



CULTIVATING ECONOMIC OPPORTUNITY THROUGH A SYSTEMS APPROACH

Markets, Economic Recovery, and Growth

Technical Support Unit

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Overview

Promoting economic opportunity and growth is fundamental to Mercy Corps' work around the world. Enhanced economic opportunity, a critical factor to improve human well-being, sits alongside good governance, food security, energy access, and supportive social dynamics to reinforce and promote secure, productive, and just communities. Economic opportunity is enabled and energized in many ways including by ensuring access to business and financial services, fair employment, technical resources, enterprise inputs, and well-functioning markets.

Mercy Corps takes a progressive approach to improving economic well-being along the entire development spectrum – in early recovery phases post disaster,



in mature environments, and in complex, protracted crises. With farmers, entrepreneurs, businesses, governments, financial service providers, and other key community stakeholders, we work to ensure individuals and businesses have sustained capacity to capitalize on economic opportunities and to develop productive economic relationships. Underpinning this work is a systems approach that fosters sustainability and scale, even in the most fragile and complex environments.

Organizational Response

The Markets, Economic Recovery, and Growth (MERG) Technical Support Unit supports all Mercy Corps country offices bringing together five complementary technical teams: Agriculture, Economic Coping and Early Recovery, Employment and Entrepreneurship, Financial Inclusion, and Market Systems Development. Concentrating on these sectors enables us to address the challenges and issues that are most critical to the communities where we work. MERG works collaboratively across all five sectors—assessing, designing, and implementing in an integrated manner. This includes supporting usage of digital financial products across an agriculture value chain, introducing cash transfers to revitalize a specific market, or linking new entrepreneurs to livestock markets. The MERG technical teams also work within the agency's larger Technical Support Unit, collaborating closely with other technical teams.

MERG's Technical Sectors

Agriculture

The Agriculture Team works to improve the lives and livelihoods of those in agricultural value chains, including smallholder farmers and pastoralists. Mercy Corps' agricultural interventions are designed to favorably impact populations on three fronts:

1. Increase income for all participants across agriculture value chains, including farmers, pastoralists, processors, traders, wholesalers, credit suppliers, retailers and consumers.
2. Build resilient farm families and communities who are better prepared to face and respond to recurring shocks and stresses.
3. Support populations to be nutritionally secure to ensure they reach their full economic potential.

The first pillar of Mercy Corps' agriculture approach - increasing the income of smallholder farmers and pastoralists - requires improving agricultural market systems. Interventions are based on win-win scenarios in which key stakeholders, specifically those within the private sector, find and exploit incentives that foster a long-term commitment. More specifically, Mercy Corps works to strengthen the provision of key agriculture-related products and services - including inputs, value-added activities, financial services and extension services. See the [Mercy Corps Agriculture Approach](#) for more information.



Rice seed producers in Laputta Township, Myanmar sell high quality rice seeds to others in their local communities and surrounding villages

Benny Manser/Mercy Corps

Financial Inclusion

Mercy Corps takes a market-led approach to financial programming, investing in a range of formal and informal financial actors to maximize impact and systemic change. Mercy Corps uses a variety of interventions tailored to a specific country and context. In countries experiencing complex crisis, our goal is

often to maintain incomes, assets, and food consumption levels and to help vulnerable populations avoid going deeper into debt or resorting to negative coping mechanisms. In countries that have recently experienced a complex crisis or have a high potential for fragility, we strive to diversify incomes. In stable countries, or those already in or moving to a post-crisis state, we strive to increase sustainable incomes and build resilience. Mercy Corps improves access to, uptake of, and continued usage of, a broad variety of financial instruments through a range of delivery channels. We focus on five key sub-sectors: financial identity, Islamic finance, risk management, technology to enhance financial inclusion, and asset finance. See [Financial Inclusion: Approach and Capacity](#) for more information.

Employment and Entrepreneurship

From Africa to the Middle East and across the Americas, adults and youth alike are searching for meaningful work and a decent income. For many – especially the youth and women where Mercy Corps works – the prospects of finding steady, equitable, and productive work are severely limited or are accessible only to a small portion of the population. Mercy Corps views the employment challenge as an opportunity rather than a crisis. Our approach to the “world of work” is twofold: we search for local, sustainable solutions to widespread unemployment, and we promote efficient and effective labor market systems, rather than short-term interventions. Our solutions are demand-driven, ensuring we match skills-building efforts (supply) with actual job opportunities (demand). Read our [World of Work](#) to learn more about our approach to employment and entrepreneurship.

Market Systems Development

Market systems development focuses on understanding the role of the poor within market systems, addressing underlying causes of market dysfunction, and creating systemic change. The ultimate goal is to remove the constraints that impede the poor from participating in markets, and thereby turn the challenges of poverty into economic opportunities. This approach is founded on two key elements: 1) completing methodical market assessments to identify key leverage points where the greatest change is possible, and 2) developing mutually-beneficial partnerships with a diverse range of public and private-sector partners. We support programming that is implemented adaptively, enabling our interventions to adjust and scale to inevitably changing context. See [Market Systems Development](#) for more information.

