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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: 1st report 2nd report 3rd report 4th report 5th report 6th report
 7th report 8th report 9th report 10th report 11th report

Reporting Information	
Reporting period:	1 January – 31 December 2016
Report prepared by:	The Lab team, January 2017
Report reviewed by:	Merten Sievers <i>I have reviewed the classifications and agree they are a fair and accurate reflection of progress</i> Reviewer initials: MS
Report approved by:	Markus Pilgrim <i>I have reviewed the classifications and agree they are a fair and accurate reflection of progress</i> Approver initials: MP

EXECUTIVE SUMMARY

The Lab is an International Labour Organization (ILO) global initiative that tests, scales and shares strategies to maximize the impact of market systems development interventions on Decent Work. The Lab is funded by Swiss SECO, and phase one runs from late 2013 until mid-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 2016 represented an escalation of the Lab's knowledge sharing work, as the project began to share its experiences more widely - both inside and outside the ILO. A new communications strategy, social media accounts and participation in high-level seminars raised the profile of the Lab among peers, practitioners and policy-makers.

In the third year of implementation, the Lab has delivered the following key results:

- Supporting a flagship DCED Global Seminar in Bangkok, which brought together over 100 practitioners and donors to discuss cutting-edge results measurement issues.
- Further strengthening impact measurement practice across partner projects and organizations: including SCORE, IDH The Sustainable Trade Initiative and the International Trade Centre – as well as participating in the expert group for evaluating and measuring the effectiveness of Swiss international cooperation in the field of employment.
- Successful partnerships that led to a better understanding of decent work drivers in export markets – including an evaluation of an IFC agri-business advisory programme in Cambodia’s processed rice sector, and market research into bananas in the Dominican Republic with the Fairtrade Foundation and a leading UK supermarket.
- Turning knowledge into action: complementing the core work of SCORE to run an action research intervention to improve working conditions in the wood furniture sector in Peru: Resulting in catalyzing public investment into workplace safety schemes to cover 2,000 employees in the sector.
- Completing and publishing market analyses in Tanzania (tourism, horticulture and apiculture) and Mexico (tourism)
- Providing thought leadership in the industry – making keynote presentations on Lab learning at the BEAM Exchange Conference, SEEP Network Annual Meeting, and publishing new briefs (on a market systems approach to decent work), blogs (on market analysis) and articles (on adaptive management).

A mid-term evaluation of the Lab took place in early 2016. This commented that the Lab had: “impressive productivity”, a “strong and motivated team” and “highly satisfied project clients”

1. Budget / Planning Information

Project budget in USD: 2,942,916		
Project duration:	Planned	Actual
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: The Lab moved from working on individual sector selection exercises to synthesize its knowledge and experience: the team drafted a policy brief on sector selection, and made public the rapid market assessment (RMA) tool used by SCORE Peru. The team also supported sector selection for a UN Joint Programme in Tanzania working on youth employment.

Deliverable status: **Completed.** Flagship ILO/GiZ sector selection guidelines were published in late 2015, and key findings were institutionalized into the ILO's value chain development guide.

Next steps: *None - completed*

Output 2: Market systems analyses published.

Activities: The team was closely involved in carrying out studies in the Dominican Republic (for export bananas), Mexico (tourism) and Tanzania (tourism, horticulture and apiculture). This sharpened the Lab's focus on high value-added sectors such as agri-business export markets, tourism and manufacturing/construction. The Lab team also contributed a blog to the BEAM Exchange website entitled 'Analyze This' – sharing with practitioners the Lab's experience at getting deeper into the underlying reasons sectors are not generating more and better jobs.

Deliverable status: **Ongoing.** The Mexico market systems analysis has been published; the Dominican Republic is in the final stages.

Next steps: Escalate the Lab's support to SECO projects in the tourism sector – beginning with Vietnam, then Kyrgyzstan and possibly Indonesia.

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: The Lab continued to build the capacity of both individual projects and organisations to cutting-edge results measurement. This included projects in the ILO portfolio in Zambia (Yapasa), Afghanistan (Road to Jobs), Tanzania (UN Joint Youth Employment Programme) and SCORE (globally). Beyond the ILO, the Lab provided advice to projects run by the International Trade Centre and the business accelerator Berytech. The Lab also worked closely with the IFC to design an employment impact evaluation of a large agri-business advisory project that aimed to create more and better jobs by growing Cambodia's rice export markets. This evaluation will be completed in early 2017.

