



The Donor Committee for Enterprise Development

Market Systems Development Working Group

MINUTES

Pitt Building, Cambridge/on-line: Wednesday 8th June 2022

Chair: Susi Thiard-Laforet (ADA)

WG Members present

Anders Aeroe (ITC)
Arjun Bhoopal (Gatsby Africa)
Elisabet Montgomery (Sida)
Gun Eriksson Skoog (Sida)
James.Foster (Gatsby Africa)
Luca Etter (SDC)
Merten Sievers (ILO)
Nafis Muntasir (Mastercard Foundation)
Toru Homma (JICA)
Yan Chen (GIZ)

DCED secretariat

Mike Albu
Mike Klassen (online)
Isabelle Gore (online)

Members joining online

Fernando Martinez Cure (ILO)
Kristin O'Planick (USAID)
Mariya Kaigai (JICA)
Michiko Umezaki (JICA)
Naho Aizu (JICA)
Pascal Fabing (LuxDev)
Steve Hartrich (ILO)

DCED observers

Helene Ystanes Føyn (NORAD)
Lisanne van Beek (CBI)
Shingo Morihata (JICA)
Yuka Asakawa (JICA)

AGENDA

- 9:00 Welcome & introductions
10:00 MSD Orientation: a refresh on the MSD approach
11:15 Where now for the MSD field?
14:00 MSD WG activity planning
15:20 MSD approach to youth employment programming Justin van Rhyn
16:00 WG Communication strategies

1. Welcome & introductions

The co-Chair Susi (ADA) welcomed all to the 23rd meeting of the MSD Working Group. Members took the opportunity of our first in-person meeting in two years to re-connect. No changes were proposed to the [April meeting minutes](#) which were therefore approved.

Susi explained the agenda for the day, and the focus on our four workstream activities for 2022/3.

2. MSD Orientation: a refresh on the MSD approach

Mike (Secretariat) gave a short orientation talk about the fundamentals of the MSD approach for new members and observers from other DCED Work Groups. His slides and other useful resources (e.g. for induction of new colleagues) are available on request from Mike.

3. Where now for the MSD field?

Mike introduced the topic of how the MSD approach is evolving, under the needs, expectations and demands of a changing environment. He presented some thoughts on how we might conceptualise the core features and the shifting boundaries of the MSD approach. He also speculated about the risks and opportunities this created. The topic was then opened up to conversation among members. Some notable discussion points included:

The relationship between 'facilitation methods' and 'system change': do they go hand-in-hand?

- Several members e.g. Kristin (**USAID**), James (**Gatsby Africa**) argued that the defining issue is the level of ambition agencies have for system change.
- In large part this is about timescales: e.g. a 20 year vision for structural transformation (shifts in ownership structures, political reform) is very different from a 5 year ambition to drive up access to services.
- James (**Gatsby**) argued that most MSD programming in past has been in 'Niche B' (not truly systemic) and that adopting transformational ambitions often requires relaxing the 'facilitative methods' principle.
- With this in mind Arjun (**Gatsby**) and Mike (**DCED**) discussed creating real system resilience and the dynamic capability to be respond to external opportunities, threats & shocks. This goes beyond a conventional MSD focus on scale and sustainability: "changing the boundaries of possibility". Kristin (**USAID**) suggested a recent brief [contrasting MSD and PSE](#) is useful here.

The relevance of MSD outside familiar sectors / types of programming

- Gun (**Sida**) observed that non-commercial systems (e.g. public health) can be analogous to markets (with supply and demand sides), but Merten (**ILO**) argued that we may be guilty of over-extending the application of MSD approach.
- Yan (**GIZ**) expressed concern that the conversation can be rather abstract: the design and approach used by any programme should be grounded in analysis of the problem being faced.

What we fear from evolution of the approach

- Susi (**ADA / Chair**) challenged members to think about what we fear from the evolution of MSD approach? Members mentioned dilution of the meaning of MSD; risks of over-extension of its application, and loss of emphasis on guidance being grounded in twenty years practical experience.
- Kristin (**USAID**) observed that the fundamental problem to which MSD was a response: donor funds being invested poorly without achieving scale or enduring results, remains. Perhaps even more so given some donors new systemic ambitions (e.g. green transition).
- Several members e.g. Anders (**ITC**) felt it is important to emphasise the core MSD principles and so protect the meaning of the label (the MSD brand?). But also we should communicate that the experience gained from using the MSD approach brings lessons and can lend value to organisations working in many other spaces or in different ways, without losing MSD's identity. The days of single-mindedly advocating a 'purist' approach are over: "MSD is not the new silver bullet".
- Members felt that the WG is, in some sense, a guardian of the MSD approach, and has at least some responsibility for communicating and building consensus around these issues: i.e. the meaning and the boundaries of MSD approach.