Economic Coping and Early Recovery

Markets are present even in the midst of crisis and can serve as vital drivers of recovery and growth. Market considerations should be included in all humanitarian responses. At a minimum, we must always analyze the state of local markets to understand what effect our programs might have on them. Ideally, we actively work with market actors to increase the pace and scale of economic recovery. A common first step in that approach is cash transfer programming, programs where cash (or vouchers for goods or services) is directly provided to program participants to meet a range of needs across diverse contexts and sectors. While no panacea, cash can be efficient, cost-effective, flexible, and safer to deliver than commodities. It also empowers program participants to make their own choices about what they need and when. Furthermore, cash injected into a local economy is typically spent in shops and marketplaces owned by people also impacted by a crisis, spurring the recovery process. Technology can be an important tool in cash delivery and Mercy Corps is spearheading global efforts to leverage the use of electronic cash transfers to maximize our impact. See our [Cash Transfer Programming Methodology Guide](#) and the [Electronic Cash Transfer Learning Action Network](#) for more information on our cash transfer programming.

MERG Common Principles

These shared principles underpin our five sector teams and define the way we work.

- **Utilize Market-based Approaches**

Vulnerable people exist within complex, dynamic market systems as consumers, workers and producers, and we have found that leveraging forces within those market systems can be an effective and sustainable means to address poverty. This requires comprehensive analysis – encompassing markets, conflict, and political economy – to inform intervention decisions. It also sets up effective adaptive management to enable us to pivot our interventions to inevitably changing market dynamics.

- **Facilitate Change**

Change happens through local ownership by private, civil and public sector stakeholders. We do not want to undermine local actors' roles. Rather, we strive to facilitate, strengthening linkages between existing and new actors, to improve market systems. Our role as facilitator lays the foundation for scale and sustainability: It builds on and aligns with the capacities and incentives of stakeholders who will be present long after we have left.

- **Harness Innovation and New Technology**

Harnessing new ideas and technology and working with local partners to bring ideas to scale, enables us to increase our impact across our programs. What this looks like in practice differs. Sometimes, it brings new technologies to our beneficiaries like using mobile phones to get crop pricing information. Other times, it means utilizing new technology ourselves to improve our programming, and oftentimes, it includes bringing or adapting existing technology to new contexts or sectors. Regardless of whether the context is fragile or stable, the use and scale up of appropriate technology can improve people's lives.

- **Build Private Sector Partnerships**

The private sector provides enormous potential to ensure sustainability of initiatives and achieve wider and lasting benefits for the communities we serve. We engage the private sector in different ways; as a program participant/beneficiary, as a financial or material aid donor, and as program partners. By leveraging the resources, relationships, talent and presence the private sector has, our interventions are more sustainable and achieve greater scale.

- **Adapt to the Spectrum of Humanitarian Response**

Many places we work vacillate back-and-forth across a spectrum of humanitarian crisis, economic recovery and longer-term development. Mercy Corps believes crisis can create opportunities. We respond to short-term needs (symptoms) while remaining aware of, and focused on, long-term development processes (causes). We look for opportunities to “build back better.” When we implement humanitarian responses, we do so according to the following objectives: meet immediate basic needs; leverage and jumpstart the private sector as part of our response; promote the re-emergence of markets while minimizing market distortions; and lay the foundation and relationships for longer-term systems development.

- **Plan an Exit Strategy:**

Sustainability is based on a vision of how a market will work more effectively and inclusively without development actors in market roles. We enter market systems with this in mind, and clearly differentiate our role as facilitator and not market actor. We develop our exit strategy at the start of every initiative.

MERG Program Examples

The following multi-sectoral programs illustrate the opportunities and challenges when engaging collaboratively in complex situations. Multiple MERG teams supported these programs in a variety of ways, including providing technical assistance, training, partnership development and market assessments.



Women in Ethiopia discussing their livelihoods and opportunities at a PRIME program labor market assessment.

Tara Noronha/Mercy Corps

Pastoralist Areas Resilience Improvement through Market Expansion (PRIME)

This Ethiopia program is a good example of how a MSD approach, applied to the agriculture and livestock sectors and utilizing financial services, is having a positive impact on pastoralist populations. PRIME strengthens the delivery of private livestock veterinary services, develops the dairy value chain, supports livestock trading hubs, and reinforces access to fodder. Simultaneously, to allow the livestock sector to expand, PRIME supports Sharia-compliant micro-finance institutions (MFIs) to provide loans, savings accounts and digital financial services to traders, pastoralist households, and supporting businesses. The program also supports employment for pastoralists who have migrated to urban areas by facilitating capacity development and training, and supporting job-creating business development. PRIME includes an innovative subgrant mechanism that supports national and international business start-ups in targeted, high-potential sectors.

