in displacement contexts, as they risk excluding less market-ready individuals, such as vulnerable groups with limited skills and assets.
- ▶ Stimulating the pull side in the absence of sufficient supply might mean that off-takers lose confidence in growers, while oversupply in the absence of sufficient off-takers means growers and producer groups do not receive the profit they had anticipated.
- ▶ Influencing markets through pull approaches takes time and is easily offset by contextual changes. This is partly because the interventions try to indirectly influence the market, which can require behaviour change and the realization of profit.
- ▶ PROSPECTS’ experience has highlighted how engaging with market actors, particularly private sector entities, requires de-risking incentives
- ▶ The cost of push-only strategies requires significant investments in training, asset transfers and coaching. The limited scale and low value for money might also be issues: the larger the target group that needs to be reached, the bigger the investment required.

