

> How to change public policy using an MSD approach: cross-sectoral lessons from LIWAY

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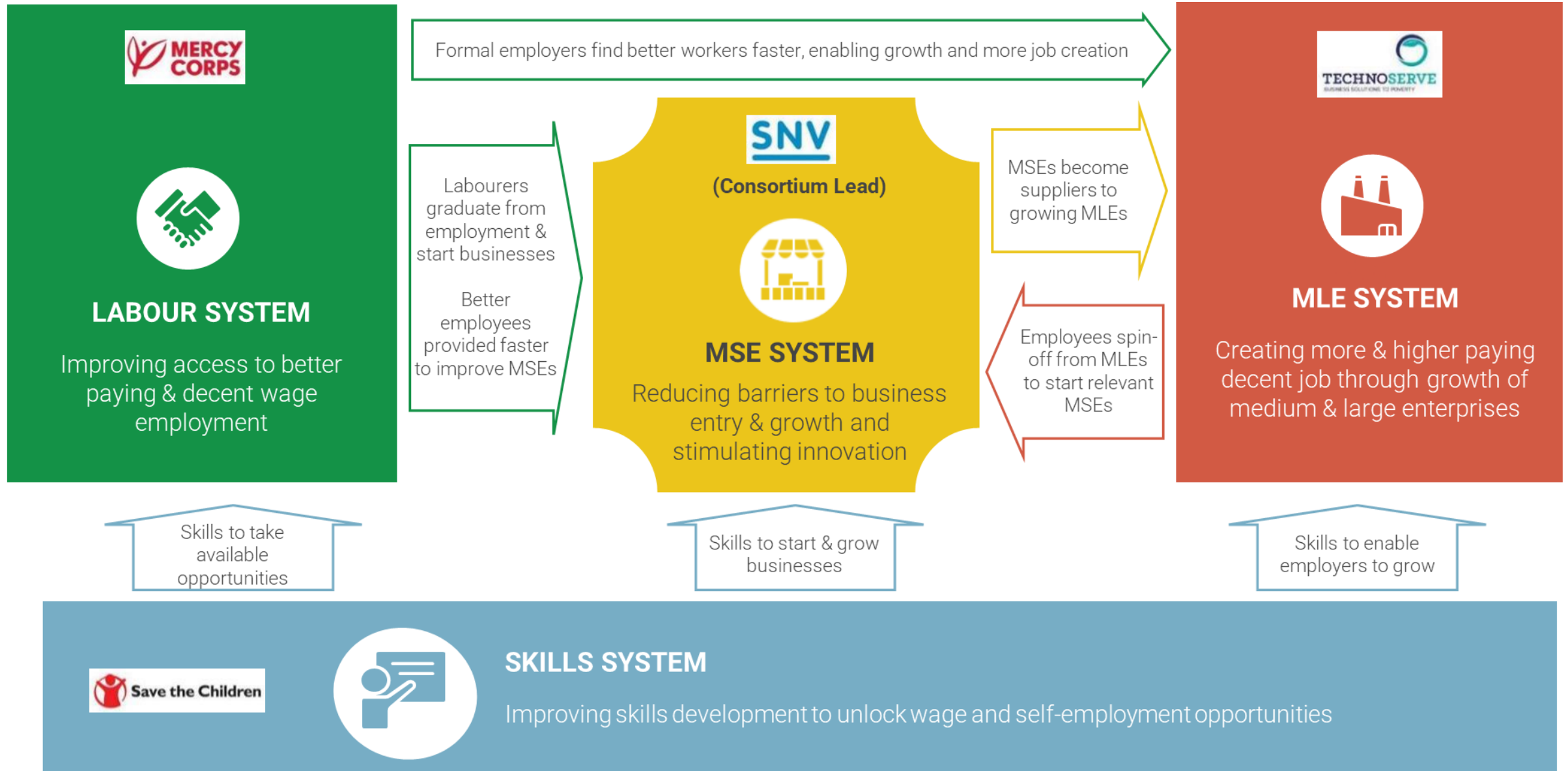
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Introduction

- Livelihood Improvement for Women And Youth (LIWAY)
- Context
 - Huge recent surge in urban poverty - land saturation and rural-urban migration.
 - Urban poverty often more extreme than rural poverty - lack of safety net.
 - Largely informal economy for low-income people in Addis Ababa
 - 'Portfolio careers' or 'hustle' dominant
 - Donor focus on 'cleaner', linear, value chains, industrial parks and sectors
 - Covid, civil war and economic problems have had severe impacts



Theory of change



Policy change in LIWAY

- State still weighs heavily in the economy
- MSD sees government as barrier or something to 'work around'
- In Ethiopia, failure to embrace the role of government in most cases will lead to failure of the intervention.



Where LIWAY has worked



How LIWAY has worked

- Research and advocacy
- Direct piloting
- Soft-influencing through networking
- Technical assistance to government

