THE JOBTECH REVOLUTION

How Mercy Corps is using digital solutions to drive employment for young people

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18 million young people entered the labour force in Sub-Saharan Africa last year, but only three million formal sector jobs were created. By 2030, the number of young people entering the labour force in the region will be 30 million. The MENA region has also witnessed some of the highest global youth unemployment rates over the past few decades, reaching 30 per cent in 2017.

Over the last decade, tech has proven to be one of the biggest disruptors to employment in developed markets. Both positively and negatively. The McKinsey Global Institute estimates that 540 million people worldwide will find work through digital matching platforms by 2025. In Africa alone, over 270 platforms today are connecting young people to local work. We see a breadth of opportunities in the emerging 'jobtech' sector (see image below), with digital solutions connecting young people to jobs, gigs, learning and business opportunities.

Mercy Corps defines jobtech as the integration of technology into products and services by companies and other market actors which enable, facilitate, or improve people's productivity and ability to access and deliver quality work.

PLATFORMS FOR OFFLINE WORK
Jobmatching platforms
Gigmatching platforms
Distributed manufacturing

DIGITIZING MICROENTERPRISES
E-commerce marketplaces
Business management & growth tools
*Logistics & finance

PLATFORMS FOR DIGITALLY-DELIVERED WORK
eLancing & Online Outsourcing
Microwork
Coding

SKILL BUILDING
Testing & credentialing
Technical & professional skill-building

PROFESSIONAL IDENTITY, RIGHTS & PROTECTION
Professional identity | Insurance & social benefits | Representation & collective action

* Adjacent Sectors (Fintech, Agritech, E-logistics) are critically important but not considered jobtech unless jobs outcomes are key business component

As outlined above, there is a huge diversity in jobtech platforms; they vary in terms of objective (connecting youth to work, skills, or other services), level of digitization (the work can be online or offline, and accessed via different channels from USSD to apps), as well as target users.

The potential & the challenges

Rather than being 'employed' or 'unemployed' in a binary form, most young people where Mercy Corps operates earn their living through a 'mixed livelihood' or 'portfolio of work' which includes a combination of informal and formal wage labour, self-employment, agricultural and/or unpaid family work.

With young people juggling so many income streams simultaneously and in-turn consistently looking for work, digital platforms can play a significant role in increasing access to work, learning and business opportunities. 92% of MSMEs in Kenya use at least one social media or messaging app for business use, while over a quarter (and growing) are using platforms built to enhance business opportunities. Research by Caribou Digital found that MSMEs who use more digital platforms were twice as likely to

Jobtech: Friend or Foe?
Critics have derided many jobtech platforms, particularly in Europe and North America, for lowering wages, increasing worker uncertainty, and shifting positions that used to be full-time, well-paid, and with a range of benefits, into low-paid short-term contract work offering none of the above. While the truth is that those formal jobs with benefits never existed at scale in most economies of the global South, and that such platforms, therefore, could offer huge potential for bringing increased access and formality to fragmented and informal work, protests against Uber and other digital logistics companies across the continent have shown that these platforms offer both opportunity and threats to gig work and youth employment on the continent.

report their business as being in good health compared to those using less digital platforms.

More than just connecting young people to opportunity, technology has the potential to break down traditional barriers of access, particularly for women and vulnerable groups, and provide

the foundational infrastructure which otherwise limits access to work or creates friction between the employer and workers. We see particular opportunity around the role of jobtech in enhancing:

- *Access to information*: young people are more easily able to find vacancies (both short-term or long-term), including outside of their immediate geographies, reducing the poverty gap across geographies for young people.
- *Trust*: platforms can build a level of trust between clients and workers or service providers enabling them to transact. Through vetting, reviews of previous work, or established standard operating procedures, platforms can reduce the trust deficit of interacting with 'low skilled' youth workers.
- *Upskilling*: platforms are well-equipped to provide 'transformational skilling' opportunities for young people on the platforms, and often are required to in order to make up for the mismatch between their skills and customer demands.
- *Reduction of entry costs*: platforms can reduce the asset or investment requirements to begin business, either through reducing the need to hold inventory or through leveraging existing or shared infrastructure.
- *Reducing biases*: automated algorithms, while bringing new risks, can also help to overcome hiring biases for certain groups, including women.
- *Connection to financial services*: in addition to controlling payments (thus reducing risks of workers being unpaid), jobtech platforms have the potential to feed into financial services, improve efficiency of managing payments and build worker transaction history. This allows workers and micro-entrepreneurs to access credit to invest, savings towards their business and personal goals, insure against risks and other financial products.

Despite the potential, in most emerging markets, jobtech has *not yet* catalysed a significant number of breakthrough solutions creating employment at scale. Many start-ups have failed entirely or continue to experience limited traction compared to their peers in more developed markets. Others have developed approaches that meet crucial needs but that have little chance of being profitable. Still others have built successful businesses that are reaching a wealthier clientele but have struggled to reach low-income youth or other underserved populations in a commercially sustainable way. The business fundamentals are difficult, and this requires creativity in business models, strong entrepreneurs, and a supportive ecosystem.

