

# POLICY BRIEF: A SYSTEMIC APPROACH TO CREATING MORE AND BETTER JOBS



International  
Labour  
Organization

This brief is aimed at ILO constituents and technical cooperation projects who are interested in using a systemic approach to bring about widespread and long-lasting decent work outcomes for workers and enterprises.

## 1 The Decent Work Challenge

A third of the global labour force are not earning enough to lift themselves and their families above the poverty line; almost two-thirds of the world's workforce are categorised as informal; and three-quarters of workers in Africa and Asia are in vulnerable employment. Millions more work in unsafe jobs or suffer from discrimination – and lack the necessary voice or agency to improve their situation.

Conservative estimates are of 2.3 million deaths a year from occupational accidents. More than one in five young people are not in employment, education or training, with the global youth unemployment rate four times the adult rate.

It is now clear to researchers and policymakers that not only the quantity but also the quality of jobs matters for sustainable and inclusive economic growth<sup>1</sup>. Indeed, focusing on job creation alone is not enough: when new jobs are low-quality, that is precisely what keeps people locked into cycles of poverty<sup>2</sup>. The challenge is therefore not just to focus on the drivers of labour market exclusion, but to understand and address the reasons why people are being adversely included<sup>3</sup>.

This means paying attention to the micro, small and medium enterprises (MSMEs) who are the backbone of the global economy, making up 90% of worldwide businesses and employing two-thirds of the total workforce<sup>4</sup>. MSMEs are the source of income

and livelihoods for millions of people, but suffer from issues of low productivity, high informality, and inadequate social protection systems.

As a result, the *aspiration* of employment for all with a fair income and safe working conditions with dignity, equality of opportunity and treatment can sometimes seem like an overwhelming challenge to actually *achieve*. Indeed, the ILO recently warned that progress on reducing unemployment around the world is not being matched by improvements in the quality of work, and progress towards SDG 8 on Decent Work and Economic Growth has been slower than expected. At the current pace, this makes the achievement of the Global Goals unrealistic for many countries.

1 German Development Institute. "MSMEs as drivers for job creation"  
2 Morgan Simon, "Managing vs Measuring Impact". Stanford Social Innovation Review  
3 Chronic Poverty Advisory Network blog post  
4 ILO. Estimates range from 80-95% depending on the region.

## 2 What is a systemic approach, and why does it matter for the World of Work?

A systemic approach aims to address the underlying reasons why a problem exists, and not just treat its symptoms. Put another way, it means looking beyond the

immediately visible tip of the iceberg to understand what lies beneath: the issues that create the problem in the first place.

One popular systemic approach is known as market systems development (MSD, see box 2). It focuses on selected markets (be they commodities like the soybean value chain, or whole sectors like construction) to address specific

decent work deficits. To date, MSD has been used to improve outcomes across the four pillars of the Decent Work Agenda, including areas such as gender equality, productivity, skills and employability, youth employment, working conditions and health and safety<sup>5</sup>.

MSD involves a three-step process:

- **Strategy.** Select sectors and the decent work focus, based on criteria of relevance, feasibility and opportunity.
- **Analysis.** Understand which aspects of the system are not working, moving from visible 'symptoms' to the 'causes' which can often be found in underlying behaviours, attitudes and enabling conditions.
- **Action.** Facilitate change by building both the incentive and capacity of partners; which involves a trial-and-error process to test new ways of working.

### BOX 1

#### From symptoms to causes: A worked example

**Decent work deficit:** Workers suffering from verbal abuse in printing factories

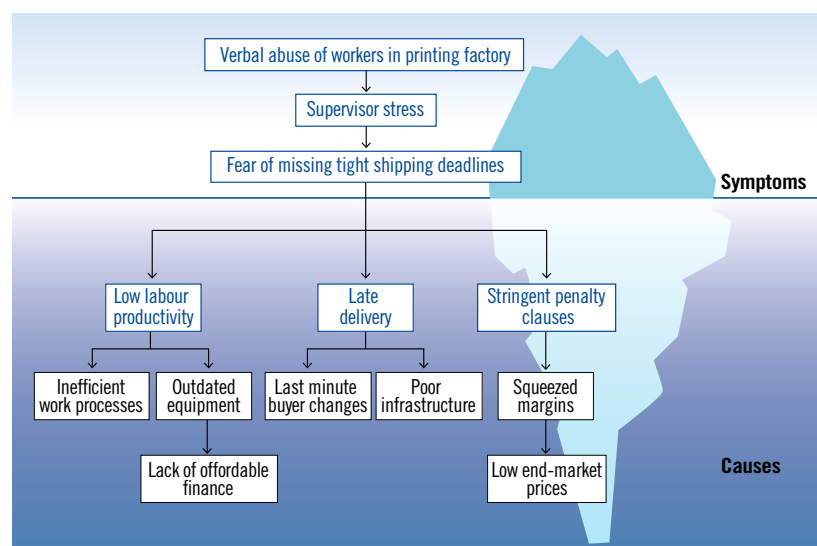
**Traditional intervention:** A training course to sensitise and educate enterprises on the importance of ending violence and harassment in the workplace

**Why might the intervention not lead to large-scale change?** Training may help 'build capacities' – and put in place fundamental building blocks of knowledge – but a) there are hundreds of printing factories, training cannot be delivered to them all; and b) the real issue is that factory managers have little incentive to treat workers well due to structural issues such as unhealthy competition.

