



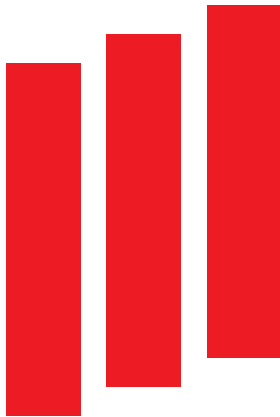
WOMEN'S  
REFUGEE  
COMMISSION



# Building Livelihoods

A Field Manual for Practitioners  
in Humanitarian Settings

WOMEN'S REFUGEE COMMISSION



The Women's Refugee Commission advocates vigorously for laws, policies and programs to improve the lives and protect the rights of refugee and internally displaced women, children and young people—bringing about lasting, measurable change. The Women's Refugee Commission is affiliated with and is legally part of the International Rescue Committee (IRC), a non-profit 501(c)(3) organization, and does not receive direct financial support from the IRC.

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ISBN: 1-58030-080-079-0

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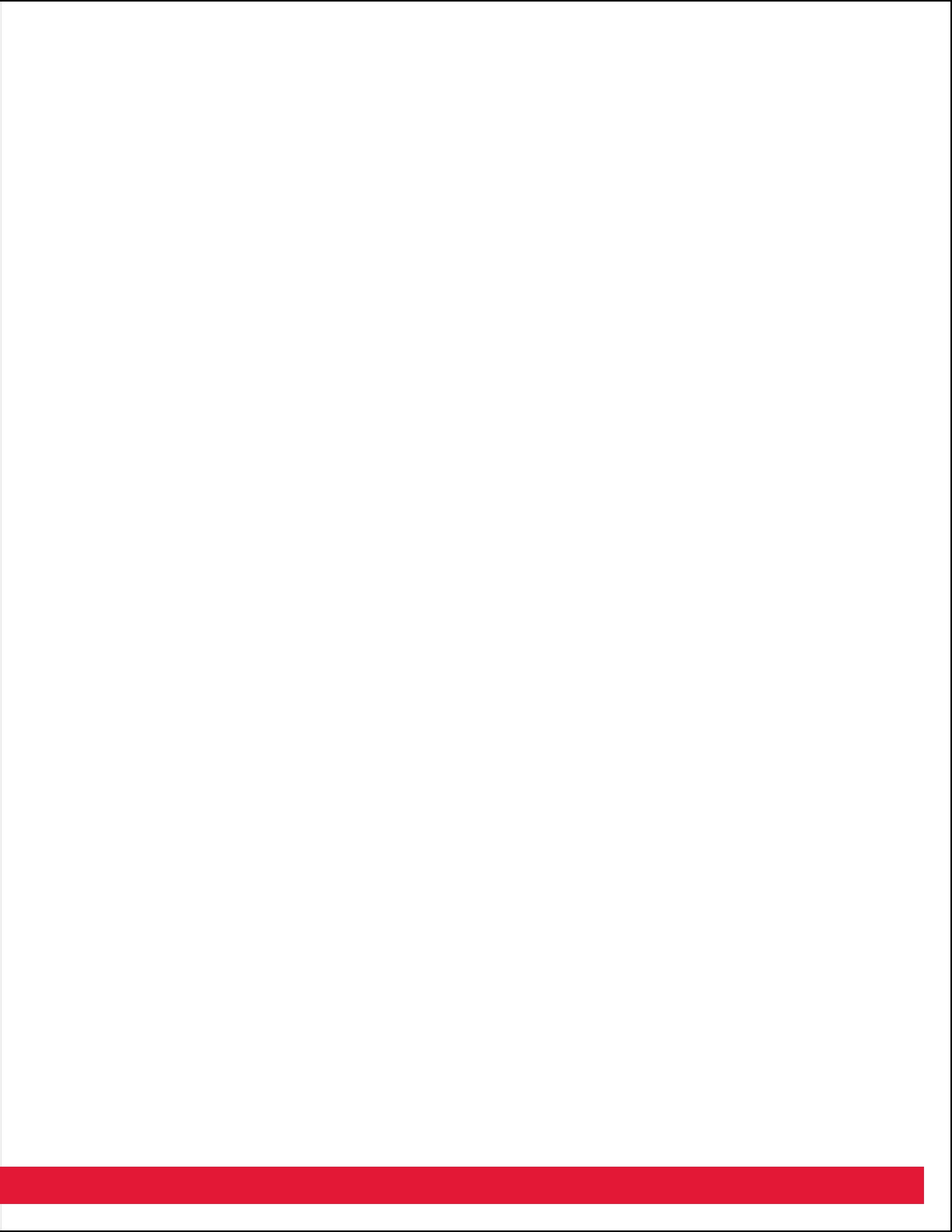
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Front cover: A Bhutanese refugee woman sells vegetables to other refugees in the camp in Nepal, illustrating what is possible in a closed camp. © Lauren Heller

Back cover: Displaced Chadian women collect small fish in a pool in the waddi near Dogdore, Chad.

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# Introduction

Too often, livelihood programs serving refugees, internally displaced persons (IDPs) and those returning to post-conflict countries and regions are poorly designed and inappropriate for the context, and seldom lead to sustainable employment and income-generating activities. Though their intentions are good, program developers and managers struggle against enormous odds to do the best they can in very difficult working environments, often under immense time pressures and with too few resources. Information and tools on how to select and design appropriate livelihood programs are seldom available in usable formats with clear guidance. And yet, everyone, from local community-based organizations to international nongovernmental organizations to policy makers and donors, wants to support, fund and implement more effective programs to support the self-reliance of the displaced. As the length of displacement continues to extend for many populations, now averaging 17 years for the majority of refugees, it is essential that we get it right and design these programs better.

This field manual has been developed to provide practitioners with usable information and helpful tools so that they can design and implement more effective livelihood programs—programs that are based on market demand and are contextually appropriate; programs that build on the existing skills and experience within the target population; and programs that enhance the dignity and options for the displaced.

In this era of growing food and economic insecurity, it is imperative that we begin to rethink the role of humanitarian assistance and shift away from handouts and enforced dependency. Humanitarian assistance must be about restoring lives, supporting families and rebuilding communities. It must be about restoring dignity. It must be about creating opportunities and preparing the displaced for their future lives in their countries and regions of origin, or wherever they may find a long-term living solution.

This publication by the Women's Refugee Commission is based on two-and-a-half years of research and 10 field assessments covering all contexts of displacement: refugee, IDP and returnee situations, in camp settings, as well as in rural and urban areas. It is informed by several pilot projects that were funded from one to three years in places such as the refugee camps on the Thai-Burma border; with women at-risk of gender-based violence who have returned to Burundi; and in the slums of Bogotá, Colombia, home to a large displaced population. The field manual has been reviewed and contributed to by experts from the NGO practitioner, UN and academic communities, including those who participated in a three-day intensive workshop at the Rockefeller Foundation's conference center in Bellagio, Italy. This field manual does not provide all the answers, nor does it provide models that can be simply replicated from one context to another. Instead, it provides guidance, ideas, tools and suggestions to assist practitioners and program managers in making strategic choices about their livelihood interventions so that programs can be appropriately designed and have greater impact.

This field manual was produced to assist practitioners who desire to strengthen their skills and enhance their knowledge in order to do better livelihoods and economic recovery programming. The Women's Refugee Commission hopes that the manual helps members of the humanitarian community succeed in our endeavor to do better—the displaced deserve no less.

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# Conceptual Framework

## INTRODUCTION

Humanitarian aid has historically focused on emergency relief.<sup>1</sup> This has translated into programs that focus on “addressing the immediate needs of displaced persons, such as food, water, shelter and health care.”<sup>2</sup> As a result, aid to displaced populations has focused on short-term assistance, with the expectation that resettlement or return would occur in the near future. However, today, a person uprooted by conflict will remain displaced for an average of 17 years. Therefore, assistance to displaced populations must emphasize the provision of skills, training and economic opportunities leading to *self-reliance* in order for displaced people to regain or develop new livelihoods and rebuild their lives.

A livelihood, as defined by Robert Chambers and Gordon Conway, “comprises the capabilities, assets (including both material and social resources) and activities required for a means of living.”<sup>3</sup> The livelihood strategies that displaced households develop to secure a means of living depend on how they can strategically utilize their livelihood assets; respond to the vulnerabilities they face in the unstable context in which they live; and the policies, institutions and processes that have an effect on their lives and livelihoods. The livelihood outcomes that households achieve with their strategies are a result of all these factors—their assets, their vulnerabilities and the policies, institutions and processes that either enhance or restrict their livelihood options.

Conflict can have a profound and long-term negative impact on livelihoods. Those who are displaced by conflict are forced to adopt new strategies to provide for themselves and their households. While already vulnerable due to displacement, new livelihood strategies can increase the risk of violence, abuse and exploitation against displaced people. Women and young people are particularly vulnerable in these settings. Recurring armed conflict, along with sexual and domestic violence, the sickness or death of family members or loss of employment, can quickly collapse women's income generation activities and severely deplete their assets. Women often have no safety net; they usually flee with few resources and little preparation and, at times, become separated from or lose family members. A lack of access to economic opportunity while displaced forces many women and girls to resort to harmful measures to survive. These may include working as commercial sex workers, putting themselves at risk of rape, violence and abuse through the collection of firewood in unsafe areas or trading sex for food to compensate for the often inadequate humanitarian aid provided.

Access to safe, dignified livelihoods mitigates the risk of exploitation and abuse. Programs supporting the livelihood opportunities of displaced people should seek to increase participants' self-sufficiency through improved access to resources and economic opportunities that help them sustain a dignified means of living. To do this effectively, programs must be designed to meet the specific needs of the target community. Far too often, organizations running livelihood interventions apply program models without taking into consideration the local context, the specific dynamics of a particular displaced community, the particular needs of the targeted program participants, the dynamics of the market system within which they operate, the impact of conflict on the community, or the desired

outcomes and expectations of both the community and individual participants for livelihood interventions. As a result, livelihood programs often do not successfully increase participants' incomes or their ability to become more self-sufficient. Participants in these programs are left with little choice but to continue to resort to negative, and often unsafe, coping strategies to support themselves. Dependence upon humanitarian assistance, coupled with the frustration of not being able to safely provide for their unmet needs, leads to a profound waste of human capacity and potential for displaced people, many of whom possess valuable skills and experience. Designing livelihood interventions that promote greater self-reliance not only improves the lives of participants themselves, but can also alleviate the burdens often placed on host countries and humanitarian aid organizations to support them, of particular concern as funding to support protracted displaced populations decreases over time.<sup>4</sup>

The Women's Refugee Commission developed this field manual with the goal of providing practitioners with tools, guidance, lessons learned and promising practices collected through extensive field and desk research from settings of displacement across the globe. Equipped with these context-specific tools, practitioners will be able to improve the quality of livelihood interventions and increase the extent to which they can protect and empower the displaced.

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## HOW TO USE THIS FIELD MANUAL

This field manual was designed to aid practitioners in selecting the appropriate livelihoods intervention for their target community. This Conceptual Framework outlines the steps necessary to design livelihood interventions that will promote participants' economic independence. The tools and approaches referred to in this chapter are provided in greater depth at the end of this field manual in the Tools and Approaches section, and are meant to accompany the recommended steps provided in each of the intervention chapters.

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## LIVELIHOOD INTERVENTIONS

The livelihood interventions covered in this field manual include:

- Training and Placement Programs
- Cash- and Food-for-Work
- Building In-camp Economies
- Agrarian Interventions
- Microfinance
- Enterprise Development

Practitioners should first follow the guidance of the Conceptual Framework, which frames the need for the various tools and approaches found in the Tools and Approaches section at the end of this field manual. Second, once a particular intervention has been selected, practitioners should follow the various steps in the intervention chapter that will take them from the initial planning stage through the program evaluation phase. All of the intervention chapters have the same outline and structure, and include:

- **Essential Elements.** This section describes the essential elements the particular intervention must have to succeed.
- **Preliminary Steps.** This section describes the various analyses, assessments and approaches needed to determine whether the intervention is best suited to the target community. The Preliminary Steps section works in tandem with the suggested steps in this Conceptual Framework. The Tools provided at the end of the field manual are designed to be used along with the steps suggested in the Preliminary Steps section for each intervention.
- **Design.** The Design section in each intervention chapter provides guidance, or a “blueprint,” on the steps needed to develop a particular livelihoods program.
- **Implementation.** The Implementation section promotes ongoing monitoring while undertaking program activities to assess whether the program design and activities are achieving project objectives. The section also offers guidance to deal with challenges and to plan exit strategies. Monitoring is addressed in the Tools section at the end of the field manual.
- **Evaluation.** The Evaluation section is designed to measure program impact and success. Program evaluation is addressed in the Tools section at the end of the field manual.

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## NON-INTERVENTION GUIDANCE

This field manual also provides guidance to improve the effectiveness of new or existing livelihood interventions in the following chapters:

- **Working with Host Governments.** This chapter provides guidance for practitioners and advocates to enable refugees and internally displaced persons (IDPs) to access employment and

income generation activities. It cites the relevant international and regional legal conventions that ensure the right to work; the right to freedom of movement; and the right to fair treatment, fair wages and suitable working conditions. The chapter also addresses how to identify barriers to employment for the displaced; the role of the UN High Commissioner for Refugees (UNHCR) in the displacement context; the host state's obligations to international legal instruments; the government's laws, policies and practices; relevant stakeholders; market demand; and the local development and economic recovery context that will strengthen the argument for permitting the displaced community to develop livelihoods.

- **Public-Private Partnerships.** This chapter will help practitioners develop partnerships with the private sector or the public/government sector in order to harness additional expertise and resources, and take advantage of expanded opportunities to strengthen livelihoods programming.
- **Remittances.** This chapter addresses the ways in which practitioners can enable the displaced community to leverage the remittances they receive to build their livelihoods and reduce their economic insecurity.

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## TOOLS

Guidance provided in the Tools and Approaches section at the end of this field manual includes tools, approaches and additional resources for analysis and assessment that will enable practitioners to develop and improve their livelihood interventions. The Tools follow the steps in this Conceptual Framework and should accompany the recommended steps in the corresponding livelihoods intervention chapters. The tools and approaches are:

- Situation Analysis

- » Conflict Analysis
- » Participatory Needs Assessment
- » Participatory Rural Appraisal
- Market Assessment
  - » Value Chain Analysis
  - » Labor Market Assessment
- Organizational Capacity Assessment
- Monitoring and Evaluation

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## STEP 1: UNDERSTANDING THE CONTEXT

The key to designing successful livelihood interventions is to conduct diagnostic assessments relevant to the particular intervention to better understand the needs, priorities, resources, conflict dynamics, vulnerabilities and socioeconomics of a particular community or target group. Once an understanding of the context is gained, practitioners can strategically design interventions that either support existing livelihood strategies or create new income generation opportunities for displaced participants.

### Livelihoods Analysis

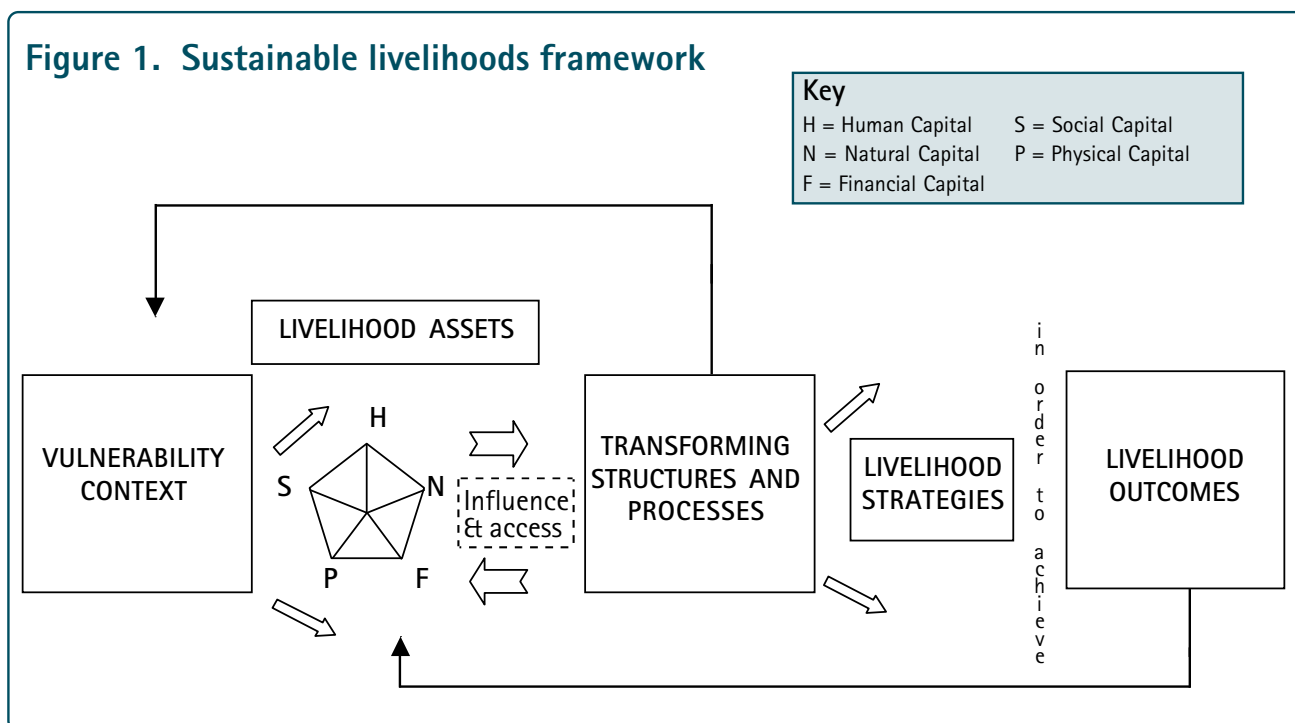
When determining ways in which interventions can support the livelihoods of a target community, it is important to consider all the factors that affect a person's livelihood and the relationship between those factors.<sup>5</sup>

### The UK Department for International Development (DFID) Sustainable Livelihoods Framework

The DFID Sustainable Livelihoods Framework was developed in the late 1990s as the sustainable liveli-

hoods movement grew out of the famine and food security movement prominent in development circles in 1980s.<sup>6</sup> The UN Development Programme (UNDP), Oxfam Great Britain, CARE and other agencies were some of the first agencies to focus on the connection between famine, food security and sustainable livelihoods as methods for poverty reduction.<sup>7</sup> Following their lead, DFID invested heavily in research initiatives that supported the development of the Sustainable Livelihoods Framework.<sup>8</sup> The framework was developed to guide thinking about the way livelihood systems function and their sustainability over time. Using the framework, practitioners can assess the livelihood strategies employed at the individual or household level and take into consideration all of the factors that may impact those strategies and how those impact livelihood outcomes. Practitioners using this framework to conduct a livelihoods analysis should look to identify appropriate entry points for support of livelihoods in the framework cycle, and design interventions accordingly.<sup>9</sup>

Figure: DFID Sustainable Livelihoods Framework<sup>10</sup>



By assessing a household’s resources, or *assets*, practitioners gain a better understanding of what resources their targeted participants have to draw from as well as which resources they are lacking. DFID defines assets as human, social, financial, natural and physical capital.<sup>11</sup> The framework encourages weighing the effect the five assets have on livelihood strategies, including assets that cannot be given monetary value.

DFID’s framework encourages practitioners to consider how the five assets can be affected by shocks, trends and seasonality, which comprise the *vulnerability context*.

**Shocks.** It is often difficult to plan for shocks as they, by definition, do not happen consistently. Natural disasters and conflict are two of the most common shocks to affect displaced populations.<sup>12</sup>

**Trends.** Trends can have either a positive or negative effect on livelihoods and involve changes that take place over a longer period of time than is the case with changes brought by shocks or seasonality. These can include: *population trends* that put an increasing demand on resources; *resource trends*, such as soil erosion or deforestation; *economic trends*, such as inflation or the development of new markets; *trends in governance/politics*, such as a lift on employment restrictions; or *technological trends*, including more efficient production techniques.<sup>13</sup>

**Seasonality.** Seasonality refers to seasonal changes, such as those affecting livelihoods, production, agricultural practices, harvest times, fair weather work, employment opportunities, climate and health.<sup>14</sup>

The DFID Sustainable Livelihoods Framework also recognizes that there are factors at the cultural, societal and institutional level that will impact the livelihood of an individual or household. Laws, policies, cultural practices and governmental institutions can all shape the way in which people support themselves. For example, a poor household in rural, less populated settings may have less access to private sector industries, thus limiting its livelihood options. A member of a marginalized group or community may have less knowledge about her legal rights and less access to resources, and therefore less access to safe livelihoods. For this reason, it is very important to consider the policies, institutions and practices affecting the livelihoods of a targeted participant, particularly when they present barriers to livelihood opportunities.

Once the various factors are considered, a practitioner can gain a deeper appreciation for why individuals or households cope the way they do, and better understand how the outcome of their livelihoods strategy has impacted their lives. For example, if the livelihoods outcome of a certain strategy has not increased its economic security, will a household continue to have the same assets or resources, or will it slowly deplete them? A practitioner can then begin to think about which component of the framework cycle would be best supported by an intervention: building assets, promoting policy change, reducing vulnerability, and so on.

#### The Lautze and Raven-Roberts Livelihoods Framework

The Women's Refugee Commission recommends using the Lautze and Raven-Roberts livelihoods framework for contexts of displacement.<sup>15</sup> This framework, referred to as "a livelihoods model adapted for violent CHEs" (complex humanitarian emergencies), is similar to the DFID Sustainable Livelihoods Framework, but has been adapted to reflect the dynamics of a conflict-affected setting in which vulnerability is not a separate factor to consider but rather figures prominently in every aspect of the livelihoods strategy of a displaced person. In addition, this framework takes into account the highly changeable role of each component in a livelihoods strategy during conflict.



Figure: Framework: A Livelihoods Model Adapted for Violent CHEs<sup>16</sup>

As the framework above illustrates, an asset in a peaceful setting could actually become a liability when conflict arises. For example, households that owned cattle in preconflict Darfur were once considered to be “asset rich,” as cattle provided income, food, social status and protection. Today in Darfur, however, access to markets has been completely disrupted by conflict, and households can no longer sell the cattle or its products for profit. Further, households may be targeted for violence and theft precisely because they own cattle. As a result of conflict, what was once considered an asset may now be a liability for households.

Similarly, influence on and access to processes, institutions and policies undergo changes in conflict-affected settings, particularly for the displaced. Processes can include local conventions, power dynamics and cultural practices, often impacting the livelihood opportunities of the displaced. Influence on and access to institutions in the public sector, private sector (including markets) and civil

society also affect displaced people’s livelihoods. Policies affect the livelihoods of the displaced as well. For example, issues such as the legal right to work, access to markets, and freedom of movement greatly affect the ways in which the displaced provide for themselves and their families. Enabling policies are key to successful livelihoods. Livelihood-enabling policies depend upon a refugee’s or IDP’s legal status within the country or region of displacement, respect for the principle of *non-refoulement* (which prohibits forcibly returning a refugee to a territory where s/he may face persecution), issuance of work permits and the freedom to move outside of camp settings. Without such supportive policies, opportunities to develop sustainable livelihoods are severely restricted. Practitioners must identify which processes, institutions and policies impact the livelihoods of their targeted participants and develop interventions or advocacy initiatives to address them, if necessary. (See *the Working with Host Governments chapter*.)

The Lautze and Raven-Roberts framework also makes a distinction between livelihood goals and livelihood outcomes in conflict-affected settings. One may have a livelihoods goal in mind, such as protection against vulnerability; however, the goal may not be met in the outcome of the livelihoods strategy. For example, if an individual engages in a dangerous livelihoods strategy upon displacement, with the goal of increasing his/her standard of living, but ultimately increases his/her exposure to abuse and exploitation, the goal (increasing assets) and outcome (increased vulnerability) are distinct. Both livelihood goals and outcomes impact the individual or household's assets, vulnerabilities and ability to influence and access processes, institutions and policies (the feedback factor). The cyclical nature of the factors within the framework are important to consider when looking at long-term, sustainable livelihood strategies.

### Situation Analysis

As an initial step, practitioners must understand the context in which they are working and the factors that impact the community and surrounding region. A situation analysis

is the process of assessing a complex situation within its wider context, systematically gathering information, identifying the main problems and needs within a refugee population, identifying the principal resources contained within that population, and analysing the information gathered in order to facilitate the process of planning in a systematic, strategic and integrated manner.<sup>17</sup>

Key stakeholders must be consulted in a situation analysis, including host government ministries, UNHCR and other UN agencies, humanitarian aid organizations and nongovernmental organizations (NGOs), and community groups and leaders. It is critical to conduct a situation analysis that involves

the participation of targeted participants in order to triangulate information collected on the trends, available services, resources, barriers and needs of a displaced population. Practitioners should gather information through site visits, the collection of population profiles and data from existing secondary sources, and interviews and inter-agency coordination meetings. Practitioners should identify changes in the local economic context, such as larger development initiatives that may exist in the region with which they can harmonize new or existing livelihood interventions.

### Conflict Analysis

In conflict-affected and post-conflict settings, practitioners must incorporate a conflict analysis as part of their situation analysis in order to understand the ways in which conflict impacts the security and livelihood strategies of targeted program participants, and implications for planning longer-term, sustainable livelihood programs. A conflict analysis will provide greater understanding of the vulnerabilities and risks participants face due to the conflict, and will help inform the selection of an appropriate livelihoods intervention. Constant threats of violence or further displacement hinder long-term livelihoods security and pose challenges to attaining funding and/or investment for livelihood initiatives in the region. However, if done properly, creating appropriate economic opportunities can help stabilize conflict-affected communities and promote sustainable economic recovery. In order to achieve this, it is important to take into consideration relations with the surrounding host community when conducting a conflict analysis, as creating economic opportunities for displaced populations while not providing the same opportunities for those in the local community can strain relations and lead to increased levels of insecurity within the region. To mitigate tensions and facilitate peaceful coexistence, practitioners should seek to

design livelihood projects that create opportunities for the targeted displaced population while also benefiting the surrounding community.

### Participatory Assessments

Assessing the local context and the role of conflict in a region is not sufficient to gain an understanding of the livelihood needs of targeted program participants. In order for a livelihoods intervention to be successful, practitioners must take into account the livelihood priorities voiced by the targeted participants themselves and understand their current economic coping strategies. Practitioners must engage targeted participants and their communities from the very beginning of a project cycle, framing the project to meet their stated priorities. Further, the expectations of potential participants and the community must be clear. Practitioners must inform targeted individuals and groups about opportunities available to them. Sound programs will reflect the participation of the displaced community in selecting and designing interventions, as well as in the selection of outcomes by which to measure program success. Failure to include potential participants in program planning can lead to undesired outcomes, unintended consequences and, worse, a breakdown in trust between participants and aid providers.

As part of the participatory assessment process, practitioners must seek to identify and understand the ways in which targeted participants are currently coping to fulfill their needs. Questions to be answered include: How are they meeting their nutritional, economic, education, protection and health needs? What are the successful strategies targeted participants have developed to meet these needs? What are the most common livelihood strategies of the displaced community? What are the unique livelihood strategies of women and young people? What negative coping strategies are

being employed because more positive options are unavailable or inaccessible? What members of the community are the most vulnerable and therefore most likely to adopt harmful coping strategies? Finally, what needs continue to be unmet?

Understanding how targeted program participants are currently coping gives practitioners some initial evidence as to the available resources and the motivations and needs of displaced people. The process of identifying coping strategies will also highlight some of the constraints, market dynamics and social, cultural, ethnic and religious practices that shape the target community.

There are several recommended techniques for conducting participatory assessments. One of the most popular techniques, participatory rural appraisal, recommends using methods such as observation, interviews with community members, discussion groups, workshops and even games in which community members prioritize their needs, resources and livelihood objectives. Regardless of the approach used, participatory assessments aim to engage the target population in program design, implementation and monitoring and evaluation, and ensure that programs meet expressed needs and are based on local knowledge and experience.

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## STEP 2: SELECTING AN INTERVENTION

### Market Analysis

Once a practitioner understands the impact of conflict, current coping strategies, constraints, motivations, needs, vulnerabilities and resources available to targeted participants, it is important to think proactively about what type of intervention would best meet their livelihood needs. Livelihood

interventions should provide increased economic opportunity and increased access to resources. In order to achieve this, practitioners must base all interventions on market information and seek market linkages while being mindful of the constraints identified by the situation analysis and conflict analysis. The “market” depends upon the context. For some contexts, this can mean preparing participants for entrance into markets back in their countries of origin following return, or to Western markets, if they are likely to be resettled. For others it can mean supporting and growing the in-camp economy in refugee or IDP camps. It might also mean training participants to work for local private sector companies or linking target groups to existing microfinance institutions. It could mean starting small-scale savings-led activities that help participants save to mitigate shocks, trends or seasonal constraints. The intervention should depend on available market demand, the local context and labor supply needs. The market analysis process involves conducting: 1) a market assessment; 2) value chain analysis (discussed below); and 3) a labor market assessment.

### Supply and Demand Assessments

Practitioners should design programs that reflect market demand so that displaced participants’ livelihoods will be viable. In order to do this, practitioners must first conduct market assessments to understand the market dynamics in a targeted area. Questions to include in a market assessment are: What priority goods and services are available? Which goods are bought most often? How has conflict affected the availability and the purchase of these goods? Where do people buy goods? How many buyers are there in a market compared to sellers? Are wholesalers and traders able to respond to an increase in demand for their goods? What are the government policies and restrictions that affect the market economy? What is the rate of inflation?

These questions and others must be answered to ensure that livelihood interventions respond adequately to market demand.

Understanding how the private sector has responded to shocks in the market in areas of displacement allows practitioners to design interventions that foster and support naturally occurring enterprise development. It is imperative that livelihood interventions do not dictate or compete with the enterprise development efforts of the community.<sup>18</sup> Programs should be designed to support and build the capacity of local enterprises. Successful interventions have linked struggling local enterprises to business and technical consultants, in addition to providing direct assistance to bolster productivity and growth. This type of intervention can enable local enterprises to deliver the services needed by the community rather than depend on aid organizations.

Further, programs must look at barriers to market access. Assessing the barriers that prevent a population from accessing a market is imperative to the success of an intervention. For example, pastoralists with limited access to markets may not be able to buy sufficient livestock and feed to support themselves. In order for practitioners to effectively address this access issue, they must consider road conditions, storage capacity, locations of village and regional markets, market prices, terms of trade and geographical areas of conflict. Practitioners can then identify which barriers are the most important to overcome. They may decide in this example to focus on road repair and constructing grain storage facilities rather than administering direct aid to the pastoralists.<sup>19</sup>

Finally, market analysis allows practitioners to identify emerging markets that show potential for future economic growth. Many vocational training interventions saturate already-restricted markets

with a surplus of tailors or carpenters due to a lack of understanding of supply and demand. By identifying new and growing markets that will require an increased supply of labor or production in the near future, practitioners can create pathways for participants to long-term self-sustainability. This may include identifying new private sector initiatives, such as the opening of a factory or processing plant that will need to hire skilled employees. It may also require further investigation into new trends in the informal economy. Identifying thriving entrepreneurial endeavors, such as mobile phone charging stands or motorbike taxi services, can also help practitioners design interventions that are truly market driven.

Choosing an appropriate livelihoods intervention should also be done with the supply dynamics of the target community in mind. This can mean designing programs that reflect labor market needs and opportunities to prepare participants to find work in their current location or preparing them to participate in the labor market upon resettlement or return. In Guinea, for example, refugee relief practitioners recognized Liberia's strong need for teachers in the post-conflict rebuilding process. To address this demand, they designed a program that trained and certified Liberian refugees in Guinea as teachers. Through linkages forged with the Liberian government, many of these teachers were placed in teaching positions upon return.<sup>20</sup>

Understanding the supply dynamics can also prevent agencies from implementing programs that might cause harmful market distortion. For example, emergency cash aid distributions and cash-for-work initiatives can cause inflation if administered without regard to a market's ability to absorb an infusion of cash.<sup>21</sup>

### Value Chain Analysis

Value chains “encompass the full range of activities and services required to bring a product or service from its conception to sale in its final markets—whether local, national, regional or global.”<sup>22</sup> A value chain analysis is a business management tool used to assess how products gain value as they pass through all the range of activities necessary to bring a product to market. Practitioners should conduct a value chain analysis when seeking to improve the enterprises of targeted participants, assisting them with adding value to their products, or to identify entry points in the market for potential entrepreneurs or employees. Mapping the value chain will help create a systemic approach to livelihoods program design, improve the potential of businesses, clarify market actors and help define relationships between suppliers, producers and customers. It further enables practitioners to identify the most appropriate livelihoods intervention along the value chain as well as the needed support services, such as technological development, technical assistance, skills training, marketing or access to financial services.

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## STEP 3: INSTITUTIONAL AND ORGANIZATIONAL CAPACITY ASSESSMENT

An institutional or organizational assessment must be conducted in order to fully understand all of the resources a practitioner can draw from to implement a livelihoods intervention. Such assessments will determine whether the organization has the staff, experience, knowledge, expertise and resources to design and implement the type of livelihoods intervention deemed most appropriate. An assessment of the potential implementing organization's strengths is necessary to make an informed and responsible decision as to whether a

particular type of livelihoods intervention might be best initiated by another organization with more appropriate expertise. It is critical not to duplicate or establish parallel services where other providers exist and are serving similar target groups. This is particularly relevant when looking at interventions that require more technical expertise, such as microfinance.