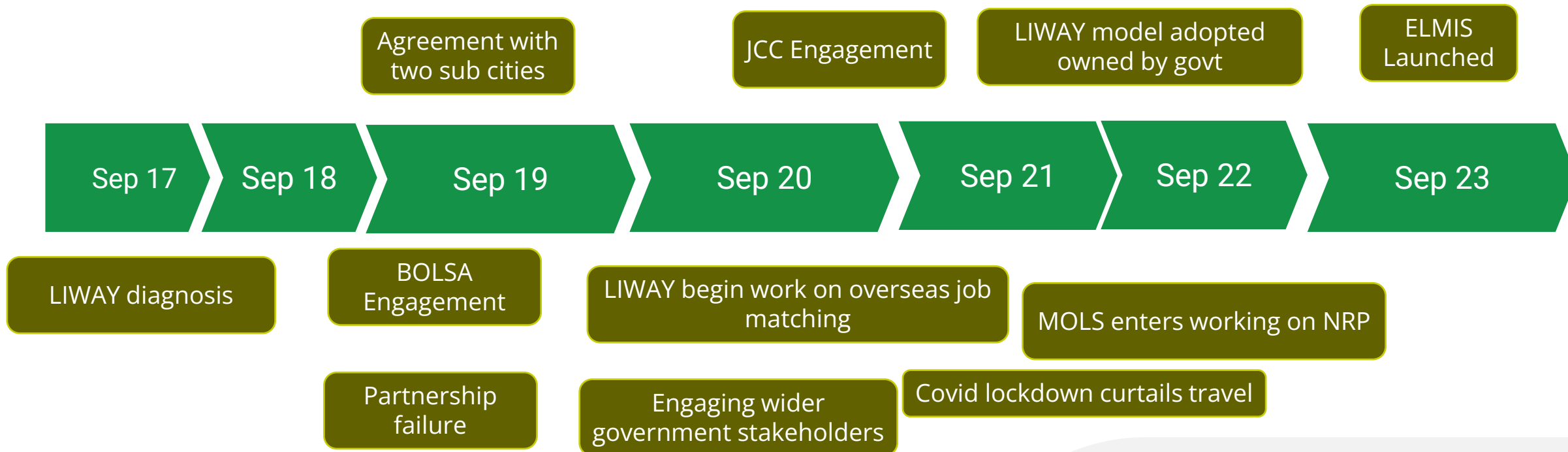


Case 1 – Digital Job Matching

- System: Labour markets
- Market performance:
 - Both Demand and supply side
- Constraints: Government have mandate to support youth employment through Kebele system..
- LIWAY's intervention:
 - Solid market analysis to identify issue – ultimate vision
 - National government engagement to assess viability of solutions
 - Narrow down to interested stakeholders in lower levels of government- kebeles willing to pilot –
 - LIWAY works with jobtech company
 - Federal and city government kept updated with progress



Intervention timeline – Key events



**Ethiopian Labour Market Information System
2023 - over 300,000 jobseekers registered**

Key success factors

- Strong analysis identifying the functions that needed to be performed for effective delivery was vital
- Do something
- Establish credibility with key actors
- Get lucky
- Deploy the right resources at the right times

Key limiting factors

- Being unlucky
- Big rewards, big risks
- Big problems are sometimes beyond your influence



Case 2 – Ecommerce support for micro and small enterprises

- **System:** MSE
- **Market performance:**
 - MEs necessity not choice
- For those with growth potential, limited **access to new markets**
- **Constraints:**
 - Operational space,
 - Physical/digital markets
 - Information
 - Business skills
 - Access to capital
- Public policies constrain MSEs'
 - Enterprise formation,
 - Business licencing,
 - taxations/invoice/;
 - AA IDs,
 - "Certificate of competency" ;
 - Multiple licenses
- E-commerce – opening up new markets, reducing costs.
- But faced with specific many regulatory hurdles,
- More acute for MSEs.



Case 2 – Ecommerce support for micro and small enterprises – LIWAY interventions

- Policy dimensions to interventions not single ‘policy’ or ‘advocacy’ intervention.
- Belcash willing to invest despite uncertainty.
- Allowed development of pragmatic ‘best case’ recommendations.
- In scaling, ‘test and monitor’ model adopted - Ashewa technology contributed to operational standards for e-commerce
- LIWAY’s key role was to showcase the relevance of this market segment to the government in meeting their objectives.



LIWAY's two key approaches

1. **Foreground** - independent credible facilitator - brokered often strained relations between policy makers and the private sector
 - Shaping the 'pitch' to the ERCA in mitigating tax, new rule to allow customers to pay invoice on delivery
 2. **Background** - LIWAY took a step back as the programme was unable to get a seat at the table.
 - Use Belcash to raise broader issues within ecommerce for microenterprise>Ecommerce Proclamation 2020.
- LIWAY continued advocacy efforts through foreground and background approaches on the enabling environment for digital enterprises, outsourcing, national MSMEs policy, trade categories, industry standards, and digital skills.



Success factors

- LIWAY envisioned potential impact, engaged innovative and risk-taking partner to gamble despite infrastructural and regulatory gaps.
- Industry is infant with multiple challenges and needs a show-case
- Government engagement in pilot helped recognise operational and regulatory challenges - triggered interest in enabling policy environment.
- Use both foreground and background approaches depending on the context and personal relationships involved.

Limiting factors

- Many different government departments - coordination difficult.
- Counterparts continually changing.
- In innovative areas, government asks the question before the answer is ready.
- Knew change necessary but didn't know what better looked like.
- Couldn't waste the opportunity to engage.



Key success factors

1. Work outside government to build evidence and momentum within
 - Actor level analysis to determine who needs what to change behaviour
2. Following momentum and finding most powerful actors
 - Market actors are the means to an end

3. Developing strong relationships
 - Remain independent and credible
4. Deploying the right tactics at the right time using the full MSD toolkit

**Formal rules exist but aren't working.
LIWAY works with local govt to help
them realise their incentives**

Operationalisation
at the local level

**LIWAY engages directly through
advocacy, research, etc to change
formal rules**

Proclamation/
directive change

Implementation to
generate evidence

**LIWAY supports pilot version
of model without policy
support to generate evidence
of how it might work at scale**



Q&A session

