



Rural Development and Cooperatives Division
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MAKING MARKETS WORK FOR THE CHARS

Anchoring the Systemic Development of the Chars

Lessons from the Making Markets Work for the Jamuna, Padma, and Teesta Chars (M4C) Project in Bangladesh



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This learning brief was produced for Swisscontact by Opportunities Unlimited (OU). It brings together the lessons collated and presented by OU's Harald Bekkers and Rofiqul Islam in the 2023 report [Entrepreneurship and Advocacy to Facilitate the Systemic Inclusion of the Chars: Institutionalising M4C's Market Facilitation for the Chars in the Private and Public Sectors.](#)

Introduction

Introducing M4C

The Making Markets Work for the Jamuna, Padma, and Teesta Chars Project, or M4C, began in 2012 and progressed through 3 phases before ending in 2024. Jointly funded by the Embassy of Switzerland in Bangladesh and the Bangladesh Ministry of Local Government, Rural Development and Cooperatives, M4C aimed to:

-  Reduce vulnerability and increase wellbeing of vulnerable and marginalised char dwellers living in the char region of Bangladesh.

To do this, the project worked to increase recognition among both public and private sector actors of the economic potential of the char regions. It also sought to facilitate public and private sector investment and presence as a means of enhancing economic performance and participation, including for char households.




Across 12 years of implementation, M4C was active in six char districts (refer to Figure 1), covering more than **127 char relevant unions**.¹ It impacted more than **145,000 households**, reaching at least **15% of the entire char population**.


M4C's approach evolved into a strong systems approach to development, generating a range of lessons that could be of value to future development activities in the chars and beyond. These lessons include M4C's efforts to 'anchor' its approach and knowledge within an appropriate organisation and its exit preparations with both the private and public sectors.


A brief of these lessons is provided in this document and they are explored more fully in the report *Entrepreneurship and Advocacy to Facilitate the Systemic Inclusion of the Chars: Institutionalising M4C's market facilitation for the chars in the private and public sectors*.²

Box 1

MAKING MARKETS WORK FOR THE JAMUNA, PADMA, AND TEESTA CHARS (M4C) PROJECT

 Timeframe: 2012 to 2024.

 Locations: see Figure 1.

 Funding agencies:
Embassy of Switzerland in Bangladesh, Government of Bangladesh Ministry of Local Government, Rural Development and Cooperatives.

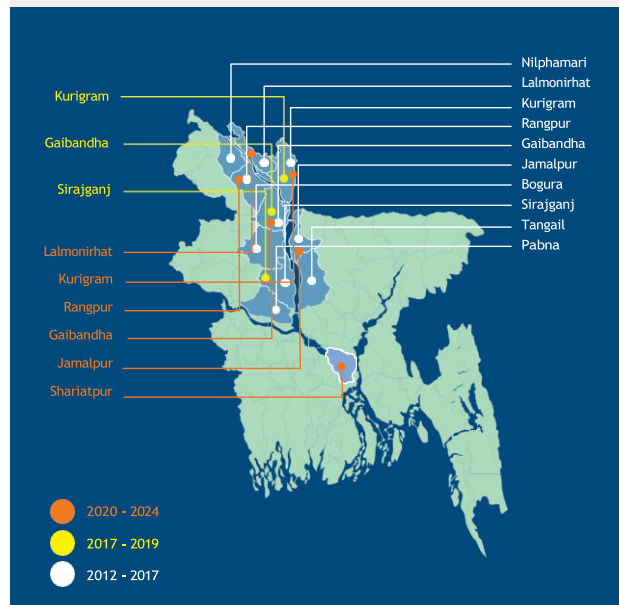


Figure 1. M4C char locations per project phase.

¹ A union is the smallest rural administrative and local government unit in Bangladesh.

Introducing the Bangladeshi Chars



Chars are riverine islands that form when major rivers, such as the Jamuna, Padma and Teesta rivers, continuously change course and deposit sediment. This results in new lands that shift, grow and shrink and are vulnerable to erosion and flooding. Despite this vulnerability, the chars are an important refuge for poor farming households, particularly those who are displaced and/or have lost land elsewhere.

There are about more than two thousand chars spread out across 30 districts, mostly in the northern regions of Bangladesh, and they are home to an estimated 6.5 million people, representing approximately 4% of the Bangladeshi population³ (a number likely to be higher due to rapid population growth and the formation of new chars). Poverty, poor health and food insecurity are widespread among char communities, exacerbated by poor access to markets and essential services and a lack of physical infrastructure.

