

# What Does Market-Based Programming Actually Look Like in a Conflict Context?

*Lessons and Insights from Empower AgriWomen, Ukraine*

Market-based programming (MBP) is increasingly cited as the appropriate approach for crisis and conflict-affected contexts. It is less frequently demonstrated in practice with enough specificity for other practitioners to learn from. This brief explores why Swisscontact's Empower AgriWomen in Ukraine qualifies as a market-based project - by walking through the design choices, trade-offs, and early results that distinguish it from conventional project delivery. It is written as a learning document, not a success story.

**Rather than delivering services to women farmers in conflict-affected Ukraine, we are building the market system around them - so that local institutions, private sector actors, and financial providers deliver those services sustainably, without the project.**

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## The context

Ukraine's agricultural sector has been severely disrupted by the ongoing conflict. Labour shortages, damaged infrastructure, broken supply chains, and mass displacement have reshaped the rural economy. Women are stepping into primary agricultural management roles as men are mobilised - often without access to the technical knowledge, business skills, market relationships, or financial products previously managed by their husbands and sons.

Aid is meeting immediate needs. But it is also creating dependency. Donor-funded free provision (training programmes, subsidised inputs, direct grants) is filling gaps in ways that crowd out the emergence of locally funded, commercially viable alternatives. Once free services become the norm,



farmers stop expecting to pay for quality advice, and providers stop developing the skills to sell in a competitive market.

This is the trap that Empower AgriWomen is designed to address. Its mandate is to change the market system so that local actors deliver services sustainably over the long term. That distinction - between being a service provider and being a market systems facilitator - is the defining characteristic of an MBP project, and it shapes every design decision the project makes.

### What makes this an MBP project — and what that means in practice

MBP is not a tool or a technique. It is a different way of seeing crisis-affected populations - as economic actors, not beneficiaries - and a different theory of how change happens - through market systems, not direct delivery. Certain design features distinguish Empower AgriWomen as an MBP project:

**It starts with a market problem, not a beneficiary problem**: We did not begin by asking "what do women farmers need?" We began by asking "why is the market failing women farmers, and who has the power and incentive to change it?" Analysis identified specific system failures: weak links between smallholder producers and processors; information gaps preventing farmers and buyers from finding each other; missing financial products suited to smallholders who cannot meet commercial bank documentation requirements; absent or fragile extension services dependent on donor subsidy. The interventions were designed to address these system failures.

**It works through market actors, not around them**: We do not train farmers directly, supply inputs, or provide grants. We identify local institutions, private sector companies, and financial providers who have a commercial reason to serve women smallholders - and facilitate them to do so. The Chamber of Commerce co-delivers training because doing so grows its membership base and membership fees fund its operations. IFC co-finances training events because it gains a channel to introduce its Agrarian Notes instrument to the project's participant base. Vimal, a potato processor, operates a contract farming model with smallholder suppliers because securing a reliable local supply base reduces its raw material costs and logistics risk. These are market actors with a real incentive to engage - and that incentive is what makes their engagement sustainable.

**It operates push and pull simultaneously**: We build beneficiary capacity (push) and create market opportunities (pull) simultaneously, because either alone produces fragile results. Push activities alone - training, group formation, skills development - prepare women farmers for opportunities that may not exist. Pull activities alone - connecting processors, buyers, and financial institutions - create demand that farmers cannot yet meet. We build farmer capacity through a training matchmaking model and producer group work, while simultaneously facilitating the commercial relationships with processors, extension providers, and financial institutions that make that capacity marketable.

**It does not substitute for markets - it facilitates them**: This is the hardest discipline to maintain in a conflict context, where the pressure to fill gaps directly is enormous. Our facilitation role is deliberately restrained: we make introductions, co-design business models, and test cost-sharing arrangements. We do not become the solution. Take the Vimal contract farming model: we did not supply potatoes or run a training programme ourselves. We identified a missing relationship, made the introduction, and co-organised the first training. Vimal now operates the supply model independently.



**It designs for exit from the start**: For every activity, we ask: "Who will continue doing this when we are no longer paying for it?" That question is applied at the design stage, not at project close. Curriculum materials are owned by partner institutions so training can continue regardless of which trainer delivers it. Independent technical experts are engaged as associates of local institutions, with fees paid by that institution. Business services are managed by the Regional Development Agency - keeping the commercial relationship where it belongs. Every design choice is tested against the exit question before it is implemented.

