



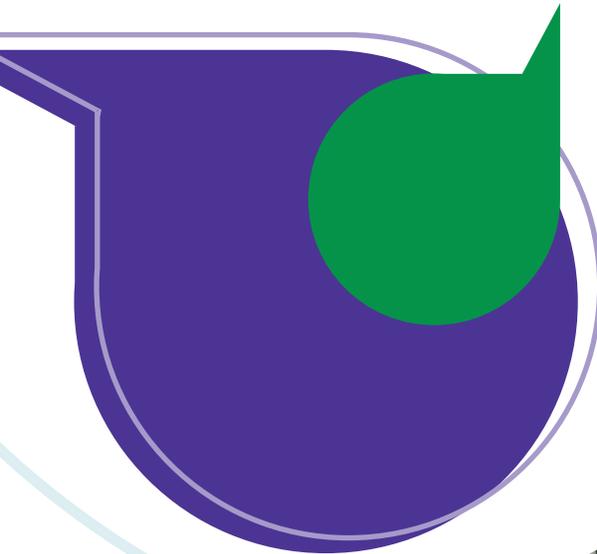
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A NEW APPROACH TO LABOR MARKET ASSESSMENTS – BRIEF

Insights from Systems Labor Market
Assessments in Zimbabwe and Haiti

DECEMBER 2022



ABOUT IDEAL

IDEAL is an activity funded by the USAID Bureau for Humanitarian Assistance (BHA) that works to support the United States Government's goal of improving food and nutrition security among the world's most vulnerable households and communities. IDEAL addresses knowledge and capacity gaps expressed by the food and nutrition security implementing community to support them in the design and implementation of effective emergency and non-emergency food security activities.

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1 INTRODUCTION

The majority of the world's poor still depend on agriculture for their livelihoods. The U.S. Agency for International Development's (USAID) Bureau for Humanitarian Assistance (BHA) is a key actor in resilience initiatives that boost employment globally, enhancing the productivity and incomes of smallholder family producers. However, the COVID-19 pandemic and subsequent mobility restrictions set by governments, is reducing incomes, and increasing poverty globally on an unprecedented scale, particularly for those most impacted by shocks. To assist rural households to take advantage of the on- and/or off-farm opportunities most likely to sustainably increase their productivity, food security, and economic well-being, it is necessary to shift from standard Labor Market Assessments (LMA) to Systems Labor Market Assessments (SLMA). These consider key information about labor system resilience, government advocacy work around informal work, ecommerce solutions, and labor market information.

Traditional employment programing generally focuses on the target population—their capacities, skills gaps, and challenges in entering desired occupations. Rarely do these programs try to address the many other real-world constraints people will face when trying to enter new labor markets, including underperforming economic sectors, or a lack of supporting services like finance and childcare. Market Systems Development for Employment, or MSD4E, takes a different approach to livelihoods and employment programing. MSD4E programs analyze why employment systems aren't working better, and then intervene to change the way those systems work. To ensure changes last, MSD4E programs work entirely through existing system actors, such as government and the private sector, rather than delivering services directly to job seekers.

SLMAs are foundational to MSD4E programing as they chart a course for intervening to change the systems most affecting the target population. They identify the economic and supporting sectors with the highest potential to generate employment opportunities for members of the target population, and the systemic constraints that prevent target populations from reliable, rewarding, and decent work. SLMAs dig deep to understand what causes these constraints, and how to permanently change them.

