

APPROACH AND METHODOLOGY

The approach to market town assessment followed in the country studies was basically built on the *Methodology and Guidelines for Market Town Intervention and Assessment* proposed by Garnett et al. (1989) and was based on a number of assumptions.

Assumption underlying the Approach to Market Town Assessment

In the predominantly rural mountain context, a market town assessment process should begin by looking at the agricultural potential of the area, the centrality in terms of the provision of social and economic services, and the perceptions of the local population regarding potentials and constraints to development.

One of the principal assumptions is that market towns can play an important role in making agriculture more productive and commercial. Therefore, market town assessment should be guided by considerations of **agricultural development** and diversification, so that a market-responsive process is set in motion.

The **needs of the private, informal sector** have to guide market town development interventions, because it is this sector which provides almost all off-farm employment opportunities. Further, the assessment and selection of market towns need to be guided by considerations of their economic growth potential, as 'intervention' programmes would not be sustainable otherwise. A **demand-driven approach** is therefore essential. Programmes for the promotion and development of market towns with potential need not be based on the creation of infrastructure by the government alone. A number of other possibilities, such as credit programmes, liberal policies with respect to promotion of business or industries, enhanced efficiency of local governments, and efficiency in mobilising local resources, should also be considered. This means that market town development programmes need to be **broad-based**. In the development of 'intervention' programmes, as well as in the assessment process as a whole, it is essential to use **participatory**

rapid rural appraisal techniques. These techniques have the potential to ensure the involvement of local people in the identification and solution of their own problems. Finally, it is absolutely essential to **involve local authorities** in the process of assessment as well as in drawing up recommended action programmes for interventions. This process can set in motion a market town development process that is owned by local authorities, businessmen, and community leaders. Also, the infrastructure and other facilities that may be created need to be maintained and operationalised by local authorities.

Market Town Assessment Process

Ideally, the locational distribution and hierarchical organisation of market towns can best be assessed and analysed at the regional level. However, such an exercise would require more time and resources. For the purposes of the studies, a district or equivalent administration unit was chosen for the analysis and assessment of market towns.

The assessment process began at the district level. Accessibility and infrastructure were taken as factors in the choice of the district, because market towns can grow and prosper in a relatively dynamic and articulate spatio-economic context.

Once a district was agreed upon for investigation, the assessment process basically consisted of three sequential steps:

- a) collection and analysis of information related to the spatio-economic context of the district and the identification of market towns;
- b) selection and assessment of market towns for detailed investigation; and
- c) formulation of intervention programmes for the promotion of the selected market towns.

While (a) could have been undertaken prior to the field visit, (b) and (c) were investigated through field visits.

Development of a District Spatio-economic Profile

The macro picture at the district level provides the spatio-economic context of the market towns in the district. For much of the district-level information, we had to rely on secondary sources of data, including censuses, thematic and sectoral studies, reports of ongoing projects, feasibility studies, and so on. Such data should provide a fairly good picture of the demographic and employment situations and trends, infrastructural network, sectoral economic situation, as well as factors that have contributed to enhancing or deterring the spatio-economic growth process in the district.

Chart 1 presents key areas of investigation at the district level. The areas of investigation should be taken as indicative of the type and nature of data required in the analysis of the macro-economic context. The perceptions of the national/regional level agencies and institutions, whose activities have a bearing on market town development in the district, must be sought at the very outset so that planned or proposed activities can be taken into account during the assessment process.

Identification of Market Towns

Market centres and towns are defined differently in different contexts. Relative clarity in definition is essential. Depending on the context, the number of functional units as well as the functional range (indicative of the variety of functions) can be taken as the criteria for the definition of market towns. Infrastructural characteristics (e.g., roadhead, postal and communication services, and other facilities such as health and education services) are also sometimes included in recognising market towns. It is normally easier to define market towns if some kind of quantitative criterion is taken into account.

In the countries under study (China, India, Nepal, and Pakistan), the information bases on settlements and settlement systems are better at the municipality level. Information on market towns, however, has to be gleaned from a variety of sources. The most recent district gazetteer or registry of settlements can be used to identify the universe of 'market towns' in the district under study. Since market towns tend to be inordinately influenced by the location/ alignment/extension of road networks, new developments with respect to infrastructure should be noted and enquiries

directed to finding out the status of market towns in such areas.

