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LEAVE NO ONE BEHIND

HOW TO MAKE MARKET-BASED SOLUTIONS WORK
FOR PEOPLE LIVING IN EXTREME POVERTY.

A GLOBAL CALL TO ACTION



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MARKETS CAN'T SOLVE INEQUALITY ALONE.

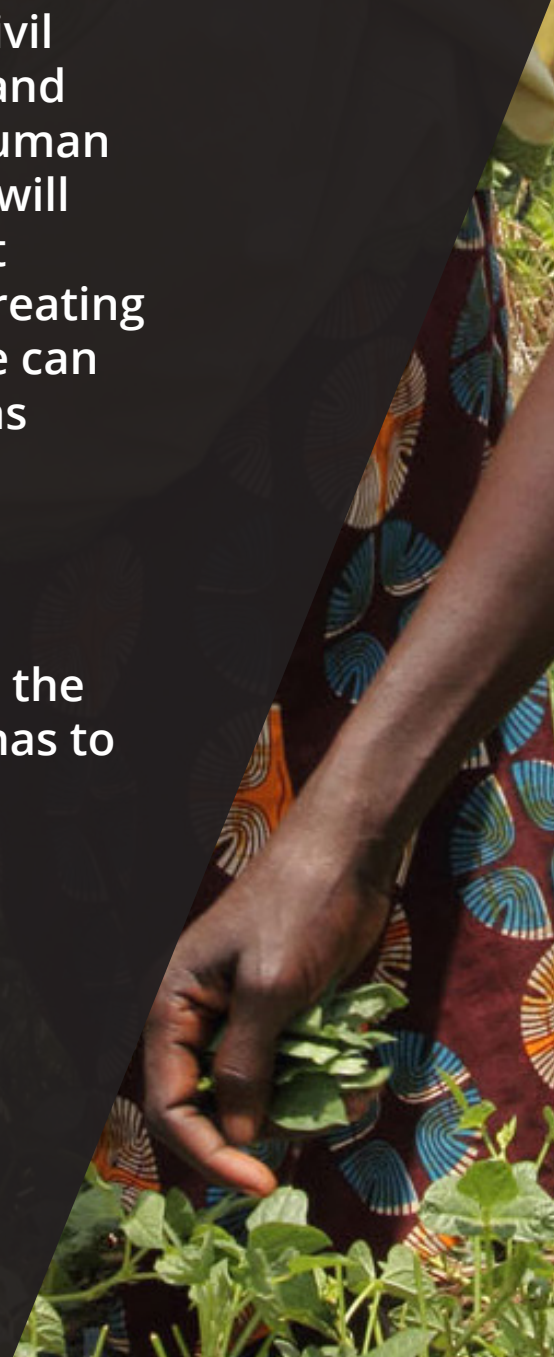
However, if we are really committed to the 'leave no one behind' agenda then they have a critical role to play in making sure the most marginalised people are given opportunities.

To do that, market-based solutions need to work harder to reach those who are most excluded.

Achieving that will require a global response. It will mean rigorously researching best practice, building innovative collaborations across civil society and the private and public sectors and accepting short term costs for long term human rights and social and economic benefits. It will mean breaking down the social stigma that keeps excluded groups marginalised and creating the right infrastructure so that poor people can access and participate in markets, as well as building their capacity to do so.

There is a lot of work to do. It will require sustained global focus, momentum and action. But if we are serious about fulfilling the aspiration to 'leave no one behind' then it has to be done.

This paper outlines a road map forward.





THE CHALLENGE

HOW TO MAKE MARKETS WORK FOR PEOPLE LIVING IN EXTREME POVERTY?

The Sustainable Development Goals have set out a global agenda for creating inclusive societies that leave no one behind.

For this to be achieved, solutions for reaching the 800 million people still living in extreme poverty are urgently required. Many of these people are highly marginalized due to their gender, disability, age, race, ethnicity, migratory status, sexuality, caste or geographic isolation. As well as being a great injustice, this represents a huge pool of unrealised human potential.

Economic growth has helped to lift millions of people out of poverty and the development sector has seen over a decade of innovations, investments and partnerships that use market-based approaches to help tackle poverty – with many promising examples emerging.

