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Systemic approaches in Vocational Skills Development

Some key concepts and learnings

Draft version, January 2024

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Why this slide deck?

The Market Systems Approach (MSD) has become a mainstream approach for SDC's Private Sector Development projects. Several organisations / implementers are also applying the key principles of MSD / systemic approaches to Vocational Skills Development (VSD) projects. However, there is neither a unified language nor an agreed institutional understanding of SDC regarding systemic approaches to VSD.

The purpose of this slide deck is to share some thoughts on systemic VSD projects and share initial lessons learnt. Additional insights from ongoing processes may be added step by step.

For whom?

For those involved in the planning, design, approval and implementation of Vocational Skills Development projects.
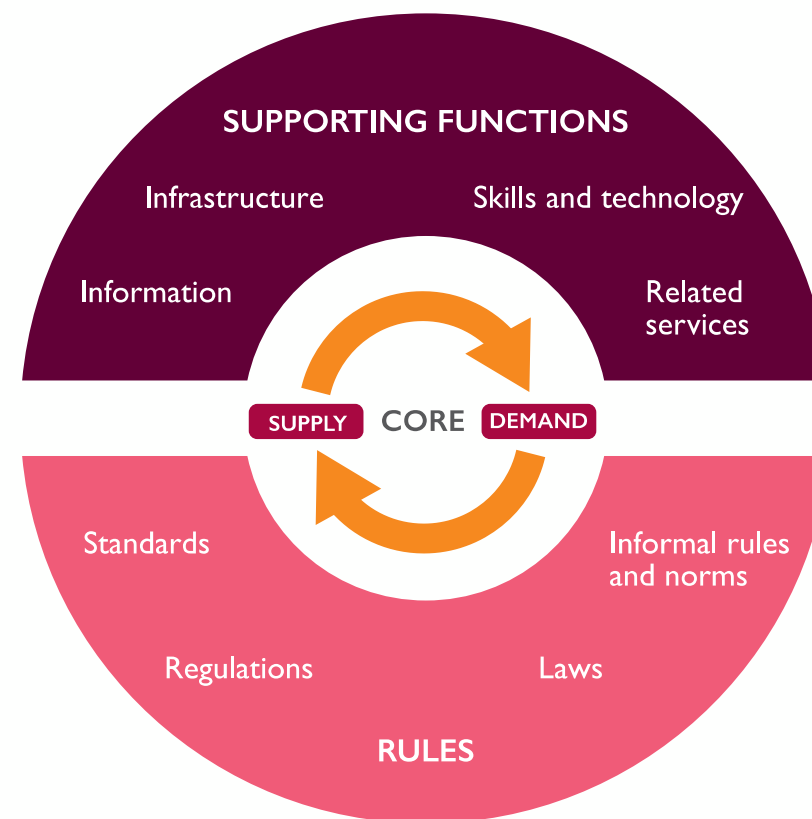
How to use it?

That's up to you. Scan the slides quickly or take more time to dive deep in any of publications that are referenced on the slides.

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About Market Systems Development (MSD) / systemic approaches

Since the 2000s SDC has increasingly been designing Private Sector Development (PSD) projects building on the Market Systems Development (MSD) approach. Key feature of this approach is that projects take on a facilitative role, focusing on dialogue with stakeholders, pointing out new market opportunities and facilitating learning processes among all stakeholders.

Since then, the field has grown, diversified and, importantly, learned much. The comprehensive Operational Guide provides an important overview.

Source: BEAMexchange: Operational guide for the M4P approach, 2015 (Link)

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Systemic approaches in SDC's VSD portfolio – historic developments I

In the early 2010s, SDC's Western Balkan Division has pioneered within SDC and launched a series of MSD-inspired projects under their overarching topic "youth employment", with a particular focus on VSD.

An SDC working group discussed the transferability of MSD approaches to VSD in 2014/15. The working group's main findings *at that time* were:

➢ The MSD approach is rather utilitarian, valuing VSD systems merely as providers for marketable skills

➢ Since MSD is a market-based approach, it strongly tends to opt for market-based solutions

➢ Systemic analyses can be beneficial to VSD projects. However, training should not be considered a market.