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#### STEP 4: PLANNING TO MONITOR AND EVALUATE OUTCOMES

Monitoring and evaluating livelihoods program outcomes provide important learning opportunities for the implementing organization, its participants and the wider humanitarian community serving conflict-affected populations. Livelihood programs for the displaced should be monitored and evaluated not for economic results alone, but for their effectiveness in supporting the practical needs and strategic priorities of their participants. Impact assessments of livelihood programs should be designed both to “prove impact” as well as to “improve practice.”<sup>23</sup>

A flexible monitoring and evaluation methodology should be built into the design of a livelihoods program from the beginning. Monitoring is an important part of program evaluation, and may reveal unintended consequences of the program during the implementation phase. Ongoing monitoring will help practitioners change the course of the project if it becomes clear that certain activities are undermining the project objectives.

Evaluations should seek to evaluate the program's impacts on self-reliance, poverty reduction, sustainable livelihood strategies, protection against exploitation and abuse, and gender equality, as well as on

organizational and developmental sustainability. Program information management and impact assessment methodologies span different quantitative, qualitative and participatory approaches, and vary greatly according to the nature of organizational leadership, commitments and funding constraints.

Unexpected impacts should be reflected in impact assessment indicators, such as the rate and nature of violence against women or young people. Indicators based upon objectives established and reviewed during the participatory program planning, implementing and monitoring processes should be a combination of the objectives of the implementing organization and those of the participants. If external evaluators are hired to conduct impact assessments, indicators chosen based upon their own criteria without consultation of program participants are unlikely to correspond with participants' objectives. Nonparticipatory evaluation designs may capture what works from the organization's perspective, but are unlikely to capture participants' perspectives on what works and what does not work.

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#### PROMOTING EQUAL ACCESS FOR WOMEN

Women are particularly vulnerable to abuse and exploitation when displaced and are made further vulnerable by their lack of economic security. It is important to take into account the change in gender roles and socioeconomic status that often occurs during displacement.<sup>24</sup> This shift can cause tension between men and women, as many women become the household's primary breadwinner. It is imperative to implement livelihood programs that specifically benefit women, while at the same time involving men. From inception, livelihood interventions should anticipate the differing impact

upon the lives and relationships of women, girls, boys and men.

Participation in a livelihoods program can challenge or reinforce existing social and economic inequalities through unexpected positive or negative consequences. Simply targeting women does not guarantee that they will enjoy increased decision-making power over financial resources, nor does it address their social and economic marginalization. Programs that take steps to address constraints and inequalities that women face in their relationships, roles and responsibilities are more likely to succeed in supporting them to achieve their livelihood goals.

In conflict-affected environments, the responsibilities of women to feed, clothe and care for children, older people and those who are ill and have disabilities are compounded by new or heightened pressures to generate income. Time-use studies have shown that women's unpaid and paid work—burdens in the household, the market and the community—make for long and exhausting days. Extensive time devoted to caring for dependent members of their household prevent many women from pursuing educational or training opportunities, or engaging in much-needed leisure activities. When increases in economic productivity are not balanced with reduced household workloads, the consequences can include exhaustion and deteriorating health. Livelihood interventions must not add to the frequently overwhelming burden of labor many women shoulder, but instead should accommodate their needs. Programs should be designed to foster women's participation by providing child care, supplying piece-rate income generation projects women can complete at home or scheduling meeting times that are convenient so as not to deter women from participating.

## CONCLUSION

The frameworks and tools presented here, used appropriately, can guide and shape economic program selection, design and implementation, thereby enhancing program effectiveness and impact. More effective programs result in the creation of needed skills, real employment opportunities and sustainable income generation for program participants. The responsibility of program managers is to ensure they are choosing, designing and implementing the best programs possible, as the participating refugees, internally displaced persons and returnees deserve no less.

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# Working with Host Governments

## INTRODUCTION

Livelihood interventions are a key protection tool for refugees and internally displaced persons (IDPs), as they contribute to their social, emotional and economic well-being, their long-term food security and their ability to protect themselves against shocks and vulnerability. Recognizing the need for livelihoods development is vital to a transformation in the way the international community thinks about humanitarian assistance. There must be a conceptual shift from dependence on humanitarian aid to self-reliance, which not only reduces vulnerability for displaced people in protracted situations, but also strengthens their ability to rebuild their lives and communities in the long term.

There is often a contradiction between host government policy restrictions that ban refugees from working and the international legal framework that asserts the right to work for displaced people to work. This occurs even in displacement contexts where host governments have ratified such treaties. There are a number of international conventions that call for the right to work, fair treatment and freedom of movement of all individuals, including refugees. For displaced people, the inability to seek or engage in livelihoods can lead to impoverishment, negative coping strategies and work in the informal sector, where there are no regulations in place for pay, work hours and conditions and no safety standards. Paradoxically, while states may have treaty-based obligations, they have ultimate control over their national laws and practices. The principle of state sovereignty enables states to govern all inhabitants within their territory, as they deem appropriate.

A displaced person's pursuit of livelihoods is affected at the global, national and local level by many factors and may differ according to the displacement situation—whether in refugee or internal displacement contexts; whether in camps or settlements, or in rural or urban settings; and whether displacement is short term or protracted. Further, the political, economic and social stability of the host country and the socio-historical relationship the national population has to the displaced group(s) may play a role in allowing or restricting Livelihood interventions.

Host government policies allowing displaced people to work can contribute to economic development and durable solutions:

- Displaced people often have the skills, experience and motivation to provide goods and services that can **meet labor market needs and contribute to the economic and infrastructure development of host communities.**
- Permitting refugees to work and gain skills will increase the likelihood that their eventual **repatriation will be successful due to their enhanced economic self-reliance.**
- The strength of livelihoods development during periods of displacement may help to **avoid the recurrence of displacement** following repatriation.

Nonetheless, it is important to recognize the reality of host country contexts. Many host countries are plagued by poverty, political instability, scarce natural resources, weak economies, high levels of unemployment or social unrest and human rights violations. As a result, refugees and internally displaced people can be seen as a burden. In order to effectively promote access to livelihoods in such contexts, advocacy must be 1) sensitive to the scarcity of resources and 2) cognizant of opportunities in local, regional and national markets, and the

industry, production and service areas that displaced populations can fill.

This chapter is meant for nongovernmental organization (NGO), community-based organization (CBO) and UN agency practitioners and/or advocates working in the field. It suggests that understanding the legal and practical claims for displaced people's right to make a living can bolster advocacy arguments, which can be used to promote better economic security for the displaced, host communities and host countries as a whole. This chapter provides detailed steps for assessing the host state's environment for refugees and IDPs, which can help practitioners and advocates inform and develop advocacy strategies for promoting the full realization of rights.

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## IDENTIFYING STAKEHOLDERS

The promotion of displaced people's livelihoods requires developing alliances and identifying policies, laws, regulations and norms that affect the income generation opportunities for the targeted population. To formulate an advocacy platform, it is important to analyze the context and propose ways in which restrictive policies can be revised to suit both the needs of the targeted displaced population(s) and the actors governing them, including the government and international agencies. The following list identifies some stakeholder groups and their interests:

- **Host government:** national security; economic development; reduced burden on community resources and the environment; social stability; relations with sending countries from which the refugees come; relations with donors; and repatriation and resettlement.

- **Local population:** security; reduced burden on community resources and the environment; social stability; and local economic development.
- **Displaced groups:** protection; access to humanitarian assistance; civil and economic rights; self-reliance; durable solutions (voluntary repatriation, local integration or resettlement); and their commitments to the outcome in their homeland.
- **UN High Commissioner for Refugees (UNHCR):** protection and promotion of the rights of refugees and other persons of concern; optimum use of funds and resources; durable solutions: voluntary repatriation, local integration or resettlement; post-conflict reconstruction; and commitments to and dependence on donors.
- **Aid agencies/NGOs:** protection and the rights of displaced people; better use of funds; post-conflict reconstruction; and commitments to and dependence on donors.
- **Donors:** better use of relief funds; repatriation; protection of refugees; post-conflict reconstruction; regional security; and economic interests.
- **Private sector:** profit; labor force; growth and development; and expanding existing markets.

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## GLOBAL, NATIONAL AND LOCAL DYNAMICS

At the global level, the rights of refugees and all individuals—including IDPs—are articulated by international laws, treaties, customs and practices. However, while ideal in concept, international treaties are seldom easily implemented. There is no international body that enforces treaty obligations; moreover, the United Nations and many humanitarian agencies have a mandate for neutrality

based upon the sovereignty of states, so cannot enforce adherence to treaties and customary international law.<sup>1</sup> Advocacy at the local, national and global level is the only means by which to promote adherence.

At the national level, host government policies determine the outcomes for displaced people, whether in protracted or temporary displacement contexts. States may enforce:

- whether displaced people self-settle, are organized in camps or settlements, or can integrate into the local host communities;
- whether the displaced have freedom of movement;
- whether they receive fair and equal treatment;
- whether they are granted the right to work.

Restrictive regulations or practices are often based on host governments' concerns regarding security and scarcity of resources. Displaced groups are often perceived to threaten or cause the imbalance of economic, social, cultural, environmental, political and inter-state stability. Poverty and high levels of unemployment can lead to hostility and xenophobia, with negative perceptions that outside groups will drain local resources. In protracted refugee situations, restrictive host government policies may reflect negative sentiment within the host community that refugees are burdensome.<sup>2</sup> In contexts where there are large inflows of displaced people and/or concerns about the strain on host communities, refugee and IDP camps are established to reduce or cut off interaction with displaced groups while international relief agencies provide for their protection and assistance needs until durable solutions are reached.<sup>3</sup>

## CASE STUDY

**Refugee Dependence and Economic Insecurity in Kenya<sup>4</sup>**

Kenya has a history of refugee-receptive policies, permitting the integration of many refugee groups into Kenyan society. In the early 1990s, the number of refugee arrivals—primarily from Somalia and Sudan, with smaller numbers from Ethiopia—increased dramatically, causing the Kenyan government to seek support from UNHCR. Kenya's policy shifted from permitting integration to requiring that refugees live in camps. In 2001, estimates showed that 33 percent of Ethiopian refugees, 65 percent of Somalis and 100 percent of Sudanese were residing in camps, demonstrating that large numbers of Ethiopian and Somali refugees live outside of camps. Those outside the camps “are still restricted in their movements, but they are dispersed amongst the local population and participate informally in the economy,” out of sight of the Kenyan authorities.<sup>5</sup> Refugees in the camps cannot leave without a permit and their livelihood opportunities are very limited within the camps.

Refugees in Kenya who live in the host community generally do so because of social networks or economic resources. Somali refugees, “who share a common ethnicity, language, religion, and history of trade routes with those Kenyans who live near the Somalia border, have been more successful at integrating.”<sup>6</sup> Many Ethiopian refugees in Kenya have some financial resources and are from urban areas, and use their refugee status with the intent to resettle rather than to receive humanitarian aid. Sudanese, however, are primarily from rural areas and have few social networks within the diaspora, and they did not have much interaction with Kenya prior to displacement.

Kenya has no incentive to integrate refugee groups, as the Kenyan government has expressed its lack of need for foreign labor and it receives international assistance for the care of refugees. The livelihood prospects for Somali and Sudanese refugees are very few, which for those outside of the camps means acute poverty, unpredictable and unregulated work and/or reliance on negative coping strategies. Those in camp settings are almost entirely reliant on humanitarian aid.

Advocacy efforts can help to highlight that displaced populations can make important contributions to the local economy. Displaced groups clearly demonstrate their willingness and preference for engaging in productive livelihoods and providing goods and services to their community. Not permitting displaced groups to work can also enforce simplistic negative notions in host countries about refugees' dependence and drain on local resources. Policy shifts that enable refugees and IDPs to seek livelihoods can benefit the host community's economic development and reduce the displaced population's dependence on aid. Advocacy efforts must focus on ways to compel host governments to harmonize their national laws and policies with their international treaty obligations.

**At the local level**, the situation in the host community is particularly important because it most directly affects the livelihoods of displaced people, "including the response of the local authorities, local security, economic problems, and the attitudes of the local population."<sup>7</sup> Consequently, policies and responses by the national government may or may not be implemented as directed at the local level, which may either aid or prevent displaced groups from attaining livelihoods.

When refugees and IDPs are settled in camps—often in rural areas and/or close to insecure borders—access to land and natural resources becomes one of the crucial elements of relations between local and displaced communities. As such, the scarcity of land, paired with border security issues, often lead to serious tensions and potential conflicts between the two groups. On the other hand, when camps are located in regions away from insecure borders, and where land is abundant, relations between the host and displaced communities may be less tense. Further, it is often the case that local infrastructure is built to support displace-

ment settings and local demand stimulates markets, benefiting host communities in the long term and potentially reducing resentment.

As a large share of refugee-hosting countries are already experiencing economic strain, host communities are primarily concerned with being able to simply maintain their inadequate standard of living. Tensions between host and displaced populations are fundamentally centered around competition over livelihood opportunities. In cases, for example, where infrastructure is being constructed to address the needs of the displaced community, practitioners should ensure that both displaced and host community workers are employed in development work. Drawing upon local knowledge and providing jobs for locals should alleviate tension and the perception that displaced people are merely burdensome on the local area.

In areas affected by conflict or in post-conflict recovery, it is important to ensure conflict-sensitive programming to promote social cohesion between the local and displaced populations.

## CASE STUDY

**Local Development in Western Tanzania<sup>8</sup>**

Initially, the vast influx of refugees from Rwanda, Burundi and the Democratic Republic of Congo into Tanzania in 1993 represented a great challenge and a burden to the national and local economies, also affecting the food security and natural resources of Tanzanian agricultural refugee-hosting regions. According to Professor Beth Elise Whitaker, expert in refugee and security issues in Africa, in response to the “negative consequences of the refugee situation for local infrastructure and development resources, international and local NGOs initiated development projects for host communities in water, health, education, natural resources, and infrastructure.”<sup>9</sup> Whitaker notes, “Implementing NGOs usually provided materials which were not available locally, and hired refugee laborers to complete construction. Schools were provided with teaching/learning materials, health workers were trained, and dispensaries were given equipment and drugs.”<sup>10</sup> Consequently, local host communities gained access to refugee health facilities, NGO-equipped schools, and newly built roads and transportation infrastructure: “Throughout western Tanzania, more than 50 primary schools and 20 dispensaries were rehabilitated, 4 district hospitals expanded, 120 water systems were improved or installed, a community center was constructed, and several teacher resource centers were built.”<sup>11</sup>

The subsequent relief and development programs in western Tanzania have, in fact, encouraged investment and opened up an inaccessible and forgotten part of the country. Host communities increased cultivation and production by using refugee labor and at times loaning their land to refugee farmers, ultimately doubling the size of host farmers' cultivated lands and their production yields. Overall, “the situation created both positive and negative opportunities for local hosts. Many Tanzanians took advantage of these opportunities and benefited substantially from the presence of refugees and international relief organizations.”<sup>12</sup>

## IDENTIFYING THE RIGHT TO LIVELIHOODS FOR THE DISPLACED

It is extremely important to distinguish between restrictive and exploitative practices that result from the lack of a policy framework that provides for a refugee's right to work. While some states do allow the formal and informal economic activity of refugees, a large number of states have restrictive policies that local law enforcement officials use either to justify restricting the displaced from working or permit the economic exploitation of refugees. States that do not meet their legal obligations to permit refugees the right to work or ensure proper working conditions often result in displaced groups working in the informal sector without standards of protection. Restrictions in Bulgaria, for example, leave asylum seekers "no choice but to enter the informal economy where abuse, exploitation, fragile circumstances and potentially dangerous and illegal work characterise the unregulated environment."<sup>13</sup> In Thailand, many refugees engage in illegal work outside the camps in unskilled industry sectors, where locals describe the undesirable jobs as "the three Ds": disgusting, dirty and dangerous."<sup>14</sup> It is important that advocacy efforts promote not just the right to work, but also the international rights-based framework for fair treatment and sound working conditions.

For displaced people, the inability to attain livelihoods can lead to impoverishment, malnutrition and vulnerability, often resulting in negative coping strategies for survival. Strategies may include selling needed personal and household items or food rations, the illegal collection of firewood and engaging in transactional or survival sex for basic needs. Exploitative relationships involving sexual favors in order to receive food or meet basic needs

"is a function of poverty and an absence of alternative income generating and attractive livelihood strategies."<sup>15</sup> It is fundamental to address insecurity that results from informal work and/or negative coping strategies.

Host governments may have local and national policies in place that promote economic development and employment opportunities for the host population and may not permit displaced people to work. There are also international treaties that call for the right to work specifically for refugees, and other treaties that are inclusive of all groups, including IDPs. Legal instruments also articulate rights to fair treatment and suitable working conditions, as well as freedom of movement, which are all critical to displaced people seeking livelihoods.

### A. THE RIGHT TO WORK

A number of international legal instruments call for the right to work for IDPs and refugees. These include the 1951 *Convention Relating to the Status of Refugees* (Convention) and the 1967 *Protocol Relating to the Status of Refugees* (Protocol), as well as regional instruments, such as the *Organization of African Unity Convention on the Specific Aspects of Refugee Problems in Africa* of 1969 (OAU Convention) and the *Cartagena Declaration on Refugees* of 1984 (Cartagena Declaration).

All states, as members of the international community, have obligations to certain standards under international human rights law. Where states are not party to the 1951 Convention or 1967 Protocol, international human rights instruments provide protections for all individuals, including the displaced. Widely recognized legal instruments include the 1948 *Universal Declaration of Human Rights* (UDHR); the 1966 *International Covenant*



on *Economic, Social and Cultural Rights* (ICESCR); the 1966 *Covenant on Civil and Political Rights* (ICCPR); and the 1979 *Convention on the Elimination of All Forms of Discrimination against Women* (CEDAW). These instruments can be used as a basis for a legal claim that displaced people have the right to work.

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## B. FAIR TREATMENT, FAIR WAGES AND SUITABLE WORKING CONDITIONS

The International Labour Organization's (ILO)<sup>16</sup> 1944 *Declaration of Philadelphia* stipulates: "All human beings, irrespective of race, creed or sex, have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity."<sup>17</sup> The ILO is the United Nations agency whose mandate is to set international labor standards and promote internationally recognized labor rights, though it must be noted that despite its efforts, enforcement mechanisms cannot always ensure they are respected. In spite of international labor standards, and where employment restrictions for the displaced exist in host countries, displaced people often work in the informal sector where they are not protected by local or national regulations for pay, working hours, safe working conditions and other measures. Efforts to advocate on behalf of the displaced can both promote the inclusion of the displaced in the formal sector where rights are recognized, while also urging states to align their national and local policies with their international obligations.

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## C. FREEDOM OF MOVEMENT

Freedom of movement is also a fundamental right for refugees and IDPs seeking livelihood opportunities. Fear can restrict freedom of movement and the pursuit of employment, sometimes impacting women and girls "who do not have individual documentation certifying their status" and who may "be at risk of arbitrary arrest, including at military or police checkpoints, and/or subject to extortion, harassment and SGBV [sexual and gender-based violence] before being allowed to pass or may be deported."<sup>18</sup> It is important for policy to distinguish between refugees and undocumented economic migrants so that refugees without documentation are not targeted for detention or deportation, the latter of which would violate the principle of *non-refoulement*—the forcible return of a refugee to a territory where s/he may face persecution.

In camp settings, restrictions on movement can reduce opportunities to generate income and increase vulnerability. UNHCR reports: "In many countries, refugees and internally displaced persons are confined to camps or settlements which may be located in isolated and insecure areas, such as border regions. ... Displaced women and girls who do manage" to gain employment in order "to support themselves or their families are at higher risk of exploitation, non-payment of wages, and SGBV, as employers know they are working illegally."<sup>19</sup> While refugee-receiving countries may have legitimate concerns about security and resources, states are obliged to enforce working conditions that will circumvent exploitation and insecurity. Freedom of movement should apply not only to refugees under the 1951 Convention, but also to IDPs under international human rights law. Dialogue with host governments should push for the right to freedom of movement so that displaced groups are not isolated and solely dependent on humanitarian aid or negative coping strategies.

## THE INTERNATIONAL LEGAL AND NORMATIVE FRAMEWORK APPLICABLE TO REFUGEES

### RIGHT TO WORK

The international legal framework that calls for refugees' right to work includes:

#### **The Convention Relating to the Status of Refugees (Convention) (1951)<sup>20</sup>**

Article 17.1: The Contracting State shall accord to refugees lawfully staying in their territory the most favourable treatment accorded to nationals of a foreign country in the same circumstances, as regards the right to engage in wage-earning employment.

Article 17.3: The Contracting States shall give sympathetic consideration to assimilating the rights of all refugees with regard to wage-earning employment to those of nationals.

#### **The Protocol Relating to the Status of Refugees (Protocol) (1967)<sup>21</sup>**

Article 1.1: The States Parties to the present Protocol undertake to apply articles 2 to 34 inclusive of the Convention to refugees as hereinafter defined.

International conventions that call for the right to work for all individuals, including refugees:

#### **The Universal Declaration of Human Rights (UDHR) (1948)<sup>22</sup>**

Article 23.1: Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.

#### **The International Covenant on Economic, Social and Cultural Rights (ICESCR) (1966)<sup>23</sup>**

Article 6.1: The States Parties to the present Covenant recognize the right to work, which includes the right of everyone to the opportunity to gain his living by work which he freely chooses or accepts, and will take appropriate steps to safeguard this right.

#### **The Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) (1979)<sup>24</sup>**

Article 11.1: States Parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality...the right to work...the right to the same employment opportunities...the right to free choice of profession and employment...the right to equal remuneration...the right to protection of health and to safety in working conditions.

### FAIR TREATMENT, FAIR WAGES AND/OR PROPER WORKING CONDITIONS

The following legal instruments call for fair treatment, fair wages and/or proper working conditions:

#### **The Convention Relating to the Status of Refugees (Convention) (1951)<sup>25</sup>**

Article 18: The Contracting States shall accord to a refugee lawfully in their territory treatment as favourable as possible and, in any event, not less favourable than that accorded to aliens generally in the same circumstances, [in regards to self-employment].

Article 19.1: Each Contracting State shall accord to refugees lawfully staying in their territory who hold diplomas recognized by the competent authorities of that State, and who are desirous of practising a liberal profession, treatment as favourable as possible and, in any event, not less favourable than that accorded to aliens generally in the same circumstances.

#### **The Universal Declaration of Human Rights (UDHR) (1948)<sup>26</sup>**

Article 23.2: Everyone, without any discrimination, has the right to equal pay for equal work.

Article 23.3: Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.

#### **The International Covenant on Economic, Social and Cultural Rights (ICESCR) (1966)<sup>27</sup>**

Article 7: The States Parties to the present Covenant recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure...fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work...safe and healthy working conditions...[and] reasonable limitation of working hours.

#### **The Convention on the Rights of the Child (CRC) (1989)<sup>28</sup>**

Article 32.1: States Parties recognize the right of the child to be protected from economic exploitation and from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral or social development.

Article 32.2: States Parties shall...provide for a minimum age or minimum ages for admission to employment...[and] provide for appropriate regulation of the hours and conditions of employment.

## **FREEDOM OF MOVEMENT**

The following legal instruments call for freedom of movement:

#### **The Convention Relating to the Status of Refugees (Convention) (1951)<sup>29</sup>**

Article 26: Each Contracting State shall accord to refugees lawfully in its territory the right to choose their place of residence and to move freely within its territory subject to any regulations applicable to aliens generally in the same circumstances.

#### **The Universal Declaration of Human Rights (UDHR) (1948)<sup>30</sup>**

Article 13.1: Everyone has the right to freedom of movement and residence within the borders of each State.

#### **The International Covenant on Civil and Political Rights (ICCPR) (1966)<sup>31</sup>**

Article 12.1: Everyone lawfully within the territory of a State shall, within that territory, have the right to liberty of movement and freedom to choose his residence.

## IDENTIFYING AND PROMOTING HOST GOVERNMENT POLICIES THAT SUPPORT THE LIVELIHOODS OF THE DISPLACED

The following sections are designed primarily for NGO, CBO and UN agency practitioners and/or advocates currently working in the field who are dealing with different displacement situations. In order to develop an advocacy strategy that promotes access to livelihoods for displaced people, a number of steps should be followed. The sections have been created to allow a coherent and systematic assessment of the host state environment. They can also be used as a tool to assist the strategic planning of advocacy campaigns and programs promoting the livelihoods of refugees and IDPs.

The topic of returnees and displaced groups in urban settings is also covered below, following the sections on refugees and IDPs. Because displaced people in urban settings have unique vulnerabilities and seldom have protection, it is critical for advocates to urge host governments to develop inclusive policies for the livelihoods and self-reliance of urban refugees and IDPs, who may be invisible among the local population.

### A. REFUGEES

#### A.1. BARRIERS TO LIVELIHOODS

Understanding specific barriers to livelihoods for refugees is the first step in being able to develop an effective advocacy strategy. Not only might there be laws and policies restricting their access in the host

country, but refugees may also become vulnerable as a result of seeking income generation activities; they may experience discrimination, abuse, exploitation or sexual and gender-based violence. The following sections will help to identify specific barriers that can inform a strong advocacy agenda.

#### A.2. THE ROLE OF UNHCR

UNHCR's protection mandate seeks to uphold the rights of refugees and ensure that refugee-receiving states adhere to the appropriate procedures for asylum seekers. UNHCR was created in 1950 to "lead and co-ordinate international action to protect refugees and resolve refugee problems worldwide," with a primary purpose "to safeguard the rights and well-being of refugees" and "ensure that everyone can exercise the right to seek asylum and find safe refuge in another State, with the option to return home voluntarily, integrate locally or to resettle in a third country."<sup>32</sup> UNHCR serves as a bridge between international law that promotes refugee rights and national governments that actually have the power to uphold or violate those rights.

#### Practitioners must determine:

- What are the relations between the host country and UNHCR?
- Is UNHCR involved in the design and implementation of the current refugee policy?
- Is there a partnership between the host government and UNHCR, or do they work separately?

While governments have the primary responsibility for refugees in their territory, UNHCR works with host governments and NGOs to protect and assist refugees and other persons of concern. Under Article 35 of the 1951 Convention and Article 3 of the 1967 Protocol, states parties are obliged to cooperate with UNHCR in the exercise of its functions.

- What are the existing programs and strategies of UNHCR? How related are they to your programs as a practitioner or advocate?

### A.3. INTERNATIONAL LAW

The 1951 Convention and 1967 Protocol provide the international framework for all protection-related activity for refugees. While the Convention and Protocol articulate the rights of refugees in host countries, not all refugee-hosting countries have ratified them. According to UNHCR, 141 states are party to both the Convention and the Protocol, and 147 states are party to one or both of the instruments.<sup>33</sup>

Regional instruments include the *Organization of African Unity Convention on the Specific Aspects of Refugee Problems in Africa* of 1969 and the *Cartagena Declaration on Refugees* of 1984. The 1969 OAU Convention<sup>34</sup> in effect expands upon the 1951 Convention by including man-made disaster, including “external aggression, occupation, foreign domination or events seriously disturbing public order.”<sup>35</sup> The 1984 Cartagena Declaration<sup>36</sup> goes further, and builds upon the 1951 Convention and 1969 OAU Convention by defining refugees as those who also flee from “generalized violence, foreign aggression, internal conflicts [and] massive violation of human rights.”<sup>37</sup>

Whereas state *signatories* to treaties have demonstrated agreement with the treaties’ principles and an intention to be legally bound by them, states that have *ratified* treaties are, in fact, bound by the articles stipulated in those treaties. States can, however, make reservations to certain treaty provisions if they are in disagreement with them.

To attempt to secure the protection of refugees within their livelihoods advocacy platform, practi-

tioners should be thinking about how to use the 1951 Convention and/or international human rights law to compel host governments to uphold refugees’ right to a livelihood.

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## GUIDANCE FOR DETERMINING STATES’ INTERNATIONAL LEGAL OBLIGATIONS TO REFUGEES

To understand the host government’s legal obligations, determine:

- **Is the host country *signatory* to the 1951 Convention or 1967 Protocol? When did this occur?**  
When states are signatories, they have stated their intention to meet the principles set forth in the Convention and/or Protocol. Though state signatories are not obliged to respect the principles therein, advocates can leverage states’ intention to respect the principles in the Convention and Protocol in their efforts.
- **Did the host country *ratify* the 1951 Convention and/or 1967 Protocol? When?**  
States that have ratified the Convention and/or Protocol are obliged to respect the principles established by the Convention. Consequently, states that have ratified these instruments are expected to provide a refugee-receptive environment that allows refugees to pursue their livelihoods.
- **Did the host country sign or ratify the 1969 OAU Convention or the 1984 Cartagena Declaration?**  
Such actions indicate the country’s agreement with the instruments’ principles and an intention to respect the rights and protection needs of the displaced.

#### A.4. NATIONAL LAWS AND POLICIES

In spite of ratification of the 1951 Convention and/or 1967 Protocol, host governments determine if, how and when the rights of the displaced are implemented. In Article 36 of the Convention and Article 3 of the Protocol, it is stipulated that contracting states communicate the laws and regulations that they adopt to ensure the application of the treaty to the Secretary-General of the United Nations.<sup>38</sup> However, it is not unusual that a host country either 1) does not have laws relating to refugees' rights or a clearly articulated refugee policy, or 2) does have a refugee policy, but its implementation is irregular. Nevertheless, while states may lack a refugee policy, they may have regulations or practices that either facilitate or impinge on refugees' economic activities, freedom of movement and right to work. It is important to identify which rights are restricted by current policies in order to develop a targeted advocacy strategy to change them.

If the local host communities are already under economic duress and face food insecurity, an influx of displaced people will inevitably cause competition for the same scarce resources, causing tension between the host and displaced populations. This tension is one of the key elements that affects the attitude of the government and its national and local policies. It is therefore critical for practitioners to identify ways in which both displaced and host communities could benefit from a change in restrictive policies.

The presence of refugees can also justify an increase in foreign aid and "the reception of refugees can sometimes be seen as part of a government's broader development plan."<sup>39</sup> UNHCR argues that "the assistance delivered by UNHCR to refugee settlements could be better used if considered in a productive way, as a start-up motor and indeed a pull factor, for additional investments and assistance

by the development agencies."<sup>40</sup> States can benefit greatly from the humanitarian assistance they receive as refugee hosts.

As host governments are often concerned about the potential for protracted refugee situations, discussing the goal of repatriation as a durable solution may be important when approaching host governments about the need for refugee livelihoods. UNHCR argues that governments should recognize the potential of refugees in protracted situations to make economic contributions while also gaining self-reliance.<sup>41</sup> Host governments may be receptive to permitting refugees to have livelihood opportunities not only because of their potential for positive local impacts, but also because ultimately, refugees' self-sufficiency can facilitate security if and when they return to their home country, and potentially lessen the recurrence of displacement.

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### GUIDANCE FOR UNDERSTANDING AND UTILIZING NATIONAL POLICIES

#### Identify the following policy considerations:

- What is the current refugee policy in the host country? What rights does it include or lack?
- What is the nature of past regulations, policies, laws and legislation about refugees?
- Were they linked to any particular event, period, party or interest group? Did particular states or external factors influence these policies?
- What was the nature of these past policies in terms of refugees' access to livelihoods? Did these factors set a precedent?
- It is important to know the host state's past practices and experiences with refugee situations. Such an understanding will enable practitioners to borrow from effective advocacy models and also learn where restrictions must be overcome.

**History of Refugee-receptive Policies:** Practice can set a precedent in countries where refugee-receptive policies have previously existed. For example, if a country has a long history of migration, integrated populations and large-scale refugee influxes, it is possible that the host government and its communities will be open to refugee-receptive policy proposals. Determine whether past refugee groups were given different consideration or preferential treatment. Moreover, if in the past the host government permitted refugees to pursue livelihoods strategies, move freely, and exchange their knowledge and services with local host communities, such a history should be incorporated into new proposals. Policy proposals should be informed by past practice, existing structures and networks.

**History of Restrictive Refugee Policies:** If a host country does not have a history of hospitality and refugee-receptive policies, former structures and advocacy attempts will not be helpful. Instead, advocacy must be based on the host country's values and its current socioeconomic and political situation. Beyond this, advocacy must look to the host country's geopolitical and economic interests, inter-state relations and relationships with international organizations. Advocates can then frame the importance of refugee livelihoods in relation to the needs of the local and national host communities.

- **Is there national legislation regarding refugee policy? Is it implemented?**

To fully understand existing policies, it is crucial to identify the exact reasons the host government uses to justify restrictive policies, as well as assess how substantiated they are. Only by demonstrating the ways in which restrictive policies are both unnecessary and counterproductive is

it possible to compel the host government to reevaluate its existing policy.<sup>42</sup>

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## IDENTIFY HOW NEEDS IN THE HOST COUNTRY CAN IMPACT REFUGEE POLICIES

**It is important to understand the host country's socioeconomic concerns related to its national population and development efforts. Seek to understand:**

- What are the existing strategies, programs and policies of the host government to deal with the socioeconomic problems of its citizens?
- How can those problems be addressed by programs that promote refugee livelihoods?
- Is there a link between the host country's concerns and the displacement situation?
- Is there a possibility of developing refugee aid and development programs to link refugee relief with local development policies?
- Does the host country have a plan for national development?

