

**PROGRESS REPORT 2010
MARKET ENGAGEMENT**





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MARKET ENGAGEMENT

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Welcome

Dear Colleagues and Partners,

As Director of the Sustainable Livelihoods Cluster at CARE, I am privileged to have the opportunity to work with colleagues around the world to develop solutions to both long-standing and fast-emerging challenges that restrict the potential of the world's poor, and women in particular, to pursue more productive, equitable and sustainable livelihoods. Food insecurity, climate change, the disempowerment of women and globalization represent some of the most pressing issues of our day and we are both humbled and inspired by the dedication and energy that you and all of the people with whom we work bring to our efforts to address them. We feel that CARE has a unique role to play in this arena. By bringing together our strengths in economic development, agriculture, women's empowerment, climate change and food security and by building on our long history of addressing the underlying causes of poverty, we are confident that we can help develop and advance new models that meet the challenges—and opportunities—we face in a rapidly-changing world.

As we look at these issues, there is no doubt that expanding opportunities for the world's poor women to contribute to and benefit from economic opportunities is vital to our success. When I took on my current position, I was excited to see the Economic Development Unit and my colleagues in CARE International UK working with staff in over 25 country offices to develop a strategy for market engagement that would drive CARE's work in this area. The resulting scheme is in alignment with our global vision and represents a cornerstone of CARE's food security, women and agriculture, and sustainable livelihoods efforts. By taking a systematic value chain approach to improving the livelihoods of women and their families, the Market Engagement Strategy is helping an ever-increasing number of CARE initiatives to put in place the plans, staff, tools and partnerships we need to succeed. The past two years have been a busy time and I am encouraged by the clear focus that the CARE USA Economic Development Unit and the CARE International UK Private Sector Engagement Team, in collaboration with colleagues across the CARE world, are using to advance the strategy. Positive results are already beginning to emerge.

Through this first Progress Report, I hope you gain a clear sense not only of what we have achieved toward accomplishing the goals of the Market Engagement Strategy, but also of what the road ahead holds for us. The prospects are exciting.

Sincerely,

Kevin Henry

Senior Director, Sustainable Livelihoods Cluster, CARE USA

Dear Colleagues and Partners,

We are so pleased to bring you this overview of our progress toward improving CARE's work in Market Engagement. In 2008, we culminated nearly a year of discussions at a monumental summit of CARE voices in Brazil. There, we finalized our future direction for inclusive market and enterprise development and outlined what is now the 2008–2015 Market Engagement Strategy. Our goal is clear—to empower 10 million people, primarily women and girls, to lift themselves out of poverty through dignified employment, sustainable incomes, improved power relations and increased assets, skills, and services. We are excited to know that in just two years we and our partners in over 25 CARE Country Offices have reached over 2.7 million people.

In reflecting on this achievement we are struck by the enthusiasm we have found both internally and externally for CARE's adoption of a value chain approach. There is no doubt that the approach is challenging but we are finding that it resonates strongly with CARE's focus on identifying and overcoming the underlying causes of poverty and realize that this broad, market systems lens provides incredible opportunities for innovation, flexibility, scale and sustainability. Externally, we see growing recognition among our partners in the public, private and non-profit sectors that market-based approaches to agriculture development and inclusive economic growth are central to global poverty reduction.

So, we feel we are very much on the right track and are inspired to better understand where and how CARE's work can make deep contributions to the field. Our development of a gender lens for the value chain approach will improve overall programming and support women's empowerment. An increasing number of our private sector partnerships now go beyond traditional corporate social responsibility and philanthropy and focus on enhancing core business functions. They serve as examples of how NGO /private sector collaborations can support equitable, productive and profitable poverty reduction. And, as CARE's own internal focus transitions from a project-oriented stance to longer-term programs that support poverty reduction among clearly defined, highly-marginalized impact groups, we are confident that our work in market engagement is improving outcomes for food security, vulnerable populations and community-led climate change adaptation. We are, of course, also encouraged by a growing number of acknowledgements and awards from external stakeholders, some of which are highlighted at the end of the report.

We also are realistic about where and how we must work harder if we are to achieve our goals. Application of the value chain approach remains fragmented across the organization and we need to continue building our capacity, tools and processes. Similarly, while our work around women's empowerment is admirable and innovative, we have yet to reach a point at which all of our initiatives effectively integrate these issues into their everyday practices. In our work with the private sector we also need to explore further how we can best engage business in more strategic, effective and systematic ways. And, in all areas we need to more consistently and critically measure and assess our impacts using common metrics that go beyond outreach and income. All of these are serious issues and addressing them must remain a top priority for CARE in the year—and years—to come.

In closing, we want simply to thank all of our partners in this effort—in particular, the women, men, girls and boys who work with us tirelessly as we pursue our collective goals for poverty reduction and improved livelihoods. Without the enthusiasm and commitment of so many people around the world none of this would be possible.

Sincerely,

Laté Lawson-Lartego
Director, Economic Development, CARE USA

Christine Svarer
Private Sector Programme Manager, CARE International UK

Acknowledgements

This report was researched and compiled by Christian Pennotti, Learning and Impact Advisor with the Economic Development Unit of CARE USA. Strategic leadership and substantial input were provided by Laté Lawson-Lartego (CARE USA), Ginaluca Nardi (CIUK) and Christine Svarer (CIUK). Data analysis was conducted by Tetyana Zelenska (CARE USA). Invaluable content, reviews and feedback were provided by colleagues across the organization including, among others, Maina Njorge and Farouk Jiwa in Kenya, Devakapresh R in India, Nurul Amin Siddiquee and Toufique Ahmed in Bangladesh, Jay Banjade in Ethiopia, Peter Manda and Brenda Kambaila in Zambia, Alejandro Rojas and Jay Goulden in Peru and Tracy Gerstle, Abbie Laugtug, Karen Gold and Andrea Rodericks in the US. In addition, with over 70 projects reporting, many thanks go to those that contributed data and content for the global survey. Without input from these and so many other colleagues around the organization, we would not have been able to do this. In compiling this report, we have tried to value your input and present an accurate, informative and thought provoking initial progress report. We look forward to your feedback on how we have done and take full responsibility for any omission or error.

The report was made possible through the generous support of USAID, DFID, CARE USA and private donations. The report does not represent the views or policy of the US Government, the US Agency for International Development or the UK Department for International Development.



Why this Report?

In 2008, CARE launched an ambitious Market Engagement Strategy that aims to empower 10 million women and girls to transition from poverty to prosperity by 2015 by improving their ability to access and benefit from markets and employment. This report represents a first assessment of how we are doing. The report begins by recapping the rationale for our strategic focus and our objectives. This is followed by a summary of CARE's global achievements and highlights from some of our most progressive programs and partnerships. The report also reviews current activities and concludes with an outline of key issues to focus on as we move forward.

It is important to note that this report is a snapshot of a work in progress. We have made substantial gains over the past two years but we also have significant work to do in order to achieve our goal and objectives. We are aware that what we present here does not reflect all of CARE's work in market engagement despite our best efforts to capture this. We also understand that our ability to make global assertions about the sustainability of our work or the depth of our impact remains limited. We are committed to improving these areas and we discuss some of the steps we are taking to achieve this in the closing section. Our hope, therefore, is that by sharing our progress openly in this way we are better able to engage our partners and colleagues in this journey. We also hope that with this report we are providing a benchmark to help guide our momentum as we continue to pursue our goals.





Smallholder agriculture is a core economic activity in most of the world's poorest countries. Yet, the rural poor, many of whom are smallholder and landless farmers, typically live in risk-prone areas and challenging environments with limited opportunities to profitably engage in market activities or off-farm employment. At 925 million, the number of undernourished people in the world remains unacceptably high and in recent years, the challenges faced by this group of people have only grown as economic shocks brought on by the recent food and financial crises have further contributed to food-insecurity among poor, smallholder farmers and landless, seasonal wage-laborers¹. For women who are responsible for 60-80% of agricultural production in developing countries and represent the majority of the world's poor, this problem is even greater². The reasons for these disparities between poor and well off and men and women are multiple and complex. Yet, in a globalized world in which change affects people with much greater speed and impact than ever before, CARE sees new opportunities to overcome these longstanding challenges. We are also acutely aware of rapidly emerging risks that the poor, and women in particular, face including a changing climate, growing food insecurity and general market turbulence.

In response to these opportunities and challenges, CARE has pursued a new strategy for the past two years that focuses on applying a value chain approach and identifying market-based solutions that enable poor women and other market actors to effectively negotiate the complex realities of a changing world³. A range of factors are driving our concentration on the value chain approach. Our experience has shown us that many traditional strategies for enterprise development lack the attention to sustainability and scale we need to achieve our mission. And, though access to finance is a vital element in achieving poverty reduction, finance alone cannot create the opportunities women and men need to escape poverty. The systemic view of the value chain lens provides the dynamism, flexibility and perspective we need to better identify and pursue promising opportunities

DEFINING MARKET ENGAGEMENT

Market engagement comprises all CARE activities focused on improving the equitable integration of the poor, especially marginalized women, girls and their families into higher value local, regional and global markets. Historically, CARE has applied diverse strategies to achieve this goal ranging from providing business services directly to acting as a light-touch market facilitator.

The Market Engagement Strategy outlines a road map for a transition to a more consistent use of the value chain approach and market-based solutions via which CARE will increasingly aim to serve as a market enabler, facilitating the emergence of new relationships, transactions and business models that allow the poor greater access to and benefits from markets while also enhancing overall market performance. In this way, CARE will be better able to support sustainable poverty reduction and women's empowerment at scale.

for sustainable, scalable changes in market performance. By pairing this approach with CARE’s other tools and strategies for addressing the underlying causes of poverty, we are confident our work in market engagement will empower and benefit women, girls and others at the base of the pyramid. The market engagement strategy is a road map for achieving this.

