

Glossary of terms (drawn mainly from Sanah, Fisher-Mackey, Oxfam 2011)

Business models: A ‘business model’ describes how an individual firm organises itself and its relationships in order to create and capture value. It explains how the building blocks of production, marketing, costs and revenues come together to provide a value proposition in the marketplace that differentiates the firm from its competitors. The business model concept is linked to business strategy (the process of business model design) and business operations (the implementation of a company’s business model into organisational structures and systems).

Crowding in: Making markets work for the poor’ programmes aim to stimulate private and public sector actors to take on new (or adapted) functions – to ‘crowd in’ – while avoiding becoming active market players themselves.

Facilitative approach: The approach of facilitating existing market actors to perform required roles, as used by the making markets work for the poor approach.

Formal markets: A regulated system within which the exchange of goods and services takes place.

Making markets work for the poor (M4P): An approach that grew out of the market development work of the UK Department for International Development (DFID) and others. It focuses on understanding where market systems are failing to serve the needs of poor people, and acts to correct those failings. M4P divides the market system into three parts: the core (where providers and consumers exchange goods and services); the rules (formal or informal rules which shape behaviour); and the supporting functions (such as information, logistics, marketing). In M4P interventions, donors or NGOs play a facilitative role rather than an active part in the market system, i.e. they catalyse others. Interventions may be small themselves, but they strive to leverage market forces to create sustainable impact at a large scale.

Market actors (a.k.a. market system actors): Someone who is actively participating in the exchange of goods or services.

Pre-commercial investment: Upfront grant or asset transfer to either a) enable new market actors or enterprises (which may lack assets, skills, or knowledge) to access a market, or b) ensure that the necessary market system infrastructure (e.g. transportation services or rural market provision) is operational, to enable market actors, or enterprises to initiate a new business model or value chain within the market system.

Producer organisations (POs): Building on Oxfam’s definition, there are three defining features::

1. It is a business (also called an enterprise). It must generate enough profit to provide tangible benefits to its members and cover its own costs.
2. It is owned and controlled by its members: small-scale producers.
3. It collectively markets or supports joint-marketing of commodities produced by its members.

Livelihood: an integrated approach between research, policy, and practice: *“A livelihood comprises the capabilities, assets (stores, resources, claims and access) and activities required for a means of living; a livelihood is sustainable when can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation; and which contributes net benefits to other livelihoods at the local and global levels and in the short and long-term (Chambers and Conway, 1992, p.7)”. Other definitions, such as Ellis one Ellis (2000, p.10) define a livelihood as comprising “the assets (natural, physical, human, financial and social capital), the activities and the access and returns to these (mediated by institutions and social relations) that together determine the living gained by an individual or household”.*

Value chain: The full range of activities that are required to bring a product (or a service) from conception, through the different phases of production, to delivery to final consumers and disposal after use. Oxfam takes a broad understanding of value chains, and looks at the complex range of activities implemented by all actors (primary producers, processors, traders, service providers, etc.) to bring a raw material to the retail of the final product. The ‘broad’ value chain starts from the production system of the raw materials and will move along the linkages with other enterprises engaged in trading, assembling, processing and other activities.

Social lending and impact investing: Impact driven smallholder agricultural lending (referred as well as “social lending”) can be viewed as a subset of impact investing, which seeks a combination of market returns and social impact. Impact investors generally accept lower-than-market rates of return in exchange for achieving social or environmental goals not easily quantified by the market. Microfinance institutions are also a form of social lending. The term is used to refer to smallholder agricultural lenders such as Root Capital, Oikocredit, and Triodos. In agriculture, social lenders focus primarily upstream, on producer organizations and small and growing businesses that engage smallholder farmers. Social lenders seek to improve livelihoods and environmental stewardship through better access to finance in the value chain.