**What would a systemic intervention do differently?** As shown in the iceberg analysis below, the real constraints to better working conditions may be related to problems that arise well beyond the four walls of the factory. A systemic approach would not seek to 'address everything' (and will have little influence over some issues like prices!), but may explore multiple interventions such as dialogue between buyers and suppliers on the impact of penalty clauses, introduce productivity-enhancing innovations or innovate financing options that tie access to capital to employee satisfaction.

**So what should be done?** Both entry points (traditional and systemic) are likely necessary – but neither sufficient on their own – to lead to lasting changes in decent work.

<sup>5</sup> The four strategic pillars of the Decent Work Agenda are full and productive employment, rights at work, social protection and the promotion of social dialogue





Ultimately, the goal is to support local actors find ways to deliver improved decent work outcomes, both sustainably and at scale. That way, governments, enterprises and workers will be better prepared for the challenges of tomorrow's world today, which is particularly important given changes already occurring – and that will continue to unfold – in the future of work. In this sense, MSD is aligned to a growing movement that seeks to use aid resources more strategically and catalytically to 'do development differently' (see Box 4).

## BOX 2

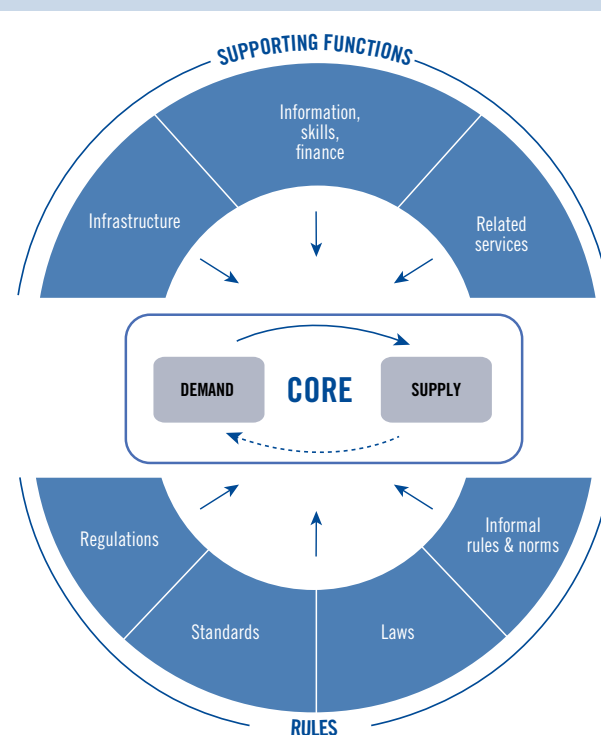
### Defining a 'market system'

A market system is the network of actors and factors that interact to shape the outcomes of an exchange. Imagine a farmer selling vegetables to a trader in a local market. The quality and quantity of that exchange is determined by the farmer's knowledge of modern farming methods ('factor') obtained from extension agents (actors); as well as access to finance from banks, and productivity-enhancing technologies available in local retail stores. A similar web of factors and actors could be applied to workers 'selling' their labour in a factory; for example, skills acquired from training institutions, or regulations governing overtime.

In MSD jargon, these 'actors' are known as market players. 'Factors' are split into:

- **Supporting functions.** The context- and sector-specific functions that inform, support and shape the quality of exchange; such as information, skills, infrastructure, finance and access to markets.
- **Rules.** The legislative and regulatory environment, including policies, voluntary standards and social norms that guide day-to-day attitudes and conduct.

The market system is often depicted visually in the form of a 'doughnut':





## Myth: Market systems is all about the private sector

As noted by the NGO Helvetas, a “systemic approach does not exclusively focus on ‘markets’ in the economic sense – that is, simply engaging and working with only private sector actors”<sup>6</sup>. Supporting functions and rules are carried out by a wide range of market players, from businesses, financial institutions, trade associations, regulators, central and local government to civil society and communities. This means MSD projects help bring together different types of actors to work in alignment, not just opposition. After all, modern markets are increasingly pluralistic; their functioning relies on a complex mix of public and private interactions. As companies themselves have acknowledged, “many of the salient [job quality] issues...require systemic changes and need to be addressed collaboratively through engagement with the larger community”<sup>7</sup>.

6 <https://www.helvetas.org/en/switzerland/how-you-can-help/follow-us/blog/inclusive-systems/On-systemic-approach-what-it-is-and-what-it-is-not>

7 Unilever

### BOX 3

## What is systemic change?

The MSD approach recognises that government and aid resources are scarce, but needs are great; so external support needs to be leveraged for sustainable impact at scale in order to reach more workers and enterprises. A positive systemic change takes place when there is a lasting improvement in one or more market functions or rules. At its core, systems change is about fundamentally transforming how the system functions for the benefit of a particular target group, be they workers suffering from poor safety and health conditions, or young people excluded from the labour force. There is ongoing debates about how to exactly measure systemic change; one common tool is the [Adopt-Adapt-Expand-Respond framework](#), which captures how new ways of working are taken up and replicated within a system.