Each market centre identified needs to be mapped with respect to population, employment, and other attributes, including infrastructure. Based on available secondary information, attempts can then be made to discern the existing hierarchy as well as the classification of market centres in the district. Maps are among the basic tools in the analysis of market centres.

Once the market centre is identified and its hierarchy, the economic growth potentials of its hinterland, infrastructural development, population growth, site and situation are discerned, a few market centres can be selected for detailed investigation.

Selection of Market Towns for Detailed Investigation

After identifying a few market centres for detailed investigation, a *Rapid Appraisal* approach can be used to select market towns. This approach consists of

- ▶ the analysis of secondary data and mapping and
- ▶ *structured* key informant interviews based on selected indicators.

While the analysis of secondary data and mapping can lead to qualification of the attributes of each market town, the *structured* key informant (appropriate government and private sector) interview can provide a qualitative basis for making the selection of potential market towns. The criteria to be used in selecting potential market towns is given in Chart 2. Based upon these criteria, interview guidelines and scoring forms can be developed. After interviewing key informants and determining the scores, a chart for cross town comparison of scores can be developed, so that towns can be ranked by their potentials as indicated by the scores.

Once the market centres are identified, a few (perhaps three or four) market centres may be selected for detailed investigation. The selection criteria may be based on a guide such as that provided in Chart 2.

The purpose of market town assessment is to identify market towns with growth potentials and to formulate programmes to facilitate their sustain-

Chart 1: Market Town Identification: Key Areas of Investigation at the District Level

AREA OF INVESTIGATION	COMPONENTS	METHOD OF ENQUIRY	REASONS FOR INVESTIGATING
1. Macroeconomic Framework	<ul style="list-style-type: none"> a) Public expenditure b) National development c) Pricing policy 	<ol style="list-style-type: none"> 1. Review the latest macro-economic statistics on GNP growth, trade, sectoral development, terms of trade, and so forth. 2. Review recent public expenditure under development budget. 3. Roughly disaggregate by location within district. 4. Identify expenditures that will have major impact. 5. Assess impact of structural reform policies such as price liberalization (or controls) on relative performance. 	<ol style="list-style-type: none"> a) To establish a strong macro-economic context in which to assess market towns in district. b) To identify regions that will be impacted by ongoing or planned expenditure programmes; these may be expenditures in regions or linking regions (e.g., major highway improvements). c) High farmgate prices or lower fertilizer costs to farmers will promote regions with good marketable crop potential.
2. Population and Employment	<ul style="list-style-type: none"> a) Population growth b) Population distribution c) Employment structure d) Migration e) Income 	<ol style="list-style-type: none"> 1. Obtain from census latest data on population, population growth, employment growth by region, urban and rural. 2. Also from census, plot migration flows. 3. Note how employment structure is changing in district. 4. Identify areas within district with rapid population and employment growth and note that employment statistics are rarely useful; they typically cover only formal sector, which may be small proportion of total. 5. If census is out-of-date, try to obtain informal estimates of growth: e.g., sales of widely distributed consumer goods; business of bank branches; incidence of transport services. 6. Collect income (or expenditure level) data from household expenditure surveys, and other surveys as. 	<ol style="list-style-type: none"> a) To identify population trends in district. b) Data on employment structure may show how district economy is changing. c) Trends in patterns of expenditure and income will also be indicative.
3. Agriculture (and other sectors of importance)	<ul style="list-style-type: none"> a) Production by major crop by areas. b) Changes in above over time. c) Expected changes in future. d) Flows of crops by region. e) Marketing channels. f) Production flow and marketing channels of other sectoral activities. 	<ol style="list-style-type: none"> 1. Review commodity studies. 2. Interview large wholesalers, parastatal managers, crop production researchers, importers, exporters, processors, cooperatives and trade association officials. 3. Use maps to show flows and apparent surpluses and deficiencies. 	<ol style="list-style-type: none"> a) To understand the agricultural basis for changing population distribution. b) To understand the role of town-based activities in agricultural marketing systems. c) To understand the situation and potential of other secondary and tertiary activities.
4. Infrastructure	<ul style="list-style-type: none"> a) Roads and other basic infrastructure like electricity, communication, health and education services 	<ol style="list-style-type: none"> 1. Update information from central agencies; locate basic infrastructure and services like banks, communication, etc. on maps; collect transaction data if available. 2. Identify development expenditure on urban infrastructure in market towns. 	<ol style="list-style-type: none"> a) To assess the infrastructural situation in the district and identify major infrastructural nodes.
5. Government Policy	<ul style="list-style-type: none"> a) Review and identify government policies (spatial, economic, and infrastructural) that have a bearing on market town development. 	<ol style="list-style-type: none"> 1. Update information, interview major policy makers and heads of development departments. 	<ol style="list-style-type: none"> a) To assess the policy environment for Market Town Development.

