

Developing Markets for the Chars

The cornerstone of the Chars Livelihoods Programme (CLP) is the asset transfer programme, which provides participants with an income generating asset valued at 16,500 Taka (c. £137). The vast majority of participants (roughly 98%) select cattle and training is provided to develop livestock rearing skills. Together, these activities promote a shift from reliance on labouring, to earning an income through selling livestock products. The challenge now is to help these individuals to further increase their incomes and continue their journey out of poverty.



To achieve this goal, CLP recognises that it is necessary to go beyond directly providing assets and training. After initial improvements for extreme poor households, there is a limit to the gains that can be made without looking at the whole system of which poor livestock producers are part.

To maximise productivity, poor livestock producers need to be able to purchase 'inputs' such as feed and vaccines for their cattle. They require credit to purchase these inputs as most of them lack the sums necessary to purchase the right quantities. They need to continue learning better production practices if they are to increase productivity, and they need to know what people want to buy and when.

To make this possible, they rely on various other actors. There must be people selling inputs, people who can lend them money and people who they can learn production practices from.



There must also be a sufficient number of traders who want to buy their products. Co-ordination between these actors is essential, to ensure that people's time and money is not wasted on inefficient transactions. Further benefits are also generated when the different actors develop trusting and collaborative relationships, rather than trying to cheat each other.



The actors, functions and relationships described above are all part of what is known as a 'market system'. Market systems can either help livestock producers increase their profits, or fundamentally constrain them. In the case of the chars, CLP identified a number of ways in which the market system was limiting their success. Firstly, there were virtually no input service providers on the chars. This meant that char producers could not purchase inputs without making expensive journeys to the mainland. Secondly, there was virtually no access to the credit they require

to purchase these inputs. Thirdly, poor livestock producers did not have access to information about improved livestock rearing practices. Finally, there were a limited number of traders on the chars for both meat and milk, and there was poor co-ordination and mistrust between producers and traders.

To overcome these constraints, CLP launched the market development programme which aims to transform three livestock-related market systems on the chars to better serve the poor. These market systems are milk, meat and fodder (improved grass sold as cattle feed). Informed by the Making Markets Work for the Poor (M4P) approach, the programme aims to stimulate a thriving network of interconnected businesses which benefit poor producers by providing products and services they need and by purchasing their livestock products. Because these businesses make a profit from their transactions with the poor there are clear business incentives to carry out these functions. In doing so, they increase the productivity, market access and profits of poor producers.



To achieve these aims, CLP is working to tackle constraints across all parts of these market systems. A central component of this strategy is to foster the development of two institutions - business groups and Char Business Centres (CBCs). Business groups operate at village level and are made up of producers from a single sector. They aim to provide a focal point for producers to interact collectively with traders and input sellers, making it more attractive to trade with producers. These groups also provide an excellent forum through which farmers can learn production practices from each other.

The key feature of the second institution – CBCs – is that they not only include producers, but input service providers and traders as well.



These actors meet regularly to discuss improvements to the way they do business together. This could involve producers telling input suppliers how much they want to buy and when, so that input suppliers order the right amount and deliver on time. Or it could involve planning ways to make transactions more efficient, such as the creation of collection points for milk. But the aim is the same – to co-ordinate the way different actors do business to generate win-win situations for everyone.

Across all sectors, the programme also aims to ‘jump-start’ the development of input markets, where a variety of businesses sell the inputs producers require. CLP has provided significant support to input dealers to make this happen, including training them in business skills and carrying out linkage meetings to strengthen their relationships with producers.

CLP also engages a variety of microfinance service providers to increase awareness of the business opportunity of providing credit to char-producers and to develop financial products which work for this market.

The programme has also worked closely with traders across all sectors. In particular, their engagement on the CBC committees provides a forum through which they can better coordinate their purchasing from producers. Linkage meetings between traders and business groups have further helped cement relationships between these actors.

Together these activities aim to create well-functioning livestock market systems that will help producers continue their journey out of poverty now and in the future.

