



# Technical Cooperation Progress Report

**104306: IRIS Project No.**  
**GLO/13/15/SWI: TC Symbol**  
**Swiss SECO: Donor**  
**ENT/SME: Admin Unit**

**Country or Region:** Global project

**Title:** Market Systems Development for Decent Work: *the Lab*

**P&B Outcome:** Outcome 3: Sustainable enterprises

**Report:**

☒ Annual For projects reporting on an annual basis, all sections must be completed and the report must cover the previous 12 months.

☐ 6-month For projects reporting twice per year, all sections must be completed and the report must cover the previous 6 months.

☐ Quarterly For projects reporting on a quarterly basis, every second and fourth report (i.e. twice a year) should complete all sections. The other reports may leave out sections A3 and A4.

**Sequence:**

☐ 1<sup>st</sup> report ☒ 2<sup>nd</sup> report ☐ 3<sup>rd</sup> report ☐ 4<sup>th</sup> report ☐ 5<sup>th</sup> report ☐ 6<sup>th</sup> report

☐ 7<sup>th</sup> report ☐ 8<sup>th</sup> report ☐ 9<sup>th</sup> report ☐ 10<sup>th</sup> report ☐ 11<sup>th</sup> report

Reporting Information	
<b>Reporting period:</b>	1 January – 31 December 2015
<b>Report prepared by:</b>	Matthew Ripley, Chief Technical Adviser, December 2015
<b>Report reviewed by:</b>	Merten Sievers <i>I have reviewed the classifications and agree they are a fair and accurate reflection of progress</i> <div style="text-align: right;">Reviewer initials: MS</div>
<b>Report approved by:</b>	Markus Pilgrim <i>I have reviewed the classifications and agree they are a fair and accurate reflection of progress</i> <div style="text-align: right;">Approver initials: MP</div>

## EXECUTIVE SUMMARY

The Lab is an ILO action research and knowledge generation project that is testing how a market systems approach can be used to improve working conditions in small and medium enterprises (SMEs). The Lab is funded by Swiss SECO from 2014 until early 2017. The project's work is built around three core objectives: to *maximize* decent job creation impact through strengthened sector selection and analysis; to *measure* job impact through improved result measurement practices; and to *develop* national value chain facilitation capacity.

The calendar year 2015 represented a tipping point in the Lab's work, as the project began to feed its country-level experiences into global guidance, which, in turn, has laid the foundation for influencing policy and practice on inclusive market development – both in the ILO and beyond.

After the second year of implementation, the Lab has delivered the following key results:

- 2 flagship global guidance documents – on [Value Chain Development for Decent Work](#) and [Sector Selection](#) – were published, drawing heavily on the Lab's experiencing of working in Afghanistan, Timor-Leste, Zambia and Peru.
- Over 150 practitioners were trained on market facilitation, results measurement and adaptive management through 3 new courses developed with the ILO's International Training Centre (ITC-ILO).
- 2,000 visitors accessed the Lab website, with the re-issued [Fooled by Randomisation](#) paper downloaded over 200 times. A flagship [case study](#) on the ILO's 'BOSS' project was published.
- 3 high-level market system analyses were finalised in Peru ([quinoa sector](#)), Mozambique ([construction](#)) and Mexico ([tourism](#)).
- 3 projects improved their monitoring and results measurement (MRM) systems: 2 quasi experimental and 1 process impact evaluations were completed in Timor Leste and Zambia, and 'Yapasa' Zambia undertook a successful pre-audit review against the DCED Standard.
- 2 sector selection exercises in Afghanistan ('[Road to Jobs](#)') and Peru ([SCORE](#)) were completed: this resulted in relevant and feasible sectors for jobs impact being prioritised for intervention.
- Lab knowledge has been diffused across the ILO: 20 colleagues attended a brown bag lunch on results measurement; a 'coping with complexity' course led to plans to revise the ILO's institutional approach to project cycle measurement; and collaboration with the ILO evaluation unit has led to a draft guidance paper on how the DCED Standard can boost project evaluability.
- Lab knowledge has begun to influence the wider industry: 200 participants have listened to the Lab's guest lecture on [online results measurement training](#); a Lab paper was cited in recent DCED [guidance](#) on attribution; and collaboration has taken place with the Committee on Sustainability Assessment (COSA), USAID's Leveraging Economic Opportunities (LEO) project and the IDH Sustainable Trade Initiative.
- Partner projects have given \$402,000 in co-funding and in-kind contributions towards shared research objectives: demonstrating a high level of commitment and buy-in to the Lab's approach.

