



PATHWAY TO ECONOMIC OPPORTUNITIES

PEOPLE GROW AND SUSTAIN THEIR ASSETS AND INCOME.



The Problem

Fragile markets do not give marginalized groups and those living in poverty sufficient opportunities to prosper. They provide little opportunity for people to buy the things they need, find a decent job, or start a business. Climate and conflict crises have devastating impacts on agriculture and labor markets – the loss of jobs or revenue leads to disempowerment and loss of dignity, which can in turn lead to food insecurity or violence.

Global extreme poverty is rising for the first time in two decades and more than 60% of the world's poor will live in fragile contexts by 2030.¹ In that same time frame, climate change will push an additional 160 million people into poverty² – primarily in fragile contexts where weak market systems and lack of economic opportunities further worsen poverty and instability. Though young people represent the majority of the labor force, millions are jobless or live in poverty, often forcing them to resort to migration or violence. While 80% of today's poor are rural and work predominantly in agriculture,³ tomorrow's poor will become increasingly urban and will work in informal services and manufacturing.

Fragile Markets Cannot Handle Shocks

Markets and the ways they operate contribute to or worsen the effects of conflict and climate change. At the same time, these fragile markets and the actors within them are often the most susceptible to and affected by violence, political instability, or weather extremes. They do not have the needed financial flexibility, connections, or capacities to cope, adapt, or thrive. Unexpected shocks such as conflict or natural disaster result in breakdowns in the supply chain, shortages of essential goods or services, reductions in customer bases, and loss of jobs and income.

Economic Disruptions Harm Women and Youth

These shocks and stresses disproportionately impact those living in or at risk of poverty – many of whom also face inequalities in market access or job opportunities due to gender, identities, ethnic background, or remote locations. In fact, economic shocks are more likely to decrease income and increase the risk of gender-based violence for women and girls than for men and adolescent boys. Unemployed youth who lack economic opportunities face specific threats, such as migration or recruitment into armed groups, and are at greater risk of resorting to violence or other negative coping mechanisms.

¹Poverty and Fragility: Where Will the Poor Live in 2030? Brookings Institute Report 2021

²Fragility and Conflict: On the Front Lines in the Fight against Poverty. World Bank 2021

³UN Report on Sustainable Development Goals 2019.

Objectives

Our pathway to increased economic opportunities envisions a world where **economically marginalized people grow and sustain their assets and income**. This means that:

- › Economically marginalized people become customers, employees, or business leaders
- › Equitable and accessible markets offer products, services, and jobs adapted to include the economically marginalized
- › Individuals, businesses, and market systems become more resilient to conflict and climate-related shocks and stresses



Resilience Approach

Market systems that pivot and adapt to shocks and stresses will, in turn, support the resilience of those who depend on them.

Mercy Corps works through programs, partnership, and influence to help marginalized people protect and grow their assets and income in the face of compounding shocks. Our efforts help meet the immediate needs of affected people and businesses alike, while addressing systemic constraints that lead to inequity, vulnerability, and conflicts can have powerful economic returns and peaceful outcomes.

We aim to prevent the breakdown of markets in times of crisis, and we intervene early to help rebuild the agriculture sector, labor markets, and financial services so that healthy livelihoods can resume. We help make markets more efficient, profitable, and accessible for systematically marginalized groups and those living in poverty. Simultaneously, we strengthen the capacities of individuals, households, and groups to operate effectively within these market systems. The private sector is our partner of choice because inclusive and resilient markets have the potential to provide sustainable economic opportunities at scale over the long term. We work on both the supply and demand sides to strengthen market system performance and address long-standing power imbalances that affect market participation.

This means increasing economic opportunities that enable people to participate in and influence their economies, identifying job opportunities, building necessary skills, and supporting income generation and diversification. Crises disproportionately impact women and girls, so we channel individual cash transfers through women, give special attention to women-owned businesses, and help businesses within the market system more effectively respond to the unique needs of women and girls.

Agriculture and labor markets are at the heart of our resilience approach. We focus on small agri-producers, young people, informal or at-risk workers, people on the move, and those impacted severely by crises in both rural and urban areas, helping ensure they are ready to contribute to and influence their economies. We prioritize increasing access to tailored financial products and services that work for marginalized groups and growing businesses. We ally with government entities to create fair and inclusive environments for businesses. **And by sequencing, layering, and integrating our peace, humanitarian, and development assistance, we help strengthen communities' capacities to cope, adapt, and thrive so they can secure economic opportunities now and in the future.**



COPE: in the midst of crisis

We combine cash transfers to households to meet immediate needs with targeted support to the businesses that households rely on most.

We mobilize quickly to get cash into the hands of those most impacted by crisis so they can meet urgent needs with dignity, continue their economic activities, and protect their income and assets. We also offer critical support to businesses so they can continue to function, offer employment, and provide essential goods and services in the local market. We support economic early warning systems and business continuity planning to minimize the impacts of market disruptions on at-risk households and businesses. We support social protection for workers to maintain and improve work security, and we link those most in need to government-led social safety nets. Through our humanitarian actions, we lay the foundations for longer-term resilience by increasing marginalized populations' access to savings and insurance and supporting businesses' plans for future conflict and climate risks.

