

DCED Global Seminar 2026: *PSD at a crossroads: Navigating a shared way forward* Summary report

The DCED Global Seminar 2026 was held 16-18 June in Nairobi, co-sponsored by the Luxembourg Ministry of Foreign Affairs, Netherlands Ministry of Foreign Affairs and FMO. It was attended by more than 220 participants from bilateral donors, foundations, DFIs and other financial sector actors, multilateral agencies and implementing organisations from more than 40 countries.

This summary has been prepared by the DCED Secretariat to capture the Seminar's main discussion items and takeaways. Selected presentations and other materials are available on the [event app](#).

Around half of the participants completed the feedback form, with 98% of respondents rating their overall experience of the DCED Seminar as *excellent* or *very good*. Additional insights, session outputs and follow-up materials will be shared over the coming months will be shared in due course, through the [DCED](#) and [BEAM Exchange](#) websites, [DCED LinkedIn page](#) and [newsletter](#).

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Opening remarks

The Seminar kicked off with opening remarks on behalf of the event co-sponsors, the DCED Executive Committee (ExCO) and the DCED Secretariat. Speakers included Henk Jan Bakker, Ambassador of the Netherlands to Kenya; Pascal Fabing, LuxDev and ExCo member; Elisabet Montgomery, Sida and ExCo Co-Chair; and Jorim Schraven, Head of Impact and ESG at FMO.

They collectively highlighted the value of the DCED as a long-standing knowledge hub and convening platform for funders, financiers and implementers at a time marked by a rapidly changing context for development cooperation and private sector development (PSD). Bringing these actors together was seen as critical for building a shared understanding and identifying the partnerships, approaches, and evidence needed to deliver sustainable impact at scale despite shrinking budgets, shifting priorities, and increasingly challenging operating environments.

I. Implications of the changing funding landscape for effective PSD

Over the past 18 months, the PSD donor landscape has undergone major shifts. Bilateral donors have been closed, had budgets cut and priorities realigned; foundations have dealt with a surge in interest and funding applications; DFIs have focused on returns from their existing capital; and UN agencies have been squeezed with reduced core funding and withdrawal of member contributions. To grapple with this new reality, the 2026 seminar included a full thematic strand to understand the implications on PSD practice in a range of different contexts.

The opening plenary used a participatory format to challenge all participants to answer 4 key questions: (1) how to maintain systemic approaches under budget constraints; (2) the implications of a changing funding mix; (3) the risks and rewards of donors seeking to become more investor-like; and (4) the practical realities of 'mutual' benefits. Participants discussed intensely in table groups and brought forward some hard truths: If donors all become investors, who is taking on the risk of building new markets - in fragile contexts and for vulnerable groups? Some saw budget cuts as a chance for radical prioritization and strategy focus through the MSD approach, others worry this will mean the loss of pre-commercial work and a focus on inclusion.

- **Session 2D - Squeezing the budget: Realistic costs and timeframes for systems change:** This breakout confronted head-on the real-world challenge of how donors make decisions about declining budgets, and whether they can afford to still fund systemic programming? Two key inputs stimulated the conversation: an ILO study with quantitative data on past MSD programme budgets and value for money; alongside a series of qualitative interviews with experienced MSD team leaders on how they manage the budgets they are given. The table discussions went deeper on practical decisions and trade-offs faced by both donors and implementers: the crucial takeaway is that there is a minimum funding 'floor' for MSD (at least \$1.5m per project per country per year). The way this is structured and allocated matters enormously for whether it can support effective implementation of MSD principles.

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- **Session 2J - Mixing money: Co-funding systemic PSD across the funder spectrum:** This lively fishbowl discussion on co-funding started with views from Gatsby, BII, AGRA and Fred Hollows Foundation on the pressures and challenges of implementing co-funded programmes. Participants agreed on the importance of a strong vision, with clear strategy for systemic change, with co-funders “buying in” to support that vision, without pulling in too many directions. The second round included funder voices from Phillips Foundation, FCDO, SDC and Sida, who weighed up the pros and cons of solo vs. co-funding across different types of funders. Under certain conditions (flexibility and longer-time horizon) there are still real advantages for individual donors to be the sole funder - so the takeaway was to co-fund with caution, under the right conditions that can make it successful.
- **Session 3E - Rethinking the implementer business model: Shifting strategy at global, regional and country levels:** This final session was a series of parallel In-depth discussions on the changing implementer business model. Leaders from across NGOs and contractors highlighted emerging new practices from bottom-up self-funded projects to intermediary platforms and even shift to working in ‘domestic’ markets. There was also considerable exploration of when NGOs should merge, and when to develop strategic long-term partnership arrangements to minimize duplication and competition. Finally, several groups highlighted the challenges in organizational change: many implementers become a mirror reflection of the donors they work with over many years, and convincing multiple internal stakeholder groups (e.g. finance, operations, MRM) to change is a significant challenge for leaders.

Going forward, the DCED Secretariat will document and circulate key findings related to the minimum funding requirements for MSD programmes, to make this information accessible to key members in an interactive way. The DCED will also leverage participants and members to reach out to philanthropic networks and individual foundations: multiple participants called for action on this front, offering to make introductions and connections, so that newer funders can learn from decades of good practice in systemic private sector development.