➢ Outreach (direct and indirect) and potential for scaling are limited, as VSD is considered a public good

➢ Flexibility and facilitation principles come with pros and cons wen applied to VSD

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Systemic approaches in SDC's VSD portfolio – historic developments II

Over the past 10 years, the SDC and in particular its key implementing partners have given a great deal of thought to adapting the MSD approach to employment promotion and VSD projects and have gathered experience from successful pilot projects.

In particular, the role of VSD projects as facilitators between the various governmental and non-governmental actors in the VET sector has proven to be notably beneficial in designing sustainable approaches.

Selected project examples:

➢ Enhancing Youth Employment in Kosovo (EYE), implemented by Helvetas and MDA on behalf of the SDC, 2010-2024

➢ Education for Employment in North Macedonia (E4E@MK), implemented by Helvetas on behalf of the SDC, 2018-2026

➢ Skills for Jobs (S4J) Albania, implemented by Swisscontact on behalf of the SDC, 2015-2027

➢ Skills Development Programme (SDP) Cambodia, implemented by Swisscontact on behalf of the SDC, 2016-2024

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International processes on systemic approaches in VSD

On international level a working group of the Donor Committee for Enterprise Development (DCED) has been working on **applying the MSD approach to (youth) employment promotion projects**, including VSD components.

A product of this working group is the Rough guide to using the MSD approach for youth employment in sub-saharan Africa.

In parallel an informal working group of some donors and project implementers has been focusing on **applying MSD to VSD projects**.

They published some first findings in the article Adapting inclusive systems development (ISD) to vocational education and training (VET) and skills development
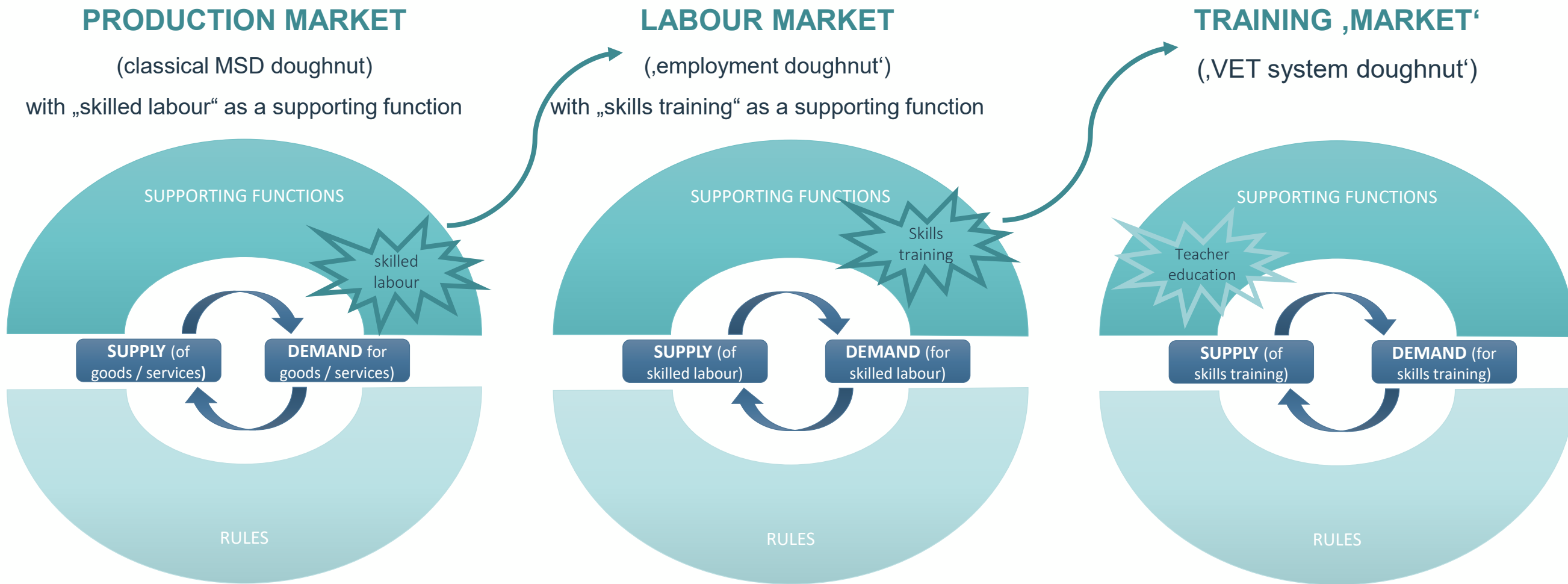
In March 2023 a *MSD for Employment Community of Practice* (MSD4E-CoP) has been launched.

