

A rough guide to the MSD approach for youth employment in sub-Saharan Africa

Operational guidance

September 2022

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The Donor Committee for Enterprise Development



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INTRODUCTION

Building on core MSD guidance, existing literature and practitioner experience¹, the Rough Guide has been written to highlight special considerations for the funders and implementers of youth employment-focused programmes that use the MSD approach in sub-Saharan Africa.

The Rough Guide has been written – and should be read – alongside the M4P Operational Guide², which provides a comprehensive walk-through of the MSD programme lifecycle, language and theory. Throughout the Rough Guide, links are provided to additional tools and resources that readers are encouraged to review. Programme examples and ‘reality checks’ help illustrate real-world challenges, successes, and lessons learned.

The importance of good quality jobs for economic and social development, as well as the scale of the youth employment challenge in sub-Saharan Africa, are well documented³. In essence, limited economic transformation⁴ means that job creation – particularly formal wage work – has lagged behind growth in the working-age populations in most African countries⁵. Since most young people in Africa cannot afford not to work, they often face underemployment, working poverty and vulnerability rather than outright unemployment⁶. As the labour force continues to grow at a rapid rate⁷, these challenges will become ever more pressing.

Against this backdrop, there is also cause for optimism. The youth employment challenge – and potential solutions – are becoming better understood⁸, job-rich growth is a key policy priority for many African governments, and development partners continue to direct significant resources towards research⁹, programmes, and coordination.

This guidance note aims to contribute by helping funders and implementers think systemically about the youth employment challenge and support sustainable, inclusive, and scalable solutions. The MSD approach is well aligned with the evidence on ‘what works’ in youth employment for reasons including:

- Rather than prescribing a single ‘best practice’ youth employment solution, it provides a framework for building a strategy tailored to the local context.
- It is an inherently inclusive approach that positions young people at the centre of analysis and strategy. This includes building a deep understanding of their challenges, aspirations and opportunities.
- It aims to address multiple constraints across the youth labour market in an integrated way, working through system actors to drive lasting change.
- It relies on an iterative, ‘learning by doing’ approach to delivery.

1 Research included a review of 100+ secondary sources and conversations with over 20 practitioners across MSD and youth employment.

2 The Springfield Centre (2015) *The Operational Guide for the Making Markets Work for the Poor (M4P) Approach*, 2nd edition. SDC & DFID beam-exchange.org/guidance/m4p-operational-guide

3 See, for example, African Development Bank (2019) *African Economic Outlook 2019*. Abidjan: ADB Group afdb.org/fileadmin/uploads/afdb/Documents/Publications/2019AEO/AEO_2019-EN.pdf

4 Movement of labour from low to higher productivity activities, within and between sectors.

5 Fox, Mader, Sumberg, Flynn & Oosterom (2021) *Africa’s ‘youth employment’ crisis is actually a ‘missing jobs’ crisis*. The Brookings Institution. brookings.edu/research/africas-youth-employment-crisis-is-actually-a-missing-jobs-crisis/

6 Quak & Flynn (2019) *Private Sector Development Interventions and Better-Quality Job Creation for Youth in Africa*. Leiden ids.ac.uk/publications/private-sector-development-interventions-and-better-quality-job-creation-for-youth-in-africa/

7 African Development Bank (2016) *Jobs for Youth in Africa: Catalyzing youth opportunity across Africa*. ADB Group afdb.org/fileadmin/uploads/afdb/Images/high_5s/job_youth_Africa_job_youth_Africa.pdf

8 See, for example Kluge, Puerto, Robalino, Romero, Rother, Stöterau & Weidenkaff (2017) *Interventions to Improve the Labour Market Outcomes of Youth: A Systematic Review*. Campbell Systematic Review 37, London: International Initiative for Impact Evaluation (3ie). onlinelibrary.wiley.com/doi/10.4073/csr.2017.12

9 See, for example Fox & Gandhi (2021) *Youth Employment in sub-Saharan Africa: Progress and Prospects*. The Brookings Institution. brookings.edu/research/youth-employment-in-sub-saharan-africa-progress-and-prospects/

The *Rough Guide* is intended to be a useful resource for both experienced MSD practitioners interested in strengthening youth employment outcomes, and audiences less familiar with MSD looking for ways to make their activities more systemic. Some differences to highlight for each group are as follows:

Differences between 'standard' MSD and MSD for youth employment	Differences between 'direct delivery' youth employment and MSD for youth employment
<ul style="list-style-type: none">- Core aim is better employment outcomes for a defined target segment of young people.- Constraints and opportunities at sector-level considered alongside labour market dynamics.- Economic sectors selected based on their potential to contribute to youth employment outcomes.- The differences between urban and rural employment contexts are significant.- Nuances around measuring employment outcomes.	<ul style="list-style-type: none">- A holistic view of the youth employment system, focusing on the root causes of underperformance.- Interventions designed bottom-up to address these root causes (no premeditated solutions).- A flexible approach to delivery based on learning by doing (versus long-term fixed workplans).- Partnerships with system actors exist to drive lasting change in the system, rather than to elicit short term action (e.g. training delivery). Programmes typically work with a broad range of different types of partners.

STRATEGY

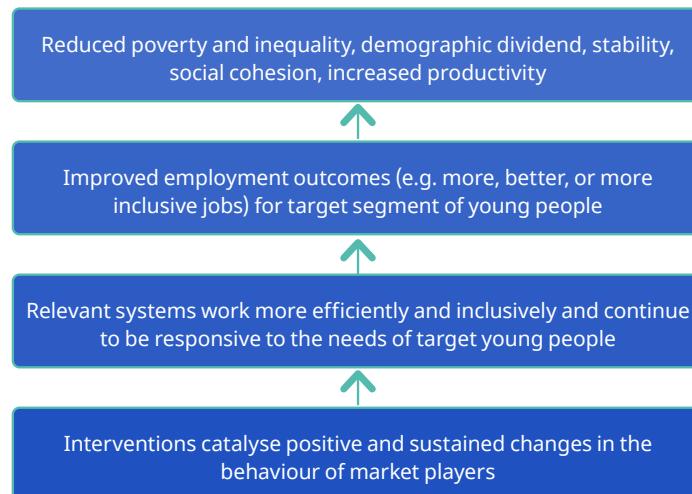
Strategy-setting is a critical stage, both in terms of differentiating MSD for youth employment from traditional MSD, and because it is a step still largely under the control of funders and implementers.

A common strategic framework (Figure 1) underpins all MSD youth employment programmes and outlines, in broad terms, how changes in relevant systems support better employment outcomes for target young people, and how this goes on to contribute to development impact.

Within this framework, an effective MSD youth employment strategy is built on the following elements:

- Building a **conceptual model of the youth employment system** that reflects the local context.
- Defining a **target segment of young people** and building an understanding of their characteristics, challenges, and aspirations.
- Defining **youth employment priorities** – whether this is more jobs, better quality jobs, or better access to jobs by the target segment – and recognising that trade-offs will sometimes need to be made.
- **Scanning the labour market** in the programme location to understand structural issues and key trends.
- **Screening, and then prioritising, market systems** that offer the best potential to achieve the priority youth employment outcomes.

Figure 1: MSD strategic framework for youth employment



REALITY CHECK: THIS IS NOT A PERFECTLY LINEAR PROCESS

While there is a logical sequence to follow in the strategy-setting stage, and beyond, teams should remember that market systems work is ‘messy’, often requiring movement back-and-forth between steps as thinking is tested and refined. This is particularly true in the context of MSD for youth employment, given the need to consider labour market issues alongside economic sectors.

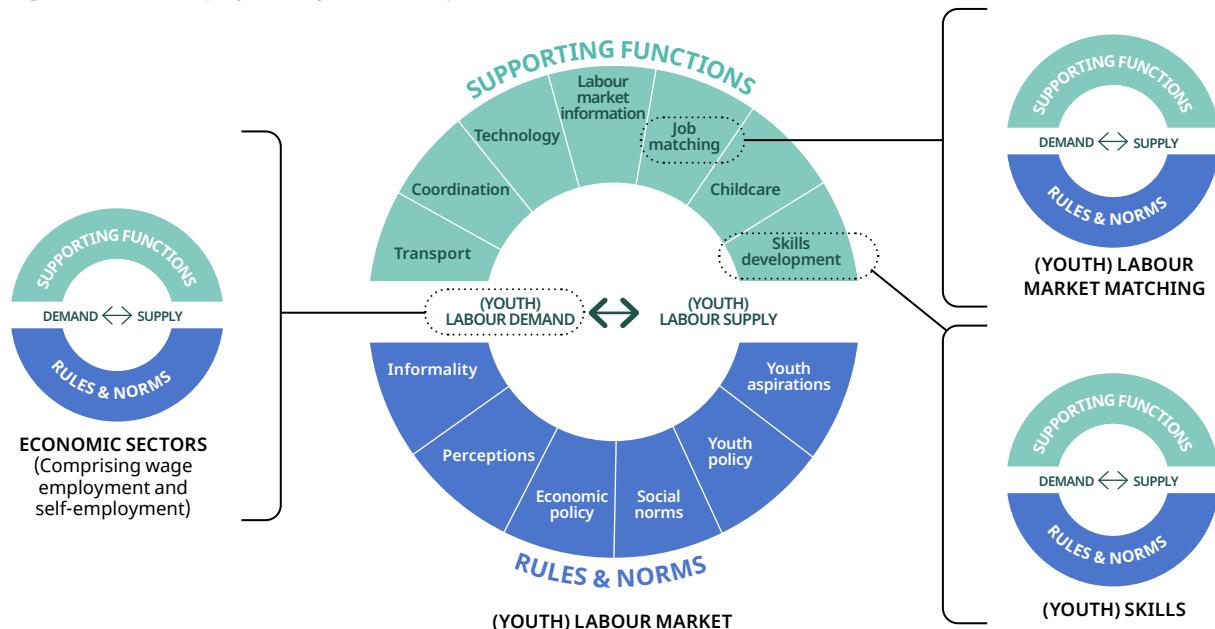
1.1 Conceptualising youth employment systems

Conceptualising the youth employment system is an important part of the programme strategy that reflects how the team thinks about – and plans to help tackle – the youth employment challenge. In the example model in Figure 2, the entry point and **‘primary system’** is the youth labour market, with binding constraints identified in three **‘supporting systems’**: labour demand (both wage work and self-employment), skills development, and job matching. Each of these three supporting systems will, in turn, have a subset of its own binding constraints which may be where the programme ultimately intervenes.