How MSD relates to wider structural transformation

- With this in mind, Luca (**SDC**) noted that SDC expects MSD programmes to stay close to the core MSD approach, but sit within / contribute to SDC's long term country-wide strategies (for governance and PSE, for example.) Kristin (**USAID**) observed that USAID economic growth and

food security activities also lean towards long-term structural transformational agenda. Elisabet (**Sida**) acknowledged that Sida is finding it difficult to reconcile a strong focus on poverty reduction with ambitions for structural change (incl. green transition).

- Merten (**ILO**) pointed out that the size and architecture of agencies is often the major determining factor in shaping operational practices. Hence the need for internal initiatives like the Lab and SCI within ILO to try to influence colleagues.
- Mike (**Secretariat**) attempted to sum up by noting that communication and influencing seems to be the key. The WG consensus today seems to be:
 - a) we need to maintain clarity in defining what MSD approach is & means
 - b) opportunities to influence other audiences do not require us to change the approach, nor expect its whole-scale adoption. Rather to explain how MSD offers ideas & perspectives that could be valuable to others
- James (**Gatsby**) agreed: saying we need to be clearer about the scope of its power. Where can MSD be useful applied, and what are its limitations (e.g. driving access to services, not shifting ownership structures or building real resilience)

Mike (**Secretariat**) concluded by thanking members for their input to this think piece which is work in progress. He will attempt to synthesise into a blog and/or longer article aiming to build more consensus among leading MSD thinkers / practitioners about these issues discussed.

4. MSD WG activity planning

After lunch, members reconvened to work on activity plans for the four main workstreams in the MSD section of the DCED Annual Workplan.

Workstream 3.1 MSD and Development Finance

Arjun (**Gatsby**) explained the workstream objectives, to promote the ‘**Bridging the Gap**’ report and achieve influence for its key recommendations, through carefully focussed technical assistance. We aim to build relationships with internal champions within different agencies, understand the demand for support and modalities for influencing policies.

Arjun emphasised that WG members value for establishing entry points in different agencies. The goal of the technical assistance is to break down barriers and get small initiatives started.

This strategy was endorsed by Elisabet (**Sida**) and Anders (**ITC**); who confirmed they would be on the **WG task team** (alongside Arjun and Alex (**BII**))

Workstream 3.2 Rough Guide to MSD for Youth Employment

Steve (**ILO**) reminded members of the origins of the new guidance, to be published in July. The continuing objective of the workstream is to achieve uptake through communication and promotion. Activities in mind include blogs, webinars and targeted workshops / presentations. Nafis (**Mastercard**) proposed production of an animation video in addition.

Gun (**Sida**) praised the draft report, as really exciting and innovative guidance with great potential. She sees opportunities within Sida and also with implementers such as Mercy Corps and Swisscontact (who do a lot of TVET programming). Mike (**Secretariat**) suggested that a ‘knowledge clinic’ type activity with donors and implementers might be useful tactic.

Pascal (**LuxDev**) committed to the **WG task team** overseeing this workstream, alongside Steve and Nafis. Steve agreed to set up a meeting within the next month to take next steps, and hoped other members would be inspired by the presentation by consultant Justin van Rhyn later.

Workstream 3.3 Greening MSD

Yan (**GIZ**) summarised the background to the Greening MSD workstream. She explained the current status with the consultant team recently contracted by GIZ on behalf of the WG, to develop the first output focussed on MSD in Agriculture. Mike (**Secretariat**) briefed members on his initial briefing of the lead consultant which he found reassuring.

Yan noted that the consultancy team is stronger on environmental science expertise than on MSD experience, so will require and welcomes clear steerage and input from DCED’s Secretariat

and WG members. Immediate needs include recommendations for MSD and other programmes as case studies that addressed 'Green' issues, and well as opportunities to interview WG members.

The **WG task team** will include Isaac (**ILO**), Anders (**ITC**) and Elisabet (**Sida**) alongside Yan, who offered to set up regular meetings of the task team to support the consultants. Kristin (**USAID**) asked the team to involve her colleague Nate Hulley, who is helping launch a community of practice on MSD for Climate and Conservation with the Vikara Institute.