### BOX 4

## Doing Development Differently

In 2014, a group of academics, policy makers and development aid practitioners gathered to capture a set of ideas about what really successful development interventions look like. Their Manifesto on Doing Development Differently recognised that many development initiatives fail to address the complexities of genuine development progress, promoting irrelevant interventions that have little impact in practice.

Truly successful projects, they found, reflect these common principles:

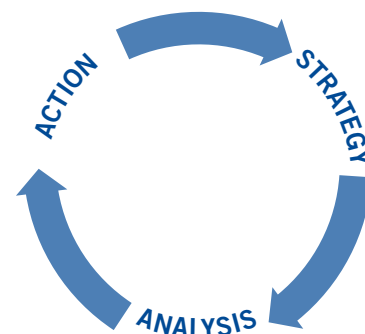
- A focus on solving local problems that are debated, defined and refined by local people in an ongoing process.
- Working through local conveners who mobilise all those with a stake in progress (in both formal and informal coalitions and teams) to tackle common problems and introduce relevant change.
- Blending design and implementation through rapid cycles of planning, action, reflection and revision (drawing on local knowledge, feedback and energy) to foster learning from both success and failure.
- Managing risks by making ‘small bets’: pursuing activities with promise and dropping others.

### 3 The ILO's approach: Market Systems for More and Better Jobs

If other agencies have harnessed systemic approaches to make markets work better for the poor, for the ILO the aim is to develop market systems for more and better jobs. The ILO facilitates market systems changes that (i) are likely to create more employment and (ii) are likely to improve the quality of work, recognising that improvements in productivity and working conditions go hand-in-hand.

The ILO was at the forefront of innovating the MSD approach (see box 5), and has since gone on to record success in a number of projects (see boxes 6 and 7). The [ILO Lab](#), a Swiss SECO-funded innovation project promoting a systemic approach to decent work, has produced numerous guidance and resources. The use of a systemic approach has now spread across the ILO including in Sectoral Policies, Labour Administration, Labour Inspection and Occupational Safety and Health, Fundamental Principles and Rights and Work and in individual Employer's Organisations.

This section provides a brief overview of each of the three parts of the MSD cycle. Resource boxes are included with links to further reading and tools; alongside concrete examples of how the approach has been used in practice.



#### BOX 5

### Pioneering a systemic approach

The ILO's first foray into MSD took place in the early-to-mid 2000s through two enterprise development projects that helped shape early thinking around a systemic approach.

In Uganda, the FIT project had a significant impact on enhancing information channels for micro and small enterprises by tapping into the power of a flourishing and competitive FM radio industry. Rather than simply paying for airtime – as was standard practice for development projects – FIT worked on persuading FM radio of the value of developing more audience-driven content themselves, in order to boost listener numbers and enhance the flow of information on:

- Market information and business opportunities for rural small enterprises;
- Financial and business services between suppliers and rural consumers; and
- Legislation and regulations between small businesses and local government and public service providers.

In Sri Lanka, the Enter-Growth project intervened in a number of local and regional value chains in the North West and North Central provinces, as well as on cross-cutting issues such as entrepreneurship, business registration and public private dialogue.

In one example of the project's impact, in one district some 3,000 dairy farmers tripled the productivity of their cattle and increased employment on their farms by an estimated 11 per cent. Enter-Growth contributed to these achievements by:

- Raising a local bank's awareness and understanding of the market so that it now offers credit to farmers;
- Improving service suppliers' understanding of farmer needs so that they offer improved and market-based training and information services; and
- Improving the marketing of fresh milk through the establishment of a new local distribution system initiated by farmers associations, thereby increasing the prices farmers receive for fresh milk by 30 per cent.

**Read more:** [Expanding the poor's access to business information and voice through FM radio in Uganda](#) and [Applying a market development lens to an ILO local enterprise development project in Sri Lanka](#)

## BOX 6

## Success story: Systemic Change in a Fragile State

Road to Jobs is an ILO project that aims to create more and better jobs in Northern Afghanistan. The project is implementing systemic interventions in a number of agricultural sectors as well as cross-sectors to facilitate access to finance for poor and disadvantaged groups, and improve the position of women in key value chains.

To-date, Road to Jobs has achieved impressive results in less than 4 years of implementation. Over 52,000 jobs have been improved, and more than \$3.5 million of income generated for local actors.

A series of case studies on the [Road to Jobs web page](#) highlights the impact of Road to Jobs. In beneficiaries' own words:

*"The doctor is [now] giving advice on how to keep animals healthy in both winter and summer in order to reduce losses. My animal losses have been reduced from 30 to 15 animals in the past year. This means more income for me"*

A farmer in Samangan province, after Road to Jobs partnered with the Afghan Veterinary Association (AVA) to improve para-vet service quality

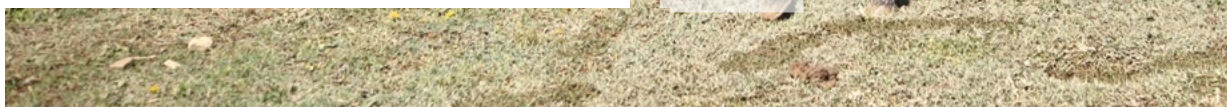
*"I am now able make money from the waste my chickens produce and I know that the organic fertilizer [the company] makes is good for my crops. If the factory makes money, I will make money too, and be able to send my children to school..."*

