



International
Labour
Organization



ILO brief



Big talk, any walk?

What results from 100+ projects can tell us about market systems development effectiveness

The principal objective for market systems development (MSD) projects is to deliver lasting results for its target group at scale. Through their work, many MSD practitioners develop an unconditional faith that MSD theory delivers on its promised objective to generate better development value for money than its alternatives.

However, when skeptics or donors ask for evidence to demonstrate that MSD delivers on this promise and at good value for money, little comprehensive data is available to satisfy them. While the BEAM Exchange's periodic [Beam Evidence Review](#) provides a high-level synthesis and has recently included a value for money review, it is small (10 cases in total) relative to the full body of 20+ years of MSD projects.

To help MSD believers assess whether practice matches their faith in MSD theory and offer donors and skeptics the hard facts they crave, we reviewed key outcome results from 135 MSD projects and compared them to the overall project cost and the specific conditions in which the project operated.

We did this exercise to help identify how MSD projects performed on key metrics relative to each dollar spent under certain conditions. We believe that this work could support both MSD practitioners and donors to develop sensible evidence-based outcomes and impact-level targets, gain a deeper understanding of conditions and characteristics that can potentially yield better outcomes, and provide data-driven proof of concept for future donor investments into MSD programmes.

Data collection and analysis method

This study compiled a portfolio of 135 completed MSD projects. Of these, 97 were drawn from publicly available data on [BEAM Exchange](#) and an additional 38 were collected by the International Labour Organisation (ILO) through outreach to key MSD donors and implementers.¹ The ILO reviewed project documentation, including final reports, external evaluations, project logframes, and information published on project websites against a

¹ Key donors included Sida and (former) USAID, and implementers included ACDI/VOCA and Mercy Corps.

set of outcome and impact indicators that were common across many MSD projects.² Based on this assessment, 86 projects were shortlisted for further review and analysis.

We examined several project dimensions/conditions and reviewed key outcome and impact indicators for each project.

► **Project dimensions**

- ▶ Sector focus: Agriculture, mixed (agriculture & non-agriculture), and non-agriculture³
- ▶ Project length: Short (1-4 years), medium (5-8 years), and long (9+ years)⁴
- ▶ Level of political risk and inflation⁵: Includes political and economic stability across high, medium and low levels
- ▶ Country income level⁶: Low-income (GNI per capita up to USD 1,135), lower-middle-income (USD 1,136-4,495), upper-middle-income (USD 4,496-13,935), and mixed-income (projects operating across countries with different income levels)
- ▶ Budget size⁷: Small (USD 0-8 million), medium (USD 8-18 million), large (USD 18-30 million), and very large (USD 30 million+)
- ▶ Operating context⁸: Fragile and Conflict-Affected Settings (FCAS) versus non-FCAS
- ▶ Primary objectives: Job creation, income improvement, and food security and resilience. Note that individual projects may have multiple objectives

► **Key performance indicators**

Consideration	Performance indicators
Individual beneficiary welfare	▶ Income per beneficiary⁹ ▶ Normalised income impact ratio¹⁰ ▶ Beneficiary income relative to project cost¹¹

² Of the 135 projects, 49 were excluded from further review due to insufficient data, being outside the study scope and/or duplicate entries representing different phases of the same project.

³ This is acknowledging the prevalence of agriculture focused projects in MSD programming.

⁴ Defined with reference to standard MSD project design and evaluation cycles, which is typically four years.

⁵ Using available World Bank data. For projects operating across multiple countries and time periods, average scores were used as the relative significance of each country context was difficult to determine.

⁶ Using the World Bank Group country income classifications for FY26.

⁷ Note throughout the analysis, we did not make adjustments to a common net present value (NPV) to account for inflation. That can overestimate the number of new and improved jobs per million USD spent and underestimate the beneficiary income created, in 2026 dollars.

⁸ In some cases, projects operating in humanitarian crisis settings within non-FCAS contexts were classified as FCAS based on subjective judgement, and vice versa.

⁹ Income per beneficiary is computed as the total beneficiary income generated divided by the total number of beneficiaries of the project.

¹⁰ The Normalised Income Impact Ratio measures the economic significance of project benefits relative to the local economy. It is calculated as the average income per beneficiary divided by the country's GDP per capita at Purchasing Power Parity (PPP). A ratio of 1.0 indicates that the project-generated income per beneficiary equals the national average GDP per capita. The study used data from the World Bank (2024).

¹¹ This is computed as the total additional beneficiary income generated by the project divided by the project budget.