Key lessons learnt: A systemic approach in VSD can work, but…

1. **Have a clear focus:** Is the 'skills ecosystem' seen as a supporting function (of e.g. the employment ecosystem) or as the core system addressed by the intervention?

2. **Terminology matters**: Make sure that everyone has the same understanding of your intervention's approach.

3. **Adaptability and flexibility are** crucial: Project implementers, partners but also donors need to be flexible, not just sticking to Logframes and targets. Systemic change is beyond numbers!

4. **Fostering ownership and buy-in** of stakeholders should be a key priority from day one, ensuring **sustainability** of the intervention's outcomes.

5. Focus on some good pilots with key stakeholder, **creating solid evidence** (invest into your M&E!) that lays grounds for informed decision-making and crowding-in of other stakeholders / **impact at scale**

6. Have a clear **strategy on inclusiveness** of your intervention and ensuring that no one is left behind.
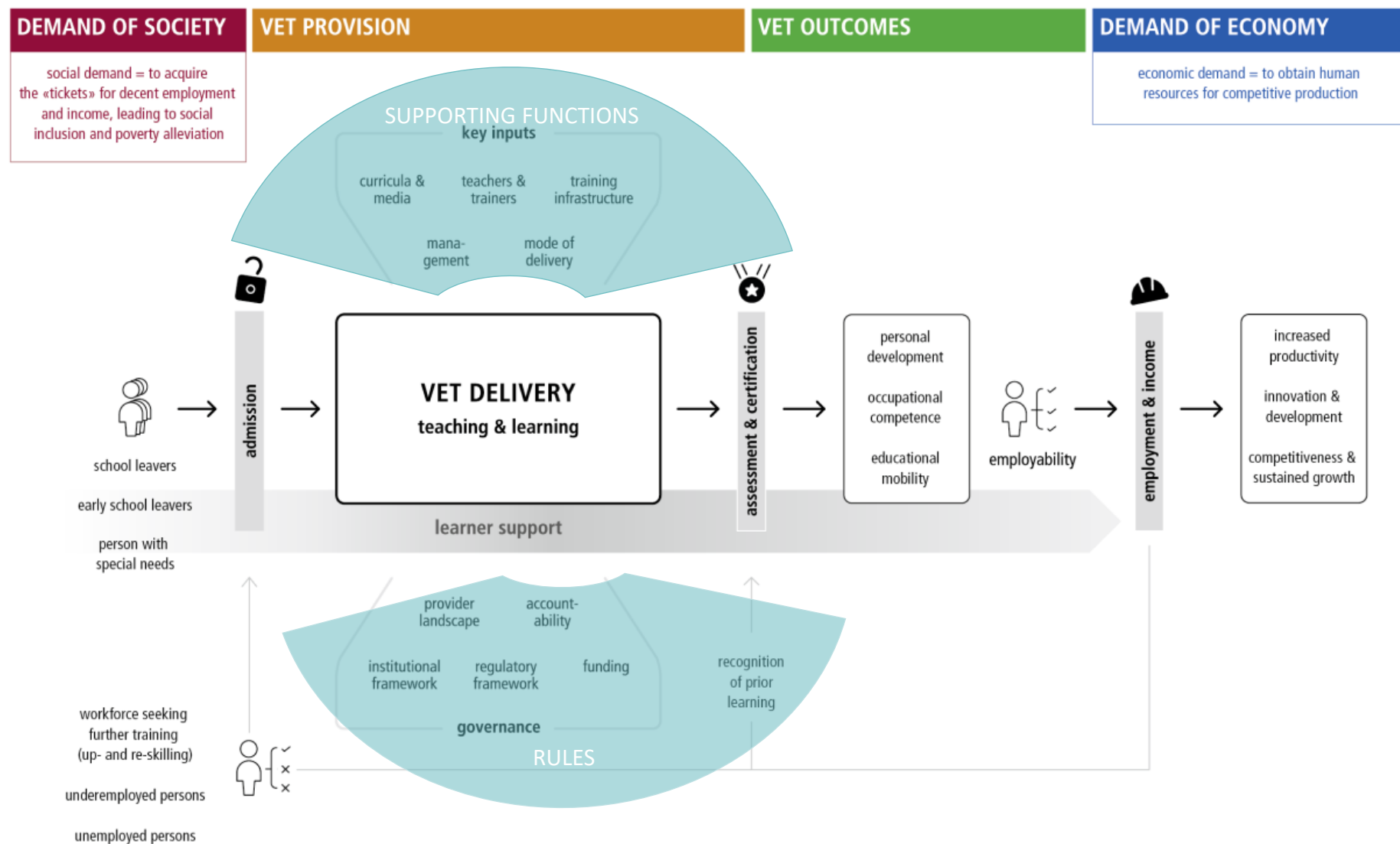
1. Have a clear Focus: which 'system' are we looking at?