In the words of practitioners who have benefited from the Lab in 2015:

- *"It was such a refreshment to...find an island of excellence in (the) system...it was an absolute pleasure to explore different ways of innovating and sharing resources".* ILO project manager.
- *"This is absolutely great stuff...please send my kudos to (the team), not only for the important content, but also the engaging tone in narrative".* Non-ILO practitioner.

Demand for collaborating with the Lab remains strong. In 2015, alone, potential collaboration was discussed with projects in Tanzania (a UN Joint Programme on Youth Employment), Cambodia (International Finance Corporation), Bangladesh (USAID Feed the Future), China (SCORE) and Mauritius (Green Business).

## 1. Budget / Planning Information

Project budget in USD: 2,942,916		
Project duration:	<b>Planned</b>	<b>Actual</b>
Project start date:	October 2013	October 2013
Project end date:	June 2017	June 2017

## 2. NARRATIVE REPORT

### 2.1. Perspectives on current status

Briefly explain the overall status of project implementation, making reference to progress under each immediate objective.

#### **Immediate objective 1: Strengthened value chain selection and analysis.**

*To improve situational analysis of projects before the start of interventions leading to a sector selection that has real potential for high and sustainable labour market impacts.*

Output 1: Sector selection tool finalized and published

**Activities:** Supported 'Road to Jobs' in Afghanistan to carry out sector selection; ran a series of rapid market appraisals of shortlisted sectors in Peru for SCORE; worked with GiZ to finalise 'Guidelines for Value Chain Selection'.

**Deliverable status:** **Completed.** The ILO/GiZ guidelines were published in late 2015. They were presented in Paris at the meeting of the DCED Working Group on Green Growth, and in Vienna at a meeting of the UN's value chain development task force. The results and the process of both the Peru and Afghanistan sector selection exercises have been posted on the Lab's website, [www.ilo.org/thelab](http://www.ilo.org/thelab)

**Next steps:** Produce a short knowledge brief on the practical 'tips and tricks' for sector selection (by June 2016), based on the Lab's experiences to-date, and pilot test a French-language version of the Guidance in Morocco in a women's economic empowerment project (by December 2016).

Output 2: Market systems analyses published.

**Activities:** Co-ordinated market analyses in Peru for Andean Grains and SCORE and carried out a spin-off 'action research' analysis in the wood furniture sector; backstopped analysis in Afghanistan for grapes and raisins; commissioned a construction sector analysis in Mozambique and a tourism analysis in Mexico; supported a media market analysis in Zambia.

**Deliverable status:** **Ongoing.** The final reports of the Peru Andean Grains, SCORE, Mozambique and Mexico studies have been published. The study Afghanistan has been finalized, but not yet published. Work in the wood furniture sector is ongoing: an extended 'action research' phase will be undertaken until mid-2016 in order to combine market analysis with pilot intervention testing. Due to programme changes (see section 2.2) the media market analysis has been delayed.

**Next steps:** By March 2016, write a short blog for the BEAM Exchange documenting lessons from taking a systemic approach to analyzing why markets are not creating more and better jobs; complete action research in Peru by September 2016.

#### **Immediate objective 2: Measuring and understanding the real impact on jobs.**

*Provide value added services to a portfolio of 5 projects working in the area of inclusive market development helping them to 1) address the job creation attribution gap, and 2) find out more about the quality of jobs created.*

Output 3: Practical but rigorous methodologies for jobs measurement

**Activities:** Developed outline of a monitoring and results measurement (MRM) system for 'Road to Jobs' Afghanistan; supported SCORE Peru to draft results chains in core sectors; mentored MRM staff in Peru, Nepal, Afghanistan and Zambia; backstopped development of an MRM framework for Nepal's Advocacy Challenge Fund; supported a SenseMaker pilot in 'Yapasa' Zambia; designed and ran a training course on 'Monitoring and Results Measurement in Private Sector Development'; commissioned a study on measuring working conditions in SMEs.