Labour market outcomes ¹²	▶ Job created per USD million spent ▶ Job improved per USD million spent
Wider market system responses to private sector leverage	▶ Private sector investment relative to project cost ▶ Private sector revenues generated relative to project cost ▶ Export revenue generated relative to project cost

Limitations

While we have been rigorous in conducting this analysis, there remain some limitations. This is because project results are difficult to compare given the diversity and complexity of projects and that the data relies on high-level self-reported results, which cannot catch the nuance so common in MSD projects. More specifically, issues include:

- ▶ **Variability in results measurement methods and credibility:** Projects apply different methodologies, indicators, attribution models and time horizons to assess impact, making project comparisons difficult. The quality of evidence also varies considerably across projects and heavily depends on the quality of monitoring systems and the measurement culture that backs it.
- ▶ **Differences in project design and operation capabilities:** Some projects exhibit a strong MSD culture, with experienced staff, deep systems-thinking capabilities, clear MSD mandates, and streamlined contracting systems. Others operate as “MSD-light” projects that use more direct delivery approaches, lack strong MSD culture, and operate in bureaucracies that do not lend themselves to flexible MSD partnerships. Most projects fall somewhere in between. Given the difficulty in measuring implementation quality consistently across a large sample of projects, it remains beyond the scope of this study.
- ▶ **Contextual diversity shaping design, strategy and results:** Project environments vary from nascent sectors, thin markets and small geographic areas to settings with a vibrant private sector, engaged governments and national (or multi-country) scale. While this study accounts for some key factors, including project objective, length, cost, sectors, relative political and economic stability, and fragile and conflict-affected setting (FCAS) status, it remains difficult to capture the substantial nuance experienced across projects.
- ▶ **Results accumulated after project closure not captured:** While MSD projects are expected to continue to deliver results after the project ends, the data in our sample only includes results collected during the project lifespan or the reporting period. Thus, the reported benefits may be understated.

Perhaps a result of such project diversity, an initial analysis of the project dataset showed a considerable number of outliers that had a distortionary effect on the mean values. To reduce the effect of outliers, this study reports

¹² Jobs created refers to full-time equivalent (FTE) jobs created. Jobs improved refers to improvements in beneficiaries’ working conditions, including skills upgrading, improved incomes, and broader dimensions of decent work.

median values from the data set. To ensure their validity, we cross-checked median values with the outlier-free (adjusted) means which indicated close parity between the two.¹³

Bearing these challenges in mind, the findings from this study should be understood as part of an evolving body of evidence. We intend to regularly refine the dataset as well as the learnings emerging from it, with the aim of improving their completeness and relevance over time.

What does the data tell us?

Despite its limitations, the analysis covers a sizeable portfolio of MSD projects which offers rich insights for donors and implementers better understand the type of results MSD projects generate and under which conditions. It should be noted that we have attempted to identify headline findings and present them in a simple manner that appeals to a wider audience, rather than focus strictly on research protocol and statistical significance.

Are MSD projects good value for money?

From the survey data, the median MSD project delivered USD 1.16 in beneficiary income per project dollar spent. **This is a net positive return on donor investment on a single development indicator.** This benefit-to-cost ratio (BCR) is on par with the heavily evaluated results from unconditional cash transfers, which range between 0.8 and 1.5¹⁴. This cash BCR had, in some cases, served as a benchmark or first filter for determining project viability in USAID.

While this is a solid result, the BCR understates the total benefits that MSD projects deliver for two reasons:

- ▶ MSD projects typically have multiple development objectives (for instance, increased food security, new jobs created and increased resilience etc.) and rarely measure induced effects from beneficiary income. Thus, evaluating performance based on beneficiary income alone provides an incomplete picture of the total benefit; and
- ▶ MSD projects typically measure beneficiary income increases over a relatively short timeframe of two or three business or agriculture cycles. This undermeasures the total attributable income as MSD theory and emerging MSD ex-post evaluations¹⁵ indicate that these gains should persist beyond the measured period.

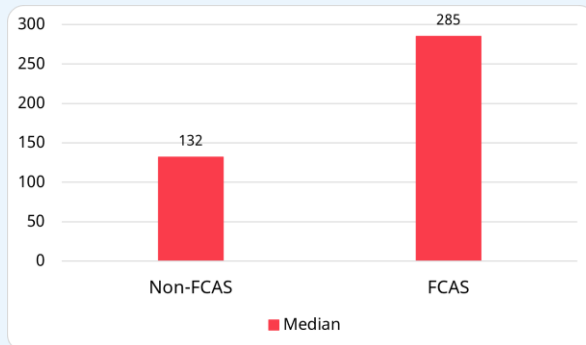
Next, the surveyed sample showed that MSD projects generated meaningful incomes gains in challenging contexts. Projects in FCAS environments delivered higher income per beneficiary than those in non-FCAS environments while projects in low and lower-middle income country contexts delivered income gains (adjusted for purchasing power) three times greater than projects in upper-middle income ones.

¹³ Outliers were detected using the Median Absolute Deviation (MAD), which provides a more statistically robust measure of dispersion than in small datasets where extreme values have disproportionate influence. Observations lying more than $2.5 \times \text{MAD}$ from the median were classified as outliers, and excluded from the outlier-free (adjusted) mean or “refined mean” calculation.

