THE POWER OF THE PURSE
a market systems approach to stimulating private sector investment in women as consumers
INTRODUCTION

Markets that are inclusive and work effectively can enable the poor and marginalized to meet their needs in the short term and to work their way out of poverty in the long term. Market systems development (MSD) programs leverage the incentives and resources of the private sector to build inclusive local market systems that benefit the poor. MSD projects are light touch: They facilitate, rather than force, change to avoid becoming a direct part of the system. Increasingly, MSD programs are recognized as a key means of achieving sustainable impact at scale.

Markets function differently for men and women, yet the MSD approach does not explicitly encourage practitioners to investigate and address gender dynamics. Over the past two years, however, women and gender have received growing attention. MSD practitioners have realized that failing to consider an intervention’s gender dynamics can result in programs that miss the mark. Evidence shows that when poor women have the means to improve their incomes and the power to make decisions, the positive impacts extend beyond themselves to their immediate household and the wider community. This is because women reinvest 90% of their earned income back into their households.1

When MSD programs do integrate gender, they focus primarily on moving women and girls upward along the value chain, by empowering them as producers and entrepreneurs. While important, this approach bypasses the opportunity to unlock women’s potential as consumers. In the developing world, women currently constitute the largest emerging market; globally, they are responsible for USD 20 trillion in spending and their earning potential is increasing at a much faster rate than men’s.2 Harnessing women’s potential as consumers could have a significant, positive impact for businesses and for development, since women invest heavily in their families and communities.

Despite this potential, markets are often unfavorable for women’s participation, reinforcing structural inequalities and uneven access to resources and opportunities. Women’s access to products and services is also stunted when service providers fail to recognize their role as viable consumers. This means that the most useful products and services may not be offered to women, may not be marketed to them, and may not be available to them in places where they can be easily accessed. This is detrimental to women and to businesses which lose potential customers.

Stimulating markets to be gender responsive is a clear win for women, families, businesses and development goals. Yet despite this, very little guidance is available to practitioners interested in integrating gender concerns into market systems work beyond analytical frameworks. While these frameworks provide a helpful starting point, practitioners need practical, field level advice for improving the gender sensitivity of their MSD programs and increasing impact for beneficiaries.

The Power of the Purse (POP) pilot, funded jointly by USAID and the Act for Impact grant,3 seeks to fill this gap. POP was designed to develop and test a Women’s Economic Empowerment (WEE) approach to addressing gender dynamics within MSD programs. The 18-month pilot project was implemented under Mercy Corps’

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3 Act for Impact is a three-year grant funded by Melissa Waggener Zorkin and Waggener Edstrom Worldwide. The grant supports gender integration efforts in the agency’s humanitarian and development actions in 46 countries across the globe.
USAID Food for Peace-funded Growth, Health and Governance (GHG) program in Karamoja, a pastoralist area of northern Uganda that is undergoing an agricultural transition. The team used data from the pilot to develop a 5-step approach that emphasizes the need to create an economic case for investing in women as consumers.

This report describes the POP pilot process, which involved: research to establish women’s spending power; making the economic case for investing in women as consumers using the research findings; one-on-one coaching with businesses to improve the gender sensitivity of their product and service offering; and a post-pilot assessment to measure impact. Although the pilot's length did not allow the team to show conclusive evidence of impact, the initial results are promising and offer a starting point for market systems practitioners looking for strategies to catalyze economic growth that are both light touch and beneficial for women and girls.

PROJECT BACKGROUND

Mercy Corps has a growing portfolio of MSD projects working to address the underlying causes of long-standing, systemic poverty. While these programs show promise, the results can be uneven, with men, boys and middle income groups tending to benefit more from these interventions than women and the poor.

Some of Mercy Corps’ pioneering work with market systems approaches took place in the East Acholi region of Uganda. These projects were successful in terms of blanket poverty reduction, but less so at ensuring that the benefits of growth reached the poorest, least empowered farmers who are mostly women. For example, a 2014 mid-term review of the Revitalizing Agricultural Incomes and New Markets (RAIN) program demonstrated a 137% increase in smallholder farmers’ income in target communities, but no improvement at all for the bottom 25%. The evaluation also indicated that domestic violence in households escalated, as couples began to argue over use of the surplus income. In male-headed households, husbands prioritized spending on alcohol rather than basic necessities like food and medicine, which was wives’ preference.