MARKET ENGAGEMENT STRATEGY THEORY OF CHANGE



The Strategy

CARE’s market engagement strategy aims to empower 10 million women and girls to move from poverty to prosperity by 2015 through dignified employment and sustainable incomes. In pursuit of this goal, we place a special, though not exclusive, emphasis on agricultural value chains and on advancing five key priorities:

- 1) **Program Quality:** Improve program quality and scalability, by enhancing CARE’s organizational and staff capacity to facilitate value chain development for greater depth and breadth of impact
- 2) **Leadership and Advocacy:** CARE is recognized as leading the industry in employing the Value Chain approach and advocacy to lift very poor women and girls out of poverty
- 3) **Organizational Learning:** CARE develops the processes and resources needed to continually improve upon the quality and impacts of its value chain programs by disseminating internal and external learning and innovation
- 4) **Valued Partner for the Private Sector:** CARE is the partner of choice for the private sector when advocating for poverty alleviation and developing more competitive value chains and inclusive businesses that engage very poor women and girls
- 5) **Resource Mobilization:** CARE leverages significant funding and other non-financial resources from major donors and other partners to realize innovative, effective and scalable solutions to eradicate poverty using a value chain approach

Programmatically, our efforts are clustered around three areas we see as pivotal to achieving equitable, sustainable changes in market opportunities and performance that benefit women, girls and other poor people:

- **Increasing human capital and mobility** through market and financial literacy and an improved ability to manage risk and challenge social norms
- **Improving and enhancing opportunities for market participation** that add value and provide secure employment; diversify linkages to high-value markets, processing and other value-added activities; and increase access to financial and business services
- **Enhancing enabling environments** by challenging structural and social barriers to promote competitive and inclusive markets that value women’s right to equitable participation.

The following sections highlight our progress during the past two years.

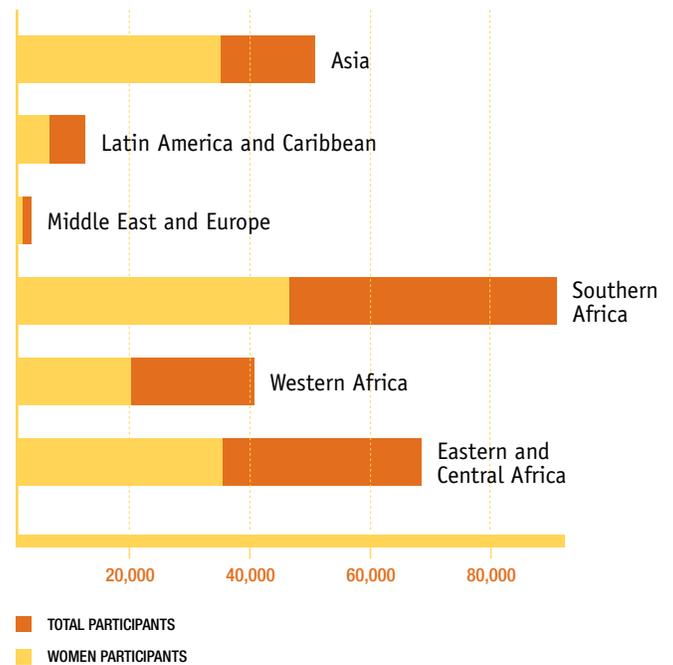
Measuring Results

CARE has made significant progress in developing and implementing a system for consistently capturing a common set of outcome and impact indicators aligned with the Millennium Development Goals. We also have invested heavily in developing a common approach to designing monitoring and evaluation systems for our market engagement programs. As we do not yet have common systems in place across all efforts, the data presented here illustrate progress while also underscoring the importance of further enhancing our measurement systems.

OUTREACH & OUTCOMES

CARE has impacted 2.7 million people globally through our work in market engagement since launching the strategy in 2008. We have achieved this by implementing over 73 market engagement initiatives in 25 countries⁴. Beyond outreach, CARE is committed to consistently tracking a range of other indicators, including increases in the incomes of project participants and nearly two-thirds of CARE projects currently track or plan to track this as their work matures. As an illustration of the impact we are having, among a set of projects working with 47,000 poor participants incomes from the activities we support has increased by an estimated total of \$16 million in the past two years⁵. This increase represents an average of \$350 per person which, for many with whom we work, equates to a doubling or more of their annual income. Among projects disaggregating this data by sex, this impact appears to be even greater for women, who have seen an average gain of \$450 – 30 percent above the mean.

DIRECT MARKET ENGAGEMENT OUTREACH



With regard to **women's empowerment and gender equality**, 70 percent of CARE's market engagement initiatives established high-level objectives tied to achieving results in this area. The diverse and exciting methods used to achieve this goal include:

- Linking village savings and loan associations and other financial services with value chain interventions
- Integrating spousal counseling and strategies for engaging men and other opinion leaders in project activities to ensure women have the space they need to pursue economic opportunities
- Building functional and market literacy programs into market engagement to enhance women's knowledge and skills
- Enhancing our ability to understand and respond to women's own definitions of empowerment
- Working with the private sector and others to gain a better understanding of the correlation between gender equality, production and profits and developing strategies to embed promising practices into core business processes.

These approaches are leading to tangible changes that are empowering women to pursue lives of dignity and choice. Examples include:

- In Peru, our work in the livestock value chain has not only changed women's own knowledge and skills, but has more fundamentally changed the way women are viewed by buyers and other market actors. As a result, women have increased their incomes, their participation within the market and are taking on leadership roles in producer organizations, a position historically held by men.
- In India, CARE has successfully enabled women to take on new positions in a wide-range of sectors, increasing their mobility, their control of resources, their individual skills and their influence and control over decisions within their families.
- In Kenya, our work to support women in establishing collectives such as village savings and loan associations (VSLA) and producer groups has enabled them to increase their self-confidence, independence and wield more power in market transactions.

These changes are exciting. They also illustrate the challenge we face in developing a common set of indicators that will enable us to fully understand our impacts on empowerment and equality as well as other critical indicators including improved nutrition, food security, market innovation and overall competitiveness. We discuss actions we are taking to enhance these systems toward the end of the report.

CARE'S PROGRAMMING AND MARKET ENGAGEMENT PRINCIPLES

1. Promote Empowerment
2. Work with Partners
3. Ensure Accountability and Promote Responsibility
4. Address Discrimination
5. Promote the Non-Violent Resolution of Conflicts
6. Seek Sustainable Results
7. Make Programming Decisions with Scale and Sustainability in Mind
8. Avoid Direct Investments Wherever Possible
9. Value Innovation and Entrepreneurship

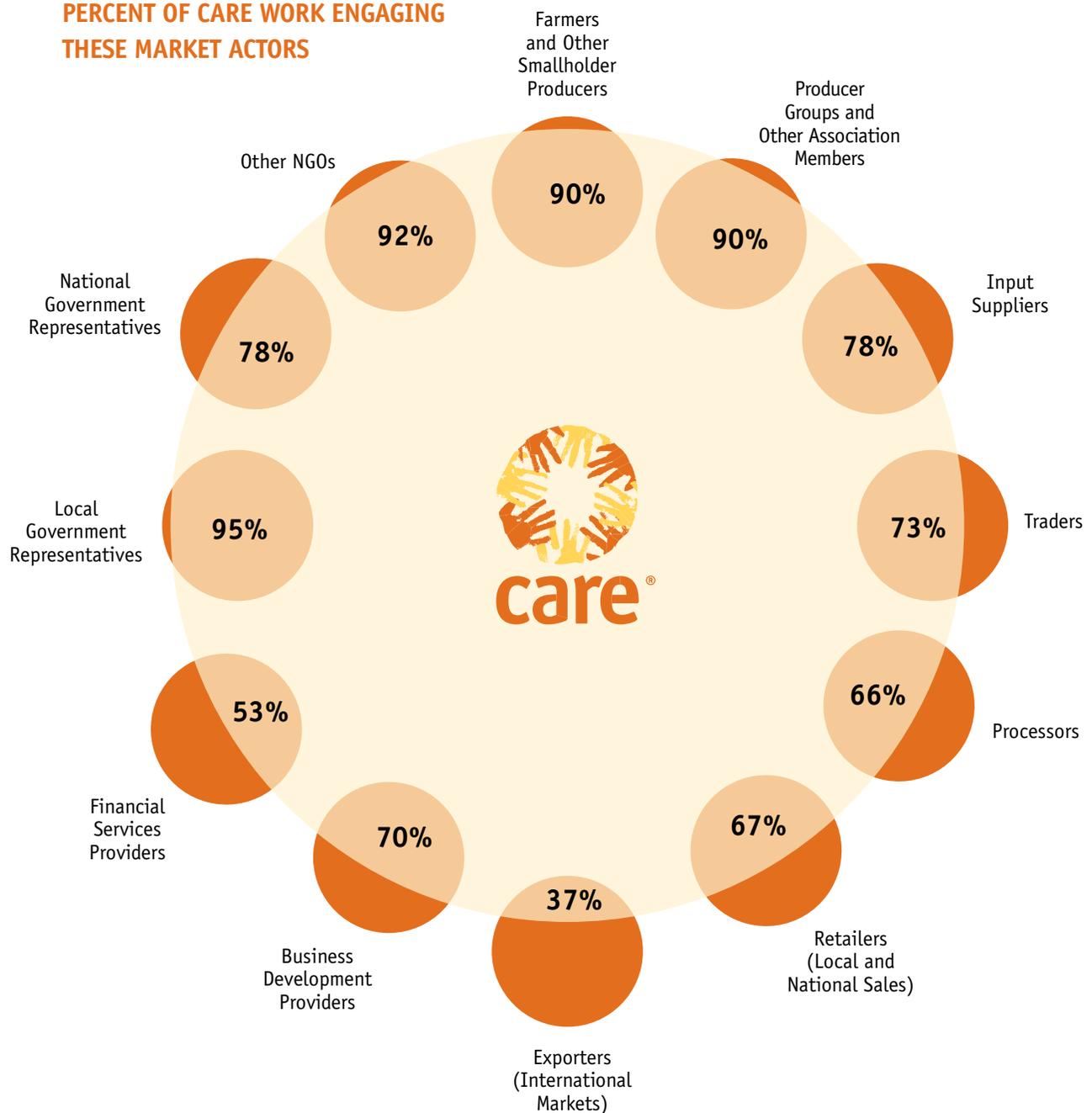
Engaging Actors across the Value Chain

Two prerequisites for success in applying a value chain approach are 1) the willingness and ability of an NGO to interact not only with the poor, but also with a wide range of market actors from input suppliers and buyers to regulators and policy makers and 2) a commitment by the NGO to facilitate, rather than drive change. CARE is fully committed to both of these issues and the figure on the following page illustrates how we are already working in almost all instances with the full range of actors involved in a typical agricultural value chain.

The partnerships demonstrated by this figure represent the cornerstones of CARE's approach to supporting the equitable inclusion of the poor in growing markets.