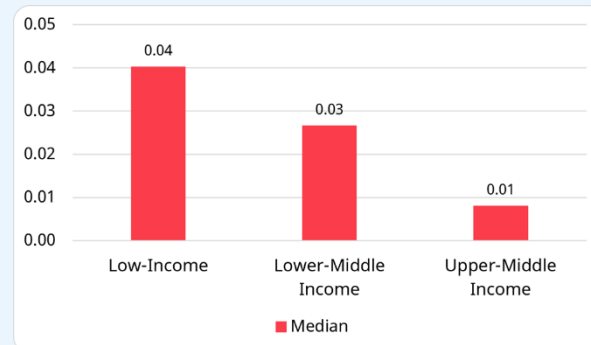
¹⁴ *Unconditional Cash Transfers: A Bayesian Meta-Analysis of Randomized Evaluations in Low and Middle Income Countries* Tommaso Crosta, Dean Karlan, Finley Ong, Julius Rüschpöhler, and Christopher R. Udry NBER Working Paper No. 32779 August 2024, revised April 2025.

¹⁵ See: [What remains after exit? Evidence of lasting change in northern Afghanistan's carpet sector](#) (ILO, 2026); [The Enter-Growth Programme: A decade on](#) (ILO, 2020) and [Is the 'MSD hockey stick' a fable or a fact? Early lessons from the USAID ex-post series](#) (USAID, 2024).

► Median income per beneficiary (in USD)



► Median normalised income impact ratio



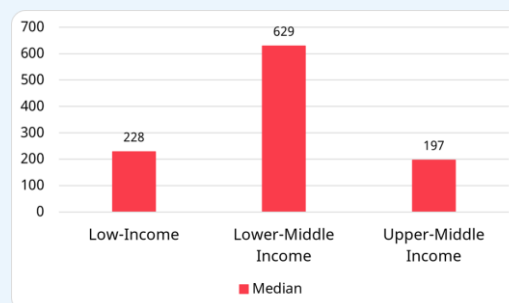
This demonstrates the relative value of investment; **MSD projects generally delivered higher and more meaningful income benefits to their target group in more difficult contexts.**

What do we know about creating new and improved jobs?

MSD projects are particularly effective at job creation under certain contexts and conditions. For instance:

- MSD projects in lower middle-income contexts in our survey generated about three times as many jobs per million dollars spent than those operating in low income or upper middle-income contexts. This is aligned with research that can be used as a proxy suggesting that FDI has more impact on growth in lower-middle income countries when compared to lower- or upper-middle income economies¹⁶. This is because it can be relatively more difficult to generate growth in lower income countries with poorer infrastructure and weaker institutions, while upper-middle income require more investment into capital to generate growth.

► Median number of jobs created per million dollars spent: By country income

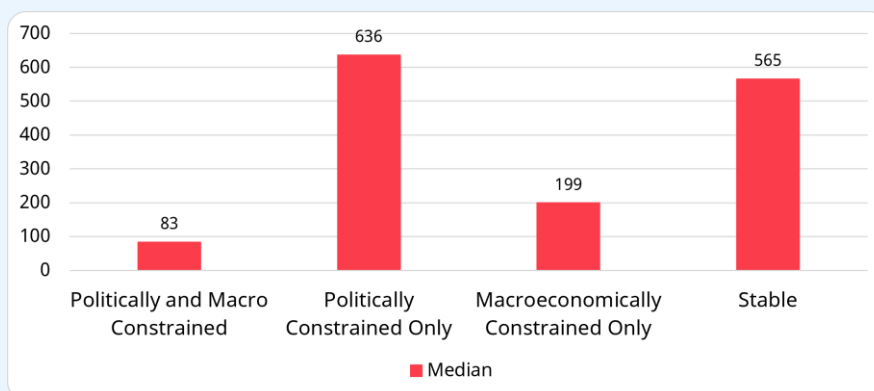


- Relative to political and economic stability, sampled MSD projects generated more jobs per million dollars spent in either stable settings (i.e., low inflation and political stability) or more politically constrained

¹⁶ Baiaashvili, Tamar, and Luca Gattini. "Impact of FDI on economic growth: The role of country income levels and institutional strength." *EIB Working Paper 2020/02*, European Investment Bank, 2020.

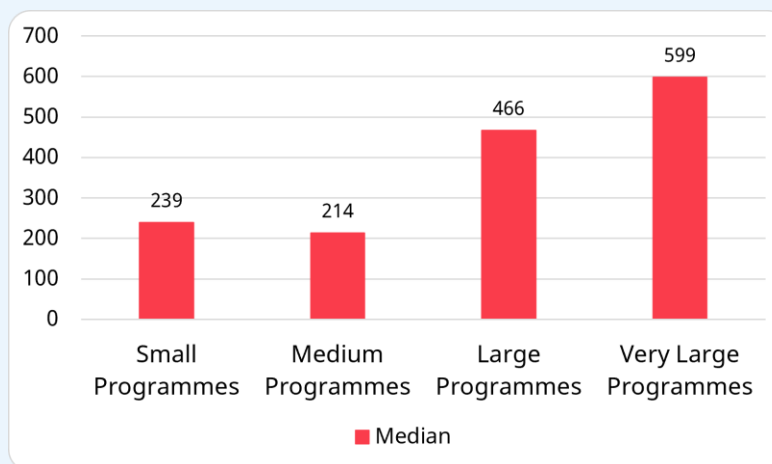
contexts that were not macroeconomically constrained. This may reflect that solid macroeconomic conditions are a stronger determinant for job creation than political factors. However, these results are based on comparatively few data points for contexts with both macroeconomic and political instability¹⁷ (just two), and so the conclusions should be treated with caution.