A chicken farmer in Mazar-i-Sharif, after Road to Jobs partnered with local poultry companies to pilot new ways of converting chicken litter into organic fertilizer

*"I was a truck driver and lost my job two years ago. I have a wife and three children and struggled to provide for them until I got this job. What makes me happy here is I am being trained for two months to man three machines in the yarn production section and I have been promised that my pay will increase as soon as I am certified competent by my trainers from Pakistan. My employers provide transportation to and from work every day. The new machines in this factory suck out dust from the premises. We have a first aid kit box and masks to protect us as well."*

An Afghan worker, after Road to Jobs partnered with a textile firm to increase efficiency and reduce costs to allow SMEs to hire and upskill more local staff

**Read more:** [Road to Jobs final independent evaluation](#) commissioned by the donor, Sweden



## BOX 7

## Success story: Changing the rules of the game in Peru's wood furniture sector

In Peru, the Lab ran a year-long MSD pilot to complement the existing SCORE Training programme, which provided practical classroom training and advice to 215 wood furniture enterprises to help improve management practices and production efficiency. But factories were also facing wider sector-level constraints, which were limiting their ability to improve both productivity and working conditions:

- Employers found it nearly impossible to find qualified workers, especially carpenters
- Government agencies lacked information about safety risks, which meant that workers were not eligible for a special public health insurance scheme designed to cover hazardous occupations
- Business service providers did not know why export-oriented firms had been successful in accessing higher value markets, which limited their ability to offer tailored services to less-successful or domestic-oriented firms.

A light-touch MSD intervention worked with local partners to (a) map safety and health risks across the chain, (b) improve cross-ministry coordination to create occupational profiles, and (c) create case studies on high-performing export firms.

Altogether, the combination of in-factory training and market systems achieved the following results:

- The Ministry of Health re-classified the sector as high-risk, leading to 18,000 additional workers being covered by a Supplementary Work Risk Insurance, resulting in quicker service to better clinics with more comprehensive coverage.
- Better targeted training offers and reduced staff turnover in participating factories by up to 45%. The Ministry of Labour and the Ministry of Production took joint ownership of occupational skills profiling for the sector, including accessing funds through a public investment project.
- Reduction in labour accidents by up to 20% and production increase up to 43% in trained firms
- Improved access to export markets through the design of a furniture cluster development programme

**Read more:** [Carving out a new approach for better jobs](#)

## 3.1 Strategy

The first part of the MSD cycle involves selecting which sectors the project will focus on. Sometimes the sectors have already been decided by the donor or ILO constituents. If not, MSD uses a set of transparent sector selection criteria to allow for a clear comparison between sectors.

It is likely that the target groups the project hopes to benefit will face many problems – such as the absence of sufficient employment opportunities, inadequate social protection, the denial of rights at work and shortcomings in social dialogue. Projects will likely need to **prioritise** which deficits to first address – it will not be possible to address all at the same time.

Projects therefore need to think about which decent work deficits are **relevant** to the programme target group, where there is **opportunity** to address them in a way that leads to sector growth, and which are **feasible** to improve given the project time, budget and scope. For the ILO, the objective is to promote more and better jobs for men and for women, so sectors should primarily be chosen based on their potential to achieve this objective.

Sector selection begins by agreeing on sector selection criteria (see Box 8 for an example relating to refugee livelihoods); gathering data – including through commissioning Rapid Market Assessments (see Box 9) – and then running a consultative process to finalise the decision.



## Strategy: Step by step

1. Define project goal and target groups
2. Set sector selection criteria (relevance, opportunity, feasibility)
3. Long-list sectors based on project objectives, national priorities and tripartite consultations
4. Short-list sectors, using Rapid Market Assessments
5. Select sectors through research and consultative meetings with stakeholders

### Guidance:

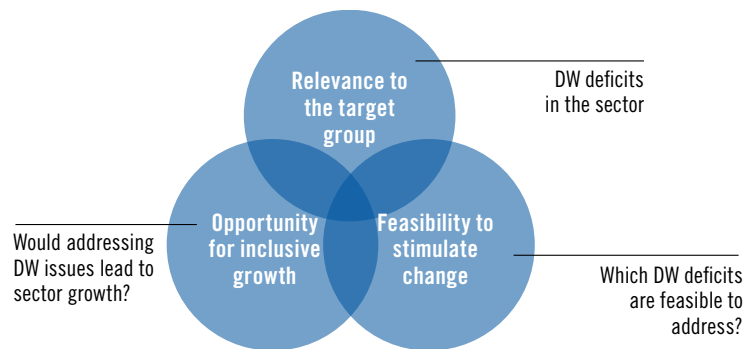
- Chapter 1 of [Value Chain Development for Decent Work](#)
- [Sector Selection for Decent Work: Tips, Tricks and Tools](#)

### Sector selection tools:

- [Value chain selection: integrating economic, environmental, social and institutional criteria](#) (ILO and GiZ)

