

Example of How to Take the Risk of Displacement into Account

MDF

MDF handles displacement in two ways:

1. By trying to avoid displacement from occurring:

Typically MDF will pick sectors to work in where there is a significant potential for growth and there is a supply-demand gap in the market, which will limit displacement. Moreover, MDF interventions will be aimed to help the sector cash in on the growth potential and narrow down the supply-demand gap which means that the chances of displacement occurring will be minimal.

The next thing to take note of is when developing interventions MDF will be careful to design interventions in a manner that all the players who want to can benefit from it. This will ensure that all players have an equal opportunity of benefitting from the intervention. It is MDF's goal to achieve crowding in and copying by others as those are key elements of a system-wide change and so will take steps to get more players in a sector to benefit from the intervention.

2. By keeping track of displacement when it happens:

There might still be situations when displacement will happen in the sector and MDF will keep an eye out for this. When designing interventions the sector team will be required to think about if, where and how displacement may occur and record that in the Explanatory Notes page of the Intervention Guide. It is important to consider all levels of displacement from partner/service provider to beneficiary. If displacement is likely to happen and the number of people/enterprises displaced is significant then MDF will attempt to measure the effects of displacement and use that to adjust the net additional income change due to the intervention.