Mercy Corps Uganda’s experience with MSD projects and its institutional learning around gender provided an ideal backdrop for the POP project. GHG’s goal is to increase food security in northern Karamoja and was designed with both a market systems and gender lens. Karamoja is one of the poorest and most isolated areas of the country, with an estimated 82% living under the poverty line. For centuries, pastoralism has been the area’s dominant livelihoods strategy, with some agro-pastoral and agricultural activities on the margins. Karamoja’s general isolation, poor infrastructure development, and years of inter- and intra-ethnic armed cattle raiding have limited investment and undermined prospects for growth. However, a successful disarmament campaign to end cattle raiding was launched by the Government of Uganda (GoU) in 2008, and opened up new economic opportunities for the region as a whole.

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Approach and Rationale

A cornerstone of the MSD approach is to identify market actors with incentives to behave in a manner that benefits the poor, and then present these stakeholders with a compelling business case to act on these largely untapped motivations. The POP project used this strategy to inform market actors of the economic opportunity presented by female consumers in Northern Karamoja.

The hypothesis was that if business owners understood women’s importance as consumers, they would invest in them as employees, sales agents and entrepreneurs. Not only could women provide valuable insights into this customer base, they could help to unlock client networks and opportunities that might otherwise be closed to businesses. The underlying assumption in this approach is that market-driven change that addresses – rather than reinforces – gender inequities is more likely to take place if practitioners make the business case to prospective companies. This approach presupposes a level of openness on the part of businesses to adopt recommendations that, while potentially profitable, could be contrary to deeply-ingrained cultural biases about the role and potential of women in markets and society.

Over the long-term, this private sector investment is expected to contribute to equality, as women and girls’ status as economic agents rises and they gain access to affordable products and services that enhance their quality of life. Furthermore, in a context like Karamoja, where government is either unwilling or unable to finance local development, and international donors are looking for ways to scale back support, the private sector may be the region’s best hope for driving gender equality and economic development.

THE FIVE PHASES OF POP

The POP approach includes five distinct but overlapping phases. Each phase is aimed at leveraging market information and behavior change strategies to facilitate the emergence of new competitive norms that have the potential to drive up businesses’ bottom line while also benefitting and empowering women and girls. Throughout this process, project staff played a critical role as brokers of high quality, gender-related market information; and as facilitators, coaching and working with businesses to respond to this information. The goal was to increase business investment in women and girls and to generate a win-win situation for businesses, their customers and the communities they serve.

Table 1:
Project Phases

<table>
<thead>
<tr>
<th>Phase One</th>
<th>Calculate women’s spending power through a population-level survey that examines household spending and the degree to which women influence or control expenditures in different categories.</th>
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<tbody>
<tr>
<td>Phase Two</td>
<td>Identify sectors where women have the most spending power and conduct business and consumer-level research to deepen understanding of female consumer preferences and motivations.</td>
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5 The team deliberately chose to adopt a WEE approach in its market work because of the deep inequities within the marketplace that require persistent and focused attention on women as a target group.

6 Esther Duflo has written extensively on “the virtuous cycle of economic growth and empowerment” and concludes that economic development has in many cases led to increased equality for women but that this is not a universal phenomenon and that empowerment has also played a decisive factor in growth. “Women’s Economic Empowerment and Economic Development” (Journal of Economic Literature; 50(4), 1051–1079).
Phase Three
Use the findings from the research to **make the business case** for investing in women, by pointing to gaps, lost profits or areas where business offerings are absent or misaligned with female consumer needs and preferences.

Phase Four
Collaborate with interested businesses **in the design and implementation of new gender-sensitive business strategies** that better target the needs of female consumers.

Phase Five
**Measure the long-term impact** of behavior change strategies on businesses and their customers (e.g., increased number of female oriented stock-keeping units, product lines or services; improved self-confidence and decision making capacity of female consumers) and work with businesses to adapt their models in response.

FIELD-LEVEL APPLICATION OF APPROACH AND STEPS

The POP theory and phases were developed and tested at the field level through GHG’s interventions in the ag-inputs sector. The following section describes this process, the learning that was generated, and the adaptations that can be taken forward by MSD practitioners interested in experimenting with the POP approach.

**Phase One: Calculate Women’s Spending Power**

The first phase consisted of quantitative research to determine women’s spending power. Spending power tells us how much of the annual household budget is controlled by women. This figure was calculated by multiplying women’s decision making power by annual household expenditures for a given category. The research targeted 449 households across two livelihoods zones in Northern Karamoja. Survey questions explored women’s spending power over 14 household expenditure categories, and enabled the team to identify entry points for POP interventions.