II. Mutual benefits? Searching for synergy between PSE/PSD and donor country interests

Bilateral donors face growing political pressure to align domestic interests – such as trade, market and resource access – with PSD objectives abroad. Sessions under this stream explored the concept of mutual benefits, how it is being operationalised across donor agencies and programmes, and its implications for sectors such as critical minerals. Throughout, discussions focused on how to maintain or strengthen development effectiveness while recognising the risks, trade-offs and tensions inherent in this shift.

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The DCED will continue to support member agencies in navigating these changes through its ongoing review of donor experiences with mutual benefits. The review will document emerging approaches, evidence and lessons, helping the PSD community identify both opportunities and potential pitfalls as the agenda evolves.

- **Session 1B - Towards Mutual Benefits: How bilateral donors are reshaping their private sector development portfolios:** The session opened with remarks from Kristin O’Planick, lead consultant for the ongoing DCED assignment on donor experiences with the mutual benefits agenda. She highlighted the wide range of domestic interests shaping donor approaches, from trade and economic gains to migration and security objectives, and noted that benefits may be short- or long-term, direct or indirect. These differing priorities are increasingly influencing the design of PSD portfolios, including the choice of partners, instruments, sectors and countries.

The Netherlands MoFA then presented their Combitracks model as a multi-year, multi-instrument approach that seeks to combine Dutch economic interests with sustainable and inclusive development outcomes. This was followed by a panel discussion including GIZ, Sida, and UK FCDO on political shifts and strategic implications for their PSD portfolios. While these agencies pursue the mutual benefits agenda in different ways, they see it as an opportunity to move beyond traditional donor-recipient relationships towards more equal economic partnerships that combine ODA and non-ODA instruments. Private sector engagement was seen as a key pathway for delivering mutual benefits, alongside stronger coordination between development, trade and investment actors. However, participants also highlighted risks, including the potential exclusion of low-income communities, sectors and fragile contexts where commercial opportunities are limited; pressure for shorter-term results that could undermine systemic development objectives; and a drift towards tied aid, despite evidence that untied aid is more effective.

- **Session 2C - Putting Mutual Benefits into Practice (1): Case studies and lessons to date from bilateral donors:** 4 roundtable discussions led by Sida and the Netherlands MoFA served to discuss more detailed experiences in putting the mutual benefits agenda into practice. Two roundtables reflected on strategic and/or HQ-focused implications - including progress made at HQ level in integrating and coordinating between different units and government entities tasked with trade and development, as well as unresolved issues - for example the lack of a clear mandate by some donors to work directly with their private sector; challenges in bridging diverging cultures and priorities when merging domestic trade and development agendas; and limited knowledge of how to capture and communicate both development outcomes and donor country gains.

The other two roundtables explored how to maximise synergies and manage trade-offs between development and trade objectives in country strategies and programmes, drawing on Sida-funded MSD programmes and PPDPs, and the Dutch-funded agrologistics Combitrack in Kenya. Contributors highlighted the value of integrating trade considerations into MSD programming from the outset, using systems analysis to identify sector bottlenecks and local demand before selecting strategic (trade) partners. They emphasised that PPDPs should address systemic constraints rather than the needs of

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individual firms, and noted the growing role of embassies as conveners and matchmakers, linking local and international businesses while coordinating support instruments. Participants also cautioned against concentrating support on a small number of successful or well-connected local and international firms.

- **Session 2I - Putting Mutual Benefits into Practice (2): Experiences from the Global Gateway Northern Corridor:** This session explored the EU Global Gateway (GG) through the example of the Northern Corridor in East Africa, highlighting how the idea of mutually beneficial partnership can be pursued through large-scale infrastructure and trade corridor initiatives. Speakers included the Head of Cooperation for the EU Delegation in Kenya; the Netherlands MoFA as a leading Team Europe actor in the Northern Corridor, and TradeMark Africa as a major implementing organisation. They described GG as the EU's investment offer to address infrastructure gaps by combining grants, development finance and private sector capital across priority sectors such as transport, energy and digital connectivity. A key feature is its increasingly proactive role in supporting private-sector-led investment opportunities alongside traditional government-led programmes.

Investments in the Northern Corridor focus on improving transport, logistics and trade facilitation while strengthening agricultural value chains. Examples included cold-chain infrastructure, regulatory reforms, one-stop border posts and efforts to shift horticultural exports from air to sea freight, reducing costs and emissions while improving competitiveness. A recurring theme was the importance of coordination: GG brings together EU institutions, member states, DFIs and private companies around shared priorities. While speakers stressed that GG is not tied aid, discussions acknowledged opportunities in sectors where European firms have competitive advantages, reflecting an interest in fostering mutually beneficial partnerships that support both development objectives and European economic interests. Speakers emphasised that their success will depend on effectively integrating smaller producers and increasing regional value addition.