PRODUCTION MARKET

(classical MSD doughnut)

with „skilled labour" as a supporting function

LABOUR MARKET

(,employment doughnut')

with „skills training" as a supporting function

TRAINING ,MARKET'

(,VET system doughnut')

SUPPORTING FUNCTIONS

skilled labour

SUPPLY (of goods / services)

DEMAND for goods / services

RULES

SUPPORTING FUNCTIONS

Skills training

SUPPLY (of skilled labour)

DEMAND (for skilled labour)

RULES

SUPPORTING FUNCTIONS

Teacher education

SUPPLY (of skills training)

DEMAND (for skills training)

RULES

Own graph, inspired by Klassen & Hofstetter 2022 and by van Rhyn 2022.

alternative visualisation of the training market aka training system:

VET AS A PRODUCTION CHAIN

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2. Terminology matters: systems development vs. systemic

VET systems development

(VET) Systems development is traditionally based on the principles of institutional and organisational development. It neither focuses on a specific problem, nor on short-term outputs, but rather on the architecture, the set-up, the governance and processes of national systems and its institutions, and on the range and quality of their services.

Organisational, institutional and systems development always starts from the core functions of systems / institutions. Additional social or developmental objectives come later.
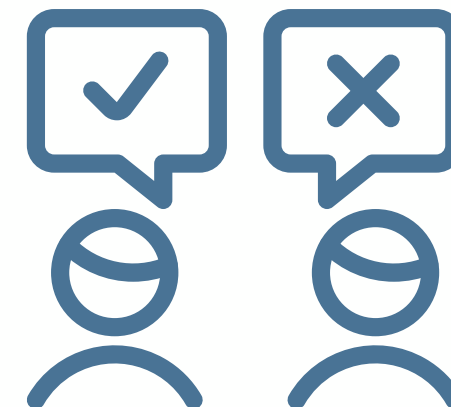
Systemic approach in VSD

However, increasingly VET systems development projects also apply the systemic change approach:

Systemic change is mainly a problem-solving approach at project level. It is based on the perception, that problems have multiple causes and rarely linear solutions.

Accordingly, a project needs to address the root causes of the problem, and to stimulate adaptations and changes in the various related systems (facilitative role).

In contexts, where VET institutions, chambers / associations do not have sufficient capacities to jointly play their roles in VET governance / implementation, the approach needs to address this.

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3. Adaptability and flexibility

Project implementers, partners but also donors need to be flexible:

- Be **opportunity-driven**, leverage synergies with other projects following the same approach (cooperation, not competition).

- Develop tools and models **bottom-up**, learn from mistakes and adapt your approach whenever needed.

- Logframes should give orientation (*what* are we aiming for), but when it comes to implementation modalities (*how* to do things), agility and **adaptability** are needed.