**Deliverable status:** **Ongoing.** Backstopped by the Lab, 'Yapasa' Zambia and 'BOSS' Timor-Leste completed quasi-experimental studies to isolate the impact of interventions on target group jobs and income. Zambia Green Jobs completed a process evaluation, funded by the Lab, which fed into revisions of the programme strategy. The impact evaluation in Rwanda (SPARK) is still ongoing. Over 30 practitioners were trained on MRM in-person through a week-long course at ITC-ILO in December 2015. A further 200 practitioners were given a short module on 'measuring jobs impact' through the Lab's participation in a new online MRM training initiative. Projects in Peru, Afghanistan, Nepal and Zambia continue to develop and utilize their impact measurement systems, with support from the Lab, in line with the DCED Standard.

**Next steps:** Develop credible SCORE attribution strategies in Peru by August 2016; support MRM training in Nepal and Tanzania (UN Joint Programme) by May 2016. A case study on the DFID 'Kuzo' programme targeting youth employment in Mombasa will be finalized in March 2016. An inventory of indicators that can be used to measure working conditions in SMEs will be published by mid-2016.

#### Output 4: DCED audits completed

**Activities:** Co-ordinated a 'pre-audit' review of the 'Yapasa' Zambia MRM system; ran an ILO brown bag lunch sharing experiences of setting up an MRM system; worked with the ILO's evaluation unit to draft guidance on the complementarities between evaluation and the DCED Standard; reviewed IDH's MRM system against compliance with the DCED Standard; supported SCORE India's full audit against the DCED Standard.

**Deliverable status:** **Ongoing.** Programme changes (staff, operating context) in Zambia meant that the formal audit against the Standard was postponed until 2015. The 'pre audit' review, however, commended the strength of the MRM system while providing concrete recommendations for tweaks/improvements.

**Next steps:** Support 'Road to Jobs' in Afghanistan and Nepal's Advocacy Challenge Fund ('UNNATI') to conduct pre-audit reviews. Support 'Yapasa' Zambia's audit in mid-2016, and work towards SCORE Peru's compliance with the Standard.

#### **Immediate objective 3: Creating market facilitation capacity.**

*To create market facilitation capacity in national institutions and share lessons learned*

#### Output 5: National stakeholders improve their knowledge about market systems facilitation.

**Activities:** Developed and ran training on 'market facilitation'; designed an online 'roll play' module on deal-making with the private sector.

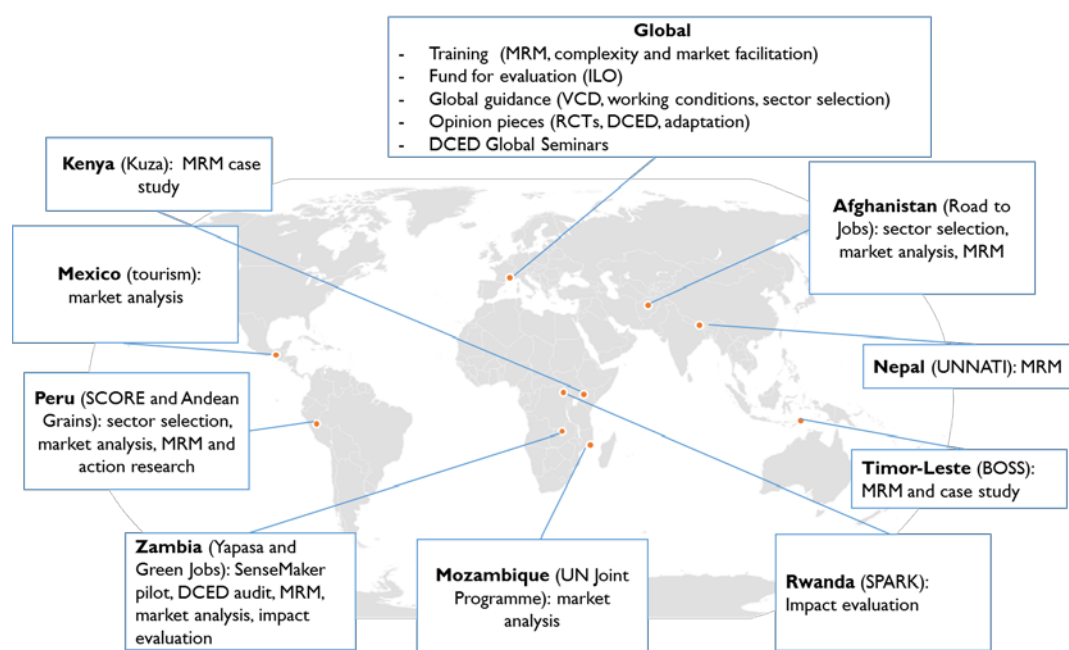
**Deliverable status:** **Ongoing.** In March 2015, the Lab and ITC-ILO ran a new training course on 'market systems facilitation' in Zambia. Over 25 participants from the government, social partners, NGOs and other UN agencies attended.