To create a stable and effective refugee policy that satisfies both the needs of refugees and those of the citizens of a host country, it is important to understand the common challenges for both groups. This approach is vital precisely because it links the interests of the government with those of the displaced on one side and humanitarian aid and development programs on the other. In this way, host countries can leverage funds received for humanitarian aid that will also benefit its citizens. Consequently, helping refugees becomes an interest of national investment, not merely an obligation.

## A.5. LOCAL LAWS AND PRACTICE

Although national governments create refugee policies and responses, it is often the local or provincial authorities that determine the actual degree and scope of the implementation of refugee policies. With camps and settlements often located in remote and isolated regions of the host country, refugees' livelihoods are often dependent on the "goodwill and cooperation of most of the local population, their leaders, and the local authorities."<sup>43</sup> The attitude of local communities toward refugees is largely influenced by perceptions of what parties benefit from the presence and work of refugees.

If a government's refugee policies are geared towards taking advantage of refugees' presence and using them as social capital, unease and resentment by the local population can grow into a more tolerant cohabitation. Practitioners should identify sectors that are suitable for the contribution of refugees and use the potential development benefits as leverage for host governments to improve their refugee policy.

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## GUIDANCE FOR UNDERSTANDING AND UTILIZING LOCAL POLICIES

### Identify:

- What local laws exist that impact refugees' right to work or access to the labor market?
- How is actual practice distinct from existing laws? It is important to identify what is actually occurring on the local level. For example, national and local laws may permit refugees to work, yet in practice they may face barriers that discourage their participation. Conversely, laws may not permit refugees to work, yet they may be employed in the informal sector where there are few protections in place.

- Are there existing tensions between the local community and the refugee population? What are the problems facing local communities?
- Could livelihood programs for refugees cause tension locally and contribute to their vulnerability? It is important to ensure that employment opportunities are also available to members of the local population, as this can alleviate tension while tapping needed skills and local knowledge.

## A.6. IDENTIFYING STAKEHOLDERS

In order to advocate for livelihoods for refugees, it is critical to learn not only about the current refugee policy of the host country, but also about the actors relevant to the issue. Advocates should seek to identify the main proponents and critics of the existing refugee policy and understand their interests. Further, it is important to identify the institutions and methods involved in the implementation of the existing refugee policy and whether these actors' concerns were addressed by the policy.

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## IDENTIFYING LOCAL AND NATIONAL STAKEHOLDERS

### Identify:

- Is there a government ministry for refugees?
- Do national institutions handling refugee matters work with UNHCR? If yes, how closely? If not, why not?
- Is there a regional or local government office that deals with refugee concerns? If so, how independent is its scope from the central government? What are their channels of communication?
- What are the institutions involved with developing and implementing refugee policy?



- What are their interests, motives and explanations for the policy?  
Determine how government, private sector and local groups may benefit from local economic development and refugees' right to livelihoods.
- How was the refugee policy designed and who were the main proponents and/or creators (e.g., political parties, interest groups and agencies)?
- What actors are critical of the existing refugee policy? Have they taken any steps to seek revisions?
- Who are the primary NGO actors advocating for the rights of the displaced? What are their interests? Have they been effective in advocating on behalf of the displaced in the past? What were their tactics? Are they in good standing with the relevant institutions governing refugee policies? Can an alliance or coalition group be formed to further advocacy efforts?

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## IDENTIFYING POTENTIAL INTERNATIONAL ADVOCATES

**Identify how to leverage stakeholders for advocacy efforts:**

- Is there a country or a group of countries that actively supports humanitarian work and is economically active in the host country and/or the refugees' country of origin?
- How active are the embassies of these countries in relief distribution, advocacy and the promotion of rights? What are the ways of getting in contact with these embassies?
- Are there any specific international donors actively involved in the displacement situation or the refugees' country of origin? What are the ways of getting in contact with their offices and representatives?

- Can the policies and strategies of these actors be linked to efforts to promote the livelihoods of displaced people?  
It is important to identify external actors who can assist in the creation and implementation of refugee-receptive policies. Many refugee-hosting countries are recipients of foreign assistance. While it is not clear how much embassies can influence the stance of a host government, they are important partners to have. They can bring additional attention to and invite the pressure of the international community on the host government to change its policies and provide a more receptive environment for refugees.

## A.7. MARKET NEEDS

National and local development projects provide a strong opportunity for practitioners to link the livelihoods needs of refugees with labor market demands. Before conducting a market assessment, it is critical to understand the governmental, private sector and NGO development plans and activities. There may be existing or planned partnerships for national and local development. Advocacy should address specific government development needs and provide solutions that permit displaced groups to work.

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## UNDERSTANDING THE DEVELOPMENT CONTEXT

**To identify market needs, it is important to first understand the development context.**

**Identify:**

- How developed are the regions around refugee camps?
- Are government agencies, NGOs, local groups or members of the private sector planning or conducting development projects?

- What public-private partnerships exist for national and local development projects? Are there any nongovernmental programs in the community to support business development?
- Are there public documents that describe the planning of local development projects that can inform advocacy efforts?  
Be sure to identify the roles and responsibilities of the different actors in partnerships.
- How will projects be funded—government, foreign assistance, humanitarian aid and/or private sector investments?
- Are there any local infrastructure problems that are not addressed by the host government?
- Are there any local institutional problems that are not addressed by the host government?

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## IDENTIFY LABOR MARKET DEMANDS

### Determine:

- What are the current national, regional and local market demands?
- What are the priorities in terms of development areas and the provision of labor?
- Are there any unmet labor market demands in the local community?
- Are there any upcoming projects or programs in need of a labor force?
- How can NGOs best prepare displaced groups for the demands of the labor market?
- How can displaced and vulnerable groups—such as women, youth, older persons and those with disabilities or HIV/AIDS, and ex-combatants—contribute to local development and labor market needs?  
Be sure to consider the use of unpaid skills when considering how these groups can meet labor market demands.

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## IDENTIFY MARKET AND SECTOR DEVELOPMENT

### Determine:

- How are market demands changing?
- What sectors are growing or necessitating development (industrial, agricultural, service)?
- What trends are emerging that may lead to new markets? How can these be anticipated and leveraged?
- What kinds of investment, infrastructure and inputs are required to develop growing industries?
- What partnerships can be developed to provide for local economic growth?  
Public-private partnerships among government, NGOs and local, national and multinational companies can have significant benefits for local economic development and livelihood opportunities for displaced people.
- Is there recent private sector investment that requires particular skills or experience?
- How can development of a specific market sector, such as vegetable production, transportation and fishing, use local experience and institutions that will keep the benefits of economic development local?

### A.8. METHODS AND STRATEGIES FOR ADVOCACY

Developing an advocacy platform for refugee access to livelihoods requires identifying key arguments for overcoming opposition and appealing to the interests and needs of the host government and local stakeholders. **Arguments in support of refugee livelihoods should be framed so that the host government understands the benefits they gain from refugees' participation in the labor market:**

- meeting labor market demands

- economic development
- the building of needed infrastructure
- refugees' self-reliance and reduced dependence on aid
- the greater likelihood of successful repatriation or integration due to improved skills and work experience

Advocacy campaigns can be centered around the following strategies:

- **Understanding Laws, Policies and Practices**  
Knowledge about existing laws, policies and the actual practices related to refugees' ability to work is essential. Where laws are restrictive and the host government has international legal commitments, efforts can be made to compel the state to meet its treaty obligations. In cases where the state has no formal obligations, advocates should push for the implementation of refugee-friendly policies that reflect international human rights and refugee law and also benefit the state's development needs.

Observing practice is just as important as being aware of the host government's laws and policies toward refugee employment. Practice can be even more valuable, in fact, as past situations can provide a precedent that can be leveraged in the promotion of refugee livelihoods. In restrictive environments where exceptions have been made for a particular migrant group in the past, practitioners should seek to understand the nature of such exceptions and attempt to use them as a model for a more integrated, inclusive refugee livelihoods policy. In the same vein, past success stories can also be used to set a standard for the inclusion of refugees in the labor market.

- **Local and Economic Development Needs**  
Local economic development needs can be harnessed and aligned with the advocacy agenda to encourage host governments to implement

refugee policies supporting livelihoods. For example, underdeveloped local communities in proximity to refugee camps or settlements can benefit from refugee livelihoods that contribute to the economic development of their communities and region. Policy proposals may be more successful if they can build upon existing structures and programs, and enhance the current work of the host government. Foreign aid or funds from international organizations and other sources can provide a strong incentive for host governments to link their national development plan with livelihoods programming for refugees.

- **Developing Partnerships**  
Consider how public-private partnerships can facilitate local economic development and address labor market needs, benefiting both the host and displaced communities. Practitioners should approach appropriate government officials, the private sector, NGOs and local actors about potential linkages between development and policy. (*See the Public-Private Partnerships chapter for more information.*)
- **Self-reliance of Refugee Populations**  
With access to livelihoods, not only can refugees make contributions to local economic development, but their skills and experience can also help them to become self-reliant. This means a more successful transition to a durable solution, which is in the long-term interest of the host government.

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## B. INTERNALLY DISPLACED PERSONS

Internally displaced persons' livelihoods may be interrupted due to conflict and insecurity within their country's borders and because of the

potential for ongoing vulnerability. Instability or unrest, for example, may cause the government to separate the IDP and non-displaced populations to reduce tension, which may restrict IDPs' livelihood opportunities. IDPs may have lost valuable assets in their displacement and may experience discrimination, abuse, exploitation or sexual and gender-based violence. This might discourage their participation in income generation activities, particularly if they are in areas with different ethnic and linguistic groups.

While outside its mandate, UNHCR has had an evolving role regarding IDPs, providing services to many internally displaced populations since the early 1970s.<sup>44</sup> The challenge of protection for IDPs is in reconciling humanitarian intervention with state sovereignty, according to which, states are responsible for protecting their nationals. The international community, recognizing the need for the protection of IDPs—who may not only be unprotected by their government, but may even be forcibly displaced by state actors—sought to create standards for internal displacement situations. In 1998, Francis Deng, then Special Representative of the Secretary-General to the UN Commission on Human Rights, drafted the *Guiding Principles on Internal Displacement*, which “reflect and are consistent with international human rights law and international humanitarian law.”<sup>45</sup> In the absence of one agency charged with the protection of IDPs, an inter-agency cluster approach was taken, led by the Inter-Agency Standing Committee (IASC),<sup>46</sup> which “allocated leading roles in specific sectors to various agencies. Based upon its expertise, UNHCR was designated the lead agency in the sectors of protection, camp coordination and management, and emergency shelter in situations of internal displacement arising from armed conflict.”<sup>47</sup> UNHCR may have a role in providing protection or assistance to IDPs and may have

strategies to assist their access to livelihoods.

Advocacy on behalf of internally displaced persons may present unique challenges, given that the government may be either unable to protect the IDP population or that it may in fact be targeting IDPs and contributing to their displacement. In order to develop an advocacy platform for IDPs' access to livelihoods, it is necessary to understand the sensitivity of the situation. Practitioners must identify key arguments for overcoming opposition and appeal to the interests and needs of the government and local stakeholders. Arguments appealing to governments should be centered around facilitating IDPs' access to livelihoods as well as reparations for lost assets.

**Before determining how to address IDPs' livelihoods access, it is critical to first conduct a conflict analysis. Identify:**

- Who are the actors in the conflict? What are their interests?
- Is the IDP population safely outside of the conflict area? Are they in a camp setting or are they integrated with the non-displaced population?
- How has conflict affected the market? Could the conflict potentially affect the implementation of livelihood interventions for IDPs?

**Practitioners should identify the following in order to develop a strategy for IDPs:**

- Does UNHCR have a role in providing protection or assistance for the IDP population? Do national institutions work with UNHCR regarding internal displacement?
- Is there a regional or local government office that deals with IDP concerns?
- Determine whether the host country has signed or ratified the 1951 Convention, 1967 Protocol,

1969 OAU Convention or the 1984 Cartagena Declaration.

Such actions indicate the country's agreement with their principles and an intention to respect the rights of refugees, which can be used as an advocacy claim on behalf of IDPs' access to livelihoods.

- Look to the *Guiding Principles on Internal Displacement*, which provide guidelines that reflect international humanitarian and human rights law.
- Is there a government ministry for refugees? If the government has a ministry for refugees, it may be more receptive to dialogue about the needs of IDPs.
- Is there a donor country or a group of countries that is actively supportive of humanitarian work in the country? Are there specific international donors actively involved in the internal displacement situation?
- How active are the embassies of these countries in monitoring their countries' funding support, and on advocacy and the promotion of rights?

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### C. DISPLACED GROUPS IN URBAN AND NON-CAMP SETTINGS

Particular attention needs to be paid to populations displaced in urban areas as they are often overlooked, exploited and vulnerable. UNHCR's role in providing protection, shelter, food, water and health care assistance is generally very limited when displaced groups are dispersed in urban areas. It is estimated that just 10 percent of the world's displaced population are in camps, while the other 90 percent are in urban and rural non-camp settings.<sup>48</sup> Even in host states where government policies are receptive to refugees, the increasing migration to urban centers reduces UNHCR's

effectiveness to provide assistance and inform refugees and other persons of concern about their rights under the 1951 Convention and standards of international human rights law. Refugees in camps tend to receive assistance from UNHCR and NGOs in a more uniform manner, whereas urban refugees tend to seek out UNHCR or other agencies on an individual basis. However, many may not be able to do this due to vulnerability, distance or a lack of awareness about UNHCR's presence—which is difficult for UNHCR to manage—and also limits the numbers of refugees receiving assistance. Without access to or knowledge of these populations, UNHCR cannot guard against insufficient housing, poverty, food insecurity or cases of detention, *refoulement*, trafficking, sexual and gender-base violence, discrimination and exploitation in the informal work sector.

Given that restrictive livelihood policies for refugees are common and that the potential for a lack of documentation is high, urban refugees are far more likely to be working insecurely in the informal sector, which creates protection issues. In Africa, “two in three urban residents get their livelihoods from the informal sector. It is thought to be growing at an annual rate of 7%. In the near future, it is estimated that over 90% of jobs will be part of informal economies.”<sup>49</sup> Without UNHCR being able to register refugees and, when appropriate, IDPs, or monitor their situation, groups that are isolated or especially vulnerable and that have specific needs will go without services that can provide them with security.

**Practitioners should determine:**

- **What is UNHCR's role in providing protection and assistance to urban refugees?** In spite of the challenges in identifying or assisting displaced refugees in urban settings, UNHCR has a responsibility to this population.

UNHCR should proactively engage with urban refugees, to provide services and information, identify their needs, help them to build their capacity for protection and self-reliance, and plan for durable solutions. UNHCR can also work to raise awareness about the plight of refugees in urban areas, to reduce the potential for discrimination, stigma and xenophobia.

- **Can local partnerships be developed among UNHCR, relief agencies and local actors? How can these partnerships develop or build upon existing Livelihood interventions?**

Determine whether there is a potential for local partnerships that can provide refugees with access to resources and support. Community organizations and local leaders can have a role in linking the community with UNHCR, NGOs and CBOs that are seeking to assist urban refugees.

Practitioners should identify opportunities to include urban refugees in existing livelihood programs, such as linking them with microfinance institutions, so they can engage in enterprise development (i.e., develop business enterprises to foster the growth of the private sector and contribute to economic recovery).

- **Does the government have a ministry for refugee concerns?**

Practitioners should approach government agencies—such as those dealing with immigration, labor and social services—in order to advocate for refugees' right to work, develop policy and coordinate any related programming.

- **Has the government ratified the 1951 Convention, 1967 Protocol, the 1969 OAU Convention or the 1984 Cartagena Declaration?**

- **What policies does the government have related to migrant groups?**

It is important to understand that in urban settings where refugees and IDPs are integrated with the local population and economic migrants, displaced people may be grouped along with other migrant groups—and therefore may be “invisible”—and their rights may not be recognized.

- **What has been past practice in response to livelihoods for displaced groups in urban settings?**

Accessing and providing services to urban displaced groups remain ongoing challenges given that they are commonly hidden populations integrated with or on the margins of the host society. Practitioners should use the guided questions above to develop context-specific strategies for policy change to include the livelihoods of refugees, protect their human rights and identify where inter-agency partnerships may better serve their needs and reduce their vulnerability.

## CASE STUDY

**Rights of the Displaced in Malaysia**

Malaysia has an estimated one to five million undocumented workers from the Philippines, Indonesia, Sri Lanka, Nepal, India, Vietnam and Bangladesh. Malaysia is also host to thousands of asylum seekers and refugees, most of whom are from Myanmar. Most of these groups are undocumented and do not have legal status. Further, Malaysia does not distinguish between undocumented workers and refugees, resulting in minimal funding and support for this population. The Women's Refugee Commission reports that women face particular difficulty in their livelihood pursuits, and are vulnerable to "gender-based violence, arrest, detention and extortion. As economic support to refugees is minimal or non-existent, refugee women have no choice but to risk their safety in order to provide for themselves and their families."<sup>50</sup>

In 2004, the Malaysian government launched a massive arrest and deportation campaign against undocumented migrants. Refugees in Malaysia responded by creating "community centers" in Kuala Lumpur that provide information to refugees and keep them in contact with UNHCR.<sup>51</sup> Further, the Migration Working Group (MWG)—a coalition that comprises many Malaysian NGOs and individuals that work with and conduct targeted advocacy on behalf of refugees—is working to advocate for the alignment of Malaysia's migration policies with international humanitarian and human rights standards.<sup>52</sup>

Malaysia is party to the 1989 Convention on the Rights of the Child (CRC), the 1979 Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the 1956 Supplementary Convention on the Abolition

## D. RETURNEES

Upon return to their country of origin, returnees may be subject to discrimination, renewed violence and insecurity, as well as a weakened economy, which may restrict their ability to attain a livelihood. UNHCR has no official responsibility for returnees, as its mandate can only provide them with assistance until they have voluntarily repatriated. Once repatriated, they no longer have such protection because their return “implies the restoration of national protection (to obviate the need for international protection) and, through the reintegration process, the ability to maintain sustainable livelihoods, access basic services and fully reintegrate into communities and countries of origin.”<sup>54</sup>

While the post-conflict or post-crisis environment may provide opportunities for returnees to obtain livelihoods in local economic recovery efforts and rebuilding of infrastructure, there is often a lack of development and large-scale unemployment. Where possible, advocacy efforts should be made to include returnees in economic development, which can reintegrate and rehabilitate them while also reducing their vulnerability with sustainable self-reliance.

## SEEKING THE IMPLEMENTATION OF INTERNATIONAL LAW IN HOST COUNTRIES

While the normative principle of *non-refoulement* is the only legal obligation states must uphold, states party to the 1951 Convention undertake, in Article 35.2, to cooperate with UNHCR by reporting on “(a) the conditions of refugees, (b) the implementation of this Convention, and (c) laws, regulations

and decrees which are, or may hereafter be, in force relating to refugees.”<sup>55</sup> Parties to the 1967 Protocol also undertake the same cooperation obligations under Article 2.2.<sup>56</sup> In spite of efforts to gain host countries’ cooperation to implement refugees’ protection rights in these instruments, there simply is no enforcement mechanism. Walter Kälin, Representative of the Secretary-General on the human rights of internally displaced persons, explains:

UNHCR’s supervisory role and its positive impact on the protection of asylum seekers and refugees is unique, especially when compared to the monitoring mechanisms provided for by other human rights treaties. Unlike the 1951 Convention and 1967 Protocol, these treaties do not have an operational agency with a presence of “protection officers” in a large number of countries working to ensure that these instruments are implemented.<sup>57</sup>

UNHCR recognizes the difficulty many host countries face in implementing protection standards for large numbers of refugees, while already coping with internal economic, structural, social and environmental challenges. Furthermore, bureaucracy, ineffective procedures, a lack of trained officials and the geopolitical implications for granting asylum can be “a political statement and... [therefore] an irritant in inter-state relations.”<sup>58</sup> On a policy level, there are multiple complexities:

the clash of, or inconsistencies between, existing national laws and certain Convention obligations; failure to incorporate the Convention into national law through specific implementation legislation; or implementing legislation which defines not the rights of the individuals but rather the powers vested in refugee officials. As to the latter, this means that protection of refugee rights becomes an exercise of powers and discretion by officials,



rather than enforcement of specific rights identified and guaranteed by law. Where the judiciary has an important role in protecting refugee rights, restrictive interpretations can also be an impediment to full implementation.<sup>59</sup>

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## CONCLUDING POINTS

Livelihoods aid the long-term protection of the displaced by replacing dependency with self-sufficiency that will enable the displaced to guard against vulnerability until and following the attainment of durable solutions. **In order to gain a shift in policy practice, a shift in thinking is required about how livelihoods are a critical protection tool for displaced people.** While humanitarian aid and international assistance are without question essential, advocates should actively encourage self-reliance strategies to reduce dependence on aid.

The benefits for host governments of permitting displaced people to have livelihood opportunities are multiple:

- the economic, social and cultural contributions of displaced people
- stimulating local economic development
- leveraging international aid for needed infrastructure
- alleviating the impacts of protracted refugee situations
- sustainability of durable solutions, namely repatriation
- regional stability
- improved perception of the host country's human rights leadership in the international community

**Host countries should recognize their international obligations not only because of their legal and moral responsibility, but also because they could benefit from their implementation.** It behooves refugee-hosting countries to uphold these rights and permit the displaced to work so that they can make a contribution to the economy, provide needed goods and services and gain self-sufficiency. Livelihoods, as a protection tool, are fundamental to a displaced person's successful transition to a suitable durable solution.

**It is imperative for advocates to persuade national and local host governments to address the need for displaced people to work and to harmonize national and local policies with their international obligations.** Addressing livelihoods protection solutions for urban and non-camp displaced groups is also increasingly important as these populations make up ever larger numbers of the displaced. Supporting sustainable livelihood opportunities—through various interventions, such as vocational training, apprenticeship, job placement and enterprise development—will contribute to the successful post-displacement transition to one of the three durable solutions. The advocacy agenda among NGOs must push the support of livelihoods at the global, national and local levels in order to reduce dependency on aid and vulnerability.

## FURTHER READING & REFERENCES

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## NOTES

- 1 Customary international law represents international norms that are regarded as general practice and a legal obligation because of their repeated usage and widespread ratification by states.
- 2 UNHCR, “Addressing Protracted Refugee Situations in Africa,” *Informal Consultations, New Approaches and Partnerships for Protection and Solutions in Africa*, Geneva (December 14, 2001): p. 2, [www.unhcr.org](http://www.unhcr.org).
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- 4 Susan Banki, “Refugee Integration in the Intermediate Term: A Study of Nepal, Pakistan, and Kenya,” *UNHCR New Issues in Refugee Research*, Working Paper No. 108 (October 2004): p. 11-14, [www.unhcr.org](http://www.unhcr.org).
- 5 Ibid., p. 12.
- 6 Ibid., p. 13.
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# Training and Placement Programs

## INTRODUCTION

People displaced by conflict or natural disasters experience a wide range of obstacles to their individual, social and economic development. In these often-protracted situations, the waste of human capital and the erosion of skills can be substantial without programs to develop marketable skills. Training and placement programs can provide important tools for future livelihoods development and reduce vulnerability to exploitation and need.

The training and placement livelihood interventions in this chapter comprise technical and vocational education and training (TVET), apprenticeships and job placement. Technical and vocational education and training programs—formal training for occupational skills development—should be followed by either apprenticeships or job placement assistance to ensure that participants apply the skills and knowledge gained in training to generate income and gain entrance into the labor market. Apprenticeships, however, can occur independently to provide on-the-job training, and may enable displaced people to enter the labor market while not necessarily providing income at the onset. Job placement programs help to refer and place participants into jobs where they can use the skills they have acquired through TVET or apprenticeships.

Training and placement programs have the potential to facilitate long-term, sustainable self-reliance by providing displaced populations with the practical tools needed to rebuild their lives. Well-planned, holistic programs should draw upon local knowledge, capitalize on existing host community resources and utilize the expertise of implementing agencies.

## KEY LEARNING POINTS

- Prior to implementing a training and placement intervention, an assessment of labor market demand must be conducted that identifies labor needs, sectors with employment opportunities and skill sets required to compete for those opportunities.
- It is critical to include targeted vulnerable groups in the planning and design of programs in order to best address the needs of the community. The inclusion of target groups should be carefully planned so as not to exclude members of the community or cause resentment.
- Occupational stereotypes related to gender, age and ability should be challenged and not reinforced.
- Participants in training and placement programs may require additional program components, such as support services, and employment readiness and life skills training, in order to adequately prepare for entrance into the labor market.
- The duration of training and apprenticeship programs should be long enough to provide the required degree of competency in the occupational skills learned.
- Program duration and training objectives should be made very clear to participants from the beginning so they can make a well-informed choice to participate and maintain realistic expectations.
- Engaging other stakeholders—such as the private sector and local government—as partners will help to increase capacity and prevent the duplication of training efforts.



Training in skills such as carpentry, as here in northern Uganda, can lead to jobs while displaced and on return to home communities or in a country of resettlement. © SIPA/Rafael Rodriguez-Leal

## ESSENTIAL ELEMENTS

### Definitions

An **apprenticeship** is a form of on-the-job training in which a student is placed with a skilled worker or a tradesperson in his or her workplace to gain practical skills. Upon completion of the program, the student may obtain employment with the mentor, or be placed in a job that requires knowledge of the skills learned. Apprenticeships are also known as **industrial training**.

**Employment readiness training** is the provision of training for vulnerable groups and others who may require preparation in order to compete in the labor market and employ occupational skills that may have been gained in training and apprenticeship programs. Employment readiness training includes basic education, such as literacy and numeracy; instilling appropriate work behaviors, such as professional demeanor, workplace norms and interview skills; and the development of communication skills that will help participants to follow instruction and work in a team environment. Such training can help participants take on increased responsibility in different work settings and negotiate salaries.

**Job placement** is the direct referral and placement of workers into available jobs. Job placement services should be provided to vocational training and apprenticeship program graduates. Workers can also be directly placed in jobs if they already possess the skills and experience required.

**Life skills training** is an important complementary service for particularly vulnerable groups to prepare them for their participation in society and success in the labor market. Life skills training builds awareness about issues such as HIV/AIDS, other infectious diseases, reproductive health, human rights, environmental sustainability, personal safety, gender-based violence and landmine awareness. Further, it can include teaching on reconciliation, conflict resolution and peace education, peace building, social reintegration and civic responsibility. Youth trainees and ex-combatants can benefit from such training, which provides alternative coping strategies to use during periods of hardship or conflict. Equipping participants with transferable life skills builds their personal and social assets, which can help them endure shocks and secure long-term, sustainable employment in the future.

**Technical and vocational education and training programs** prepare individuals for productive participation in the labor market by providing skills and knowledge needed to enter the workforce. Short-term TVET programs provide the trainee with the minimum skills needed to produce a product or provide a service geared specifically towards income generation. This type of training program is beneficial for those with limited or no previous educational background but who need to participate in the labor market to provide for their basic needs. Long-term TVET programs may include general educational curricula in addition to the specific skills and knowledge required to practice a trade, such as literacy, numeracy and life skills, thus leaving participants with a well-rounded, transferable skill set. Long-term TVET programs are designed to provide in-depth instruction for a particular trade, such as automotive repair, plumbing and training for nurses' aids, and prepare participants for a more highly skilled, technical position.

## ESSENTIAL ELEMENTS FOR TRAINING AND PLACEMENT PROGRAMS

In order to be successful, TVET, apprenticeship and job placement programs for displaced people must include these essential elements:

- **Maintain Employment as the Primary Objective**

While occupational training and apprenticeships can be empowering and achieve social objectives, their focus must remain on providing participants with transferable skills for sustainable employment. Interventions should be designed in coordination with local employers to gain appropriate job placement for trainees upon completion of their programs. Training programs should complement theoretical instruction with practical, hands-on application of skills in order to reinforce the main principles of the trade and improve a participant's chances of long-term employability.

In assessments of training programs, former trainees have expressed some frustration with programs that focus primarily on psychosocial objectives, such as normalization, rehabilitation, trauma and recovery, because these do not lead to increased employment and income generation activities. Programs should aim to include these objectives as secondary to occupational skills training, rather than a primary focus. Attainment of employment should be the overarching goal.

- **Create Demand-driven Skills Training with Strong Links to Market Needs**

The most effective training and placement programs utilize market assessments. Interventions must create opportunities for income generation that participants did not previously have. Drawing upon the findings of market assessments and designing course offerings to

address market needs will ensure that the trainees develop skills in trades that are able to absorb them. Programs must produce graduates with marketable skills that will meet labor demands in the communities where they currently live or are likely to live.

- **Identify Innovative and New Markets for Occupations**

Practitioners should identify new and growing markets when designing training and placement programs for participants. This can reduce market saturation in common trades and may create more jobs with longevity and higher earning potential.

- **Ensure the Involvement of Participants and the Community**

When choosing which training courses or apprenticeship programs to offer, it is important to survey the interests, existing skills and desires of trainees, and to learn what skills community members perceive as particularly valuable.

The participation of program participants, community members, potential trainers and apprenticeship mentors will help to identify and prioritize skill sets that are marketable and therefore desirable for the displaced community. Further, the most effective training and placement programs include a career counseling component. Counseling can ensure that participants have a clear understanding of the occupational options available, job opportunities for each occupation and their earning potential.

Communities and participants should be involved in the assessment, design, implementation and evaluation stages of training and placement programs to ensure relevance, sustainability and participant satisfaction. For example, by engaging the community in conducting local market assessments in the assessment phase, community members and participants learn how

to gauge and adapt to market changes, conduct cost/benefit analyses and work with other relevant stakeholders.

- **Ensure the Transparent Selection of Participants According to their Level of Access to Market, Education and Motivation**

The transparent selection of participants is fundamental and requires keeping enrollment open to everyone and placing training announcements where everyone will be able to see them. It is also recommended that any training and placement program that assists the displaced population should also attempt to assist the local population. Such inclusion helps build relationships between the two communities. Assisting both communities can facilitate placing displaced people in jobs, as it may ease local employers' concerns that the placement program poses threats to the employment needs of the local population. Transparency in the selection process can prevent potential misunderstandings about favoritism and reduce tension within the displaced and local communities.

The selection of participants for training programs should be based upon their education and motivation, as well as an appropriate level of access to the market. Participants who are not appropriately placed may be set up for failure. For participants who are marginalized and/or have little market access, programs should make provisions for their specific needs to ensure their access and participation.

- **Ensure Adequate Duration of Training and Apprenticeships to Acquire Competency**

It is essential that training programs and apprenticeships are sufficient in length to ensure the integration of knowledge and the development of skills. Program length should be conditional on the time it takes to master a skill in order to be competitive in the job

market. Training courses can vary in length from short-term programs of one to three months to long-term programs of up to two years. Programs that are relatively short term (up to three months) may not impart adequate skills and knowledge necessary for viable livelihoods. Yet extended training can inhibit trainees from completing programs, as the time spent in training often prevents income generation.

- **Provide Preparatory Skills Training**

When necessary, participants should be further prepared for employment through the provision of employment readiness and life skills training, which may help vulnerable groups and individuals with no previous education or training to compete in the labor market. This is particularly important for young members of the community or those who have grown up in conflict settings. Such training will provide a strong foundation for learning and can build confidence and boost participants' prospects for success in the labor market.

- **Build Upon and Develop Partnerships with Existing Initiatives**

Rather than creating parallel services, whenever possible, existing TVET, apprenticeship and job placement initiatives within the community—whether locally led or implemented by nongovernmental organizations (NGOs)—should be built upon and further capacitated. Coordination with implementing organizations will prevent the duplication of efforts and limit the saturation of the local market with too many people trained in the same professions. Setting up partnerships between local agencies or NGOs and large international organizations can help integrate knowledge and expertise.



- Support Trainees' Interest in Entrepreneurship**  
Trainees interested in starting their own small businesses will require training in small business management, along with a loan or seed grant to cover their start-up costs until they establish themselves in the market. If these small businesses are successful, they could in turn provide apprenticeship opportunities for future trainees in occupations where labor market demand is high.
- Adopt a Gender-sensitive Approach**  
Interventions that target women need to recognize their often already overwhelming workloads and household responsibilities, and try to avoid imposing further burdens on them. When working with community groups, it is essential to ensure that women have an equal voice. Where possible, women should be supported with access to child care or flexible work hours to accommodate their responsibilities.
- Mainstream Vulnerable Groups in Programming**  
Vulnerable groups must be provided with access and opportunities as participants for training and placement interventions. It is important to provide additional support for these target groups to help increase enrollment and their program success.
- Conduct Ongoing Monitoring**  
It is essential to monitor training and placement programs to identify any potential negative social or economic impacts, possible changes in the economy that affect market demands and whether there is a need to modify programs for effectiveness. It is important to design a plan early on for ongoing monitoring of program objectives, and the monitoring should occur throughout the implementation phase. (*See Implementation sections.*)

## SPECIAL CONSIDERATIONS FOR TRAINING AND PLACEMENT PROGRAMS

### CONSIDERATIONS FOR GROUPS WITH PARTICULAR NEEDS

When targeted toward vulnerable groups, training and placement programs have the potential to play an important role in defying stereotypes about gender, age and ability, and creating a more equitable learning environment and labor market. When developing an intervention, it is important to factor in the needs for particular groups, such as women, youth, older groups, people with disabilities, people living with infectious diseases and ex-combatants. Older people may have physical and mental challenges that cause difficulty with mobility, and they may also be caregivers for their grandchildren or orphaned children. Older refugees and internally displaced persons (IDPs) often have decades of work experience and can be an invaluable resource. Displaced people with disabilities often have challenges in finding employment due to societal barriers or problems with access, facilities and transportation. TVET programs for the displaced are often inappropriate for the skills, abilities or needs of people with disabilities, and many do not even target them.<sup>1</sup> It is important to provide training and placement programs for occupations suited to the capacities of these groups, as well as transportation or child care assistance, if needed.

