Market Systems Development Community of Practice

Monday 15th June 2026, Nairobi

Minutes

Participants

Chair

Gatsby Africa

Members attending

FMO
BII
FCDO
Sida
UNCDF
SDC
ILO
CBI
IKEA Foundation
LuxDev
ITC
ADA

DCED Secretariat

Mike Albu,
Mike Klassen
Isabelle Gore

Agenda

1. Welcome & introductions
2. MSD CoP Member updates
3. Workstream 2.1: Building & sustaining MSD practitioner networks
4. Presentation. Beyond the Deal: Why impact investment needs a systems lens
5. Workstream 3.1: Adopting the lessons of Green MSD experience in new sectors
6. Closing remarks

Papers will be found at: https://sites.google.com/beamexchange.org/msdwg/jun-26

Minutes

1. Welcome & introductions

Karen (**Gatsby Africa**) opened the meeting, which was well-attended as part of the run-up to the DCED Global Seminar. Several new participants, attending alongside the Seminar and AGM were introduced and welcomed.

2. MSD CoP Member updates

Following ExCo's decision, working groups are now renamed 'Community of Practices'. Various participants, representing different members, shared updates about their agencies.

FCDO

Andy explained that FCDO is doing some systemic thinking regarding the transaction advisory services "market" that our supported 'deal accelerator' projects have been operating more directly in for a number of years. How might that evolve? For example looking at the roles of actors such as local and global advisory services, how these might be complemented through AI, and the evolving role of donors to ensure the evolution of a marketplace that can sustainably meet the needs of firms seeking capital.

BII

Alex said BII launched a new strategy in April, which emphasises market-level impact alongside return on individual deals. It is not easy for an investment institution to operationalise this. LDCs get the least investment, but in Nepal, Sierra Leone and Zambia BII is adopting a market-building approach: so investment teams have an explicit objective to achieve market-level impact.

FMO

Anouk and Alan said that 'market-creation' was added **FMO** strategy in 2022. It means more activity in pipeline building, aiming to create a more investible climate in countries where capital is not flowing. Active in four sectors: financial inclusion, agri-food, energy, forestry & sustainable land use. There is a pressure to show traction: need to back interesting early-stage opportunities and encourage investment officers to see the value in taking a longer-term approach. It creates similar issues for staff culture and incentives as **BII** reported.

LuxDev

Pascal explained **LuxDev** started working on vocational skills and youth employment programmes using MSD principles in Vietnam and Mali. It is a struggle sometimes (especially with the inflexibility of EU funding), so many questions arise about how to use MSD4E, especially in fragile contexts. The term '*market*' is still a major obstacle internally. Referring to *systemic approaches to inclusion* instead makes a big difference. A strong local dialogue between embassies and field offices mitigated some surprising misconceptions.

ILO

Merten (**ILO**) noted similar headaches with the word 'markets' in **ILO**. He shared information about two important new publications:

- From Aid to Opportunity – lessons from **ILO**'s AIMS approach with very vulnerable populations in fragile contexts
- Big Talk, Any Walk? - What results from 100+ projects can tell us about market systems development effectiveness. One headline: '*MSD projects generally delivered higher and more meaningful income benefits to their target group in more difficult contexts*'

He also mentioned that ILO's newest project is the Trade4Jobs in Uganda funded by Sida. The project is jointly implemented by ITC and ILO with an integrated joint team working on trade and more and better jobs with an MSD approach.

SDC

Steven also reported completion of an important ex-post evaluation:

- MarketMakers ex-post review – the long-term impact of **SDC**'s ten-year programme in Bosnia that ended in 2023. A BEAM webinar about this and other ex-post studies on July 14th

SDC are closing down bilateral programmes in Bangladesh by end of 2028, and is now commissioning an historical evaluation of their whole portfolio, including Katalyst, M4C etc.

Work on the 3rd edition of the Operational Guide is progressing well – the first consolidated draft will be available in August, for publication in October. An on-line version will be published by end of 2026.

SDC are also focusing on the regulatory framework for impact-linked finance, and how social and systemic impact is measured.

CBI

Lis reported that **CBI** is at something of a strategic cross-roads. The new strategy is likely to prioritise 'mutual benefits' for the Dutch economy, and may mean that **CBI** has less autonomy (for example over selection of operational locations).

Sida

Anette explained that **Sida** is investing a lot on internal training about the MSD approach in general, financial systems, guarantee-based interventions. They are prioritising programme design and how to capture results / measure effectiveness – in response to demand for evidence-based practice.

ITC

Robertha described a new SME Trade Finance Facility joint initiative of **ITC** with UNDCF that aims to close the trade finance gap for SMEs in 15 targeted countries. **ITC** is also working more closely with Mastercard Foundation – currently planning a programme about digital skills for refugees in E. Africa. This builds on lessons from Rwanda (SheTrades Hubs) and the digital creatives sector in Uganda

Gatsby Africa

Karen reported that **Gatsby**'s strategic refresh is complete now. They have an initial roadmap for work in the global BPO (business services) sector in Kenya. They want to take on more co-financing to increase scale of programming, and continue pushing for government-led sectoral transformation. Previous work in Kenya and Tanzania will extend to Rwanda. Two short working papers will address sector selection (for inclusion at scale), and unpack what catalytic investments look like.