**Next steps:** Finalise and pilot test the online module in order to more cost-effectively reach a wider range of national stakeholders by April 2016.

#### Cross-cutting outputs 6 and 7: Building partnerships and networks, and knowledge sharing

**Activities:** Developed a knowledge sharing strategy; re-designed the Lab's website; attended SEEP Conference and New Metrics 2015; signed a partnership MoU with COSA; supported the ILO's STED (skills) project to adopt the DCED Standard; presented at the ITC-ILO 'Coping with Complexity' course.

**Deliverable status:** **Ongoing.** A range of ILO projects and non-ILO projects were contacted during 2015, which led to a number of concrete leads and activities for collaboration. Core external partners remain the DCED, BEAM, SEEP, USAID/LEO and COSA. Internal ILO departments working with the Lab include evaluation, employment (skills) and sector. The map below provides a snapshot of the Lab's ongoing partners, networks and activities:



These projects partnering with the Lab have contributed approximately \$400,000 in co-funding and in-kind contributions towards shared research objectives<sup>a</sup>.

## 2.2 Issues and actions

Examine the main **challenges** facing the delivery of outputs and achievement of immediate objectives.

These can be issues that have already been encountered or are foreseen.

The Lab's knowledge generation relies on partnering with a network of high-will high-skill projects in the field. With some projects, it has been a challenge to recruit capable local staff for MRM positions. Recruitment was delayed in some instances – e.g. Afghanistan. In others, staff turnover (such as Timor Leste and Zambia) have impeded progress. This is often an inevitable fact of life in development initiatives (although, see section 7). Other projects – again Zambia – have faced significant challenges (e.g. deteriorating economic conditions) which have slowed implementation. This has affected the timing of the media market analysis and the DCED audit.

Explain **corrective actions** taken or to be taken regarding implementation challenges, delayed delivery, and the low probability of achieving immediate objectives.

Corrective action has been taken to avoid 'putting all eggs in a small basket' of projects. An additional project, in Nepal (UNNATI challenge fund) has been added to the Lab's portfolio of collaborating project, as they are committed to good MRM in line with the DCED Standard.

<sup>a</sup> This \$402,000 is comprised of: 12 work months from Afghanistan 'Road to Jobs' (USD 188,000), 1.5 committed work months from Mozambique's UN Joint Programme (USD 20,000), 1 mission costs from 'Road to Jobs' (USD 5,000), RBSA cost-sharing of a Peru MRM position (USD 50,000), 'Yapasa' Zambia contribution to develop a market facilitation course (USD 22,000), ITC ILO contribution to develop MRM training (USD 10,000), 'Yapasa' consultant time to conduct MRM (USD 15,000), 'Yapasa' contribution to the DCED mock audit (USD 34,000), 'Yapasa' staff and mission time and local researcher costs for the SenseMaker pilot (USD 18,000), 2.5 work months of in-kind staff time from BOSS Timor-Leste (USD 30,000) and in-kind staff time from Nepal UNNATI to develop MRM (USD 10,000)

<p>Briefly explain any <b>reformulations</b> of project immediate objectives or outputs, and their corresponding indicators and targets.</p>	<p>Lab outputs were re-formulated in the Year 2 workplan to provide greater clarity and a simplified structure to the results framework.</p>
<p>Briefly describe any <b>evaluations</b>, project reviews, self-assessments or undertaken, including follow-up to findings and recommendations.</p>	<p>A mid-term internal evaluation takes place in February 2016.</p>