**It engages the private sector as a genuine partner with commercial skin in the game**: MBP requires private sector partners who co-invest because the business model works for them - not because a donor is paying them to participate. Every private sector partnership is structured around a genuine commercial incentive. A processor co-invests in supply chain development because it wants a reliable, quality-assured supply. An agricultural FinTech company offers instalment financing from its own balance sheet because smallholder input demand aggregation is its business model. A Bank pursues the smallholder market through a State Programme because the interest rate subsidy makes the segment commercially viable for the first time. Our role is to reduce the information and coordination costs that were previously making these engagements impossible.

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### The approach in action

**Access to inputs and markets through group models**: We organise farmers into producer groups with the collective bargaining power to access inputs directly - making them attractive to suppliers and processors who previously found small-scale delivery uneconomical. A craft producer accelerator programme has supported women farmers to process agricultural produce into value-added products marketed through a regional craft producer catalogue and a craft fair that are managed by the Regional Development Agency. ***What makes this MBP:*** The project facilitates the group formation and market linkage. The RDA owns and manages the catalogue and fairs. Input suppliers and processors engage because the group model makes the commercial relationship viable. When the project ends, they continue - because the commercial logic sustains them.



**Access to technical and entrepreneurship training**: We operate a training matchmaking model: a pool of specialist trainers is matched with participant groups convened by local partner organisations who bring their own community networks. Trainings are delivered in partnership with local players such as the Chernihiv Chamber of Commerce and Industry and the Agricultural Advisory Service and local businesses. Partners co-fund the training because they gain a channel to participants and suppliers. Training topics are demand-driven: biological crop protection, honey production, silage additives, entrepreneurship, and access to finance. Training relevance and quality attracts participants and that is what will sustain the model when the project ends. ***What makes this MBP:*** We match trainers to partners, co-develop curriculum, and stress-test cost-sharing. Local actors deliver training with commercial or institutional reasons to continue doing so. The training-to-finance pipeline – such as referring participants to Mercy Corps and WFP grants - demonstrates that the push (skills) and pull (finance access) are working in tandem.

**Integrated business models with agri-MSMEs**: A potato processing company, needed reliable local supply. Smallholder women farmers were growing potatoes but selling through intermediaries who compressed their margins. We identified the missing relationship, made the introduction, co-organised technical training on potato growing for starch production, and facilitated supply agreements. The business operates a de facto contract farming model: it provides inputs at market prices with costs deducted at point of purchase, functioning as embedded credit. The supply agreements are self-sustaining. The next milestone - embedding training costs within the businesses own supply contract so that they fund skills development for their supplier base. The Chamber of Commerce and Industry is positioned as the long-term institutional home for the producer-processor matchmaking function: connecting producers and processors to its network grows its membership base, and membership fees fund its operations. ***What makes this MBP:*** We facilitate the relationships that made the market work. The project never becomes the solution and focuses on making itself redundant.

**Access to value chain financing**: Most smallholders cannot produce the financial documentation banks require - the simplified taxation system exempts them from the reporting obligations banks depend on for creditworthiness assessment. Our response is to identify financial instruments and providers that work within this constraint and facilitate farmers' access - building the financial literacy and referral relationships that allow farmers to access those instruments independently. IFC Agrarian Notes training led directly to one farm enterprise receiving UAH 10 million in financing. Grant facilitation has connected 25 participants to Mercy Corps and WFP funding. Next...an access-to-finance training series with the Chamber of Commerce - covering state guarantee programmes, IFC instruments, and State Programme 5-7-9 which subsidises borrowing costs to 3–7%; connections to Tascom Bank interested in reaching smallholders through State Programmes; planning with an agricultural FinTech company that aggregates input demand and provides instalment financing from

its own balance sheet: discussions with Agrina, a carbon credit company, that is piloting payments of approximately EUR 30 per hectare to farmers committing to green practices - no-till, organic fertilisers, cover crops - creating a new income stream that does not require collateral or credit history.



***What makes this MBP:*** We create the pathway and demonstrates that the smallholder segment is commercially viable. The financial institutions then serve it independently. When Tascom Bank processes a State Programme 5-7-9 application from a Kyiv Region farmer without our facilitation, the market system has changed. That is the outcome - not the number of farmers who received information about the programme.

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### Managing trade-offs honestly

MBP does not eliminate trade-offs in conflict-affected contexts. It makes them explicit and navigable. These are the ones we have to manage most directly:

**Short-term assistance vs. market sustainability.** In northern Chernihiv, women managing farms alone under active security threat are focused on survival, not market development. We adjusted our geographic focus accordingly - concentrating market systems work where commercial motivation exists, facilitating grant access where it does not. This is not abandonment of the most vulnerable. It is honest sequencing: generating the demonstration effect in more commercially ready areas that eventually creates the conditions for broader inclusion.