► **Median number of jobs created per million dollars spent: By political and economic stability**



- Large and very large projects (> USD 18 million) generated more than two times as many jobs per million dollars spent as small and medium-sized projects (< USD 18 million), indicating larger job creation bang per buck.

► **Median number of jobs created per million dollars spent: By project budget size**

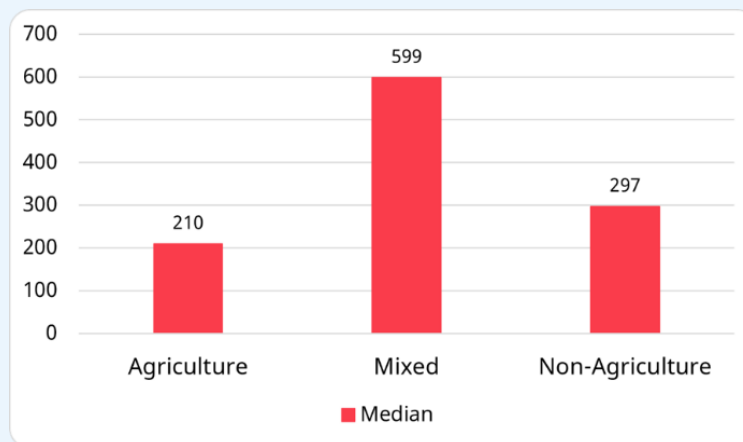


¹⁷ For contexts with high political and macroeconomic instability, the data had only seven projects to calculate the median and four to calculate the refined mean.

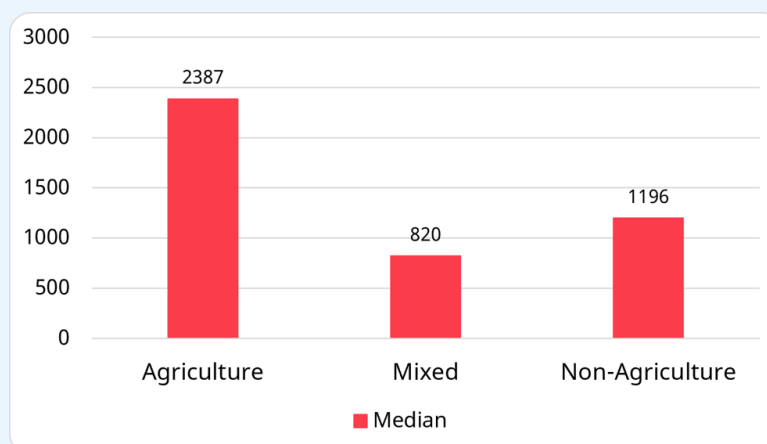
On improved jobs, our sample shows that the median **MSD project delivered more than 7.5 times as many improved jobs as new jobs**. Analysis across different indicators shows that:

- ▶ While data is limited for mixed and non-agriculture projects, the sample shows that MSD projects in mixed sectors created more new jobs than projects in only agriculture and non-agriculture sectors. However, projects in agriculture sector delivered more improved jobs than mixed or non-agriculture projects. This may be due to the target group for these projects, which is often at the producer level where improved productivity and incomes (and thus, improved jobs) is the focus and where new jobs are more difficult to create.

▶ **Median number of jobs created per million dollars spent**

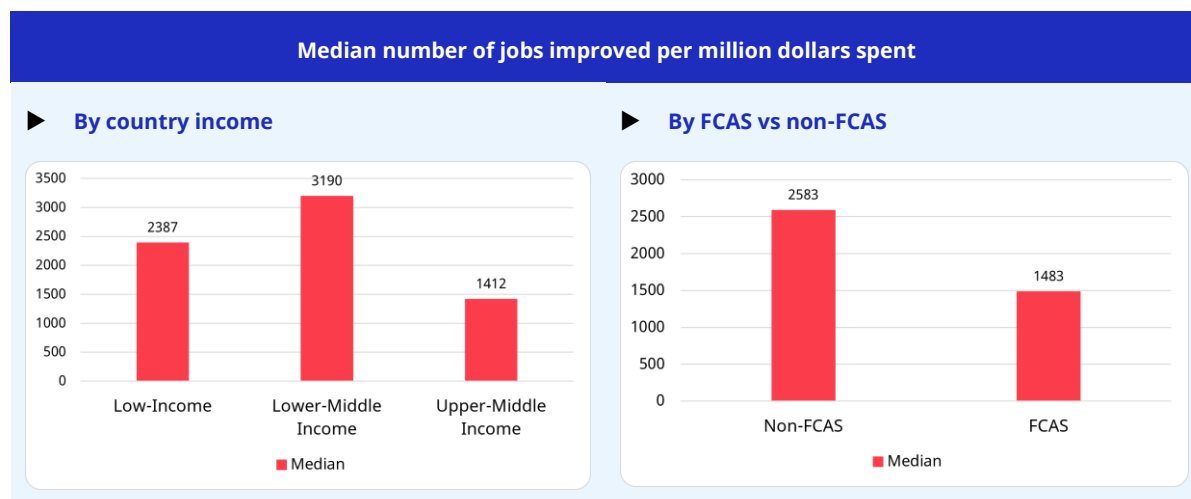


▶ **Median number of jobs improved per million dollars spent**



- ▶ MSD projects in challenging contexts provided a mixed picture. Those operating within low-income and lower middle-income contexts improved at least twice as many jobs as those in more stable or higher income contexts. However, that does not necessarily translate to FCAS environments, where projects