- Outreach and quantifiable Outcomes (numbers) should **not be over-prioritised**, the main focus is on systemic change!

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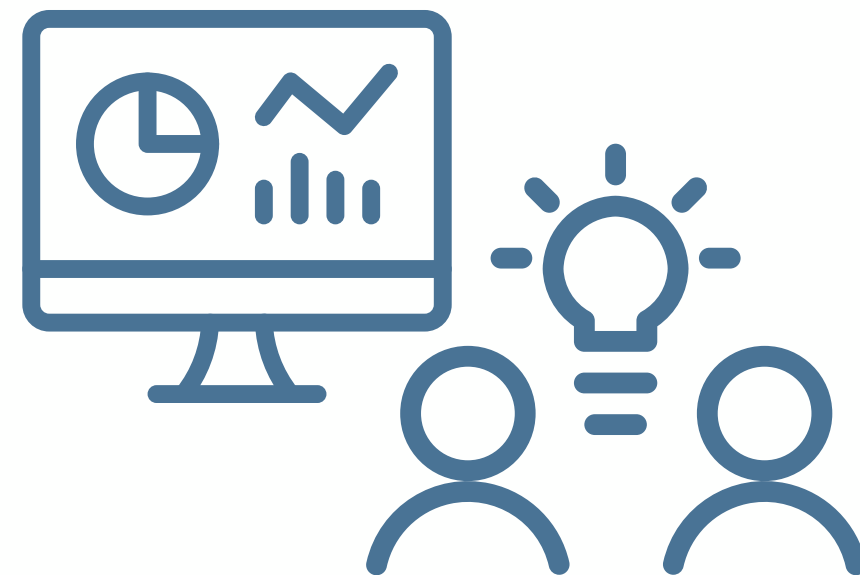
4. Ownership and Stakeholder buy-in

- Resilience and sustainability of outcomes can only be achieved by a **shared vision of change**, developed through multi- stakeholder dialogue.

- **Local ownership** is a key driver of change. A project's role therefore is facilitative and temporary.

- A **sustainability strategy** ('exit strategy') needs to be part of the project design from start, not just in the last phase

- All interventions have to focus on the **buy-in of key stakeholders**, even if that takes time and results might only be visible with some delay.

- Project leaders need to promote and explain that facilitative approach and **inspire** their project teams

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5. Creating solid evidence

- First, make sure you **understand** the causes of the underperformance and incentives for change.

- Then focus on some good pilots with key stakeholder, **creating solid evidence** to lay grounds for informed decision-making, including from policy makers (often **policy changes** are needed for the adoption of innovations at scale).

- The monitoring and learning system is crucial, not just for reporting to the donor but to **show what works**!

- Using this evidence, replication and crowding-in of other stakeholders and therefore **impact at scale** can be fostered (see also: Adopt-Adapt-Expand-Respond)

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6. Have a clear inclusiveness strategy

- Not all stakeholders (including those from private sector) give equal weight to inclusiveness. It is important to find **viable financial models** to support vulnerable groups, including public subsidies.

- In that sense, a **clear strategy is needed** how you ensure inclusiveness / that no one is left behind (LNOB).

- *Helvetas* for example defined as first guiding principle of its Inclusive Systems Approach: "*Creating **better opportunities for disadvantaged groups** is at the center of our systems approach.*"

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Recommended further readings

- Klassen & Hofstetter (2022): Skills in Market Systems Development: Not Just Another Supporting Function, VIKARA Institute.

- SDC (2022): Understanding and analysing vocational education and training systems - an introduction, SDC Guidance paper.

- SDC (2019): VSD Typology, SDC Working paper.

- SDC Working Group on Vocational Skills Development and the Market Systems Development Approach (2015): Synthesis.

- van Rhyn (2022): A rough guide to using the MSD approach for youth employment in sub-saharan Africa, DCED, accessed from www.beamexchange.org.

- BEAM exchange (2023, blogpost): For the sake of learning: building a community around MSD for employment (MSD4E CoP), https://beamexchange.org/community/blogs/2023/11/13/building-community-around-msd-employment/

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Thank you!