### Examples:

- [Guyana: Finding Export and Value Add Opportunities in Thin Markets](#)
- [Assessment of select horticultural sectors in Kyrgyzstan, and their market access potential](#)



## BOX 8

## Selecting sectors to support refugee livelihoods

Traditional approaches to improving livelihoods for refugees usually focus on strengthening the supply-side of the labour market by improving the skills and know-how of refugees. But to achieve economic inclusion in a sustainable way, interventions need to be based on a thorough analysis of the existing demand for labour, products and services, and of market systems in which refugees could make a living. The ILO and UNHCR have produced a guide to market-based livelihood interventions for refugees, which uses the MSD criteria of potential, relevance and feasibility:

<b>Potential for growth and employment creation</b>	<ul style="list-style-type: none"> <li>• What is the overall size of the subsector with respect to volume and value of output, and contribution to gross domestic product, foreign direct investment and employment share?</li> <li>• What is the job creation potential, based on industry growth, size, employment elasticity, and number of and relative value added by medium, small and micro-enterprises in the sector?</li> <li>• What is the previous and forecast growth of the sector?</li> <li>• What are the current levels of innovation, productivity and competitiveness and/or collaboration in the sector?</li> <li>• What are the main issues in relation to working conditions and are there opportunities to improve them?</li> <li>• Do refugees face particular barriers to accessing markets in this sector? If so, what are they?</li> </ul>
<b>Relevance to the target group</b>	<ul style="list-style-type: none"> <li>• What is the estimated number of refugees already engaged in the sector (gender disaggregated)?</li> <li>• How do refugees participate in the sector (as producers, workers or consumers)?</li> <li>• What are the major problems refugees face in the work they do in this sector?</li> <li>• Is there potential to integrate (more) refugees in the sector?</li> <li>• Do skills needed in the sector correspond to the profile of refugees in the location?</li> </ul>
<b>Feasibility of interventions</b>	<ul style="list-style-type: none"> <li>• What is the feasibility of addressing the most significant challenges faced by poor workers, given the current economic and political environment?</li> <li>• What are the relevant government policies and programmes which influence this sector?</li> <li>• Which donor programmes are present, where, and what are they doing/funding?</li> <li>• Are there market players willing to change their business models/adapt new practices?</li> <li>• Are there available training institutions, government ministries or other partner organizations that are willing to take part in and/ or take responsibility for some elements of intervention in this sector?</li> </ul>

**Read more:** The Approach to Inclusive Market Systems (AIMS) for Refugees and Host Communities can be found here: [www.ilo.org/aims](http://www.ilo.org/aims)







## BOX 9

### Toolkit: Rapid Market Assessments (RMA)

An RMA is a quick way of collecting, processing and analysing lots of information as an input into a sector selection exercise. It helps give a ‘first look’ at a sector to determine the likely relevance to the target group, growth opportunity and feasibility of intervention. The main objective of an RMA is to determine whether the sector holds the potential to create more and better jobs for the vast majority of the target group. It provides an overall idea of the main sector challenges and constraints to support evidence-based decision-making about which sector to select.

**Read more:** Rapid market assessments from [Nepal](#) and [Myanmar](#)

## BOX 10

### Harnessing MSD to combat the Worst Forms of Child Labour

The ILO has developed a [manual](#) that offers practical guidelines to support policy makers and programme officers in charge of designing and implementing projects related to child labour. The guide follows a systemic approach to analyse sectors, examining the underlying causes of child labour, as well as barriers or bottlenecks impeding sector performance.

A child-labour focused RMA took place in the Kyrgyz Republic, which led to the selection of three sectors to be supported the ILO’s International Programme on the Elimination of Child Labour: Kidney beans, cotton and walnut. The MSD sector selection criteria were adapted to cover economic, ecological and social criteria, focusing on factors such as ‘family vulnerability’ which are important for productive inclusion and economic empowerment for the prevention and eradication of child labor.





## 3.2 Analysis

Once the sector has been selected, market system research and analysis is carried out in order to identify constraints - rules or functions that are not operating well - and opportunities to improve them. The underlying reasons driving decent work deficits may not be immediately obvious. The key is to spend time investigating 'why' before rushing in with a 'solution', such that projects are better positioned to address real root causes, not just symptoms.

A Market Systems Analysis (MSA) usually takes between four to six weeks. Information is obtained through a range of methods, including use of secondary research, interviews, focus group discussions and surveys. The MSA ends by proposing a vision for how the market system needs to change in order to generate sustainable improvements in the decent work situation of target groups. Ideally, MSAs are led by project team, but their execution is often supported by external consultants. Analyses can take place during the project design, or at project start up phases - and should be updated periodically during implementation.