Deliverable status: **Ongoing.**

Next steps: The lab has had initial discussions with OBVIAM, the manager of the Swiss Investment Fund for Emerging Markets (SIFEM) on providing advice on construction results chains to articulate jobs impact. The Lab will also lay the groundwork to develop a toolkit of indicators and methods to measure working conditions (a key deliverable of the Lab 2), together with SCORE, Better Work and other SECO-funded projects.

Output 4: DCED audits completed

Activities: After SCORE, two ILO projects are aiming to pass a DCED audit: Yapasa Zambia and Road to Jobs Afghanistan. The Lab advised both these projects on results measurement methodologies, as well as supporting the ILO's UNNATI business advocacy programme in Nepal to develop results chains and the SCORE project in Peru to develop and MRM system.

Deliverable status: **Ongoing.**

Next steps: Support both Yapasa and Road to Jobs to proceed to audit against the DCED 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: The Lab-ITC Turin training course on market facilitation was turned into an online game – and a briefing note on 'market facilitation' was drafted to promote the e-learning. This will be published in early 2017.

Deliverable status: **Nearing completion.**

Next steps: Publish the market facilitation brief and promote amongst practitioner networks, both inside and outside the ILO.

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

Activities: The Lab undertook a wide range of promotional, networking and public speaking events in 2016 in order to embed Lab learning in key partner organizations. A short case study on the 'Kuza' Kenya project's adaptive management systems was published, and the Lab wrote an article on the 'science in adaptive management', profiling how projects can learn and adapt in real-time, based on examples of adaptive management in environmental science. The Lab provided two trainings on a market systems approach to decent work at the headquarters of Swedish SIDA and its network of in-country embassies. The Lab provided further thought leadership in the industry by making keynote presentations at the DCED Global Seminar on Results Measurement in March, the BEAM Exchange Conference in Lusaka in May, the SEEP Network Annual Meeting in Washington DC in September, and at a Mercy Corps event on fragile states in London in November. The Lab also conducted a seminar on an introduction to using the DCED Standard at the International Trade Centre. HELVETAS also visited the ILO to share its experience of using a market systems approach to generate youth employment with a wide array of senior ILO staff. In late 2016 the Lab produced and published an 'easy to read' brief on a market systems approach to decent work. Finally, the Lab developed a comprehensive communications and outreach strategy and started a Twitter account.

Deliverable status: **Ongoing.**

Projects partnering with the Lab have contributed approximately \$476,000 in co-funding and in-kind contributions towards shared research objectives^a.

^a This \$476,000 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), Zambia Green Jobs consultant/mission costs for market analysis (USD 5,000), Zambia Green Jobs staff time to develop communications strategy (USD 10,000), '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), in-kind staff time from Nepal UNNATI to develop MRM (USD 10,000) and the Fairtrade Foundation (\$20,000), consultant time from the UN Joint Programme for Youth Employment Tanzania on sector selection, market analysis (USD 22,000) and DCED Training (USD

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2.2 Issues and actions

<p>Examine the main challenges facing the delivery of outputs and achievement of immediate objectives.</p> <p>These can be issues that have already been encountered or are foreseen.</p>	<p>The Lab's knowledge generation relies on partnering with a network of high-will high-skill projects in the field. Some ILO projects have significant challenges (e.g. deteriorating economic conditions) which have slowed implementation. This has affected the timing of some collaboration, and the pace of progress towards passing the DCED audit.</p>
<p>Explain corrective actions taken or to be taken regarding implementation challenges, delayed delivery, and the low probability of achieving immediate objectives.</p>	<p>The Lab has placed emphasis on partnering with non-ILO projects, as well as those projects at a later stage of implementing who have already generated results – for example with HELVETAS and the IFC.</p>
<p>Briefly explain any reformulations of project immediate objectives or outputs, and their corresponding indicators and targets.</p>	<p>No reformulations</p>
<p>Briefly describe any evaluations, project reviews, self-assessments or undertaken, including follow-up to findings and recommendations.</p>	<p>A mid-term evaluation took place in February 2017. A summary of the findings, recommendations and follow-up are included below. Findings: <i>"During its first two years, the lab has been able to establish a solid base of projects that apply a market systems development logic and are investing in improving their monitoring and results measurement capabilities. At the same time, the lab has created an impressive number of knowledge documents and guidance."</i></p> <p>Recommendations and Lab actions (and action taken):</p> <p><i>-Work on the communication strategy to increase the outreach of the Lab's knowledge products and clarify the message of the programme. Taking this on board, the Lab developed a communication strategy in October 2016 and is in the principle stages of implementation.</i></p> <p><i>-Start scoping for more projects both inside and outside the ILO to set itself up for a phase II. Following on from this, the Lab has been prospecting work for the phase II pipeline. Within the ILO this includes a regional garment sector project with Better Work and INWORK, a new project in Mozambique and a prospective market systems project in Tanzania. Outside the ILO, SECO have asked for market assessments in the tourism sector in Vietnam and Kyrgyzstan, while future partnership</i></p>