However, those at the very bottom of the economic pyramid are still not being reached on the scale needed to 'leave no one behind.'

Reaching the poorest people.

In October 2016, The Rockefeller Foundation financially supported a Bellagio Conference to consider the challenge of 'how to make markets work for people living in extreme poverty.'

The conference was the culmination of 9 months' research into whether, and how, market-based approaches can work for the most marginalised. Using disability as a lens, the research highlighted the breadth of issues that need to be considered in designing market-based approaches for the world's poorest people.

Key findings.

Despite clear challenges, the conference concluded that there are viable opportunities for more inclusive market-based solutions which should be ambitiously pursued. This paper documents some of the key learnings and recommendations.



THE SUSTAINABLE DEVELOPMENT GOALS AND ECONOMIC EMPOWERMENT

The Sustainable Development Goals are based on the founding pledge that: 'No one will be left behind.' They recognise 'that the dignity of the human person is fundamental, we wish to see the Goals and targets met for all nations and peoples and for all segments of society. And we will endeavour to reach the furthest behind first.'

The application of the Sustainable Development Goals to advance the economic empowerment of persons with disabilities, and other marginalised people, is most obvious in Goal 8, Target 8.5: "By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value."

But a commitment to equal economic opportunities for marginalised groups is also present in many other Goals, including:

- **Goal 1 (poverty eradication)**, which includes targets on access to economic resources and social protection
- **Goal 5 (gender equality)**, which includes a target on women's access to economic resources; and
- **Goal 10 (reduced inequality)**, which includes targets on empowerment, inclusion and equality, across economic, social and political spheres.

The creation of the Sustainable Development Goals and their rallying call to 'leave no one behind' has created political will and momentum to reach the most excluded people. As the world moves to implement the goals the focus now is on mobilizing governments, private sector and civil society actors to put in place realistic country-level programmes to achieve them.

A critical part of those responses must be provisions to make market-based solutions more inclusive for the world's poorest people.





WHO ARE THE WORLD'S POOREST PEOPLE?

There are 800 million people living in extreme poverty, subsisting on less than \$1.90 a day.¹ People living in extreme poverty are often highly marginalised due to their gender, disability, age, race, ethnicity, migratory status, sexuality, caste or geographic isolation.

In countries where access to research and technology is limited, people lack explanations for conditions and social differences. In this void of understanding, stigma and misconceptions about highly marginalised groups can form. This stigma can create oppressive social norms that lead to acute exclusion. As such extreme poverty and exclusion go hand in hand. Exclusion often causes people to be economically poorer, while economic poverty frequently causes exclusion.

The Conference looked at extreme poverty and marginalisation through a 'contextual' lens. Economic exclusion is not the only reason why people are trapped in extreme poverty; social stigma and political disempowerment play compounding roles. Consequently, solutions must tackle the social, political and economic dimensions of exclusion.

For example, social movements that empower persons with disability from all economic backgrounds can also improve the conditions for persons with disabilities who are extremely poor to access markets.

Our research also indicated that whilst reaching those living in extreme poverty should be a clear focus of market-based interventions, this can sometimes be embedded within interventions that target a wider group, as it can be beneficial to broker links between more and less marginalised actors in the same community.

1. World Bank, 2016: Poverty and Shared Prosperity – Taking on Inequality.

2. Income is just one dimension and measure of poverty. The multi-dimensional poverty index (MPI) is a new approach to assessing poverty used by UNHDP. It looks at 10 indicators across health, education and living standards. Low scores across more than one third of these indicators classifies someone as (extremely) poor. According to the MPI more than 1.6 billion people fall into this category.

WHAT ARE INCLUSIVE MARKET-BASED SOLUTIONS?