This brief presents two SLMAs from Haiti and Zimbabwe along with lessons learned and recommendations for implementing partners interested in doing their own SLMAs. The study was conducted by DevLearn for the Implementer-Led Design, Evidence, Analysis and Learning (IDEAL) activity, which is funded by the United States Agency for International Development (USAID) Bureau for Humanitarian Assistance (BHA). USAID/BHA has ongoing resilience and food security programing in Haiti and is currently funding two Resilience and Food Security Activities (RFSA) in Zimbabwe. The assessments took place between October 2021 and March 2022. These two contexts were chosen following a competitive process, which ranked applicants across the following criteria: research questions focused on employment and market systems development, clear connection to food security, relevance to USAID/BHA, and logistical feasibility, including adherence to COVID-19 safety protocols. These assessments focused on off-farm and non-farm income-generating opportunities in the context of COVID-19 related shocks and challenges, and the additional challenges of recent earthquakes in Haiti. In **Zimbabwe**, the SLMA examined the solar energy, agro-processing, timber, and tourism industries. In **Haiti**, the SLMA examined the agro-forestry, transportation, and meat sectors. This brief offers an overview of the process in both countries, as well as a snapshot of the findings and implementation ideas from the agro-processing sector in Zimbabwe and the transportation system in Haiti. It concludes with global recommendations for future SLMAs and reflections around using the SLMA as a tool with direct-delivery model programing.

The study generated significant learning not only around job opportunities for vulnerable communities in Haiti and Zimbabwe, but also around how humanitarian and development actors, including USAID/BHA-funded implementing partners, can approach employment programing through a new, more systemic, lens. The learning and insights captured in this brief contribute to the ongoing conversation about how to achieve more through livelihoods and employment interventions. The learning and processes described here intends to support future resilience and food security programs in adopting new, more effective approaches to facilitating off-farm and non-farm income-generating activities.

2 THE SLMA PROCESS

Why is a New Approach to Employment and Livelihood Programming Needed?

Most employment and livelihoods programs have limited impact. One key reason is that they largely take a “direct” approach, typically involving things like paying for training and cash grants for unemployed people and small businesses. These, however, tend to only benefit the lucky few involved and collapse once a program ends. Real impact at scale requires bringing about sustainable changes in how labor systems operate. Bringing a Market Systems Development (MSD) lens to employment programming, starting with the SLMA, offers a pathway to more sustainable and scalable results.

SLMAs are foundational to MSD4E programming as they chart a course for intervening to change the systems most affecting the target population. The programs resulting from this process look quite different from traditional livelihood interventions: there is less direct contact with the target population (and much more with public and private sector partners), and results can take time to blossom. But the tradeoffs are justified, because MSD4E provides a way to permanently address the systemic failures that traditional direct-delivery approaches can only offer a temporary Band-Aid for.

MSD4E interventions apply MSD principles (seeking systems change, working through partners, and using facilitative approaches), while addressing the root causes of unemployment (improving the quality of existing work, creating new sources of work, and addressing systemic barriers to employment). This means that MSD4E interventions identify and focus work on a small number of pivotal economic sectors and systems. The SLMA is the process through which implementing teams identify those highest potential systems and leverage points.

What is the SLMA Process?

The SLMA process consists of five core steps, as described below.

- 1. Understand and segment the target group.** This critical first stage focuses on gaining an understanding of the capacities, needs, and employment preferences of the target group. It involves defining the target group, conducting primary and secondary research, and then segmenting the target group into relevant sub-populations on the basis of shared capacities, aspirations, and opportunities. While a needs assessment is necessary in any program, SLMAs reveal deeper insights about subgroups within the target population. This ensures that their varying needs are addressed when designing systemic interventions.
- 2. Scan the labor market.** The second stage involves conducting a literature review, supplemented by a few key informant interviews, to work out which sectors offer the best opportunities for increased or improved work, and to gain a preliminary understanding of key issues in the labor market for the target group. The outcome of this step is a long-list of high potential employment sectors.
- 3. Understand and select economic sectors.** The purpose of the third stage is to screen the long-list of sectors developed in the previous stage for how relevant they are to different target group segments, whether there is really an opportunity for sustainable, scalable change and whether capitalizing on that opportunity is feasible for the program. To do this, teams develop context-specific evaluation criteria, conduct research, and use the findings to screen the long-list of sectors.