By working not only with producers but also with input suppliers, financial service providers, processors, traditional authorities, government representatives, policy makers and others, CARE is able to tailor market interventions to the specific constraints and opportunities we find in different contexts, choosing to act on issues within a value chain with the greatest potential to benefit poor women and girls at scale.

PERCENT OF CARE WORK ENGAGING THESE MARKET ACTORS



Looking at the range of partnerships we pursued, CARE's focus on the most vulnerable remains clear. Nearly two thirds of the markets CARE targets are local or regional, reflecting our focus on food security and riskable steps for the poor. Our partnerships with financial institutions are coupled with extensive support to community-owned village savings and loan associations. And, our nearly universal engagement with government representatives illustrates CARE's commitment to local capacity-building at all levels. Beyond this, our work with the private sector across the value chain supports sustainable, equitable poverty reduction through market engagement.

Overall, we find this breadth of partnerships encouraging and reflective of CARE's recognition that if we are to enable poor women and girls to enhance their positions within markets, our efforts must strive for change at all levels of the value chains, communities and societies in which we work.



CARE'S WORK AROUND THE WORLD

It is clear that market engagement and the value chain approach play dynamic roles in advancing CARE's mission. Part of our learning agenda as an organization is to determine where, when and how we can most effectively apply them to support our goals. We are making progress by more consistently integrating CARE's market engagement principles into our work and using a set of common design and monitoring tools. Our progress is illustrated by a growing number of examples.

In food insecure locations such as Kenya's Nyanza province and East and West Hargea in Ethiopia, CARE's market engagement activities complement broader interventions designed to support an incremental transition out of hunger. In Zambia, CARE supports the development of market-driven gateway agencies by building an independent network of agro-dealers to improve smallholder access to inputs and other services. In Bangladesh, CARE is using a holistic value chain approach and intervening at multiple points in the dairy sector to improve competitiveness and facilitate the emergence of a market system that effectively integrates and benefits poor producers. And, in Peru, we are testing new models to engage smallholders, their associations and the government in efforts to improve the enabling environment.

These interventions reflect the diversity of both the needs and opportunities for improved market engagement to support poverty reduction and women's empowerment. They also illustrate the wide applicability of CARE's Market Engagement Strategy and Principles. The following examples highlight some of our most promising market engagement efforts and assess the ways in which we seek to achieve results.

“By taking a systematic value chain approach to improving the livelihoods of women and their families, the Market Engagement Strategy is helping an ever-increasing number of CARE initiatives to put in place the plans, staff, tools and partnerships we need to succeed.”

*Kevin Henry, Senior Director,
Sustainable Livelihoods Cluster*



REGIONAL SPOTLIGHT

ASIA

CARE market engagement initiatives in Afghanistan, Bangladesh, East Timor, India, Laos, Pakistan and Sri Lanka have benefited nearly 200,000 people in the past two years. The region is a leader in engaging women who represent 70 percent of project participants and have seen impressive income gains. In Afghanistan, pilot efforts in livestock and home gardening have raised women's incomes by an average of 75 percent and the work of the India Tsunami Response Program has yielded even greater returns. In addition, CARE's work with the Bangladesh dairy sector is on track to more than double the incomes of 35,000 participating producers.

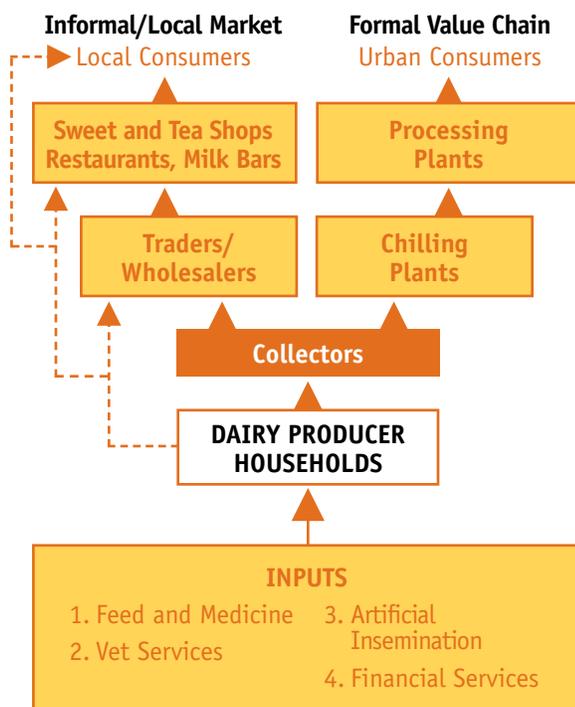
Key Initiatives in Asia

▶ DOUBLING THE INCOME OF SMALLHOLDER AND LANDLESS DAIRY PRODUCERS IN BANGLADESH

The dairy value chain in Bangladesh is weak, fragmented and characterized by both limited access to credit for small-scale producers and a shortfall between supply and demand. Corruption, fraud and inefficiency are pervasive and mistrust endemic. The result is dairy producers who are plagued by low productivity, small margins and food

insecurity. This situation is exacerbated by the fact that milk production in Bangladesh is expensive in comparison to neighboring states like India and Pakistan. Most milk produced in Bangladesh never reaches the formal market and a mix of poor internal systems and government policies support a thriving market for imported milk.

VC GRAPHIC ILLUSTRATING WHERE CARE IS INTERVENING



For women like Josna Begum, the dairy sector never seemed like an opportunity to improve her situation—in 2008, she was struggling. Her husband had left her years ago to marry another woman and now, at 52, she was barely eking out a living. Her home was a small hut on less than one decimal of land and she relied on a small sewing business to make just 300-500 taka – \$4 to 7 – per month. Today, her situation has changed dramatically. In 2007, CARE looked for ways to enhance the performance of the dairy sector to enable smallholder and landless households to increase their incomes and recognized the potential for dairy to benefit poor producers while also creating opportunities for women like Josna who owned no cattle but could play a role in improving the industry. A new initiative, the Strengthening the Dairy Value Chain (SDVC) project provided Josna an opportunity to become a local milk collector responsible for gathering milk in her village and transporting it to the local chilling plant. Just two years on, she has increased her income to more than \$17 per month. Now, Josna’s family eats better and more frequently and Josna herself reports having more self-confidence and being more respected by others in the community. Her story is not unique. In fact, similar stories

SDVC RESULTS

SDVC has organized over 27,500 farming households into 519 producer groups and trained 207 milk collectors and 120 animal health workers. Households averaged a 40% increase in their dairy-related incomes – a figure topping 70 percent in some districts - and the percentage of producers selling milk to private processors increased from 25% to 39%. Meanwhile, input and paravet shops supported by SDVC saw a 76% increase in sales and 63% growth in their customer base over the first six months of 2010.

are emerging throughout northern Bangladesh where CARE is helping 35,000 poor producers and others to double their incomes through their work in the dairy sector.

SDVC is a four-year effort to break the cycle of poverty for poor producers by using a value chain approach to increase dairy sector performance. With support from the Bill and Melinda Gates Foundation, CARE clusters interventions at key points in the chain to meet our objectives of:

- **Boosting production** by organizing farmer groups and training them in improved animal management and feed techniques, which resulted in dramatic production increases
- **Improving access to high-quality inputs** by developing a network of 160 new paravets and a series of dairy input supply shops
- **Improving transport and quality assurance** through a network of more than 100 milk collectors who transport milk daily to local chilling plants, provide quality testing and ensure fair pricing by using digital fat-testing devices
- **Facilitating market linkages** between the major dairy processing companies and SDVC-supported producer groups, thus leading to increased sales
- **Improving the enabling environment and competitiveness** of the national dairy sector by supporting national dialogue and commissioning research to explore opportunities for and constraints to a more productive and pro-poor dairy sector.

The multi-dimensional approach CARE is applying is proving powerful. The project has facilitated the development of producer groups for 27,500 people, more than 75 percent of them women. The rising prominence of women as elected leaders of these groups illustrates progress toward achieving gender equity, changing women's mobility in the value chain and increasing their voice in the community. By linking producers to both dairy chilling plants owned and operated by large processors and to informal sector shops and markets, CARE has seen dramatic increases in producer incomes, greater milk consumption rates in rural communities and improvements in the sector's overall capacity to meet demand in both formal and informal sectors. These kinds of outcomes are leading to a virtuous cycle for smallholder and landless rural producers and collectors. Nonetheless, challenges do remain. Overcoming longstanding cultural barriers to women's engagement in other parts of the value chain—such as taking on positions as para-vets—represents a difficult cultural shift. Limited trust and transparency in the collection system also present persistent challenges as do elements of the national regulatory environment. With a strong grasp on the value chain approach, CARE is working with partners to pursue a range of tactics to tackle each of these issues.

At the same time, the benefits that people like Josna are experiencing seem clear. "Now I don't need to beg for help from others or seek sympathy from my children," she says. "Day-by-day my dignity is increasing in society. I am enjoying this profession." By continuing to build partnerships and facilitate improvements along the value chain, CARE hopes to see many more stories like Josna's emerging from the dairy sector in Bangladesh.

▶ RECOVERING FROM THE TSUNAMI IN INDIA

India faced a daunting landscape following the Indian Ocean tsunami of December 2004 that brought devastation and death to country's shores. Coastal communities were unprepared for the onslaught of the 10-meter high waves that penetrated up to 3,000 meters inland. In the state of Tamil Nadu, which suffered the worst physical damage and fatalities, almost 10,000 people were killed and hundreds of thousands were left homeless. In Andhra Pradesh,

which suffered fewer casualties than Tamil Nadu, infrastructure was severely damaged when many local agricultural and fisheries-related industries on which the poor relied were totally destroyed.

CARE's response to the tsunami combined immediate humanitarian assistance with economic recovery initiatives tailored to meet the needs of the most vulnerable, many of who were not counted in a rehabilitation survey due to their status as Dalit or tribal group members and were being overlooked by the massive humanitarian response. In reaching out to women and men in these areas, CARE looked for opportunities to boost resilience and drive economic recovery while also challenging the legacy of India's exclusionary caste system. The interventions benefited 19,000 poor people by substantially increasing their incomes and enabling them to access credit and weather risk insurance from formal financial institutions. At the same time, CARE's work strengthened the resilience of local economies and this is best illustrated by an intervention around salt production in Andhra Pradesh.