But that supportive ecosystem does not currently exist around jobtech. There is little research, learning, or collaboration between different actors in the sector. There are few funders - investors or philanthropic - working in this space, and few identified blended finance solutions. Many incubation and acceleration programs lack deep expertise in the jobtech area. Policies are not set-up to support jobtech in most markets. All of this means that we see few entrepreneurs, start-ups or bigger companies successfully innovating in this area and enhancing access to jobs at scale.

Therefore, Mercy Corps believes that through addressing these systemic challenges in collaboration with other actors in the ecosystem, we can unlock opportunities for millions of young people through jobtech.

Our history with Jobtech

Mercy Corps has worked with jobtech for over a decade, and its approach has significantly evolved in the period. We still build on the best of what we've done, while pushing our approach to achieve greater scale and impact.

We used to just **Build it** ourselves... →	Then we focused on **Supporting it**… →	Now we're increasingly trying to **Enable it**
Mercy Corps has established a number of internally- managed social enterprises in the jobtech space, some of which are still thriving, and some of which failed. MicroMentor is today the world's largest community of entrepreneurs and volunteer business mentors. Gaza Sky Geeks is today the largest platform in Gaza supporting youth to establish tech businesses and learn to become coders and online freelancers. Other enterprises, such as KibaruaNow, a gigmatching platform in Kenya, were less successful.	Mercy Corps has an extensive history of partnering with start-ups and other jobtech solution providers, to catalyse growth, new product development or enhanced scale and impact. Mercy Corps Ventures makes equity or convertible debt investments in early stage jobtech start-ups to kick-off their growth, Through the Youth Impact Labs program in Jordan and Kenya, for example, Mercy Corps provided small grants and technical assistance to 29 jobtech entrepreneurs to test out market-based solutions to generate jobs for low-income youth.	Recognising that we can only invest or support so many jobtech start-ups ourselves, we increasingly recognise the need to take a *systemic approach* in our work with jobtech, identifying the barriers to growth and impact of the sector, and collaborating with different stakeholders to address these constraints. We primarily do this through the JobTech Alliance, a community of start-ups, investors, donors and relevant stakeholders that we established in 2020.

Our Approach

Mercy Corps seeks to enable a thriving and inclusive jobtech ecosystem in collaboration with sector stakeholders, in order to increase the quantity, success, and impact of inclusive jobtech solutions, which we believe will create greater access to opportunities for millions of young people.

Based on our market systems approach, we believe in working with sustainable solutions with a viable business model. Our vision is that jobtech solutions are achieving impact at three levels:

1. *Depth:* Supporting jobtech actors to create products or services that creating meaningful impact in connecting young people to opportunities or enhancing their job prospects
2. *Breadth:* Supporting jobtech actors to grow and reach greater scale
3. *Reach:* Supporting jobtech actors to make their offering more *inclusive* to excluded or vulnerable groups

We believe that, in order to achieve this, we need to work both directly with jobtech solutions, and by working to build the supporting ecosystem. Our ecosystem-building approach is focused on three-levels:

Ecosystem Orchestration

Mercy Corps recognises that ecosystem development cannot be done alone and requires the collaborative action of multiple ecosystem actors to define, steer and champion the ecosystem development efforts and develop a model for system change. To this end, Mercy Corps has established the [JobTech Alliance](#) - a community of leading jobtech actors including start-ups, investors, donors and relevant stakeholders. We have a working group in sub-Saharan Africa of leading social entrepreneurs from the sector, which works to define the sector, analyse its needs, and steer and champion the growth of the ecosystem. We will be setting up a similar group in MENA in late 2021.

Community-Building

Mercy Corps seeks to build transparency in the sector; enhancing the collective knowledge base, visibility, and connective tissue between ecosystem actors. Mercy Corps has conducted extensive [mapping of the sector](#), and seeks to provide ecosystem actors with operational research on a range of topics from the [gig economy](#) to [platform regulation](#).

Ecosystem-Building

Mercy Corps takes a varied approach in each of the markets where it works, identifying the greatest leverage points to achieve the most impact in the jobtech sector. Mercy Corps seeks to strengthen and streamline the work of existing ecosystem actors and catalyze the entry and growth of new ones where market gaps exist. We also seek to do this in a way which bridges typical digital divides, including encouraging expansion into rural areas and fragile contexts. Key intervention areas include:

Funding

Mercy Corps uses a range of funding models to catalyse growth of inclusive jobtech, including grants to start-ups to buy down the risk of new product development or expansion (such as through the [Youth Impact Labs](#) program in Kenya and Jordan), or through investment via equity or convertible debt (through our venture capital arm, [Mercy Corps Ventures](#)). In addition to direct funding, Mercy Corps seeks to change the funding landscape for funders in the sector by supporting matchmaking with investors, funder sensitization, and the development of suitable funding vehicles.