Market-based solutions create opportunities for people living in poverty to engage in economic activities that will improve their livelihoods and self-reliance. Market-based solutions for the most marginalised are built on:

- **Participation:** Inclusive market-based solutions change the way that the buying and selling of goods or services works by developing markets and economic activity in which poor and marginalised groups can participate.
- **Capacity building:** Inclusive market-based solutions develop the capacity of marginalised groups to participate in market activities, often with assistance from the public sector and/or development organizations.
- **Inclusive infrastructure:** Inclusive market-based solutions influence the functions that support economic exchanges to be more inclusive. This means making information flows, infrastructure, training and finance inclusive, as well as the regulations, policies and norms that guide economic activity.
- **Sustainable solutions:** Inclusive market-based solutions aim to become self-financing in the long-run and no longer dependent on continued development assistance.

WHY DO MARKET-BASED SOLUTIONS NEED TO REACH THE MOST MARGINALISED PEOPLE?

Market-based solutions alone cannot eradicate extreme poverty and marginalisation. However, there are powerful reasons why more inclusive markets are a critical part of the global solution and why they should be ambitiously pursued.

1. Human rights and dignity. For our common humanity the rights of all people must be upheld. An economic livelihood and the financial independence that comes with having one's own income is a key aspect of human rights.

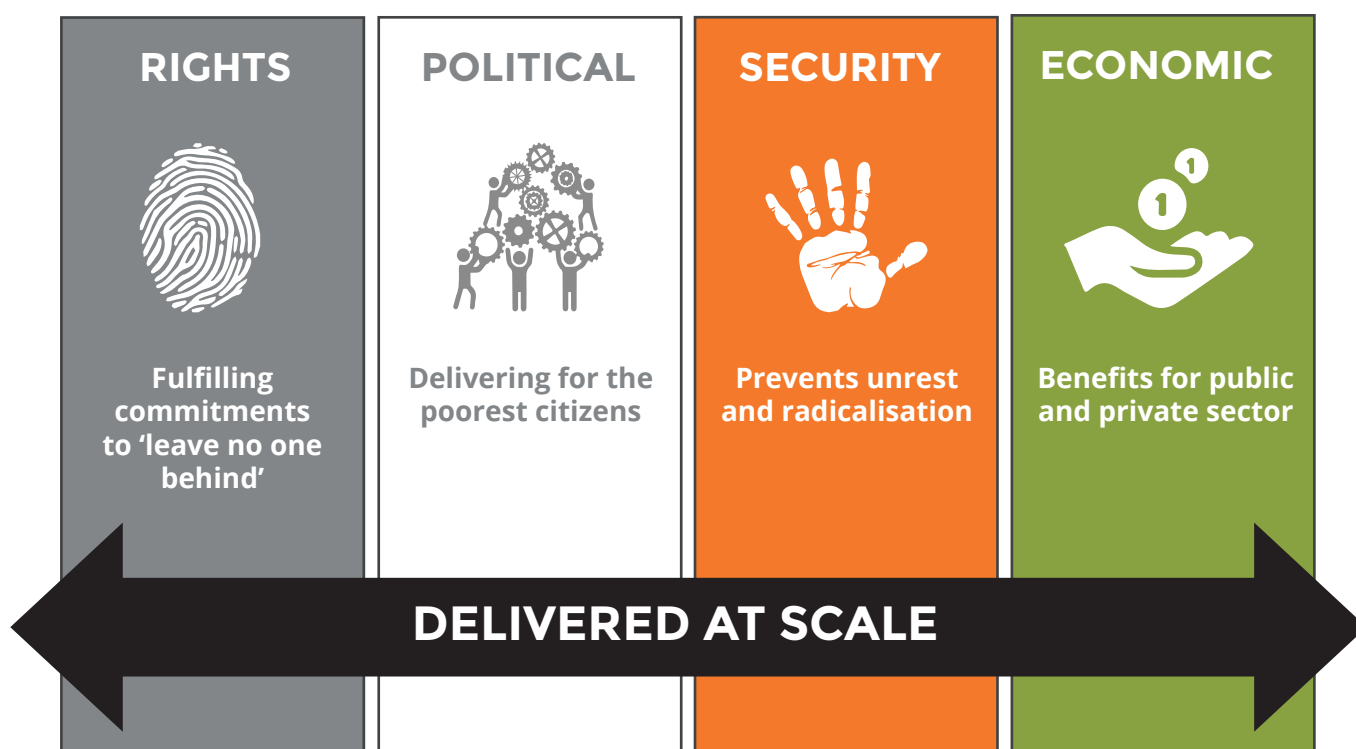
2. Long term benefits. Giving highly marginalised people living in extreme poverty access to economic markets has benefits for both the public and private sectors. For the private sector, it's an opportunity to engage with a new pool of productive talent, a new customer base and the chance to practice good corporate citizenship. For the public sector, economic activity by this group can, in the long run, reduce public sector costs and increase tax revenues thus improving the availability of resources for other social benefits.