### Guidance:

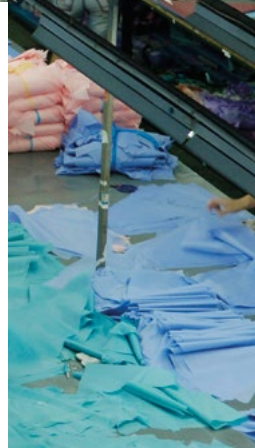
- Chapter 2 of [Value Chain Development for Decent Work](#)
- [BEAM Exchange: Market Analysis](#)

### Tools for analysis:

- [Marketlinks Value Chain Analysis](#)

### Examples:

- [Creating shared value in the Dominican Republic banana industry](#)
- [Rwanda: Laying a foundation for better working conditions in the construction sector](#)
- [From Obligation to Opportunity - A market systems analysis of working conditions in Asia's garment export industry](#)



## BOX 11

### Preventing injuries and diseases in global value chains using a market systems approach

As part of a Programme of Action on Decent Work in Global Supply Chains, the ILO has developed [guidance](#) on how to assess the drivers and constraints for occupational safety and health (OSH). The guide uses a market systems approach to provide an overview of OSH hazards and risks, and to tailor interventions that will reduce occupational accidents and diseases and improve well-being. It was developed in the framework of the Joint ILO-EU project to improve knowledge about safety and health in global supply chains.

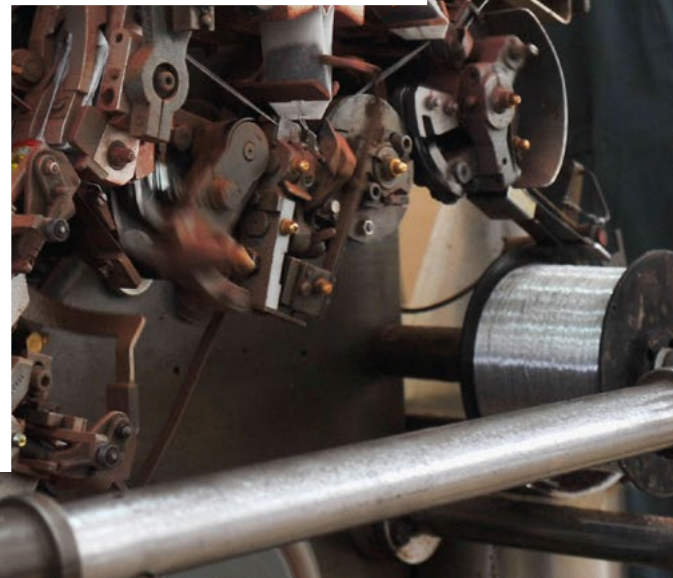
The assessment methodology was piloted in three countries: Colombia, Indonesia and Madagascar. In each country, the project selected one food and agriculture global value chain (coffee, palm oil and lychee), analysing the sectors to understand key underlying factors and actors influencing OSH outcomes.

**Read more:** [Food and agriculture global value chains: Drivers and constraints for occupational safety and health improvement](#)



### Analysis: Step by step

1. Develop a costed research plan with a clear timeline
2. Assemble the research team, blending 'process' expertise (of conducting MSAs) with sector-specific knowledge
3. Conduct research
4. Analyse data to prioritize constraints
5. Develop a systemic change vision which sets out how the system will function after the project ends





## BOX 12

## Addressing systemic constraints and business growth opportunities together with ILO constituents

The Montenegrin Employers Federation (MEF) is an umbrella employers' organization bringing together entrepreneurs, SMEs, large businesses and employers' associations at the sector and municipal levels, representing the independent voice of business in Montenegro.

The MEF is pioneering the use of a market systems approach to understand business constraints to tourism sector growth in Montenegro. Despite several improvements that have been made in recent years and a relatively good Doing Business ranking, the private sector in Montenegro is still struggling to become the main engine of growth and job creation. Although entrepreneurship shows strong potential for dynamism, there is a dearth of opportunities compounded by systemic constraints that inhibit private sector growth. The tourism sector is particularly important to the economy – its contribution to GDP was almost 24% in 2017 and is expected to reach 30% by 2028 - but more can be done to make tourism businesses more attractive and sustainable with improved employment practices in the sector.

The MEF is leading a pilot MSA to understand why constraints exist such that they can better design a framework for feasible interventions. The MSA seeks to answer the central question: What prevents Montenegrin tourism businesses from growing and creating more and better jobs?