Dominated by over 5,000 smallholder salt producers, most of whom control less than five acres of land, Prakasam, Andhra Pradesh was left in tatters by the tsunami. An entire season's production was washed away and the salt pans on which the poor relied were destroyed. Many had no alternative but to take high-interest loans to survive the year. However, simply rebuilding the salt flats would do little in the long run to support poverty reduction or improve the readiness of producers to withstand another disaster.

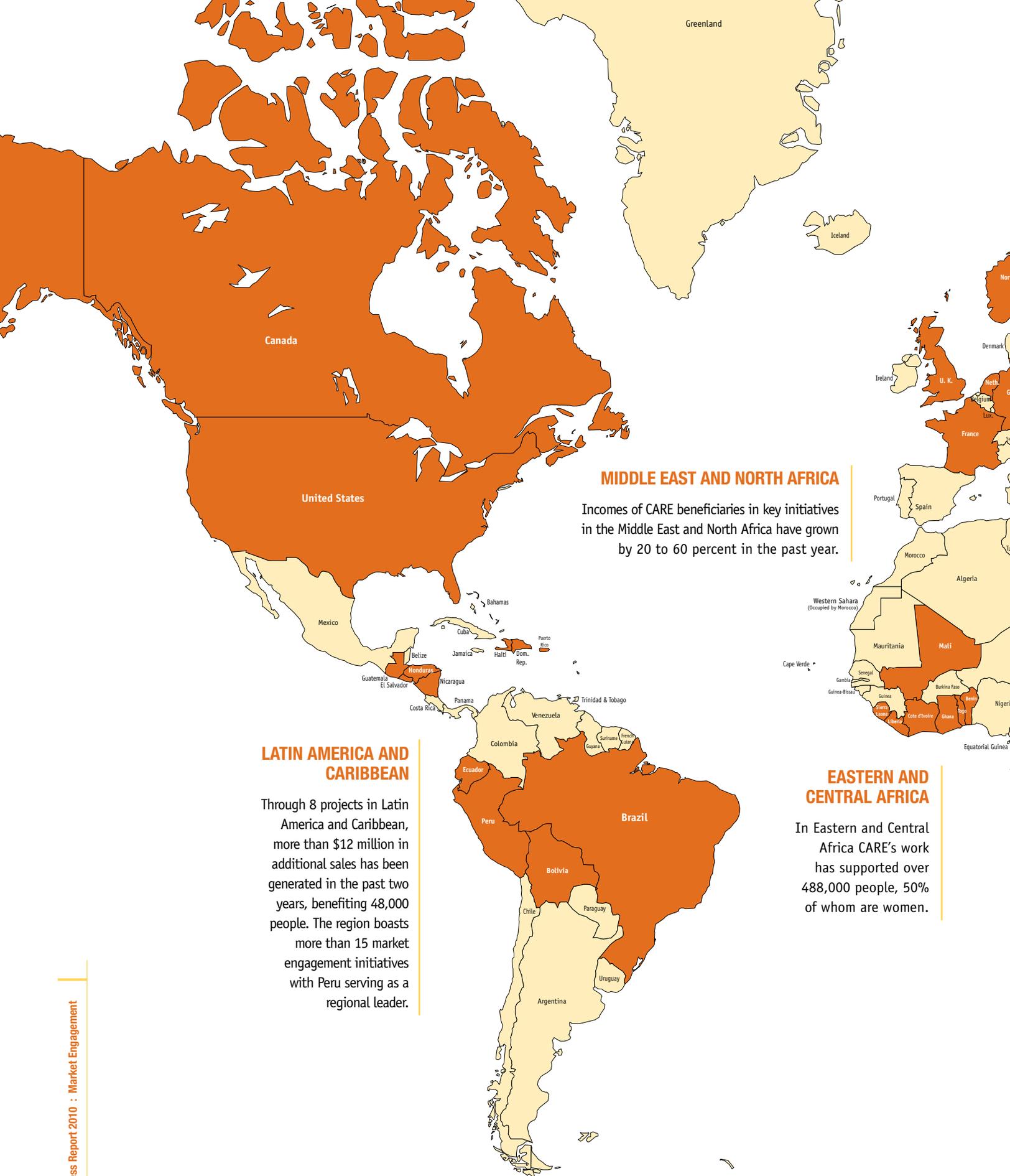
In response, CARE first analyzed the salt value chain to identify critical points for intervention and strategies that could improve both producer and sector resilience. The study pointed to five key priorities for intervention:

- **Improving production** through demonstration plots where producers could be exposed to more productive and resilient flat design and maintenance techniques
- **Increasing producer bargaining power** and sector relevance by formalizing the informally-organized producer groups and farmer associations
- **Establishing linkages** between salt producers and the region's large processors
- **Partnering with financial institutions** to increase access to credit and an index-based insurance product
- **Creating new opportunities** for producers to add value to the raw salt they cultivated through investment in small-scale processing facilities.

CARE responded to each priority in turn and the strategy yielded substantial gains for the producers as well as other sector actors.

- 7,600 smallholders, including 647 women, increased their annual salt income by 45 percent on average
- Producer groups leveraged over \$210,000 in credit to increase small-scale processing capacity, providing women with employment for a greater portion of the year and reducing food insecurity
- A pilot insurance product proved to be a wise investment for the 400 subscribers, with each receiving a \$120 payment to rebuild their salt flats following unusually heavy rains in the 2010 season.

Perhaps the most important outcome of the intervention was the ability of salt producers to recover rapidly from the cyclone that struck in 2007. Producers' improved production techniques, microinsurance coverage and enhanced market relationships enabled the entire chain to rebound to previous production levels in just one season—a dramatic difference from the recovery following the tsunami.



MIDDLE EAST AND NORTH AFRICA

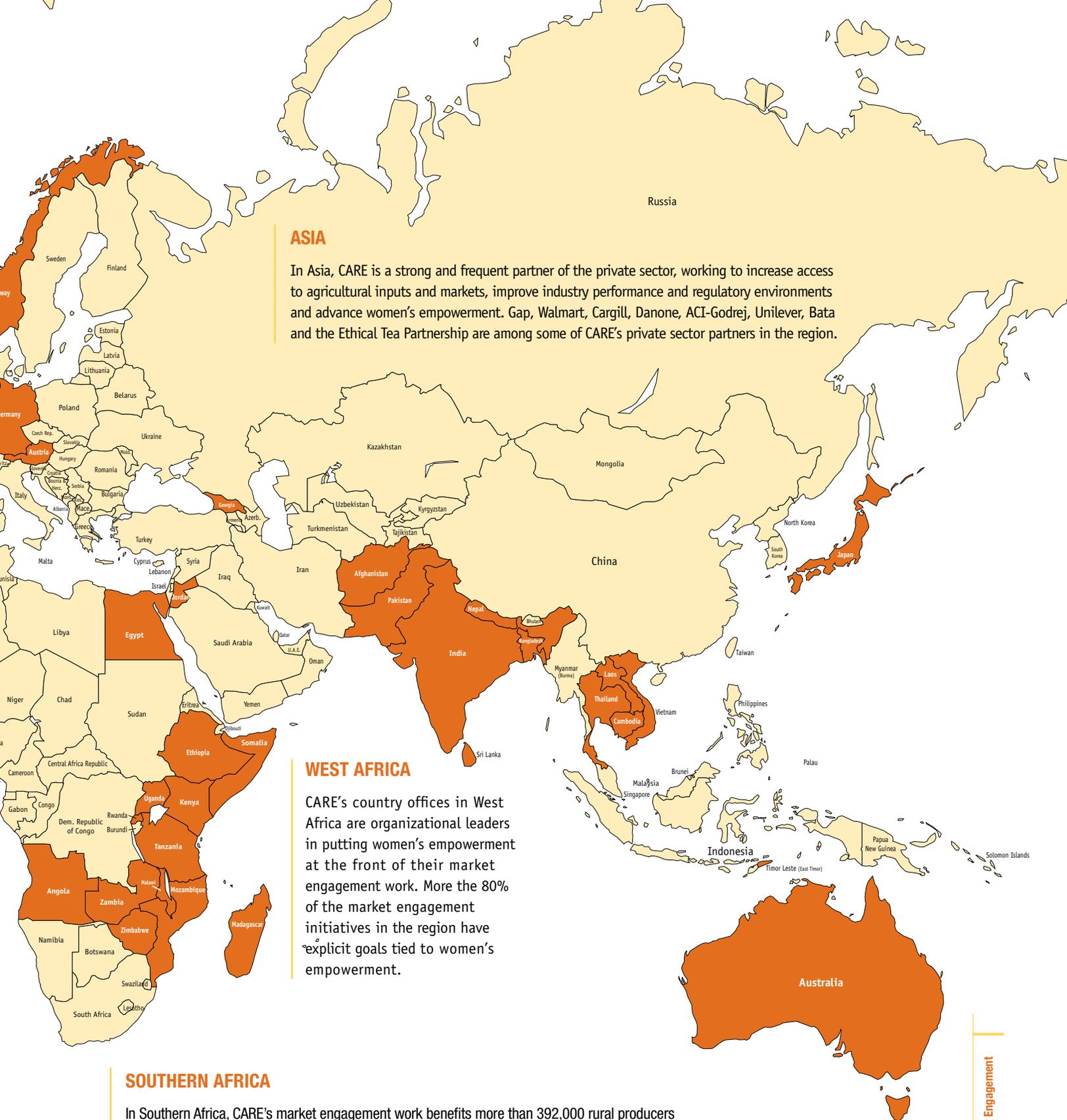
Incomes of CARE beneficiaries in key initiatives in the Middle East and North Africa have grown by 20 to 60 percent in the past year.

LATIN AMERICA AND CARIBBEAN

Through 8 projects in Latin America and Caribbean, more than \$12 million in additional sales has been generated in the past two years, benefiting 48,000 people. The region boasts more than 15 market engagement initiatives with Peru serving as a regional leader.

EASTERN AND CENTRAL AFRICA

In Eastern and Central Africa CARE's work has supported over 488,000 people, 50% of whom are women.



ASIA

In Asia, CARE is a strong and frequent partner of the private sector, working to increase access to agricultural inputs and markets, improve industry performance and regulatory environments and advance women's empowerment. Gap, Walmart, Cargill, Danone, ACI-Godrej, Unilever, Bata and the Ethical Tea Partnership are among some of CARE's private sector partners in the region.

WEST AFRICA

CARE's country offices in West Africa are organizational leaders in putting women's empowerment at the front of their market engagement work. More than 80% of the market engagement initiatives in the region have explicit goals tied to women's empowerment.