Different programmes might use different conceptual models and entry points (alternatives are discussed in Chapter 3), but the following principles apply, regardless:

- **The model needs to reflect the realities of the context.** Beware of building the model based on preconceived ideas, for example around deploying specific services in the target location.
- **The process of building the model is iterative.** The team might start with a hypothetical 'base' model and refine this via the subsequent stages of analysis presented in the remainder of Chapter 2 and in Chapter 3.
- **It is important to recognise the interlinkages between systems.** For example, labour demand is driven by firm and sector performance, which, in turn, is influenced by a set of supporting functions, like access to finance, and rules and regulations, like industrial policy. No part of the youth employment system works in isolation.

Figure 2: Youth employment system, example model



1.2 Define the target group

Depending on their characteristics and context, young people's perceptions and experiences around employment vary considerably. A programme needs to be specific about which group of young people it is targeting to build a tailored employment strategy that responds to the target group's specific needs. To support this, it is helpful to define a segment of target young people based on characteristics (see Table 1). All programmes should take a gender-sensitive approach¹⁰ by default, and be clear on geographic scope (with the rural-urban distinction being key). It is also important to be specific on the age range – for example based on the host country's national definition – and decide whether to include the whole range or a particular subset (e.g., school leavers).

Table 1: Example target segment characteristics

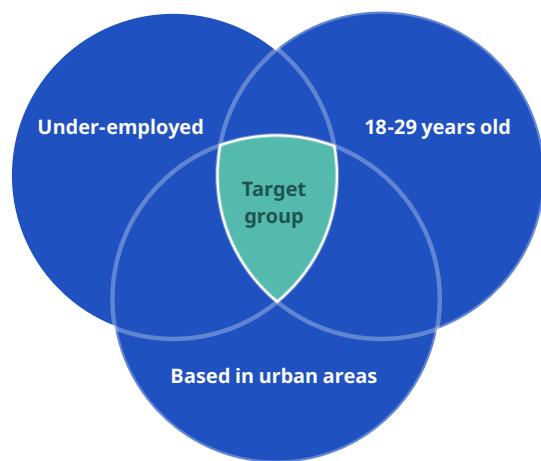
Location	Demographics	Exclusion	Aspirations	Employment status ¹¹
Regional, national, provincial, rural ¹² , urban, specific cities or clusters.	Age group, sex, income level, educational attainment	For example, based on religion, ethnicity, refugee status, disability, sexual orientation, etc.	Preferences around role, sector, location, pay, employer, etc.	For example, Under-employed, unemployed, not in education employment or training (NEET), and school-to-work transition.

¹⁰ See ILO (2022). *Gender Sensitive Approaches to Value Chain Development*, International Labour Organization, which states that "Projects should follow a gender-sensitive approach which acknowledges gender norms, roles and relations for women and men, and how these affect access to and control over resources. It considers women's and men's specific needs and seeks to promote progressive changes in gender relations towards the ultimate goal of gender equality".

¹¹ For detailed definitions see ILO (2018) *Guide on Measuring Decent Jobs for Youth - Monitoring, evaluation and learning in labour market programmes. Note 1: Diagnosing, planning and designing youth employment interventions*. International Labour Office. Geneva, 2018. ilo.org/employment/areas/youth-employment/WCMS_627309/lang--en/index.htm

¹² Aarons (2021) *Comparing Standard and Market Systems Development Approaches to Rural Employment*. Produced by Mercy Corps as part of the SCALE Associate Award. beamexchange.org/resources/1547/

Figure 3: Example segmentation



'Right-sizing' segmentation can be challenging for both funders and implementers. It needs to be specific enough to build a targeted strategy (including selecting relevant sectors), and broad enough to ensure a 'critical mass' for systemic change. It is sometimes necessary to revisit and adjust the target group definition later in the process, as new information comes to light. Furthermore, beneficiaries will usually not be hand-picked under an MSD approach, and so programmes are likely to benefit people beyond the target segment.

There is scope to include **multiple target segments**, particularly if those segments share some characteristics – for instance, groups of rural young people facing discrimination. It is more difficult to build a focused strategy – including selecting relevant sectors – if there is less common ground between segments, for example among urban ICT graduates and young mothers in rural areas.

Understanding the target group (and checking assumptions)

Defining the target segment is not just a quantitative exercise. It is also an important opportunity to **start building an understanding of the young people the programme will work to support**. Teams can run a more detailed analysis of the target group at this stage or later in the process, on a standalone or ongoing basis.

- In a real-world example, the **Prospects 4**¹³ team in Liberia defined their target group as 18-35 year old un- or under-employed Liberian women and men, with a focus on those based in urban and peri-urban areas, under 25, and with lower levels of education. Then they used an inductive process of analysis to work out which characteristics most affected this broader group's constraints and opportunities in the world of work. They ended up with 8 segments within the target group, based on characteristics including skill level, gender, interest in self-employment or wage employment, and access to capital. The team then used these segments in strategy design, aligning sector selection and employment objectives with the needs and aspirations of specific segments, and ensuring their portfolio did not inadvertently exclude any segments.

Both funders and implementing teams should also **check their own biases and assumptions** about the target segment. How many people from this group have you met and interacted with? How close is your own background to that of your programme's beneficiaries? How are you going to fill gaps in your – and your programme's – understanding? Examples of common misconceptions include:

- **All young people want (available) formal work:** In Kenya, work by the Challenge Fund for Youth Employment (CFYE)¹⁴ highlighted that many young people found informal work more attractive for its flexibility, with one partner noting that for many young people, "informal is the new normal". In a second example, a controlled trial in Ethiopia¹⁵ showed that the long hours, low pay, and poor working conditions of formal work in the manufacturing sector led many people to leave in favour of flexible informal sector jobs with similar pay.
- **Young people are always interested in a programme's 'offer':** Programmes should not assume that young people will be automatically willing and able to access new interventions. An example from Pakistan showed that 95% of the poor households given the opportunity to participate in a skills for employability initiative declined to do so. Even after tactics were adjusted to include more intensive mobilisation, increased stipends, and relocation of the training, 75% of people still declined.¹⁶

Youth participation

Youth participation not just during strategy-setting but through the whole programme lifecycle, can open the eyes of funders and implementers to the youth perspective and offer a useful reality check on analysis and implementation. Programmes considering youth participation – for example through appointing youth researchers or by forming a youth advisory body – should make this part of a longer-term commitment, investing in skills and mechanisms to ensure real (versus tokenistic) participation.

13 See prospectsyouth.wordpress.com/about

14 See fundforyouthemployment.nl

15 Blattman & Dercon (2017). *The Impacts of Industrial and Entrepreneurial Work on Income and Health: Experimental Evidence from Ethiopia*. SSRN. papers.ssrn.com/sol3/papers.cfm?abstract_id=2843595

16 Blattman & Ralston (2015). *Generating Employment in Poor and Fragile States: Evidence from Labor Market and Entrepreneurship Programs*. SSRN. p10. papers.ssrn.com/sol3/papers.cfm?abstract_id=2622220

Meaningful youth participation in action

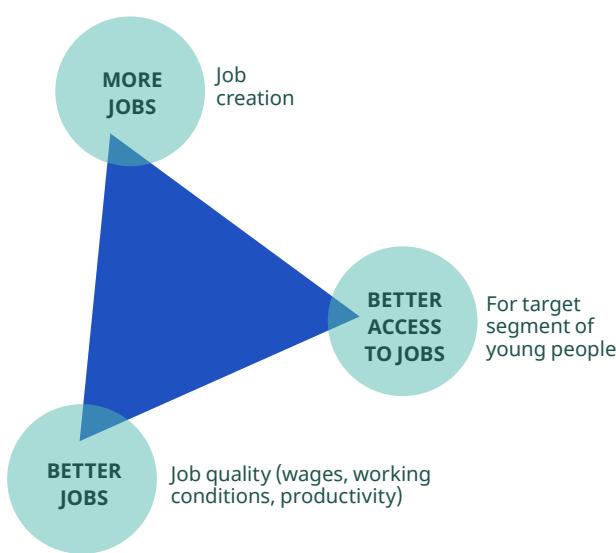
CFYE works with a network of Youth Champions ('Youth Champs') to help ensure meaningful youth participation through the whole project lifecycle. Youth Champs have helped to conduct action research that has gone on to inform programme activities, as well as being involved in youth design sprints, youth forums, hackathons, and training sessions. This work was guided by the Meaningful Youth Participation¹⁷ toolkit, which provides practical guidance for policy makers and development agencies to work more effectively with and for young people.

1.3 Decide on youth employment priorities

Youth employment outcomes can be considered in terms of **quantity** (job creation), **quality**¹⁸ (e.g., pay, working conditions and productivity), and **access**, as reflected in Figure 4. Programmes need to define clear employment outcomes priorities to enable targeted sector selection. Multiple, competing priorities can increase the risk of confusion when it comes to selecting sectors and building a strategy.

During programme design, the aim is to **decide on broad employment priorities** rather than set specific targets. The point at which these priorities are set can vary from programme to programme. Sometimes, priorities will be (at least loosely) defined at the outset and then refined via subsequent analysis. In other cases, employment priorities might be left more open to start with and defined following sector selection and analysis. Funders and implementers should ensure there is scope to revisit and refine priorities through the strategy-setting process, for example if feasibility becomes questionable.