**CASE STUDY****Refugees with Disabilities in Pakistan Maintain Livelihoods<sup>2</sup>**

In Peshawar, a local NGO has helped reduced the stigma against refugees with disabilities and proved they can successfully use their economic potential to benefit the community. After conducting an assessment of market demand, capacities and available work opportunities, the agency provides vocational training for trades that do not require much mobility, such as tailoring and carpet weaving. Basic education is also provided. Upon completion of the program, graduates are provided with complete toolkits so that they may enter the labor market with less difficulty. In a survey, the implementing NGO found that over 90 percent of the trained refugees with disabilities are now earning a decent livelihood.

In order to achieve a successful transition, ex-combatants should be encouraged to attend preparatory training programs as well as employment readiness and life skills programs to build their capacities as civilians. Without this transition, they are unlikely to find employment upon completion of training and apprenticeship programs. It is important to integrate them into joint skills training programs, which can aid their acceptance in the community and assist with reconciliation. Attention must be also paid to the aptitude of ex-combatants and their ability to learn in a classroom setting. Having returned from conflict settings, they may not be accustomed to sitting and learning for hours at a time. Instead, they may require practical teaching through apprenticeships where they can learn by doing, rather than receiving formal instruction. Implementing organizations must prevent the marginalization of ex-combatants and endeavor to raise awareness that their needs may be different from those of other vulnerable groups.

## CASE STUDY

### Ex-Combatants in Mozambique Seek Life Skills Training<sup>3</sup>

In vocational training programs for ex-combatants in Mozambique in the 1990s, the inclusion of specific reintegration skills—such as peace building, social responsibility and life skills training—was deemed essential by the ex-combatants. Yet these topics were lacking in a number of training programs carried out by NGOs. The UN High Commissioner for Refugees (UNHCR) sought to meet this need through vocational skills training by implementing the “largest ever post-repatriation assistance programme” in which “reintegration and rehabilitation activities were undertaken throughout almost the entire country.”<sup>4</sup>

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## CHALLENGES

Common challenges to implementing training and placement programs may include:

- low education levels among the displaced population;
- psychological impacts of conflict and displacement on the population;
- the presence of armed groups or unrest in the region;
- stigmatization of the displaced population;
- saturation of local markets with too many people trained in the same occupations;
- fluidity/mobility of students;
- costs for students to attend training;
- program dependency on external funding;
- restrictive labor policies by the host government that prohibit program graduates from working. *(See Working with Host Governments chapter for more information.)*

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## UNINTENDED CONSEQUENCES

There may be unintended consequences associated with implementing training and placement programs. When programs are implemented without a full understanding of local market conditions and other available service providers, programing can be undermined by program overlap and labor market saturation. Implementing agencies should coordinate with other service providers and the private sector as much as possible throughout the program cycle.

## CASE STUDY

### An Unsuccessful Distribution of Start-up Toolkits<sup>5</sup>

An Italian NGO in Mozambique provided funding for a skills training program for several hundred ex-combatants with disabilities in agriculture, carpentry, brick-making, automotive and electronics repair, tailoring, shoe-making and clerical work. Upon completion of the training program, each trainee was given a toolkit to enter into self-employment. After the end of the first course, approximately half of those trained had sold their toolkit, as they had not found employment. The experience shows that a proper labor market assessment is essential.

## EXIT OR TRANSITION STRATEGIES

The implementing agency must have a plan to phase out the program. It is essential that training and placement programs not only achieve their goal of obtaining employment for their participants, but ensure program sustainability as well. Implementing partners preparing to phase out programs must ensure that processes are in place to maintain their sustainability. Consider:

- reducing program dependence on initial funding;
- evaluating internal policies to ensure that they are in line with program objectives and values, and can be sustained long term;
- establishing networks that can facilitate a participant's job search and job placement even if the program comes to an end;
- hiring from local populations that will have a long-term interest in program success.

## SELECTING A TRADE FOR OCCUPATIONAL SKILLS DEVELOPMENT

The following chart describes potential trades for occupational skills development. Selecting trades according to market needs should be a starting point to designing a program that includes TVET, apprenticeship and/or job placement. Specific information related to the design and implementation of such programs can be found in the respective TVET and apprenticeship sections of this chapter.

Skills Training	Important to Note	Examples
Agriculture	Requires adequate arable land and water supply, seeds, fertilizers and tools.	Horticulture, vegetable production
Baking	Can be easily adopted by a variety of population groups but market may be limited.	Bread making
Beekeeping	Requires physical inputs such as hives, smokers, clothing and hats.	Honey and beeswax products
Carpentry	Training in carpentry may provide preparation for repatriation due to the need for rebuilding post-conflict. It is often possible to provide on-the-job training experience with relief agencies involved in construction within camps. Post-training practical work experience may be limited by difficulty in obtaining wood in camp settings.	School furniture, domestic furniture, building construction
Charcoal Processing	Requires a large amount of raw materials. Not ideal in arid regions.	Fuel for cooking food and heating homes
Delivery Service	Goods to be delivered must be in high demand across the community. Requires vehicles (e.g., cars, trucks, bikes) for delivery to remote areas.	Door-to-door delivery of bread
Driving	Requires access to vehicles and qualified instructors, and should result in licensing or certification.	Providing public transportation to the displaced community; transporting goods to market
Electronics Repair Technicians	Requires inputs such as tools, electronics equipment and skilled instructors.	TV, radio and/or mobile phone repair
Hairdressing	Typically requires only short-term training with an apprenticeship and a small amount of capital, and can be practiced anywhere, although the market is often quickly saturated.	Cutting, braiding, styling, shaving or grooming
Health Care Occupations	Typically fill an important gap in the displaced community. Requires trained medical professionals.	Midwifery, nursing and traditional birth attendants

Skills Training	Important to Note	Examples
Masonry	Encouraged as preparation for repatriation or return due to potential high demand. Trainees should practice by constructing homes for vulnerable groups without adequate shelter. Masonry may not be appropriate for camps that lack fuel wood for firing bricks. Alternatives include cement-stabilized soil bricks.	School construction
Mechanics	Only viable if there is a significant market demand. Training can be expensive due to the need for equipment, tools and highly skilled instructors.	Car, motorbike and/or bicycle repair
Natural Resource Processing	Processing natural resources into consumable goods, such as oils, soap or body lotions, that have high demand within the community.	Lulu nut products, aromatic oils, herbal medicines
Pastoralism/ Animal Husbandry	Requires land access, water and feed; access to veterinary and animal health services.	Milk, eggs, meat products
Plumbing	Typically a small market for plumbing within refugee camps; may contribute to sanitation blocks and improved latrines. Requires tools and skilled instructors.	Relief agency work
Secretarial and Office Skills	Creates opportunity for work in different office environments and contributes to knowledge of business management.	Typing, word processing, spreadsheets and computer programming
Service Industry Occupations	Training in customer service, specific industry knowledge and problem-solving skills.	Hotel, shop and restaurant workers
Small Business Skills	Useful in all environments where petty trade takes place. Can be a periodic course or may accompany other skills training.	Accounting and management, taking inventory, computing costs and prices
Tailoring	Tailoring is a skill that can be learned by all groups, including older persons and persons with disabilities. The market may be limited due to the availability of cheaper ready-made clothes. Requires a sewing machine for each trainee, which can be costly.	Relief agency work, e.g., producing school uniforms, sewing mosquito nets, mending and alterations
Technology Service Providers	Providing high technology services requires inputs secured through the provision of grants or microfinance loans.	Internet access, mobile phone calls, charging of mobile phones

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## DESIGNING A TVET PROGRAM THAT INCORPORATES AN APPRENTICESHIP AND/OR JOB PLACEMENT COMPONENT

Practitioners must decide how best to incorporate an apprenticeship and/or job placement component based upon the acquired or existing skill level of participants after completing a TVET program. The programming progression includes: 1) TVET; 2) apprenticeships; and 3) job placement. All TVET programs should be followed by an apprenticeship or job placement component. While there may be cases where extensive TVET is inappropriate due to the nature of the occupation or already-existing skills of participants, most apprenticeships and job placement programs should include some type of preliminary TVET component. Apprenticeships should be for a fixed period and result in either a paid position with the apprenticeship mentor or placement in a job elsewhere.

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## SPECIFIC TRAINING AND PLACEMENT INTERVENTIONS: TVET, APPRENTICESHIPS AND JOB PLACEMENT

The following sections are divided into TVET, apprenticeships and job placement interventions, and provide guidance for the preliminary steps, design and implementation of these specific interventions. Due to the related nature of the interventions and the linkages between them, there is some overlap in information. Practitioners can draw upon different intervention sections for guidance relevant to their intervention.

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## TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING (TVET)

Technical and vocational education and training programs are meant to provide skills and knowledge required for entry into specific occupations. TVET program graduates should be placed into apprenticeships to ensure practical skills application or participants may be directly referred to employment opportunities through job placement assistance.

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### A. PRELIMINARY STEPS

#### ASSESSMENTS

##### Market Needs Assessment

TVET programs should be designed using up-to-date market data and projections of local labor market needs in order to create a strong link between skills training and demand. An assessment requires working closely with other operational organizations in the area, local authorities and the private sector to help identify potential employers. A labor market assessment must:

- identify existing market assessments in order to coordinate data collection;
- determine which trades have significant local labor market demand;
- assess the absorption capacity of each trade to ensure that there will not be an excess supply of trainees;
- determine the minimum skills requirements to ensure competency of graduates and facilitate employment;
- identify occupations that accept female employees;

- determine how many qualified trainers, including female trainers and skilled tradespersons, are available and their educational level and teaching experience;
- assess the availability of training materials/ supplies and whether there are adequate materials and supplies available to provide each trainee with both course materials and potential start-up toolkits;
- identify opportunities for developing partnerships and linkages with state and private employers and local enterprises, as well as with other international organizations in the area for subsequent apprenticeship and/or job placement components.

The Market Assessment Toolkit for Vocational Training Providers and Youth, developed by the Women's Refugee Commission and Columbia University's School of International and Public Affairs (SIPA) program, provides a step-by-step guide for practitioners to ensure that vocational training programs for youth are developed with a demand-driven approach. The Toolkit can be found at: [www.womenscommission.org/pdf/ug\\_ysl\\_toolkit.pdf](http://www.womenscommission.org/pdf/ug_ysl_toolkit.pdf)

### Skills Assessment

A skills assessment ensures that programs take advantage of existing skills in the community and helps advance these skill sets. The assessment seeks to understand:

- the existing skills, knowledge and experience of target groups, differentiated by gender, so that these can be utilized and built upon during the training program;
- the different skill sets available within the community, which can be further developed and upgraded depending on their relevancy to the local market.

### Community Data Collection

When conducting an assessment of community needs, effort must be made to be participatory and not exclude any groups. It is essential to understand:

- What important services are lacking in the community?
- What occupations do men and women prefer?
- What occupations are dominated by specific genders or groups?
- What are women's training needs?
- Which groups are particularly vulnerable? What are their special needs?
- Which groups have a difficult time accessing services/programs?

### IDENTIFYING EXISTING PROGRAMS

It is essential to identify existing TVET programs to avoid duplication of efforts at the expense of both the implementing organization and the community. If existing TVET programs do exist, the implementing organization should assess whether supporting these programs is more beneficial than creating parallel services. The implementing organization should evaluate existing programs' effectiveness, the inclusion of target groups and any gaps in the provision of training. Strengthening existing programs may enhance their quality, reach, diversity of course offerings and effectiveness.

If existing initiatives correspond to the demands of the local market and the displaced community, every effort should be made to offer complementary courses, such as small business management and other transferable skills. Determine:

- Do existing TVET programs cater to the needs and desires of a substantial portion of potential trainees within the displaced population?
- Are they offering opportunities for the practical application of skills?



- Are they providing valid, preferably government-recognized skills certification?
- What are the capacity needs of existing training centers? What kind of technical expertise, resources or curriculum development might they need?

## B. DESIGN

The design of TVET programs must include the participation of the target population and the local community. The costs of inputs and materials, particularly toolkits for trainees, should be factored into program budgets.

### SELECTION OF STAFF

When selecting the management and teaching staff for TVET programs, priority should be given to displaced groups and local community members, if they have the required skills.

All staff members should participate in in-service training sessions and should understand their responsibility to maintain program quality. Trainers need to monitor the program, recognize obstacles and take steps to fix them; and be familiar with the local context and the needs of trainees. They should also be equipped to provide information and advice on employment and self-employment possibilities. TVET programs can present opportunities for professional growth for program staff as well as participants.

### QUALITY OF TRAINING

Well-qualified trainers are those with both appropriate teaching skills and sufficient skilled work experience to teach the required skills to trainees. If these teaching prerequisites are not met, then relevant training courses could

be offered as incentives to potential trainers to help improve their capacities. In-service training workshops or outside training opportunities can upgrade trainers' capacities and keep their knowledge and skills up to date with current technologies and local market demands.

High quality training requires:

- periodic review of teaching methods and materials: outdated training materials should not be used and gender stereotypes should be removed;
- an appropriate balance between practical and theoretical learning;
- an appropriate ratio of trainers to trainees: this will depend on the trade being taught and the objectives of the program;
- judicious selection of tools and methods of instruction to ensure practical applicability outside the classroom. The use of advanced and expensive tools is not useful if trainees will not be able to access them following their training.<sup>6</sup>

### TARGETING TRAINING AND CLASS SIZE

Differing TVET objectives require different teaching methods and approaches. Programs focusing on economic objectives and dedicated to vocational skills training require carefully chosen—and often smaller—class sizes to prevent market saturation. However, integrated programs that include social objectives and that emphasize employment readiness and life skills training, benefit from maximizing participation and larger class sizes so training can reach more people and lower the costs per trainee.

### PROVIDING A SAFE LEARNING ENVIRONMENT

It is critical to pay attention to participants' safety in TVET programs. Occupational safety

precautions must be in place. Further, particular attention should be paid to potential protection issues facing female trainees. The risk of gender-based violence, for example, may be lessened by employing female class assistants, establishing and underscoring the importance of codes of conduct for trainers, providing students with confidential complaint procedures, and instituting rigorous follow-up mechanisms.

## MAINTAINING GENDER SENSITIVITY

To maintain gender sensitivity in the TVET programs, ensure:

- the recruitment and hiring of female trainers;
- the curricula and training materials maintain a gender-sensitive perspective;
- teaching methods, such as group training, simulation exercises, group work and theoretical and practical material, are gender sensitive and gender inclusive;
- trainers are competent in methods that encourage women's active participation or prevent domination by males;
- the equal participation, decision-making power and remuneration for male and female trainees;
- a confidential means for feedback and evaluation for participants;
- the training center is located in an area that is accessible by and safe for women;
- rules are established regarding behavior between male and female staff and trainees.

### Pre-vocational Training Introductory Courses for Female Participants

Pre-training courses can be designed to introduce women to traditionally male-dominated occupations. While designing specialized introductory courses for women, it is also important to adopt an integrated approach to encourage women to

enroll alongside men in training courses, if culturally appropriate. The experiences of groundbreaking women working in new and non-traditional roles should be publicized, particularly as women's participation in male-dominated trades can yield higher earnings and more opportunities for growth.

## CASE STUDY

### Palestinian Women Recommend Gender Sensitivity in Training<sup>7</sup>

In an assessment of existing vocational training programs in Palestine in 2005, young females expressed dissatisfaction with the lack of attention paid to gender issues in the design and implementation of programs. They report they were often not allowed to attend skills training due to traditional constraints, including culturally ascribed gender roles or early marriage. They spoke of the need for a step-by-step process of engagement, encouragement and support that respects traditional values while educating their households on gender awareness and the advantages of combating gender norms through female empowerment.

## UPGRADING SKILLS COURSES

For those who have undergone previous education or training but need to upgrade their existing skills, refresher courses can be offered. Refresher courses can help alleviate service gaps. For example, displaced communities are often lacking in health care services. By upgrading the skills of nurses,

midwives and traditional healers, this essential gap can be narrowed. Refresher courses can also be provided to previously trained trainers or apprenticeship mentors to help increase the provision and improve the quality of services within the displaced communities. In some cases, training program requirements may need to be altered so that participants with insufficient education can meet the requirements to attend government-run programs.

### ESTABLISHING PARTNERSHIPS WITH GOVERNMENT EDUCATION PROVIDERS FOR CERTIFICATION

It is important to develop partnerships with state ministries not only to build the capacity for continued programming, but also to promote the recognition of occupational skills certification. With government support, training centers can provide appropriate and recognizable certification of trainees' qualifications. Certification legitimizes a participant's acquisition of skills and knowledge, sets qualification standards for hiring individuals for certain occupations and bolsters the confidence of trainees as they seek employment. Typically, NGO training program certificates are not officially recognized in the way that government-recognized certificates are, but they may still be helpful for participants in gaining employment or attending higher education institutions. Coordination with national institutions may also facilitate the integration of local standards into the training programs and may serve as a useful source of information on employment trends and changes in local markets. In IDP and returnee settings, it may be easier to work with governments to develop skills certification. In refugee contexts, it may be difficult to do this, particularly if there are government restrictions on refugee labor.

### MOBILE TRAINING CENTERS CAN HELP REDUCE MARKET SATURATION AND REACH PARTICIPANTS IN REMOTE REGIONS

One method of implementing a TVET program is to have mobile training centers. These avoid the problem of saturating the market by moving from area to area and training people in a specific trade until the maximum number of people that the local market can absorb have been trained. Later, the mobile centers return briefly for monitoring and follow-up evaluations to assess the impacts and employment status of the graduates.<sup>8</sup>

Mobile training centers may also be a cost-efficient alternative to setting up a formal training center. However, care must be taken to include the costs of vehicles, fuel, vehicle maintenance and necessary on-site materials into the overall cost-benefit analysis. An advantage of the mobile training approach is that attendance is made possible for individuals who could not otherwise participate because of distance, physical disabilities or cultural restrictions.

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## C. IMPLEMENTATION

### ONGOING MONITORING

In the case of lengthy TVET programs, the training provided can become irrelevant if there are major social, economic or political changes that significantly affect the community or the markets. Program staff can assess progress and shortcomings by:

- conducting focus group discussions with participants;
- interviewing program participants and trainers;
- updating market assessment data;
- conducting small-scale sample studies of households, trainers and/or schools;
- holding focus discussions with program staff,



Refugee women with disabilities from the Democratic Republic of Congo braid hair for an income in Nyarugusu camp, Tanzania. © UNHCR/M. Bulow-Olsen

trainers and members of the host community to determine what obstacles participants might be facing;

- reviewing progress reports prepared by training centers and local agencies;
- monitoring data collected by project field staff during field visits.

## CASE STUDY

### The IRC's LEGACY Initiative in Liberia

Following the war in Liberia, the International Rescue Committee (IRC) has worked with vocational training centers, the Liberian government and other relevant TVET stakeholders to prioritize the rehabilitation of the vocational education system and provide access to girls and other marginalized children and youth. The IRC's LEGACY Initiative, a five-year regional project implemented in Liberia, Sierra Leone, Côte d'Ivoire and Guinea, "is rooted in the principles of inclusion, participation and sustainability," and "is based on the premise that quality and accessible education is both essential for the future development of this region and contributes to preventing the return to violence and war."<sup>9</sup> In Liberia, 88 percent of youth are unemployed, 68 percent of youth aged 15 to 20 have never seen a classroom, and more than half of the illiteracy rate of Liberia—70 percent—comprises youth.<sup>10</sup> Further, 75 percent of the technical and vocational education and training infrastructure was destroyed during the conflict, with no centralized authority to oversee TVET since the beginning of the conflict; female participation in the labor market has decreased; vocational training instructors are aging, resulting in an impending need for replacement instructors; all while the existing skills among youth are not suitable to emerging labor market needs.<sup>11</sup>

To help overcome these challenges, the LEGACY livelihood intervention provides safe, accessible and relevant education and vocational training that is both market and education driven, helping to prepare youth, and girls in particular, for workforce participation and enterprise development. The LEGACY Initiative is designed with a double-layered approach, addressing policy reform at the national level and policy implementation at the local level. At the national level, the IRC has facilitated the formation of the TVET National Working Group (NWG), made up of five government ministries, key local and national NGOs, the Liberia Business Association, and chambers of commerce. It advocates "for a coordinated and standardized approach to TVET" that will increase access for marginalized youth; remove barriers to girls' enrollment; and promote girls' participation in TVET trades.<sup>12</sup> The priorities of the NWG include re-establishing a national council responsible for TVET; securing funding for TVET institutions and establishing linkages to employment; approving market-driven TVET curricula and mentoring; and ensuring updated teacher training and safe training environments for students.<sup>13</sup>

At the local or direct implementation level, the LEGACY Initiative is engaged in a number of market-driven and youth-friendly interventions, exemplifying the changes that are advocated for at the national level. These interventions include:

- revision of entry criteria to increase female participation in vocational training centers;
- youth-led market assessments;
- curriculum revision, including business skills, life skills and mentoring;
- trade standards testing;
- student-centered instruction;
- assessment, advocacy and policy related to the barriers to female participation in training;
- engagement of large industries and chambers of commerce;
- reconstruction and provision of needed equipment;
- center-based market assessments and technical expertise;
- establishment of guidelines for fund management and the disbursement of income;
- the implementation of codes of conduct and safe practices in vocational training centers and on-the-job training sites.<sup>14</sup>

## PROVIDING START-UP KITS UPON GRADUATION

In order to support trainees during their search for employment it is usually beneficial to provide them with a start-up kit upon graduation. This is a basic set of tools and materials required by their trade.<sup>15</sup> The main outcome is that it provides additional motivation for trainees to complete their program and, ultimately, will be critical in whether or not trainees are able to secure employment or generate income following graduation. Below are some methods of providing start-up kits to graduates. To determine an appropriate method, a cost-benefit analysis should be performed, as each method incurs the cost of providing toolkits for graduating trainees:

- A new start-up kit could be offered to each graduate who has demonstrated exemplary capability and effort to learn. Toolkits could be distributed on completion of training, providing an incentive for trainees to successfully complete the course. Sensitivity is essential in view of the

risk that subjective selection of recipients may cause discontent. Grading systems should be transparent and objective to ensure fairness.

- Graduates may be asked to contribute a portion of their future earnings to pay for the kits once employment is attained. This method requires monitoring of the former trainees and can be expensive or impossible in certain internal displacement or impending repatriation contexts.
- The toolkits used by trainees while they are taking the course could be offered to them on completion of their training. This may reduce the chances of trainees selling the equipment, as the tools will be visibly used.
- Cooperatives can be formed so that groups can share a toolkit to reduce costs. However, caution is advised, as sharing one toolkit can lead to conflict within the group.

## APPRENTICESHIPS

Apprenticeships may be stand-alone programs that simply place those needing to develop skills with a skilled tradesperson or as a follow-on component of vocational training programs. It is necessary for vocational training programs to include a component that allows participants to apply their skills in real-life settings and successfully transition into the labor market. In order to encourage trade professionals to supervise apprentices, they may be offered a stipend for their mentoring services.

It cannot be underscored enough how important it is that practitioners implementing TVET programs with apprenticeship components identify and target appropriate occupations. Apprenticeships meeting real market demand must be selected, as it is sometimes the case that skilled workers earn money or support by training apprentices when they themselves are unable to make a living in their trade. Unless practitioners ensure that training and apprenticeships are suited to realistic labor market needs, participants will ultimately be set up for failure.

### A. PRELIMINARY STEPS

#### ASSESSMENTS

##### Market Linkages

Apprenticeships should not take place unless an adequate assessment has been conducted to ensure that there is labor market demand for the apprentices once their training ends. Because international organizations and host governments sometimes carry out market surveys, it is essential to consult these organizations before implementing apprenticeship programs. Questions must identify:

- whether local businesses have been consulted about market demands;
- what types of jobs are available;
- which sectors are capable of absorbing more labor;
- what types of duties women and vulnerable groups—including people with disabilities—are capable of performing in this sector, taking into consideration potential cultural or physical constraints.

##### Skills Assessment

If an apprenticeship is the primary source of training, it is essential to test prospective apprentices' skills, as they may have previously worked in the same (or a similar) field. Some questions to ask include:



With careful planning, programs can be developed for refugees with disabilities, such as here, in Sierra Leone. © Andre Lambertson

- Do they have adequate skills to successfully apprentice with a mentor?
- Do they have an interest in the trade in which they will be trained?

### Needs Assessment

For apprenticeship programs, specific questions include:

- Is there a need for mentors to be the same gender as apprentices?
- Does the apprentice need any further support to participate in the apprenticeship program? For example, is child care needed for the apprentice's dependents during training hours? Or is a transportation allowance needed to reach the apprenticeship site?
- Do mentors require specific training in order to work with vulnerable apprentices?
- Are certificates required in order to work? Are certain materials or tools necessary to begin working?

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## B. DESIGN

### WORKING WITH THE PRIVATE SECTOR

Practitioners must forge relationships with businesses and sectors where labor can be absorbed. It is essential to encourage businesses to take on apprentices and to ensure success by identifying ways to provide those businesses with support, particularly if they mentor vulnerable apprentices. However, it is important to ensure that the trainee will not be used as a substitute for cheap labor.

#### Determine:

- Are businesses with labor demand willing to take on apprentices? How can businesses be encouraged to take on apprentices with disabilities?

- Do mentors need additional training to comprehensively pass on their knowledge to the students? Do mentors have the resources to accommodate apprentices?
- What kinds of additional support do mentors require? Will mentors benefit from additional tools? What training materials will be needed?
- What type of criteria will be used to accept students into the apprenticeship program?
- How long will the training last? How many apprentices can the mentor support?
- How can the mentor and the implementing agency work together to monitor the progress of apprentices? How is progress defined?
- Will the mentor hire apprentices upon completion of the course?

### SELECTING APPRENTICESHIP MENTORS

Apprenticeship mentors may be found in small-, medium- and large-scale businesses, in factories and various industries, as well as with individual artisans or tradespersons. Many skilled artisans and tradespersons within a camp setting or established community may not be able to contribute to training and apprenticeship programs because they are involved in their own businesses. However, this potential resource of mentors could be tapped with the right combination of incentives. A particularly effective incentive is to offer courses to mentors to help upgrade their skills in quality control, business administration and finance. This can enhance their effectiveness both as mentors and as business managers. Courses could be offered to help develop the teaching abilities of skilled mentors without previous instruction experience, thus building a pool of mentors in the community.<sup>16</sup> It is imperative to select apprenticeship mentors who will ultimately hire their apprentices or link them to the market.



## ESTABLISH AGREEMENTS AND POLICIES FOR APPRENTICESHIPS

Once partnerships are created, practitioners should outline the rights and responsibilities of mentors, apprentices and program staff. Agreements must specify:

- the procedures for recruiting, training, evaluating and hiring apprentices;
- the length of the apprenticeships and a way to monitor the apprentices' progress;
- any potential incentives for mentors, such as additional equipment and tools, a stipend for their training services and the potential to hire a skilled and trained apprentice to assist the mentor's business;
- any potential incentives for apprentices, such as possible stipends, transportation allowances and training certification or certificate of program completion;
- concrete codes of conduct against harassment, discrimination, abuse, exploitation and gender-based violence that meet international standards.

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## C. IMPLEMENTATION

### ONGOING MONITORING

Conduct monitoring to gauge program constraints that may need adjustment. Program staff can assess progress by:

- holding focus group discussions with apprentices;
- interviewing apprentices and mentors;
- holding focus discussions with mentors and members of the host community to determine which obstacles apprentices might be facing;
- conducting "spot checks" to monitor the situation in apprenticeship workplaces;
- reviewing progress reports prepared by mentors.

Due to the one-on-one or small group nature of apprenticeships, critical areas to monitor include:

- following up with apprentices to ensure that there is protection from sexual harassment, abuse and discrimination in their work environment;
- ensuring that there are confidential complaint procedures established;
- paying special attention to participants' safety and ensuring that there are work-related safety precautions in place;
- ensuring that the agreements and contracts made between apprentices, mentors and program staff are honored.

Apprenticeship programs should have a trial period during which program staff can evaluate whether apprentices are interested in and committed to the program. If a student is not interested enough and is not making an effort, other students should be able to take their place.<sup>17</sup> Questions to consider include:

- Does the apprentice attend regularly?
- Does the apprentice show interest in his or her work?
- Is the apprentice able to follow instructions?
- Is this the right apprenticeship for this participant?
- Is the apprentice developing competency in the skills?

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## JOB PLACEMENT INTERVENTIONS

Job placement programs are fundamental for the application of participant skills gained through TVET and apprenticeship programs, although some participants who already possess occupational skills

will not require training before job placement. Job placement programs are usually implemented by organizations helping refugees during resettlement and repatriation, and as part of local integration, if policies allow refugees to obtain employment.

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## A. PRELIMINARY STEPS

### ASSESSMENTS

#### Assessment of Employer Labor Market Needs

It is necessary to obtain and analyze labor market data before designing and implementing a job placement program. Consulting displaced individuals is essential because they may be more aware of the local labor market demand. Identify:

- businesses with job openings
- networks of local enterprises to provide employment
- which trades have significant local labor market demand
- which occupations will accept women and people with disabilities as applicants

#### Skills Assessment

It is essential to assess what types of skills participants possess in order to place them in appropriate jobs. Displaced people may possess skills, experience and language abilities that may be appropriate—or provide a strong foundation—for particular jobs and more easily assist their placement. In addition, women, older people and people with disabilities may possess non-monetized—that is, non-compensated—skills that can help them obtain jobs.

#### Identify:

- the skills needed to fulfill labor market demand in various occupations
- the different skill sets available within the community

### Matching and Referring Applicants

Programs should identify opportunities for developing partnerships and linkages with state and private employers as well as with other international organizations in the area in order to match qualified applicants with open positions.

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## B. DESIGN

### WORKING WITH THE PRIVATE SECTOR

Practitioners must identify potential employers before implementing a job placement program. Based on labor market demand and consultation with government agencies, the private sector and displaced people, it should become easier to identify potential employers. Partnerships with government agencies, the private sector and organizations providing TVET, employment readiness and life skills training programs should help to facilitate the job placement of participants. Cooperating with different actors will inform practitioners about the types of occupations employers need and the skills they are looking for. Important questions include:

- What sectors are in need of employees?
- What types of positions are available?
- Are employers willing to hire refugees, IDPs and returnees, including women and vulnerable groups?
- What vocational training centers and other educational facilities for displaced people are in the area?
- Is it possible to coordinate with vocational training centers in the area or other educational facilities to enhance participants' skills and help them become more employable?

It is crucial to engage employers in the job placement process. Employers can participate in recruiting by visiting the job placement program and giving a presentation on what they are looking for. They can also participate by facilitating the training process. Employers' engagement can increase mutual trust among themselves and participants, the job placement program and participants, and allow the participants greater insight into the jobs they may be placed in. Engaging with employers requires asking:

- Who are potential employers?
- Are there human resources personnel that program staff can reach out to?
- How can the program connect employers with participants?
- Can the program invite employers to workshops as guest speakers?
- How can the program and the employer maintain a relationship before, during and after placement?

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## C. IMPLEMENTATION

### ONGOING MONITORING

Program success and failure can be gauged by conducting monitoring that will allow for adjustments in programming. Program staff can assess progress by:

- holding focus group discussions with participants placed by job placement programs;
- interviewing program participants and job placement program staff;
- interviewing employers to assess their satisfaction with the individuals placed with them.

### RELIEF AGENCY PROJECTS

One means of providing practical application of skills is through placing displaced people in positions that assist relief agencies in camp settings. Agencies often run projects in camp settings or displaced communities that may be able to employ displaced people. Relief substitution and incentive work projects can involve construction of infrastructure and community development projects, as well as the production of goods that aid agencies would otherwise buy and distribute to displaced participants. While the labor of displaced people is usually involved in these projects, opportunities to offer coordinated skills training for their eventual employment in the labor market are often missed. Where appropriate, relief agency projects should be identified and incorporated into training programs as sources of practical work experience for trainees. *(See the Building In-Camp Economies chapter.)*

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## EVALUATION

Monitoring and evaluation (M&E) of TVET programs, apprenticeships and job placement programs are essential to assessing whether indicators and objectives are met and to gauge program effectiveness in meeting participants' needs. Evaluation results enable practitioners to make adjustments to program design and implementation; synthesize the data collected; and document lessons learned. Indicators for measuring participants' success should be determined so that implementing organizations can easily monitor and track the progress of programs.

Participation of program participants is essential in M&E. To enhance the gender, age and ability sensitivity of the indicators, it is important to differentiate or separate the data between women and men,

youth and adults, and vulnerable groups and less vulnerable groups.