### 3. Summary Outputs

OUTPUT DELIVERY			
Output	Percent complete	Output status	Output summary (1000 characters maximum)
Immediate Objective 1: <b>Strengthened value chain selection and analysis</b>			
1 Sector selection tool finalized and published	100%	Completed	Guidance published late 2015
2 Market systems analyses published	75%	On schedule	3 studies finalised, of which 2 published.
Immediate Objective 2: <b>Improved results measurement</b>			
3 Practical but rigorous methodologies for jobs measurement supported	50%	On schedule	3 systems strengthened (Zambia, Afghanistan and Peru); training delivered.
4 DCED audits completed	35%	On schedule	1 pre-audit review (Zambia)
Immediate Objective 3: <b>National facilitation capacity</b>			
5 National stakeholders improve their market systems facilitation knowledge	50%	On schedule	Face-to-face training developed and piloted

OUTPUT CLASSIFICATION <sup>b</sup>	
<input checked="" type="checkbox"/> <b>Highly satisfactory</b> Implementation of almost all (>80%) outputs is on schedule as envisaged in the implementation plan and almost all (>80%) indicator milestones have been met.	<input type="checkbox"/> <b>Satisfactory</b> Implementation of the majority (60-80%) of outputs is on schedule as envisaged in the implementation plan and the majority (60-80%) of indicator milestones have been met.
<input type="checkbox"/> <b>Unsatisfactory</b> Some (40-60%) outputs are being implemented on schedule as envisaged in the implementation plan and/or only some (40-60%) indicator milestones have been met.	<input type="checkbox"/> <b>Very unsatisfactory</b> Few (<40%) outputs are being implemented on schedule as envisaged in the implementation plan and/or only a few (<40%) indicator milestones have been met.

<sup>b</sup> This is a self-assessment

4. Summary Immediate Objectives				
IMMEDIATE OBJECTIVE ACHIEVEMENT				
Indicator (from prodoc)	Baseline	Indicator Milestone (compare planned against actual)	Target (end-of-project total)	Immediate Objective summary
Immediate Objective 1: <b>Strengthened value chain selection and analysis</b>				
At least 60 per cent of the project clients of the lab are satisfied with the service	Lab did not exist.	A survey of collaborating projects will be taken as part of the final independent evaluation. As a proxy measure, all but one of the projects the Lab has collaborated with have requested further support (not requested: Zambia Green Jobs) indicating that clients are placing value in the services provided by the Lab.	60 per cent	On track
Immediate Objective 2: <b>Measuring and understanding real impact on jobs</b>				
5 projects co-fund applied research and actively participate in clinics and results measurement	No projects co-funding research	5 projects co-funding in-kind and financial resources (Nepal, Peru, Afghanistan, Timor Leste, Zambia) to conduct value chain analyses, data collection, write case studies, improve monitoring systems.	All projects are co-funding research.	Behind schedule (DCED audits)
5 additional mocks audits and 2 full audits against the DCED Standard	2 ILO projects have gone through a mock audit (SCORE and WED). None have been audited.	One additional project (Yapasa Zambia) has completed a pre-audit review (a.k.a. 'mock' audit). SCORE India has completed a full audit with the support of the Lab.	3 full audits.	
Immediate Objective 3: <b>Creating market facilitation capacity</b>				
Governments mobilise resources for market development	To be captured	25 participants in Zambia, including Ministries of Labour and Finance, trained in market facilitation.	Governments make use of ILO capacity building tools	On track
IMMEDIATE OBJECTIVE ACHIEVEMENT CLASSIFICATION <sup>c</sup>				
<input type="checkbox"/>	<b>Highly probable</b> Almost all (>80%) reporting period milestones have been met. Based on the indicators, it is highly probable all immediate objectives will be achieved by the end of the project.		<input checked="" type="checkbox"/>	<b>Probable</b> The majority (60-80%) of reporting period milestones have been met. Based on the indicators, it is probable the majority of immediate objectives will be achieved.
<input type="checkbox"/>	<b>Low probability</b> Some (40-60%) reporting period milestones have been. Progress is being made on the immediate objectives but based on the indicators only some immediate objectives will be achieved.		<input type="checkbox"/>	<b>Improbable</b> Few (<40%) reporting period milestones have been met. Limited progress is being made on the immediate objectives and based on the indicators only a few immediate objectives will be achieved.