**Survey findings**

In Karamoja, annual household expenditures are approximately 1,307 USD in urban growth hubs. Women have an annual spending power of 561 USD and their strongest influence is over decisions in the food and health categories. Agricultural spending is increasingly important, and while women are not the primary decision makers in this category, our research shows they have a “high” to “very high” degree of influence over expenditures. The data also suggests that women may have different purchasing motivations than men. For example, married women are more likely than their husbands to prioritize quality. This has implications for businesses seeking to gain a foothold in new markets and to build out a female customer base in industries, with positive growth trends.

**Phase Two: Identify a Target Sector and Conduct Follow-up Research**

The POP project focused on women’s engagement in the agriculture sector, a sector that is poised for growth in Karamoja. Businesses that fail to recognize this growth opportunity risk losing sales and securing repeat customers. Since women are the acknowledged experts in farming in this area, and are responsible for 80% of farm labor, they are a critical group for retailers to target.
A key objective of GHG’s intervention in the agriculture sector is to facilitate access to - and uptake of - improved inputs, including improved certified seeds. Prior to POP, GHG spent several months supporting the emergence of a viable formal seed market. The program helped retailers to become licensed seed sellers and linked them to seed distributors like FICA and Victoria Seeds. By the time the POP research results were available, retailers had been selling certified seed for several months. The team’s next step was to conduct consumer and business research to gain deeper insight into female consumer needs, preferences and constraints, and whether retailers were accommodating these, in their business model.

**Consumer research findings:**

Women prefer short-maturing, drought resistant crops that can withstand Karamoja’s rain variable climate and be brought to market quickly. This is because the burden of crop production falls to them, with heavy consequences (including beatings) for failed harvests. They also experience capital constraints during the planting season, inhibiting potential investment in inputs. Unlike men, who can sell off livestock or other assets quickly to raise capital at the start of the season, women’s income is slow and steady and used to meet household expenses throughout the year.

Women lack knowledge of large-scale, climate-smart agricultural practices, including water management, and showed a willingness to pay for farmer training as part of the overall service offered by retailers. They prefer to learn about new products and services through female friends and family members, who they trust, and at times and locations that are convenient to them, like church service, VSLA meetings and waits at boreholes.

**Business research findings**

Most retailers did not view women as important customers. They argued that while women made more frequent seed purchases, they did so in smaller quantities, and deserved less attention than male customers who were more likely to purchase in “bulk”. They had not considered that women might be heavily influencing male these purchases because of their status as agricultural experts within the household. As a consequence, retailers had adopted business practices that were out of sync with female consumer preferences. They did not offer short cycle, drought resistant seed; did not provide ag training or extension services; limited their marketing to PA announcements in town centers; and sold seed requiring minimum purchases of 30 USD.

**Phase Three: Make the Business Case**

Results from Phase Two research came late in the season. The next step was to approach retail partners and convince them of women’s importance as customers. To do this, the team drew on data from the quantitative household survey and consumer and business research to point to the opportunity cost of failing to more effectively target women with agricultural products. Half of the retailers expressed interest in experimenting with female-oriented promotions and advertising to stimulate the purchase of improved seed by gaining access to a female clientele.

**Phase Four: Help Partners Engender Their Business Practices**

Retailers interested in adopting experimental, female-friendly products, marketing and sales, received the following support: 1) One-on-one coaching to more effectively target female customers; 2) Help developing female-friendly messages and marketing materials; and 3) Assistance securing and training a temporary female sales agent who could target female clients with free farming advice and information on seed promotions at strategic times and locations.
In addition, the POP team and retail partners co-designed and experimented with one of the following promotions on short-cycle, drought resistant seed: 1) discounts of 20-30% to address women purchasers' price sensitivity; 2) giveaways of household items or school supplies to show customer appreciation and cement relationships; 3) a referral system that promotes peer to peer advertising by female customers who receive prizes for bringing in a minimum of five new clients.

These activities were undertaken late in the season when input sales normally subside. The goal was to experiment with female-friendly marketing and promotions rather than to generate significantly improved sales.

**Phase Five: Assess, Learn and Adapt**

Since the female-friendly promotions and marketing were deployed and tested late in the agricultural season, their full potential to generate sales amongst women could not be assessed. However, Phase Five business and customer surveys indicated that the female-friendly promotions and marketing were successful in driving up product awareness and resulted in hundreds of sales despite the late start. Nearly half of the customers (49%) reported that they would not have purchased the seed without the promotional offering. Ninety-four percent said they appreciated the female-friendly marketing and that the promotions made them feel more valued as customers.