**Practitioners should determine:**

- Do trainees have good attendance records? Are participants punctual?
- How useful was the material taught in the TVET or apprenticeship program? Did the training courses reflect current trends and additional skills needed? Do the trainees require further training in order to be competent in the trade?
- Can participants apply their acquired skills? Are they regularly using their skills?
- Do employers feel participants have the appropriate skills for the position?
- Do employers feel participants are meeting the demands of the position?
- Would employers hire graduates of this training program again?
- What are participants' retention and completion rates?
- Have program graduates secured employment? If so, are their jobs directly related to their skills training?
- Is their employment sustainable? Is there sufficient demand for their skills in the market? Can the local economy afford to keep workers employed?
- What are the reasons for short-term or limited employment? Is the occupation no longer in demand? Do graduates lack the required skills?
- Has there been an increase in the household's income level?
- Are program graduates earning adequate income to cover their basic needs? Has there been an increase in the nutritional intake and food security within the household?
- Has the household been able to increase its savings or accumulate assets?

- Were women and vulnerable groups included in the program?
- How did the intervention affect community relations and the local labor market?
- What is the overall perception of the intervention, according to participants? Are they satisfied with the program?
- Were there any unintended consequences? Can they be remedied?

It is critical that the evaluation of training and placement programs includes an assessment of their flexibility and responsiveness to changes in the demands and requirements of local markets, especially to local shocks and environmental changes. The evaluation should verify that trainees are receiving the most current training to ensure employment. The impact assessment of the training program is extremely valuable for the design and implementation of future programs and modifications of current programs.

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  - 15 See Eldrid Midttun and Toril Skjetne, "Youth Education Pack: An Investment in the Future," *Forced Migration Review*, Issue 20 (May 2004), p. 50, [www.fmreview.org/FMRpdfs/FMR20/FMR20nrc.pdf](http://www.fmreview.org/FMRpdfs/FMR20/FMR20nrc.pdf).
  - 16 Erik Lyby, "Vocational Training for Refugees: A Case Study from Tanzania," In *Learning for a Future: Refugee Education in Developing Countries*, UNHCR Evaluation and Policy Analysis Unit (January 2002), p. 229, [www.unhcr.org/cgi-bin/texis/vtx/template?page=publ&src=static/epau/learningtoc.htm](http://www.unhcr.org/cgi-bin/texis/vtx/template?page=publ&src=static/epau/learningtoc.htm).
  - 17 UNESCO, "Vocational Education and Training," Chapter 26 in *Guidebook for Planning Education in Emergencies and Reconstruction*, International Institute for Educational Planning (IIEP) (2006), p. 8, [www.iiep.unesco.org/index.php?id=403](http://www.iiep.unesco.org/index.php?id=403)



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# For-Work Programming:

## Cash-for-Work and Food-for-Work

### INTRODUCTION

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This chapter addresses for-work Livelihood interventions, including both cash-for-work (CFW) and food-for-work (FFW). For-work interventions have long been a transitional strategy utilized during the emergency response phase as an initial livelihoods program. For-work programs generally address reconstruction, public works and other recovery needs in conflict-affected, post-conflict and post-natural disaster areas. These projects are intended to provide temporary and short-term employment options to displaced populations, while also building and restoring infrastructure and community assets that will strengthen and provide stability to the community. For-work projects additionally aim to enable refugees, internally displaced persons (IDPs) and returnees to shift from dependence on humanitarian aid to economic self-sufficiency and food security.



## KEY LEARNING POINTS

- Carefully select the most vulnerable participants for for-work projects. Selection should be unbiased and include all segments of the displaced population to avoid social tension. It is important not to favor an ethnic or religious group, or one party to a conflict. Inadvertent bias could compromise both program and community stability.
- For-work programs are unique and cannot be duplicated from one location to another. The local community should be involved in planning and administering the for-work programs.
- Local markets should be capable of absorbing the increased demand that will be caused by cash distribution for cash-for-work projects without encountering shortages or inflation.
- Ensure that the rapid infusion of cash or increased demand for goods will not fuel conflict within displaced communities or with their host community, or exacerbate existing armed conflicts. Sensitivity to the host community will ensure that projects are mutually beneficial.
- Programs should reflect long-term labor market needs. Participants should be developing skills that will be in continued demand in their community or in places of return or resettlement post-displacement.
- Proper sensitivity must be given to gender, age and ability when selecting and working with participants.



Craft projects are appropriate only if there are established and continuing markets for the products. © IRC/Peter Biro

## ESSENTIAL ELEMENTS

### Definitions

**For-work** refers to programs that offer short-term employment to community members involved in public works projects in order to build community assets and infrastructure. The entire community benefits from the projects, while the direct program participants receive temporary employment.

**Cash-for-work (CFW)** projects pay participants in cash for “short-term temporary employment, usually lasting no more than six months.”<sup>1</sup> Cash-for-work “is often employed in infrastructure reconstruction or other similar temporary jobs, such as harvesting, where laborers are paid in short-term intervals. The overall goal is to generate provisional employment rapidly and inject cash into the community.”<sup>2</sup> In addition to allowing participants to meet immediate livelihoods needs and move towards self-sufficiency, CFW boosts local markets with positive multiplier effects from the rapid infusion of cash.

**Community contracting** is important to for-work projects, which work closely with the displaced community. Such contracting is “an agreement between a community-based organization and an external funding or support agency to implement a development project for the benefit of the community.”<sup>3</sup>

**Food-for-work (FFW)** refers to short-term temporary employment, where workers are compensated in food, vouchers or, occasionally, in-kind goods—goods or services provided in lieu of cash. Participants can also sell or barter unneeded food for cash or goods. Food-for-work offers an alternative to CFW where markets cannot accommodate increased consumer demand, or in cases where the security situation, donor restrictions or government regulations make cash distribution too risky.

**Self-help activities** occur in the context of food-for-work programs, where “workers are offered an incentive that can be entirely in kind.”<sup>4</sup> In this case, “food is only a bonus. The actual work is voluntary and therefore the limitations concerning food as payment do not apply.”<sup>5</sup> Such self-help activities “directly benefit laborers (e.g., irrigation works undertaken by the farmers who will later utilize them).”<sup>6</sup>

## UTILIZING FOR-WORK PROJECTS IN LIVELIHOODS PROGRAMMING

How do for-work projects contribute to the livelihoods of participants?

- Transitioning from Dependence on Aid to Self-Sufficiency**  
 Cash-for-work provides participants with income that they can use to purchase food or other necessary goods, pay for health and education services, pay off debts, buy assets such as livestock and/or expand microenterprises to generate income. Paying off debts and increasing physical and personal assets allow households more security. In addition, food-for-work allows individuals and households to supplement their food supply and increase and/or vary the nutrition they and their households are receiving.
- Asset- and Infrastructure-Building Projects Support the Whole Community**  
 Projects should be chosen by the community and provide value for the whole community. Many potential projects specifically provide livelihoods support, such as weaving fishing nets, clearing and rehabilitating agricultural land or clearing roads to allow better access to markets.
- Cash Injections Can Revitalize Markets**  
 Cash-for-work boosts the amount of cash in circulation within a community. In areas where conflict, disaster or displacement have diminished market capacity, an injection of cash may revitalize markets by increasing demand. This improves the livelihoods of local traders and those on the supply chain and improves market access for community members who are not participants. The revitalization of markets is only achieved through careful market analysis to ensure that cash injections do not cause inflation, which would harm community members and reduce the effectiveness of CFW wages.

## CONTEXTS FOR FOR-WORK PROGRAMS

For-work programs are well suited to a variety of recovery situations, but are particularly effective for:

- Post-natural Disaster or Slow-onset Natural Disasters, such as Droughts or Harsh Winters**  
 For-work programs can provide support during harsh seasons that tax livestock, harm crops, reduce employment opportunities and increase vulnerability. By providing supplementary income during these times, for-work prevents negative coping strategies such as selling household assets or turning to illegal or dangerous employment. Cash-for-work programs can also be implemented prior to a difficult season, providing income that can be saved or used to buy assets for protection and food security when the harsh season returns.
- Post-conflict and Conflict-affected Settings**  
 In areas affected by conflict, for-work programs can transition refugees, IDPs and returnees from dependence on aid to self-reliance and reduce their vulnerability. However, programmers need to be aware of the potential for these increased resources to contribute to the conflict economy or further provoke social tensions.
- Returnee and Rebuilding Contexts**  
 For-work programs provide short-term employment, which can be used as an incentive for refugees or IDPs to return to their communities while local employers recover. Work projects are well suited to clearing debris and reconstructing infrastructure—activities that help to rebuild communities damaged by a quick-onset disaster or prolonged conflict. Cash-for-work provides injections of cash that can help restart and expand local markets.

- **Improving Relations between Displaced and Host Communities**

For-work programs in refugee or IDP camp settings offer opportunities to build ties between the displaced and host communities. Projects may improve upon host community infrastructure—such as roads or water supplies—that will benefit the camp as well as the host community. Positive relationships can be established if refugees and/or IDPs and members of the host community work side by side on projects.

#### CASE STUDY

##### **Cash-for-Work Accelerates the Returnee Process<sup>7</sup>**

Cash-for-work programs following the 2004 tsunami offered jobs in devastated communities before local businesses had recovered enough to provide employment. Participants were able to work rebuilding their own communities and were involved in a variety of projects, including: removing and burying the deceased; cleaning and repairing drains; cleaning water systems; cleaning and rebuilding latrines and other public facilities; reconstructing bridges; and cleaning, rehabilitating or constructing houses and shelters. Projects that involved clearing agricultural land and roads allowed important industries to resume. Building temporary or semi-permanent shelters allowed more people to return to affected areas. Because cash programs can be implemented quickly, the implementing agency was able to start CFW programming within two weeks of the disaster. By quickly providing incentives for people to return home and work on recovery efforts, CFW minimized the time participants spent as IDPs. The cash payments, which were initially set above pre-disaster rates, encouraged inland traders unaffected by the disaster to resume trade in the CFW areas. Ninety-one percent of participants in these CFW operations reported that CFW facilitated their return home.

#### CASE STUDY

##### **Cash-for-Work Protects Against a Harsh Winter<sup>8</sup>**

A cash-for-work program that began in Afghanistan in 2003 targeted participants whose livelihoods had suffered because of drought, which had lowered food production, harmed livestock and increased debt as well as migration. With winter approaching, participants were likely to grow even more vulnerable and resort to negative coping strategies or migrate to more temperate climates at great cost. Cash-for-work was implemented to provide 70 working days to nearly 7,000 participants, who worked to build water reservoirs and protection walls, plant trees and collect fodder for livestock. These projects helped the entire community endure seasonal shocks, and participants were able to save their wages to buy food throughout the winter. Some also purchased clothes and medicine or paid for health care or education. Vulnerable groups did not have to migrate or sell off assets.

## ESSENTIAL ELEMENTS OF FOR-WORK PROGRAMS

### Programs must:

- **Be Holistic**

Cash-for-work and food-for-work interventions work best when participants and communities receive additional types of support. Because the programs require labor, some of the most vulnerable community members who are unable to work may be excluded. As a result, food aid has often been packaged along with for-work activities. Food aid also enables cash recipients to focus on paying off debts and investing in the future. Savings programs are extremely effective alongside CFW, allowing participants to save for the future, pool their money into community savings collectives or earn credit and take out low-interest loans. One of the most effective ways CFW transitions participants to independence is by providing capital to start up businesses. The provision of business development services can increase participants' chance of success in becoming self-sufficient.

- **Be Community-run**

Community involvement in selecting projects and participants ensures relevance and buy-in. By working with community groups, the implementing agency can ensure that projects will be useful and that the participants selected are those most in need. Furthermore, ongoing community participation means that newly produced or refurbished community assets and infrastructure are more likely to be maintained after the program ceases. Finally, for-work interventions work best when their goals are clarified between the agency and the community from the start.

- **Have an Exit Strategy**

From the beginning, the implementing agency must have a plan to phase out the program. For-work is not meant to be a permanent or even a semi-permanent intervention, and it can be damaging to participants' livelihoods if their only source of income ends abruptly.

- **Be Gender-aware and Address Gender-based Violence (GBV)**

Female participants may be overtaxed by working on for-work projects in addition to their child care and household duties. For-work projects that are time-flexible or home-based can help relieve the additional burden that for-work duties may place on women. An additional concern is that cash can sometimes cause tensions within a household or community. The existing balance of power may be disrupted by new workloads or new income. Ongoing monitoring should assess levels of violence within households and whether women have control over or input into spending. Women's preferences on the type of payment must be solicited because they may wish to receive some of the payment in the form of food or vouchers. When working with community groups, it is essential to ensure that women have an equal voice in planning projects and selecting participants.

- **Be Age-aware**

Youth, particularly young heads of household, may want to be involved in for-work programming. The agency should establish a minimum age for program participation that respects existing regulations and protects young workers.

- **Be Ability-aware**

Often among the most vulnerable displaced people are those who are older, or who have illnesses or disabilities. Because some for-work activities are too physically intensive for these

groups, for-work may not be the best way to target them for livelihoods development. However, there are many ways to involve these groups, either by designing flexible, less physical activities or by designating special tasks geared to members of these groups.

- **Be Adaptive and Responsive**

During both the planning and implementation phases, for-work interventions must be tailored to local community needs and designed to either boost, or at least not interfere with, labor and goods markets. Ongoing evaluations to monitor the project's effect on labor markets and local businesses, as well as prices in the food and goods markets, are crucial. Household and community dynamics must also be monitored. If the intervention is found to be negatively affecting markets or the safety of women, the implementing agency should be prepared to suspend or modify the program.

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## PRELIMINARY STEPS

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### ASSESSMENT

Before designing a for-work project, it is necessary to gather information about potential project sites, local needs, participant preferences and concerns, markets and security. The results of the assessment will dictate whether for-work is an appropriate intervention and will indicate where the project can be most successful. *(See “Flow Chart for Determining the Appropriateness of Cash or Food Programs” in the Design section of this chapter.)*

The following chart explores key questions to ask during a comprehensive assessment and recommends research methods for exploring each issue.

## ASSESSMENT GUIDELINES

Issue	Goal of Inquiry	Key Questions	Research Methods
Regulations and Restrictions	<p>Determine whether the cash-for-work and if there are extra costs to be factored into deciding the payment type.</p> <p>Gather important knowledge to avoid violating host government laws or policies.</p>	<p>What are the local tax policies? Would paying cash jeopardize the standing of the operating agency in the eyes of the national government?</p> <p>Is the operating agency under any restrictions from donors regarding cash transfers?</p> <p>Are displaced people permitted to work? Are there restrictions on the type of work they can do or the location of their work?</p>	<p>Examination of government regulations.</p> <p>Examination of donor restrictions.</p>
Needs	<p>Determine the degree of damage and needs in the affected area.</p> <p>Determine whether For-Work activities may take away from independent livelihoods recovery.</p> <p>Show what coping mechanisms already exist and how effective they have been.</p> <p>Identify whether cash distribution is appropriate, or if food and/or vouchers should be used.</p> <p>Identify whether participants prefer cash or in-kind payment.</p>	<p>What was the impact of the emergency on food and income sources and other assets used for livelihoods?</p> <p>Are people able to meet their basic needs with the food and income currently available? Are they able to recover livelihoods and assets?</p> <p>What strategies are people using to cope with food and income insecurity, and what do these strategies do for their livelihoods and dignity? Are existing livelihoods strategies diversified?</p> <p>What are people likely to spend cash on if they get it? What kinds of goods do they need?</p> <p>Does the population prefer cash, in-kind payment or a combination?</p>	<p>Interviews with a wide range of actors, including government officials, community leaders, nongovernmental organizations (NGOs), the private sector and a diverse array of community members.</p> <p>Surveys of literature and statistics from the government and NGOs in the field.</p>

Issue	Goal of Inquiry	Key Questions	Research Methods
Household Relations	<p>Understand the existing power balance and gender dynamics within a household. Determine whether women will have control of the income they earn.</p> <p>Determine whether cash or For-Work programs might put women at risk for increased gender-based violence or have other harmful effects.</p> <p>Determine women's preferences for payment type.</p> <p>Determine whether more time-flexible For-Work projects should be considered, whether child care programs might be helpful and how to alleviate the burden of additional work.</p> <p>Determine the availability of or lack of access to household assets.</p>	<p>What are the spending priorities of men and women? Who controls spending within the household?</p> <p>What will an inflow of cash do to household dynamics? Is there a risk of gender-based violence?</p> <p>What kind of aid do women prefer, and why?</p> <p>What is the division of labor within the household? How much time must women spend on household duties (child care, cooking, cleaning)?</p> <p>What household assets would contribute to the household's well-being (savings, tools, livestock)?</p>	<p>Separate interviews or focus groups with men and women from different social, ethnic, political and socioeconomic groups.</p>



Issue	Goal of Inquiry	Key Questions	Research Methods
Community Dynamics	<p>Determine the appropriateness of a potential program location.</p> <p>Identify problems with potential targeting strategies for participant groups.</p> <p>Measure local support for program.</p> <p>Determine whether cash might fuel a conflict.</p>	<p>What will an inflow of cash do to social, religious or political tensions in the community?</p> <p>Would targeting one group over others exacerbate existing tensions? Would it help raise the status of a vulnerable sector of the population?</p> <p>Would a project that involves members of multiple groups in conflict with each other increase problems among the groups? Or could the project be used as a conflict resolution strategy?</p> <p>In refugee camp situations, would a For-Work program that targets refugees as well as vulnerable members of the host community have a positive impact on refugee-host relations? Would a program with refugee participants that built host community assets and infrastructure be well received by refugee participants and the host community?</p> <p>What local committees or community groups exist, and does the community trust them? Are they representative? Do they include women? Can they help organize and run a program?</p> <p>How reliable are leaders and government officials, as viewed by the population?</p> <p>Do leaders and government officials say they will support the program?</p> <p>Is there a recent or ongoing armed conflict or arms trade that potential participants are involved in? Could cash be used to buy weapons?</p>	<p>Separate interviews or focus groups with men and women from different social, ethnic, political and socioeconomic groups.</p> <p>Interviews with other NGOs or community-based organizations (CBOs) in the area.</p> <p>Discussions with local officials and leaders.</p>

Issue	Goal of Inquiry	Key Questions	Research Methods
<p>Food/Goods Availability</p>	<p>Determine whether cash will increase food security or if food aid is needed.</p> <p>Identify obstacles that may hinder food access.</p> <p>Identify other programs that might address food security, freeing CFW up to target long-term livelihoods security.</p> <p>Gather background knowledge to increase familiarity with the community and the likelihood of program success.</p>	<p>Are food and other desired goods available nationally and locally in sufficient quantity, quality and variety? What does the supply line look like?</p> <p>Will seasonal fluctuations and harvest cycles impact food availability?</p> <p>Do government policies or other factors affect food availability?</p> <p>Are there other programs in the area that provide food? If so: Whom do they target? Would other food distribution programs interfere with or complement a For-Work initiative?</p> <p>What previous programs or projects have occurred in the area, and how successful were they? What were the reasons for successes and failures? What lessons were learned?</p>	<p>Interviews and focus groups with producers.</p> <p>Examination of national and local statistics and agricultural calendars.</p> <p>Review of government policies on agriculture.</p>

Issue	Goal of Inquiry	Key Questions	Research Methods
Food/Goods Markets and Prices	<p>Determine whether markets are accessible, stocked and affordable to see if cash-for-work can address food needs or if food-for-work may be more effective than cash assistance.</p> <p>Determine whether cash distribution can be efficient and effective or if it might be harmful to the community.</p> <p>Determine whether supply will meet increased demand so that cash distribution can be effective.</p> <p>Determine whether cash-for-work would stimulate market growth, helping the community as a whole.</p> <p>Determine whether cash payments will retain their value as savings.</p> <p>Determine whether food transfers from outside markets are appropriate.</p>	<p>Determine whether markets are operating and accessible: Where are they? How much time and money must be spent on travel? How frequent is transportation? Is there freedom of movement for refugees to access markets? Do seasonality, climate or conflict cause market shutdowns? Do markets have sufficient quantities of items at reasonable prices? Are there restrictions on the movement of goods?</p> <p>Is the market competitive? Are there enough suppliers relative to buyers to keep prices stabilized? Or can sellers manipulate prices when cash-for-work creates extra demand? Price increases will harm community members who are not participants.</p> <p>What are the risks that an injection of cash would cause inflation?</p> <p>Is the market integrated so that goods can move from areas of surplus to deficit in order to stabilize prices and supply? Are roads able to accommodate transportation? Are there reliable means of communication between different markets?</p> <p>Would an injection of cash create enough of a demand to stimulate or stabilize a market?</p> <p>Is currency devaluation or fluctuation likely?</p> <p>Would transfers of food or goods undermine local markets or producers?</p>	<p>Interviews and focus groups with traders along the supply line.</p> <p>Price monitoring in key markets, including the local and comparable markets.</p> <p>Analysis of the volume of cash being provided by the project compared with other inflows, such as remittances.</p>

Issue	Goal of Inquiry	Key Questions	Research Methods
Labor Market and Wages	<p>Identify a wage that will not undermine local businesses by drawing laborers away. The wage must also target only the most vulnerable in the community, so the wage must not be so high as to attract everyone in the community.</p> <p>Avoid exploitative wages.</p>	<p>What is the average wage in the area for various types of labor?</p> <p>What is the lowest wage that more vulnerable populations are being paid?</p> <p>What is the minimum wage (government-mandated or negotiated by a labor group)?</p> <p>What is the cost of living?</p>	<p>Interviews and focus groups with employers.</p> <p>Survey of local and national government and NGO data on labor markets, pay rates and the cost of living.</p>

Issue	Goal of Inquiry	Key Questions	Research Methods
<p>Security and Delivery Mechanisms</p>	<p>Identify methods and costs of transferring cash.</p> <p>Identify risks and costs of cash transfer methods.</p> <p>Identify methods, risks and costs of transferring food and goods.</p> <p>Identify methods, risks and costs of running a voucher program.</p> <p>Identify issues with cash, food and voucher distribution to help determine what type of disbursement method would be best for participants.</p> <p>Determine the risk of corruption and diversion.</p>	<p>What are the options for distributing cash? Banking systems, remittance delivery systems and other informal financial systems? Can the post office distribute cash? How do people normally receive and transfer cash?</p> <p>What fees do the organizations charge?</p> <p>What are the risks and costs associated with the implementing agency handling the delivery?</p> <p>What are the logistics of storing and transferring food and/or goods? How expensive would this be?</p> <p>Is a voucher program possible? Are merchants willing to participate, and do they have the capacity? Can a voucher system foster competition, or can prices be set with merchants?</p> <p>What are the risks to the participants if they are known to be carrying or storing cash? Are bank accounts or savings programs available?</p> <p>What are the risks to participants if they are known to be receiving food and/or goods? How easily can participants transport and store food and/or goods?</p> <p>How far are transfer mechanisms from participants? How available is transportation?</p> <p>Are there methods that give women more or less control over the payment, such as bank accounts?</p> <p>What are the risks of cash or goods being seized or diverted by community leaders or members or project staff?</p> <p>What accountability safeguards might minimize these risks?</p>	<p>Inquiries with banks, post offices and remittance transfer institutions.</p> <p>Interviews with potential participants about local preferences for disbursement, including issues of transportation for cash or in-kind payments.</p> <p>Interviews or focus groups about local perceptions of security, corruption and the safety of transporting and storing cash or in-kind payments, as well as spending cash or vouchers.</p> <p>Analysis of the risks to the agency of moving and distributing cash.</p> <p>Assess existing and potential levels of corruption for both cash and in-kind payments via interviews with various groups.</p>

## WHEN IS FOR-WORK A SUITABLE LIVELIHOODS INTERVENTION?

**When is cash-for-work suitable?** The International Labour Organization (ILO) recommends implementing CFW:

- “when there is an urgent need to inject cash into a community and provide a source of rapid income in emergency situations;
- when undertaking public and community works, infrastructure reconstruction and other recovery interventions.”<sup>9</sup>

Practitioners should note that there may be both efficiencies and costs associated with using cash rather than food remuneration:

- Cash transfers have the potential to be more cost-efficient than in-kind distribution, because they avoid the costs of procurement, transport and storage of bulky commodities associated with in-kind assistance. However, cash transfers are not always more cost-efficient as this depends on the price of goods that people can purchase in local markets compared with the costs of aid agency procurement and transport.<sup>10</sup>

**When is food-for-work suitable?** ILO recommends implementing food-for-work when:

- “administrative obstacles impede or delay cash payments;
- food is scarce and wages low, or market mechanisms are inappropriate;
- emergency drought or famine situations exist;
- the emergency state is not completely critical and there is a lack of self-sufficiency in food production. (In such situations, FFW can be used as the delivery mechanism of food aid, particularly for infrastructure rehabilitation, or support linked to food production and market access.)”<sup>11</sup>

ILO recommends the use of **self-help projects** “when there is no interest in receiving food as payment, food resources can be used as an incentive to encourage workers to undertake self-help projects.”<sup>12</sup> Such projects, which receive no compensation, must appeal to workers because the work will benefit their community. ILO states, “A self-help activity must be of direct interest to the worker and be regarded as such,” for example, the building of a school that the worker’s child can attend or sections of road that may provide access to and from the displaced community.<sup>13</sup>

**Before implementing a for-work program, ensure that:**

Potential work projects can:

- provide long-term benefit to the community;
- provide work opportunities that match the skills of potential participants;
- be manageable—does the implementing agency possess the administrative and technical capacity to handle the project? If not, are partner agencies, consultants or other sources of expertise available?

Communities chosen for projects should:

- support the project aims, while also managing the assets and infrastructure that will be built;
- accept a program that works with vulnerable participants.

Cash programming presents several additional requirements:

- The community must have a cash-based economy.
- Local markets must be functional, so that cash can be spent on food, goods and household assets, such as livestock or agricultural inputs.
- Local markets should be capable of absorbing the increased demand that will be caused by cash

distribution without encountering shortages or generating inflation.

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## WHEN IS FOR-WORK UNSUITABLE?

For-work is meant to provide temporary relief and should be part of a transition to more sustainable economic development. For-work programs should not be used to pay for long-term undertakings, such as road maintenance, teacher salaries or permanent employee salaries, such as those for civil servants. These activities become unsustainable if they rely on the funds of an external agency, which are likely to be short term. The projects should benefit the community and have a clear point of completion.

For-work is meant to impact many participants over shorter periods of time, helping these participants in the transition to self-sufficiency. It is not designed to support fewer individuals over a longer period of time.

For-work programs cannot provide employment for a large segment of the population without a realistic path towards continued employment. In the long term, for-work programs are not sustainable, and the end of the programs, without a clear transition strategy, will cause an unmanageable increase in unemployment and vulnerability.

### When is cash-for-work unsuitable?

It is important to consider whether cash might fuel a conflict. If there is a recent or ongoing conflict in the area, the assessment should examine whether cash might be used to buy arms. Programmers should assess whether protagonists from both sides of a conflict can work together and whether a program targeting participants from only one side of the conflict could exacerbate hostilities.

### When is food-for-work unsuitable?

ILO warns against FFW programming in the following circumstances:

- “When prices are stable and workers can buy their food.
- Once emergency situations requiring FFW cease or food is no longer scarce.
- If the project cannot sustain the logistical and administrative capabilities required for FFW.
- When the project requires continuous community involvement, for example, use FFW for road building (short-term activity) but not for road maintenance (long-term commitment).
- Food as an incentive might be unsuccessful in areas with a highly developed labour culture.”<sup>14</sup>

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## DESIGN

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### SELECTING A COMMUNITY

The following factors should be considered when selecting a community for a for-work project:

- Communities should have prospective projects that are both viable (within the scope of the agency’s and participants’ capacities) and valuable (useful to the community).
- Local government officials should support the project.
- There must be a representative community group that supports the project’s activities and objectives, or there should be potential for the implementing agency to facilitate the set-up of a community group that can oversee the project.
- There should not be other NGO- or government-run programs that might conflict with for-work activities. New programming

should not interfere with the success of pre-existing programs, and pre-existing programs should not interfere with planned for-work programs.

- The local labor market must be able to absorb the additional temporary jobs created by for-work programming. For-work programs should not draw workers away from local industry or agriculture, including seasonal endeavors.
- The community and project location should be accessible enough for project supplies and payments to be transported, and communication lines should be sufficient for the project's administrative and technical needs.

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## WHY WORK WITH COMMUNITY GROUPS?

For-work projects are most successful when they are community run. The agency should plan and implement projects in conjunction with community members, for they are best equipped to make valuable suggestions and work to ensure the long-term maintenance of community assets and infrastructure. They, not external agencies, best know who vulnerable community members are, how the community interacts with local authorities and the risks both of conflict among potential participants and of cash being used to buy arms or fuel an ongoing conflict.

Evaluations of for-work projects confirm a correlation between early and continued engagement of communities and long-term maintenance of community assets and infrastructure.<sup>15</sup> In addition, community involvement lowers security risks. Creation of community groups, inclusively representing all segments within a community, can strengthen group solidarity and common purpose, with impacts often lasting beyond the duration of the for-work project.

## HOW TO PARTNER WITH COMMUNITY GROUPS

Community groups must be representative and participatory in nature. They should include members of different socioeconomic, ethnic, tribal, linguistic and/or religious groups in a community, different age groups and both women and men. For the programming to fully support women, they must not simply have equal representation, but also equal input in project planning. The community group should listen to the concerns and input of all members of the community while planning and carrying out the project.

If there is an established community group, it is important to gauge its support for the program's activities and objectives, including their willingness to aid the target population. If there is no representative group, it may be possible to convince a currently established group to become more representative in order to be involved with the project. The implementing agency can also establish its own group if there is no existing group or if the existing one is biased or unrepresentative.

In some communities, it is unacceptable for women to serve with men on general community leadership councils. If women and men have separate councils, these groups can be consulted separately, but the input of both groups should be valued equally. If there is no female community group, the implementing agency should form a women's advisory group.

When approaching a community or group, it is important to avoid raising expectations until a realistic project is likely to be implemented. Avoid mentioning CFW in a way that will encourage a community to suggest ill-fitting projects only to access the cash.



## OUTLINING COMMUNITY RESPONSIBILITIES

The implementing agency must work with its community partners in a collaborative manner to gain mutual understanding and to set expectations about the project and the community's responsibilities. Project goals should be clearly explained by the agency, and should be easily modified based on community input. To ensure that both the agency and the community are substantive partners in the project and share a stake in the assets and infrastructure produced, it is important that the community undertake some of the developmental and administrative responsibilities.

Suggested community responsibilities include:

- selecting projects with the implementing agency;
- liaising with the government for licenses and general communication;
- contributing supplies and materials or skilled labor for projects;
- developing criteria for participant selection with the implementing agency; identifying participants;
- disseminating information to the community about the program and its objectives;
- assisting in the distribution of cash, food, in-kind payments or vouchers;
- supporting monitoring and evaluation activities.

Community contracting clarifies the responsibilities of both the implementing agency and the community and ensures that the community “has a significant role in the decision-making process.”<sup>16</sup> Community contracting should only occur if the community has the capacity to implement the projects.<sup>17</sup> Where it can successfully occur, ILO notes that establishing an agreement is important for the following reasons:

- “Private contractors are not accountable to the community, but to the government or donor agency. Consequently, community concerns are not always taken into account, leading to conflict between the residents and the contractor.
- Community contracting encourages beneficiaries in the community to participate and assume responsibility for the project, allowing them to actively contribute to their own development.
- The community will develop a stronger sense of ownership and increase its involvement and interest in its subsequent maintenance.”<sup>18</sup>

The preconditions for community contracting include:

- “an organised target group;
- local or national government policies that support community development;
- a minimum level of capacity and efficiency among members of the community-based organisation;
- legal recognition (if possible) of the representative community organization;
- an enabling environment for the implementation of development projects at a community level;
- a degree of decentralization, and the ability of local authorities to enter into community contracts.”<sup>19</sup>

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## SELECTING PROJECTS

Community groups should take a lead role in selecting and planning projects that are both viable and valuable.

**Projects may include:**<sup>20</sup>

- improving or constructing wells
- constructing reservoirs

- constructing troughs for animals
- constructing and/or cleaning refuse pits or latrines
- constructing irrigation systems
- clearing and plowing land
- clearing silt from fields, laying healthy soil
- planting and collecting fodder
- planting trees
- cleaning up towns
- road-clearing and rehabilitation
- raising ground levels or building walls to protect from flooding or erosion
- constructing community centers, schools or shelters
- collecting wood or timber
- making bricks
- manufacturing mats, nets and garments
- preparing charcoal

**Project selection guidelines should ensure:**

- the project has a long-term impact;
- the bulk of project work can be done by unskilled laborers or requires skills that participants already have;
- the project is appropriate to target groups' abilities and needs. Child care or flexible hours should be provided for participants with household obligations, and low-intensity work should be available to older participants or those with disabilities.

**Projects must be logistically sound, and guarantee that:**

- the implementing agency and its community partners have the administrative capacity to manage the program, keep track of participants

and facilitate distribution of payments;

- the agency has the technical proficiency and experience necessary for any construction or rehabilitation project, or can hire external expertise;
- participants have the skills and the physical capacity to complete the project; materials can be procured and transported to the location;
- permits can be obtained;
- refugees in camp settings are allowed to work under legal agreements with host governments' laws or regulations; (*See Working with Host Governments chapter.*)
- the project complies with labor standards and local regulations;
- basic facilities are available at the project site;
- there is easy access to food, or food can be provided as part of the program;
- the site is accessible to workers and is safe;
- transportation is provided, if necessary;
- the project is sustainable and does not harm the environment.