<sup>c</sup> This is a self-assessment



## 5. Risks and Assumptions

### RISK TRACKING

Key Assumptions (from prodoc)	Risk level		Describe current risk and any mitigation measures (1000 characters maximum)
	Start-of-project / previous reporting period	Current	
M4P/VCD projects demand and are interested in results measurement	Green (low risk)	Green (low risk)	Continued interest in market systems field in results measurement.
Projects are interested in working conditions	Green (low risk)	Yellow (medium risk)	A great many ILO projects are dedicated to OSH, social protection etc., and there is some in-house interest in addressing these issues through a systems approach (rather than direct delivery or pushing training products)
Counterparts engage in impact evaluation	Green (low risk)	Green (low risk)	Participating projects have been fully engaged in collaborative research to-date (see Objective 2)
Institutions agreed to be measured and commit own funding and staff time	Green (low risk)	Green (low risk)	Most projects have committed both funding and staff time to joint activities (see Objective 2)

## 6. Performance issues

*Check key reasons for shortfalls in Output Delivery, Output Quality and Immediate Objective Achievement:*

- |                                                                                              |                                                                              |
|----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| <input type="checkbox"/> Implementing partner (constituents or private entities) performance | <input type="checkbox"/> ILO (Office and staff) performance                  |
| <input type="checkbox"/> Difficulties in inter-agency coordination                           | <input type="checkbox"/> Inadequate cost estimates                           |
| <input type="checkbox"/> Lack of constituent or implementing partner commitment/ownership    | <input type="checkbox"/> Inadequate project design                           |
| <input type="checkbox"/> ILO policy changes                                                  | <input type="checkbox"/> Counterpart funding shortfall                       |
| <input type="checkbox"/> Budget processing (revision/disbursement etc.) delays               | <input type="checkbox"/> Unexpected change in external environment           |
| <input type="checkbox"/> Community/political opposition                                      | <input checked="" type="checkbox"/> HR difficulties (recruitment, contracts) |
| <input type="checkbox"/> Other - please specify:                                             |                                                                              |

## 7. Lessons learned

*Describe any lessons, positive and negative, that have been learned during project implementation. Organise the lessons using the headings below.*

<b>Context and implementing environment</b>	A main challenge is the transition from innovating and collaborating at the <i>individual-level</i> , with those who buy into/believe in more systemic approaches to development (e.g. CTAs or M&E staff in projects), to the <i>organizational-level</i> (e.g. departments of the ILO). A risk is that high performing individuals leave, and with them both the institutional knowledge and enthusiasm for systemic approaches and results measurement. A lesson from Zambia is that it is useful to at the very least document joint activities undertaken and even produce written 'collaboration' agreements.
<b>Project strategy and design</b>	Inevitably, getting audited against the DCED Standard is quite a large undertaking, especially for ILO projects that tend to be smaller in scope than the larger bilateral projects that have been audited to-date. The targets set at the start of the Lab in terms of number of audits were likely too ambitious. Operating context changes have meant that few-than-expected projects have so far passed audit, although the majority (Zambia, Peru and Nepal, especially) remain committed to being audited by mid-2017.
<b>Advocacy, Communications and Capacity building</b>	A Lab communications strategy was embedded in the Year Two Workplan, which helped provide structure to the Lab's knowledge management outputs and audience.

<b>Implementation and Institutional Arrangements</b>	Many of the delays in Afghanistan could have been avoided by the ILO advertising positions before funding had been received by the donor. This, however, is against organizational policy.
<b>Any other areas</b>	Due to exchange rate changes, the project budget decreased by almost \$150,00 from the originally projected figure of \$3,089,274. However, this has not had a significant effect on project operations but means that some staff currently working with the Lab will not be able to be retained to the end of the project.

## 8. ANNEXES

See all our products on [www.ilo.org/thelab](http://www.ilo.org/thelab) - we operate on a publish what you fund basis!