The research findings are also used to analyze which systems the program could most productively intervene in. These could be traditional economic sectors or subsectors (e.g., ICT or tourism), crosscutting sectors (e.g., all services offered by micro-enterprises), or crosscutting functions that affect many sectors (e.g., transportation, skills, or finance). A short-list of systems (usually three to four systems maximum) is then produced, along with an articulation of what the objectives are for each shortlisted system.

- 4. Understand and analyze market systems.** This stage is all about understanding system-level constraints and opportunities for each of the shortlisted systems. It begins with developing preliminary system maps and system actor lists. The implementing team then conducts primary research to better understand the supporting functions and rules in each system driving exclusion and disadvantage for the target group. The goal is to identify root causes of underperformance and opportunities for systemic change.
- 5. Develop a vision and intervention proposals.** Using the findings from the market system analyses, the implementation team develops a vision for how each targeted system could work better in the future, independent of donor funding. The team then develops implementation proposals for how to feasibly achieve this vision, including a clear articulation of what program support is required and why, potential partners to pilot with, a pathway to scale, and projections of the expected benefits for different segments of the target group. The program is then equipped to move into the implementation phase, which has its own unique approach, further setting it apart from “traditional” programming.

The following section explains how this process was applied in Haiti and Zimbabwe. Note that while both pilots generally mirror these recommended steps, some were not fully undertaken due to constraints. More about the pilots’ challenges and lessons learned are detailed in the “Lessons Learned” portion of the report.

3 SLMA FINDINGS: ZIMBABWE

Assessment and Labor Market Context

The Zimbabwe SLMA was carried out in three provinces with active USAID-funded programming—Manicaland, Matebeleland North, and Masvingo, and two metropolitan areas with linkages to rural areas. The SLMA investigated off-farm, non-farm, and green job opportunities across rural and urban parts of Zimbabwe. It focused on youth and female employment (15–35 years old). National economic challenges, including widespread youth unemployment, low productivity, currency depreciation, high levels of food insecurity, and corruption plague these provinces. These regions are also increasingly exposed to climate-related shocks and are seeking opportunities in green jobs. As a result of these dynamics and existing program priorities, the SLMA prioritized sectors with opportunities for youth and green employment.

An estimated 80-90% of the working age population is engaged in informal economic activities, contributing almost 40% of GDP.¹ People working in the informal sector are mostly unskilled and semi-skilled due to the weak access to education and training. Seventy-four percent of Zimbabweans earning a living in the informal economy are between 20-44 years old, meaning that youth are highly represented in the informal sector. Women in both urban and rural informal sectors are mostly involved in wholesale and retail trade, operating from their homes or the streets. Men in the informal sector generally work relatively complex and labor-intensive jobs, such as construction, transport, welding, and carpentry.



Mercy Corps has helped farmers increase their harvest in dry areas of Zimbabwe.
© Ross Hornsey/Mercy Corps (2009).

¹ Ndiweni, M., Dhewa, C., & Sebele-Mpofu, F. (2021, July 22). Innovation and Inclusion: Policy Priorities for Zimbabwe’s Informal Economy. Harvard University Center for African Studies, Online.

Out of the total workforce in Zimbabwe, only 54.3% has elementary education. In addition, 47% of the youth population are not in employment, education, or training (NEET).² In addition, many skilled youths migrated to other countries in search of employment since skilled graduates struggle to find employment in the country. Around 73% of these migrants had some secondary education, and approximately 7% had post-secondary qualifications, suggesting that the country is experiencing a loss of precious human capital.