- **Session 3G - Donor (Re-)Engagement in Critical Raw Materials:** How do we deliver mutual benefits and not the resource curse? This panel explored new donor strategies, financing models and supply chain partnerships to deliver lasting benefits for critical mineral producers and consumers amid growing global competition for access to these materials. OECD framed the discussion, highlighting the risks to mining projects and supply chains if core Responsible Business Conduct principles are not adhered to. The UK's FCDO outlined its approach to balancing UK economic interests related to critical minerals with benefits for producer countries. GIZ's Cobalt for Development Project presented its supply chain partnership approach with downstream companies for cobalt produced through artisanal and small-scale mining (ASM) in the DRC. The panel also considered the strategic interests of producer countries and how mining projects can contribute to local and regional development through, e.g., local procurement, value addition, skills development and resource corridors.

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III. Creating markets for SME finance

The five sessions under the SME finance steam explored different aspects of the emerging technical field of application called market creation. Market creation aims to apply a systems approach to the SME financing market to reduce the “Missing Middle”. To do this effectively, market creation needs to bring together good practices in systems development (originating from the PSD/MSD community) with good practices in mobilising finance, developing financial instruments and understanding the business models of financial and non-financial services (originating from the finance community).

All five sessions provide insights into this process, from different angles. Recurring insights across these sessions included the following:

- SME segmentation is essential for market creation. It is important to build up an understanding of how SME finance markets should work from the ground up, based on the needs of SME segments and who is best placed to respond to these. This applies to SMES in general as well, for instance, to women-owned SMEs.
- Banks need catalytic TA to learn how to start or expand SME banking; offering them credit lines is not enough and may not even address their underlying constraints.
- Alternative structures such as small business growth funds may be important to complement bank outreach and work with underserved SME segments.
- A systemic approach to SME financing requires an integrated, collaborative approach, in which donor support is catalytic and short term. Standalone training programs for SMEs or standalone guarantees for banks do not move the needle.

The DCED provides a space for both communities to meet, to develop a shared language, to develop a shared understanding of how market creation can best take shape in different context and, ultimately, to develop shared guidelines on good practice.

- **Session 1G - Boardroom Brown Bag Lunch (Tuesday 13.30-14.30): Creating Productive Pathways for African Banks’ \$Trn Balance Sheets – The Role of Catalytic Technical Assistance to Unlock More Inclusive SME Financing:** In this session the Arigidius Foundation and ConsumerCentriX led the discussion on challenges and opportunities for SME banking. They explained a new way forward for SME finance market creation, namely the ability of established banks to develop better SME banking practices. The opportunity lies in the fact that domestic pools of capital, such as those on banks’ balance sheets, are more affordable for SMEs when compared to foreign capital (typically denominated in hard currency). The challenge lies in the fact that the SME market is very heterogenous, which means it is difficult to price in risk. Because of this, banks have been reluctant to have a large exposure to SMEs. Often the donor response has been to offer guarantees for SME financing. This should be considered the “wrong message,” because it suggests that SME financing is not profitable. With support from the Argidius Foundation the INVEST Process & Toolkit to Unleash SME Banking has been developed to help banks develop the capacity to do SME financing.

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ConsumerCentriX provided more details on the application of the toolkit. Overall, the process strongly resembles how a PSD/MSD system facilitator would engage a market actor to develop critical upstream skills and services. The ensuing discussion focused on the fact that only providing credit to banks is never enough: they need to be able to learn how to use this credit. Kenya Commercial Bank, who presented at the DCED Global Seminar 2024, shared an excellent case on the potential of SME banking.

- **Session 1E - The SME Finance Market: An Ever-growing Missing Middle:** The SME Finance strand showcased dimensions of a market creation approach, such as using catalytic technical assistance (TA) to develop a bank's capacity to engage in SME banking. In this mix, the purpose of session 1E was to remind the audience why Missing Middles in SME financing exist. Better understanding of the underlying causes helps identify what interventions are needed—and what should be avoided—to reduce the "Missing Middles" financing gap. Donors can contribute to better functioning SME financing markets, but can also undermine their development. This theme of what causes the Missing Middles and what could be done to address these (and what should be avoided) was discussed by FMO, LuxDev, the Collaborative for Frontier Finance and Aceli Africa.

First it was explained that the Missing Middles are not a problem exclusive to frontier or emerging markets. For example, the Netherlands also has a "Missing Middle", largely because the fixed costs of lending make small loans commercially unviable. In frontier and emerging markets this problem is amplified due to smaller SME sizes and weak regulatory and legal framework. For this reason banks may not be able to turn agribusiness loans (especially smaller amounts of USD 10,000 to USD 25/50,000) into a profitable business. The Small Business Growth Funds model may be a more flexible alternative to SME banking. This requires that funds from various investors are aggregated (the wholesale function), then retailed to specialist Local Capital Allocations (fund managers) who in turn can provide tailored financial and embedded non-financial services to SMEs. As a conclusion, the presenters defined clear do's and don'ts for market creation. What does not work is generic SME training to make them "bankable", prioritising numbers trained over any meaningful quality support. BDS providers should charge for services, even when not all costs are recovered. Services should be designed in collaboration with banks. They should be individualised. And they should track impact pre and post investment. For financiers, grants and blended facilities should only be used catalytically, to trigger innovation, not to subsidise uneconomical practices. Finally, feedback loops are essential to learn and adapt. Project cycles should be 5 years minimum. In the ensuing discussion, it was emphasized that it is important to build up our understanding of what systems are needed for SME financing from the ground up.