**Projects must be locally appropriate:**

Some communities may have preconceived ideas about what types of work are acceptable for women to participate in. To ensure that a project will not create backlash in the community for female participants, it is essential to consult with community groups about local customs. Both men and women should be consulted. The local customs, however, should not alone dictate the projects chosen, especially if women are typically excluded from any type of work. Instead, the agency should engage in a discussion about projects that may not fit into the local status quo but could be accepted by the community. Further, the implementing agency should work with the community group to develop strategies to persuade the community to accept the project.

## IDENTIFYING PARTICIPANTS

### PARTICIPANT TARGETING

Projects may have various target groups: vulnerable members of the displaced community who do not have other forms of income or food sources, households in need of additional income and food to endure seasonal hardships, or victims of a disaster that need a quick cash infusion to begin recovery. The target participant group may be dictated by an emergency situation, the agency's priorities or the community's needs. As with most other projects, when selecting participants, it is important not to favor an ethnic or religious group or one side of a conflict, because this type of bias could compromise both the program and community stability.

### SELECTION OF PARTICIPANTS AND HOUSEHOLDS

The program may target either individuals or households.

Targeting individuals:

- may provide for more accountability among workers with regards to attendance and quality of work;
- is better suited for individual skills development;
- allows multiple members of a household to participate so that larger households may earn more; however, it makes it harder for the program to reach the most households.

Targeting households:

- allows household members to fill in for each other during illness or when other obligations must be met;
- is well suited to projects that pay for outputs instead of rates per hour or day; for example,

acres cleared or bricks produced;

- ensures that program resources are spread among more households in the community, but may not account for variations in household size.

### PARTICIPANT SELECTION AND GENDER

Both genders should be recruited to work on the project. Women, especially female household heads, can particularly benefit from cash. Experience from previous programs indicates that they are more likely to ensure that food reaches children in a household, and in some settings are more likely to pay off debts and invest in the future by buying household assets or starting businesses.<sup>21</sup> Practitioners should also identify opportunities to promote open access for qualified women at the management level. This can be effective for for-work programs that include task-based duties that require a manager who can control the quality of the work for each task. However, even programs that specifically aim to aid women should target male participants as well.

It is important to determine whether a program that targets only females puts women at risk. This could happen for several reasons: women might bear an unequal and strenuous burden by becoming sole breadwinners as well as caretakers, or they may become targets of resentment and even gender-based violence if a program targeting women is not well received in the community.

In general, female participants of for-work programs in a variety of settings and cultures have reported an increase in their status within the community and household because they are able to earn income and support their households through such programs.<sup>22</sup>

## TIPS FOR WORKING WITH COMMUNITY GROUPS TO SELECT PARTICIPANTS

- In conjunction with community groups, develop specific criteria for participation.
- Ask the community group to suggest participants.
- Advertise the program to the target population as a whole so that people can apply to participate.
- Be cautious of personal favoritism or patronage by community group members or misrepresentation of need by potential participants.
- Verify that potential participants meet the criteria for participation.

To ensure accountability once participants are selected, be sure to:

- verify participants' identities;
- gather participant contact information;
- sign or otherwise mutually acknowledge agreements indicating that participants understand their obligations toward the program, as well as what they can expect in return.

## CONSIDERATIONS FOR SPECIFIC GROUPS

- Youth may participate in for-work programs, but age sensitivity is crucial. The agency should establish a minimum age that respects existing regulations established by the government or labor advocates and protects young workers. School-age youth may benefit from for-work programming, but the agency must ensure that they are not missing school and have sufficient time for rest and leisure, in addition to school and work. Young workers may be granted additional breaks or fewer work hours. Article 32 of the 1989 United Nations Convention on the Rights of the Child provides protection for

children and youth with regard to reasonable hours worked and proper working conditions.<sup>23</sup> (See *Working with Host Governments* chapter.)

Older community members and/or those with disabilities are often among the most vulnerable and, in many cases, cannot undertake physically intensive projects. Ability-aware programs provide alternative work opportunities for these populations when necessary. Low-intensity and home-based projects should be implemented for them. Older or disabled participants may support livelihood projects by helping with child care programs or preparing lunches for other participants. Older persons often have a wealth of experience to contribute, not only in low-impact work projects, but also in project planning and implementation.

Working with ex-combatants and other conflict-affected participants provides an opportunity to incorporate peace building activities into work projects. Particular attention should be given to ex-combatants who must transition from military chains of command and participation in violence to community-based civilian life. Consider whether ex-combatants themselves should be targeted or if other members of their households might make safer spending choices. Evidence shows that cash programming for disarmament, demobilization and reintegration works better when it targets female dependents of ex-combatants.<sup>24</sup>

## DECIDING BETWEEN CASH-FOR-WORK AND FOOD-FOR-WORK

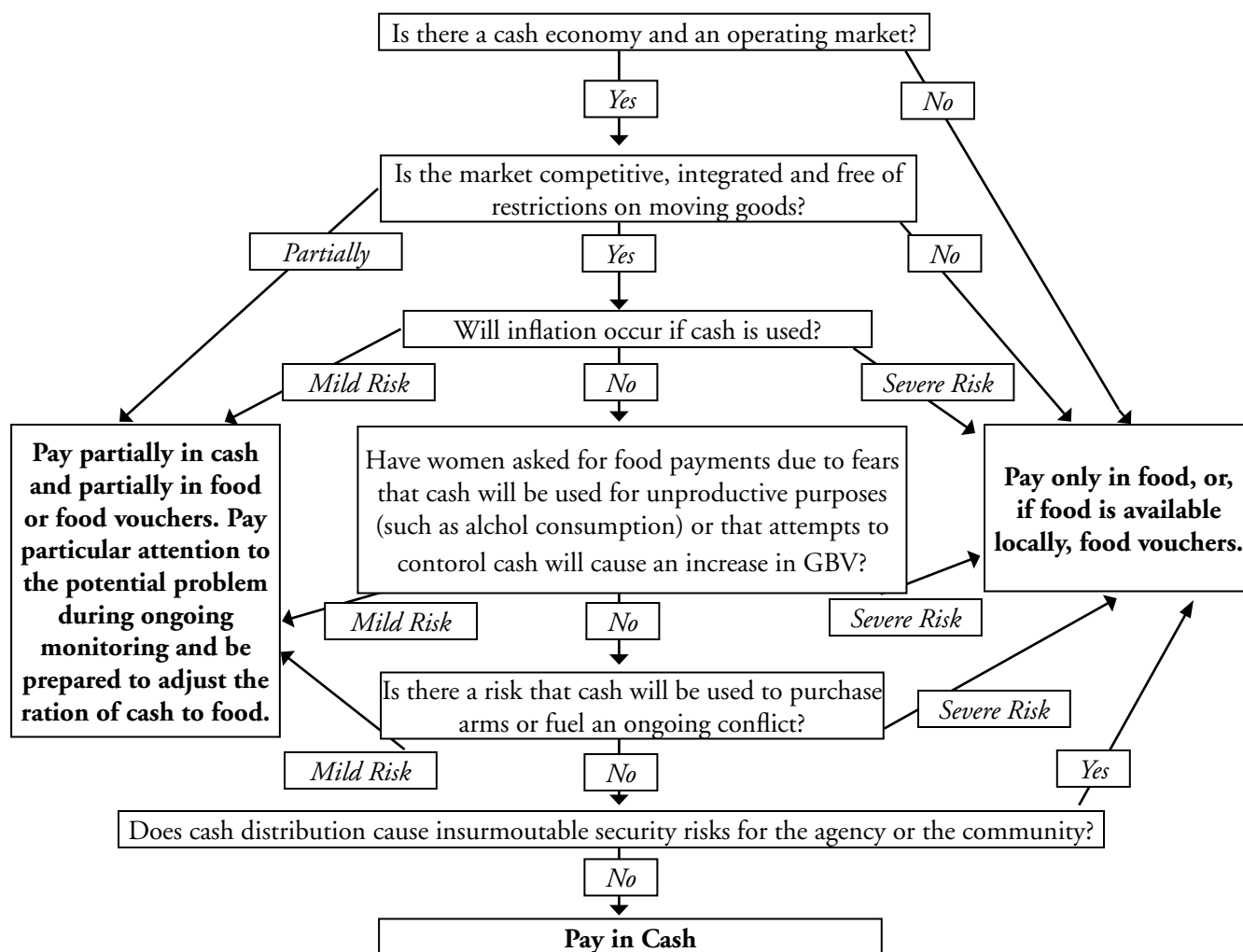
The following tool should guide the decision on whether cash or food is the appropriate payment for for-work projects.<sup>25</sup> However, cash should be the default method of payment. Cash allows participants to allocate their own spending, to consume a greater variety of food, pay off loans, pay school

or medical fees, and invest in income-generating assets or small business opportunities. Furthermore, experience shows that when food alone is provided, participants are likely to resell some of the food for less than its market value. This results in participants receiving less value for their work than they would with cash, while the implementing agency still incurs the cost of distributing food.<sup>26</sup>

Combine the tool with information gathered

from the assessment to determine whether the local market can support participants' food needs, or their need for other goods, and whether other factors within the community indicate that cash, food or a combination of both is the appropriate payment. In some cases, a combination of food and cash may be the best fit; however, it is important to consider the increased organizational capacity required in order to coordinate payments of each.

Figure: Flow Chart for Determining the Appropriateness of Cash or Food Programs



When food is available locally, but other factors indicate that food distributions should take place, food should be procured locally so as not to disturb local markets. It can be procured by the agency or, more simply, accessed through the distribution of vouchers. (See “*Disbursing the Payment*” section below.)

### **Examples of the Appropriateness of Cash-for-Work and Food-for-Work Programs**

Agency A wants to implement a for-work program in a community following a natural disaster. Some needed food items and goods are still sold within local markets, but other items are missing and supply lines have not yet been repaired. Agency A should provide food aid as well as cash aid so that participants can repair damaged homes and invest in the replacement of household assets.

Agency B wants to implement a for-work program in a returnee community that has just seen the end of a five-year conflict. Local leaders, ex-combatants and other community members from both sides of the conflict indicate that cash is unlikely to be used to purchase weapons or resume the conflict. However, some women express concerns that they will not be able to control spending enough to purchase sufficient food for their households, and worry that attempts to do so will cause violence towards them. The agency asks women whether they prefer to receive no cash at all or if they feel safe receiving some cash and some food. Women indicate that they wish only to receive food, which is available locally. The Agency should set up a voucher system so that participants can purchase food and necessary goods from local shops, supporting the local economy while also protecting the women.

## CASE STUDY

WFP Malawi “Cash and Food for Livelihoods Pilot Project”<sup>27</sup>

Agriculture in Malawi is highly dependent upon rainfall, causing swings between peak and lean seasons that cause vulnerability to food insecurity for rural populations. The World Food Programme (WFP) conducted a feasibility study in 2007 and identified two districts where food insecurity can be appropriately addressed by cash transfers. The project is meant to target rural groups<sup>28</sup> that have ongoing, chronic insecurity due to successive disasters such as floods and droughts. WFP Malawi’s Cash and Food for Livelihoods Pilot Project is designed to provide participants with incentives for activities—such as agricultural production, environmental protection and rehabilitation, fish ponds and irrigation dams—and compensate them with cash or food, or a mix of both. In addition to disaster risk reduction (DRR), the goal is to build community assets, stimulate local economies and serve as a social protection tool by strengthening livelihoods.

Drawing upon lessons learned from other cash initiatives since 2000 and using participatory rapid rural appraisals (RRA), the pilot project’s innovations include the following elements:

- It is a conditional transfer focusing on community and individual asset creation in a protracted situation.
- It utilizes existing rural banking infrastructure, including savings accounts and bank cards.
- It offers a unique interface for microfinance initiatives and further individual asset building projects through the use of regular savings accounts as part of the phaseout strategy.<sup>29</sup>

The use of ATM bank cards is one of the primary innovations of this project. The cards carry biometrics to identify participants; a photograph of the cardholder as well as fingerprint data, which is stored on the card. Not only does the ATM system promote savings and enable linkages to microfinance, no minimum balance is required, and participants have ongoing and protected access to their funds. Malawi Savings Bank (MSB) has extensive banking experience with poor rural communities and is a service provider in cash delivery. Holders of ATM cards can access money at MSB ATMs, branches and post offices, where counters are equipped with fingerprint readers for identification. There is 24-hour ATM access, while bank branches and post offices are open six days per week. For those who are more than 15 kilometers from these access points, a monthly transportation allowance is added to the value of each cash transfer received, which is itself based upon the standard for food recipients set out in the Sphere Humanitarian Charter and Minimum Standards in Disaster Response.<sup>30,31</sup>

The use of ATM cards is valuable to practitioners, as the delivery mechanism is efficient and clearly defined. With the consent of program participants, WFP is able to utilize bank data to monitor the use and frequency of access of participants’ bank accounts. Such data allow practitioners to inform future programming by understanding what services are used and when. In addition, using banks minimizes the risk of corruption because very few people are involved in the delivery of cash.

The project is meant to “inform the development of the corporate cash policy” and “contribute to local and global learning on the use and impact of cash in rural, conditional contexts.”<sup>32</sup> Other objectives include:

- assessing WFP’s “capacity, effectiveness and efficiency...in implementing conditional cash and mixed... transfer” programs;
- analyzing the advantages and disadvantages of each transfer program;
- estimating, in the context of seasonality, “the best food/cash transfer share throughout the year.”<sup>33</sup>

The value of cash transfers is index-linked to local market prices of maize and pulses. This is to ensure that the transferred purchasing power allows participants to access the equivalent of food commodities that beneficiaries of food only (50kg of maize and 5kg of pulses) and a mix of food and cash (5kg pulses and the cash equivalent of maize) receive. While initial outcomes are meant to build community assets, the long-term goal is to secure sustainable livelihoods at the household level.

The pilot project's phase-out strategy will provide training for community members in banking, savings and asset management. Participants will be linked to group savings models and microloan options in order to ensure the continuation of the accounts and its benefits.”<sup>34</sup>

The project is expected to effect change at both the household and community level. At the household level, transfers of food, cash and a mix of both cash and food are meant to address short-term needs. They also mitigate high food price impacts and vulnerability during the lean season. Further, savings accounts provide individuals with financial “identities,” and may increase eligibility for microloans and credit. At the community level, asset creation is meant to build up “community resilience” to recurring shocks and build a basis for improved agricultural practices and activities.

The pilot project will measure success in part by evaluating “the relative household-level effects of food and cash transfers based on a pre-intervention baseline, mid-term data collection exercise and a post-evaluation household survey of a representative sample of beneficiaries.”<sup>35</sup> Mobile help desk units were also established at the main bank branches where most participants draw their cash, comprised of a team from WFP, a partner NGO and staff from MSB, as well as locally elected community members. The help desk tool is meant to ensure that participants’ bank access runs smoothly, complaints are received and troubleshooting is provided in addition to gathering other qualitative data.

The pilot project is implemented through a self-reliance lens focused on the reduction of dependence on aid. WFP’s exit strategy is rooted in the community management of assets and participants’ continuous access to banking facilities and microloan options.



## IMPLEMENTATION

### DETERMINING COMPENSATION FOR FOR-WORK PROGRAMS

#### SETTING WAGES FOR CASH-FOR-WORK PROGRAMS

Cash wages should be based on both market indicators and agency priorities:

- If the goal of the program is to inject cash into markets and aid in emergency rebuilding, the agency may want to pay wages that are higher than pre-conflict or pre-disaster market levels. However, such a practice must be undertaken with caution, as it can disrupt the market and can “exclude vulnerable target groups that are rarely incorporated into the average market.”<sup>36</sup> Further, higher wages must be accompanied by vigilant monitoring of the recovering labor market so that as local businesses recover and require laborers, they can afford to keep their workers and compete with for-work programs. Participants should know that the higher wage is a temporary measure.
- Wages set below the market level will help target the most vulnerable out-of-work community members. This is a common practice in CFW programs, but to avoid worker exploitation, wages should adhere to any regulated minimum and the local cost of living should be considered.
- Women and men must be paid equal wages for participating in for-work programs, even though this may not be a local practice. The standard of equal pay helps to elevate the status of women in their communities, and sets a precedent for women to receive equal pay from future employers.

Pay rates should be measured and selected according to the context. Mercy Corps recommends three options:

- *Payment per unit*, which pays for the completion of a measurable task, such as numbers of acres cleared. A drawback of payment per unit is that it “requires more oversight, and requires a reliable supervisory staff who ensures all workers are being compensated appropriately.”<sup>37</sup>
- *Payment per specified time frame* is based upon a formula that “estimates the amount of time it should take to complete a certain job and make payments only for that number of days.”<sup>38</sup> The disadvantage with this option is that it requires oversight in order to stay on schedule because “this type of pay rate rests on an output-based system.”<sup>39</sup>
- *Payment as daily wage* is flexible and “is often utilized with projects of undefined duration.”<sup>40</sup>

#### CALCULATING FOOD PAYMENTS FOR FOOD-FOR-WORK

It is the ILO’s position that remuneration for food-for-work programs “should always include a cash component which must constitute at least 50% of the minimum wage or where there is none, of the market wage for similar types of work.”<sup>41</sup> ILO recommends the following steps to calculate the maximum amount of food that can be provided to food-for-work participants:

- “Determine the current wage or market wage for related types of activity, and calculate the daily rate.
- Pay half the daily rate in cash.
- Establish the value of the food that will be used as partial payment. Ensure that this food is given an adequate and fair value.
- Using this information, calculate the amount of food that will cover the remaining half of the daily wage. When the value of food fluctuates, the amount of cash remuneration can be adjusted accordingly, as long as it remains at least 50% of the total wage.”<sup>42</sup>

## SPECIAL ISSUES WITH FOOD-FOR-WORK

Working with food presents several issues that do not arise with cash:

- It may be harder to present food as an incentive—instead of an entitlement—because it is hard for participants to believe that an agency would deny them food if they are hungry, and such a denial would present ethical issues for the agency. Because of this, participants may not take their obligations as participants in food programming as seriously as they might with cash programming.<sup>43</sup>
- If the implementing or another agency is conducting free food distributions in the area, food will be an extremely poor incentive. Such free distributions would undermine FFW activities.

### CASE STUDY

#### **Women Work for Cash and Improved Status<sup>44</sup>**

A cash-for-work project in Bangladesh ran into resistance in the community, because in rural areas of the Muslim country, women are often prohibited from working outside the home. Participants encountered resistance from relatives and religious leaders who did not want them to participate in the projects, which involved raising land, raising burial sites and constructing feeder roads. Once the women began to earn income, their husbands and relatives became much more accepting of the program, and women felt that their status was improved because of their contribution to household finances and their equal input into spending decisions. When disputes arose, local committee members acted as outside mediators. Despite initial doubts, more than half of the program's participants were female.

Workers must be paid on time not only to honor the agreement, but also in order to maintain their confidence in the program. In the beginning, it may be helpful to issue payments more frequently to reassure participants that they will receive compensation for their work. Administrative procedures should be in place to monitor project progress and/or worker attendance and quickly track what is owed to each worker.

## CASH REMUNERATION

Distributing cash for the work that refugee workers have completed is a huge undertaking. The agency must have the capacity to track participants' work and what they are owed. Cash can be distributed by contracted institutions, such as local banks, money transfer agencies and post offices, or it can be disbursed by the implementing agency if the agency possesses the capacity to do so. It is important to be clear about how often disbursements will take place and how much should be disbursed at one time.

If the goal of CFW is to provide for basic needs, transfers should be fast, regular and in small amounts. However, if the goal of CFW is to support livelihoods recovery, people will need larger amounts of money, and therefore transfers should be disbursed less often.

It is of prime importance to determine which payment methods participants are familiar with and which they prefer.

In deciding which institution should be used to transfer the cash, it is important to consider:

- what the transfer institution charges;
- how the local community perceives the transfer institution;
- how frequently the transfer agent will

make payments for the agreed-upon fee (or alternatively, how much it would cost for the agency itself to distribute the cash);

- the reliability of the transfer institutions and what security risks might threaten their operations;
- how securely money is transferred; does the institution provide a risk-free service, or is there optional insurance?

When choosing a disbursement point, it is important to ask:

- Is the location convenient and safe for participants?
- Do participants need transportation to reach the disbursement point? Can this be provided?

Calculating the costs of disbursement will involve consideration of:

- the payment itself (multiplied by number of participants);
- the cost of administrative personnel (salaries and transfer expenses, based on additional staff needed or the amount of time staff spend on disbursement);
- transportation costs (vehicles, fuel, maintenance, drivers);
- office equipment for cash distribution (safes, accounting tools);
- handling costs (security guards, insurance, fees).

If a decision is made to use a bank, it is necessary to ask:

- Who owns and manages the bank? Who are the shareholders?
- What is its balance of payment? What is its accounting system like?
- Has the bank been audited by a reputable international audit company or certified by the government?

Questions to be asked of remittance agencies and informal institutions include:

- If the institution is not officially certified, who uses it and why do they trust it?
- Are their accounting systems robust?
- How do they ensure that they have enough cash on hand?
- How does the institution verify the identity of recipients? (*See the Remittances chapter.*)

If it is decided to use post offices—assuming that they exist—it is important to ask:

- Are people familiar with them?
- Are they secure?
- Are they willing to hold and distribute payments on a regular basis?
- Do they have sufficient human resources?

## FINDING A RELIABLE TRANSFER INSTITUTION

If it is decided that an outside institution will distribute the cash, it is essential to prepare a memorandum of understanding (MOU) that details the charge of services to be provided and all aspects of the transfer process. The document should include a complaints procedure for participants in the event that the financial institution does not perform, and to specify means of recourse for unfulfilled services.

In whichever manner disbursements are made, the agency itself should verify worker attendance sheets and other documents before disbursing payments, and compile a list of how much each participant is owed. It is important to:

- inform participants about the procedure for cash transfers;

- provide training for participants who are not familiar with the disbursement method, for example, ATMs, where applicable;
- inform them of their labor rights and the complaints procedure;
- explain that if there are security threats, the program will be suspended—this should encourage self-policing;
- require participants to present identification or have a trusted community member vouch for participants' identification;
- require participants, and possibly also their witnesses, to either sign or provide a fingerprint on a receipt to acknowledge payment.

When an agency is disbursing funds, it needs to:<sup>45</sup>

- request bills in small denominations for dividing up for participants' payments;
- count and divide the money prior to distribution, preferably at the bank;
- divide the money, even within a vehicle, and use a tracking mechanism with each satchel of cash to ensure security and guard against theft;
- vary the time, vehicle and routes used to transport cash;
- use unmarked vehicles not bearing the agency's name;
- decentralize distribution so small amounts of money go to different locations and participants can receive payments closer to home;
- distribute payments to small numbers of workers at a time;
- purchase insurance;
- consider hiring security guards, but bear in mind that if they are not otherwise used, their presence will alert more people and potential malefactors to the location of cash;
- minimize the number of people who know when and where cash will be handed out;

- consider selecting literate participants to count money, read contracts to others and generally help participants understand the payment process.

## CASE STUDY

### Agency Cash Distribution<sup>46</sup>

In one large-scale emergency, the most rapid and cost-effective way to implement a cash-for-work program was for the agency itself to disburse payments. To minimize security risks, the agency divided the money into small amounts so that distribution was decentralized. Payments were made through group leaders, who oversaw 20 workers each. Group leaders who had literacy and numeracy skills were elected by participant groups. Everyone in the group knew when payments were to be made and how much they were entitled to. Group leaders were monitored by area supervisors. Supervisors conducted unannounced on-site checks and reviewed group leaders' records. This ensured that group leaders kept accurate attendance records and were not paying "ghost workers," imaginary participants whose salaries could be embezzled. Supervisors also made sure that cash distribution was done on time and was fair and free of discrimination, sexual exploitation or other abuse. This disbursement method was fast, community run and gender sensitive.

## FOOD REMUNERATION

Compensating displaced workers with food requires logistics in food distribution, involving:

- How easy is it to produce false vouchers?
- Can businesses provide the capital up front to buy stock for the first voucher purchases, or will they need a loan to cover these expenses?
- What protective measures can be put into place to ensure competition and prevent stores from increasing prices for goods purchased with vouchers?

#### CASE STUDY

##### Vouchers for Equal Pay<sup>47</sup>

While vouchers are usually arranged for food and goods, they can sometimes be used for cash payments. One cash-for-work program in India arranged vouchers for cash payments to ensure that male and female participants would receive equal wages. Because the administration of a public works project to rebuild saltpans (where salt is harvested) in the wake of a natural disaster required outside expertise, the agency contracted with a local employer. However, it was not local practice to pay women as much as men, so the agency arranged for the local employer to give workers vouchers, which the agency then exchanged for equal pay. Local women felt that the equal pay gave them more equal rights and standing.

#### HOLISTIC PROGRAMMING

The effectiveness of for-work programming can be increased by running other programs that complement for-work. Some possibilities include:

#### FOOD AID

Because the program requires work, some of the most vulnerable community members may be physically unable to participate. Food aid has often been packaged with for-work activities. It supports those unable to work and also enables recipients of cash to spend more cash on paying off debts and investing in the future. Research has shown that refugees' and IDPs' own economic resourcefulness is critical to their survival. Food aid complements their survival strategies and prevents negative coping strategies that put them at increased risk.<sup>48</sup>

#### SAVINGS PROGRAMS

Participants of CFW programs have expressed a widespread wish for savings support. Cash-for-work programs can partner with existing group savings programs in the area or CFW can be implemented along with savings initiatives, such as group savings collectives. Cash savings from for-work programs can allow participants access to credit for the first time, as well as local loan initiatives that provide good interest rates. If a local bank is handling cash distribution, it is a good opportunity to set up bank accounts for all participants. When negotiating cash distribution fees with the bank, seek the provision of a package for participants that includes a savings account, access to credit and fair interest rates, ATM access where applicable and access to any other services the bank provides its customers.

#### BUSINESS DEVELOPMENT SERVICES

One of the most effective ways in which cash-for-work transitions participants to independence is by providing them with capital to start small businesses, which can continue to provide income long after CFW has finished. Business development

services help more of these attempts succeed. It is important to remember that not all participants have prior business experience. Every start-up attempt would benefit from a business skills training program, and some participants might require training in numeracy or accounting. Other support services for businesses include group procurement collectives that order products in bulk for micro-businesses that sell the same items. (*See the Enterprise Development and Microfinance chapters.*)

### MARKET ACCESS PROGRAMS

Cash inflows from CFW can strengthen markets by providing incentives for traders to engage with the local market. However, a variety of obstacles can hinder market integration, discourage competition and encourage inflation. Some for-work projects increase market access, such as clearing roads into the community. Other initiatives that support market access include additional improvements to physical market access, campaigns that promote the local market to traders and suppliers, as well as development of infrastructure that allows local markets to communicate, thus enhancing market integration and addressing shortages and surpluses.

### COMMUNITY DEVELOPMENT INITIATIVES

For-work programs strengthen community organizations by involving them in planning and implementation. Further support for community groups involves encouraging more community members to get involved. The stronger these groups are, the better equipped they will be to manage and maintain the community assets and infrastructure developed by for-work programs after the programs have finished.

A common concern with for-work activities is that they discourage existing local volunteer efforts by providing compensation for work that formerly was done by volunteers. It is therefore important to encourage communities and community groups to continue voluntary contributions to the community in addition to for-work programs, to ensure that volunteerism will continue when for-work ends.

Another successful community initiative involves for-work participants supporting those vulnerable community members who are unable to work and therefore cannot take advantage of the program. Participants of some CFW programs have contributed a percentage of their wages into donations or loans for community members unable to participate. Particularly in disaster recovery situations, participants can also organize a portion of their wages to pay for additional community assets or infrastructure.

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### ONGOING PROJECT MONITORING

Before the project begins, the agency must formulate a time line and collect baseline information to allow comparison with results from subsequent surveys.

Information should be gathered with random household visits, interviews, community focus groups and entry, exit and follow-up surveys. Unannounced checks at project sites will help ensure worker productivity and safety, and verify there are not any participants receiving payments who are not actually showing up to work. Day-to-day project documentation should be regularly reviewed. Market prices and wages must be monitored and compared to neighboring or similar communities that do not have for-work programming.

Questions to consider include:

- Are established benchmarks, goals and time lines being adhered to?
- If not, why not? Should the obstacles have been foreseen and planned for or were they unavoidable?
- Are plans for transitioning out of the project still viable or do they need to be adjusted?
- What objectives were set for program participants?
- Who in the community is benefiting from the program, and who is excluded? Was the participant selection process effective and fair?
- Are participants showing up to work?
- If they are not, what are the reasons: other demands on their time, frustration with low payment levels, lack of transportation or other reasons?
- Is the community maintaining its involvement in running the program? Do they perceive it to have long-term benefits?
- How is the goods market reacting to cash inflows or food distribution? How accessible are goods? What is happening to prices?
- How is the local labor market faring? Have wages changed because of the for-work program?
- Are there enough laborers to fill the demands of local businesses and agricultural needs?
- What is cash being spent on? Is it contributing to greater food security? Are participants paying debts, saving or investing?
- What is the impact of cash on gender and household relations? Is there increased violence? Are women seeing an increase in status and respect?
- Is cash being spent antisocially on such things as alcohol, gambling or weapons?
- Are women happy with the balance of cash and food payments?

- Are payments or food disbursements being made smoothly, accurately and on time?
- Are there any security problems?
- Are there issues with corruption or falsification?
- Are participants satisfied with the method and location of disbursement?

#### CASE STUDY

##### Suspending a Program for the Harvest<sup>49</sup>

During a cash-for-work program implemented in Sri Lanka following the 2004 tsunami, agency workers conducted ongoing assessments of the program and of local markets. When the harvest season arrived, the agency realized that participants were not harvesting their rice because participation in cash-for-work was more lucrative. The agency felt that occupying workers in cash-for-work reduced local resilience and self-sufficiency, and harmed local agriculture. The agency was faced with a choice to either halt the program or reduce wages so that participating in the local harvest would be more profitable. In order not to interfere with local agricultural production, the agency suspended the cash-for-work program during the harvest season.

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#### UNINTENDED CONSEQUENCES

Project monitoring may uncover unintended negative consequences. The kinds of unintended impacts to check for include:



- an increase in gender-based violence due to conflicts over spending or household chores;
  - increased stress on female participants due to the for-work workload on top of child care, cooking, cleaning and other household responsibilities;
  - an inordinate demand for labor due to participants participating in for-work programs; this can be triggered by unforeseen seasonal changes in local labor demand;
  - a decrease in local volunteerism because for-work projects fill a need once occupied by voluntary work;
  - inflation in the goods market caused by the influx of cash with CFW projects;
  - distortion of the market due to an increase of food resources;
  - potential for low-quality infrastructure if self-help projects are not carried out with proper consideration;
  - potential exploitation of workers or abuse of power by program staff in their provision of cash and food to program participants;
  - negative environmental impacts that can result from the rapid or poorly planned implementation of for-work programs.
- any harassment, discrimination, gender-based violence or sexual exploitation among participants or from program staff;
  - changing the amount or type of payment due to participant requests or because of changing market indicators;
  - providing additional services, such as on-the-job lunches, transportation or coordinated savings groups, if such needs become apparent;
  - suspending the program temporarily to resolve security risks or fraud;
  - suspending the program to allow participants to participate in seasonal work, such as harvesting or weeding;
  - adjusting the program to avoid negative environmental impacts;
  - adjusting original goals, benchmarks or time lines to fit realities.

It is important that projects that are rebuilding infrastructure or assets do so in a way that “builds back better” (B3) to avoid environmental impacts that can affect the local ecology and/or the humanitarian situation. Quickly implemented infrastructure and rehabilitation projects may not take into account negative impacts, such as the dumping and burning of waste, or clearing of land that can increase the likelihood of natural disasters and future vulnerability in the area. Practitioners should identify ways to work with local officials on public works projects that can prevent such impacts. The Inter-Agency Standing Committee’s (IASC) *Guidance Note on Early Recovery*<sup>50</sup> addresses such concerns, and can be located at [www.undp.org/cpr/iasc/content/docs/Nov07\\_Links/Doc\\_13.pdf](http://www.undp.org/cpr/iasc/content/docs/Nov07_Links/Doc_13.pdf).

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## ADJUSTING THE PROJECT

If any harmful consequences are indicated by ongoing project monitoring, programming should be immediately adjusted to mitigate these effects. Possible adjustments include:

- altering the payment disbursement mechanism, location or frequency due to participant requests or security concerns;
- changing the work unit requirements in order to protect worker safety or preserve the local labor market;
- suspending or adjusting the project due to

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## WHEN TO END FOR-WORK PROGRAMS

For-work programs must establish the criteria for the end of a CFW or FFW program. Programs end because they have run out of funding, but successful programs should meet pre-established benchmarks upon their completion. It is important to establish a time line for reaching these goals, but flexibility is necessary to allow for unexpected needs and to ensure that the program is phased out in a way that will not negatively affect participants.

Some potential benchmarks include:

- participants having saved enough capital to invest in household assets or start businesses that will protect them from future vulnerability;
- participants having saved enough income, food or household assets to protect them through a hard season or a climate shock;
- local labor markets having been re-established and for-work programs are no longer needed to provide income or incentive to return;
- rehabilitation or construction projects having been completed to an agreed-upon sufficient standard.