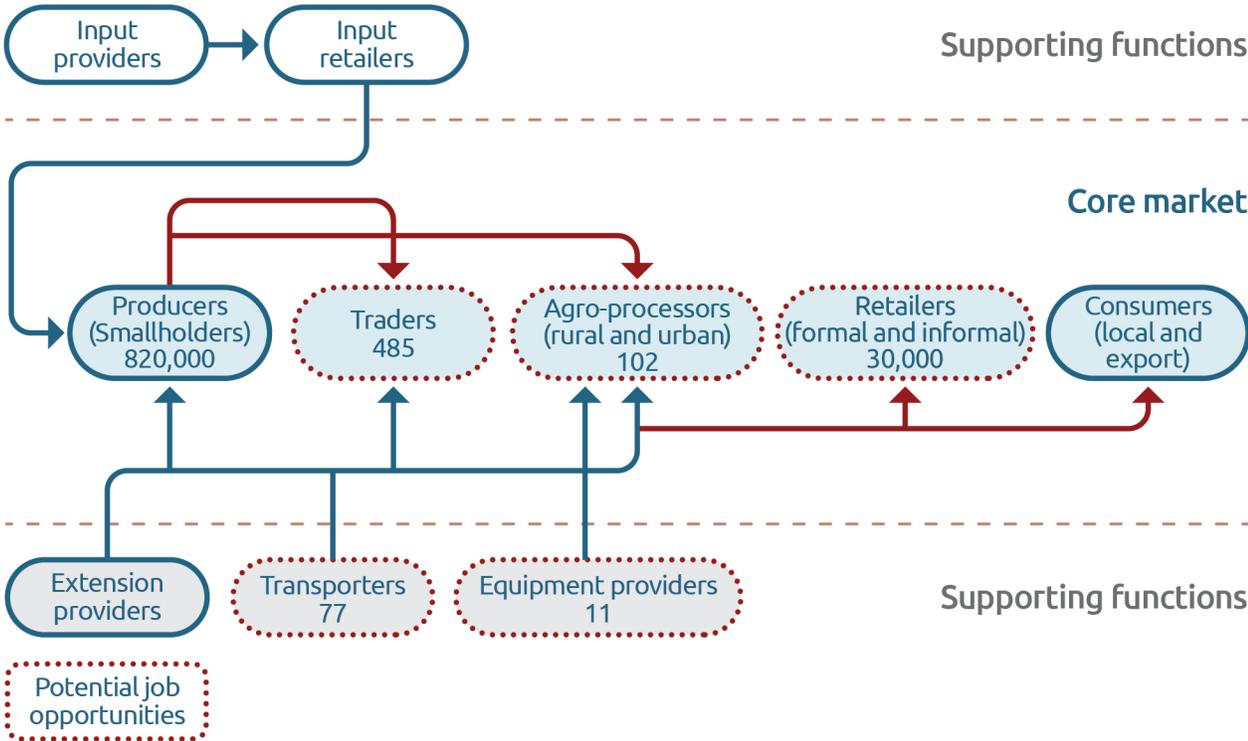
Identification and Selection of Market Systems

The literature review of the Zimbabwean economy noted the current macroeconomic situation—especially the impacts of the COVID-19 pandemic—and opportunities and challenges for employment at scale. Using this information, the research team identified 21 possible market systems to explore. Each market system was scored against the criteria of relevance, growth potential, and feasibility of an MSD approach. The selected systems included **solar energy, agro-processing, timber, tourism, and ICT market systems.**

Market System Deep-Dive Example: Agro-Processing

A full, detailed analysis of the five market systems is available in the complete SLMA report. As an example of the analysis conducted in each sector, a summary of the agro-processing sector is included in the analysis. Agro-processing is the set of activities carried out on an agricultural commodity to transform it into food, from harvest until the produce reaches the final consumer. Cereal products (maize, sorghum, and wheat), horticulture, and beef are the most processed commodities in Zimbabwe.

First, the research team developed the market system donut identifying key supporting functions, rules and norms. Later, the team created a market actor map identifying specific actors and employment opportunities.



Source(s): Kapuya et al., *The Grain Industry Value Chain in Zimbabwe, 2010*; *Log Cluster Zimbabwe, 2022*; Mhazo, Mvumi, Nyakudya, & Nazare, 2011; and Bennett, Figuié, Vigne, Chakoma, & Katic, 2019. Please note that the numbers reflect formal and registered businesses only. In reality, the number of actors in the market might be higher. Furthermore, since 2010 the growth of value added (net output) in the agriculture sector has been mainly stagnant, so it is assumed that the market size as well as the number of actors has stayed the same.