- **Session 2b – From Recipients of Public Grants to Attracting Private Finance: SME Progression Pathways to financial independence and the 'potholes' along the Way:** The purpose of this session was to show how different types of organisations are working to reduce the Missing Middles and that

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this process contains elements of a systemic market creation approach, which includes collaborations between PSD/MSD and financial actors. To strengthen this collaboration, market creation should become the “glue” between finance and PSD/MSD. PSD evolved from direct support to SMEs to more sustainable and scalable systemic approaches; however, in terms of engagement with finance, a gap has continued to exist. Market creation seeks to close this gap. The DCED’s SME finance Community of Practice has developed the “DCED Market Creation Systems Map”, to create a space for bringing these two worlds together. The session brought together four different stakeholders - an SME, FMO, BII and an MSD project to explain how they are working to create a market for SME finance. SMEs often struggle to mobilise finance that is supportive of SME business models. Venture capital is often too scale oriented, neglecting whether the company has a meaningful impact on farmers. Impact investors can be very restrictive in terms of whom the funds can be used for. One DFI explained that they added market creation as a fourth pillar to its Pioneer – Develop – Scale strategy. Market creation represents the first gear that should make SMEs ready for concessional financing (second gear), before they receive bank financing from the DFI (third gear), and finally can access commercial finance (final gear). An MSD project which worked on market creation in various countries, explained the importance of contextualisation: they had to use different approaches in Nepal and Malawi because of the different SME segments and financial service providers involved. A second DFI explained their market building strategy, emphasising the importance of close coordination between TA for market building and investment mandates to ensure one can support the other. During the discussion, the need for a shared language came up, as well as the importance to avoid that market creation becomes another “box”, which could hinder collaboration with PSD/MSD.

- **Session 2G – Repayable Grants Learning Lab:** The purpose of this session was to explore the potential of a relatively new financial instrument – repayable grants – for market creation. As repayable grants are neither loans nor investments, they do not trigger the same costly due diligence requirements that banks would otherwise need to fulfil. Moreover, their repayable nature allows previous catalytic grant funding to be recovered and redeployed, increasing the efficiency and sustainability of scarce grant resources. The primary use of repayable grants is to provide fund managers with more runway to develop their capacity and/or close their fund, after which they start to generate income and would be in a position to repay the loan. Similarly for SMEs, the repayable grant could be used to enable them to scale their business model and generate more cash flow, after which again they would be able to repay the loan. The instrument is therefore considered as a stepping stone for access to finance. However, whether funds can be returned to donors is still an unresolved matter.

The ensuing table discussions focused on the importance of tailored, flexible funding. In order to adopt a systemic market creation approach it is important to have access to catalytic funding to facilitate market actors to innovate. Another key discussion point was whether repayment could be adequately enforced as grants are often associated with “free money”. Formal agreements, for example under British law, should be established to ensure that repayment obligations are legally enforceable and do not become an issue. Informally, relations with grant takers may be important to

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ensure repayment, as is the case with cost-sharing agreement in PSD/MSD. The session ended with interested participants signing up to stay involved in the repayable grants learning lab led by FMO.

- **Session 2K – Building Markets for Sustainable and Effective Business Development Services (BDS):** BDS can be instrumental in helping SMEs grow and mobilise finance. Hence, BDS services should be part of SME ecosystems. However BDS services cannot be provided on commercial terms for all SME segments. It has been established that tailored, and therefore more expensive services, are more effective than standard classroom training. This session was led by the Coalition for ESO Advancement which includes 20 like-minded organisations working towards Enterprise Support Organisations to increase their performance and financial sustainability. The session explored how BDS services can be made less dependent on donor funding, without assuming that they can be fully commercial in their own right at all times. IGC, AMI, Technoserve, BII and KENIA all shared examples of practices that help make BDS more effective and affordable. Targeting the right SMEs and peer learning help increase BDS effectiveness; BDS providers combining entry-level services and more specialised services can strengthen their business model; balancing in person and online support can help reduce costs; and finally, governments and corporates may be willing to pay for BDS services. The session continued with deep dives where Triple Jump/DGGF, iGravity, Shona and Pollinate Impact explained the importance of seeing BDS providers as a business. This means that thinking about diversified revenue streams, products, and good management practices are all important to make BDS providers more sustainable.

