



# Market Transformation

Business for Development – B4D



Non-governmental organizations (NGO's) can play an important part in collaboration with the private sector in order to contribute to the reduction of poverty. For instance, through initiatives like Market Transformation, NGO's and companies work together to improve the way major global commodities or services are produced, processed, consumed and financed.

## Why

Increased and unsustainable extraction, production and consumption of

natural resources are having a serious impact on the earth, its biodiversity and the many people who are dependent on them. The effects are not just linked to global demand, but also to where and how companies and their supply chains obtain and process commodities. By demonstrating that commodities can be produced at affordable costs with notably reduced environmental and social impacts, and by creating a significant demand for such products, entire commodity markets can be moved towards greater sustainability. Better livelihoods for poor people as well as a better environ-

ment can be achieved by changing markets like soy, cotton, palm oil and timber. In a similar way, engaging with, for instance, the travel industry, may offer ways of combating child sex tourism.

## How & Who

Although a very large number of people across the world are involved in producing, growing or extracting natural resources for global markets, those markets are in several cases dominated by a smaller number of major companies. By working with

major actors in the supply chain, bringing together stakeholders (businesses, trade, industry, producers and NGO's) to develop new market standards and better management practices, which also can help producers participate in voluntary certification programs that can open new market opportunities, markets can be transformed. Sida has supported various initiatives, primarily through the World Wildlife Foundation (WWF), which is an important partner in this endeavor. Within the framework of Sida's Business for Development program, further support to different kinds of Market Transformation work is being developed. We welcome your input and ideas in this process.

### Expected results include:

- sustainable growth
- improved working conditions for poor people
- improved living conditions and human rights situation of poor people
- positive environmental outcomes

## An example – The Better Cotton Initiative

Cotton production involves about 30 million farmers worldwide. Being water-intensive, pest-sensitive and consuming a large quantity of pesticides, it has significant impacts in many parts of the world.

The Better Cotton Initiative (BCI), which is one example of Market Transformation work, aims to address this. BCI's objective is to "make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future"<sup>1</sup>. In other words, the aim is to make cotton cultivation worldwide more sustainable economically, environmentally and socially.

The approach is collaborative, where a wide range of stakeholders along the cotton value chain – from farmers and manufacturers to brands and retailers, as well as civil society and international organizations – are engaged to try to address key negative impacts of cotton production globally.

Through field projects in India

and Pakistan, WWF in cooperation with IKEA, have shown that education in better management practices can radically reduce the use of water as well as chemicals, while at the same time increasing the cotton farmers' incomes and strengthening the local community's capacity for development.

Initiated by WWF and the International Finance Corporation (IFC), BCI was started in 2004. It is funded by donors such as Sida and BCI members like for instance IKEA, H&M, Adidas and Gap.

For more information about Sida's Business for Development program, visit [www.sida.se](http://www.sida.se)

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<sup>1</sup> <http://bettercotton.org>