SOUTHERN AFRICA

In Southern Africa, CARE's market engagement work benefits more than 392,000 rural producers and their family members through increased access to goods and services and improved income. These results draw on CARE's direct engagement with 90,000 rural people across the region—46,000 of whom are women.

 CARE Presence Countries

REGIONAL SPOTLIGHT

AFRICA

CARE has a long history of agricultural and livelihoods programming in Sub-Saharan Africa. Over the past two years, our market engagement efforts in Cote d'Ivoire, Benin, Ethiopia, Ghana, Kenya, Madagascar, Sierra Leone, Somalia, Tanzania, Zambia and Zimbabwe have impacted nearly one million people. Our regional portfolio is dynamic and while there are many challenges, significant opportunities exist to pursue poverty reduction and women's empowerment through market engagement. Several CARE country offices in Africa are pursuing long-term programs to reduce food and livelihood insecurity, particularly among highly vulnerable women and girls. Market engagement plays a key role in achieving these goals.

Highlights from our portfolio in Africa include:

- In **Zambia**, CARE is establishing a network of rural agro-dealers to provide nearly 100,000 smallholder farmers with improved access to affordable seeds and other inputs.
- In **Ethiopia**, the Productive Safety Net Plus Project uses market-driven interventions to diversify household livelihoods, build assets and support over 200,000 people to escape hunger.
- In **Ghana**, CARE helped increase sales of export-oriented horticulture by more than \$15 million and facilitated the emergence of market relationships benefitting more than 120,000 rural poor.

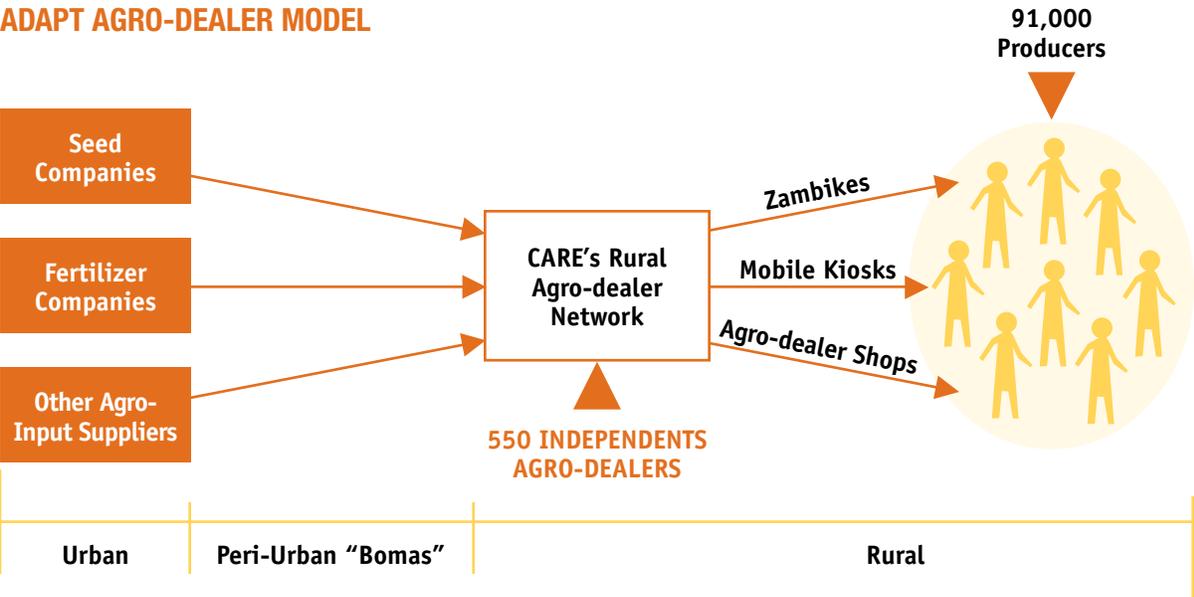
Achieving poverty reduction and women’s empowerment in Africa presents both unique opportunities and challenges for CARE’s market engagement work. The following examples represent models we are pursuing to develop scalable, cost-effective solutions that complement other efforts to overcome key barriers to progress. The initiatives we highlight strive to link market engagement to improved agricultural practices, enhanced climate change adaptation and reduced malnutrition and food insecurity.

Key Initiatives in Africa

▶ BUILDING AN AGRO-DEALER NETWORK TO ENHANCE SMALLHOLDER PRODUCTIVITY IN ZAMBIA

According to the Food and Agriculture Organization, agriculture accounts for over 70% of all employment in Zambia, yet land is increasingly degraded and access to inputs is limited and expensive⁶. In this environment, many of Zambia’s 800,000 smallholders struggle to increase their productivity and earn a living. However, where there have long been challenges, CARE sees opportunity and is building an inclusive input supply chain that can provide more than 100,000 smallholders with access to appropriate and affordable inputs on a fully commercial basis. We are developing new business models that enable local entrepreneurs, or agro-dealers, to serve as gateway agents who can link existing input suppliers clustered in urban and other highly-populated areas to producers in Zambia’s most remote, rural communities. With support from the Alliance for a Green Revolution in Africa (AGRA), CARE is working in four provinces to recruit and build the capacity of rural agro-dealers, support the establishment of agro-dealer associations and create demand for high-quality seeds and conservation agriculture techniques among smallholder farmers. CARE also is helping develop commercial relationships between input suppliers, transporters, agro-dealers and producers.

ADAPT AGRO-DEALER MODEL



With a network of over 500 agro-dealers already in place and plans to double that number by 2012, CARE Zambia is contributing significantly to its goal of improving farmer productivity. Since 2008 our work in the Copperbelt, Eastern and Central Provinces has led to an 80% increase in sales by agro-dealers—over \$1 million worth of inputs and other agricultural supplies—to 65,000 smallholders. The focus on creating demand has led more than 150 lead farmers to establish demonstration plots and host seed fairs and field days that bring farmers, agro-dealers, input suppliers and local extension agents together. Importantly, in facilitating private sector linkages, CARE is also increasing trust among the actors in the input supply chain which will ultimately determine the sustainability of CARE’s agro-dealer network.

CHRISPINE CHINYAMA, A MODEL AGRO-DEALER

Chrispine Chinyama has been in business for over two years now. The proud owner of the “PINAC Agro-Dealer Shop,” Chrispine lives in Mumbwa Township 45 kilometers from the district center. Since he joined the agro-dealer network, Chrispine has dramatically turned around his small business and become a model agro-dealer.

With training and regular mentoring, Chrispine has begun applying the business practices he learned to increase his sales. In discussing what he is doing differently, Chrispine says “I now record repeat customers and am at an advantage in that I am able to offer discounts to repeat customers and keep their business. I also

have given hampers to those who have bought more than four times and this has really contributed to my business growth. It has enticed other customers to also buy from my shop.” Chrispine uses his phone to increase his business; “I capture telephone numbers for my customers and when I order products that are in high demand, I send messages to them using the short message service (SMS). They also have my number and can make orders via SMS.”

The results are substantial—Chrispine’s sales have increased by 50% since joining the CARE network. And, looking ahead, he plans to start offering marketing services in the coming season, bulking farmers’ produce to provide them with a steady market while also increasing the stability of his business throughout the year.



In addition, CARE is emphasizing, supporting and driving innovation. By building an in-depth understanding of the needs and interests of seed companies, agro-dealers and producers CARE has been able to test a range of pilot interventions to overcome the cost of entering the agro-dealer market as well as persistent barriers to market penetration faced by seed companies and remote smallholder farmers. Innovations include the introduction of modified bicycles—Zambikes—that allow established and new agro-dealers to expand their operating areas, marketing and ferrying supplies to farmer households rather than waiting for farmers to come to them. Another effort has enabled agro-dealers to design and procure mobile kiosks that allow these entrepreneurs to set up shop wherever there is demand. The kiosks have the added benefit of greatly reducing the expense of entering into the agro-dealer market as start up costs are well below those of a new brick and mortar shop. Through innovations like these and a core intervention strategy focused on demand creation, market linkages and agro-dealer capacity development, CARE is reducing farmer transaction costs, improving productivity and creating new opportunities for input suppliers to reach underserved markets.

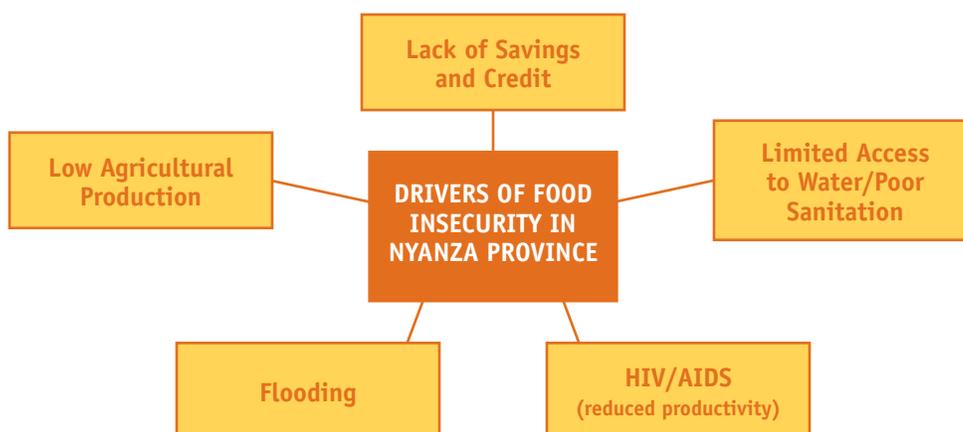


DAK ACHANA – BUILDING HEALTHY HOUSEHOLDS IN KENYA’S NYANZA PROVINCE

In 2004, several seasons with little or no rain, rising food costs, advancing deterioration of the environment and an upsurge in disease had greatly increased food insecurity and poverty in Kenya. In addition, the inability of the poor to cope with these problems had led to an intensification of long-standing ethnic conflicts over limited water and land resources⁷.

In this environment, CARE initiated its multi-sectoral Dak Achana project in Nyanza province, one of Kenya’s poorest and most food insecure regions. Comprising five components—food for work, agricultural productivity, savings-led finance, market access and an HIV/AIDS intervention—the project aimed to increase household food security. These interventions helped to rehabilitate local agricultural resources, improve household stability and create opportunities for smallholders to transition out of poverty.