The chars can be divided into those that are relatively permanent (but still subject to erosion) and those that are seasonal (submerging when the rivers are high). Seasonal chars are uninhabited with no built infrastructure but are often important for livelihoods with many farmers having land in these areas. Permanent chars are inhabited, with some infrastructure, although largely limited to unpaved, poorly maintained roads, and small markets with a small number of retail outlets.

Poor infrastructure and missing services










While there has been government investment in water supply and sanitation, electrification and storage facilities in some char locations, access to these services is not widespread and the chars are typically excluded from infrastructure planning.

People living in the chars have limited access to essential services such as health, education and banking. Agricultural extension is also limited, meaning that char farming households face difficulties to access information, inputs and other support. There is hardly any police or local government presence in the chars.

Limited market connections

The combination of poor infrastructure and lack of essential and business services means households in the chars are largely disconnected from markets. The below market functions are either missing or available in only a small number of chars:

Missing market functions

	Well-stocked agricultural retailers.
	Nursery, seedling growers and sellers.
	Poultry hatcheries.
	Government extension and other public services.
	Transport and logistics.
	Short-term storage services.
	Low-cost or solar irrigation services.
	Large-scale traders connected to high-value national markets or institutional buyers.
	Low-cost formal credit options.

³ Environmental and GIS Support Project (2000), *Riverine Chars in Bangladesh: Environmental Dynamics and Management Issues*, Dhaka: University Press Limited. The Environment and GIS Support Project for Water Sector Planning is a project that was launched by the Government of Bangladesh in 1996 based on the Flood Action Plan.

An evolving approach



M4C's approach to working in the chars evolved throughout its lifetime as it responded to learning derived from analysis, implementation, engagement and results (refer to Figure 2). This further contributed to market knowledge of the region and a strong business case for private and public sector investment in the chars.

Central to this evolving approach was the understanding that for public and private sector actors to enter into the chars, particularly chars beyond M4C's footprint, they needed an organisation or entity that could facilitate this entry. Without this

support, the challenges associated with identifying who to talk to, how to get around, and how to assess an opportunity proved a considerable deterrent to extending services and investment into the chars.

M4C realised that if public and private sector actors could be supported in their efforts to enter and assess the opportunities presented in the chars, the likelihood of public and private investment in the chars increased, thereby increasing the inclusion of the chars in public infrastructure and services and the economy. three key evolutions in the approach, as outline below:⁴



Public and private sector engagement within and across sectors

M4C engaged with both private and public actors to advocate for and facilitate knowledge of the chars. It did this to encourage investment in services and infrastructure as a means of stimulating more systemic inclusion of the chars, first within sectors, and then with a focus on cross-cutting markets (inputs, outputs and finance) relevant across sectors. It then paired its markets systems development strategy with direct capacity development to 'jumpstart' the development process, making it a hybrid market systems development approach; appropriate for the shallow and often stressed market conditions of the chars.⁵



Business start-ups and entrepreneurship

With the business case for systemic inclusion demonstrated in the chars where M4C had been active, continued efforts were needed to extend this to chars that remained closed, unknown and disconnected. It became apparent that support for business start-ups and stimulating inclusive and local entrepreneurship in and around the chars would be important to further promote private sector investment, particularly in chars beyond M4C's footprint.

From 2012, M4C has worked with the private sector to link them to entrepreneurs as a means of expanding into the chars, while also facilitating private sector support for these entrepreneurs, subsequently stimulating growth. From 2020 onwards, M4C also worked in partnership with the CDRC and with 'disruptive' innovators to further its focus on identifying and connecting through entrepreneurs. The entrepreneur-related work with CDRC focused on supporting traditional development services, such as microfinance, to become more entrepreneur-focused and able to be supported through public funds and services. The approach with 'disruptive' innovators focused on providing char farmers with a bundle of services that could include access to finance, access to quality inputs, and agricultural advisory services and aggregation services that could attract commercial investment.

⁴ While factors such as budget considerations and donor priorities, also influenced M4C's approach, this understanding of what was needed to open up the chars to more public and private sector investment was pivotal.

⁵ Bekkers, H & D. Hirst (2023), *Going Hybrid: Knowing When to Step In and When to Step Out to Address Climate, Conflict and Social Inclusion*, BEAM Exchange.