2 Zimbabwe National Statistics Agency (ZIMSTAT). (2020). *2019 Labour Force and Child Labour Survey*.

In analyzing the functions of this market, the research team found that most processors are operating at only 40-80% of full capacity due to **high costs of production, aging machinery, bottlenecks in supply chains, and poor access to raw material**. Currently, crop-processors import 70% of their raw materials as local production is insufficient, sub-standard, and difficult to procure. However, imports also come with high procurement inefficiencies.

Interventions that improve the reliability and quality of domestic input supply, such as grains, groundnuts, and fruits, could reduce dependency on expensive food imports, and generate employment opportunities within processing and farming. Proposed interventions from this analysis included the development of a direct-sourcing model, described below.

- Designing a **direct-sourcing model for crop and meat processors** would increase local raw material supply and processors' capacity utilization, which currently stands at 40-80%. This would lead to the expansion of their supply network in rural areas, particularly to smallholders. In addition, the stronger linkage between agro-processors and rural value chains would induce growth along the value chains—growing the demand for more traders and collectors, transporters, and other supporting providers, such as input suppliers. This model requires closely monitoring hundreds of farmers, which needs a considerable number of human resources.

The expected off-farm and non-farm jobs created by this intervention would be 50 in the pilot phase, and 170 in the initial scale-up phase. In the pilot phase, it is assumed implementers would source from 300 farmers, and each aggregator would collect from 30 farmers. Each site coordinator could train and monitor 100 smallholders, assisted by site clerks to check yield quality and input payment. In the early scale-up phase, it is expected that most new jobs created would involve site coordinators, clerks, butchers, and aggregators. The increase in raw supply availability will improve at least 40% of capacity utilization, inducing 20% growth for companies due to reduced costs, increased operational capacity, and increased sales. Importantly, the employment intervention does not require engaging jobseekers directly, rather, it works to change the system as a whole. Please note that the projected impact only covers the first three years of implementation in a targeted geographic area, and that later phases of adoption among competitors would sustain higher levels of job creation.

These findings were shared with both Mercy Corps and other food security implementing teams in Zimbabwe. A few implementers noted they had already attempted some of the proposed interventions in the past (albeit using different approaches), but others took note of new potential intervention opportunities. Mercy Corps' country director, Mildred Makore, reflected on the process, stating, "The analysis allowed us to dig deep into unexplored sectors of interest for youth and women in Zimbabwe. This highlighted niche opportunities in the renewable sector and agro-processing sector that will inform programing."

4 PROCESS AND FINDINGS: HAITI

Assessment and Labor Market Context

The SLMA Process in Haiti

In Haiti, the assessment focused on the Southwest department of Nippes. The selected market sectors focused on off-farm and non-farm jobs, which have strong linkages with agriculture. The target group included vulnerable rural populations (who are prone to shocks from natural disasters and climate change) involved in agriculture and need to improve and diversify their income sources, with a specific focus on women and youth. Originally, the SLMA in Haiti was to focus on the Northeast, Centre, South and Grand'Anse Departments of Haiti. However, on August 14, 2021, a 7.2 magnitude earthquake hit the southwestern region of Haiti, severely devastating the

South, Nippes and Grand'Anse departments. Since IDEAL was focused on learning from markets in crisis, the study's geographic focus shifted to only Nippes Department—the area hardest hit by the earthquake

Haiti suffers from very high levels of unemployment, and an over-reliance on informal, unregulated, and poorly remunerative work. The impact of natural disasters and socio-political crises has limited the growth of the country's economy and productive infrastructure. Over two-thirds of the labor force do not have formal jobs, relying on unsteady incomes, which are often insufficient to pull these workers out of poverty. Furthermore, while agriculture is the most important sector to the economy—employing 60% of the population in rural areas—it generates less than 25% of national GDP. In rural areas, most households engage in multiple income-generating activities, and there is a steady growth of the rural population working in the non-farm sector, which accounts for 45% of rural employment. Much of this income diversification takes place in low-productivity sectors such as commerce and construction.

