

M4C: Creating Vibrance in the hard-to-reach Market System of Bangladesh

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The SDC mandated Making Markets Work for the Jamuna, Padma and Teesta Chars (M4C) has been working since 2011 to reduce the poverty and vulnerability of people living in the river islands of the northern part of Bangladesh. Swisscontact, in collaboration with the Rural Development Academy (RDA), Bogura, continues to implement this project in line with Swiss Cooperation Strategy for Bangladesh under its Income and Economic Development domain.



Brahmaputra River flowing well above the vegetables field

The M4C project focused mainly on farmers who cultivate on island char that results of mostly Himalayan sediments accretion on the riverbed or alongside the bank (attached char) of the four great rivers of Bangladesh, the Brahmaputra, the Jamuna, the Padma and the Meghna, along with their branch-rivers and tributaries. These islands are formed from silt deposition and erosion, with

an average life expectancy of 20 to 30 years. River erosion and flood are the foremost vulnerability factor in the chars which causes routine displacement of the dwellers. For char dwellers in general, displacement is a routine disaster directly or indirectly induced by river erosion. On a gross interval of 15 to 20 years, most of the chars endure river erosions, which displace part or all of its habitants.

M4C targeted small scale farming households on the riverine lands, usually islands representing a typical thin market, in which there are few market players and many 'absent' supporting functions and rules. Through market facilitation activities with five agro-input companies, one agro-vet company (ACI Godrej), more than one thousand local service providers and three Microfinance Institutions (MFIs), the project has benefitted to 124,000 river islands households generating an additional income of CHF 20.8 million with evidence of reduced vulnerability and women economic empowerment. At least 35% of the beneficiary households are investing their additional income in accessing better quality education and at least 12% are investing in diversifying their livelihood options.

M4C's main interventions target farming households cultivating key crops (maize, chili, onion, rice, jute, groundnut) in the selected districts as well as rearing livestock (primarily bull fattening). The project successfully facilitated large agro input as well as agro vet companies to strengthen and expand their distribution to the chars, including market analysis and planning, distribution channel development, promotion, and integration of issues particular to the chars. To institutionalise this market facilitation, M4C made partnership with a public institute, the Char Development Research Centre (CDRC) and developed its capacity to capitalise and anchor char relevant information (private sector strategies, business models, and advocacy) from the project. Two micro-finance institutions, one national feed-mill company, one poultry chick feed company and one energy company invested in the chars which has been facilitated by Char Development Research Centre (CDRC).

Exponential growth of sales in agro-input and ready feed (CHF 5 million) in the char relevant markets resulted in the emergence of more than 50 additional distributorships and 500 additional retailers targeting this market. As a result, farmers' productivity has also increased remarkably. The increase in sales of agriculture inputs is also a direct result of M4C's approach to engage the local market actors (e.g., traders, financial service providers) who played a role to create enough affordability and awareness among the char farmers. Through facilitating microfinance institutes, the project has created financial inclusion of more than 20,000 farmers generating an additional loan disbursement of CHF 6.7 million.

Vivid changes in the thin market: The case of *Badamer Char*

Badamer Char or popularly known as Rajar Char is a char village within Kapsasia union, Sundarganj, Gaibandha, Bangladesh. Roughly 700 households live here encompassing an area of 800 acres of cultivable, fallow and household land. The villagers mainly earn their livelihood by cultivating

maize, jute, rice, groundnut, and sesame. They still depend on solar energy for electricity. The village has one market namely *Adarshabazar*.

M4C started market facilitation here in 2017 with two agro-input companies i.e., NAAFCO and Petrochem Ltd. Until 2016, there were no agro-input retailers in *Adarshabazar*. Mohammad Ali, a grocery shop-owner used to sell concentrated ready feed from his shop. There were two more grocery shops and three tea stalls in the market at that time. Md. Raza Mia, a tea stall owner was encouraged by Dulal Chandra, Area Sales Officer of NAAFCO and started retailing agriculture input of NAAFCO in 2017 at his stall. Overall, this was not a mentionable agro-market in 2017 and villagers used to buy their agro-inputs from Kamarjani Haat (mainland), Gaibandha Sadar.

In 2020, there are six agro-input retailers, two regular ready feed sellers, one veterinary medicine seller and seven crop traders in the market due to several market facilitation activities undertaken by M4C. This also paved the way for other relevant business and transformed the place a vibrant char market. Char dwellers are now getting required quality agro inputs and livestock services within the char. Furthermore, in 2020, Square Agro has set demonstration plot and arranged farmers training without any facilitation from the development sector. At present, retailers like Raja Mia can provide agro-input to nearly 200 char farmers in credit equivalent to worth CHF 8,600.



Adarshabazar is transforming into a large market



Tea stall owner Raja Mia started agro-input retail business

In the early days of the pandemic, I lost cultivable land due to river erosion. I planned to cultivate maize but I have failed. At present, from the profit of agro-input retailing, I have built a boat and rented it. I planned to cultivate sweet gourd next season. In char, you have to diversify your livelihood for your survival. Three years ago, M4C connected me with Naafco and now they are trying to convince micro-finance institutes to provide us micro-enterprise loan. Hopefully, once the pandemic ends, the government will provide electricity in this market and we can create storage facility for the farmers.

- Raja Mia, Gaibandha

Despite the success, the people of this village still lack affordable financial services. M4C has collaborated with a renowned microfinance institute, SKS, in 2017 to create access to finance in the char areas of Gaibandha. Although SKS covered more than 30 char villages of Gaibandha as of 2020, they are yet to reach *Badamer Char* to provide seasonal loan. In June 2021, SKS has formed two borrower groups in *Sahar Char*, the neighbouring village and provided seasonal loan to 50 farmers. However, because of the pandemic, there were several notices from the Microcredit Regulatory Authority (MRA) to postpone microfinance activities during lockdown.



I had been working in a sweater company in Gazipur since 2010. I returned to my village (Badamer Char) in 2017. Then, I came to know that Mr. Raja opened a shop to retail agro-input. I decided to do this business as well and contracted with Mr. Rustom, the distributor of Naafco in this territory. I convinced him to provide me products and two years later in 2019, I opened this shop. Now, I am mainly doing business with Naafco and Intefa. Last year (2020), I bought maize from the farmers and sold it to Nur Islam who is an enlisted large trader of M4C. The major challenge I am now facing is to have to give a huge amount of products to the farmers on credit during this pandemic. Maybe, if SKS can provide us micro-enterprise loan, I will think of taking a distributorship of a large company next year.

– Mydul Islam, Sundarganj, Gaibandha



Agro-input retailer Mydul Islam in Adarshabazar