

Economy and Market Systems

The primary focus of economic recovery activities is to support the rehabilitation of livelihoods and facilitate the resumption of economic activity among disaster-affected populations.

Following disasters, USAID/OFDA seeks to support activities designed to jumpstart economic activity at three levels:

1. Household: activities targeting beneficiaries at the individual or household level include vouchers, cash grants, and cash for work (CFW).
2. Community: activities include community grants and rehabilitation of market infrastructure, such as marketplaces and roads.
3. Regional: activities target region-wide market infrastructure, transport routes, marketplaces, and value chains, among others.

The immediate objectives of economic recovery activities include one or more of the following:

1. Restoration of productive assets
2. Increase in individuals' purchasing power
3. Support for the resumption of market activity

MARKET-BASED INTERVENTIONS VS. SUPPLY-SIDE DISTRIBUTION

USAID/OFDA encourages partners to incorporate market-oriented activities in relief, preparedness, and mitigation programs. Market-based interventions use local markets to supply needed goods and distribute economic benefit far beyond the direct beneficiary population. In situations with access constraints and limited potential for price distortions, USAID/OFDA encourages partners to use local markets to supply needed goods. When commodities are not available locally (an availability constraint), supply-sided distributions are justifiable.

ESTABLISHMENT OF CFW WAGE

USAID/OFDA encourages partners implementing CFW programs to establish wages just below the area's prevailing daily wage for the type of work being done. The creation of a wage slightly below the area's minimum reduces potential disruptions to the labor market.

MICRO-CREDIT

On average, micro-credit programs require 18 months to have an impact. Under response programs, USAID/OFDA cannot fund programs running longer than 12 months. As a result, micro-credit activities will only be considered for funding under special circumstances.

For questions, comments, issues, or ideas related to the Economy and Market Systems sector, contact:

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WEBSITE RESOURCES

For more information, please refer to the Economy and Market Systems section:

http://www.usaid.gov/our_work/humanitarian_assistance/disaster_assistance/resources/pdf/OFDA_Guidelines_Unsolicited_Proposals_Reporting.pdf