Workstream 3.4 MSD in Conflict & Crisis

Gun (**Sida**) reminded members of the work done in 2021 to produce [two policy briefs for donors & implementers](#) about using the MSD approach in fragile & conflict affected settings. The activity planned for 2022/3 picks up on this in the nexus of humanitarian & development programming.

The **task team** (interest from Kristin (**USAID**), Fernando (**ILO**) as well as **Sida**) wants to focus on influencing policies and practice, rather than producing another 'product'. A consultant would be employed to assist in identifying and engaging champions within donor agencies; and then supporting them in practical ways to influence colleagues, to build bridges, across the 'nexus' divisions within their respective agencies.

A first task team meeting is planned for 13 June.

Anders (**ITC**) noted that ITC's next annual flagship report will focus on social fragility contexts & reminded the task team to clarify the scope of the assignment. Merten & Fernando (**ILO**) shared some thoughts about the lessons they've learned from working in contexts such as Afghanistan and with agencies such as UNHCR. Clarification and communication of concepts is often key.

5. MSD approach to youth employment

Justin van Rhyn (the consultant behind the 'Rough Guide to MSD for Youth Employment') was given a slot to present the final report. This was followed by questions and answers with the members; and discussion of ideas for the next phase (Workstream 3.2 above).

Members eg. Gun (**Sida**) thanked Justin for the report, and praised it for bringing something innovative more generally to the practice of MSD in labour markets.

James (**Gatsby**) asked about the rationale for 'youth' focus rather than employment more generally; and whether findings go beyond African contexts. Justin responded with observations about importance of smart segmented sector selection, and explained the ToRs and cases examined were Africa-centric (where demand-side constraints dominate).

Mike K (**Secretariat**) asked Justin where the energy is and what the WG might do to shift practices. Justin said strong general appetite for bringing together different stakeholders. We need better research on 'costs per job' in different sectors. We need to make the technicalities of labour-market modelling more accessible (e.g. World Bank models).

Anders (**ITC**) asked about the relationship with economic growth and also role of self-employment. Justin said it depends a lot on agency strategies, including depending on their time-horizons. The new guide does not emphasise a single strategy, but also encourages donors not to try to achieve multiple goals. Nafis (**Mastercard**) argued for a portfolio approach in this regard.

6. WG Communication strategies

Susi (**ADA / Chair**) asked for dissemination suggestions, for this and more widely

Arjun (**Gatsby**) talked about the importance of targeted dissemination strategies, properly funded (e.g. 40%/60% split vis production costs). James (**Gatsby**) also emphasised how influence trickles down from high-level entry points within agencies e.g. priority setting, strategic leaders.

Gun (**Sida**) argued dissemination be linked to activities in the field (youth employment, skills development, operational staff) and implementing organisations. Elisabet (**Sida**) agreed this tactic was more appropriate for Sida. Mike (**Secretariat**) highlighted the opportunity to influence curricula of MSD training providers.

Justin suggested it would be rewarding to test & refine elements of the Rough Guide's recommendations, e.g. the idea of 'labour market scans'. He sees future potential for a new handful of small guidance notes to accompany the overall report.

Widening the discussion, Nafis (**Mastercard**) proposed we develop (internal WG) guidance articulating principles and tactics for dissemination and communication of WG outputs.

Gun (**Sida**) proposed two principles for starters:

- a) making all engagements to disseminate outputs as interactive as possible, and
- b) ensuring communication is rooted in conversations with people in the field / donors & implementer staff

Mike A (**Secretariat**) seconded this, and also suggested we build on interactive tools such as the 'knowledge clinics' being used for the Team Leader competencies activity. Mike K (Secretariat) emphasised that behaviour change requires more than one-off engagements.

Steve (**ILO**) cautioned it can be tough to find field partners for organising trials even when a very concrete offer is made. Merten (**ILO**) highlighted that the tactics in each case depend a lot on the type of actors we're looking to influence – so we need a kind of audience analysis.

Building on Steve's point, Mike (**Secretariat**) suggested two axes for this:

- a) how familiar or 'bought-in' the target audience already is with the MSD approach
- b) where their work lies on the donor – implementer spectrum

Members then discussed where existing activities for 2022/3 fit into this schema.

Susi (**ADA / Chair**) summarised. She proposed we use the experience that the WG will accumulate during 2022/3 (from at least three of the workstream activities) to create this kind of internal communication strategy or handbook.

7. **Close of meeting**

Susi closed the meeting by confirming plans for the MSD WG's contributions to the DCED Thematic Day on June 9th. She thanked members in the room, and online for their energetic engagement and patient participation.