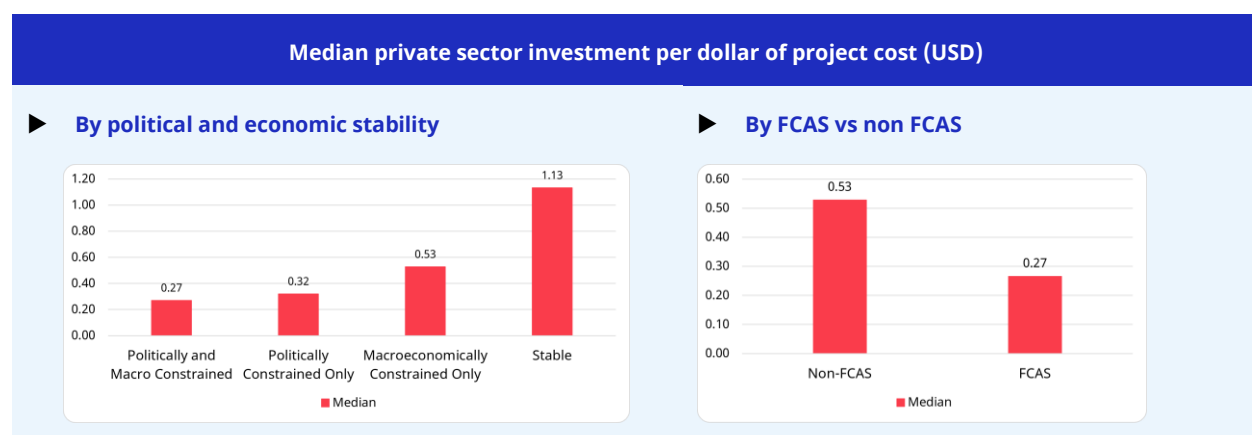
operating in non-FCAS contexts delivered more than 1.5 times the number of improved jobs than those in FCAS contexts.



Do projects deliver for the private sector?

Given the shifting donor context with interest in increased role and value of the private sector, we reviewed the relative impacts that MSD projects can have on the private sector¹⁸. This can offer ideas for MSD donors and practitioners on which conditions are most conducive to private sector engagement and where it remains most challenging, helping set realistic expectations and inform project design.

The median MSD project in our sample generated about USD 0.44 of private sector investment per dollar of project cost, meaning that for every dollar of donor funding, the median MSD project mobilized an additional 44 cents of private capital¹⁹.

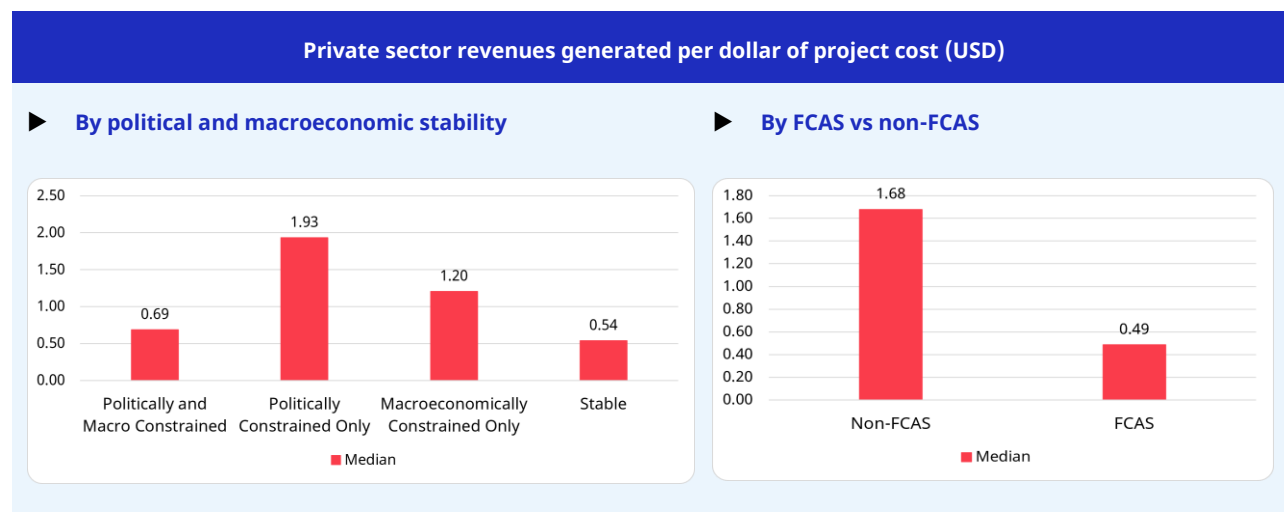


¹⁸ Note that this analysis also looked at export revenue generated. However, as few projects reported to this indicator, no strong conclusions can be drawn from it.