Scale and impact through Ventures Investments
Through [Ventures](#), Mercy Corps has invested equity and convertible debt in early-stage, for profit jobtech solutions in Africa and Latin America (including Lynk, LEVEE, Arifu, Imalipay and Sokowatch), and provided these ventures with targeted post-investment support. These start-ups play critical roles within the jobtech ecosystem ranging from running online platforms that offering job matching and gig opportunities to the youth (Lynk and LEVEE), enabling informal retailers to order products via SMS or mobile app by connecting them to an online platform (Sokowatch), providing digital learning, information and opportunities through an online learning platform (Arifu) and promoting the financial inclusion of gig workers through partnerships with platforms (ImaliPay).

Sustainable investments with Beyond Capital
Mercy Corps in Jordan wanted to encourage local investors to become more aware of the jobtech space, and the program partnered with Venture Capital firm, [Beyond Capital](#), to buy down the risk of their investments into jobtech, in addition to sharing start-up pipeline. Five investments were made, and Beyond Capital catalysed hundreds of thousands of additional dollars of funding through its wider network. Since the end of the initial support, building on their expertise in the sector, Beyond Capital has invested in two other jobtech start-ups.

Technical assistance

Mercy Corps helps start-ups and other jobtech solution providers to develop and refine products to have greater impact. We do this through the provision of in-house or hired expertise based on the partner needs; we've provided bespoke support to partners around market research, product design, user experience, marketing strategies, and software development.

Product innovation with Bayt.com
In Jordan, Mercy Corps had identified that all local job matching platforms were focused on 'white collar' or office jobs - there were no jobtech platforms catering for the large blue collar sector, which tended to be where poorer jobseekers worked. Mercy Corps therefore approached local and regional job matching platforms to gauge interest to work in this sector, and found a leading job matching company, Bayt.com, who demonstrated interest in the data that Mercy Corps presented. Mercy Corps supported Bayt.com to create a new product called [Shagheel](#)*, through market research, product design support, and marketing and launch support. Hundreds of thousands of users signed up and over a thousand jobs were matched in the first year. Shageel is now part of the core suite of Bayt.com products as it expands geographically.*

Facilitating partnerships and collaborations

Mercy Corps' regularly plays the role of the *relationship facilitator* between jobtech actors and different stakeholders in the system, including training providers, government agencies, mobile network operators, employers, or others. Leveraging our neutral stance, capacity to spot alignment opportunities between diverse actors, and experience in partner facilitation from endeavours such as [AgriFin Accelerate](#) (which reaches six million farmers with digital solutions), Mercy Corps works to bring together actors, align objectives, and manage partnership development. Where it's required, Mercy Corps mobilizes members of the JobTech Alliance to work together on key themes like policy, infrastructure, learning and thought leadership.

Partnering with Government in Ethiopia
TThe LI-WAY program has facilitated has facilitated a partnership between the National Job Creation Commission, Mercy Corps and Hahu Jobs, Hahu Jobs, a local job placement platformjob placement

platform to digitize the national job matching platform. Historically, this was all done offline, leading to great inefficiencies, and a difficulty connecting youth in different regions to jobs elsewhere. Mercy Corps facilitated the relationship between these actors, and supported in the development of the product and business model, to ensure a viable and sustainable product. The platform has been embedded in government job centers across 117 districts and facilitates job information exchange, supports job readiness among young people and matches workers to potential jobs. The initiative has so far partnered with more than 200 employers and supported over 11,000 youth across 117 districts to build digital profiles. More recently, the JCC expanded the mandate of the partnership to also handle overseas work placement of Ethiopians seeking job opportunities abroad.

Pilots and innovation stimulation

Given the lack of viable start-up options, Mercy Corps works at many levels to stimulate new jobtech solutions. In addition to the convening of hackathons and ideations, business competitions and challenges across multiple demographics and groups, we identify jobtech gaps and partner with solution providers to test out new ideas through pilots that test the viability of an intervention and build a case to scale.

Product and payment innovations with Celo

Recognising the dual challenges of a lack of suitable distributed microwork apps, and a challenge in low-value cross-border payments, Mercy Corps partnered with Celo (a Cryptocurrency firm), Appen (a microwork company), and others to run a [three-month pilot](#) that tested the viability of engaging urban youth in microwork and having them paid through cryptocurrency payment rails. The pilot showed promising results, with 200 urban-based youth undertaking small tasks on the platform, of whom 98% were engaging in microwork for the first time. Of these participants, 95% reported improvement in quality of life and 80% noting that their ability to save had improved. The goal is for both the microwork start-up to scale, and for the crypto payment model to be replicated by other actors.

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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.