IV. Systemic approaches at the cutting edge: how MSD practice is evolving

This strand took stock of a maturing field. Dwindling resources for development goals is refocussing attention across the spectrum of SME finance, impact investment and green growth on approaches that create enduring impact with the potential to scale. A decade on from the last Operational Guide, MSD practice has accumulated rich lessons—on fragile contexts, greening, rules and norms—and the third edition seeks to consolidate them. Yet maturity brings tension: a central debate asked whether the field should shrink to protect quality and core principles, or expand as systems thinking spreads across development, investing and conservation. The latter narrowly prevailed. Running through the strand was a drive to confront misconceptions—notably that MSD neglects public-sector partnership—with evidence from Bangladesh, Ethiopia and Zambia/Zimbabwe showing the approach delivering enduring, large-scale system change

- **Session 1D - The MSD Debate:** How should the MSD approach serve emerging donor agendas—climate adaptation, economic resilience in fragile settings, leveraging private finance, and building mutually beneficial trade? Team Consolidate argued, paradoxically, that the field must shrink before it can grow.

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Core principles that once made MSD distinctive have been overshadowed by technical debates about tactics, increasingly inaccessible to the funders who will determine its future. The field needs to get back to basics—not retreat, but a drive for quality: being honest about what qualifies as MSD, raising standards, and investing in evidence, especially ex-post evaluation. Team Proliferate countered that systems thinking is becoming ubiquitous because it reflects good development practice. The tools exist; what's lacking is capacity to use them at scale. Shrinking the field would exclude global-south programmes working in the hardest contexts. The answer to dilution is raising standards within the existing field, not abandoning it. Team Proliferate narrowly won. Arguments will appear in a future [BEAM Exchange blog](#).

- **Session 2H - Public-sector Engagement in System Change: What makes for effective partnership?** This session set out to dispel a misconception about the MSD approach—that it rarely involves substantive public-sector partnerships—showing through three cases that the public sector can be a central partner in creating enduring, large-scale systemic change. In Bangladesh, the M4C programme worked through a small government research centre (CDRC), moving from engaging it in a systems approach to anchoring its capacity to facilitate local commercial solutions—results that outlived the programme. In Ethiopia, Triple Line's logistics reform tackled a costly state monopoly using a public-private platform, embedded advisers and international twinning to open the sector to competition. In Zimbabwe and Zambia, MASAP secured legal recognition for the unregistered Farmer Managed Seed System through national working groups and consultations. Speakers stressed that public-sector partnership works through a strong local team with deep relationships, honesty about programme limits, sensitivity to non-visible incentives, and patient sequencing that insulates progress from government staff churn.
- **Session 3A - Updating the MSD Operational Guide:** This session introduced work on a third edition of the MSD Operational Guide, the field's most influential reference, last updated in 2015. The case for revision rests on a decade of new evidence, growing adoption across foundations, NGOs and the private sector, and expansion into sectors like finance, conservation and green energy—balanced against preserving the original's clarity and adding value in a crowded field. Consultation revealed appetite for more guidance on environment, climate, GESI and systems change, though people rarely read guidance (only 23% of a highly-engaged sample opened it more than twice yearly); standard MSD tools remain widely valued. The team led with principles over tools, noting the Frame and Analyse chapters rest on firmer ground than later stages. Planned changes include stronger life-cycle structure, worked examples following three fictional projects, integrated cross-cutting guidance, and an interactive BEAM Exchange platform. Delegates contributed "confessions" and "reality checks" to enrich the guide.

V. Towards a new generation of systemic green PSD programmes

Accelerating progress towards a green and just transition remains a central priority for many funding agencies. This thematic strand was built around the premise that examples of transformative change in green

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PSD programming remain relatively limited, and that achieving results at scale will require changes in how programmes are designed, implemented and measured. The DCED will continue to advance this agenda through its communities of practice and learning activities, supporting members to share experience, build evidence and strengthen green PSD practice.

- **Session 2a - Why stronger green PSD programmes aren't getting off the ground — and what needs to change in how they are commissioned:** In this session, UK FCDO, BMZ and the IKEA Foundation shared lessons and emerging strategic priorities for green PSD programmes that are capable of delivering systemic change at scale. A key point was that too many objectives can dilute impact; clarity on strategic objectives is important in programme design and implementation, as well as the overall strategy of the funding agency in the partner country. Some panelists argued that understanding local market systems and commercial incentives first has led to stronger green impact in practice. 'Green' labels are not always helpful, as they may align more closely with donor priorities than with commercial realities and may therefore need to be used selectively with different target audiences. A recurring theme was the need to combine support at multiple levels: helping businesses become investment-ready, strengthening green finance ecosystems, and creating an enabling environment through regulatory reform, green industrial policies, standards and financial-sector measures. Strong policies alone were however seen as insufficient without effective enforcement. If systemic change is the objective, tackling these challenges will require strong coordination with other partners to avoid duplication and fragmentation.
- **Session 3C - Honest Trade-offs: What Happens When Green and Employment Objectives Pull in Different Directions?** Setting strategic priorities also requires funders and programmes to openly discuss trade-offs between environmental and socioeconomic (employment) outcomes in order to enable a strategic vision of who is at risk and who might gain. This session introduced a new set of definitions for different dimensions of trade-offs, including temporal, spatial, distributional and raised major questions for how trade-offs get managed in practice. There was a strong argument for donors and implementers agreeing on an explicit hierarchy of objectives, which makes it easier to prioritize different interventions or partnerships based on their relative contribution to different objectives. The core of the session focused on applying the new language to five real-world cases of trade-offs in practice across renewable energy, aquaculture, investment, agroecology and construction/housing. The key concepts and definitions will be published in a forthcoming paper by the Canopy Lab.
- For a summary of session **3F on green measurement**, please refer to the thematic stream on Results Measurement below.