FOOD SECURITY FACTORS ADDRESSED BY DAC ACHANA II



The Dak Achana strategy to increase agricultural productivity focused on organizing farmers into associations and facilitating their entry into multiple value chains. By pursuing this multi-crop approach, CARE enabled farmers to meet their short-term food needs through the production of rapid-growth crops and to take advantage of medium and long-term opportunities by growing pineapples, bananas and other tree crops that take longer to mature and can serve as a micro-pension plan. This strategy and supporting interventions—especially the focus on savings groups—yielded significant benefits for participating households.

Project activities allowed nearly 4,000 households to become more food secure with most reducing the number of months without adequate food from five to fewer than three. Additionally, over 8,000 smallholders were able to substantially increase their savings. Despite these achievements, a recent CARE review found that although producers continued using improved farming practices and producing a mix of high-value and staple crops, many of the

“WE USED TO PLANT ONLY TOMATOES AND MAIZE UNTIL WE STARTED PARTICIPATING IN [DAK ACHANA]. NOW WE PLANT BUTTERNUT, WATERMELON, CUCUMBERS AND GREEN GRAM, A VARIETY OF BEANS. BY ROTATING CROPS AND HAVING BETTER MARKET LINKAGES WE NOW MAKE MORE MONEY.”

Bernard Omundi
A Dak Achana
Participating Farmer



DAK ACHANA RESULTS

3,875 farmers organized themselves into 96 associations that adopted the production of high-value market-oriented crops; signed contracts with leading fresh vegetable exporters, local supermarkets chains and processors yielding over \$100,000 in sales; and introduced an improved rice variety with higher and more frequent yields that increased both household food security and income. Dak Achana also organized over 8000 rural smallholders into saving groups that collectively saved \$331,000 and disbursed loans worth \$628,000 by project end.

cash crops offset the challenge of establishing sustainable market linkages and enabled participating households to maintain their food security gains despite faltering linkages. Thus, while the absence of direct market links has diminished farmers' knowledge of their end-buyers and weakened supplier-buyer relationships, it does not seem to have adversely affected farmer incomes. The Dak Achana example is a leading experience from which CARE can learn as the value chain approach is increasingly incorporated into comprehensive food security programming.

project-facilitated market linkages have faltered. This is due largely to the roles in the chain that CARE assumed, including that of a temporary market intermediary. When the project closed or, as happened in one instance, when CARE had to leave an operating area due to violence, the market linkages were vulnerable to collapse because trust and capacity within the private sector had not been fully developed.

The Dak Achana experience provides lessons for CARE Kenya and others. By promoting the production of a mix of staple and high value cash crops, initiatives can mitigate risks associated with cash crops while also enabling farmers to take steps toward increasing their incomes. In this case, the high value of the

EMPOWERING A TRANSITION TO FOOD SECURITY IN ETHIOPIA

CARE's Productive Safety Net (PSNP) Plus Project in Ethiopia aims to enable over 33,000 of the poorest households in the country to achieve food security by 2011. To achieve this goal, PSNP Plus relies on a sequenced set of economic interventions, initially supporting the formation of savings groups and modest transfers of agricultural inputs and steadily transitioning to increasing access to formal financial services and helping to develop market linkages between food insecure smallholders, input suppliers and buyers. This approach enables participants, over 50 percent of which are women, to build their assets and resilience while also exploring new market opportunities and strengthening their business skills. In so doing, CARE is developing models that can be replicated to serve the over six million Ethiopians who currently experience food insecurity. Though more progress needs to be made to reach our goals, progress to date has been significant.

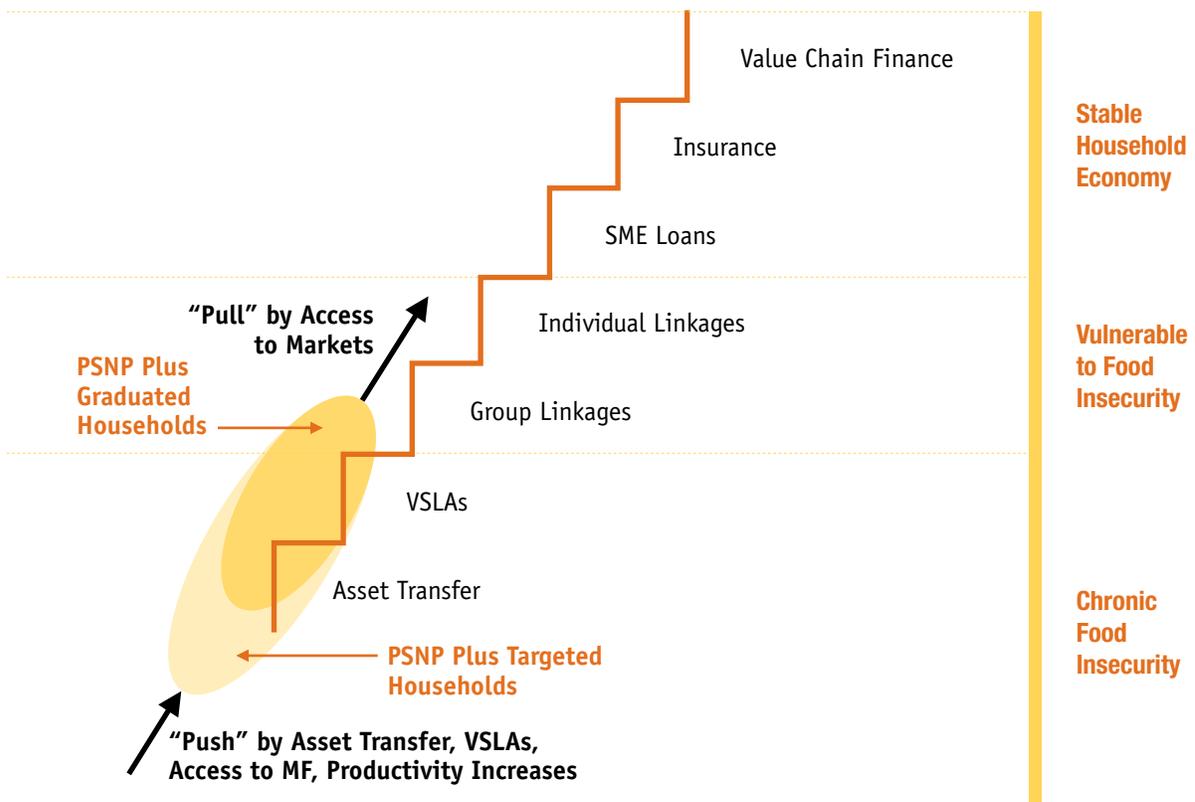
CARE and its partners facilitated the establishment of nearly 1500 Village Savings and Loan Associations with a total membership of over 29,000 households. These groups of highly food insecure individuals have now mobilized over \$104,000 in savings and are providing loan services to their members. Participants also received training in business management and marketing, financial literacy and technical aspects of the agricultural sectors in which PSNP Plus is intervening: livestock, cereals and honey. To enable these households to engage in the production and marketing of high value commodities, the project has partnered

with leading microfinance institutions, transferring productive assets to over 20,000 participants. Beyond this, the project is facilitating linkages between producers and the private sector to expand access to both domestic and export markets.

A highly complex model, the PSNP Plus project continues to face challenges along with this progress. Rain failures in the first year left most of the participating households unable to produce the volumes buyers required. Furthermore, the quantity and quality of production remain low, further reducing the potential for participants to transact with private sector buyers. The perceived high degree of risk and distrust that exist between smallholders and buyers also represent challenges. Yet, CARE remains confident that the models being developed can and do work—often with tremendous impact as is the case for Ato Fenta Beyene.

Ato Fenta, a farmer participating in the project livestock fattening activities received a loan of \$89 from partner microfinance institution, ACSI, which he used to purchase three sheep and two goats. Following the trainings provided by PSNP Plus, Ato fattened his animals, selling four of them for \$125 and retaining one goat with a market value of \$32. “I knew that fattening of small livestock was the most indispensable and profitable venture to support my family’s livelihood and ensure our food security,” he notes. “But, previously I had no money or knowledge of animal fattening. Now, I have paid back the entire loan, achieved a net profit of \$65 in six months and plan to purchase a cow to have milk for my children and my family.” Ato Fenta’s story illustrates the type of progress CARE hopes to see for all households participating in PSNP Plus. To achieve that aim CARE and its partners will continue testing, refining and improving this approach to integrated, market-based poverty reduction and food security.

PSNP PLUS PROGRAM STRATEGY



REGIONAL SPOTLIGHT

LATIN AMERICA AND CARIBBEAN

Over the past two years, CARE implemented 19 market engagement initiatives across Bolivia, El Salvador, Honduras, Guatemala and Peru that reached nearly 65,000 people. Successful projects range from an effort in Peru that more than doubled the sales of small-scale livestock producers to initiatives that integrate agricultural conservation and climate change adaptation measures into market engagement activities. A CARE strength in the region is the ability to involve the private sector. We have built partnerships with many national and international companies including Cargill and Kraft in Brazil; Walmart, ACE, Antamina and Edyficar in Peru; FORESTRADE in Central America; Supermaxi Supermarket Chains in Ecuador; and Tahuamanu, a Brazilian nut export company, in Bolivia. CARE's focus on women's empowerment through market engagement remains nascent in LAC—women represent just 36 percent of our participants—but the numbers are growing. CARE Peru has integrated women's empowerment fully into a partnership funded by the Walmart Foundation. And, in 2010, both CARE Peru and CARE Bolivia hosted workshops to identify ways to better integrate women's empowerment into market engagement efforts. The initiatives presented here illustrate the breadth and depth of CARE's market engagement work in Latin America.

Key Initiatives in Latin America and Caribbean

▶ REDUCING POVERTY AND DISCRIMINATION THROUGH MARKET DEVELOPMENT IN THE ANDEAN HIGHLANDS

Since 2005, CARE and its partners have been working in Peru's Puno region with men and women from the excluded Quechua and Aymara communities. CARE's aim is to transform the economies of this rural region by improving productivity and market access in the beef value chain. With extreme poverty levels estimated at 60% percent and the overall rate hovering at around 80%, communities in the region suffer a reality that is starkly illustrated by a 30% malnutrition rate among children under five years of age.