¹⁹ This is a strong finding with 46 data points and with the median (0.44) and refined means (0.43) tracking closely.

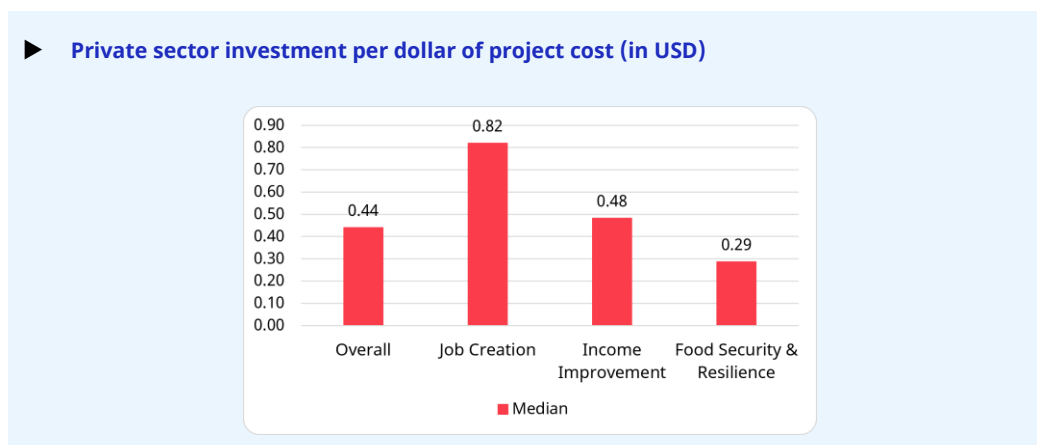
As expected, projects operating in more stable political and macroeconomic environments attracted more private investment, confirming that private investment follows stability²⁰. This is also reflected in the results in non-FCAS projects as they generated about twice as much private sector investment as those in FCAS contexts.

On revenues, our sample showed that **MSD projects generated more private sector revenues relative to the cost of the project**. Unlike private sector investment, revenues do not follow a clear pattern across political and macroeconomic stability groupings. However, private sector revenue generated by MSD projects operating in non-FCAS environments is more than three times higher than those in FCAS contexts.



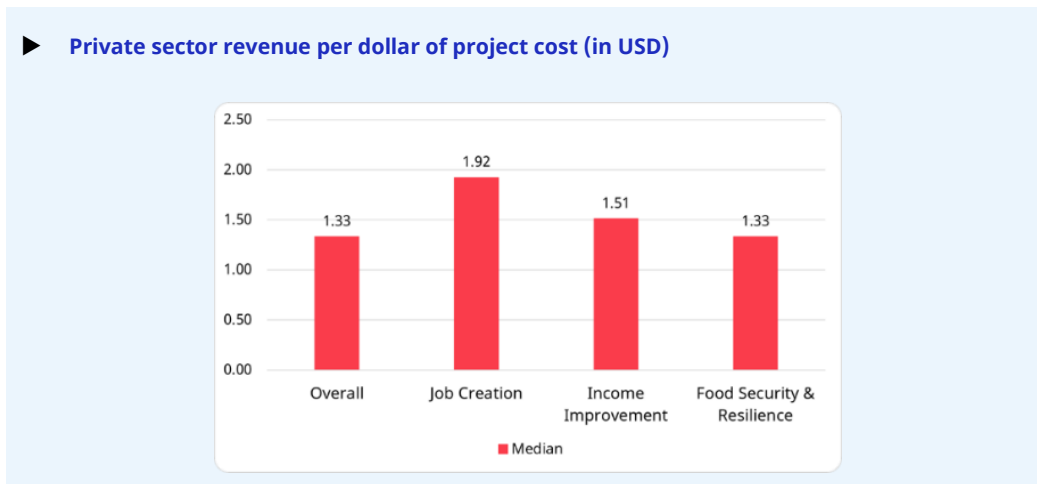
While unclear as to why this happens, **MSD projects which had a job creation objective in our sample delivered stronger private sector outcomes while contributing to income gains**. For example, the median MSD project with a job creation focus catalysed:

- 1.9 times more private sector investment per dollar spent than the median MSD project; and



²⁰ However, please note that only two data points are available for stable and low inflation contexts, so conclusions are weak.

- ▶ 1.4 times more private sector revenue per dollar spent than the median MSD project.



What does this mean for MSD donors and implementers?

This analysis offers evidence to help donors and implementers understand what MSD can deliver during its project lifetime, and what broad conditions enable it to deliver specific results. This is particularly important against the backdrop of reduced international development funding, where getting the most impact per dollar spent is critical.

While it is difficult to compare results generated by MSD projects with other private sector development or employment-focused interventions mainly due to limited availability of collective results that focus on long-term sustained results, we believe that these findings provide a strong basis for continued funding into MSD projects.