	<p>collaborations have been discussed with ITC, Fairtrade, Adam Smith International, and SwedWatch, Such collaborations will be prioritised based on relevance to Lab2 core countries, ability to address knowledge gaps and availability for co-funding.</p> <p><i>-Revise the level of support provided to projects and tie future support to co-funding as the Lab was perceived to be a support centre for few projects while subsidising these projects' costs.</i> The Lab has since reduced its level of support for existing projects and has looked to get co-funding from others, such as Fairtrade, which committed more funding than the Lab for two market analyses which analysed working conditions on plantations.</p> <p><i>-Staff roles need to be rethought and assess the benefit of being close to the projects.</i> The Lab intends to redefine roles to better utilise expertise as a part of phase II. In an effort to be close to projects, a 'Hub and Spoke' component is proposed for phase II, which would be funded by an additional donor.</p>
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3. Summary Outputs

OUTPUT DELIVERY				
Output	Percent complete	Output status	Output summary (1000 characters maximum)	
Immediate Objective 1: Strengthened value chain selection and analysis				
1	Sector selection tool finalized and published	100%	Completed	Guidance published late 2015
2	Market systems analyses published	85%	On schedule	6 studies finalised, of which 4 published.
Immediate Objective 2: Improved results measurement				
3	Practical but rigorous methodologies for jobs measurement supported	75%	On schedule	3 ILO project systems strengthened (Zambia, Afghanistan and Peru); 3 non-ILO systems improved (ITC, IDH, Berytech).
4	DCED audits completed	60%	On schedule	1 audit (SCORE India), 1 pre-audit review (Zambia) and 2 audits in pipeline
Immediate Objective 3: National facilitation capacity				
5	National stakeholders improve their market systems facilitation knowledge	90%	On schedule	Market facilitation course delivered and turned into e-learning

OUTPUT CLASSIFICATION ^b	
<input checked="" type="checkbox"/> Highly satisfactory 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"/> Satisfactory 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"/> Unsatisfactory 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"/> Very unsatisfactory 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.

^b 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: Strengthened value chain selection and analysis				
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: Measuring and understanding real impact on jobs				
5 projects co-fund applied research and actively participate in clinics and results measurement	No projects co-funding research	11 projects co-funding in-kind and financial resources (Tanzania, Dominican Republic, Nepal, Peru, Afghanistan, Timor Leste, Zambia, Mexico, Mozambique, Cambodia, Kenya) to conduct value chain analyses, data collection, write case studies, improve monitoring systems – indicating a robust level of demand for Lab services	All projects are co-funding research.	Slightly 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: Creating market facilitation capacity				
Governments mobilise resources for market development	To be captured	50 participants including Ministries of Labour and Finance trained in market facilitation. E-learning module established.	Governments make use of ILO capacity building tools	On track

IMMEDIATE OBJECTIVE ACHIEVEMENT CLASSIFICATION ^c	
<input checked="" type="checkbox"/> Highly probable 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 type="checkbox"/> Probable 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"/> Low probability Some (40-60%) reporting period milestones have been met. Progress is being made on the immediate objectives but based on the indicators only some immediate objectives will be achieved.	<input type="checkbox"/> Improbable 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.

^c 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 and the DCED Standard.
Projects are interested in working conditions	Green (low risk)	Yellow (medium risk)	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. A literature review has been commissioned to identify non-ILO projects focusing on working conditions.
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.

Context and implementing environment	The Lab has stepped up its focus on partnering with external organizations both to generate new knowledge and embed Lab learning. This has the added effect of increasing Lab credibility in-house, and exposing the Lab/ILO to wider networks such as with impact investors (through SIFEM), development financial institutions (through the IFC) and larger multinationals (through Fairtrade).
Project strategy and design	Getting audited against the DCED Standard remains a significant 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 and Afghanistan, especially) remain committed to being audited by the close of 2017.
Advocacy, Communications and Capacity building	The Lab worked intensely on a new communications strategy in the last quarter 2016, and brought in an ILO communications expert on secondment for one month to support the team in this process. This resulted in a

	comprehensive strategy, complete with new strategies for more targeted stakeholder outreach, promotional slogans and marketing channels such as Twitter.
Implementation and Institutional Arrangements	
Any other areas	

8. ANNEXES

See all our products on www.ilo.org/thelab - we operate on a publish what you fund basis!