Despite this, when CARE surveyed the market for growth opportunities for the poor, promising opportunities existed, particularly in the beef cattle value chain. Beef from Puno represented nearly a quarter of the beef sold in Lima to meet international demand and nearly 50 percent of demand in key domestic markets. Yet, there remained unmet demand in both domestic and international markets. In below-average production quality in Puno, CARE saw an opportunity to dramatically increase production, fill the national market gap and improve the incomes and livelihoods of Puno's poor.

CARE's Puno Beef Value Chain Project, engaged over 3,000 poor families in 200 communities. The initiative focused on forming production groups, fostering the emergence of a group of qualified microentrepreneurs to serve as producer-focused service providers and creating a farmer-to-farmer exchange program to provide the Puna producers with advice and assistance on a fee-for-service basis. The dramatic outcomes are a result of CARE's initial focus on a clear value chain selection process and constant attention to achieving systemic, sustainable change.

Since project inception, participating households have sold more than 12,000 high quality beef cattle resulting in an astounding sales increase of \$6.5 million. This gain equates to nearly 2% of the annual national market and a 400% increase in household income for participating producers. The average profit for each bull increased from \$60 to \$256 and the rate of weight gain among cattle raised in Puno has caught up to the national average, positioning Puno's producers to compete with others in filling the remaining gap between domestic production and demand. In addition to helping the producers, the effort generated more than 1,200 new jobs and helped establish a coterie of commercial service providers. At the policy level, CARE's



ADVANCING WOMEN'S EMPOWERMENT THROUGH THE PUNO BEEF VALUE CHAIN PROJECT

CARE's work in Puno exemplifies what can be achieved when economic development initiatives place women and women's issues squarely at the center of their work. The Puno Beef Value Chain project set specific goals to integrate rural women into the high potential beef value chain by helping them overcome social marginalization and economic exclusion due to entrenched gender bias.

To achieve this, CARE took a holistic approach to women's empowerment, organizing a series of learning sessions designed for both spouses that focused on women's decision-making and their role in family income generation. The success of these family-oriented meetings demonstrated that engaging men as change and support agents is crucial for altering behavior and attitudes towards women. Beyond this, CARE offered a series of workshops that provided advanced technical skills training for women and increased their financial and business literacy.

With the creation of space for women to engage in the value chain and the strengthening of their capacity, CARE completed the cycle of empowerment by linking female producers to the lucrative beef market. As women took on new roles and responsibilities, a positive image of them as capable entrepreneurs emerged in both their home regions and in neighboring areas. Their new occupations had a positive impact on women's incomes, self-respect and self-confidence and, most importantly, on their ability to lead others.

engagement of government representatives from the start led the Ministry of Agriculture to support a similar network of microentrepreneurs through its new cattle value chain initiative.

However, the most significant impacts may be the project-fostered inroads toward gender equality and women's empowerment. Twenty-six percent of those marketing their cattle through this initiative are women and a woman now serves as President of the Regional Roundtable on Beef Production in Puno. These are not small achievements in a society where agricultural production activities are usually dominated by men. The change in respect afforded to women as a consequence is evident in many places, but it is felt most clearly in the way they are treated by other value chain actors in the main Lima market. Women smallholder representatives are now recognized for their entrepreneurial skills and ability to lead successful businesses. This shift represents the powerful changes in relations that can be realized when poor women and men have a high quality product and a strong organization behind them and are able to negotiate successfully. CARE strives to achieve more of these kinds of changes across all of our market engagement initiatives.

PROMOTING MARKET ACCESS FOR SMALL-SCALE COCOA PRODUCERS IN SOUTHERN BAHIA, BRAZIL

The State of Bahia accounts for 95% of all cocoa production in Brazil. A fungal disease known as witches broom, devastated cocoa production in the region in the 1990s and today production still has not recovered. There are approximately 30,000 cocoa farmers in the State, with 20,000 classified as smallholders. Traditionally the wealth generated from cocoa is concentrated in the hands of a few powerful elites who export to large national and international markets, while smallholder producers are marginalized

and live largely in poverty. In 2009, CARE launched a five-year project aimed at providing 4,000 of the poorest smallholders, with land holdings of 5 to 20 hectares with the means to increase their productivity and market access, providing more inclusive economic opportunities in the cocoa value chain.

From the beginning it was clear that engaging and attaining commitments from large-scale actors in the cocoa sector would be critical. CARE approached long-time partner Cargill, a multinational food marketing and processing corporation and the leading purchaser of Brazil's cocoa, for support. CARE and Cargill focus on finding opportunities in the cocoa value chain that could both advance poverty reduction and promote a sustainable supply of quality cocoa for Cargill and other buyers. Cargill also enlisted the support of its supply chain partner Kraft to the project.

At the production end, CARE focuses both on improving small business management among producers, and promoting the Cabruca technique of cocoa cultivation. Developed in partnership by Brazilian universities, local government, Cargill and others, the Cabruca system leverages traditional low-input techniques to promote shade-grown cocoa that also promotes biodiversity. CARE also facilitates access to credit for producers to improve their ability to purchase inputs and meet other household financial needs. Demonstration plots are yielding farmers gains of 50 percent or more in productivity, while providing cocoa of a quality desired by higher value buyers. Currently approximately 450 farmers are participating in the demonstrations and seedling production, which will be scaled in the coming years to reach 4000 farmers in total.

Recognizing that improved productivity is only one challenge to the sustainability of the industry and improving outcomes for smallholders, CARE and Cargill have also established the Cocoa Dialogue—a multi-sector platform bringing together the private sector, civil society, government, producer associations and universities to jointly identify better means of promoting the industry and coordination. CARE is working to ensure smallholder voices are prominent in the Dialogue, and to promote innovative solutions that promote cocoa as a livelihood and recognize the importance of smallholder farms to cocoa production in the State.

Since inception, the Dialogue has notched a number of notable achievements, including establishing a database to track the evolution and performance of the Cabruca system and the launch of a pilot to promote payment for ecosystem services (PES) in Bahia. If successful, this pilot would provide additional incomes to small farmers for undertaking sustainable agriculture practices on their cocoa farms.





PARTNERING WITH THE PRIVATE SECTOR

The private sector represents an important partner in CARE's market engagement strategy. Our experience shows that if we are to change market systems and enable large numbers of poor people, especially women, to benefit from market participation it is absolutely critical to work with companies of every size. We choose to engage these companies not only because many frequently have immense influence and power in the marketplace but also because they have the capacity, resources and, increasingly, incentives to solve problems and innovate in ways that reduce hunger and poverty at scale. In co-developing new business models and improving existing ones with these enterprises, CARE maintains a constant focus on empowering poor women to overcome the challenges they face and facilitating the emergence of sustainable and profitable opportunities for private enterprise including increasingly prominent examples of social enterprise. Beyond a focus on business models for change, CARE also engages companies as partners and advocates to increase social responsibility and corporate actions that respect and support the needs and rights of communities and the poor.

Throughout this report we have highlighted many CARE partnerships with the private sector including micro, small, medium and large-scale enterprises. To round out this picture, the following examples illustrate some of CARE's partnerships with large corporations.

CARE and Cadbury in Ghana

In 2008, CARE and Cadbury, and now Kraft Foods, launched a ground-breaking, 10-year initiative called the Cadbury Cocoa Partnership to improve the socioeconomic conditions of one million cocoa producers and their communities and to support the sustainability of Cadbury's cocoa supply chain in Ghana, India, South East Asia and the Caribbean. In Ghana, the world's second largest cocoa exporter, CARE is now supporting 100 communities to identify priorities for sustainable development, negotiate with various government agencies and better organize themselves as communities, cocoa farmers, small-scale entrepreneurs and leaders that have the initiative and ability to mobilize their own resources and improve their lives. CARE sees this partnership as illustrative of one type of long-range, core business thinking and engagement we seek with large corporate partners.

CARE and Ferminich in Uganda

In March 2009, CARE partnered with Ferminich, a worldwide manufacturer of flavors and fragrances to help smallholder farmers in Uganda address challenges in the vanilla sector. The partnership facilitated the establishment of VSLAs to provide 1,000 women farmers access to financial services. CARE worked closely with association members and other key value chain actors to enhance efficiency of the vanilla value chain and create stronger incentives for cooperation between Ferminich and the poor. The initiative ultimately

enabled women vanilla farmers to improve their socioeconomic standing and benefit from more secure incomes and access to financial services. As an illustrative partnership, CARE's work with Ferminich represents a nascent example of corporate engagement. Ultimately, we aspire to develop scalable solutions through these and other partnerships that enable large numbers of poor women and their communities to sustainably and equitably engage with and benefit from such corporate partnerships.

CARE and KiK in Bangladesh

Though most CARE market engagement initiatives focus on the agricultural sector, there are strong incentives and capacity to work with other industries. One example is a partnership CARE established in 2008 with the German retailer KiK. Together, CARE and KiK set out to integrate extremely poor women living in the Rangpur region of Northwest Bangladesh into an international rug manufacturing value chain. The partnership was designed to provide women with sustainable employment opportunities and has led local rug manufacturers to substantially increase the number of women they employ. Women's incomes have increased, their social standing has transformed and the market-based approach is ensuring the sustainability of these gains - CARE's partnership with KiK has enabled women and local employers to form strong ties with high-value European markets. With export-oriented production and growing demand, CARE sees great potential to further scale-up this type of private sector partnership.