Merten (**ITC**) asked which government agencies have been receptive. In Tanzania, it is the President's Office, the National Planning Commission and agencies for special economic zones. In Kenya, partnerships have been more peripheral: economic and academic think-tanks. In Rwanda, the scoping exercise involved the Rwanda Development Board.

3. Workstream 2.1: Building & sustaining MSD practitioner networks

Pascal (**LuxDev**) led a discussion about extending the recently completed workstream activities in Benin and French-speaking west Africa. The consultant's reports are now available to MSD CoP members on our microsite here. He explained that work in Benin took a bottom-up approach, starting with local embassies (Dutch, Swiss). This was successful in helping to start formalising an otherwise very informal practice. The work led to a broadening of the network e.g. bringing in **FAO**, **IFC**. The Swiss embassy has agreed to fund a regional francophone MSD Symposium event next year implemented by the Vikara Institute. A BEAM webinar was delivered in May with strong engagement.

Concerns include that the platform is still largely dependent on ex-patriot staff, who are necessarily temporary residents. Moving from the webinar to a sustained conversation (e.g. on LinkedIn) has been difficult.

Members then had a detailed conversation about the challenges and solutions for building engaged platforms of practitioners. They noted the value of face-to-face contacts, and discussed the aspirations and incentives that drive effective networks. A key issue is adapting the language and communication methods to make material relevant to other practitioners – rather than seeking existing 'MSD communities'. Some members reflected on similar challenges in other fields where, for example, organisations try to push normative obligations (e.g. RBC, decent work, carbon mitigation) - rather than helping an audience understand the opportunities.

Other members noted that sparsity of French-speaking practitioners familiar with systems thinking / MSD. Often the level of understanding is 'superficial'. Beyond individuals, we need to engage with training institutions and universities: 'plant systems thinking' and help it grow. Make training in 'systems thinking' a core curriculum.

One member argued that in her experience, small groups tasked with time-bound (e.g. 4 week) 'sprint projects' can create an effective learning environment. Another idea is 'flash trainings' with short 15 or 30 minutes sessions (e.g. over lunch). And ex-patriot participants should be obliged to bring a plus-one to all meetings.

4. Beyond the Deal: Why impact investment needs a systems lens

After lunch, Ben Taylor (Agora Global) gave a thoughtful online presentation about systemic approaches in impact investment.

Drawing on Agora's 20 years in MSD, he argued that impact investment rests on weak foundations and flawed impact pathways, and that MSD principles offer a solution—provided they fit the mechanisms and political economy of investing. The core insight is that outcomes stem from constraints, which arise from incentive-driven behaviours. Since developing its Lean Systems Approach in 2018, Agora has designed funds, run technical assistance facilities, and helped over 20 asset owners and managers ($30Bn+ under management) pivot toward systemic impact.

They also created the FCDO-supported Systemic Impact Investing Standard. The Standard defines systemic impact across four levels—investment, supply chain, sectoral, and financial market—and outlines implementation through system analysis, sourcing, management, and measurement. Amid the post-2024 ODA crisis, it presents engagement options for donors while cautioning that leverage is overplayed and most programmes are far from being investment-ready.

Ben's presentation sparked an enthusiastic conversation among MSD CoP members. Asked how to win players over to systems-change logic, Ben stressed finding internal "change champions"—particularly within investment teams, who are roughly ten times more influential than impact teams. The approach targets an "island of excellence" rather than lifting all boats, and demands becoming fully literate in investor incentives. Appetite is strong: a training course drew 1,000 applications, attracting everyone from IFC to first-time managers, though participants struggle with internal political economy and resourcing.

Drivers vary by actor; the pitch should show current impact numbers aren't credible, that this lens can deepen impact sustainably, and that it's practically achievable. On materiality, Ben noted it's hard to evidence and risk is a weak selling point, with most investors targeting 5–7 year exits. Regarding GIIN/IRIS+ standards, the Standard remains "a small island," with deal structuring and fees posing constraints. Donors could help build fund managers' "beyond the firm" measurement capacity.

5. Workstream 3.1: Adopting lessons of Green MSD experience in new sectors

Nic (**IKEA Foundation**) and Mike A (**Secretariat**) led a conversation about the best direction for proposed workstream 3.1, which intends to extend the current Green MSD clinics work to new sectors.

Mike (**Secretariat**) reported how successful the existing modest activity with conservation agencies has been – with 73 applications leading to 4 partnerships in Madagascar, Vietnam, Ghana and a global learning lab. The consultant's initial report explains what each of the organisation is doing, why they're interested in the MSD approach, what they're seeing as the opportunities.

Nic explained IKEA Foundation's interest in regenerative agriculture, renewable energy, solid waste management, EV transport sectors – which are not well connected to the MSD community. Given success/appetite in conservation / environmental protection, there seems to be great scope to influence other areas where agencies work on livelihoods, and improve some of the practices. A budget for this has been included in the DCED Workplan for 2026/7. He invited other members to collaborate in the task team.

One member recommended NOT including regenerative agriculture, as this has already been the subject of work (e.g. Greening MSD in Agriculture). In response to another query, Nic said IKEA may be able to leverage some co-financing from current or future partners in IKEA's climate-orientated strategy.

6. Closing remarks

Karen (**Gatsby Africa, Chair**) thanked members for their work and expressed her hopes that everyone would find the DCED Seminar over the following three days to be productive and informative.