Anchoring and institutionalising M4C's approach

M4C began to shape an anchoring and institutionalisation strategy in order to sustain efforts for char development and expansion into new char areas. To do this, M4C needed to identify an organisation with the capacity to continue and deliver M4C's systems approach to development. The Rural Development Academy (RDA) and its Chars Development Research Centre (CDRC) was selected. The RDA, through the CDRC, has a mandate to influence Government of Bangladesh in favor of the development of the char areas. M4C has worked with the CDRC to build the organisation's capacity to anchor and implement M4C's approach for years to come.

Figure 2. M4C's evolving approach.









2012-2016

-  Sectoral focus in 10 districts. Sectors included: Cash crops - maize, chili, jute, onion, groundnut, and mustard; Handicrafts; Services - transportation and finance.
-  Partnered with public and private sector market actors to test and scale these models.
-  Worked directly with producer groups and trader associations to strengthen capacity to invest in sustainable business models.





2016-2020

Reduced funding prompted a revised strategy, reduced geographical focus and re-focused sectoral ambitions.

-  3 districts with high poverty incidence.
-  Shift from sectors to 3 cross-cutting markets - input markets, output markets and financial services.
-  Focus on livestock and microfinance.
-  Stimulate commercial activity in a range of economic sectors.
-  Focus on systemic contract farming rather than producer groups.
-  Anchor M4C experience within the CDRC.



2020-2024

-  Focus on the anchoring strategy and 5 strategic intervention areas:
 - Access to agricultural inputs and services.
 - Access to output markets and agro-processing.
 - Access to finance.
 - Mobilise public investment in research, extension services and infrastructure and institutionalise the learnings of M4C.
 - Engage agro-startups and capacity development of local entrepreneurs
-  Developed and implemented an exit strategy built around public and private sector roles.

Lessons



Lesson 1

A systems approach can transform the chars

M4C demonstrated that a systems approach to development can transform the chars, leaving a legacy of ‘architecture’ through which the systemic inclusion of the chars can take place. M4C built context and sector knowledge and its approach evolved into a more systemic approach to market systems development over time. By applying a systems approach, M4C adapted to context and devised what could be considered non-traditional market systems development solutions for the specific problems at hand – such as applying a hybrid approach that incorporated direct capacity development while seeking to stimulate private sector investment in new business models, and strengthening advocacy for the chars in order to influence public sector priorities and investment. Furthermore, this systems approach allowed for the emergence of an anchoring and institutionalisation strategy as a solution to the continued development of the chars.



This same systems approach that has stimulated commercialisation in the chars is also relevant for building resilience and climate preparedness. For example, access to more suitable crop varieties, better storage and better service connections can help improve yields and returns, but also serve to protect crops and harvests, and the households that depend on them, from harm and loss due to extreme weather events and flooding.

Box 2

M4C'S IMPACT: SIGNS OF TRANSFORMATION IN THE CHARS IN WHICH SYSTEMIC INCLUSION



Number of input retailers increased from 72 in 2012 to 1,575 in 2023.



Agro-input private sector partners reported a growth in sales since 2012, demonstrating increased agricultural activity in the chars, from almost zero to CHF 3.9 million additional annual sales in 2023.



M4C involved and supported more than 3,000 service providers who provided services to more than 200,000 households, an approximately 300%



As of 2023, M4C's microfinance institute partners, agro-startups and CDRC had disbursed CHF 7 million in loans to more than 28,000 char farmers and entrepreneurs in nine years. Financial solutions were increasingly tailored to the economic pursuits of char farmers.



A business case for private and public investment in the chars

M4C engaged private and public market actors and facilitated interest and investment in the chars by increasing knowledge of, and investment in, services and infrastructure in the char regions. Through this engagement, M4C worked to stimulate the systemic inclusion of the chars in both public service delivery and economic opportunities.

With a clear business case for systemic inclusion demonstrated, M4C's systems approach to development provided a road map for public and private sector actors seeking to invest in the chars, including for those looking to enter new chars.



A deep contextual understanding is key to a systems approach, particularly in areas such as the chars that remain unknown to many market actors. This understanding serves as a strong starting point for effective market system facilitation and advocacy.

Market system facilitation requires understanding that sustainable development is the interplay between many market actors and then facilitating opportunities for these actors to improve business models and service delivery for more inclusive outcomes. This differs from a more traditional development focus on direct training and service delivery.