Based on our broader conclusions, we highlight some areas for consideration by MSD donors and implementers:

- ▶ **MSD projects provide more value to the target group than they cost.** This is based on results from just one indicator: beneficiary income. Given that MSD projects deliver on a range of other development objectives such as new jobs or improved food security and that projects do not measure the cumulative benefit of their interventions beyond the intervention period, the total value generated is likely to be higher than other alternatives, including unconditional cash transfers. Additionally, the sampled results do not consider the benefit which accumulates after the project period ends, as the number of ex-post studies is limited (around 5 per cent) relative to the number of projects in our sample.
- ▶ **We now have evidence to set more grounded project targets.** For most MSD projects, it is a largely unscientific and difficult exercise to define targets or “how much” a project will achieve. While this synthesis may not have fully captured the nuances and context in individual MSD projects, the dataset behind this synthesis includes a [benchmarking calculator](#) to calculate median results from our sample projects given the project conditions. This can offer a broad enough evidence base to set more grounded and realistic targets.

- **We can demonstrate, to some extent, the conditions that deliver on donor and country objectives.**
If creating new jobs is a core objective, we may push for larger projects (over USD 18 million) in non-agriculture sectors. If donors want to deliver meaningful changes to income, it is perhaps better to target lower income countries. Or if the private sector investment and revenue generation are key project considerations, a donor may want to focus on job creation and operate in more economically stable countries.

This document intends to bring together key headlines from our synthesis. However, given the range of organizational priorities, you may identify more meaningful findings by conducting your own review of the data. We, therefore, invite you to explore [the full project dataset, the synthesized data, VfM analysis, and value for money \(VfM\) calculator dashboard](#). The VfM calculator allows you to select the broad dimensions that are relevant for your project context (project duration, scale, country income, etc.), and review a synthesis of results that other projects have achieved across impact and outcome indicators. While doing this, please exercise caution as some conditions may contain too few projects to base concrete findings on.

Lastly, if you find errors or want to include own projects in the database, please let us know. We are regularly revising and updating the database to ensure its robustness and accuracy to the extent possible.

Acknowledgements

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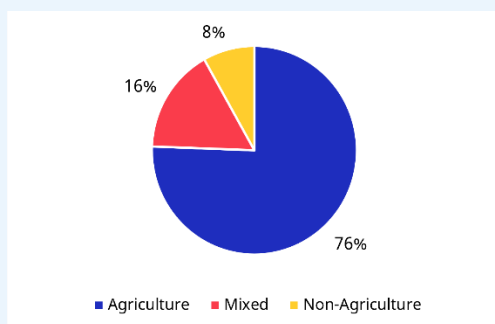
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Micro, small and medium enterprises
(MSME) Branch
ENTERPRISES

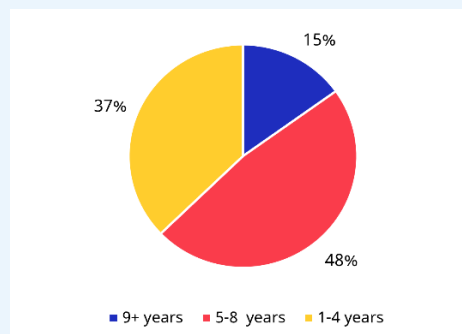
Email: sci@ilo.org
Website: www.ilo.org/sci

Annexure: Summary of projects included in the database

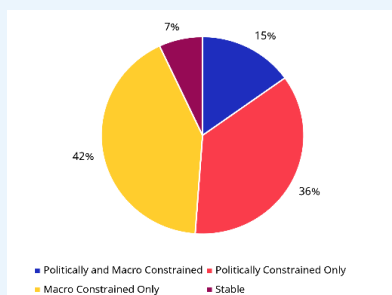
► Share of MSD projects by sector focus



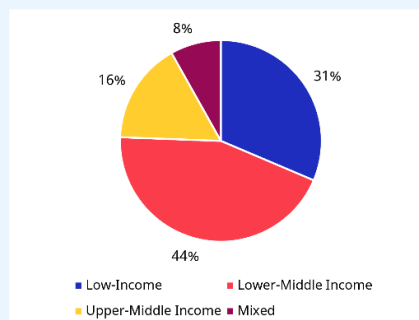
► Share of MSD projects by project length



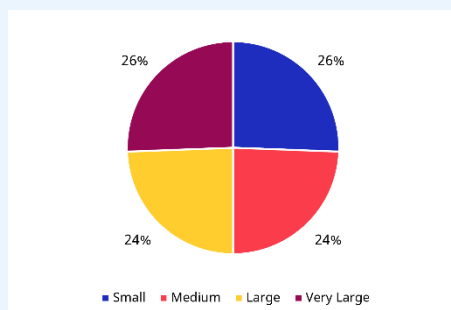
► Share of MSD projects by political and economic stability



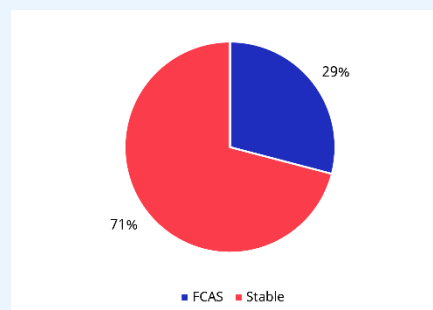
► Share of MSD projects by country income level