Figure 4: Based on the Jobs Triangle¹⁹



It can sometimes be difficult to find opportunities that meet all three priorities (quantity, quality and access) equally, within one programme, and **trade-offs are sometimes inevitable**. For instance, a challenge mentioned by several practitioners was deciding whether to prioritise job quantity or job quality in sector selection. A strategy prioritising quantity might focus on self-employment for microentrepreneurs in informal retail, whereas a strategy looking at quality may focus on wage jobs in formal manufacturing. Two points are important here, regardless of employment priorities:

- First, when prioritising certain outcomes, **beware of unintentionally harming** other parts of the Jobs Triangle. For example, a primary focus on job creation does not give license to target only the lowest quality, least inclusive jobs.
- Second, it is important to **identify any trade-offs early** so that programmes and their funders can reach a common position on priorities. At policy level, funders may be able to navigate these trade-offs by building portfolios of complementary programmes or building partnerships with other funders working on complementary issues.

REALITY CHECK: 'LAYERING ON' TOO MANY PRIORITIES

The more priorities that are 'layered on', the more difficult it gets to find opportunities for sustainable impact at scale. For example, creating large numbers of high-productivity jobs for the most marginalised young people would be a dream outcome, but it is unlikely to be realistic in most contexts around the world. Funders and programme teams need to manage expectations to reflect the realities of the context.

17 See [Meaningful Youth Participation Toolkit | Youthatheart](#), Government of the Netherlands, Ministry of Foreign Affairs.

18 For more detail on job quality see Ripley (2021) "How to" Measure Job Quality in value chain development projects. International Labour Organization, beamexchange.org/resources/1631

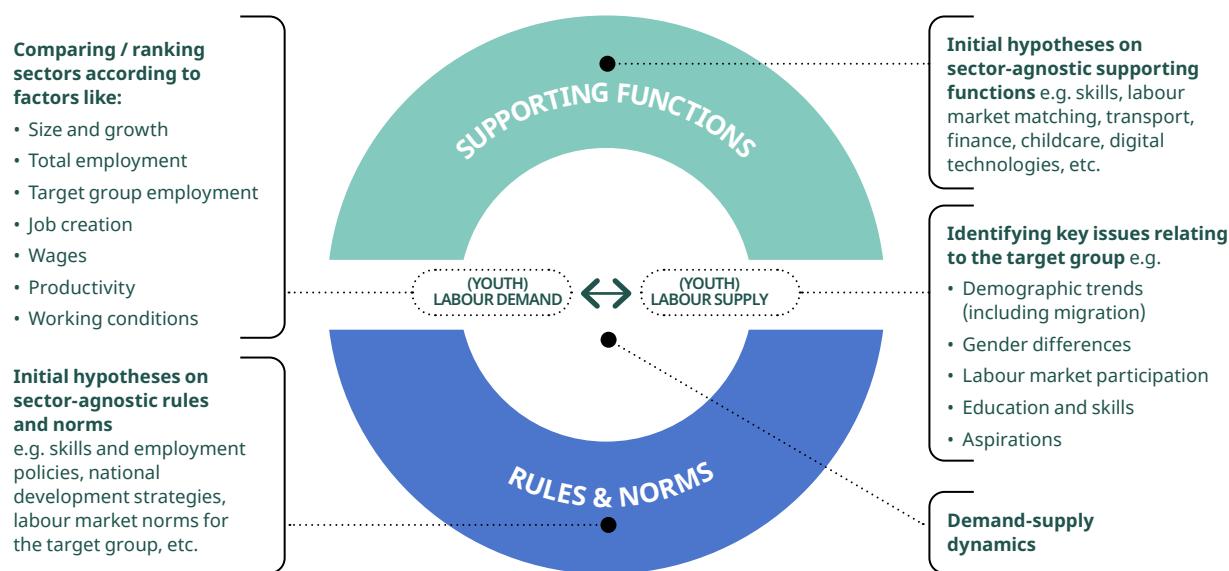
19 Farole, Sanchez Puerta, Sole Canut & Rizvi (2018). *Jobs in Value Chains Survey Toolkit*. World Bank, Washington, DC. documents.worldbank.org/en/publication/documents-reports/documentdetail/535171533831283854/jobs-in-value-chains-survey-toolkit

For an example of the Jobs Triangle in use, see Davies & Ripley (2019). *FSD Africa: Jobs Framework. Methodology Paper*. FSD Africa. fsdafrica.org/publication/fsd-africas-jobs-framework-methodology-paper/

1.4 Scan the labour market context

Before selecting market systems, it is helpful to understand the **youth labour market** in the programme location. A labour market scan is a rapid, preliminary step that assesses demand-supply dynamics, helps rank sectors (e.g. in terms of size, growth, and employment potential), and flags important **supporting functions** (e.g. skills, intermediation) and **rules and regulations** (e.g. employment policies or national development strategies). This step aims to develop a high-level view of the labour market as it relates to the target group, and form initial hypotheses about where key issues may lie. It also helps teams to long-list sectors for screening and selection in the following steps.

Figure 5: Youth Labour Market Scan



The labour market scan can be run in a two- to four-week process, using secondary sources like national statistics²⁰, labour market studies, growth diagnostics, enterprise surveys, and policy reviews. It is helpful to flag any critical data gaps and use the subsequent analytical steps to fill these, where possible. Targeted primary research –such as focus group discussions with target young people – can provide a useful ‘reality check’.

Labour markets in sub-Saharan Africa: what does the evidence show?

- **Context matters**²¹ when it comes to designing effective youth employment solutions. Teams should be wary of approaching the labour market scan with fixed ideas of where the problems lie.
- The fundamental problem in many African countries **is that there are not enough jobs**.²² This does not mean that programmes should ignore the supply side, but rather consider supply-side issues – where they exist – within this context.
- Of the work that does exist, most is in informal agriculture and household enterprises, and will be for the foreseeable future. Across Africa, only around 10% of jobs are formal wage work²³. Within this context of informality, **the concept of neatly defined economic sectors does not always hold true**, and programmes might need to be flexible with how demand-side systems are viewed and packaged (see ‘Packaging’, below).
- **Business growth does not automatically create jobs**, or the type of jobs (and other employment outcomes) that are relevant to target youth people.²⁴
- The youth employment challenge is generally one of **underemployment, working poverty and vulnerability** rather than unemployment.²⁵

20 National statistics sometimes fail to capture aspects like ‘side’ jobs, seasonal work, and informal labour, and should be used with caution. See beamexchange.org/community/blogs/2015/4/17/berndmueller for the challenges of national statistics in rural wage labour.

21 Datta, Assy, Buba, Johansson de Silva & Watson (2018). *Integrated Youth Employment Programs. A Stocktake of Evidence on What Works in Youth Employment programs*. World Bank, Washington, DC. openknowledge.worldbank.org/handle/10986/31424

22 Fox, Senbet & Simbanegavi (2016) *Youth Employment in sub-Saharan Africa: Challenges, Constraints and opportunities*. Journal of African Economies 25.suppl 1: i3-i15. [doi.org/10.1093/jae/evj027](https://doi.org/10.1093/jae/ejv027)

23 Fox & Thomas (2016). *Africa's Got Work to Do: A Diagnostic of Youth Employment Challenges in sub-Saharan Africa*. Journal of African Economies 25.suppl 1: i16-i36 doi.org/10.1093/jae/evj026

24 Robalino & Walker (2017) *Guidance Note on the Economic Analysis of Jobs Investment Projects*. World Bank, Washington, DC. openknowledge.worldbank.org/handle/10986/28219

25 Quak & Flynn (2019) *Private Sector Development Interventions and Better-Quality Job Creation for Youth in Africa*. Leiden ids.ac.uk/publications/private-sector-development-interventions-and-better-quality-job-creation-for-youth-in-africa/

1.5 Develop sector selection criteria

There is no single definition of the ‘right’ sectors for youth employment. The optimal sectors depend on the target segment of young people, employment priorities, and the programme context (e.g. rural versus urban). To help make these decisions, **selection criteria** (see Table 2) are set up based on the familiar Relevance, Opportunity, Feasibility framework²⁶ but adjusted towards the target youth segment and priority employment outcomes.

Programmes should think through their own criteria, balancing rigour and practicality, and pay special attention to identifying any ‘deal breakers’ in particular sectors, for example political economy issues that may limit the ability to intervene effectively. Other differences with ‘standard’ MSD sector selection include:

- Sectors are selected primarily for their **employment potential** (see Jobs Triangle, Figure 4) and ‘Relevance,’ ‘Opportunity’ and ‘Feasibility’ criteria are defined accordingly.
- Throughout the selection process (and subsequent diagnostic work) there is greater emphasis on **interlinkages with the labour market** than in standard sector selection.
- There are further **trade-offs** to navigate, for example higher outreach in lower productivity sectors (short term) versus building higher productivity sectors in the long term (see Reality Check, below).
- The sector selection process provides the opportunity to **re-package and/or group sectors** based on shared characteristics, where it makes sense to do so (see Section 2.7 for more detail).

REALITY CHECK: PURSUING DIFFERENT STRATEGIES WITHIN THE SAME PROGRAMME

Strategies targeting short-term employment in labour-intensive sectors (such as farming or micro-retail) are likely to look quite different from strategies set up to support economic transformation²⁷ via growing higher-productivity sectors (e.g., manufacturing). Teams thinking about pursuing both strategies simultaneously should consider the implications carefully. While there may be scope to do this within some programmes, this type of ‘hybrid’ approach would likely require a substantial budget and timeframe, and distinct sets of capabilities, partnerships, and tactics.

1.6 Select sectors

The labour market scan, and work done to build an understanding of the target group, will have highlighted a long list of sectors to pass through selection criteria that reflect programme priorities. Selection should zero in on a small number of the highest-potential sectors, to avoid the risk of spreading resources too thinly.