Identification and Selection of Market Systems

In Haiti, the SLMA commenced with a literature review of the economy, outlining the current macroeconomic situation—including the impacts of the recent earthquake and COVID-19 pandemic—and most importantly, opportunities and challenges for employment at scale. This process identified 12 possible market systems to explore in the agricultural processing, forestry, manufacturing, and services sectors. From this long-list, agro-forestry, transportation/distribution, and meat sectors were selected as priority systems.

Market System Deep-Dive Example: Transportation and Distribution

While a full, detailed analysis of all three selected market systems is available in the complete SLMA report, this section offers a snapshot of the transportation sector analysis and identifies potential interventions to address root causes of underperformance. Expensive and limited transportation services are a critical barrier to rural livelihoods in Haiti, isolating many rural communities from major economic and trading centers in urban or peri-urban areas. Up to 30% of agricultural production, like mangoes or avocados, is lost due to a lack of access to markets.

The transportation services sector in Nippes and other regions in Haiti are expensive and fragmented with multiple small operators. In the mountainous terrain of Haiti, people and goods are transported by motorbikes, cars, tap taps, and trucks. Road networks are in extremely poor condition. Based on the Rural Access Index, in 2015 only 39% of the population in Haiti was living within 2 km of an all-season road (roads which can be used despite extreme weather changes), with most tertiary and rural road networks in very poor condition and barely trafficable. Further damage to road infrastructure caused by the August 2021 7.2-magnitude earthquake exacerbated this problem, particularly in the Nippes and Southern departments.

