



Why an Inclusive Market Systems Approach

The Small-Scale Sustainable Infrastructure Development Fund (S3IDF) is an international development organization that builds inclusive market systems to promote equitable economic and social development.

The overall development and the prosperity of a country and its people are dependent upon both economic growth and widespread access to critical basic services. When both growth and access converge in an inclusive manner, a positive and self-reinforcing cycle of opportunity and prosperity is created. In this cycle consumption of critical services promotes a healthier and more capable population, in turn building their capacity to pursue and generate higher incomes and economic value, ultimately contributing to future community, municipal, and national-level growth and furthering inclusive improvements to critical services.

To achieve this self-reinforcing cycle, markets must create true benefits for all market participants, but particularly for the poor. The poor must benefit as producers, consumers, and workers for their integration to be meaningful. In addition, the poor must have access to basic services, including education, electricity, mobile connections, vocational training, financial services, healthcare, and water and sanitation, which they can utilize to improve both their lives and livelihoods.

The challenge, however, is that market inefficiencies in many countries create barriers that prevent poor and underserved populations from participating in the mainstream economy and benefitting from critical services, ultimately limiting their opportunities and fostering inequalities within both the broader economy and society.

A market systems approach addresses the underlying causes of these market inefficiencies to build more inclusive economies by first assessing the underlying market dynamics and then facilitating new modes of engagement and interaction among a range of market players, which respect each party's unique objectives.

S3IDF, as an active market system coordinator, facilitates new market player collaborations and business deals between poor and underserved communities and key public and private market players in the mainstream economy. Critical market players that we engage with include policymakers, financial institutions, businesses and suppliers, consumers, and service providers. We focus on reducing information asymmetries, mitigating risk and creating incentives in the deals, lowering the cost of capital, and buying down transaction costs. From the perspective of poor and underserved communities, the collaborations and business deals result in their greater integration into the mainstream economy in ways that both increase their access to basic services as well as improve their livelihood and employment opportunities.

By tailoring the mechanisms we use in our market systems approach to each specific deal, S3IDF balances public obligations and private sector interests as well as financial outcomes and social benefits to affect long-term transformations and interactions within markets, generating a positive and self-reinforcing cycle of opportunity and prosperity through inclusive growth and improved access to basic services.



S3IDF-US is a 501(c)(3) nonprofit
S3IDF-India is a Section 8 (previously Section 25) nonprofit

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