Where possible, Intervention Managers – or those in equivalent positions – should play a central role in the sector selection process. This helps to build continuity and ownership and provides a good foundation for the subsequent design and delivery of interventions. It is also important to be realistic about the **skillset within the sector selection team** and consider accessing specialist expertise where key gaps are identified. Examples of key skills²⁸ (assuming the core programme team has a good grasp of the qualitative aspects of MSD) include quantitative analysis (e.g. interpretation of economic and labour market data); local knowledge (e.g. of the geographical area, local political economy, and understanding of the target segment of young people); and sectoral expertise.

Sector selection usually starts with a review of **secondary sources**, including youth employment-specific information such as labour market studies and statistics, youth employment and empowerment policies, diagnostics exploring growth-employment links, and studies on the target segment of young people. **Primary research** can help build understanding of issues like gender norms, young people’s aspirations around work, as well as the feasibility of supporting priority employment outcomes in different sectors.

REALITY CHECK: SECTOR SELECTION

- Sector selection needs to build a proportionate base of evidence for subsequent steps. Rushing the process, or glossing over important data, can send the programme off in the wrong direction. Equally, it is not a full sectoral analysis, and should not bog the team down in months of study.
- Data gaps are common. Sometimes proxy data is available, and sometimes a best estimate is possible. Selection usually does not involve running surveys at any scale, given the time and cost implications, but this might be an option in some situations. Regardless of the approach, it is important to highlight important data gaps when presenting findings.

²⁶ M4P Operational Guide, Chapter 1, p11 beamexchange.org/resources/115

²⁷ For an examination of how MSD can support economic transformation see Ripley & Shamchiyeva (2019) *Promoting Economic Transformation through Market Systems Development*, Study Report, DCED beamexchange.org/resources/1232

²⁸ See, for example, the MSD Competency Framework at beamexchange.org/competencies

Table 2: Example selection criteria

General criteria	Examples of considerations for the three youth employment priorities (see Jobs Triangle, Figure 4)		
	More Jobs	Better Access to Jobs	Better Jobs
A. Relevance to the target group <ol style="list-style-type: none"> How many target youth are currently engaged? Disaggregated by gender and other key characteristics, % of total employment How are the target group engaging? Roles, nature of employment (e.g. formal vs informal, wage work vs self employment, % employment by employer size), locations, incomes, headline labour market dynamics. What are the main employment-related challenges, and how closely do these align with project objectives? E.g. un/underemployment, wages, working conditions, discrimination, aspirations, key risks e.g. child or forced labour, etc. 	<ul style="list-style-type: none"> - New jobs should be relevant to the target group, for example in terms of skills requirements, location, and aspirations. 	<ul style="list-style-type: none"> - The target group should be facing a) identifiable and b) solvable challenges around accessing better opportunities. - Projects targeting access into 'non-traditional' sectors (e.g. young men into nursing) should set realistic aims. 	<ul style="list-style-type: none"> - There should be clear scope to support better quality opportunities for the target group, for example to improve skills, improve working conditions, increase wages, or move into less precarious work
B. Opportunity to support youth employment priorities <ol style="list-style-type: none"> How big is the sector? Output, share of GDP, domestic/regional/international trade. How quickly is it growing (and why)? Historical and projected growth, demand-supply trends, level of innovation, competitiveness, productivity, inward investment, etc. (Roughly) how many target young people might benefit, and by how much might they benefit? Links between sector size/growth and employment effects e.g. labour-intensity/employment elasticity/jobs multipliers, likely profile of existing and new jobs (e.g. formal versus informal, skill requirements, etc.). 	<ul style="list-style-type: none"> - Growing, labour-intensive sectors might create new jobs more quickly - Capital-intensive, higher productivity sectors might have a better chance of supporting longer term economic transformation. 	<ul style="list-style-type: none"> - The sector's growth and employment trajectory should present a feasible pathway into better opportunities for the target group. For example, a target group comprising the most marginalised might not be compatible with a high-tech, rapidly automating, sector. 	<ul style="list-style-type: none"> - Promoting wage employment in higher-productivity sectors can help to drive up job quality, but there may be trade-offs in terms of the number of target group beneficiaries, and the time taken to reach meaningful scale.
C. Feasibility of intervention <ol style="list-style-type: none"> To what extent is there alignment with: national development priorities (e.g. around economic transformation), sector-level policies, donor/non-donor initiatives (existing and planned), and the local political economy? How likely is it that the youth employment priorities can be achieved within the programme timeframe and budget, noting that this should result from systemic change? How deep is the pool of potential market player partners? And where is choice likely to be more limited (e.g. around government service provision)? Is working in this sector, in this way, within the core competencies of the funder and/or implementer, or could it be? Risk assessment: e.g. sustainability of outcomes, potential for market distortion, potential for social and environmental harm 	<ul style="list-style-type: none"> - A supportive policy environment is important for sector growth and employment. - The timeframe for job creation should be compatible with the project lifespan. - At the very least, new jobs need to meet minimum standards around inclusion and working conditions. 	<ul style="list-style-type: none"> - The policy and institutional environment should support – or have the potential to support – better inclusion of the target group. - Access challenges can be reinforced by deep-rooted social norms. Sectors should be carefully screened for any 'deal breakers' in this area. 	<ul style="list-style-type: none"> - Where 'quality' has an emphasis on higher-productivity employment (e.g. via economic transformation) there should be signs of clear momentum (e.g. conducive policy, inward investment, etc.). - Where 'quality' concerns working conditions or pay, there should be clear entry points for systems change.

1.7 Consider the case for 're-packaging' sectors

The default approach to sector selection has often been to think in terms of **individual economic sectors** relevant to the context. For urban-focused programmes, these might include construction, hospitality, or manufacturing. Rural programmes might look at specific agricultural sub-sectors (e.g. maize or horticulture).

Teams are encouraged to think about alternative approaches, too. For instance, there might be limited youth employment potential in a single economic (sub)sector, but higher potential in **clusters of sectors with shared characteristics**, such as similar types of wage employment or similar types of informal microenterprises.

The rationale for packaging is that all the (sub)sectors which are grouped share sufficiently similar constraints and opportunities concerning employment challenges for the target segment. An alternative approach is to **pick one shared constraint or opportunity** that, if addressed, could lead to employment outcomes in multiple sectors, and focus on that as a system in its own right. For example 'finance' or 'marketing' might lead to business growth in multiple sectors, which, in turn, leads to job creation or income increases for self-employed people. Similarly, selecting a cross-cutting supporting system on the supply side, like 'professional skills' might enable members of the target group to access jobs in numerous professional sectors. A specific type of 'labour' (migratory labour, seasonal labour, manual labour etc.) can also be a cross-cutting supporting system.

Sometimes optimal groupings will only become clear after the sector selection stage, for example during diagnostic work or once an intervention has started. There should be flexibility to incorporate these changes.

Examples of packaging market systems²⁹

- **RALIYS** in northern Kenya reviewed a long list of 26 traditional and cross-cutting sectors. It ended up picking six to focus on, which combine individual economic sectors (livestock, camel milk and renewable energy, cross-cutting sectors (rural microenterprises) and cross-cutting supporting systems (migratory labour, and financial savings products).
- **LIWAY** in Addis Ababa started by reviewing 14 traditional sectors - Textiles and garments, food and beverages, leather goods, agro-processing, trade, metal works, engineering, woodwork, maintenance, handicrafts, hospitality, restaurants, hotels and tourism. It decided though that it could not reach enough scale by picking just a few of these. It also saw that the constraints were largely the same across sectors for large businesses and microenterprises and that by addressing these it could benefit workers across sectors. As such, it decided to focus on the cross-cutting sectors of microenterprises (covering traditional sectors such as trade, handicrafts, and maintenance), and sectors requiring wage employment (covering traditional sectors such as leather, textiles and food and beverages). It also selected labour as a cross-cutting supporting system, which led to a focus on job-matching, childcare, and skills.

1.8 Prioritise sectors

When presenting sector prioritisation, programmes should focus on highlighting the criteria that link most clearly to the target group and priority employment outcomes. There is often benefit in presenting this visually:

- If a **scorecard approach** (Figure 6) is used, it is important to note that the choice of 'traffic light' will always be subjective and scoring and assumptions need to be explained clearly.
- A **matrix approach** (Figure 7) can offer benefits in terms of being able to visualise trade-offs; the positioning is still subjective, but less (artificially) precise than the scorecard; and axes can be adjusted based on specific programme goals.

Figure 6: Scorecard approach

Criteria	Sector 1	Sector 2	Sector 3	Sector 4	Sector 5
Relevance	Yellow	Green	Red	Yellow	Green
Opportunity	Yellow	Green	Yellow	Green	Red
Feasibility	Yellow	Green	Red	Green	Yellow

Figure 7: 2x2 Matrix



REALITY CHECK: SUBJECTIVITY IN PRIORITISING SECTORS

Prioritising sectors will always be partly subjective, and there will always be trade-offs, imperfect data, and different views on the 'best' sectors. There is great value in constructive debate, within programme teams and between programmes teams and funders, to reach decisions with a shared understanding of the risks and opportunities.

²⁹ Mercy Corps internal document

DIAGNOSIS

02

The aim of the diagnostic stage is to develop *enough* understanding of the root causes of system underperformance to build an opening portfolio of interventions. Underperformance in the context of youth employment is defined as **failure to generate priority employment outcomes (more, better, or more inclusive jobs) for the target segment of young people**. Key steps for MSD youth employment diagnostics are:

- Deciding **on an entry point, and strategy, for analysis** (see box, below).
- **Mapping system structure**, and then building understanding of **why important supporting functions and rules are not working** in ways that support priority employment outcomes.
- Choosing a **manageable set of priority root causes** to address.
- Considering how to use **youth-specific methods and tools**, including target youth participation.