Because cash-for-work is a temporary employment program, its cessation will leave many participants unemployed. Towards the end of a CFW project, work hours should be intentionally reduced to give participants time to search for other employment. A job placement program can also be implemented to help participants find work based upon labor market demand. (*See Training and Placement Programs chapter.*)

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## DEVELOPING AN EXIT STRATEGY

Practitioners should assess the implementation and progress of the for-work program through ongoing monitoring to develop a plan for the successful attainment of livelihoods for participants once the program ends. Exit strategies can include a gradual scaling down of the program; aiding participants with job placement or skills development; or transitioning the for-work program into other livelihood support services that deal with savings, loans or business development services.

There should also be careful planning around public community assets and infrastructure to ensure their upkeep after the program comes to an end. Assets and infrastructure that have been constructed or rehabilitated during a for-work program should be handed over to the community to be maintained. To ensure sustainability, local government should be involved beyond the construction phase by overseeing the maintenance work.

## EVALUATION

### PARTICIPATION

It is important to assess whether members of the displaced community were involved in each stage of the project as equal stakeholders in the common objective. Other stakeholders that should be involved in M&E include aid agencies, community-based organizations and government agencies.

### ENSURING SUSTAINABILITY

Because for-work projects are community-run, workers and members of the partner community group should be committed to the continued upkeep of new community assets or infrastructure. A small maintenance fund may be necessary to ensure the longevity of some projects.

Savings programs need to ensure that participants can maintain their income.

#### Measuring Success and Evaluating Impact

The following questions should be disaggregated by gender and asked of households, merchants and other market participants, and community groups:

- Are there measurable increases in self-sufficiency? Is for-work programming improving participants' long-term economic opportunity?
- Were participants happy with the type and amount of payment they received?
- How was the money spent? Did payments (cash and/or food) provide for immediate needs? Did cash create a foundation for future livelihoods security?
- How were household spending decisions made?
- What did the project do for the status of women within their households and communities?
- Did participants show up to work? What was the program dropout rate?
- Were the projects completed? How well did the program adhere to the initial schedule? Were goals and benchmarks met? Were they met on time? Were delays unavoidable?
- Were costs incurred as expected? How could they have been reduced?
- Were the projects useful? Did they provide a lasting service to the community?
- Did the transition function smoothly? Were workers able to find future employment or success with businesses? Did the community maintain the assets or infrastructure built by the project?
- If applicable, were relations with the host community improved?
- If applicable, were community tensions or conflicts avoided or defused?
- What were the intangible benefits of the livelihoods project (sense of independence, social capital, self-esteem or teamwork)? How can these benefits be measured?

Be sure to record lessons learned and recommendations to improve future programs.

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# Building In-Camp Economies

## INTRODUCTION

This chapter addresses in-camp livelihood interventions, focusing on both relief substitution and incentive work. These interventions are intended to meet humanitarian agencies' need for goods and services while also providing employment to refugees and internally displaced persons (IDPs), particularly in contexts where there are restrictive host government policies against displaced populations working in local communities.

Nearly all refugee and IDP camp settings have some sort of existing economy in which these populations conduct a number of entrepreneurial activities in order to generate income. Small-scale bartering and petty trade occur for goods and services, such as the growing and preparing of food, livestock-raising, firewood-gathering, carpentry, welding, tailoring, textile production, money exchange services, the use of telephones and/or charging of mobile phones, the repair of electronics and other items, and transportation.<sup>1</sup> In cases where displaced people have some freedom of movement, they may also leave the camp in order to do piecemeal work or perform day labor. Livelihood programs being designed and planned in these settings should understand, build upon and expand the in-camp economies that already exist.

Relief substitution and incentive work are two interventions common to camp settings. Humanitarian organizations have a critical role in providing livelihood opportunities to camp residents who can in turn assist nongovernmental organizations (NGOs) and United Nations (UN) agencies with producing necessary goods for distribution to residents and perform certain services in order to assist in the running of

the camp. Not only can displaced workers develop their skills and build transferable skill sets that can be used post-displacement, refugees and IDPs are often motivated, effective organizers who know the needs of their communities well. Facilitating the use of these specific interventions is meant to tap existing skills, introduce new skills and build the potential for self-reliance and the economic stability of displaced people. The development of relief substitution and incentive work interventions can help to infuse cash into the camp economy and enable refugees and IDPs to lessen their dependence on aid in order to gain economic self-sufficiency and food security. This can better prepare them for their transition to one of the durable solutions: repatriation to country of origin, integration into the community or resettlement in a third, usually Western, country.

When other employment and livelihood activities are not an option due to governmental restrictions or geographical constraints, operational agencies have a responsibility to provide opportunities to refugees and IDPs through the use of relief substitution and incentive work programs. Anything provided by organizations to the displaced population should be assessed to see if and how it could be produced by members of the displaced community themselves. As many in-camp staff positions as possible should be filled by refugee and IDP workers.

While the relief needs of agencies can be temporary in nature, many protracted refugee situations have shown that relief substitution and incentive work can employ refugees for many years to address the ongoing needs of the displaced population. Agencies should be thinking about how to utilize every opportunity to increase the scale of participation to build refugees' skills and contribute to these needs within the camp.

## KEY LEARNING POINTS

- Relief substitution and incentive work interventions provide a source of income for displaced people that can promote self-reliance and economic security.
- Relief substitution and incentive work interventions provide an opportunity for refugees to maintain and build upon existing skills and learn new skills in preparation for durable solutions.
- Proper sensitivity must be given to gender, age and ability when selecting and working with participants.
- Programs must ensure that participants are aware of their rights, responsibilities, and the potentially short-term nature of relief substitution and incentive work interventions.

## ESSENTIAL ELEMENTS

### Definitions

**Relief substitution** is “the local production of relief items for distribution to refugees and IDPs. Rather than agencies buying-in and distributing proprietary products, they work with refugees, returnees and local communities who produce and sell products” to humanitarian relief programs.<sup>2</sup> Goods that aid agencies would otherwise import or purchase for distribution to displaced people in their relief efforts include vegetables, grains, fruit, soap, mosquito nets, mats, utensils, tools, blankets, sleeping mats, sanitary napkins, tents, knitted clothing, school uniforms, bags, chalk for schools, bricks, mud stoves, wheelbarrows and school desks.

**Incentive work** includes jobs performed by refugee and IDP workers, who receive incentives for their work. Incentive workers carry out tasks associated with the running of refugee and IDP camps; they can be employed in occupations such as school teachers, health workers, translators, community outreach workers, sanitation and construction workers, security guards, vehicle mechanics, janitors, cooks, distribution clerks, office staff and gardeners.



In a camp for internally displaced Nepalis, women produce cloth for sanitary napkins, which are distributed to all women and girls aged 14 – 50 in the camp. © Women's Refugee Commission/ Dale Buscher



## SPECIFIC INTERVENTIONS: RELIEF SUBSTITUTION AND INCENTIVE WORK

### RELIEF SUBSTITUTION

Relief substitution can play an important role in the livelihoods development of refugees and IDPs, particularly with reductions in humanitarian aid, the global food crisis and in protracted refugee situations. This type of intervention is best suited to settings with restricted access to local markets or in cases where host government policies place restrictions on the employment of displaced people. The market for the goods and services provided is driven by the demands of relief agencies operating in the region, but should be informed by market prices and local access. It is also important to consider the potential impact of relief substitution on the local economy; when possible, raw materials should be purchased locally in order to support the host community.

Whenever possible, camp residents should themselves produce items that are procured for distribution to camp-based populations. Rather than procuring items outside the camp, the humanitarian organization brings back items produced by camp residents for subsequent distribution. This practice both builds skills and generates income for those engaged in production. Ideally, the relief substitution activities should have some relevance to future livelihoods that participants may engage in post-displacement. Practitioners should think about how the skills used can be translated outside the camp and what other skills are necessary to create more sustainable ways to create economic security for the long term. It is important to identify other income generation opportunities and develop transferable skills for when relief substitution ends.

### INCENTIVE WORK

Like relief substitution, incentive work is another livelihoods programming option in situations where host governments prohibit displaced people from working. If the host government allows refugees to receive incentives for their labor, incentive work programs can be created to provide displaced people with employment opportunities. Workers should be placed in jobs that match their skill sets and experience. However, many agencies provide additional training for workers to meet demands associated with the daily management and maintenance of the camp. As with relief substitution, opportunities should be identified to build upon existing skills as well as develop or provide training in skills that will be transferable post-displacement.

To the greatest extent possible, the work that is done in refugee and IDP camps should be done by members of the community themselves. This not only taps existing resources, skills and knowledge, it promotes community responsibility and community self-reliance, and helps prevent the erosion of skills during displacement. Common incentive work positions include the employment of refugee and IDP teachers, health workers, community mobilizers and janitors. Incentive worker positions may be longer-term employment—such as teaching—or short-term, project-based employment, such as day labor for repairing roads or schools within the camp. Providing even small amounts of money to these refugee and IDP staff members stimulates the in-camp economy and allows those engaged as incentive workers to use their incentives to supplement their food rations, buy needed personal hygiene items and clothes and purchase medicines.

## CASE STUDY

**Oxfam GB Provides Incentive Work in Kenya<sup>3</sup>**

In the Rift Valley Province, Oxfam Great Britain sought to improve the sanitation and water provision in a camp for Kenyan IDPs. Kenyan IDPs were offered opportunities to dig latrines that would provide the needed infrastructure just outside the camp. While the IDP workers were not employees of Oxfam, they were provided with incentive payments to provide some assistance with their livelihoods. Oxfam's public health engineer explained: "We pay each man a small amount for their work. They're volunteers not employees, the payment is just enough to act as extra incentive. We also provide all the tools—buckets, shovels, picks—and the building materials."<sup>4</sup> The program also has an integrated approach to disseminating the principles of basic hygiene to ensure clean facilities and keep the community healthy, promoting the participation of IDPs in the well-being of their community.

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## ESSENTIAL ELEMENTS OF IN-CAMP INTERVENTIONS

In order to be successful, both relief substitution and incentive work interventions should include these essential elements:

- **Adaptive and Responsive Programming**

Relief substitution and incentive work practitioners should be open to suggestions from the participants of the program, and ensure their participation. Displaced participants should be able to convey the types of projects they would be interested in, as well as what the needs of the community may be. It is essential to institutionalize a procedure for feedback that might include surveys, interviews, group discussions, staff meetings and employee reviews in which program participants have a means to voice their opinions and concerns. If programs do not take participants' special needs and/or recommendations into consideration, there may be a lack of trust or communication between participants

and practitioners, which may lead to program failure. The participation of the displaced community can help strengthen a sense of commitment to in-camp programs.

- **Program Transparency**

Policies regarding the participant selection process, workers' rights and hiring and firing procedures should be transparent and well known. This can help to circumvent unfair treatment or favoritism in in-camp interventions. A lack of transparency may lead to labor exploitation if workers are not aware of their rights and responsibilities. It is also essential to make the time frame of positions well known to ensure that participants' employment is not terminated without notice, leaving them without the ability to plan for longer-term security and/or a subsequent livelihoods strategy.

- **Access to Programming**

Many refugees are not aware of in-camp employment opportunities with relief agencies.<sup>5</sup> It is essential to diversify the methods of recruitment,

paying particular attention to ensuring access to work for women and vulnerable groups. Job advertisements should be widely accessible so that refugees can apply the jobs they are interested in.

- **Supporting Long-term Stability**

Relief agencies should ensure that incentive and relief substitution workers' compensation is set at an appropriate and non-exploitative level in order for them to build a sustainable livelihood for themselves and their households. Because many host countries have restrictive policies concerning compensation for employment, the displaced should have other types of programming available to them. Incorporating a savings program that allows participants to save a certain amount of money each month and plan for the future is a great example of how employers can help relief substitution and incentive workers save their earnings and offset future risks, thus making their livelihoods more sustainable. *(See the Microfinance chapter for more information about savings methods.)*

- **Harmonized Compensation**

Relief substitution and incentive workers are sometimes paid different wages for the same labor by different organizations or divisions within the same organization. This must be resolved by ensuring that workers' compensation is harmonized within and among organizations. This policy of harmonization prevents unrest among refugee workers due to a perceived lack of fairness. Harmonizing compensation and creating clear incentive worker pay scales also enhance transparency and accountability. Organizations hiring refugee and IDP workers also need to take pay scales into consideration for the different jobs these workers fill. Teachers, health workers or janitors may require different pay scales. Organizations also need to take

into account other employment and income generation opportunities displaced people have and ensure that the compensation for teachers and health workers is adequate to keep trained participants in these positions.

- **Skills Development**

In-camp livelihood interventions should build upon displaced participants' existing skills and/or should help them learn transferable skills that can facilitate their economic security once resettled, repatriated or integrated into the local community. The participation of refugees and IDPs in other livelihood interventions, such as training and placement programs—including employment readiness and life skills training—will enable them to strengthen their skills and have the potential to build longer-term livelihoods security. *(See Training & Placement Programs chapter.)*

- **Room for Advancement**

It is ideal to create programs in which in-camp workers have room to further develop their profession or transfer their skills to another occupation post-displacement. Such a consideration may increase workers' satisfaction with the project, as well as their motivation in the work they perform. Creating room for advancement will help refugees increase their professional skills and build their employment history. While not all in-camp interventions can incorporate this goal, camp-based workers can be encouraged to take greater responsibility and envision ways that they can advance their skills or gain experience.

- **Develop an Exit Strategy**

Agencies must plan program phase-out in a gradual manner that does not leave displaced workers vulnerable. While these interventions are not meant to be a permanent or even a semi-permanent solution, it can be damaging

to participants' livelihoods if their only source of income ends abruptly. Planning for alternative programming upon termination, a release of savings or other alternatives for supporting participants' economic needs upon program completion should be an integral part of the program design phase.

- **Gender-based Considerations**

When employing workers from the displaced population, it is important to take into consideration the particular needs of women, especially with regard to program accessibility. Many women have skills for which they are not compensated and which are therefore overlooked. For example, women's cooking, cleaning and child care skills can translate into more formal positions that might include cooks, cleaners, child care providers and nurses' aides within the camp.

Some women are unable to participate in camp-based interventions due to household responsibilities. As with other livelihood interventions, programs should allow for the inclusion and recruitment of women as relief substitution and incentive workers. Women's participation can be increased by providing child care or offering flexible working hours, including evening positions for women who can work later in the day.<sup>6</sup> Throughout the process of the intervention, it is essential to consider the inclusion of women and to examine intervention possibilities and consequences through a gender lens.

#### CASE STUDY

##### Relief Substitution Work for Refugee Women in Thailand<sup>7</sup>

The Karen Women's Organisation<sup>8</sup> in Thailand is funded by the Thai-Burma Border Consortium (TBBC) to produce *longyis* (sarongs), which are purchased by TBBC and distributed to all pregnant women. All camp residents also receive a *longyi* every two years. The *longyis* are woven on small looms by refugee women in their shelters, which allows them to work from home and attend to their children. The women who weave the *longyis* are paid on a piece-rate basis. The project puts money directly into the hands of refugees, rather than outside vendors, reinforces traditional skills (weaving) and primarily targets women.

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## ENABLING ENVIRONMENTS FOR IN-CAMP LIVELIHOODS PROGRAMMING

Relief substitution and incentive work programs can only function if aid agencies are willing to support the initiatives and pay for goods and services from displaced groups. Relief substitution is only recommended as an intervention when access to local markets is highly restricted because it is dependent upon the demand created by aid agencies and does not necessarily reflect the demands of the wider local and regional communities. Once aid agencies terminate program support or the need for goods and services has been saturated, the in-camp market will cease to exist.

## PRELIMINARY STEPS

Before developing in-camp livelihood interventions, it is important to conduct preliminary research that will gauge the needed goods and services within the camp setting that can both fulfill the needs of the relief agencies and also build upon and develop the skills of displaced workers.

## ASSESSMENTS

### Market Needs Assessment

Because the market demands are based upon aid agencies' needs, the required market assessment is much shorter than assessments that seek to consider wider market opportunities.

Some questions to consider in a market needs assessment include:

- What goods or services do households regularly use? Could they be provided or produced by refugees/IDPs?
- What are the necessary goods already provided by aid agencies within the camp? Could they be provided or produced by refugees/IDPs?
- Are there local markets at which the agency can purchase the materials and/or inputs needed to produce these goods? Do logistical concerns or security threats prevent access to these markets?
- What other relief and/or development initiatives are in progress in the camp?
- What are some ways community members are earning income? What skills are they using to do so?
- What projects, initiatives or agencies within the camp need labor that refugees/IDPs could provide? What skills are needed?
- What social, cultural or environmental factors influence the in-camp economy and may have

negative impacts? Consider barriers to the participation of women or cultural groups, the prohibition of men and women working together and possible environmental damage.

- Are there government restrictions on displaced groups working? Are there restrictive policies or regulations that limit the work that can be conducted in and outside of the camp setting? Can relief agencies provide relief substitution and incentive work within the camp without causing tension with the host government?
- Is there adequate infrastructure within the camp or does this need to be developed? Can roads, schools, health clinics and water treatment and sewage systems be built, and agricultural or pastoral areas primed for the needs of the camp residents?
- Are women and vulnerable groups able to perform work on needed in-camp livelihood projects?
- How will an intervention contribute to the ability of community members to address their needs?
- How will an intervention affect the surrounding community? How can the community be included?

### Skills Assessment

Before designing and implementing an intervention, it is necessary to carry out a skills inventory of potential participants. Interventions that build upon pre-existing skills are beneficial in a few ways: there is no need to train participants in required skills; it is more cost-effective than providing training; and it broadens participants' ability and experience, which can provide for long-term economic security once outside of the camp. Some questions for a skills assessment include:

- What are potential participants interested in?
- What skills do displaced people within the camp already possess?

- How can an intervention utilize the skills the community members already possess?
- What skills can be enhanced through additional training?
- What types of work are displaced individuals willing to perform?

### Assessing Conflict and Crisis

It is important to conduct a conflict analysis or gauge the situation following a natural disaster so as to understand the context, understand any instability, anticipate unintended consequences and avoid contributing to a potential conflict economy with the livelihood interventions. Some questions to ask include:

- What role does conflict have on economic activities locally and in the camp?
- How are people vulnerable as a result of the crisis? How might their participation in camp-based interventions compromise or improve their security?
- Does the conflict or the effects of the disaster restrict people to safe areas, limiting the market or the introduction of supplies?
- Can the production of goods or the provision of services by the displaced community endanger them or cause vulnerability? If so, how can agencies minimize these risks?

## DESIGN

### IDENTIFYING HOST GOVERNMENT POLICIES

While it is essential to understand the laws and policies that host governments have that may restrict refugees and IDPs from working or moving freely, relief substitution and incentive work are ideal for such restrictive environments. Before implementing an in-camp livelihoods intervention, be sure to:

- contact the appropriate government entities and/or the UN High Commissioner for Refugees (UNHCR) to determine policies and laws regarding the employment of non-citizens and/or displaced groups;
- determine whether displaced groups are allowed to conduct relief substitution and/or incentive work inside camp settings, and whether there are any specific restrictions;
- determine whether there is a limit on how much displaced workers can be paid for relief substitution and incentive work.

Because it is fairly common for host governments to place restrictions on the work of displaced people, refugees' prospects for livelihoods development are heavily reliant on advocacy by practitioners and aid agencies. One possibility to consider is appealing for limited work permits such as those that allow refugees, even if they cannot work, to market their products outside the camp through intermediaries. (*See Working with Host Governments chapter.*)

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## SELECTING AND DESIGNING AN INTERVENTION

Once it has been determined whether relief substitution or incentive work is the most appropriate intervention, practitioners can tailor the design of their program. Program design should begin with speaking with aid agency personnel to determine what goods and/or services are lacking in the refugee and IDP camps, as well as those that are purchased and supplied from outside the camp. With this information, practitioners can explore constraints and opportunities in obtaining necessary supplies, labor and equipment from within the camp as well as the ways to best utilize the skills of displaced workers.

### CASE STUDY

#### **Bhutanese Refugees Produce Items for In-Camp Distribution in Nepal<sup>9</sup>**

In Bhutanese refugee camps in Nepal, the UN High Commissioner for Refugees (UNHCR) “supports a number of relief substitution projects, managed through refugee groups such as the Bhutanese Women’s Forum.”<sup>10</sup> Participating refugees producing goods are paid on a piece-rate basis, rather than UNHCR paying to import the same items from outside of the camp. Sanitary materials for women are produced by refugees, in which they dye, dry, weave and cut material for women’s sanitary cloth, which is purchased by UNHCR and distributed to all females between the ages of 15 and 49.<sup>11</sup> Other goods produced for in-camp distribution include chalk for schools and laundry soap for refugee households.

It should be noted that refugee women in Ethiopia, and many other settings, have expressed frustration with the use of cloth sanitary napkins. Issues with supply and comfort have led groups of refugee women in Ethiopia to repeatedly request improved feminine products. As a result, UNHCR will make this accommodation and switch to disposable sanitary napkin distribution.<sup>12</sup> Such trends are worth noting, as they may restrict in-camp livelihood opportunities and create a need for the importation of certain goods.

## SELECTION OF PARTICIPANTS

The selection of participants for in-camp livelihood interventions can be adapted based upon the unique needs of communities. The main criteria should be the ability and motivation of participants to engage successfully with the program. Identifying program participants should entail the following:

- Ensure that the recruitment process is fair and transparent by posting job openings throughout the camp.
- Ensure the inclusion of women or vulnerable groups, who can be identified through referrals or liaising with agency units that deal with gender-based violence or special needs.
- Ensure that there is a formal application process that will help to circumvent exploitation, favoritism and nepotism.
- Make sure that applicants and potential program participants understand time constraints, work duties, hiring and firing procedures and confidential complaint mechanisms.
- Determine whether participants have any previous work experience that is sufficient for them to begin working on projects.
- Determine how non-monetized/non-compensated skills—such as child care, cleaning, cooking, sewing and care giving for those with medical concerns and disabilities—can be considered and built upon as transferable skills.
- Identify specific considerations that can allow for people with special needs to be included in programs.

### CASE STUDY

#### **A Missed Opportunity in Southern Sudan for Using Returnees' Non-monetized Skills<sup>13</sup>**

In Southern Sudan, the service sector did not take advantage of the skills of the local returnee population. Instead, traders and labor markets were dominated by Ugandan, Kenyan and northern Sudanese workers. Local guest camps that housed NGO staff employed Kenyans and Ugandans as cooks, waiters, hotel staff and cleaners, who prepared and served food, cleaned, took reservations, set up tents and provided general support. Had the Southern Sudanese returnees' non-monetized skills, such as preparing meals, maintaining homes and making small repairs in the guest camps, been utilized, these displaced groups would have had an opportunity to earn a living and develop their self-reliance.<sup>14</sup>



- **Inclusion of Vulnerable Groups**

It is best for social cohesion of vulnerable groups—such as women, youth, older people, people with disabilities, people living with infectious diseases and ex-combatants—are selected along with experienced displaced workers to ensure there is equal access to a program. However, simply providing vulnerable groups with ways to earn an income may not be sufficient in building their self-reliance because of socio-cultural restrictions. Special attention should be paid to the barriers that vulnerable groups face, such as discrimination and stigma, and the ways that such barriers can be overcome with skills development.

Practitioners should identify how women and vulnerable groups can be encouraged to pursue in-camp livelihood opportunities and identify activities that utilize their skills. It is important to identify the main obstacles to program inclusion and address them through modifications in program access and design.

- **Concerns Related to Targeting Groups**

When a particular population is targeted for inclusion in a program, conflict or tension can arise between those who are selected and those who are not. One remedy for this is to target sectors instead. By targeting a sector rather than a population, practitioners can focus on the skills that match the enterprise and include individuals and groups on that basis. For example, if a program targets road reconstruction as a sector, it may attract more able-bodied men and male youth than women, older people or people with disabilities. In contrast, targeting craft production as a sector is likely to reach women, youth, older people and people with disabilities.<sup>16</sup> Even then, however, care must be taken to avoid assigning particular groups to so-called traditional or stereotypical roles. Selection of enterprises for program participants must be viewed through a lens of sensitivity for gender, age and ability.

#### CASE STUDY

##### **NGOs in Nepal and Thailand Provide Work for Refugees with Disabilities<sup>15</sup>**

Refugees with disabilities have found work with aid agencies, including as teachers' aides for special needs students, rehabilitation workers and disability program managers. Caritas Nepal and ZOA Refugee Care in Thailand each have progressive affirmative action hiring policies for refugees with disabilities.

## OUTLINING RIGHTS AND RESPONSIBILITIES

It is essential to provide participants with information related to their rights and responsibilities, hiring and firing policies and complaints procedures. Displaced groups are sometimes unfamiliar with their rights and information that can help them when they encounter difficulty. Be sure to:

- determine the relief organization's policies related to relief substitution workers and incentive staff;
- determine the related policies of other organizations in the region;
- work to harmonize relief substitution and incentive worker policies across the organization's units and with other organizations in the region;
- ensure that the selection process is clear and well-known to the organization's staff and participants;
- incorporate policies against discrimination, sexual harassment, abuse and exploitation;
- implement confidential complaints procedures.

### Sample Checklist Adapted from the International Rescue Committee's Mandatory Reporting Policies<sup>17</sup>

- Prohibit sexual relations between staff and participants.
- Establish different considerations for staff hired from the participant community when the relations are consensual.
- Prohibit sexual activity with children under the age of 18 even if the local age of majority or age of consent is younger than 18.
- Do not recruit participants to work for staff in a personal capacity.
- Prohibit verbal, non-verbal and physical harassment perpetrated by staff.

Providing information about responsibilities also protects participants by helping them to understand the potentially short-term nature of relief substitution and incentive work. This allows them to be more financially prepared and sets realistic expectations.

## CASE STUDY

### Leadership Among IRC and Refugee Incentive Workers in Kakuma Refugee Camp, Kenya<sup>18</sup>

In late 1999, poor lines of communication led the incentive workers of all organizations in the Kakuma refugee camp to hold a strike against their employers due to inadequate pay, lack of management and leadership opportunities and “perceived discrimination by humanitarian staff against refugees.”<sup>19</sup> Recognizing that incentive workers’ capabilities and contributions were underutilized and unrecognized, the International Rescue Committee (IRC) responded with the establishment of a Counterpart Management System (CMS).

The IRC’s CMS allows refugees to work hand-in-hand with all staff program managers. Counterpart managers, who are refugee workers, are not subordinate to program managers; rather, they are partners with them. Counterpart managers play a dual role: they represent the participants and also speak on behalf of the agency. This system allows for greater transparency of the program and greater participation of refugees. By 2003, all IRC programs had integrated incentive workers into the management process.

Counterpart managers participate in the Kakuma annual program planning process and attend the Kakuma management meetings on a biweekly basis. They also play a role in reporting to refugee community leaders in quarterly meetings; are in charge of the program that they work in when the program manager is absent; and are part of all IRC program design trainings and capacity-building sessions. Their job responsibilities include supervising staff; coordinating meetings; providing input during budget and proposal writing; coordinating with heads of departments and community leaders; training and recruiting staff; mobilizing the community for program activities; keeping program, correspondence and staff performance records; and liaising with other organizations.

Because counterpart managers are usually involved with the program for longer than IRC program managers, they tend to develop strong management skills and longer institutional memory, and are therefore more in tune with culturally appropriate program implementation.

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## AGREEMENTS BETWEEN RELIEF AGENCIES AND RELIEF SUBSTITUTION AND INCENTIVE WORKERS

It is imperative that contracts or agreements are stipulated between relief agencies and employed refugee and IDP workers to ensure that the terms are agreed upon and obligations are met. Contracts may be required for new goods and/or services and should indicate, in the case of goods, the quality and quantity of the goods produced, the price and the location and times for delivery.<sup>20</sup> UNHCR recommends putting production monitoring and distribution systems in place and encouraging individual production that suits individuals' household responsibilities.<sup>21</sup>

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## DETERMINING COMPENSATION

Before hiring relief substitution and incentive workers, it is necessary to determine how the workers will be compensated for the goods they produce and/or the labor they provide. All payments should be based upon quality control. For all production work, a piece-rate [basis] should be adopted, while salaried staff should receive set wages, and bonuses for increased production or increased responsibilities.<sup>22</sup>

Local labor laws—including any governing minimum wage—need to be identified, and a formula must be designed and agreed upon. Such a formula would assess minimum wage minus the provision of food and housing, which is already provided to refugees and IDPs in camp settings.

Questions to consider include:

- How much money is available for refugee and IDP workers' compensation?

- Within the program budget, how many relief substitution and incentive workers can be hired?
- Are other agencies in the area providing similar levels of compensation?
- Can the agency establish programs that would supplement monetary compensation and promote more sustainable livelihoods, such as a savings program?

### CASE STUDY

#### Assessing Compensation for Incentive Work in Dadaab and Kakuma Refugee Camps<sup>23</sup>

A joint 2005 International Labour Organization (ILO)—UNHCR report found that in the Dadaab and Kakuma refugee camps in Kenya, incentive work is the “only form of formalised work for [Somali, Ethiopian, Sudanese and other] refugees in the camp environment.”<sup>24</sup> However, incentive work “does not provide the protective means inherent to formal labour contracts, but offers more stability and protection than work in the informal economy.”<sup>25</sup> For example, refugee workers conducting the same work as Kenyan workers—such as teachers—may earn approximately one-fourth of the salary that Kenyan workers receive, even if they supervise the work of the Kenyan nationals.

While relief agencies are unable to formally hire refugees in restrictive host country environments, ILO is concerned about the very low level of incentives paid in comparison to salary standards for national staff, particularly as “agencies, always under funding constraints, use this situation and have an abundance of motivated and in part qualified workers at their easy disposal.”<sup>26</sup>

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## IMPLEMENTATION

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### ONGOING MONITORING

Ongoing monitoring mechanisms must be in place to assess program impact and effectiveness. This ensures that protections are in place and that program staff and relief substitution and incentive workers follow policies and meet their respective responsibilities. Practitioners should pay particular attention to changes in government policy, infrastructure, logistics and conflict or instability. Changes in any of these elements could result in opportunities to engage participants in enterprises that are based on the local market rather than simply the demands of the humanitarian community. As such, observation of potential post-displacement or non-camp livelihood opportunities should be noted, as this may help to facilitate skills development and the building of transferable skills.

The following monitoring measures are helpful in the implementation phase of the program:

- following up with relief substitution and incentive workers to ensure that there is protection from sexual harassment, abuse and discrimination in the working environment;
- incorporating annual workshops that train staff in recognizing and reporting any abuses or discrimination on the grounds of race, gender, age, religion or disability;
- creating an open line of communication between workers and their employers by carrying out surveys to evaluate program success based upon participants' feedback;
- ensuring the participation of women, youth, older people and people with disabilities in these evaluations;

- ensuring that the agency's policies concerning workers' compensation and hiring/firing are transparent, available and understood among workers;
- assessing changes in the economy that can enable participants to address difficulties in maintaining their livelihoods at the completion of in-camp interventions;
- identifying areas where programming can connect participants to other livelihood interventions.

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### COORDINATION AMONG PARTNERS

The implementing organization must coordinate its policies among all of its units, as well as with other agencies working on in-camp interventions. Coordination can facilitate program transparency, avoid duplication and reduce costs. It can facilitate a closer relationship in and among organizations, and can help obtain information about and address instances of abuse, harassment and discrimination. There must be coordination among and within agencies when:

- establishing policies related to workers' rights;
- carrying out a skills inventory within the community;
- identifying demand for goods and labor;
- creating adaptive and responsive programs;
- making programs culturally appropriate;
- making programs gender-, age- and ability-aware;
- determining compensation;
- harmonizing wages;
- attempting to build on existing skills and developing transferable skills and opportunities for increased responsibility or advancement;

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## COMMON CHALLENGES AND LESSONS

Although relief substitution and incentive work interventions are designed to allow refugees and IDPs to work within camp settings, some challenges can arise. Some of the most common include:

- compensating displaced workers with incentive amounts that are both fair and sustainable;
- discrepancies between available skills and skills needed;
- in-camp interventions employing only a fraction of the displaced population, which can cause tension within the refugee community;
- competition between various agencies to hire the best qualified among the displaced;
- following up with participants to determine the program impact;
- developing an adequate exit strategy;
- securing adequate funding to cover program costs and wages over the course of the intervention;
- quality control mechanisms may be time- and labor-intensive.

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## ADJUSTING THE INTERVENTION

The process of ongoing monitoring can help to clarify negative effects and prevent unintended consequences. Adjustments may be necessary to address any concerns. Successful programs have made adjustments by:

- developing additional guidelines to address negative issues;
- assessing the market on a more frequent basis;
- assessing and matching the market price of goods being produced in order not to flood and disrupt the local market;
- involving the community in the process of

assessment, the selection of participants and evaluation;

- altering the program to reflect new opportunities in the local market or changes to host government policy;
- improved coordination and joint efforts by agencies to offer opportunities for displaced people to develop their skills and capacities.

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## EXIT OR TRANSITION STRATEGIES

In-camp livelihood interventions must have an exit strategy to ensure the stability of workers, as these interventions are often short-term in nature and there may be no possibility of continuing once the need has been fulfilled or the aid agencies depart. Many relief substitution and incentive work programs run out of funding and abruptly end their activities. Therefore, it is essential to ensure that transitional activities and a smooth exit strategy are put into place at the start of these interventions.

