How Can Markets Improve Resilience?

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COVID-19 provides a global use case for market systems resilience, but why does that matter?

- Markets are a means to allocate resources to solve problems
- How do market systems benefit households?
  - Income
  - Food Security
  - Availability of goods and services
  - AND....

Processing farmer payments. Credit: Mudasirr Govule
Access to a functioning market is positively associated with households’ scores on the Social Connectedness Index, as well as all dimensions.

**SC INDEX**

**Improvements** in market functionality associated with **improvements** in households’ scores on the Index, Number, Diversity, Reliability, Reciprocity, and Resources dimensions.

Nearly 80% of respondents report that there is a market in their community in both rounds of data collection.

Source: Mercy Corps and Tufts University
Effects of COVID-19

- 113 million people could face acute food insecurity and crisis levels of hunger in the 46 countries FEWSNET tracks
- 100 million additional people will descend into poverty, food insecurity, and chronic hunger
- 20 million formal jobs are at risk in Africa alone
- Women are disproportionately affected
Numerous business challenges

- Supply and cash flow disruptions
- Price shifts
- Labor over or under abundance
- Policy responses slowing cross-border trade
- Steep demand declines with unpredictable recovery
- Liquidity matters

Source: TechnoServe
Hope and opportunity?

- Now is the time for behavior change with an eye to recovery AND the next shock
- Businesses are adapting
- E-commerce and digital payments help
- Findings in Honduras show increased resilience is driven by certain characteristics
  - More confidence from those able to find new buyers
  - Nearly 20 percent of businesses surveyed are changing their models to sell online
  - New patterns of supply chain distribution
Market systems programs were designed for this!

- Leverage those facilitative relationships with market actors
- Accelerate adaptive management
- Continue to consider the system, collective action, and impacts for the long-term

Tele-vet services. Credit: Sanjoy Chandra Bhattacherjee for ACDI/VOCA