How to frame analysis, and deciding where to start

As introduced in the conceptual model in Figure 2, the recommended approach in MSD for youth employment is to position the labour market as the primary system and to consider the priority economic sectors (selected in the previous step) as demand-side drivers of youth employment. When it comes to running the analysis, there are two broad approaches to consider:

- **Approach 1:** Run separate MSAs for each of the priority sectors identified (and packaged) in the previous step, with an emphasis on understanding systemic barriers to priority employment outcomes. Ensure a clear focus on the labour market alongside sector-level analysis.
- **Approach 2:** Run an integrated MSA for the youth labour market, which will – on the demand side – focus on the priority sectors identified in the previous step. With this approach, the focus will always be on the labour market as it relates to priority sectors.

It is not recommended to start analysis on the supply side, as this pre-supposes a binding constraint in a specific supply-side supporting function, which is less likely to be the only, or most important, challenge in most contexts in sub-Saharan Africa.

2.1 Map the system and identify systemic constraints

Mapping the system structure follows the process presented in the M4P Operational Guide³⁰. Key steps are:

- Understanding how the target segment of young people is **currently participating** – or not – in terms of employment, for example as wage workers or in terms of self-employment.
- Analysing the **challenges the target segment faces** in terms of accessing new or better jobs. Job creation might not be keeping up with growth in the labour force, or the jobs that are being created might be of poor quality.
- Considering the extent to which the **system is performing and developing** in a way that might support priority youth employment outcomes, as well as the drivers of these changes.
- Identifying **supporting functions and rules** that have the biggest impact on the system's ability to contribute to priority employment outcomes (examples provided below).
- Finally, mapping which **players** perform these supporting functions or set the rules, and how effectively they are performing.

During this step, the focus moves towards understanding the root causes of underperformance, in other words **why important supporting functions and rules are not working in ways that support priority employment outcomes**. Often these problems are traced back to supporting function and rules, and misaligned incentives or gaps in capacity amongst market players. Noting the importance of context, some supporting functions and rules that might be particularly relevant to youth employment include:

³⁰ M4P Operational Guide, Chapter 2, p14 beamexchange.org/resources/118

Example supporting functions

In the economic sectors and cross-cutting sectors, these might include youth-inclusive financial services (particularly for self-employment), investment (focussing on productive sectors and/or sectors with high youth employment potential), and coordination amongst young business owners. This does not imply that 'standard' supporting functions should be forgotten, as many constraints to job-rich and inclusive sector growth are youth-agnostic.

In the labour market system, important supporting functions might include labour market information for target young people, informal networks (a key route into the labour market), social media, transport, childcare, employment services, technology, skills, school-to-work transition, or advocacy on young people's rights at work.

Examples of youth-relevant supporting functions

Digital technologies can support improved youth employment outcomes in a range of ways: they can (a) create new jobs that were previously unavailable in a market (such as online freelancing or microwork jobs delivered online); (b) reduce barriers to access for specific groups (due to reduced discrimination or improved flexibility in things like balancing work and family commitments³¹); and (c) provide infrastructure to enhance employment and self-employment outcomes, by enhancing access to market, asset financing or improved insurances for those in the informal sector³². But the digital transformation also creates new risks – for example online gender-based violence – that programmes need to consider³³.

For LIWAY in Ethiopia, a key barrier to parents working was the lack of **affordable childcare provision**. The programme started working with private providers, but an underlying issue of high urban land costs meant they couldn't be affordable and accessible. LIWAY pivoted to supporting two public schools to establish affordable childcare provision, which will be used to work with the government for regulatory changes to allow the other 200 public schools in Addis Ababa to set up provision³⁴.

Teams are encouraged to think through the supporting functions, in the programme context, that can help young people from the target segment to **access their first job**. Examples might include career counselling, information on entry-level vacancies, mentoring arrangements, or internship and apprenticeship schemes.

Example rules

On the **demand side**, there may be a combination of sector-specific rules such as sectoral policies, product standards, tariff regimes, or regulations; as well as sector-agnostic rules, such as general tax policy or national economic transformation plans³⁵. Rules governing enterprise development and entrepreneurship (e.g. how easy to start and grow a business) can be particularly relevant to programmes targeting youth self-employment outcomes.

In the labour market, examples might include national employment strategies, youth policies (including policies for specific segments e.g. young women, young people with disabilities, or young people from excluded communities), labour laws and regulations (minimum wages for young people, working conditions, safeguarding, maternity benefits, etc.)

REALITY CHECK: THE INFORMAL SECTOR

The informal sector is a major source of youth employment in sub-Saharan Africa, and will continue to be such for the foreseeable future. Programmes should be wary of pushing too hard for formalisation and instead work within the realities of the context to support gradual improvements in productivity, working conditions, and integration with the formal sector³⁶.

Example norms

Across the demand-side and labour market, **social norms**³⁷ can have a powerful effect on youth employment outcomes. The qualitative, tacit nature of some of these issues means that good quality information can also be hard to access. Triangulation is therefore vital and individual perspectives shouldn't be automatically taken as the truth. Examples of social norms relating to youth employment include:

31 Hunt, Samman, Tapfuma, Mwaura, Omenya, Kim, Stevano & Roumer (2019) *Women in the gig economy Paid work, care and flexibility in Kenya and South Africa*. ODI: London. odi.org/en/publications/women-in-the-gig-economy-paid-work-care-and-flexibility-in-kenya-and-south-africa/

32 For further information on youth employment and the digital transformation see the [Jobtech Alliance](#)

33 Solutions for Youth Employment (2022) *Online Violence Against Young Female Workers: Risks, Threats and Mitigation Strategies*. Briefing Note. youthforesight.org/resource-details/Publications/1461

34 Mercy Corps internal document

35 For a perspective on a pathway to economic transformation in Africa, including country case studies, see Coulibaly & Page (2021) *Addressing Africa youth unemployment through industries without smokestacks*. The Brookings Institution. brookings.edu/research/addressing-youth-unemployment-through-industries-without-smokestacks-a-tunisia-case-study/

36 Quak & Flynn (2019) *Private Sector Development Interventions and Better-Quality Job Creation for Youth in Africa*. Leiden ids.ac.uk/publications/private-sector-development-interventions-and-better-quality-job-creation-for-youth-in-africa/

37 Klassen, Shakya, Cislaghi, Markel, Merrill, Jenal, Vasudevan & Garloch (2017) *Social norms in market systems development: a practitioner-led research brief*. BEAM Exchange. See beamexchange.org/resources/983

- **Expectations of young women** around their role in society and at home – for example, childcare and household responsibilities – can have a major impact on their ability to access good quality employment on their terms. For young women in employment, there are often additional challenges in terms of labour market segregation (e.g. roles in lower-paying sectors, and less senior positions, than men), discrimination, and also in terms of maternity leave and benefits.
- **Labour market discrimination**, for example on the basis of refugee status, disability, or ethnic group. One programme in the Middle East noted working with 600 companies, however, few were willing to offer employment to young refugees – a key target group. Issues like this may or may not come through in secondary sources, and there is no substitute for a ‘reality check’ with real actors on the ground.
- **Influencers** like peers, family, community leaders, and public figures can have a powerful influence on young people’s aspirations and their pathways into employment.

Addressing social norms in a sustainable way can also be one of the most difficult areas of intervention. Teams should invest time in understanding which norms drive system performance, and which the programme could realistically – and systemically – address during the programme lifespan. Often a more feasible approach is to work with, or around, existing social norms.

REALITY CHECK: NORMS AND SAFEGUARDING

Programme teams need to pay special attention to managing risks linked to social norms affecting young people, with particular emphasis on doing no harm. Examples include safeguarding risks for young women in male-dominated sectors like construction, or contexts in which young people are expected to accept inferior working conditions (including health and safety provisions, or protection from harassment and bullying).

2.2 Decide on priority root causes

Programmes have limited time and resources, and cannot fix everything. It is therefore important to choose a manageable set of root causes to address by answering the following questions³⁸:

- Is there scope for meaningful change in behaviour and practice if the root cause is addressed?
- How strong is the evidence that this really is a root cause of poor youth employment outcomes?
- How feasible is it to address in a systemic way?
- What is the potential youth employment impact if the root cause is addressed?
- How important is sequencing? Does another root cause need to be addressed first?

2.3 Tools and methods

Many of the diagnostic tools and processes align with standard MSD good practice³⁹. Some specific considerations for youth employment diagnostics include:

- **How to involve young people in the diagnostic process**, for example as researchers or as part of an advisory body. Programmes considering youth participation are encouraged to take a holistic approach, building skills and engagement over the long term.
- **Triangulating the views of employers**: Across contexts, a common line was that programmes often overestimate a) how well employers could articulate their labour market challenges, and b) how clearly they understood the wider, systemic issues that hold back firm growth. Teams should be mindful to triangulate employer views with other data points and remember that even if the information is factually incorrect, it can still offer valuable insights on perceptions, biases, and information gaps.
- **Youth-inclusive research methods**: The diagnostic process is anchored in the labour market challenges facing the target segment of young people, and it is important to engage with this group throughout the process. Sometimes these young people are ‘hidden’, for example on account of religious norms, remote locations, because they operate in grey areas of the economy, or because they no longer self-identify as ‘youth’ (an example cited by interviewees was young mothers in some contexts). Teams should think creatively, and sensitively, about gathering the views of these young people. Are there specific places they congregate? Are there any sensitivities around engaging directly, and who might be able to make introductions? Who is best placed to run the interview or focus group? How will the team get informed consent, and make sure that the content is interesting and well understood? What type of follow-up, if any, will be offered?

³⁸ M4P Operational Guide, Chapter 2, p17 beamexchange.org/resources/118

³⁹ M4P Operational Guide, Chapter 2, p18 beamexchange.org/resources/118

Following the diagnostic phase, teams move into building a vision for the programme. This involves identifying areas of intervention that address the root causes of underperformance in sustainable, feasible ways.

