Urban Messiness: Income generation in cities

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OUTLINE

• History of M4P
• Why urban and why now?
• 3 key lessons
  1. Different focus for impact
  2. Different mechanisms for impact
  3. Different tools for implementation
• Conclusions
History of M4P

- Market Systems Development was born out of finance and agriculture since the mid-1980s
Why Urban & Why Now?

- As populations have grown, land has become saturated, and people have migrated from rural to urban areas, urban poverty has once again attained prominence in the eyes of donors.
- Estimated that by 2030 all developing regions will have more people living in urban areas than rural areas.
- The share of poverty in the developing world that is located in urban areas has jumped from 17% to 28% in the past 10 years.
- Urban poverty poses unique challenges, as well as opportunities.
Group Work 1: 15 mi

A) Is the implementation of MSD income generation programs the same in rural and urban contexts?

B) What are the differences? What are the challenges in urban contexts?

C) What did your program or organisation do to address the challenges of urban contexts? (please provide concrete examples)
LESSON 1: Different focus for impact (1)

- Rural income-generation programming
  - Thin markets
  - Limited number of market players
  - Small number of income-generation activities
  - Complexity of sectors limited

- Urban employment programming
  - Dense markets
  - Vast number of market actors
  - Great variety of income-generation activities
LESSON 1: Different focus for impact (2)

- Focus on cross-cutting sectors
  - Labour market systems (demand, supply, intermediation)
  - Low-skilled labour market systems
  - Informal norms/rules
  - Micro-enterprises (formal & informal)
  - Growth (job creating sectors)
Examples from the field

- Working in informal labour markets
  - Enabling youth to participate in the “gig” economy

- Working in micro-entrepreneurship
  - Strengthening micro-entrepreneurs’ access to finance
Group Work 2: 15 min

A) What impacts diagnosis and interventions in urban contexts? (provide examples)? What are some key considerations?
LESSON 2: Different complex social structure and incentives

- Complexity in social interactions & behaviour (focus on the bottom half of the “donut”) as a key determinant of income generation
  - How people find out about job
  - How employers hire job-seekers
  - How labour market information is disseminated
  - How people access credits
  - How people obtain skills

- Urban areas are complex and heterogeneous: greater ethnic, national and religious variations, as well as greater inequality in wealth and power

- Social structures create constraints to income generation: we need to understand these constraints

- Understand people’s behaviours and incentives in addressing these constraints
Examples from the field

- **Job preferences**
  - Job preferences of women in Lebanon
  - Job preferences of youth in Liberia & Ethiopia

- **Hiring practices**
  - Hiring practices of Lebanese business owners
  - Fostering the creation of job-intermediation markets

- **Working on informal rules & norms**
  - Enhancing employment opportunities for marginalised youth (lack of social network; prejudice), e.g. refugee population in Lebanon & Jordan
Group Work 3: 15 min

A) What are some important strategies for both diagnosis intervention where the urban context provides opportunities for different approaches than a rural context? (Provide examples)
What is our strategy for diagnosis and intervention?

- **Diagnosis:**
  - Targeting hidden populations: women, youth, refugees

- **Examples from the field:**
  - Gathering at places where you know women will be present
  - Engage youth: Youth-led labour market assessments
  - Work in sectors critical for all groups in urban spaces such as solid waste management & recycling
LESSON 3: Different tools for implementation (2)

What is our strategy for diagnosis and intervention?

- **Intervention:**
  - Unique opportunity in testing what works and what doesn’t

- **Examples from the field**
  - A/B on job intermediation (employment rates; job ads posted; new businesses using the services)
  - A/B on willingness to pay for childcare and resulting labour market participation
Conclusions

- Urban contexts are complex and dynamic
- Requires solid understanding of the informal rules and norms governing people in urban areas
  - What are their constraints in accessing income generating opportunities
  - How do they navigate these constraints; how do informal rules & norms affect people’s behaviours in addressing these constraints; what are their incentives (financial and non-financial) in addressing these constraints
  - Capitalise on informal rules and norms (work within them) or challenge /overcome them
- Opportunities for different approaches for diagnosis & intervention
Thank you and questions?

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