Success beyond M4C's footprint proved challenging

While M4C's systemic market systems development approach transformed markets and services in some chars, it became apparent that private sector actors who had received M4C support were less likely to expand beyond M4C's footprint in the chars.

For markets to work, market actors at various levels, and in various functions, must be able to link and form a system through which to trade with each other. In the chars, these market actors (such as retailers, processors and service providers) are much less developed than in mainland areas of Bangladesh; there are gaps in the system which prevent market activity, or economic inclusion. These system gaps proved a deterrent to private sector actors, and businesses were reluctant to expand into new char

areas without the facilitation support provided by M4C that reduced business risk and facilitated connections with actors in new char areas.

To combat this, M4C worked to build business confidence and connections through identifying and connecting market actors and stimulating entrepreneurship. It also identified the need for an organisation to play this role, particularly in new chars. This organisation would need to know the chars well, and have the means and motivation to stimulate public and private investment in the chars. By anchoring its approach in such an organisation, M4C could ensure sustained investment in the chars where it had been operating, and investment in new chars (see Lesson 2).

Anchoring the M4C approach

In order to ensure the continued inclusion of the chars, M4C established a pathway for anchoring and institutionalising its approach to market facilitation in the chars within an appropriate organisation. This anchoring strategy was driven by the need for a ‘leader’ of systems development in the chars; an entity that could continue M4C’s facilitation role and systems approach to development. This organisation needed to understand the challenging context of

the chars and be willing, and able, to advocate for and facilitate pathways for public and private sector investment in the chars, including for new char regions.

M4C identified that the CDRC had the potential to facilitate the development of the chars. However, to do this, work was required by both M4C and CDRC to ensure the CDRC was ready to take on the role.

About the CDRC

Operating under the RDA umbrella, CDRC is a public institution with a national advocacy mandate for the chars. Prior to its involvement with M4C, CDRC was focused on researching appropriate technologies for the chars, researching the social challenges associated with living in the chars, and promoting good agricultural practice and empowerment activities. It did not, however, have an inclusive, long-term strategy to collaborate with

other agencies, share research and information and ensure sustainable access to the services it was promoting. CDRC’s focus and capacity development on good practices for livelihood activities were not complemented with efforts to develop a functional market system to help sustain, improve, and reward commercial activities, and it did not prioritise fundraising and building up its institutional capacity to effectively expand activities to more char areas.

Readyng the CDRC as part of the anchoring strategy

For the CDRC to anchor M4C’s facilitation and advocacy work, it needed a broader focus toward systems and sustainability in relation to the services it offered, strengthened organisational capacity, and expanded and stronger partnerships through which to operate. In Phase 3, M4C and CDRC worked together on this broader scope and capacity. They began with an organisational assessment and recommended actions, which formed the basis of

an organisational framework. They then developed a comprehensive agenda for a more strategic and ambitious CDRC that included research, facilitation, networking and advocacy, and stronger, more focused management and communications.

While CDRC remained a research and development organisation, it internalised the more strategic and ambitious mandate developed with M4C.

 AREAS IDENTIFIED FOR IMPROVEMENT	 CDRC'S NEW STRATEGY AND VISION FOCUS AREAS	
<ul style="list-style-type: none">  Lack of a clear vision and strategic intent  Lack of a complete and clear organogram  Lack of human resources  Lack of a sustainable funding mechanism  Need for better project management  Need for strong stakeholder engagement 	<ul style="list-style-type: none">  Improved management processes  Revenue generation to finance its operations  Char-relevant infrastructure suitable for the environment  Public sector advocacy and formalised collaborations to ensure inclusion of the chars  Private sector partnerships to extend private sector reach into the chars 	<ul style="list-style-type: none">  Policy influencing to ensure the development of the chars is covered  Action research to support evidence-based solutions  Website/char database (in planning stage)

CDRC and advocacy

CDRC and M4C worked together to strengthen CDRC's institutional capacity to draw on knowledge and insights to advocate for and facilitate public and private investment in the chars. CDRC took steps towards a more systemic advocacy strategy that included public and private market actors and focused on longer-term coalitions rather than short-term activities. Central to this advocacy strategy was keeping the chars high on the agenda of other public sector institutions, ensuring they were included in national policy and budget discussions, and advocating for infrastructure investment in the chars.