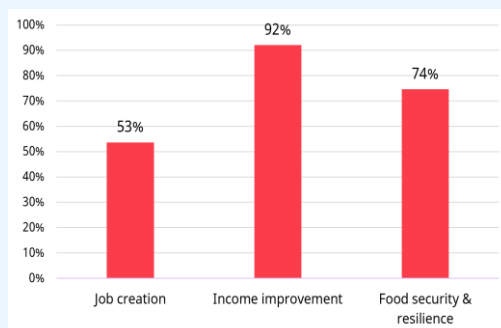
► Share of MSD projects by budget size (regrouped by quartiles)



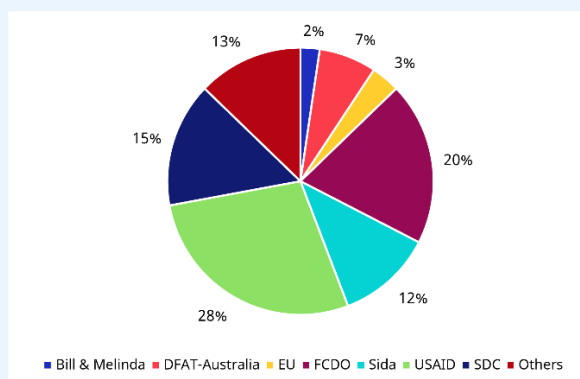
► Share of MSD projects by operating context (FCAS vs. non-FCAS)



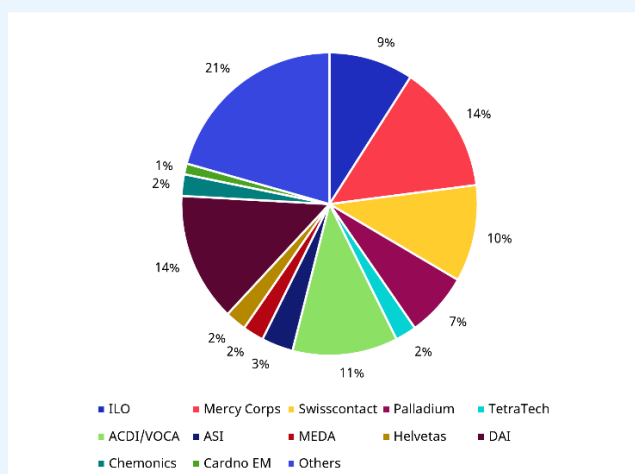
► **Share of MSD projects by primary objective(s)**



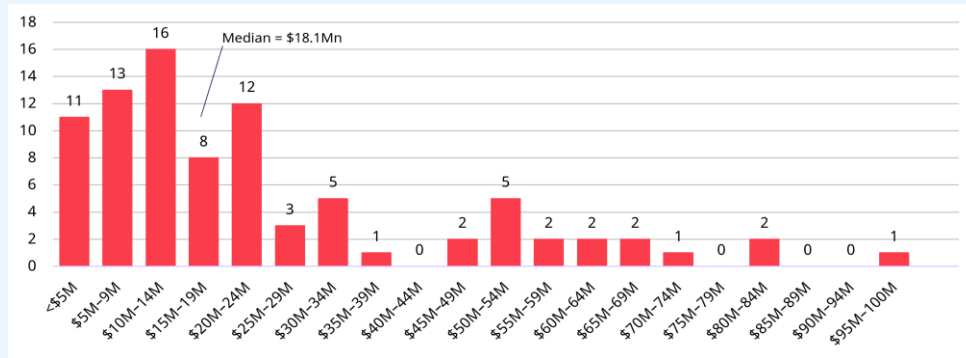
► **Share of donors in sampled MSD projects**



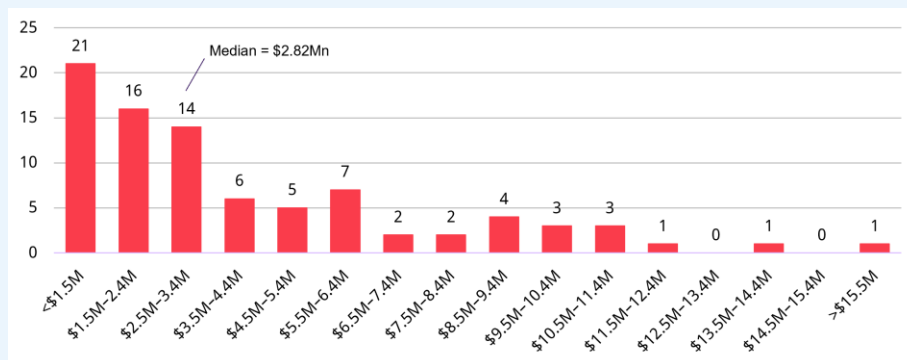
► **Share of implementers in sampled MSD projects**



► **Distribution of total project budget size (Bin width = \$5Mn)**



► **Distribution of project budget size per year (Bin width = \$1Mn)**



► **Distribution of total project length (Bin width = 1 year)**

