

FISCAL YEAR (FY) 2018

ECONOMIC RECOVERY AND MARKET SYSTEMS SECTOR UPDATE



Internally displaced Burmese women practice tailoring skills learned in a USAID/OFDA-supported vocational training session. *Photo by Solidarités International.*

Strengthening Livelihoods in Burma and Bangladesh

Intercommunal violence and ongoing conflict between armed groups and Government of Burma security forces in Burma's Kachin, Rakhine, and northern Shan states continue to result in population displacement and generate humanitarian needs. An estimated 234,900 people remained displaced within the three states as of August 2018, while approximately 921,000 people have fled Burma for Bangladesh and are sheltering in the country's Cox's Bazar District. In addition to sustaining persistent conflict, Rakhine and Cox's Bazar are prone to natural disasters, including seasonal flooding, which often damage market-related infrastructure and limit income-generating opportunities.

With USAID/OFDA support, the International Organization for Migration is strengthening livelihoods opportunities for vulnerable communities in Rakhine through cash-for-work (CFW) programs that support the rehabilitation of market systems and infrastructure. The UN agency is also bolstering disaster risk reduction activities and enhancing social cohesion through small unconditional grants to displaced and host communities in Cox's Bazar. Other USAID/OFDA partners are conducting trainings on market-based skills to support income-generating activities, providing cash grants to stimulate economic activity, and assessing labor markets to design interventions responsive to market dynamics. In FY 2018, USAID/OFDA provided more than \$2 million to support ERMS activities in Burma and Bangladesh.

USAID/OFDA ERMS Activities

FY 2018 FUNDING

Standalone Global and Regional ERMS Programs	\$560,428
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ERMS Interventions Worldwide	\$63,614,253
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\$64,174,681¹

Sector Overview

Natural disasters and conflicts adversely affect local economies by destroying homes and businesses, damaging assets, and disrupting transportation and markets. To help communities resume economic activity and rebuild livelihoods, USAID's Office of U.S. Foreign Disaster Assistance (USAID/OFDA) supports economic recovery and market systems (ERMS) activities in disaster-affected communities, as well as ERMS interventions that help communities build resilience and prepare for disasters. Reducing the social and economic impact of disasters is the third pillar of USAID/OFDA's mandate.

ERMS interventions strengthen key market systems, help populations restore livelihoods, and increase purchasing power at the household, local, and regional levels. USAID/OFDA-supported ERMS programs complement individual and community recovery efforts following a disaster, helping households and communities regain economic independence.

¹ USAID/OFDA FY 2018 ERMS sector funding supported activities in 32 countries throughout Africa, Asia, Europe, Latin America, and the Middle East.

Restoring Economic Activity for Conflict-Affected Populations in Iraq

Widespread insecurity—primarily due to conflict in areas of central and northern Iraq previously occupied by the Islamic State of Iraq and Syria (ISIS)—has generated significant population displacement and heightened humanitarian needs. In July 2017, Government of Iraq forces and allied military actors recaptured ISIS-held areas of Iraq, leading to stabilized security conditions and facilitating returns to areas of origin. As of September 30, nearly 1.9 million Iraqis remained displaced, while approximately 4 million people had returned to their homes, according to the UN.

Restoring livelihoods, market systems, and trade flows remains a priority to support ongoing returns after four years of intense conflict. In response, USAID/OFDA partners are working to bolster economic activity and expand the delivery of basic services, including providing financial education and business skills training to conflict-affected populations; conducting market assessments to identify key sectors for restoration; and supporting CFW activities to complete necessary repairs, maintenance, and rehabilitation of key infrastructure damaged by conflict. With nearly \$9.4 million in FY 2018 funding, USAID/OFDA supported seven partners to conduct ERMS interventions in Iraq.

Supporting Economic Recovery and Resilience in Somalia

Persistent food insecurity, widespread violence, recurrent drought conditions, and seasonal flooding continue to disrupt the livelihoods of vulnerable populations in Somalia. Successive seasons of below-average rainfall in 2016 and 2017 decreased local communities' income levels and purchasing power, leading to negative coping mechanisms, including selling productive assets. While favorable seasonal rainfall in early 2018 improved humanitarian conditions, households continue to recover from several years of drought, according to the UN.

To increase income-generating opportunities for drought-affected households and meet the immediate needs of vulnerable populations, USAID/OFDA partners are providing market skills and vocational trainings, conducting market assessments to identify communal assets to be rehabilitated, and improving community infrastructure through short-term employment. In FY 2018, one non-governmental organization (NGO) partner provided training, business equipment and supplies, and cash transfers to help communities restart livelihoods that had been disrupted by natural and man-made crises, or to learn new skills and start new small business activities. Overall, USAID/OFDA contributed nearly \$6.4 million in FY 2018 to seven NGOs conducting ERMS interventions in Somalia.

Global ERMS Programming

In addition to country-level and regional ERMS programming, USAID/OFDA funds multiple global initiatives to strengthen economic recovery capacity and knowledge throughout the humanitarian community. Among others, these include:

Markets in Crises: Through the International Rescue Committee (IRC), USAID/OFDA continued to support the Markets in Crises community of practice in FY 2018 with prior year funding. The IRC promoted market-sensitive crisis response and preparedness through the development of frameworks that facilitate better collection and use of market information, as well as production and translation of e-learning modules. More information is available at <http://www.emma-toolkit.org> and <http://www.seepnetwork.org/markets-in-crisis>.

Minimum Economic Recovery Standards: USAID/OFDA provided support to Sphere companion standards in FY 2018 with prior year support to the Small Enterprise Evaluation Project (SEEP) Network—a group of humanitarian and development actors focused on promoting market and enterprise development.¹ USAID/OFDA support helps promote the use of the standards through technical support, training, institutional mainstreaming, and field testing.

¹ The Sphere Project was launched in 1997 by the International Committee of the Red Cross, UN, NGOs, and donors to develop a set of universal minimum standards for humanitarian assistance and thereby improve the quality of assistance provided to disaster-affected persons and to enhance the accountability of humanitarian agencies.

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USAID/OFDA information products are available at: <http://www.usaid.gov/what-we-do/working-crises-and-conflict/responding-times-crisis>