BUILDING NEW MODELS THROUGH PRIVATE SECTOR PARTNERSHIP

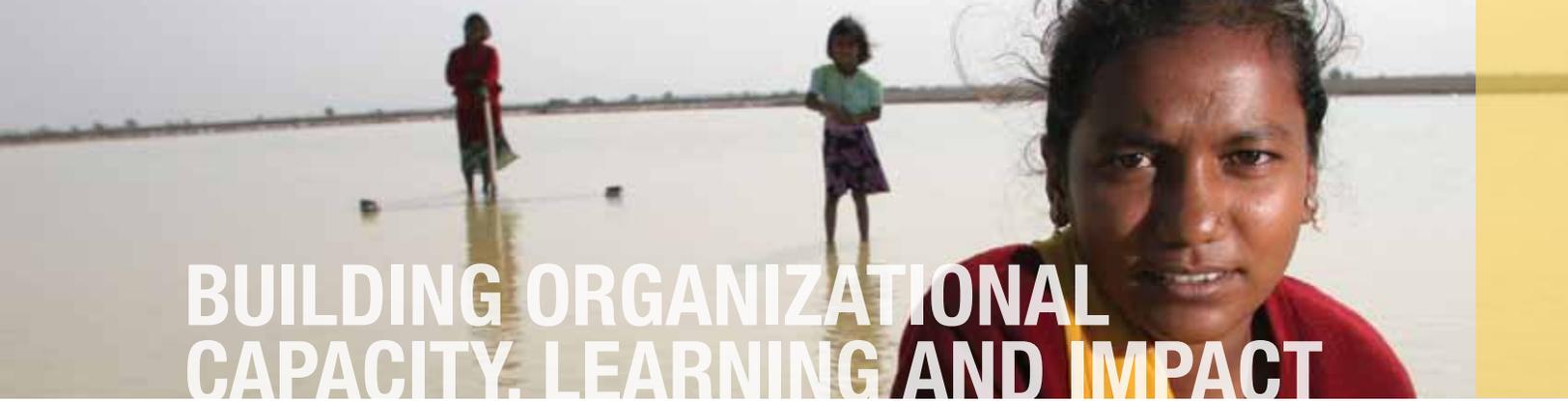
CARE's Rural Sales Program

In 2005, CARE set out to alleviate poverty among extremely poor women in rural Bangladesh who were living on less than \$0.25 per day. CARE's strategy was to identify a sustainable income generating opportunity for the women that would allow them to slowly grow their incomes and escape from poverty. What has emerged is a new social enterprise linking the power of business with strong social objectives to create a sustainable distribution channel to rural Bangladesh.

Initially, CARE's Rural Sales Program or RSP was a simple pilot. CARE worked with Bata Shoes and 45 women to see whether rural sales of commercial products could be a viable enterprise. The concept quickly took off and RSP is now a stable network of 3,000 rural sales women selling health and other household products to over 40,000 households. Partnering with Bata, Dannon, ACE, Unilever, Renata, and Grameenphone among others, the RSP reached annual sales in 2009 of over \$1 million and is now financially sustainable.

The greatest success of RSP, however, is undoubtedly the impact it has had on the rural sales women. On average, sales agents have increased their income by 250% since taking on this new role, which has enabled them to transition out of extreme poverty. Though their incomes remain relatively meager, the women have dramatically improved their quality of life and report increased self-confidence and respect in their communities as a result of their work.

In examples like RSP, which create forward and backward linkages between the rural poor and broader domestic and international markets CARE sees the immense potential for private sector partnerships that yield innovative new models for sustainable poverty reduction.



BUILDING ORGANIZATIONAL CAPACITY, LEARNING AND IMPACT

Two core objectives of our Market Engagement Strategy are 1) to improve CARE's internal capacity to systematically apply a value chain approach to our work and 2) to enhance our learning and impact systems. Over the past two years, we have both laid the groundwork to achieve these objectives and identified existing knowledge and lessons throughout the organization. A few of our key initiatives include:

Staff Capacity-Building System

CARE is advancing multiple initiatives to enhance staff capacity in market engagement programming. With support from USAID and in partnership with Mennonite Economic Development Associates (MEDA) CARE is developing an online course on Market Analysis and Value Chain Program Design. The first of its kind to integrate a comprehensive perspective on the role of women and gender in value chains, the course is to be rolled out in 2011. Going beyond design, CARE is developing and piloting a mentoring and coaching program to help project managers improve implementation of value chain initiatives and take on the role of mentoring other CARE staff.

Measurement and Learning Systems

Improving learning and measurement is one of the five market engagement strategy priorities. During the past year, CARE developed a preliminary guide for monitoring and evaluating value chain programs and launched four pilot initiatives to test the framework and tools. In the coming year, with input and feedback from these pilot projects as well as other colleagues and partners, CARE will finalize the guide and disseminate it both internally and externally.

Documenting Innovations and Impacts

In March 2010, CARE launched its first Market Engagement Innovations and Impacts Competition. An internal effort, the competition aimed to identify and showcase the most innovative examples of CARE's work in market engagement. Eleven country offices submitted a total of 19 papers representing the full spectrum of CARE's work in this area. We selected five winning entries. The case studies are to be released in late 2010 and early 2011. To capture and share other innovations, we developed an Innovation Briefs Series, which we are sharing internally and with the wider development community.

Improving Communications and Information Management

During the past year, CARE used the SEAD Chat listserv to further enhance internal and external communications among its economic development community. The group, which has grown by over 160 percent, includes representatives in nearly two thirds of our country offices. In addition, CARE's Economic Development website continues to expand, adding over 150 new resources in the past year alone. The site – <http://edu.care.org> – is an increasingly robust repository for information on all of CARE's market engagement resources and documentation.



THE ROAD AHEAD

As we look at our achievements over the past two years, it is clear that we are making progress on a number of fronts. We are focused more on the needs of women in value chains—becoming better at analyzing the constraints women face and using tailored solutions consistently to support them. We have deepened our engagement with the private sector and built strategic partnerships with both local and global companies and we have strengthened our relationships and partnerships with key donors who believe in our strategy and progress. We also have begun to put in place the tools and systems we need to support continued growth and improve quality and capacity.

If we are to meet our goals, we need to continue improving and refining our activities. Some areas of focus for the coming year include:

- **Pursue growth.** While our overall outreach figures remain low, we are confident our goal of supporting 10 million women and girls by 2015 remains achievable. To do this we must redouble our efforts and commitment to partner with the private sector, mobilize all available resources and work at key leverage points in the value chain to achieve scale.
- **Improve our global impact measurement and learning capability.** We need to more effectively engage colleagues across CARE in meaningful learning and dialogue based on clear evidence of our effectiveness and impacts. To support this, we will roll out an e-learning course and a guide to monitoring and evaluating market engagement projects. We also will establish and operationalize a set of common, minimum indicators for this work. Beyond this, we look forward to developing and testing a market engagement mentoring system and we see increased opportunities for face-to-face learning and knowledge sharing as a clear priority
- **Remain thoughtful about how our work supports CARE's broader objectives.** Food security, climate change, agriculture, inclusive financial services—market engagement has a key role to play in all of these areas and integrating the value chain approach artfully and effectively into CARE's long-term programming strategies requires substantial thought and innovation.
- **Stay focused on women's empowerment and gender equality.** While our efforts to put women at the center of our market engagement strategy and programs are significant, the findings from a review of the past two years show that a long road of learning lies ahead. It is a road we are grateful to share with the many partners, donors, governments and civil society actors around the globe who increasingly see the importance of and potential for market engagement to contribute to the achievement of gender equality and women's empowerment.
- **Build on what is working.** Across our work, we see a number of themes emerging on which we can build in the years ahead. Our ability to establish commercial input supply systems that reach the most vulnerable increasingly looks like a model we can and should replicate. Similarly, our work to link collectives at the community level, such as VSLAs and producer groups with other market actors is a growing strength. And, as an increasing number of CARE initiatives enable women to take on new roles in the value chain as processors, input suppliers, transporters or support service providers, we have a growing body of experience on which to draw in broadening the horizons for gender equality in our work.

As we close the 2010 Market Engagement Report, we are confident that the first two years have seen the seeds of a workshop in Brazil in 2008 transform into an increasingly productive and impactful movement within our organization. The years ahead are sure to be challenging, but given our progress to date and the partnerships we see growing stronger every day, we are confident of success.

AWARDS

- **Public Affairs Asia Gold Standard Award for Sustainability** CARE Bangladesh was honored to be the only NGO awarded an Asia Gold Standard Award for our Sustainable Women Empowerment on the Road to Export Markets project.
- **ALINE Network Farmer Voice Awards, 2010.** CARE Malawi was recognized by ALINE for their innovative use of Community Scorecards, which enable impact group members to provide direct input to project management.
- **AgroPro Focus Gender and Value Chains Case Study Competition.** Two CARE initiatives, the SDVC Project in Bangladesh and the Tsunami Response Project in India have both been tapped as leading examples of value chain work supporting women's empowerment. The work will be featured in a forthcoming book.
- **Ashoka.** Farouk Jiwa, Senior Technical Advisor for CARE's Economic Development Unit was awarded a Senior Ashoka Fellowship for his work to alleviate poverty through a market-based social enterprise in East Africa.

PUBLICATIONS

- **Market Engagement Innovation Briefs Series** – This periodic series provides short summaries of innovations in CARE's market engagement work.
- **Market Engagement Case Study Series** – CARE launched this series in 2010 to provide in-depth analyses of our work. The series includes cases on initiatives covered in this publication and beyond.
- **A Place to Grow** – This 18-month effort was a systematic review of CARE's agricultural portfolio from a women's empowerment perspective. The research yielded multiple case studies, a women's empowerment in agriculture framework and a toolkit designed to improve our work.
- **FIELD Lead Firm Facilitation Briefs Series** – CARE contributed to this multi-agency effort, led by Action for Enterprise, to consolidate our experiences working with local private sector partnerships. The series provides practitioners with practical tools and advice on working with lead firms.
- **Microinsurance at CARE and Beyond** – CARE commissioned this review of our work and the global experience of development agencies, banks and insurers in microinsurance.

END NOTES

¹ Food and Agriculture Organization of the United Nations. Global Hunger Declining But Still Unacceptably High. September, 2010. <http://www.fao.org/docrep/012/a1390e/a1390e00.pdf>

² Rural Development Institute brief on Women and Land, (http://www.rdiland.org/PDF/PDF_Publications/Women_Land_Fact_Sheet_2009.pdf)

³ A value chain is the full range of activities required to bring a product from its conception to the end users. It includes activities such as input supply, production, business services, marketing and distribution to the consumer. The Value Chain approach analyzes the linkages between and performance of each function within the chain as well as the supporting markets and enabling environment in order to identify promising opportunities to reduce poverty and increase competitiveness.

⁴ Outreach data were calculated by combining data from CARE's global impact measurement system (C-PIN) for the period July 1, 2007 – June 30, 2008 with data from a survey conducted by CARE in May/June of 2010 covering the period from July, 2008 – May, 2010.

⁵ CARE currently uses a variety of proxies to measure increases in income, most commonly calculating increases in sales or changes in assets and expenditures. In aggregating the data for this report, we have tried to be as precise as possible. Yet, irregularities undoubtedly exist in this estimate.

⁶ <http://www.fao.org/isfp/country-information/zambia/en/>

⁷ http://www.usaid.gov/our_work/humanitarian_assistance/disaster_assistance/countries/kenya/template/fs_sr/fy2010/kenya_fi_sr04_01-15-2010.pdf



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