

## USAID/OFDA ECONOMIC RECOVERY AND MARKET SYSTEMS SECTOR UPDATE – OCTOBER 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's Office of U.S. Foreign Disaster Assistance (USAID/OFDA) supports economic recovery and market systems (ERMS). In Fiscal Year (FY) 2011, USAID/OFDA provided more than \$71 million to support ERMS activities in 22 countries throughout Asia, Africa, Latin America and the Caribbean, and the Middle East, as well as regional ERMS activities in West Africa and Southern Africa.

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 strengthen key market systems and help populations restore livelihoods and increase purchasing power at the household, local, and regional levels. USAID/OFDA-supported ERMS programs complement people's own efforts to recover from a disaster and help keep them from having to become reliant on continued humanitarian aid.

### HORN OF AFRICA: MARKET-BASED RESPONSE TO DROUGHT AND FAMINE

The Horn of Africa is experiencing the worst drought in 60 years, with more than 13.3 million people in urgent need of humanitarian assistance in Djibouti, Ethiopia, Kenya, and Somalia, as of October 2011. Drought conditions have depleted water sources, pasture, and animal fodder, diminishing the livelihoods and assets of pastoralists. In response, USAID/OFDA is utilizing market-based activities to diversify and strengthen livelihoods, helping drought-affected individuals meet their immediate needs.

In FY 2011, USAID/OFDA provided more than \$19 million for ERMS programs throughout the Horn of Africa, supporting a range of activities to improve and sustain livelihoods—including training for farmers to increase their crop yields and the provision of vouchers to enable vulnerable communities to sell livestock before body conditions deteriorate significantly. USAID/OFDA is also prioritizing the use of cash and voucher programs to stimulate market demand and increase food access, as well as cash-for-work programs, which create a temporary source of much needed income for families and increase resilience to future droughts by supporting the rehabilitation of important community infrastructure, such as water catchments, roads, river embankments, and canals.



*An ethnic Somali woman leads her camels to water at a well rehabilitated with USAID/OFDA support in Isiolo County, Kenya. (Laura Meissner, USAID).*

### PAKISTAN: PROVIDING EMPLOYMENT AND INFRASTRUCTURE REHABILITATION

Following unprecedented flooding in July and August 2010, USAID/OFDA provided more than \$22.2 million for ERMS programs in Pakistan. With the participation of local officials and community members,

USAID/OFDA grantees implemented 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**

With the Independence of the Republic of South Sudan in July 2011, thousands of individuals returned from northern Sudan to Southern Sudan and the Three Areas of Southern Kordofan, Blue Nile, and Abyei Area. To facilitate sustainable returnee reintegration, USAID/OFDA is supporting innovative, market-



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

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. 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. In partnership with local market actors, USAID/OFDA grantee CRS is facilitating access to agricultural inputs and training through trade fairs, benefiting approximately 2,000 households. 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.

## **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, provides technical advice for populations of concern, including those at risk of pandemics, economic upheaval, and conflict. FIC also disseminates research findings to the wider humanitarian community through the publication of case studies and reports, helping to inform ongoing and future humanitarian programs. Case studies include assessments of livelihoods resilience following disasters and complex emergencies in Haiti, Nepal, and Kenya.

## **USAID/OFDA CONTACT**

Laura Meissner, ERMS Advisor, [lmeissner@usaid.gov](mailto:lmeissner@usaid.gov)