ADAPT: to climate and conflict threats

We strengthen the long-term resilience of market systems by spurring innovation, improving regulation, and pursuing climate-smart economic growth. In more stable environments, we help transform markets by supporting businesses to be

more productive, competitive, connected, and informed, and we work alongside local actors in frontier markets to develop, test, and scale innovative products and services. We contribute to improving the regulatory environment with a specific focus on promoting trade, equitable access to markets and jobs, financial services, technology, and protection of the environment – helping communities and businesses alike become climate-smart and more resilient.

THRIVE: today and into the future

We support businesses to become more agile, diversified, and climate-smart, and we help marginalized populations access markets and participate meaningfully in their economy. We help businesses and communities adapt to threats over time, simultaneously balancing the urgency of recovery with preparation for what's next. We support marginalized individuals and groups to advocate with local governments, employers, or other market actors for services and products that meet their needs. We also help them acquire new skills and diversify their income sources so they can fully participate in the economy – both today and in the future. At the same time, we provide tailored support to help individual entrepreneurs and small businesses adapt, become more agile, and build connections to help diversify their supply and customer bases to lessen the impact of future shocks.

Areas of Focus

Mercy Corps has defined five distinctive areas of focus in each of our four outcome areas: water security, food security, economic opportunities, and peace and good governance. These distinctives are not the only programming pathways that we will pursue over the next decade – but we believe these approaches will lead to the greatest impact for the resilient, inclusive communities we work with.

These distinctive focus areas are not just what we will do; they set us apart. Though they may be tailored to the specific contexts in which we work, these unique and innovative areas of focus articulate what people can expect of Mercy Corps and set the programming standards to which we hold ourselves accountable.

Supporting Markets in Crisis

Working on both the supply and demand sides of markets in crisis reduces barriers to recovery for households while contributing to stronger systems that can rebound faster and better. Cash is our method of choice to help people meet their basic needs in times of crisis. We combine cash assistance with targeted support to local businesses, minimizing market disruptions that impact access to essential goods, services, and jobs for crisis-affected populations. We also connect our cash interventions with government-led efforts to develop inclusive social protection systems that offer longer-term support.



GUATEMALA, 2014



MONGOLIA, 2017

Strengthening Financial Ecosystems

A functional, inclusive, and resilient financial system enables individuals, households, and the businesses they rely on to cope, adapt, and thrive. Our proven approaches to market systems development address market constraints that exclude the most marginalized from participation in the economy. We tailor support to the unique needs and priorities of market actors, regardless of their level of financial and organizational maturity. We co-invest in individual entrepreneurs, microenterprises, and small businesses to grow, fill gaps in the market, or increase access to essential goods and services for affected populations. We invest purposefully through our social ventures fund to support more formalized and mature businesses, and we help financial service providers to adapt and provide credit, savings, and insurance products and services for economically at-risk individuals and businesses.

Developing Tech-Enabled Solutions

Technology helps reach remote or marginalized populations, improve the operations of critical businesses, and facilitate the exchange of timely information and transactions. We harness the power of technology to increase the access to, and efficiency and timeliness of critical services and information that enables real-time decision-making on issues that impact people’s lives and livelihoods. Digital agricultural solutions can increase farmer productivity and efficiency, while inclusive digital financial services can help improve or simplify financial transactions for consumers or businesses – making participation in the economy more accessible and generally more affordable. We collaborate with technology companies, financial institutions, and other non-traditional partners to test, adapt, and scale the most promising tech-enabled solutions and cutting-edge technologies.

Driving Green Economic Growth

Combining market systems development approaches with environmental conservation increases incomes and improves development outcomes. We foster opportunities for sustainable and productive economic growth that shifts economic incentives towards climate-smart solutions. We strengthen the climate-resilience capacities of businesses and communities – particularly in the agriculture and

energy sectors – and create opportunities for more efficient use of natural resources and energy consumption. Through innovative partnerships with market actors, we create the next generation of green jobs and equip a future-facing workforce, and we work with donors and governments to support the development of policies, regulations, and financing that will drive green economic growth now and into the future.



Supporting Young People as Drivers of Growth

Today's youth are the agents of sustained peace and the leaders of tomorrow's economy. All young people should have the opportunity to secure their wellbeing, achieve their aspirations, and contribute to transformational change in their households and communities. Whether in technology or agriculture sectors, whether in rural or urban settings, we support

them to acquire new skills and access jobs that are profitable, dignified, and safe. We also facilitate access to financial and non-financial products and services that are responsive to the needs of young people. And we support them in becoming advocates of their own economic wellbeing, regardless of the economic pathways they choose.



A better world is possible. And this is how we get there.
mercycorps.org/pathway