3.1 Develop the future picture

The first step is to build a credible picture of how each priority system, and in turn each key underperforming supporting function and rule, functions now and might function in future. The ‘who does, who pays’ framework⁴⁰ is a useful tool to guide this step. Important considerations are:

- **Are there realistic ideas on who could perform the function in future** (noting that these should be market players, not donor programmes)? There can sometimes (seem to) be limited options, for example, a single government body responsible for youth policy, or public TVET schools as some of the only viable skills providers in certain areas. It is worth investing time exploring potential entry points, or alternative actors.
- **What might support long-term behaviour change?** It is particularly important to think this through when considering areas with less clear-cut commercial cases, for example improving the employability of the most marginalised young people.
- **Why haven't these changes happened already?**
- **What is the minimum viable level of programme input that could support these changes?**
- **Are there other factors that might support or undermine feasibility?** For example, directly delivered microenterprise development services, technical training, or employer subsidies can both distort systems and create unrealistic expectations of systems change approaches:
 - Amongst market players, subsidies and services delivered directly by donor programmes can weaken the case to do and pay for important functions over the long term.
 - Amongst funders and implementers, an MSD programme can be (incorrectly) perceived to be a weaker performer if judged on the same metrics as a direct delivery programme (e.g. number of young people trained over the short term).

3.2 Decide where to focus interventions

In deciding where to focus interventions, programmes need to identify market players and assess whether, and how, they might contribute to the future picture outlined above. The ‘will-skill’ matrix⁴¹ is a useful way to assess willingness and capacity for change and identify the types of programme support that might support behaviour change.

Sense-checking feasibility

Experience has proven that at the vision stage an optimism bias can lead teams to get carried away with exciting intervention ideas that are not really feasible. To counteract this, Mercy Corps uses a series of ‘Reality Checks’ on intervention ideas (inspired in part by The Springfield Centre’s Feasibility Checks⁴²). Key considerations are:

- **Relevance:** How would these changes benefit the target segment? Who would benefit, and who might lose out? Does the intervention benefit young women differently from young men?
- **Opportunity for target group:** Depth: how much change do we project, per individual, on average? Scale: how many individuals are likely to benefit in the project period?
- **Opportunity for market actors:** Is there really sufficient incentive to change? How much is this opportunity worth to market actors? Why hasn’t this happened before?
- **Feasibility:** Who might be interested (during and beyond the pilot)? What are their incentives and capacity to change and sustain change? What are the costs and risks of change? How confident are we that the model is viable? Is there a major risk of distortion (by donor-funded organisations or government)? What is the cost of the programme and how long will it take to get results? Have we done a pre-mortem?

40 M4P Operational Guide, Chapter 3, p21 beamexchange.org/resources/119

41 M4P Operational Guide, Chapter 3, p24 beamexchange.org/resources/119

42 See springfieldcentre.com/the-other-f-word/

3.3 Develop the theory of change

Once the programme's systems change vision is articulated, the team can go on to develop a more detailed theory of change based on the strategic framework outlined in Section 2. The process of building a theory of change is well documented⁴³, with some specific youth employment considerations as follows:

- Think carefully about how the system needs to change (**output-level**) to generate more, better, or more inclusive jobs for the target segment of young people (**outcome-level**). Make sure that the causal links are logical and based on a proportionate level of evidence, with important assumptions noted.
- Do relevant **interlinkages between different parts of the youth employment system** come through clearly?
- Check funder, implementer, and co-facilitator⁴⁴ (if used) **expectations** on the scale, and type, of results expected. Sense-check key indicators and targets where possible, for example the cost of creating a job in the target country and sector⁴⁵.
- Remember to include a focus on **important, but less tangible factors** – for example political economy issues and social norms – in the indicators and assumptions.

⁴³ See, for example beamexchange.org/guidance/vision/theory-change/

⁴⁴ 'Co-facilitators' are organisations subcontracted by the lead implementer to support programme delivery, for example by bringing specialist technical expertise or local knowledge and networks.

⁴⁵ See Robalino, D. (2018) *How much does it cost to create a job?* World Bank Blog Post, available at: blogs.worldbank.org/jobs/how-much-does-it-cost-create-job

INTERVENTION

The intervention stage sees programmes **plan interventions, establish partnerships, run pilot activities, and support scale-up** where traction is found. Ultimately, the aim of MSD youth employment interventions is to generate systems change⁴⁶ that supports lasting, positive youth employment outcomes.

4.1 Plan interventions

This stage builds on the ‘big picture’ thinking from the Vision stage to plan a portfolio of pilot interventions. Intervention planning typically runs once at the start of a programme, and on a regular (e.g. quarterly) basis thereafter.

Intervention plans come in different formats – sometimes dictated by donor requirements – but do not need to be excessively formal or detailed to be useful. The most important aspects are the quality and clarity of the underlying logic. Within their parameters, programmes can experiment with different formats that respond to the following questions:

- | | |
|---|---|
| <ul style="list-style-type: none"> - What is the problem being addressed (and which supporting function or rule does it relate to)? - What is the vision post-intervention? - What is the intervention-level theory of change (reflected in a results chain that aligns with the programme strategic framework)? - What hypotheses are being tested? What are we aiming to learn from the pilot? - What activities and tools will be used to test these hypotheses? Are there more cost-effective or less distortionary ways to do this? | <ul style="list-style-type: none"> - Who are the relevant market player partners and what is their will and skill? - How will the work be implemented? For example, any specific type of co-facilitator (see Section 7)? - Is there existing work in the space? Is it competing and complementary? Is there scope for collaboration? - What are the key risks, e.g. delivery, fiduciary, partnerships, reputational, do-no-harm (social and environmental), sustainability, safeguarding, political, contextual, etc? - How much will it cost? - Have target young people been consulted? |
|---|---|

For youth employment MSD, there may be specific considerations depending on the focus of the intervention, for example:

- For **demand-side** pilots, it is important to sense-check the logic and assumptions leading through to priority employment outcomes.
- On the **supply-side**, it is important to check that the interventions in skills and job matching are targeting systems change and not delivering services directly (see box for more information).

⁴⁶ Frameworks for tracking systems change include:

- The ‘Adopt Adapt Expand Respond’ AAER framework, *M4P Operational Guide*, Chapter 4, p27 beamexchange.org/resources/129
- Posthumus, Shah, Miehlbradt & Kessler(2020) *A Pragmatic Approach to Assessing System Change* beamexchange.org/resources/1334
- Bekkers& Shahroz Jalil (2015) *Achieving Changes in Markets*. Market Development Facility beamexchange.org/resources/589
- Lomax (2020). *The antidote to systemic change frameworks: Six practical steps to assess systemic change*. 3sd.Research beamexchange.org/resources/1315

Making supply-side interventions more systemic

Making supply-side work – such as skills training – more systemic is sometimes challenging, particularly when focussing on marginalised young people in locations with weak public service delivery and limited social safety nets. What then, can be done if programme teams are interested in exploring systemic solutions to supply-side challenges? Some examples of areas to consider are as follows:

- Articulating the case for **commercial sustainability**, whether this is via private (employer) funding, public provision, participant fees, or a combination. Ultimately somebody needs to pay for the training post-programme if it is to keep running. Modelling setup and recurring costs together with a realistic picture of income, is a helpful first step. In some contexts, it will be difficult to make a commercial case ‘work’, but there is still value in understanding the commercial realities (even if the main benefit is identifying and quantifying funding gaps).
- **Pilot work can focus on testing and refining the ‘business model’.** Can training be delivered more cost-effectively without losing too much quality? Can quality and relevance be driven up to the point service users are willing to pay more? The Business Model Canvas⁴⁷ provide a structured and participatory framework for thinking through these issues.
- **Testing new approaches to delivery**, for example participatory and experiential training, peer-to-peer learning and mentoring, online and mobile content, ‘wraparound’ support tailored to specific segments of young people, and mobile training or creche facilities to support the participation of young mothers.
- **Testing sustainable ways to tap into local labour market demand**, for example through ‘lean’ labour market scans that inform course content, and building long-term relationships based on mutually-beneficial links with local employers.
- **Building on the realities of context**, for example by testing different ways to strengthen existing and informal apprenticeship models (in ways that deliver value to apprentices and their employers), might offer a more commercially-sustainable model than developing classroom training from scratch.
- Sharpening **branding and marketing** to appeal to target young people and potential employers, with a view to driving up participation and improving the commercial case.
- **Consider alternative entry points**, for example working with financial institutions to design new financial products for young entrepreneurs, that includes training on financial literacy and business skills.

4.2 Build partnerships

Interventions are usually delivered via partnerships with market players. A youth employment MSD programme will build and manage a portfolio of these partnerships to address binding constraints across the youth employment system. The following fundamentals apply:

- Partnerships exist to drive systems change, not to ‘fix’ market actors or subsidise ‘business as usual’.
- Partnerships should be reciprocal and are not sub-contracts. Programmes need to be particularly mindful of subcontracting service delivery – for example skills training – to market player partners without a clear pathway to systems change.
- There should be flexibility to adapt partnerships based on real-world results, for example by taking a phased, iterative approach based on shared measures of success. Beware of long-term arrangements with no ‘Plan B’ (see box).

Some specifics around working with particular types of partner in the context of an MSD youth employment initiative are as follows:

Private firms can play different (sometimes overlapping) roles in the context of a youth employment intervention, for example as drivers of systems change and as employers of young people. It can be helpful to consider the following nuances:

- If private sector partners are expected to test and demonstrate new ways of working – for example via new, youth-inclusive business models – then partnerships would be structured to support the pilot work and understand how it might contribute to systems change.
- Where private sector partners are engaged as employers – for example under a demand-driven skills intervention – then agreements might not be with the programme at all, but with another market player (e.g. a training provider). Here, the pilot work might focus on demonstrating the case to businesses on the merits of the new model, and of employing young people, noting that the perceived risks of hiring young people often vary across sectors, and firms⁴⁸. It is also important to think through the whole employment ‘journey’ – attraction, selection, retention, etc. – from the perspectives of employer and employee, and tailor intervention models accordingly.