Improved Networks Training and Jobs (INTAJ)

Lebanon's economy has been impacted severely by the Syria crisis and the inflow of refugees, and by the general failure of the national government, infrastructure, and other crucial support services. INTAJ is an ambitious program (funded by the UK's Department for International Development (DFID)) focused on the Bekaa Valley and North Lebanon that aims to address constraints to job growth in vulnerable communities through market driven interventions at three levels. At the individual level, INTAJ is partnering with established companies, NGOs, and the Chambers of Commerce to provide demand-driven and practical skills-building courses to youth looking for work. At the business level, the program supports small and medium enterprises (SMEs) with the potential to grow their workforce by providing them with technical and financial assistance, as well as linkages to business support services. At the market systems level, INTAJ has identified a promising value chain, solid waste management and recycling (SWM/R), and is building the capacity of that sector to process more recyclable solid waste, improve efficiency and quality, incentivize further investments, and encourage sustainable job growth.

Tunisia Works

The 2010 Tunisian Revolution began in response to dissatisfaction with local government and the lack of equitable economic opportunities. Youth yearning for a voice, equality, and fair employment were at the heart of the revolution and the larger Arab Spring. In response, Mercy Corps supports young Tunisians (age 18-30) in securing decent and fair jobs and self-employment opportunities. Following a youth-led market assessment, Tunisia Works provides tailored training in market-driven vocational skills, life skills, and financial literacy for aspiring entrepreneurs. The program facilitates the development of a favorable environment for entrepreneurship, and supports the start-up and development of youth-led businesses. Concurrently, the program improves and increases access to high quality financial services, including savings, credit, remittances, payments, micro-insurance and financial education for the target group.

Northern Karamoja Growth, Health, and Governance Program (GHG)

The 1.2 million inhabitants of the Karamoja region of northeastern Uganda endure chronic crises from the breakdown of traditional agro-pastoralist livelihoods, repeated environmental shocks, and ongoing political and economic insecurity. GHG engages at this pivotal moment through a cross-sectoral range of economic, finance, agriculture, health, and governance initiatives to cement the gains from increased security and build a foundation for broader self-sufficiency. GHG leverages a market-based approach to these complementary initiatives centered around facilitating local actors to sustainability lead in product provision (e.g., seeds, tools and livestock pharmaceuticals) and services (e.g., land opening, para-veterinary services, extension services, security, finance and healthcare). Activities include an electronic voucher system linked to a mobile money platform that enabled 27,000 farmers to gain access to key agriculture inputs as well as livestock production and marketing.

TabangKO

In November 2013, Typhoon Haiyan devastated the Visayas region of the Philippines, displacing over 4.1 million people, damaging 1.1 million homes, and leaving over 6,000 dead. In response, Mercy Corps launched TabangKO to deliver over \$2.3 million of emergency cash assistance to 26,000 affected households. To do so, Mercy Corps leveraged its existing partnership with BPI Globe BankKO, the only mobile-based microfinance bank in the Philippines, to deliver unconditional electronic cash transfers and provide access to formal savings accounts and other financial services to the most severely affected families. Since many program participants had never held a bank account, Mercy Corps worked with a local partner to train participants on financial literacy, and targeted voice and SMS messages were sent to



› MULTI-SECTORAL APPROACH

Olfa Ezzine studied fashion design in Tunis and worked at a fashion house there for three years, but when she decided to move back to Medenine to get married she knew she would have to open her own business if she wanted to be able to continue her trade. Olfa participated in a Mercy Corps business training and competition program focused on business financial planning and accounting, communication with vendors and customers, marketing, and writing a business plan. When it was done, Olfa was chosen as one of the top three projects and received a loan of 10,000 dinars she used to buy the dress materials

Corinna Robbins/Mercy Corps

reinforce the effective use of cash transfers and savings behavior. Post-program assessments revealed that most recipients reported using their cash initially for food, and then to rebuild their homes or invest in recovering their livelihoods.

Alliances

Since 2008, the Alliances program has successfully operated in Georgia's dairy, meat, and wool market systems. Following a rigorous market systems development approach, Alliances built upon existing agriculture market systems to make large-scale, positive change for poor farming households in the region, particularly in the key areas of food safety and hygiene, animal nutrition, animal breeding, women's economic empowerment, market access, and disaster risk management. Each market was exited once sustainable change has been initiated. Recent successes include a 17% increase in the volume and value of trade for those working in the dairy, meat and wool sectors, impacting 61% of the population, 24% of whom are women. Alliances has also spurred a 300% increase in the number of joint public/private sector agricultural initiatives developed as a result of the program.

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About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



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