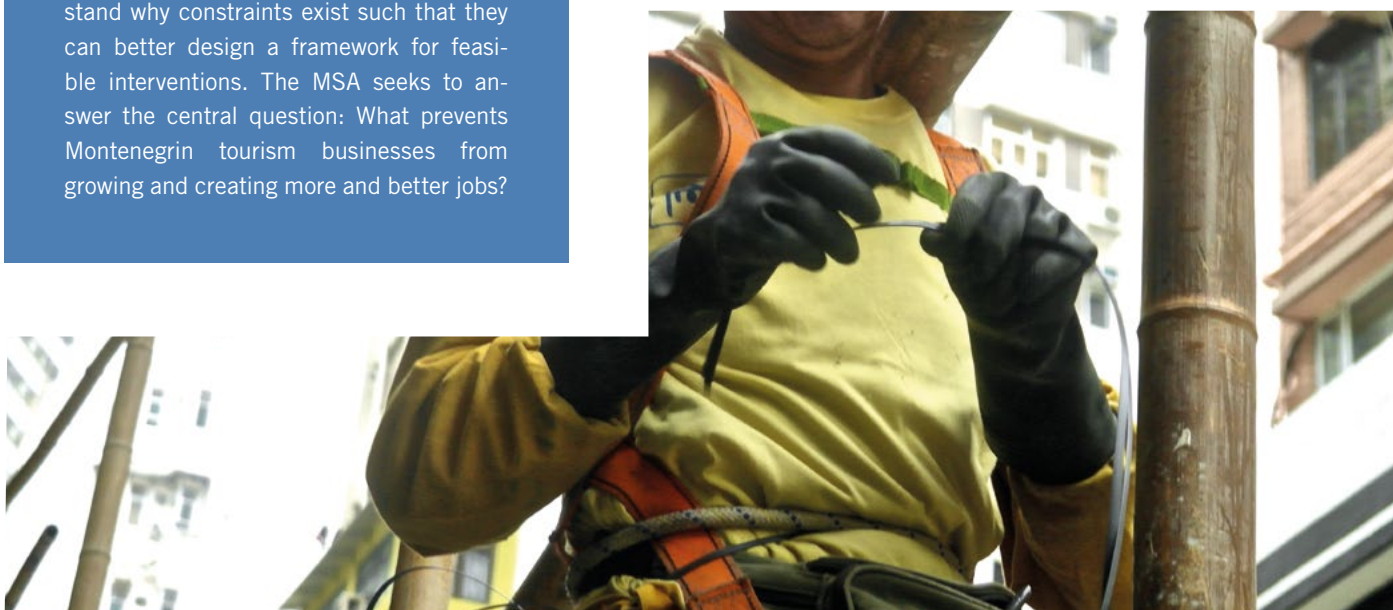
## BOX 13

## Sector focus: Construction

With rapidly growing and urbanising populations, for many low-income countries the construction sector has become an economic engine. Despite the sector's increasing economic importance, particularly as an employer to the poor and most vulnerable, relatively few development projects have analysed or attempted to tackle the complex, sector-specific challenges within it. And thus, very little is known about where projects should focus their resources to understand and address constraints to more inclusive and job-rich sector growth.

Since 2014, the ILO Lab has completed market systems analyses on the building construction sectors in Mozambique, Zambia and Rwanda. Through these analyses, a number of commonalities have cropped up related to sector structure; constraints that limit market growth, worker development and business growth; and opportunities for project implementation. The two most common opportunities that the Lab has found relate to enhancing skills development and improving the rules and regulations that govern contractor investment into job-quality. By addressing skills development, in particular, projects can help facilitate a transition out of lower-skilled, manual labour positions, into more specialised, stable, higher demand, higher paid jobs which are less exposed to precarious working conditions.

**Read more:** [Can we create better jobs in Africa's booming construction sector?](#)



### 3.3 Action

During the implementation phase, MSD projects aim to support local market actors to introduce new practices, behaviours and products that bring about system-level changes. Projects usually partner with a small number of actors to test out these new ways of working and, if successful, then look to others to copy and ‘crowd in’ around the innovation.

Projects play a ‘facilitation’ role. This means they act as external agents, seeking to catalyse change within others in the market, while avoiding becoming part of it themselves. The idea being that “sustainable solutions” do not need project funds to continue working. The activities that projects undertake to encourage partners to change may be varied – from using ‘soft’ tactics such as advice or brokering relationships to ‘harder’ tactics like financial cost-sharing. Box 15 lists a range of facilitation options.

The reality of facilitating change in market systems is more complex than simply implementing ‘blueprint’ interventions. Innovations may not be viable or deliver benefits to the target group; market actors may not have the expected capacity or incentives; and most importantly, these are ‘living’ systems that are difficult to fully understand and hard to predict in advance. As a result, projects must be open to the fact that the interventions they design may need to change. Operating in a dynamic business environment, it is important for projects to:

- Select market actors to partner with who possess sufficient in-

centives and capacity to adopt innovations.

- Monitor and assess implementation on a continuous basis to observe progress and adapt interventions and partnerships as necessary.
- Stay focused on achieving systemic changes that benefit the target group and be unafraid to stop interventions that are not demonstrating results.

MSD projects often use [adaptive management techniques](#) to integrate real-time learning and evaluation alongside implementation. Many MSD projects also place strong emphasis on measurement and data gathering, building their M&E system in line with good practice set out in the [DCED Standard](#).

#### Action: Step by step

1. Design interventions
2. Shortlist possible partners, based on assessing their incentive and capacity to change
3. Reach an agreement with partners on duration, scope and nature of project support
4. Pilot interventions and monitor progress, adjusting accordingly
5. Take actions to crowd-in other actors beyond the initial partners, and measure results

#### Guidance:

- Chapters 3 and 4 of [Value Chain Development for Decent Work](#)
- [Value Chain Development Explained, a video](#)

#### Implementation tools:

- [The seven principles for facilitation \(Engineers Without Borders\)](#)
- [Market Facilitation Game: An online roleplay](#)

#### Examples:

- [Snapshots of market systems interventions \(BEAM Exchange\)](#)
- [Business Models for Decent Work](#)
- [The Boss Project in Timor-Leste: Thin markets, thick impact?](#)
- [Crafting Kuza: Towards a systemic approach to job creation for youth in Mombasa](#)





## BOX 14

## What skills does an MSD team need to have?

Putting together a project team with a wide array of complementary skillsets is a critical success factor in market systems development. More than just *aptitude* – the ability, skills and experience of team members – what matters for staff recruitment is a positive attitude: a willingness to do ‘development differently’, learn and adapt, and experiment with innovative ways of bringing about positive social change.