VI. Markets in fragile and conflict-affected settings – Is there life after the funding collapse?

The three sessions of the MSD in FCAS strand trace a clear trajectory. The strand opened from a defensive position—PSD and MSD in fragile settings still carry a reputation for being inappropriate or unworkable, the assumption being that crisis is humanitarian territory. The first session's framing around "myth-busting" signals how much of the field's energy still goes into proving that market systems can survive and matter through shocks.

But the centre of gravity has shifted. The accumulated evidence means the question is no longer *whether* PSD belongs in fragile contexts, but *how* it integrates with humanitarian response and *how far* it should push. Two lessons stand out. First, the humanitarian–development divide is increasingly seen as a false choice: the two are complementary, and the real work is aligning incentives across organisations that have historically operated separately. Second—and more challenging—is a growing self-critique: that PSD programmes may be playing it too safe, gravitating away from the politically charged, power-laden sectors where transformative change is most needed.

So the arc of this strand ran from defending relevance, to integrating with humanitarian action, to confronting the discomfort of power and conflict directly. The maturity of the strand lies in that last move—an emerging willingness to ask not just "does this work?" but "are we being ambitious enough?"

- **Session 2E - Resilience in Fragile Economies: busting myths about PSD in crises:** This session set out to bust persistent myths about PSD in fragile and conflict-affected situations—a context that now houses 72% of the world's poor and is drawing growing donor attention. Drawing on examples from Somalia, Sudan, northern Nigeria and refugee economies in Kakuma and Juba, speakers argued that markets do not cease to function in crisis but adapt, that PSD is relevant during active conflict and not just recovery, and that evidence of impact already exists—private actors in conflict-affected areas like Adamawa State were investing and selling more than peers in stable regions, drawn by persistent demand and early-mover advantage. The panel stressed that crisis-affected households are economic agents who, given credit and inclusive design, can grow businesses, and that capital investment can be unlocked through de-risking. PSD must be coordinated with humanitarian response, avoid creating dependencies, and plan exit strategies from the outset—lowering the need for and cost of humanitarian intervention.
- **Session 3D - Making the Case: Why and how to support resilient approaches in a risk-averse era:** This session tackled the tension between meeting immediate humanitarian needs and sustaining longer-term systems change, arguing that humanitarian aid and PSD are not competing but complementary—the first meeting urgent needs while the second strengthens the systems people rely on for income, employment and essential goods. Realising this complementarity demands new ways of working across departments and organisations to align incentives. Several themes emerged: that the case for PSD rests on household resilience and listening to local partners; that thin markets are often hidden rather than absent (in Sudan,

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supply chains assumed broken still function if you look), needing hands-on support; and that the uncertainty of fragile settings makes risk-sharing, subsidies and buying down transaction costs essential to unlock investment. Speakers highlighted structural constraints—bank liquidity shortages and inflexible donor procurement systems—and called for genuine co-design with local partners. The panel valued engaging anchor firms while noting their exposure to shocks, as when conflict halted flights and hit Lebanon's cherry exporters.

- **Session 3I - Navigating Risk Through Insight: Facing power and conflict in market systems:** This session argued that systemic change is never neutral—it produces winners and losers—and in politically charged or conflict-affected markets these shifts can provoke resistance that undermines programmes. This raised an uncomfortable question: do MSD programmes too often retreat from the most sensitive sectors, avoiding the systems where transformative impact is most needed? Drawing on cases from Somalia, DR Congo and Fiji, the framing was that navigating market risk is less a technical challenge than a matter of insight into power and conflict. Two Somali renewable energy projects crystallised this: the Las Anod wind turbines, technically sound but "dead on arrival" for ignoring the incumbent's resistance, versus the Warsheikh solar mini-grid, which brought existing market actors into the solution, became Somalia's first fully solar-powered town and repaid its loan in full. Speakers offered frameworks reading markets through political, ecological and conflict lenses, alongside tactics: build evidence and momentum rather than confronting entrenched power directly, and choose well-connected, locally embedded facilitators.

VII. Women's Economic Empowerment (WEE) & Inclusion

The WEE and social inclusion stream acknowledged that participants work in very different contexts: some where gender, social inclusion, diversity or rights-based language is being rolled back, and where leadership may mean protecting minimum space and finding practical entry points; some where ambition is expanding but resources are not, where it means sequencing, prioritising and being honest about trade-offs; and some in between. Across all of them, the question is "where do I still have room to act?"

Participants left sessions with optimism and a stronger sense of their own agency. In systemic PSD, understanding exclusion is not just value-driven but essential for ensuring effectiveness, based on an understanding how markets function or how they need to change. The opening session in this stream reinforced the message that leaders have more agency than they often realize, as they shape the daily decisions that make inclusion legitimate, practical, and sustainable. The other 2 sessions zoomed in on specific applications of gender-lens investments and care economy programming. Participants asked important questions, for example on how to ensure *decent* job creation in the care economy, and on how technical assistance can help expand the pipeline of investable women-led businesses.