3. Political responsibility. Delivering for the poorest citizens is a political responsibility. Inclusive market-based approaches can help political parties better fulfil their responsibilities and commitments.

4. Security. More equitable and prosperous societies are good for all citizens. Overcoming abject poverty and marginalisation is critical for security and stability as it helps to avert radicalisation and social unrest.

5. Scale of impact. Market-based solutions can deliver at scale. This will be critical if global commitments to human rights, inclusive economic growth, political stability and security are to be met.

WHY MARKETS MATTER



WHAT HAS WORKED

Our research scanned the world for promising examples of market-based solutions. We found that the most effective approaches not only supported individuals to access markets but also sought to make markets themselves more accessible.

The examples ranged from supporting marginalised seaweed farmers in the Philippines to linking individuals on the autism spectrum with job opportunities in IT. Yet across this diversity, we identified a small number of underlying strategies that seemed to show consistent promise. These included: turning marginalised individuals' disadvantage into advantage by identifying particular skills or assets that gave them a niche; organising collectively amongst the most marginalised; linking highly marginalised people to other less marginalised economic actors in the same community; and working with employers to help marginalised people access in-demand roles. Often, this also requires a 'leg up': pre-market social protection that supports the most marginalised to be in a better position to engage in market-based solutions.

But these promising approaches didn't just help individuals to take advantage of existing opportunities. They also sought to create better opportunities, and more inclusive markets, by tackling underlying barriers such as power imbalances, adverse social norms, or a lack of enabling regulation.

FIVE ENTRY POINTS FOR INCLUSION



STRATEGIES FOR SCALING UP IMPACT

Upholding
rights and
tackling stigma

Building
capacity to
participate

Social
protection
policies

Core
infrastructure

Market-based approaches alone are no panacea for tackling extreme poverty and marginalisation. However, if mixed with other support mechanisms, they have the potential to improve the lives of people on a scale that otherwise may not be possible. Our research points to four enabling conditions fundamental to making market-based solutions more inclusive.

1. Upholding rights and tackling stigma. For markets to become more inclusive they need to operate in environments where there are active programmes to uphold rights and legal entitlements, as well as actions to shift social norms and stigmatisation that exclude the extreme poor and most marginalised from market participation.

2. Building capacity to participate. Marginalised people living in extreme poverty must be empowered with the skills, confidence and opportunities for collective action needed for market participation. This can be facilitated through effective social supports and intermediary organisations.

3. Social protection policies. The fundamental purpose of social protection is to ensure everyone's basic needs are met. However, the important role of social protection, in supporting people living in extreme poverty to participate in markets, must also be recognised and promoted.

4. Core infrastructure. Access to core economic infrastructure and public services (that are often extremely limited in the areas where the extreme poor live) is critical to facilitate sustainable access to markets.

Meeting these conditions requires partnerships and collective investment by the state, civil society organisations and businesses. The conference sparked new ideas about how such mechanisms could potentially be coupled with innovative financing that would help to underwrite and reduce the risk for businesses working to include these groups.





EMERGING TRENDS

There are multiple emerging opportunities for the world's most marginalised people to participate as market actors.

Wider economic growth, trade, a growing middle class in many countries with developing economies and technological development, all create potential for opening up economic opportunities.

Growing economies are generating a new demand for products and services that did not exist in the past and that can potentially be tapped to help share economic prosperity.

Technological developments are also opening opportunities for economic empowerment both directly, through opportunities to work in emerging industries such as ICT and indirectly, through new supporting services which have the potential to break down access barriers (e.g. access to information or finance).

