

ECONOMIC RECOVERY AND MARKET SYSTEMS – MAY 2011

SECTOR OVERVIEW

Natural disasters and complex emergencies adversely impact local economies by destroying houses, damaging productive assets, and disrupting transportation and market infrastructure, affecting economic activity at the household, community, and regional levels. To help affected communities resume economic activity and rebuild livelihoods following a disaster, USAID/OFDA supports economic recovery and market systems (ERMS). In Fiscal Year (FY) 2010, USAID/OFDA provided more than \$97 million to support ERMS initiatives in 22 countries. To date in FY 2011, USAID/OFDA provided approximately \$35 million to support ERMS activities in 16 countries throughout Asia, Africa, Latin America and the Caribbean, and the Middle East.

A functional economy is critical for communities to sustainably recover from a disaster; businesses need to re-open, families need to re-establish livelihoods, and banks need to provide financial services. The third pillar of USAID/OFDA's mandate is to reduce the economic impact of disasters. ERMS interventions help target populations restore livelihoods and increase purchasing power, as well as support key market systems to return to normal functioning, at the household, local, and regional levels. USAID/OFDA supported ERMS programming complements people's own efforts to recover from a disaster and helps keep them from having to become reliant on continued humanitarian aid.



A young woman sews a garment in Lobonok, south of Juba. She and another young woman received the sewing machine and other inputs from a USAID/OFDA-supported CHF project. (Laura Meissner, USAID).

PAKISTAN: PROVIDING EMPLOYMENT AND INFRASTRUCTURE REHABILITATION

Following unprecedented flooding in Pakistan in July and August 2010, USAID/OFDA has provided more than \$22.2 million for ERMS programs in Pakistan. With the participation of local officials and community members, USAID/OFDA grantees conducted cash-for-work programs that employed affected individuals to clear flooded land, restore irrigation channels, rehabilitate health facilities, and clean and repair water, sanitation, and hygiene infrastructure damaged by the floods, benefiting up to 1.6 million flood-affected individuals. Post-flood USAID/OFDA ERMS programs targeting vulnerable populations include asset restoration interventions for female-headed micro-enterprises in Swat District, as well as economic recovery interventions for internally displaced persons affected by both conflict and floods.

SUDAN: FACILITATING REINTEGRATION

Thousands of individuals continue to return from northern Sudan to Southern Sudan and the Three Areas of Southern Kordofan, Blue Nile, and Abyei Area, with the number expected to increase leading up to the independence of the Republic of South Sudan in July 2011. To facilitate sustainable returnee reintegration, USAID/OFDA is expanding support to innovative, market-driven programs that match identified needs and market opportunities with the interests and skills of returnees and host communities.

USAID/OFDA-funded projects seek to balance the needs of returnees with those of host community members in order to mitigate potential conflict.

USAID/OFDA grantees American Refugee Committee (ARC) and Catholic Relief Services (CRS) support livelihoods activities through the formation of village savings and loan associations in Upper Nile and Central Equatoria states, facilitating returnee and host communities' access to credit and savings. In addition, ARC and CRS provide training in organizational management, finance, and internal lending practices. To complement business training activities, ARC establishes groups composed of both



A young man carves wood for a bed frame in Lobonok, south of Juba. He and his business partner received start-up inputs from a USAID/OFDA-supported CHF project. (Laura Meissner, USAID).

returnees and host community members, providing a forum in which training on other critical community issues, such as gender-based violence or HIV/AIDS, can take place. In Warrap State, USAID/OFDA grantee GOAL supports the emergence of small to medium enterprises by providing micro-grants to beneficiaries upon the successful completion of training courses in literacy, numeracy, and business.

Several USAID/OFDA programs focus on agricultural livelihoods restoration and risk reduction, due to the predominance of the agricultural sector in the local economy. USAID/OFDA grantee CRS is facilitating access to agricultural inputs through trade fairs, in partnership with local market actors, benefiting approximately 2,000 households. In addition to providing a venue for the exchange of an assortment of tools and locally adapted seeds,

the fairs also function as a forum for basic training in growing practices and the proper use of tools. To better mitigate infrastructure and agricultural damage caused by floods while concurrently establishing a source of income, USAID/OFDA partner Norwegian Refugee Council (NRC) is conducting a pilot program in disaster risk reduction (DRR) by training youth in construction techniques for flood-proofing granaries and homesteads. Half of the targeted beneficiaries of the program are women. To help ensure that beneficiaries have the opportunity to utilize new skills, NRC will also provide toolkits and block-making equipment to the trainees.

EXPLORING THE LINKS: DISASTER RISK REDUCTION AND LIVELIHOODS

Disasters can disrupt traditional livelihoods patterns and damage market infrastructure, such as supply stocks, roads, bridges, and marketplaces, exacerbating local populations' vulnerability. To better understand the linkages between livelihoods and natural and complex disasters, USAID/OFDA has provided more than \$1.1 million to support research at the Feinstein International Center (FIC) at Tufts University. The three-year project, which runs through 2012, uses field-based and desk research to provide technical advice for populations of concern, including those at risk of pandemics, economic upheaval, and conflict. FIC also disseminates research findings to USAID/OFDA grantees and the wider humanitarian community through the publication of case studies and reports, helping to inform ongoing and future humanitarian programming. Case studies include assessments of livelihoods resilience following disasters and complex emergencies in Haiti, Nepal, and Kenya.

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