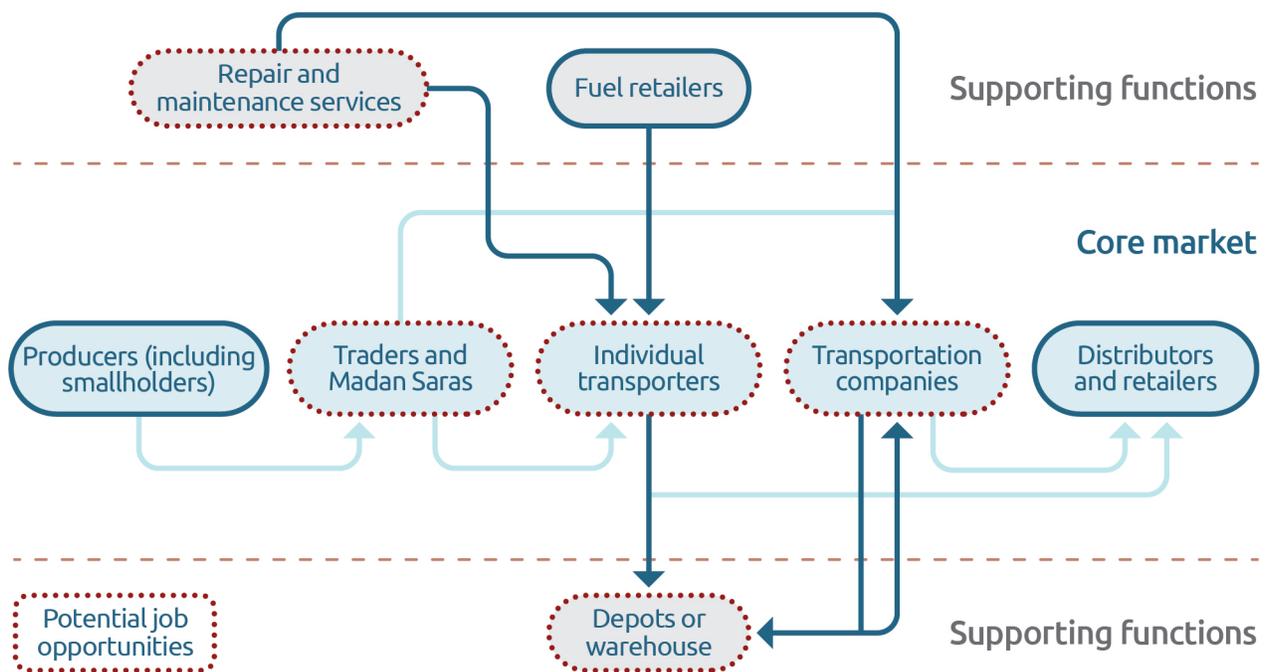


Post-earthquake Haiti. Photo credit: Lloyd Smith/Mercy Corps (2010).

Most trucks transport goods for a wide variety of industries, often in one load, leading to damage to agricultural produce and other fragile items. The price per ton-km transported is \$0.43 in U.S. dollars for freight, the highest in the Caribbean region and about 3.9 times the average for Central America. There are no specialized or separate transport services for specific goods, e.g., livestock, cold transport, or fragile items. In addition, there is a low level of organization in the market system. Associations of tap tap-drivers exist, but their mandate does not go beyond issuing permits to drivers wishing to serve a certain route. Additionally, repair services available in rural areas are generally limited to extremely basic services (tire repair, oil changes, etc.), with advanced repairs requiring travel to Port-Au-Prince or other major cities.

The most common roles in the transport and distribution sector are drivers, handlers, and administrative assistants. Women’s involvement in this market system is concentrated in the storage and distribution segments of the market. Their activities revolve around managing small “depots” (storage spaces), and stocking food and other items. One transport company interviewed employed about 50% women, mostly in the administrative department. This company also owns a gas station and employs three women as gas station attendants.

The root causes of underperformance in the transportation market system include the lack of secondary and tertiary road infrastructure, poor coordination among market actors, a lack of specialized transport providers, and limited access to repair/mechanics services at local levels, along with limited access to finance among transportation actors. The SLMA analysis identified a range of potential improvements that could address these sector-wide weaknesses.



Two of the potential interventions identified through SLMA process include the promotion of specialized transport services for horticultural, meat, and dairy products, and the development of more advanced repair services at the local level.

- Specialized transportation services intervention:** This initiative would focus on fresh produce, dairy, and meat, where shelf life is short and quality decline often occurs in each stage of the value chain. The intervention would equip transporters to specialize in types of products transported, and to offer additional value-added services that increase overall profits and earnings for themselves as well as producers. Potential facilitation activities include assisting transporters in designing more efficient transport routes, to use resources effectively, and preserve product freshness and quality. Additional activities would work to improve transporters’ knowledge and ability to support post-harvest management (i.e., vegetable washing, meat-packing, or milk handling), and required packaging methods for different produce to reduce losses at the point of sale. The ideal intervention partner for this pilot would be a local transportation company that mostly

interacts with agricultural traders and smallholders. After the business case is proven, the focus of the scale-up should be on providing transporters with storage technology that can regulate produce temperature, so they can equip their fleets or transport hubs (such as depots and warehouses) appropriately.

- **Advanced repair services intervention:** One of the major challenges in the transport market system is the quality and availability of local repair and maintenance services, particularly in rural areas. Most fleet maintenance and repair work take place in Port-Au-Prince, due to lack of access to both skilled labor and necessary parts. This adds substantial operational costs and reduces revenue. In this initiative, the intervention would strengthen the skills and service provision of local repair and maintenance service providers. An immediate action would involve identifying a local skills and business model to provide advanced mechanics training and develop a certification scheme that increases the credibility and visibility of qualified mechanics. In parallel, this intervention would map available transportation fleets in Nippes, to identify the types of spare parts most in demand, and how to sustainably improve access to them. This intervention would have more limited direct job creation impact but would improve employment creation in the transport market system. The direct job impact would include mechanics and administrative workers for the service providers.