- **Session 1C - Courageous Leadership: Women's economic empowerment and inclusion under pressure:** The GESI stream opened with Holly Krueger of The Canopy Lab reflecting on two decades of inclusion

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work in market systems development. She traced its evolution from early efforts focused on access and participation, through a growing emphasis on agency and power, to today's focus on systemic transformation, all against a backdrop of tightening budgets and rising anti-rights movements. Despite this progress, the question of why inclusion efforts continue to stall remains pertinent. Drawing on research involving more than 400 practitioners, Holly argued that the answer lies less in strategy and more in everyday leadership behaviours—the small, repeated signals that demonstrate what truly matters within organisations. A panel of donors and implementers from World Vision Australia, Sida, FCDO and Mercy Corps shared how they are protecting and expanding the space for inclusion across very different and often difficult operating contexts. Participants left with a [concrete framework of five leadership behaviours](#) and a clearer understanding of where they personally can take action to advance inclusion. The DCED will build on these lessons through a broader stocktake of how WEE is being approached in an evolving funding environment.

- **Session 2F - Unlocking Decent Jobs at Scale: Spotlight on the care economy:** The care economy session built on a growing body of evidence demonstrating that care is economic infrastructure with a gendered distribution, rather than a peripheral women's issue. With more than 700 million people globally unable to engage in paid work due to care responsibilities, and evidence of returns from investments in quality childcare and eldercare, there is a strong case for treating care as a serious economic sector. Speakers from IDRC, the Global Affairs Canada-funded Action for Paid Childcare Sector Transformation (ACT) programme, We-Fi, and the UK's FCDO shared practical lessons - including the need to segment diverse care businesses to match them with appropriate finance and technical assistance, and to strengthen the enabling environment for care providers to formalise, grow, and attract investment. Participants left with a clear agenda: integrating care into mainstream diagnostics, continuing to reshape the narrative with investors and finance ministries, and designing financial products that respond to market realities. The session also generated momentum for upcoming DCED research on care as climate-resilient infrastructure.
- **Session 3B - Who Does Finance Work For? Reaching women-owned enterprises through gender-smart intermediation:** Gender-lens investing is supported by a growing set of tools, funds and data infrastructure to direct finance toward women-led businesses. Panellists from Triple Jump, Acumen, FMO, BMZ and IFC shared what good gender-smart intermediation looks like in practice, from segmenting women entrepreneurs properly to understand their diverse needs and growth trajectories, to combining capital with technical assistance before and alongside investment, to building peer learning platforms that shift fund manager behaviour at scale. The session was honest about what remains hard: the pipeline of women entrepreneurs thins out before it reaches investment stage, bias among fund managers often goes unnamed, care responsibilities remain a binding constraint, and application of gender-lens principles across investment teams is still uneven. An action item that emerged was to better connect early-stage business support with investment logic, so that more women-led businesses can make that journey rather than stalling before they reach it. The DCED will take these lessons forward into

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a forthcoming review on how bilateral donors moving can integrate the principles of gender-smart finance and continue to reach the most vulnerable.

VIII. Results Measurement in the hot seat: Getting PSD (measurement) right when ambitions are up and budgets are down

The DCED's results measurement work focuses on two inter-related objectives: improving the quality of monitoring, evaluation and learning (MEL) in PSD, and generating and synthesising evidence on what works (and what does not) in achieving development outcomes through private sector approaches. The results measurement sessions at the Seminar discussed progress in both areas, while considering the realities shaping the field, including budget constraints, alongside pressures to demonstrate value for money and climate impact. In addition, results measurement emerged as an important cross-cutting theme throughout the Seminar.

Participants repeatedly returned to questions about the evidence needed to inform policy and practice not only in the sessions organised under the results measurement stream but throughout sessions under the other topics covered in the DCED seminar: Given growing pressure in donor countries to align aid spending with national interests, is there any evidence that PSD can deliver mutual benefits? Which funding mechanisms and instruments are genuinely contributing to a just transition? What can we learn from cases where PSD tools, combined with access to finance, have accelerated SME growth? Are we adequately capturing lessons on how the private sector still makes investments in fragile and active conflict settings? And what explains the persistent gap between early-stage women entrepreneurs to reach investment readiness to progress into the next stage?

Participants also highlighted challenges when working with multiple funders who have different results measurement requirements. Even where funders co-finance the same programme, differing reporting and measurement requirements often create inefficiencies and additional burdens for implementers. These discussions, together with the dedicated sessions on results measurement, reinforced the importance of the DCED's role as the leading community of PSD funders and practitioners. Participants emphasised the need for the DCED to continue setting the standard for credible monitoring, evaluation and evidence generation, ensuring that high-quality evidence remains at the centre of decision-making in an increasingly complex and resource-constrained environment.