Despite the fact that the strategies could not be piloted for a full season, the POP project resulted in important learning that can be applied to future MSD projects.

**Lesson One: Account for and address externalities in the market system first.**

Female-oriented marketing and promotions will have limited impact if fundamental systems constraints are not addressed. The post-season assessment showed that 38% of the customers who purchased seeds from GHG and POP project retailers had bad harvests despite the use of improved, certified seeds marketed more effectively to them. The poor harvests resulted primarily from unpredictable rains and the improper use of seeds.

The implication is that strategies to maximize uptake of agricultural products by female farmers are insufficient if information about product use and weather patterns is not effectively delivered along with seeds. In fact, such strategies could be counter-productive as poor yields could lead consumers to assume that the seeds are defective.

Retailers need to understand that information deficits will eventually impact their business, and that proactive steps are required—in this case, customer training and referrals to ag-extension services. Information delivery is particularly important in seeking to reach and build a female customer base, since less than 8% of women in Karamoja are literate. They also lack the farming skills needed to succeed in an increasingly water constrained, climate variable environment, and the social networks and mobility critical to accessing timely information about markets and weather.

Other ongoing risks—like the distortive effects of aid agency handouts and questions over land ownership—constrain the development of agricultural markets in northern Karamoja. For female-oriented marketing and sales strategies to meet their full potential, retailers should consider investing time and resources into enabling women’s access to information, in addition to seeds, and to seeking support in addressing systems deficits.
Lesson Two: Gender-related gaps may go deeper than anticipated and require complementary, equity-oriented approaches.

Initial research into the agricultural sector shows that women’s capital constraints are a barrier to the purchase of improved, certified seed. Retailers adopted discount promotions to address price sensitivities that could inhibit purchase. However, follow-up assessments revealed that price continued to limit seed uptake, even with discounts. This suggests that female customers’ capital constraints were a much greater impediment than anticipated.

Women in Karamoja have small, incremental sources of income. Their earnings are frequently used to meet household emergencies, which prevents the accumulation of capital needed to make farm-related investments at the start of the season. Two possibilities for addressing this constraint are to allow customers to make initial down payments on seeds, paying off the balance when the crops are sold, or to offer clients the option of setting aside money over the course of the year in a fund earmarked for seed purchase.

Lesson Three: Careful research is key, but should be tailored to the time, scope and technical needs of the project.

The research that informed the development of the female-oriented business strategies, particularly the quantitative study, was exhaustive and time intensive. The considerable level of detail and rigor that went into data analysis and the presentation of findings to local retailers enhanced our credibility and fanned our partners’ desire to make changes. However, in the northern Karamoja setting, we could have potentially accomplished the same results with less data. It is possible to carry out high quality research into women’s spending power and female consumer preferences, with a scaled back version of the tools and processes piloted by the POP project.

Lesson Four: Competing team priorities can undermine the space for gender-related, market systems innovation.

The research and strategies proposed by the POP approach are new and time-intensive. The POP project received the full support and backing of Mercy Corps Uganda and GHG management. However, the sector team is lightly staffed—comprised of a team leader and two officers—who struggled to give the pilot the time and attention it required in light of competing demands. Practitioners interested in experimenting with the POP approach are encouraged to outline and agree upon activities with donors during the design phase and to make the necessary resource allocations.

CONCLUSIONS

Early results of the POP project show real promise. While more time is needed to show broad socio-economic impact, this approach gives market systems practitioners a strong starting point for designing and implementing inclusive programs targeting women as consumers. The lessons learned through the application of the multi-stage process have wider applicability and may meet with more immediate success elsewhere: rural, post-conflict Karamoja was a particularly challenging starting place for reaching women as consumers.

The complexity of even a relatively simple market system such as the Karamoja seed market cannot be overstated. Anticipating and addressing both market externalities and systemic gender gaps will be a critical ongoing part of any intervention, as will long-term monitoring and evaluation to measure the impact of these initiatives on women’s lives.
ABOUT MERCY CORPS

Mercy Corps is a leading global humanitarian agency saving and improving lives in the world’s toughest places. With a network of experienced professionals in more than 40 countries, we partner with local communities to put bold ideas into action to help people recover, overcome hardship and build better lives. Now, and for the future.

CONTACT

SAHAR ALNOURI
Senior Gender Advisor | Youth, Gender and Girls
salnouri@mercycorps.org

EMMY MOORHOUSE
Regional Gender Advisor | East and Southern Africa
emoorhouse@ug.mercycorps.org

SASHA MUENCH
Senior Director | Economic and Market Development
smuench@hq.mercycorps.org

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