The BEAM Exchange, a global knowledge hub on MSD, has defined 17 core competencies of high-performing MSD project teams. These include:

### Analysis and insight:

- Can understand market systems and their role in poverty reduction from a systemic perspective
- Able to perform business and financial analysis on an organisation
- Do background research, interrogate data and summarise findings cogently
- Actively make and challenge assumptions
- Generate creative ideas and predict possible outcomes

### Intervention delivery:

- Make decisions despite limited or uncertain information
- Apply MSD principles to develop interventions that local partners can independently lead and own
- Manage a portfolio of interventions that combine to stimulate sustained system change
- Use field observations and data to change or develop new interventions

### Teamwork and interactions:

- Build relationships and manage conflict with people from diverse backgrounds
- Facilitate goal-driven discussions, workshops and meetings
- Deliver effective reports and presentations that cater to specific audiences
- Seek feedback to self-improve, collaborate, take risks, acknowledge mistakes and add value to a team

**Read more:** The [MSD Competency Framework](#) with example interview questions, case studies and learning resources





## BOX 15

## What activities does an MSD project do?

MSD projects can sometimes be hard to understand as they do not have a fixed intervention model. Rather, they use a flexible range of tactics which are a best fit to the context and support that partners require. These tactics can include:

Sharing research, information, advice to bring to light the opportunities and potential incentives for new ways of working:

- Market analysis
- Research and information on new products, services, or technologies
- Access to information on international practice, e.g. how innovations for certain services work in other countries, including through learning visits
- Assessment of regulatory impact for planned or existing 'rules'
- Assessment of effectiveness and impact of an innovation
- Sharing successes of innovations, especially to facilitate wider market take-up

Providing technical assistance:

- Development or review of business strategies, plans, manuals, contracting arrangements, services, policies and rules, and performing capacity assessments and capacity building for actors in the sector
- Strengthening or helping form Business Membership Organizations, clusters, or cooperatives
- Planning and implementing pilot innovations
- Provision of continuous strategic and technical advice, coaching and mentoring, while an intervention is ongoing

Making linkages, coordinating, and bringing market actors together:

- Facilitation of linkages and relations between market actors; sharing information about new funding sources, new markets, new input suppliers and international market actors.
- Establishing a formal or informal coordination mechanism between market actors, or facilitating open dialogue and collaboration.

Co-investment with the partner:

- Providing grants or 'soft' capital in the form of a loan or concessionary finance to pilot new ways of working or to de-risk innovation.
- Development 'tools' such as standardised training programmes can be useful in the MSD approach, but the process of designing and implementing projects needs to start with the market system, and addressing the underlying causes of systemic constraints; it should not start with, or be led by, the tools themselves.

**Read more:** This [short note](#) summarises how some ILO market systems projects have deployed different facilitation tactics, examining what worked, what did not, and why. The paper explores six principles of facilitation, adapted from Engineers Without Borders.

## BOX 16

## A focus on youth: Creating decent jobs in rural Zambia

The ILO, FAO and the Zambian Government have worked together for 5 years to address youth employment issues through the Yapasa Project, funded by the Government of Sweden. The project aimed to facilitate the creation of sustainable employment opportunities for young women and men in rural Zambia using an MSD approach.

Yapasa established innovative approaches to decent jobs creation for youth in the agribusiness sector in Zambia. In particular, it focused on collective actions in support of more sustainable MSME business practices, including cooperation between different value chains players and linking small growers to larger agribusinesses. The project initially focused on two value chains: soybeans and aquaculture, but later diversified into other value chains (i.e. horticulture).

It also addressed the key market functions that constrained sector performance and youth participation, such as access to quality inputs, access to formal markets, skills development (technical and business), and creating awareness of agribusiness opportunities for youth, as well as stakeholder coordination to improve the enabling environments in which youth operate. By closure, Yapasa had created and improved over 2,000 jobs for rural youth in Zambia, and improved the performance of 8,000 youth-led rural enterprises

**Read more:** [Fail, recalibrate, adapt, achieve: how Yapasa used the market systems approach to create opportunities for Zambia's rural youth](#)

## MSD in the classroom




The MSD approach has now been mainstreamed across a number of course offerings at the ILO International Training Centre. This includes:

- [Value Chain Development: Moving from Analysis to Action](#), which provides a detailed analysis of the different phases (sector selection, value-chain analysis, intervention design, implementation and results measurement) and shares different techniques for market systems facilitation.
- [Market-based livelihood interventions for refugees](#), which supports practitioners working with refugee communities in the design of livelihood interventions using an MSD approach, drawing on the experiences and lessons learnt from joint UNHCR-ILO pilot projects.
- [Resilient Markets Academy](#), jointly organized by ITCILO, the Norwegian Refugee Council and the SEEP Network, the course provides an opportunity to learn about practices and innovations in market systems development in the areas of livelihoods, housing as well as water and sanitation services.





**The Lab: Market systems development for decent work**

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