47 See strategyzer.com/canvas/business-model-canvas

48 Somji & Duffin (2020) *Getting Africa’s youth working. Taking a systems approach to create more & better jobs for young people in sub-Saharan Africa*. DCED, ILO Lab & Mastercard Foundation beamexchange.org/resources/1368

Should programmes ‘make the case’ for youth employment to private sector partners?

For most enterprises (formal and informal), generating more or better youth jobs is a side-effect, rather than the core purpose, of their business decisions. When working with businesses as drivers of systems change, there is usually less emphasis on ‘making the case’ for youth employment. That said, teams should sense-check that the innovation being supported is likely to support youth employment outcomes. When working with businesses as employers, it becomes more relevant for the programme – or ideally another market system actor – to make the case.

Government entities can present specific challenges, particularly where a single government body is responsible for an important supporting function or rule, for example a key area of youth policy, or service delivery in an under-served area (see box, below).

- These partnerships need to be carefully considered, particularly around sustainability risks. Assumptions – for example around political will and budget contributions should be made conservatively. Programmes should develop a ‘Plan B’ in case the partnership does not perform as expected.
- Sometimes entry points are not obvious, for example a national ministry might not be initially interested in a partnership. In these cases, programmes may need to look for alternative entry points – for example engaging with a provincial body first to prove the concept, or appointing a co-facilitator with a track record in public policy. Programmes should also try not to become captive to a single entity (public or private).

Getting ‘locked in’ to a partnership

A major youth employment programme in a fragile context attempted to revive a network of defunct public TVET centres as part of a key supply-side intervention. The work involved an overhaul of the curriculum, training of trainers, refurbishment of the facilities, and targeted outreach to the most marginalised young people in the area. The intervention was delivered on a cost-share basis with the local government. The logic was that by demonstrating a better way to deliver skills, the government would take over the funding. Instead, government budget cuts and shifting political priorities meant that cutting back the programme’s contribution became very challenging. By committing to this long-term partnership, the programme was ‘locked in’ to the intervention with no viable ‘Plan B’.

Youth-specific partners – networks, representative bodies, influencers – can play an important role in supporting systems change. This should always be in terms of addressing an underperforming supporting function or rule, for example building a more youth-inclusive public-private dialogue system; improving long-term service delivery to the most vulnerable young people; or creating a sustainable coordination platform for youth-led micro-enterprises. Teams should be mindful to avoid partnerships just intended to improve programme ‘optics’.

Choosing tactics

Just like standard MSD, youth employment programmes have a ‘hierarchy of tactics’ when it comes to interventions. Two key guiding principles are 1) to ensure there is a systems change hypothesis underlying the choice of tactic, and 2) to use the least distortionary tactic possible to facilitate the required change. In situations where more intensive tactics might be justified (see box below), it is important to remember that the programme is trying to achieve systems change rather than deliver services directly. There can be a fine line, for example, between subsidising training as a proof-of-concept versus subsidising training as service delivery.

What are examples of more intensive tactics, and when (if ever) are they justified?

The following tactics would be considered intensive under an MSD approach:

- Transport allowances, stipends, and meals for training participants
- Performance-based payments, for example for training providers successfully placing trainees into jobs
- Employer wage subsidies
- Programme-delivered training, for example directly to beneficiaries or firms (e.g., microenterprises)

These tactics might align with the MSD approach if a) the rationale is to test a specific systems change hypothesis (e.g. reaching proof of concept for a new way of working), and b) there is a case for sustainability (*who will do and who will pay* post-intervention) with a clear exit strategy for the programme.

4.3 Run pilots

Pilot programmes test systems change hypotheses in a real-world setting (see box, below). At the pilot stage, expectations around ‘hard’ targets – numbers trained, businesses supported, etc. – need to be tempered in favour of indicators that help assess what works, what does not, and why⁴⁹.

A tale of two pilots

Pilot 1: A pilot programme was set up to test the hypothesis that a new client segment – SME employers in a fast-growing African construction sector – would be willing to pay for a high-quality job matching service. A pilot cohort of young people was taken through a structured screening and induction by an established job matching provider, and matched with one of 10 pre-selected SME employers. With programme support, the provider followed up with each group to assess satisfaction, perceptions, and areas for improvement. At the end of the pilot, the employers were given the opportunity to keep using the job matching service for a fee.

Pilot 2: The second pilot trained a cohort of 200 self-employed youth in the micro-enterprise sector. The training itself was based on an innovative curriculum, and delivered at a youth centre in town with input from the local government. The training comprised roleplays and other experiential learning, that was tailored to the local context. The participants were engaged throughout and came away with plenty of new ideas. The problem was that the pilot had not been set up to test or demonstrate anything in particular. Although some of the trainees went on to improve their businesses, the impact stopped there because the underlying system had not been improved.

Although programmes need to exercise a level of discipline around pilot work, teams should also remain open and receptive to opportunities that arise organically. These can include unintended consequences - both positive and negative – of the pilot work itself. There may also be learning in areas outside the immediate scope of the pilot programmes, for example CFYE in Kenya noted that 11 partners started reporting the same types of challenge around decent work in the informal sector, which provided an entry point into a new space for the programme.

4.4 Support scale-up

While getting to scale remains a fundamental aspiration for MSD youth employment programmes, funders and implementers need to think carefully about what scale might look like (and how it might be achieved) in the context of youth employment. *Getting to Scale*⁵⁰ highlights findings that can be usefully applied here, for example:

- **Getting to scale takes time:** Tackling the root causes of youth employment can involve addressing fundamental gaps in demand (e.g. slow firm growth) and supply (e.g. deficient education systems). This is not a quick or linear process, particularly when the core aim (youth employment) can be more of a step-change than the incremental pursuit of higher incomes, for example.
- **Checking the business case early on:** Many labour market constraints do not have purely commercial solutions, which can make finding a ‘business case’ more challenging. Even when incentives are not financial, however, it is still important to think through if, why and how change is likely to spread through the system post-intervention.
- **The barriers to scale often lie outside the firm:** Tackling the rules and norms of youth employment can support scale, if delivered with MSD principles (e.g. local ownership) in mind.

49 ILO (2021) “How to” Manage Adaptively in Value Chain Development Projects”. ILO Brief beamexchange.org/resources/1554

50 Davies, G. (2016) Getting to scale: Lessons in reaching scale in private sector development programmes beamexchange.org/resources/785

MEASUREMENT

The DCED Standard for Results Measurement⁵¹ - which has been applied to over 150 programmes since 2008 – is one of several well-established frameworks⁵² for measuring results on MSD programmes. The DCED Standard's key steps (see Figure 8) apply as much to MSD for youth employment as to standard MSD. This section builds on this established good practice to highlight nuances for measuring results of MSD youth employment programmes.⁵³

Some general points are:

- There is no single, universally agreed definition of 'success' when it comes to employment outcomes. Considering quality and access alongside job creation has been a positive step forward but can also exacerbate this challenge.
- Measuring employment is a broad and nuanced topic, with the potential to get lost in complicated technical approaches. For most programme teams, it is better to measure a small number of things that matter, and do it well, than try to measure every aspect. As a rule of thumb, everybody on the programme should know – and be able to explain – what is being measured, and why.

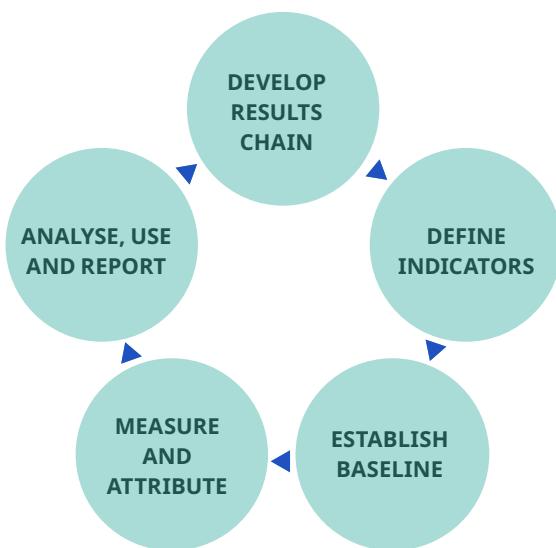
5.1 Develop results chains

A results chain articulates how an individual intervention will support systems change (output), how those changes will go on to support more, better, or more inclusive jobs for young people (outcome), and how those employment outcomes will contribute to development impact (e.g., reduced poverty and inequality). Teams that may be less familiar with the results chain format can refer to the DCED's guidelines on *Articulating the Results Chain*⁵⁴. A key point to remember is that results chains are not just a measurement tool, but also integral to intervention management; they should be regularly reviewed, and adapted in light of what is being learned.

