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How to herd cats: LIWAY's approach to MSD in an urban context



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LIWAY's work in Ethiopia focuses on the 'bigger picture' – working to change complex urban systems. It's risky, but the potential impact is greater.

Unlike rural contexts, which have been the focus of much MSD programming, urban environments have dense and heterogeneous populations and more dynamic and complex markets. There are greater numbers of supply and demand side actors, greater access to markets, and higher levels of innovation. Similarly, people's income-generating activities are more complex than those in rural areas. More people are engaged in wage or informal employment and there are many varied formal employers and different types of micro and small enterprises.

The commodity or sector-based approach used in more simple rural contexts is not necessarily appropriate for complex and dynamic urban environments. For example, while working on a specific crop type such as maize has the potential to impact many rural smallholder farmers, the relevance of any particular commodity to large groups of people in an urban area is going to be limited.

A different approach is needed for urban contexts.

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Affecting large numbers of people in urban areas is more likely to be achieved not by defining transactions based on one commodity, service or sector, but by defining transactions around significant commonality of constraints. Examples include constraints related to people who start and grow enterprises, people who are trying to find work, and even the messy industrial formal employers.

Take industrial formal employers as an example. Focusing on input supply to garment producers may have the potential to impact tens of thousands of people. However, focusing on production inefficiencies that plague not only garment manufacturers but also manufacturers of other commodities has the potential to impact hundreds of thousands of people.

One of the **four systems LIWAY works in** is the medium and large enterprise system. Its aim is to create more and higher paying jobs for women and youth through growth of manufacturers. LIWAY applies a sector-agnostic approach, focusing on common constraints across different manufacturers. These include inadequate HR management skills, absence of performance management systems, ineffective production management, shortage of input supply, and underinvestment in sales and marketing.

By taking a broader approach that cuts across commodities, services, or sectors, greater numbers of people are likely to be impacted.

What is gained in relevance may be lost in feasibility

While a higher-level aggregate approach is highly relevant for urban contexts, it can have lower feasibility for change. There are two conflicting dynamics when trying to work in urban areas in these larger, cross-cutting systems.

First, in contrast to rural areas, there are private sector and civil society spaces that are highly pluralistic and complex with creative destruction predominating. This means it can be hard to map and select the best partner – new companies are being formed and others are folding all the time.

Conversely, finding points of leverage in these messy systems often means dealing with ‘the big issues’. In commodity-focused approaches, a new seed, marketing platform or business model can help to address a systemic constraint. In these cross-cutting systems, you’re often making bigger bets, for example on policy or regulatory change, creating new functions within market systems, or changing social norms. These issues typically have only a few key actors on whom that change depends – sectoral associations or government ministries, for example.

These challenges can lead to greater programme vulnerability, particularly in times of strife, which LIWAY experienced.

Several of LIWAYs interventions rely on partnerships with government and many have limited private sector actors that can operate at scale. Covid-19, along with civil war and multiple changes in government line ministries led to several programme delays.

For example, through its work in the labour system, LIWAY is addressing a lack of appropriate and effective labour exchange infrastructure. LIWAY partnered with a private IT solution provider and the Bureau of Labour and Social Affairs to enable a large-scale, sector-agnostic digital job matching platform. But progress frequently stalled along with shifts in power from the Bureau of Labour and Social Affairs to the Jobs Creation Commission and then back to the new ministry.

A more ambitious approach requires greater persistence and better communication

LIWAY was persistent in the face of continuous changes in government line ministries. And its persistence made a difference to the labour exchange infrastructure system. The result was the development of a national recruitment system, which in theory could benefit every labourer across Ethiopia.

But results are likely to take longer with this approach. This can be because of challenges with partners, but it's also because the approach involves working on fewer and bigger issues. Measurements, like number of partners, are less relevant. Reconciling pressure for short-term incremental results in the context of trying to work on bigger-picture issues can become a problem and requires better communication with funders.

Focusing on aggregate-level bigger picture systems is more complex and it can feel like trying to herd cats that are zipping around in different and changing directions. It is harder. It does take longer. And the risk of not delivering is higher. But the potential impact is greater. At times, it may seem easier to revert to smaller initiatives. However, keeping an eye on the prize can lead to greater rewards by truly changing complex urban systems and impacting large numbers of people as a result.

Have a look at the [LIWAY programme profile](#) to find out more about its work.

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