CDRC and market system facilitation

While CDRC understood the chars context, market system facilitation was a new approach for the organisation, and one that required additional resources and skills. M4C worked with CDRC to build this capability, including action research to inform improved infrastructure and finding local commercial solutions to the provision of essential market functions relevant for improving commercial activity and climate change preparedness and resilience.



CDRC subsequently demonstrated an appreciation of market system facilitation as key to the systemic inclusion of the chars and progressed a range of interventions that improved commercial activity and climate change resilience, such as mobile storage solution, solar-powered irrigation, and char-specific crop cultivation techniques.

Box 3

AN ANCHORED APPROACH IN ACTION



- Have the right number of staff with the right skills
- Strengthen internal systems approaches to facilitate a market systems approach
- Mobilise funding and create revenue streams

Lesson 3

Private and public sectors key to successful exit

To support the ongoing development and systemic inclusion of the chars beyond its timeframe, M4C began working on an exit strategy in Phase 3. This exit strategy differed from those typically devised for market systems development programs as it was not only built around continued private sector investment and business models, but instead incorporated public sector leadership. The private and public sector roles identified in M4C's exit strategy are summarised as follows:



Private-sector partners continue to deepen product and service delivery activities in the chars, making the chars a key part of their business model.



A public sector-led partner – the CDRC – established as the anchoring institution for M4C's systems development approach. This includes business facilitation and public sector coordination and advocacy in order to keep the chars high on the agenda of other public sector institutions.

While exit planning could have been undertaken earlier, evidence indicated the exit strategy was working. M4C's systems approach to development allowed it to recognise the need for both the public and private sector to play a role in the ongoing development of the chars, to visualise how that could be structured, and identify the support needed to prepare for the exit.



The private sector role in M4C's exit

The private sector role within M4C's exit strategy was typical of a market systems development project, where market actors actively plan for the end of development support, thereby building on, adapting and expanding the business models and innovations developed with support from a market facilitator such as M4C.

To facilitate private sector investment in the chars, M4C moved away from the light-touch facilitation applied in more conventional market systems development programs to a more hands-on approach to identifying new distributors, sub-distributors, retailers and small traders in the chars to build business confidence and connections. This was

followed by an expansion into entrepreneurship and introducing agribusinesses to the chars. M4C identified that this more hands-on approach would need to be continued if it was to facilitate private sector investment, particularly in new chars. This was one role identified as best filled by the public sector.

The key principles of M4C's support to private businesses as part of the exit strategy were: multi-year strategic partnerships based on char-specific business plans; year-round product portfolio based on partnership; lower contribution from M4C for existing partners; greater incentive for remote locations and for women-targeted product and service delivery.



The public sector role in M4C's exit

The public sector component of M4C's exit strategy centred around M4C's approach being anchored within the CDRC, specifically the ability to replicate and continue M4C's facilitation and capacity development role, funded through its own means. It also involved CDRC taking on a public coordination and advocacy role to keep the chars high on the agenda of other public sector institutions. CDRC was not immediately ready for the approach to be anchored within the organisation and M4C and CDRC worked to develop CDRC's institutional capacity to lead on research, facilitation and advocacy for the systemic inclusion of the chars.



M4C's anchoring and institutionalisation strategy and subsequent work with the CDRC to build capacity, lead on market facilitation, including developing an entrepreneurship ecosystem, has created the beginnings of a nationally-relevant expertise centre for the chars.

While it remained too early to confirm CDRC's ability to continue with a systemic market development approach without M4C's support, the signs were positive, providing efforts continued to ensure: sustainable funding models; strong management documentation process; investment in human resources and technical skills; an ability to adapt to diverse contexts; and willingness to consider different business models.

Conclusion

M4C has demonstrated that:



Systems approaches to development coupled with facilitation have, and will, achieve greater and lasting results in the chars.



Public institutions have an important role to play in terms of building trust, advocating for services (and individuals/communities), and encouraging private sector entry into char markets.



This approach can work and can continue with well-planned exit strategies and investment in capacity.



Lessons should be document and shared, including within and beyond the chars.



Its work and lessons in the chars can be built upon or continued.



Continued support for the CDRC, and its broader role as established with support from M4C, will ensure it continues as a valued partner that can encourage, advocate and/or facilitate development in the chars to a point where commercial investment is less risky.



This support should include funds, institutional strengthening and knowledge management (including capturing, monitoring and use of knowledge).