The findings from the SLMA were presented to the Mercy Corps Haiti team, who currently operate programs focusing on youth, nutrition, and economic recovery. While the team had questions about the feasibility of some of the interventions, including the investments required for the specialized transportation services intervention, other ideas inspired new thinking about potential program activities and intervention points. Mercy Corps Haiti's Food Security and Resilience Program Manager responded to the findings by noting "[The transportation sector] is something I have not thought about before, but I think this is important because post-harvest losses are one of the biggest issues, we face... I see the potential here, especially for youth, and for women who are not traditionally seen as mechanics...I think it is feasible."

5 INSIGHTS FOR FUTURE SLMAS AND EMPLOYMENT PROGRAMING

In addition to generating new insights about employment opportunities within Haiti and Zimbabwe, the parallel SLMA processes also provided learning about how SLMAs can offer value and improve outcomes in livelihoods programing, especially in USAID/BHA resilience and food security activities. These results can be integrated in ongoing and future USAID/BHA programing in these contexts. Six key lessons learned about conducting an SLMA include:

1. SLMAs are **most useful as a tool for teams that have a clear mandate and resources to implement recommendations through a comprehensive market systems development approach.** These SLMAs were conducted with teams implementing through a direct-delivery approach, which made the findings less immediately actionable. However, the process still yielded valuable insights for the teams in both countries (including highlighting high-potential sectors to focus on in training and seed funding activities). Additional learning and reflection is needed to determine if and when SLMAs are relevant for traditional direct-delivery programing. This also highlights the need for donors and implementers to explore opportunities to shift from direct-delivery models with limited impact to more systems-oriented approaches.
2. Treating target populations as a homogenous group lacks the level of detail needed to identify specific beneficiaries for proposed job opportunities. Profiling target groups to create sub-groups based on identity, skill, assets, and aspirations can identify when proposed job creation will benefit all, most, or just some of the larger target group. This type of deeper profiling was not undertaken in Zimbabwe and Haiti and would have provided a stronger basis for selecting both market systems and intervention ideas.

3. Whenever possible, the team responsible for writing up SLMA results and findings should be on the ground and working hand-in-hand with the implementation team. While COVID-19 and the multi-country nature of this assignment necessitated remote support, this is not an ideal set-up for future SLMAs.
4. Following the sector shortlisting process, preliminary research should be conducted before designing field research tools. This ideally would include a deeper literature review of each selected sector, and a limited number of key informant interviews with market stakeholders. Developing a fuller picture of the market system prior to engaging in primary research helps define and focus the deep dive into the top-priority market systems.
5. Intervention design is a heavily iterative process and requires full knowledge of the market system as well as the implementation organization. Intervention design should be led by the intervention team, not external consultants.
6. Projecting potential job creation estimates requires an understanding of the size of potential partners. While it is possible to generate rough estimates based on qualitative consultations with market actors, more refined estimates around job creation are only possible once intervention partners are identified. In this study, job estimates were possible in Zimbabwe for the initial pilot phase due to the availability of secondary literature as well as easily identifiable potential partners. This process was more challenging in Haiti, due to a lack of clear lead partners and limited secondary literature on the selected market systems.

While resilience and food security programs are actively seeking to adapt to the impacts of COVID-19, capacity to assess and effectively facilitate off-farm and non-farm employment opportunities remains a key challenge. This IDEAL-funded study generated a tremendous amount of learning, not only around job opportunities for vulnerable communities in Haiti and Zimbabwe, but also around how humanitarian and development implementers may approach employment programming through a new, more systemic lens. The findings uncovered in this report can be used in ongoing and future employment programming, including programs funded by BHA, as they offer an important early reflection on how to integrate market systems development principles and processes to create greater impact in livelihoods work.



Group of Zimbabwean farmers.
Photo credit: Cathy Ratcliff/Mercy Corps Africa.