- **Session 1F - Evidence on Private Sector Development: Findings from a DCED Review:** The DCED Secretariat presented work undertaken over the past year to update the [PSD Evidence Framework](#), originally developed in 2011. Reflecting the evolution of the field, the [theory of change](#) has been updated to capture a broader range of outcomes and approaches, with the latter including business environment

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reform, cost-shared private sector engagement, financial market development, market facilitation, hybrid approaches combining facilitation and direct investment, and targeted direct support to firms. The Secretariat is now collating both academic and programmatic evidence - and identifying evidence gaps - for each step within these pathways. Findings on direct firm support were presented during the session as an illustrative example. Participants welcomed the initiative and highlighted the shared responsibility within the community (funders, programmes and academic institutions) to contribute evidence and strengthen the database. Discussions also underscored a clear role for the DCED not only in curating evidence, but also in synthesising and interpreting findings on what works, what does not, and under what conditions in accessible formats such as policy briefs.

- **Session 3F - Are Our Green Claims Standing Up? Moving the Needle on Green Measurement and Evidence:** The 2024 DCED Global Seminar identified a clear gap in guidance on measuring climate and environmental impact. Subsequent DCED research found that many private sector development programmes are focused on climate mitigation and reducing greenhouse gas emissions. This session therefore explored how projects are measuring these outcomes in practice. RECONOMY and Propcom+ shared their approaches to monitoring emissions reductions in the circular economy and livestock sectors, while the Kenya Climate Innovation Centre (KCIC) presented an evaluation done together with the William Davidson Institute at the University of Michigan to assess emissions impacts in the waste sector. The monitoring examples highlighted a lack of clear guidance on what should be measured, often resulting in long lists of indicators with varying relevance and feasibility. The evaluation example underscored the challenges of designing robust evaluation methodologies and the need for closer collaboration for different stakeholders including programmes, evaluators, incubators, funders and researchers to address these. The key takeaway was the urgency of improving how the PSD practitioners measure and learn about climate and environmental outcomes.
- **Session 3H - Squeezing the Budget Continued: Invest in Results (Measurement):** A diverse panel, including the Ikea Foundation, International Trade Centre, Netherlands Enterprise Agency (RVO), and the RECONOMY and M4C programmes, shared reasons for their investment in MEL. This includes rigorous monitoring, application of the DCED Standard, and a focus on evaluation and learning despite budget pressures. These investments have improved cost-effectiveness by helping organisations better understand outcomes, scale what works, and stop funding what does not. Despite broad recognition of the need for stronger results measurement in the session, participants also discussed that this does not always translate into practice. Programmes remain under pressure to report on long lists of indicators, the DCED Standard is not applied correctly, and too few ex-post evaluations assess whether impact is sustained. The session emphasized the DCED's role to deepen understanding of what constitutes good MEL to improve PSD programme effectiveness.

Side events, 19 June 2026

A number of side events were organised on 19 June. Two workshops are summarised below; these were co-organised by the Secretariat or involved support by the Secretariat respectively. Other side events on Friday include an advanced training workshop on Market Systems Development, run by DevLearn; and a visit to the Kenya Revenue Authority, organised by the Netherlands MoFA and TradeMark Africa, to share work and lessons learned under the Northern Corridor initiative. Several other independent [side events](#) were organised throughout the week.

Critical Minerals: Learning from experience for more effective donor coordination

22 representatives from DCED members and organisations based in Nairobi came together for this half-day workshop on how the global demand boom for critical minerals can effectively contribute to job creation, local development and industrial transformation in producer countries. The workshop was co-organised by the DCED Secretariat (Holger Grundel) and the OECD (Ben Katz and Wiebke Bartz-Zuccala), with contributions from GIZ's Cobalt for Development project (Sophie Buecker) and a mining sector governance expert (Monica Gichuhi). The five sessions combined lessons from previous periods of high commodity prices with insights into global policy and standards frameworks for the mining sector, the role DFIs and blended finance can play in facilitating new critical minerals projects and how effective support to the artisanal and small-scale mining (ASM) sector can strengthen millions of livelihoods in producer countries while protecting human rights and the environment, and contribute to global critical minerals production. The rich discussions amongst participants focused on the role DCED members and other donor agencies can play to help ensure that global demand for critical minerals translates into genuine benefits for citizens in producer countries. Many felt that promoting local procurement and opportunities for value addition represent meaningful entry points for donors. On ASM, several participants suggested that a more systematic approach is needed and that there are many lessons to be learned from MSD programmes in other sectors, especially agriculture.

Designing from a Strong Foundation: What you need to know before you shape your next employment programme

15 senior participants joined a 1-day workshop on designing strong employment programmes. Led by Rachel Shah of Mercy Corps, the workshop focused on donor decision-making about employment objectives, strategy and interventions. The session connected political and organizational challenges inherent to funders with the available evidence on what works and what doesn't in employment programming, based on recent academic and global research as well as on case-driven experience. Participants valued having space to reflect on and critique current practices, and - thanks to the level of experience and diverse perspectives participants brought - the workshop led to rich conversations about how to influence design and commissioning systems, to enable a more evidence-based approach to more jobs, better jobs and better access to jobs.

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