Source: Adapted from Garnett et al. (1989)

Chart 2: Generalised Market Town Selection Criteria

<p>1. Population</p> <ul style="list-style-type: none"> ▶ Total growth ▶ Net growth ▶ Migration patterns
<p>2. Agriculture</p> <ul style="list-style-type: none"> A. Total production <ul style="list-style-type: none"> ▶ Historical growth patterns ▶ Current growth relative to other towns B. Growth in key cash crops C. Ratio of marketed crops to total production <ul style="list-style-type: none"> ▶ Ratio relative to other towns ▶ Rate of growth in share marketed D. Adequacy of crop storage facilities E. Agricultural input situation and trends
<p>3. Commercialisation/Private Sector</p> <ul style="list-style-type: none"> A. Number of functional units and growth trends B. Trends in the range (variety) of functions C. Ratio of commercial to institutional functions D. Ratio of farm/off-farm employment E. Private sector employment <ul style="list-style-type: none"> ▶ Rate of growth ▶ Ratio of private to total formal sector employment F. Share of employment in manufacturing G. Growth in volume of goods traded
<p>4. Financial Sector</p> <ul style="list-style-type: none"> A. Overall ability to supply services B. Share of formal financing in total financing C. Adequacy of credit to local enterprises D. Growth in formal sector deposits
<p>5. Infrastructure and Housing</p> <ul style="list-style-type: none"> A. State and quality of roads (major, secondary, feeder) B. State and quality of water/sewers/drainage C. Adequacy of power (short and long-term) D. Quality of dwelling units
<p>6. Environmental Context</p> <ul style="list-style-type: none"> A. Site and situation B. Proneness to natural hazards C. Proneness to pollution and environmental hazards D. Measures needed for mitigation

able growth. Therefore, the criteria shown in Chart 2 include many *proxies* for describing potential growth. These include major aspects of economic activity as indicated by population growth (in- and out-migration), agricultural production, local as well as export marketing, commercialisation and private sector activity (indicators of employment, market activity, etc), financial sector development (credit, services, deposits), and infrastructure (roads, water, sewers, power, quality of housing) and environment.

Since much of the information will be based on interviews with key informants, the key informants have to be selected with care. The probable key informants will be agricultural producers, extension agents, managers of parastatal agencies, urban consumers, retailers, wholesalers, managers of processing firms, transporters, importers/ exporters, representatives of cooperatives and trade associations, bank loan officers, local authorities, elected representatives, infrastructure managers, religious leaders, university teachers and researchers, personnel engaged in service sectors, etc.

Formulation of 'Intervention' Programmes for the Promotion of Market Towns

At this stage the focus is on analysing the data and determining the areas in which programmes can be developed to facilitate the growth of market towns with potential. The areas in which detailed investigations should be conducted include population and employment, economic activities, infrastructure, investment priorities, public sector, human resources, financial resource availability, and the environmental aspects (Annex 1).

The formulation of programmes for intervention should be a participatory exercise, because the recommendation in the action plan must be collectively owned by the market town authorities and business as well as community leaders for it to be the basis for subsequent action. The action plan recommendation should include (a) description and analysis of potential economic activities and their linkages; (b) land use and infrastructural framework; (c) institutional framework for undertaking programmes; (d) plans for human resources' development; and (e) environmental impact of recommendations. The type and level of investment with assigned cost value for each proposed action programme should be clearly delineated together with a scheme for investment priorities.

It was under the methodological framework discussed above that assessment of market towns in four districts was proposed. However, based on the availability of basic data and the spatio-economic conditions of the areas, this methodology was modified to suit the contextual peculiarities of each district under study. The present report basically elucidates the application of this methodology in the assessment of market towns with potential in the districts under study in each country context.