**De-risking businesses vs. market distortion.** We provide only the facilitation needed to make the first relationship or test the first business model - not a permanent subsidy. Every private sector partner co-invests from its own commercial interest. Where the interest is blocked by an information or coordination failure, we remove that specific barrier.

**Inclusion vs. commercial viability.** Women farmers are not treated as vulnerable beneficiaries to be compensated for market exclusion. They are treated as economic actors whose participation strengthens the agricultural sector. We do not assume that women's economic inclusion is automatically commercially viable. We work with businesses to find models that work for both.

**Speed vs. systemic change.** The sustainability test for the contract farming model is..."would Vimal still buy from these farmers if the project stopped tomorrow?". This passes for market linkages. It does not yet pass for training costs embedded in the supply contract. We name clearly what has changed and what the next milestone is. It is the evidence base for adaptive management.

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## What we are learning

**The demonstration effect is the intervention.** The most important output is not the number of farmers trained, or the volume of inputs accessed. It is whether other actors - processors, financial institutions, extension providers not directly supported by the project - observe a functioning model and replicate it without being asked. Replication by actors the project never engaged is the only reliable evidence that the system has changed.

**Partner selection is the highest-stakes design decision.** The model is only as strong as the local institution that anchors it. Ownership changes, staff turnover, and security disruption can all stall an established partnership overnight. A diverse partner portfolio, as well as institutional rather than individual relationship management, are the key.

**Commercial incentives are more durable than donor incentives.** Training that attracts participants because of its quality - not because it comes with a grant - signals a sustainable model. The Chamber of Commerce sustains its facilitation role because membership fees fund its operations, not because the project pays it to participate. These commercial logics need to be identified and built into the design from the start.

**MBP and green outcomes are not in tension - they point in the same direction.** Biological crop protection inputs are adopted because they are cheaper and more reliable than chemical alternatives in a disrupted supply chain - the green outcome is real, but the commercial logic drives it. The carbon credit model pays farmers for green practice adoption, turning green behaviour into a financial product. In each case, the commercial logic and the green logic align - which is why the outcomes are more likely to last than those produced by dedicated green programmes dependent on donor subsidy.

**Conflict creates windows for market system redesign.** War has broken path dependency in Ukraine's agricultural sector. Intermediary networks, fragile extension systems, and financial products that were failing smallholder farmers before are no longer the default. This is a rare window to build group-based input supply, embedded processor finance, digital market platforms, and carbon credit income streams - before old patterns reassert themselves.

## What this means for practitioners

### Questions to test whether a project is MBP



**Have you started from a market failure or from a beneficiary need?** MBP starts from "why is the market not working?" not "what do people need?"

**Who is the solution — you or a market actor?** If your project is directly delivering the service, training, or input, ask who should be delivering it and what is preventing them from doing so.

**What is the real (commercial or mandated) incentive of each partner?** If a partner's engagement depends on your project budget rather than their own interest, the engagement will end when the budget does.

**Are you working on both sides of the market simultaneously?** Push without pull, or pull without push, produces fragile results.

**If you stopped tomorrow, what would continue?** That is your sustainability baseline. Everything that would stop is either a transitional activity with a clear handover plan, or a design problem to fix now.

- Ask the business model question first. Before specifying a green outcome, a training programme, or a financial product, ask: who has a commercial incentive to deliver this sustainably? If the answer is "no one," the intervention will require perpetual subsidy. Discuss with the most relevant actor, uncover the incentives and co create the logic from the outset - or change the intervention.
- Push and pull must move simultaneously. Either alone produces fragile results. The sequencing question is not "push first, then pull" - it is "how do we move both sides at the right pace for the market's current readiness?"
- Design for redundancy. A successful exit is the progressive obsolescence of the project's facilitation role as commercial relationships, cost-sharing models, and market incentives take over. Build in milestones for this from day one.
- Name the trade-offs explicitly. MBP does not eliminate tensions between short-term support and long-term sustainability, between inclusion and commercial viability, between speed and systemic change. It makes them visible, uses evidence to navigate them, and moves the system toward greater sustainability over time.
- Replication is the test. Track whether actors beyond the project's direct reach are adopting elements of the model independently - new training providers entering the market, processors replicating contract farming arrangements, financial institutions extending products without project referral. If replication is not happening, the demonstration effect has not yet been strong enough.

## About the project

This project is part of the Swisscontact Development Programme, which is co-financed by the Swiss Agency for Development and Cooperation (SDC), Federal Department of Foreign Affairs FDFA. The project is also supported by additional funding partners, including Katholisch Stadt Zürich.

*For more information: www.swisscontact.org*