5.2 Define indicators

There is a vast set of potential indicators at each level of a youth employment results chain⁵⁵. The challenge is choosing a limited number of the most relevant indicators, that are also feasible to measure. The DCED's guidelines on *Defining Indicators of Change*⁵⁶ provide a helpful primer on the topic. Some specific points on outcome- and output-level indicators for youth employment programmes are as follows:

Figure 8: Results Measurement Cycle, DCED Standard



51 More information on the DCED Standard is available at enterprise-development.org/implementing-the-dced-standard

52 See, for example, the BEAM Exchange Monitoring Guidance, available at beamexchange.org/guidance/monitoring-overview

53 Fowler & Markel (2014) *Measuring Job Creation in Private Sector Development*. MarketShare Associates for DCED beamexchange.org/resources/328

54 Available at: enterprise-development.org/wp-content/uploads/1_Implementation_Guidelines_Results_Chains.pdf

55 See, for example, the ILO's SME Performance Measurement Toolkit: sme-measurement.org/gimi/SMEHome.action

56 Available at: enterprise-development.org/wp-content/uploads/2_Implementation_Guidelines_Defining_Indicators.pdf

Employment indicators

The landscape of employment-related definitions and indicators can seem daunting. The ILO's *Guide on Measuring Decent Jobs for Youth*⁵⁷ breaks this down into manageable indicators grouped under four dimensions:

- **Employment opportunity:** creation of more jobs – formal and informal, and on an employed or self-employed basis – for the target segment of young people. Considerations might include whether to assess gross or net job creation⁵⁸ and approaches to capturing indirect jobs⁵⁹.
- **Employment quality**⁶⁰: the ability of target young people to access better quality opportunities, for example through better earnings, social dialogue, decent working time, and social security. Note: the definition of quality in this guidance note also includes labour productivity.
- **Employment access:** labour market performance, target group participation in the labour market, and demand for target group labour and skills.
- **Employment skills:** Basic skills (e.g., literacy), technical skills, and 'core' skills (e.g., self-esteem, communication, and problem-solving). Note: in an MSD theory of change, employment skills might be positioned a layer below the three employment outcomes above (e.g., as an intermediate outcome resulting from a better performing skills development system).

Where used, each of these indicators should be disaggregated by target segment characteristics, for example age group, gender, and location (e.g. urban versus rural).

Systems change indicators

The DCED guide on *Assessing Systemic Change*⁶¹ and *A Pragmatic Approach to Assessing System Change*⁶² provide guidance and indicators for assessing systems change. When considering systems change, it is important to assess both changes in market actors' *behaviour* (including their ownership of this change, and the scale of the change) as well as the impact of those behaviour changes on function *performance* (assessing how much the quality, quantity, price or timing of skills, childcare, labour and so on has changed). In the context of youth employment, systems change indicators might include:

- **Market players investing in new ways of working**, for example, a new training offer, labour market information platform, microenterprise service, or business model innovation.
- **Satisfaction** with a new service, for example employer satisfaction with a new job matching service.
- **Changes in perceptions or norms**, for example, around expectations of young women's roles in a male-dominated sector.
- **Dialogue and coordination**, driven by market players, for example use of improved coordination mechanisms between employers and skills providers, or policymaking processes that include meaningful youth engagement.
- **Improved market player practices**, for example around collecting and using labour market information.

REALITY CHECK: VANITY METRICS

Beware of 'vanity metrics'⁶³ – numbers that look good on paper but aren't useful measures of the things that matter in the context of MSD for youth employment. Examples of vanity metrics might include grants disbursed, trainings run, workshops held, or analyses completed, where these activities are done or directly paid for by the programme (versus being driven by market players as a result of systems change).

Depending on donor requirements as well as project strategies and designs, projects may choose to go beyond measuring employment and systems change indicators to measure impact on target group, such as quality of life, agency and voice, and social inclusion, among others.

57 ILO (2018). *Guide on Measuring Decent Jobs for Youth - Monitoring, evaluation and learning in labour market programmes*. Geneva.
See Note 2, pages 4-23. ilo.org/employment/areas/youth-employment/WCMS_627307/lang--en/index.htm

58 Davies & Ripley (2019). *FSD Africa: Jobs Framework. Methodology Paper*. FSD Africa. Ripley (2019). *FSD Africa: Jobs Framework. Methodology Paper*. FSD Africa. fsdafrica.org/publication/fsd-africas-jobs-framework-methodology-paper/

59 For example using employment multipliers. See MacGillivray, Kim, van Moorsel & Kehoe (2017) *Measuring Total Employment Effects: a lean data methodology for a portfolio of investments in developing countries*. CDC Group assets.cdcgroup.com/wp-content/uploads/2018/06/25150849/Methodology-for-measuring-total-employment-effects.pdf

60 Ripley (2021) "How to" Measure Job Quality in value chain development projects. ILO. beamexchange.org/resources/1631

61 Available at: enterprise-development.org/wp-content/uploads/4_Implementation_Guidelines_Systemic_Change.pdf

62 Posthumus, Shah, Miehlbradt & Kessler (2020) *A Pragmatic Approach to Assessing System Change*. DCED. beamexchange.org/resources/1334

63 Ries, E. (2010) *Entrepreneurs: Beware of Vanity Metrics*. Harvard Business Review.
Available at hbr.org/2010/02/entrepreneurs-beware-of-vanity-metrics

5.3 Measure results

Specific aspects to highlight, beyond core guidance on measuring results⁶⁴, include:

- It is important to adapt measurement tools to the local context and target group, for example: considering the choice of language; how information is presented (e.g. in contexts with low youth literacy); appropriate ways to gather the views of young women; and using channels like social media to engage directly with young people. It is also important to ensure that respondents and their data are protected.⁶⁵
- If engaging young people in measuring results, for example as enumerators, programmes should invest in building their skills and decide on a fair compensation model.
- Programmes should triangulate self-reported results, for example on the knowledge gained through training, as there can be a tendency for recipients to over-state benefits.

5.4 Using results information

Programme teams need to make full use of results information to navigate the complexity of MSD for youth employment. The '**do-measure-learn' feedback loop**⁶⁶ is a helpful concept that promotes hypothesis testing and structured reflection, within a team culture of curiosity and applied learning; the results chains should be regularly reviewed and adapted in light of the lessons being learned.

Secondly, there are inevitably data gaps across the youth employment system. Teams can take a '**dual-use data**' approach to use programme-generated data to support and inform stakeholders, for example by sharing the results of labour market research with government partners, training providers, businesses, and young people themselves. Where possible, programmes can join forces with stakeholders interested in similar data to run joint research activities.

64 Available at: enterprise-development.org/wp-content/uploads/3_Implementation_Guidelines_Measuring_Attributable_Change.pdf

65 For further information see USAID Learning Lab (2016) *Data Security Guidance: Protecting Beneficiaries*. USAID usaidlearninglab.org/sites/default/files/resource/files/cleared_-mt_-data_security_guidance.pdf

66 ILO (2021) 'How to' manage adaptively in value chain development projects. ILO. beamexchange.org/resources/1554

MANAGEMENT

The unpredictable nature of MSD programming means that detailed long-term planning offers limited value. Instead, teams need the systems, space, and skills to be able to guide partnerships and interventions towards their systems change goals. The foundations of good MSD management are well documented⁶⁷ and this section highlights some specific considerations for youth employment.

6.1 Readiness: systems fit for purpose

Using co-facilitators

In the context of MSD for youth employment, specialist co-facilitators can help programmes reach specific target groups, for example young people with disabilities, LGBT+ youth, remote communities, or ethnic minorities. Teams should remember that there can be a steep learning curve for co-facilitators, particularly specialist providers with limited MSD experience. Funders and implementers alike need to pay careful attention to co-facilitation arrangements, particularly the proposed approach to co-facilitator induction, capacity building, responsibilities (versus those of the core team), monitoring arrangements, and how outsourcing risks will be managed.

Visibility

Good MSD practice is for programmes to stay ‘behind the scenes’ and work through market player partners. This is often easier said than done in the context of youth employment work, for example where there are requirements or norms for programme-branded training, or visibility at public events like openings and graduations. Funders and implementers⁶⁸ should consider the implications of being more visible and decide if the risks are justified:

- What is the rationale for greater visibility? Where does the authority for this decision lie?
- To what extent is greater visibility (on the part of the programme, funder or implementer) likely to take focus and ownership away from local actors? Does this compromise the systems change agenda?
- Is there a way to meet programme or funder requirements – whether public relations, internal rules, diplomacy, or relationship building – in a less visible way?

6.2 Willingness: staff are empowered and willing

Implementer-funder partnership

Funders and implementers each need to go into MSD youth employment programmes with realistic expectations of the ‘other side’

Funders	Implementers
<ul style="list-style-type: none"> - Recognise the added challenges of addressing youth employment systemically (vs directly) - Set realistic, evidence-based targets and programme parameters that support these aims - Beware of ‘layering on’ too many employment priorities or target group characteristics - Carefully test key design-stage assumptions (see Reality Check, below) - Find a balance between holding programmes to account and allowing for flexibility - Beware of ‘arms-length’ relationships: funder and implementer are in this together - Willingness to engage with cross-cutting labour market functions (versus using a purely sectoral lens) 	<ul style="list-style-type: none"> - Spend time understanding the funder’s priorities and ‘pressure points’ e.g. risk and results, both at programme and policy level - Get the programme management fundamentals (planning, finance, risk management, etc.) right to allow focus on delivery - Communicate progress and results in ways that resonate with the funder. Help funder counterparts build interest at funder HQ. - Engage constructively, with evidence, if targets seem unrealistic

⁶⁷ See M4P Operational Guide, Chapter 6, p. 49 beamexchange.org/resources/139

⁶⁸ Implementers are the organisations contracted by funders to deliver programmes. Under an MSD approach, implementers would usually be neutral and not a market actor.

REALITY CHECK: THE IMPORTANCE OF ACCURATE ASSUMPTIONS

The funder's business case for a flagship skills development programme in Africa significantly over-estimated the state of skills development infrastructure in the target location, which in reality was barely functional. This false assumption resulted in a programme design that was unfit for purpose, unrealistic training and employment targets, and a budget that was insufficient to fill fundamental gaps in skills delivery. The business case was developed in good faith, but ultimately failed to capture an accurate picture of the true situation on the ground.

6.3 Ability: leadership and technical expertise

Youth specialists

Team members and consultants with experience of the target segment of young people can leverage their networks, which can help to pinpoint relevant sectors and partners, and make sure that youth views and insights are fully considered.

Labour market expertise

Teams are encouraged to tap into technical labour market expertise at key points, for example during the labour market scan, when assessing the employment potential of a given sector, and when designing the results measurement system. There are different ways to access this knowledge, for example via technical specialists within the funder's organisation, short-term advisers, members of a programme advisory board, or key informant interviews.