However, much more needs to be understood about the detail of these opportunities in relation to specific groups, in specific locations, for specific sectors. There is also a need to more clearly understand where economic trends are creating further marginalisation and how this can be overcome. Many of the emerging trends could make marginalisation worse, rather than better, if not appropriately handled.

HYBRID PARTNERSHIPS FOR CHANGE

Market-based solutions must be reimagined and reformed in order to become more inclusive. New, innovative partnerships are needed. These hybrid models will rethink how development agencies, financial markets, the private sector, government services and civil society organisations can integrate and combine to achieve commercially viable market-based solutions that reach the most marginalised for the long-term. This will require key actions from the following actors:

1. Governments. Governments must create enabling policies, social protection policies and support services aimed at enabling market participation for marginalised groups and effective, inclusive, partnerships with the private sector. They may need to incentivise the private sector to invest in market opportunities in the short run.

2. Private sector. The private sector needs to work with governments and with civil society to identify ways to integrate highly excluded groups into market processes.

3. Social movements. Historically the work of rights-based organisations and social movements has often been disconnected from those working on market-based approaches to development. There is a need for much better integration and understanding between these two worlds of development practice. The voice of marginalised people in developing solutions is critical to this.

4. INGOs. Development organisations understand how to reach marginalised people. The private sector understands how to build markets at scale. Both sectors need to explore how they can combine their expertise to create better outcomes for those left behind. Participating organisations at Bellagio have different views on the role that development actors should play in incentivising private sector activity. But all were agreed that, if development actors do use their resources to incentivise private sector activities, such incentives should pay particular attention to the inclusion of highly marginalised people.

Short term costs. Long term gain.

Reaching highly marginalised people intrinsically involves some activities that are not easily incorporated into a commercial business model and require short term costs that must be viewed in balance with the long term opportunity and equitable outcomes that they yield. Actors must be prepared to invest in the shorter-term pre-commercial costs to realise the longer term benefits.

Doing more with less.

The funding available to implement and deliver market-based solutions is profoundly out of kilter with the scale of the inequality crisis. Consequently, any solutions for making markets more inclusive must be able to apply the limited resources available in the most catalytic way possible to unleash forms of economic progress that can be self-sustaining for the poor.

A smiling woman with dark hair, wearing a purple polo shirt, is holding a large green pumpkin. She is standing in a field with green foliage and trees in the background. The image is partially obscured by a white text box on the right side.

A GLOBAL CALL TO ACTION

As the world moves to implement the Sustainable Development Goals, creating market-based solutions that reach the most marginalised people living in poverty needs to be a priority.

The Bellagio Conference seeks to create a spring board for a focused global initiative on this issue. We believe the time is ripe for creating solutions that can reach those left behind on a scale not previously achieved. Such a global initiative will need:

Consistent action. We will need high level engagement from leading development actors, social movements, governments and business groups and demand a concerted and coordinated commitment from all.

A global research effort. We need to establish a coordinated global approach to research and learning on how market-based approaches can be made to work for the extreme poor and marginalised. This would include proof of concept and learning programmes specifically designed to work at scale with market-based approaches to reach the extreme poor and marginalised.

Tackle stigma. Inspirational public campaigns must tackle social stigma and show the human potential of those left behind and how their economic, social and political inclusion can benefit families, communities and wider society.

Learning from what's worked. There is now a wealth of experience where market-based approaches have worked in combination with innovative financing. We need to look more closely at how these programmes unlocked economic opportunity and the implications for achieving larger scale impact further down the economic pyramid.

Demonstrate impact. Participating organisations at Bellagio concluded that a catalytic way forward is through demonstrating the potential of market-based approaches through new joint initiatives. A programme of work in India and Uganda to provide improved livelihoods for 1 million disabled women is being developed, along with exploration of a programme focused on extremely poor and marginalised youth.

Innovative financial Instruments. We need to develop innovative financial tools to include people living in extreme poverty, and coping with marginalisation, into mainstream market places.

Creating more inclusive markets, to lift those at the bottom of the economic pyramid out of extreme poverty and marginalisation, is one of the world's key challenges. Leaving no one behind is fundamental to our common humanity, security, social stability and economic order.

To join the conversation contact info@add.org.uk

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