Determining the next steps and ways in which to transition relief substitution and incentive workers from one type of work or program to another can reduce the likelihood of vulnerability among participants. An exit strategy should build upon the results of ongoing monitoring and take into consideration the following factors:

- the participation of participants in the development of an exit strategy;
- sources of funding for the program;
- allowing for savings opportunities;
- ensuring continued compensation for workers, albeit by other means, such as including them in other income generation programs, referral to other types of employment;
- potential occupations where participants' skills can be applied after the end of the program;

- coordination with different governmental, nongovernmental and international organizations so refugee and IDP workers have options and opportunities following incentive work or relief substitution interventions;
- ensuring that transferable skills can be developed for alternative livelihoods once the program ends.

### CASE STUDY

#### Program Failure Due to Lack of Monitoring and/or an Exit Strategy<sup>27</sup>

In the Democratic Republic of Congo, an NGO set up a program for incentive workers where participants were trained and placed in teaching positions. However, program funding was available only on a one-year cycle. The organization did not have an exit strategy for the program and therefore could not pay for teachers' salaries after the year ended. The responsibility to pay refugee teachers' salaries was then transferred to the local Parent Teacher Association (PTA), which was unprepared and without resources to pay these costs.

Individual workers may eventually be able to provide their goods to refugees in the camp and sell to the local community rather than selling their goods to relief agencies for distribution. UNHCR recommends:

With increasing self-reliance, sales to agencies will decrease and producers will supply to individual refugees/returnees or local communities. It is vital therefore, that sales prices are competitive. Phasing out agency purchases and distributions will need planning to avoid unnecessary and costly stockpiling of unwanted goods. The gradual decrease of agency purchases, and increasing sales on the local market, will help make businesses (and services provided) sustainable.<sup>28</sup>

## EVALUATION

Since aid agencies' demands for goods and services are not sustainable, evaluations should focus on measuring program success and impact and identifying areas for improvement that can inform continued programming or improve exit strategies. Program participants and local stakeholders should participate in the evaluation process.

### MEASURING SUCCESS

Below are some indicators to measure success:

- whether the intervention increased participants' household income levels;
- investment in income-generating activities for long-term livelihoods security;
- accumulation of assets or savings;
- reduced dependency on distributions and hand-outs;
- reduced vulnerability;
- increased nutritional intake within the household;
- improved standard of living;
- the inclusion of women and vulnerable groups;
- skills development;
- participants' overall perception of and satisfaction with the program;
- whether the program facilitated the repatriation, integration or resettlement of displaced participants;
- improved community and/or inter-ethnic relations;

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# Supporting Agrarian Interventions

## INTRODUCTION

This chapter addresses agrarian livelihood interventions, including crop production and the raising of livestock. For displaced people, there are a number of constraints for conducting agrarian livelihood activities: instability in post-conflict or post-disaster situations; the common lack of access to natural resources, such as land and water; and limited access to markets and necessary inputs, including tools, equipment, seeds and livestock. Refugee and internally displaced person (IDP) camps may be deliberately placed on unproductive land without sufficient water resources in order to minimize tensions with local communities over the use of scarce resources. Due to limited access to land, inadequate space, few natural resources and constraints in skills and knowledge, displaced persons' agricultural activities are generally small-scale, low-input and often unsustainable. While some form of crop production, such as backyard gardening—small-scale gardening for subsistence use—can be practiced in many displacement contexts, the placement of refugee and IDP camps and settlements often makes it impossible to practice traditional agricultural activities. Further, while displaced people's agrarian skills may have been suitable for their home environment, they may be inappropriate in their displacement situation. Inadequate inputs, such as seeds, tools and equipment, uncertainty about investing time and resources in an unpredictable environment and unsuitable varieties of crops can mean that agriculture is limited to household-level efforts to use traditional practices in unfamiliar and poor conditions. Without the necessary inputs, the scope for improving practices can be limited, land use unsustainable and environmental degradation increased.<sup>1</sup> Instead of producing for the demands of the market, displaced people and service providers often must seek out markets for what is currently being produced. This can lead to growers being burdened with unwanted produce they are forced to sell cheaply because of a lack of market interest.

In many cases, the yields of agrarian activities are consumed rather than sold, supplementing food aid or being the sole nutritional source for households. Due to the diverse livelihood strategies employed by displaced people, agrarian activities may supplement other income generation activities or account for just a small portion of their income base. Many displaced people engaged in agrarian activities work as day laborers, planting and harvesting for wages or in-kind payments for local farmers. Displaced people may be uninterested in agrarian livelihoods, and those who expect to be resettled in an urban area or who believe that urban areas hold more opportunities may be reluctant to return to or develop agricultural skills.

Successful interventions must be market-driven, consider the specific characteristics of the displacement situation, build on existing practices and skills and consider the short- and long-term impacts of the intervention. Implementing agencies should secure the essential assets displaced participants need in order to engage successfully in agrarian interventions: land, security, tools, equipment, seeds, livestock and other needed inputs. Advocates for agrarian interventions should not simply focus on micro-level production, but also seek ways to support mesa- (community-) and macro-level production. Interventions should be strengthened not only in terms of production, but post-harvest techniques should be incorporated to add value to products, thereby increasing producers' earning potential. Nongovernmental organizations (NGOs) should build the self-reliance capacities and strategies of displaced participants in order to reduce their dependency on humanitarian aid, the delivery of which can be unpredictable and unreliable.

This chapter primarily draws on experience from agriculture and livestock interventions for displaced communities, but also discusses less-common

possible interventions, such as agroforestry, aquaculture and beekeeping. The chapter provides general guidelines that can be used to develop agricultural and pastoral interventions. Resources are provided at the end of this chapter for detailed guidance for specific interventions.

## KEY LEARNING POINTS

- Without secure land tenure, agrarian interventions are likely to be unsustainable, and displaced people will have little incentive to properly manage and invest time, effort and resources.
- Agricultural practices rely on accumulated knowledge and experience, which can prevent inappropriate and poor practices. Understanding local conditions, such as soil, rainfall patterns and climatic variations, local infestations and common livestock diseases, may require time and the support of specialists.
- As a result of multiple constraints, a single agrarian intervention should not be the only source of livelihoods for displaced populations. It is crucial to assist displaced populations to diversify their livelihood activities so they are better equipped to cope with shocks and stress, such as drought, infestations and livestock diseases.
- Interventions should improve upon or increase products already being cultivated in targeted areas through value chain analysis, including post-harvest technology, improved processing and/or assistance gaining value-added product certifications.
- The security and protection of displaced people, including women and vulnerable groups, should be of paramount concern. Alleviating environmental impacts and incorporating sustainable practices must also be incorporated into agrarian interventions.

## ESSENTIAL ELEMENTS

### Definitions

**Agroforestry** is defined by the World Agroforestry Centre as a “dynamic, ecologically based, natural resources management system that, through the integration of trees on farms and in the agricultural landscape, diversifies and sustains production.”<sup>2</sup>

**Aquaculture** is defined by the Food and Agriculture Organization (FAO) as the “farming of aquatic organisms in inland and coastal areas, involving intervention in the rearing process to enhance production and the individual or corporate ownership of the stock being cultivated.”<sup>3</sup>

**Extension workers** are individuals—either external experts, locals or refugees—who are employed by the government or aid agencies to provide advice, plans, training, inputs and support to farmers or community groups.<sup>4</sup>

**Land tenure** determines land and natural resources ownership, and access and land use rights.

**Livestock** are defined by the UN High Commissioner for Refugees (UNHCR) as animals kept for domestic use, such as cattle, horses, goats and poultry.<sup>5</sup>

**Pastoralism** is the “use of extensive grazing in rangelands for livestock production.”<sup>6</sup>

**Post-harvest technologies** are processing techniques that add value to raw products and lead to increased profits, such as refining, preserving, drying, distilling and extracting the harvested goods. Such processing allows procedures to differentiate their agricultural products and permit them to sell their products in the off-season, when higher prices can be earned and products may be in greater demand, reducing dependence on immediate harvest earnings.

**Value chain analysis** is a market analysis tool used to assess how products gain value as they pass through the range of activities needed to bring a product to market.

## ESSENTIAL ELEMENTS OF AGRARIAN LIVELIHOOD INTERVENTIONS

In order to be successful, agrarian interventions for displaced people must include these essential elements:

- **Ensure the Inclusion of Participants and the Community**  
Agrarian livelihood interventions—both agricultural and pastoral—should involve program participants and members of the community in all stages—assessment, planning, design and evaluation—to ensure that their knowledge is utilized and their needs and goals are understood.
- **Ensure that Interventions Are Market Demand-Driven**  
Too often, agrarian interventions have been driven by supply, for example, the distribution of environmentally inappropriate seeds, simply because they are available. Market assessments help to determine what products are in high demand and can identify what roles displaced people may be able to fill.
- **Promote Market Linkages**  
Building linkages between market actors (sellers, buyers, traders) at different stages in the value chain is critical for ensuring a successful intervention. Programs should facilitate access to necessary inputs or to suppliers who provide inputs, such as tools and equipment or seeds, fertilizer and/or livestock feed. Interventions should also promote linkages among farmers, agro-processors and traders who will process or sell their products in larger, regional and national markets. Such linkages should add value and elongate value chains for all parties.
- **Access to Credit and Financial Services**  
Linking participants with access to credit, including subsidized credit, may be necessary for successful enterprises, particularly for vulnerable groups. The provision of credit, as well as a safe place for participants to save, can be secured through linkages with local service providers and financial institutions.
- **Adopt a Holistic Approach**  
Agrarian interventions should be designed in light of the diverse strategies that people employ in order to maintain their livelihoods. Programs are more effective when coupled with other livelihood programs or necessary skills training. A challenge with agrarian livelihood interventions is to enable the displaced to realize reasonably quick gains while enhancing their capacity to invest in long-term livelihood strategies. Programs should have short-term, immediate impact while also planning for longer-term sustainability.
- **Enable Skills Development**  
Agrarian interventions should build upon existing skills and assets, and develop new skills that participants can use in the long term or transfer to other occupations for their livelihoods security. Where existing skills are inappropriate for agrarian livelihoods in displacement situations, formal or informal training may be necessary. Further, it is important to identify what training women might need when introducing new techniques, crops or livestock that have traditionally been male-dominated.

Participants should be prepared for agrarian livelihoods by receiving employment readiness training in basic financial education, literacy and numeracy skills, which are essential to ensuring that the displaced are treated fairly by wholesalers and in the market. In Uganda, for example,

farmers knew that their cotton was worth a certain percent more when it was organic, but due to a lack of math skills, had difficulty calculating the exact amount by which prices should increase. (See *Training and Placement Programs chapter*.)

- **Mitigate Negative Environmental Impacts**  
While developing environmentally sustainable agrarian practices may require more initial planning than practices that provide a rapid return, lessening any negative ecological impacts will reduce further strains on local resources.
- **Include the Host Population**  
Interventions should not cause competition between host and displaced communities; instead, they should bring disparate groups together for mutual benefit. Because agrarian programs use the land and natural resources of the host community, it is particularly important to include this group in an intervention. Including both the displaced and host communities may help to reduce hostility towards the displaced; provide income for local communities; and improve the sustainability of the intervention due to the introduction of local knowledge and a sense of community ownership.
- **Adopt a Gender-sensitive Approach**  
Successful programs build upon women's existing roles and work. In order to design an agrarian intervention that has a positive impact on displaced women's livelihoods, women must first be asked about their role in agrarian activities. In many cultures, access to land is gender differentiated, and in displacement contexts women may have less access to both land and inputs for agricultural and pastoral activities than men. While in many societies women may be doing a larger share of agrarian work than men, many interventions target men, which can have

consequences for women's livelihoods and food security within their households.

Interventions that target women need to recognize their often already overwhelming workloads and household responsibilities, and try to avoid imposing further burdens on women. When targeting displaced women for programming, practitioners should be aware of perceptions of unfairness among men and the host community that could create vulnerability for female participants. Women who are generating income may be at additional risk for domestic or sexual and gender-based violence if traditional gender roles are upended.

- **Include Vulnerable Groups**  
Agrarian interventions should include vulnerable groups that target not only women but also youth, older people, people with disabilities or living with infectious diseases, and ex-combatants. It is important to determine how any special needs can be addressed and provide access and equipment that can assist the participation of these groups.

## CONSIDERATIONS FOR AGRARIAN LIVELIHOODS IN DISPLACEMENT CONTEXTS

### POST-CONFLICT OR CONFLICT-AFFECTED ENVIRONMENTS

The objective of agrarian support in states affected by, or emerging from, conflict should protect, promote or bolster existing livelihood strategies, in addition to enhancing consumption, markets and production. Interventions should facilitate the transition from supply-led programming to establishing sustainable, market-driven livelihood approaches. Agrarian interventions must take a proactive role and build linkages between local producers and other actors on the value chain.

It is important to ensure that the livelihood activities of displaced groups promote peace building and are not directly or indirectly supporting conflict economies or fueling conflict and unrest. The stabilization of livelihoods presents people with viable means of earning an income and can serve as an entry point for building cooperation and trust. As trust is a crucial factor for agricultural production and marketing, interventions should strive to develop cooperation between various actors. In many circumstances, economic incentives outweigh mistrust and can serve as a catalyst for cooperation.

#### CASE STUDY

##### Lost Trust between Value Chain Actors in Kosovo<sup>7</sup>

The breakdown of trust in Kosovo and the resulting loss of links between actors who previously cooperated reflect the deterioration of relationships in the wider conflict. Just after the 1999 conflict, most dairy cattle were located in Kosovar Serb villages, while most of the dairy-processing facilities were in Kosovar Albanian villages. Due to a lack of storage facilities, Kosovar Serb farmers had to wait outside their villages and sell their raw milk at below-market prices to Kosovar Albanian processors, who argued that the milk was watered down. Both parties were afraid to enter each others' villages to discuss commercial grievances. Mercy Corps played an intermediary role to alleviate the tension by installing secure, hygienic milk-collection storage centers in Kosovar Serb villages where Kosovar Albanian processors could safely purchase the raw milk, preventing Kosovar Serb farmers from having to wait at the edge of their villages. The milk fat content was measured with special equipment and stored at the correct temperatures, which enabled processors to both confirm the fat content of the milk and collect it at their convenience. These steps enabled both groups to confirm quality and negotiate fair prices.

## CASE STUDY

Aligning Business and Peace Agendas to Promote Agricultural Development in Colombia<sup>8</sup>

Compañía Envasadora del Atlántico (CEA), a Colombian family-owned company that exports fruit pulp to 39 countries, was faced with challenges when it decided to produce passion fruit pulp in response to high demand from international clients. The armed conflict in Colombia affects both security and the political economy, and it was difficult to find local farmers to grow the fruit on coastal land traditionally used for coca production. Interested farmers needed to demonstrate they could obtain credit, meet technical requirements and deliver the needed tonnage on time. CEA invested in training farmers in agricultural techniques and business skills. However, it was difficult for CEA to interact with local communities because of corruption, the heavy presence of guerrillas and paramilitaries in the region, the lack of a viable state presence and distrust following decades of armed conflict.

CEA therefore approached the UN Development Programme (UNDP), and partnered on an illegal crop prevention project that complemented CEA's business interests and helped UNDP to promote legal economic development among farmers formerly involved in the drug trade. International Alert reports:

UNDP's objective was to foster legal economic development, involving private companies, which would have an impact on conflict by creating alternative livelihoods for farmers who had been lured into the drug trade. UNDP had designed a programme that offered growers training on how to organise in associations with the goal of maximising their profits and promoting social capital; workshops on business skills; and a guaranteed buyer of their produce over a number of years.<sup>9</sup>

CEA felt that UNDP could provide credibility in helping CEA to build trust between growers and local communities, and "invited UNDP to act as a fiduciary and to administer the loans made to the associations."<sup>10</sup> The project also received "technical assistance, processing plant design and managerial services" from a local USAID subcontractor.<sup>11</sup> With UNDP mediation, the project has created agri-business associations in vulnerable areas that have been, or could have otherwise become, sites for narcotics production. CEA is now a participating company in the European Union's Peace Laboratory initiative, which works toward peace building and socioeconomic development in Colombia.<sup>12</sup>



## LAND

Use of and access to land is a fundamental issue for livelihood interventions during displacement, as well as when refugees return to their home communities. During displacement, the common lack of access to productive land severely curtails agricultural interventions and the ability of populations to become self-reliant. During return, re-establishing farming practices can be a way for communities in post-crisis to recover long-term economic stability. The access, ownership and use of land have social, economic and political importance in many post-conflict settings, particularly when forced displacement has been used as a strategy of war. The onset of peace in post-conflict environments—often characterized by inadequate policies, uncertain leadership and failure of the rule of law—can be dangerous due to a sharp rise in property disputes, which often develop with the return of displaced groups.<sup>13</sup> Land conflicts often result in complex emergencies in agrarian societies where land is central to livelihoods. Secondary conflicts can emerge if land is occupied opportunistically, particularly in protracted displacement situations, resulting in competing land claims.<sup>14</sup>

Considerations of land tenure and land use rights are an inevitable issue in all displacement and recovery contexts, but are all too often ignored or insufficiently addressed. According to International Alert, humanitarian agencies often neglect land issues on the basis that they are too complex and politically sensitive, and lie within the mandate of development agencies.<sup>15</sup> Often, there is a form of selective nostalgia, whereby humanitarian agencies unrealistically attempt to return to the way things were despite significant and potentially undesirable changes and transitions in countries or regions of origin.<sup>16</sup>

The International Committee of the Red Cross (ICRC) has highlighted some key issues, as well as dilemmas, for humanitarian agencies around how to design programs, which consider access to land, its use, management, ownership and transfer:<sup>17</sup>

- Take precautions to ensure programs do not give approval—or are perceived as giving approval—to the appropriation of land which is deemed to belong to other people.
- Use extreme caution when providing assistance to displaced communities temporarily settled on land claimed by local populations. It may be inappropriate to provide irrigation equipment or seeds, or encourage agroforestry if plowing or planting trees is considered to be appropriating the land.
- Assess the potential risk of the humanitarian agency being accused of failing to maintain neutrality by following one set of land rules, such as adhering to the rules of just one group of cultivators or pastoralists, or one ethnic group.
- Be aware of customary/traditional law on land ownership and land use, and changes in law by the government.
- Recognize that simple questions (e.g., who owns and has access to land, who can cultivate it) do not necessarily have easy answers. Responses from one group may be strongly contested by others.
- Consider what may be the key dilemma: In the context of an armed conflict or its consequences, how far can humanitarian agencies go in protecting communities affected by land-misappropriation without endangering their neutrality?<sup>18</sup>

## WATER

Many refugee and IDP camps and settlements lack a reliable and plentiful water supply, and water frequently needs to be brought in. The minimum standard of providing at least 15 liters per person

per day as defined in the Sphere *Humanitarian Charter and Minimum Standards in Disaster Response*<sup>19</sup> is rarely met. At times, UNHCR has been forced, through circumstances beyond its control, to provide only five liters per day.<sup>20</sup> For refugees around the world, water collection imposes a major burden on camp residents, disrupting livelihood activities for women and schooling for children.<sup>21</sup> Water shortages regularly cause tension among camp residents and with neighboring communities.<sup>22</sup>

The increasing scarcity of water is a reality that must be confronted with innovative approaches. Any agrarian intervention must realistically factor in the likely rate of rainfall and availability of surplus water for household requirements; constraints on drilling new wells; and the cost and reliability of trucked-in supplies. Crops with low-water requirements will generally be required, which may include maize, rice, sorghum, millet and groundnuts. It should be noted, however, that the appropriateness of low-water and drought-resistant crops is highly dependent upon specific soil conditions and climate.

## MARKET ACCESS

The ability to access markets is a central consideration in developing interventions that raise displaced participants above the level of subsistence activities and allow them to develop livelihoods. Transportation infrastructure may have been seriously damaged in conflict, impeding or eliminating access to markets. Programs should ensure that markets are accessible and that travel to markets will not place women or their children at additional risk. If there is a fee for renting a market space, ensure that this fee will be manageable for participant vendors in the long term.

## CASE STUDY

### Community Collection Center in Nepal<sup>23</sup>

Recognizing that women faced barriers selling their products, an NGO in Nepal assisted conflict-affected women to sell their produce daily to a collection center that served as a central storage and distribution facility. The collection center manager is a trusted community member who sells the produce in bulk in local and regional markets, thus reducing women's dependence on a once-weekly village market where sales and profits are uncertain. The collection center has freed women from having to spend an entire day staffing their market stalls, giving them additional time which they have used to increase production and diversify their crops. So far, the collection center managing agent has managed to sell most produce. More farmers are becoming interested in using the services of the collection center. However, oversupply could become a problem if additional markets are not identified.



Agrarian programs can help improve nutrition in refugee communities, and excess produce can be sold to increase household income. © Women's Refugee Commission/Dale Buscher

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## PRELIMINARY STEPS

Before an agrarian livelihoods intervention is developed, it is essential to conduct assessments to understand the local context and determine community and market needs. Practitioners should conduct a conflict analysis, a market assessment, a participatory rural appraisal and, where appropriate, a value chain analysis.

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## CONFLICT ANALYSIS

Given the insecurity of land tenure in displacement contexts and its implications for agrarian livelihoods, it is essential to conduct a conflict analysis with the participation of the local and displaced communities. The Swedish International Development Cooperation Agency (SIDA) provides the following guidance:<sup>24</sup>

### Analyzing Structures:

- What are the key sources of tension and the underlying structural causes that could lead to structural instability in the society (e.g., poverty, economic inequality, poor governance, lack of democracy, uncontrolled spread of small arms, human rights violations, and scarcity of natural resources)?
- What structural factors can be regarded as promoting peace (e.g., low levels of corruption, functional social safety nets, independent judiciary, and military forces under civil democratic control)?
- What is the government's institutional capacity to respond?<sup>25</sup>

### Analyzing Actors:

- Who and what are the key actors?
- What are their interests?

- What are their power bases and resources?
- What are the roles of men and women in this conflict situation? What are their specific needs, interests, and potential strengths?<sup>26</sup>

### Analyzing Conflict Dynamics:

- What events, actions, and decisions can be identified as actual or potential trigger factors?
- What consequences have these trigger factors had or will they have on structural causes and key actors?
- What is/are the main mechanism(s) driving the conflict: for example, structural instability, struggles for power and influence, security dilemmas, or a combination of the above?<sup>27</sup>

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## MARKET ASSESSMENT

A well-executed market assessment is critical for the long-term success of an intervention. For agricultural, livestock-rearing and pastoral interventions, markets may include food, livestock and wholesale markets.

When conducting a market assessment:

- **Identify the most appropriate markets:** Look beyond the immediate vicinity to include markets that might be regional, domestic, international or niche. Coordinate research with relief, government and inter-governmental agencies.
- **Assess demand:** Observe changes in the market, paying special attention to growth markets and trends. Perform visual assessments at different times of the day and talk to market actors about which products are in demand.
- **Consider market failure:** Consider potential market failure, especially that associated with the impact of large regional players and the effect of cheap imports.

- **Be aware of changing markets:** One of the challenges of working in a post-conflict environment is the rate of market change. Transaction costs may be highly inflated immediately following a conflict, but tend to decrease as stability returns and infrastructure is rebuilt.
- **Identify key market actors:** Market actors, including sellers, buyers and traders, can be valuable sources of information and support. Facilitate linkages between these representatives and communities of the displaced. Increased supply can be threatening to those already involved in the market. Be sensitive to how this might impact responses. In post-conflict settings, consider the potential for market actors who are assisting or benefiting from the conflict economy and may have contributed to violence or displacement.
- **Market actors' functions and relationships:** Understanding market actors' functions and relationships along the value chain can highlight both product and service gaps and opportunities.
- Who owns the market?
- Who protects the market?
- What causes price fluctuations (seasons, insecurity, climate variability, conflict)?
- What currencies are accepted at the market?
- Are most transactions through trade or barter, or in cash?
- Do traders give credit? If no, why not? If so, to whom? (To men, women, youth, older people? To particular ethnic, social, political or religious groups? To displaced or non-displaced community members? To relatives?)
- What, if any, are the barriers to entry to selling at this market? What, if any, are the barriers to purchasing or bartering goods in this market?
- Are there parallel or underground markets that operate alongside this one? If so, what is traded in these markets?
- Do local growers have sufficient labor? What kind of labor does the market demand?

Questions that can be asked of key market actors:

- Can you describe your activities and involvement in this market?
- Why are you involved in these activities?
- How do you perceive your business in general?
- Who are your most important suppliers and clients, and how well do you collaborate with them?
- Where do you get seeds, livestock feed, tools and equipment?
- What are the main problems you face in your activities and in the market?
- How does conflict and displacement affect the market and the activities that take place here?
- How do you secure tenure for your stall/stand/ space?
- What is the age, gender, ethnic/social/religious makeup of people who sell here? Of people who buy here?

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## PARTICIPATORY RURAL APPRAISAL

Participatory rural appraisal (PRA) is “a growing family of participatory approaches and methods that emphasize local knowledge and enable local people to make their own appraisal, analysis, and plans.”<sup>28</sup> The intent of PRA is to enable shared planning among local communities, practitioners and government agencies. NGOs help to facilitate data collection and analysis, but community members are the center of the data collection, analysis and decision-making. According to the Food and Agricultural Organization, possible problems with the use of PRA methodologies include questionnaire surveys and quick rural visits, which may be flawed due to poorly planned questions that prompt certain responses from participants, or biases that mischaracterize communities in need. For example, misin-

formation can be gathered when overlooking poorer rural communities; speaking with rural or more wealthy leaders who do not represent all groups; conducting visits when workers are busy in the fields and cannot participate; or when “a showcase village or technology is repeatedly shown to outsiders, who get the impression that this is typical of all efforts.”<sup>29</sup> The World Bank recommends the following key principles:<sup>30</sup>

- **Participation:** Assessments should use the input of local communities.
- **Teamwork:** Teams should be balanced and “represent the diversity of socioeconomic, cultural, gender and generational perspectives,” and include nationals or expatriates with local knowledge of “the area’s conditions, traditions and social structure.”<sup>31</sup>
- **Flexibility:** As there is no single model for PRA, techniques should be adaptable to particular development contexts and changing variables, such as “the size and skill mix of the PRA team, the time and resources available, and the topic and location of the work.”<sup>32</sup>
- **Optimal ignorance:** For time and resource efficiency, “PRA work intends to gather just enough information to make the necessary recommendations and decisions.”<sup>33</sup>
- **Triangulation:** Because PRA uses qualitative data, ensuring that information is valid and reliable requires that “PRA teams follow the rule of thumb that at least three sources must be consulted or techniques must be used to investigate the same topics.”<sup>34</sup>

The first step in PRA is developing an understanding of the local displacement context, which will allow practitioners to design the most effective activities. For example, if the community is highly segregated by gender, interview groups may need to be divided by gender. If a large number of community members are illiterate, pictures may be a central technique.

Second, PRA is often most effective when conducted at a relevant location so that real world examples can be readily accessed. For a community that is interested in developing a project based on crop production, it may be most effective to hold meetings, focus groups and interviews in a post-harvest facility or field. Third, the heart of PRA is community participation and teamwork; therefore, the facilitators should strive to be as unimposing as possible and allow the community to guide the techniques. The Institute for Global Environmental Strategies (IGES) recommends the inclusion of the following techniques in PRA:<sup>35</sup>

- **Secondary data reviews** that supplement the assessment, such as reports, books, maps and news articles
- **Observation**
- **Semi structured interviews**, in which only some questions are predetermined
- **Analytical games**, which allow community members to rank their priorities and preferences for the goals of a project
- **Stories and portraits**, which allow illiterate community members to fully participate
- **Diagrams**, such as Venn<sup>36</sup> or flow diagrams, maps, aerial photos, transect walks (which dissect by cutting across any area or line transversely), seasonal illustrations, time lines or historical profiles
- **Workshops**, which provide an opportunity for locals and practitioners to talk together<sup>37</sup>

The World Bank notes that mapping and modeling “are good techniques to start with because they involve several people, stimulate much discussion and enthusiasm, provide the PRA team with an overview of the area and deal with noncontroversial information.”<sup>38</sup> Individual interviews may be better left until the end of the PRA as a way to follow up on the reasons for differences between preferences within the community.<sup>39</sup>

## CASE STUDY

### Cotton in Northern Uganda<sup>40</sup>

Before designing a livelihoods intervention, the International Rescue Committee (IRC) worked in IDP camps in northern Uganda, facilitating participatory appraisals with camp residents. They identified areas unsafe for cultivation and recognized that food crops would be at risk of theft. Roads were insecure and the IRC was concerned about promoting crops that farmers would need to transport to the market. A further constraint was that owners of land surrounding camps were generally only willing to share access with relatives or neighbors, not with IDPs. The IRC and residents developed an intervention focused on the cultivation of cotton and established a business relationship with a cotton processor who undertook to collect the bulked crop from the camps. By offering plowing services, organizing security patrols and training landowners who were willing to share their land with IDPs, the IRC was able to convince them to participate. Cotton was grown in fields away from camps and food in fields adjacent to them. Because many farmers were unfamiliar with organic cotton, the IRC facilitated community meetings and made price information available. This small pilot project involving 400 cultivators has improved household incomes and demonstrated it is possible to support economic recovery programs, even in the midst of violent conflict.

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## VALUE CHAIN ANALYSIS

A value chain analysis considers the role and responsibilities of each actor in the value chain and which actors bear which costs. It looks beyond products, profits, markets and actors to determine how rules are established, who yields power and how information and skills are transmitted. Value chain analysis can help identify the elements needed for a successful market-driven agrarian livelihoods intervention as well as the key points along the value chain where further opportunities exist.

When undertaking a value chain analysis, it is important to try, wherever possible, to:

- compile a map of the pre-conflict value chain and compare it to the post-conflict value chain;
- identify value chain actors' relationships with actors involved in the conflict;
- explore whether the value chain has helped re-establish links interrupted by conflict;
- identify any security risks associated with participation in the chain;
- identify applicable technological innovations and assess where these innovations will have the most impact, particularly on growing trends in markets;

- understand the structure of the value chain;
- identify who has power within the chain: producers, consumers or commercial intermediaries? Do all actors enjoy equal bargaining power?
- determine whether the value chain relies on the supply of imported inputs or whether it reinforces natural resource dependence;
- determine the risk that strengthening the value chain might reinforce or exacerbate socioeconomic inequalities or regional wealth and income disparities.

## CASE STUDY

### Value Chain Analysis in Sierra Leone<sup>41</sup>

In 2006, the American Refugee Committee (ARC) conducted a three-month nationwide study of supply chains and rural markets for bananas, cocoa, cassava and groundnuts in Sierra Leone. Focus groups were conducted with farmers, transporters, traders, brokers and others in the value chain. After developing value chain maps, staff synthesized information on production yields and revenue potential, and identified the constraints of each crop. Bananas were found to be too perishable, and there were no opportunities to partner with a company to support a cash crop such as cocoa. ARC realized that as a result of conflict, Sierra Leonean producers could no longer meet domestic demand for groundnuts and that some 20 metric tons were being imported each week. As refugees returned, domestic demand was increasing. Staff ranked their priorities for the project: reaching a large number of participants, increasing producer income and exploring the possibility of adding value. As a result of conducting a value chain analysis, they chose to develop a project based on shelled groundnuts, thus avoiding the initially appealing prospect of supporting export cash crops.



## DESIGN

When designing any type of agrarian intervention, the following elements should frame the development of the intervention:

- **Diversify products in order to reduce vulnerability.** For example, if disease ravages a fish population, farmers will be better protected if they have also been raising a complementary product, such as rice.
- **Identify how value can be added to agrarian products.** Adopting methods for adding value to raw products is an essential step in helping people transition from subsistence farming to a self-sufficient livelihood. Post-harvest processing can add significant value to raw products and lead to increased profits, as many post-harvest processing techniques allow for agricultural products to be sold in the off-season, when higher prices can be earned. Drying fruit, for example, can be an excellent way of adding value to a product that is often virtually worthless in markets that are flooded with the same fruit at the same time. Meeting organic or fair-trade standards can be a way to add value to products targeted for export and may be particularly well suited to developing countries that have limited access to chemical fertilizers and pesticides. Post-harvest processing can also help regularize growers' income, making them less dependent on immediate harvest earnings.
- **Develop extension systems needed to support the intervention.** Sustainable access to vaccines, pesticides and other resources that protect crops and livestock are critical. An excellent intervention can fail if there is no way to protect assets against disease.
- **Identify what training and materials are needed, and whether they can be provided in order for displaced people to learn to undertake this intervention successfully.**
- **Identify whether the formation of cooperatives or groups will enhance displaced people's livelihoods or security.** Co-ops can ensure that participants have a reliable source of information, that they receive a fair price for their products and that they have more control over various functions in the value chain. Co-ops can also offer additional safety and protection for women who might normally work alone or in small groups, or where they are at risk of gender-based violence or unfair labor practices. Consider the benefits of both mixed-gender and women-only groups, and choose the configuration best suited to the community. For example, if training is conducted primarily by men, women who might feel inhibited working with them on an individual level might feel more comfortable in a group setting.<sup>42</sup> Look for effective local protection mechanisms and build upon these.<sup>43</sup>

## CASE STUDY

**Women's Cooperative Promotes Peace in Burundi<sup>44</sup>**

Urunani Abahuza Mitima—"Collective of Friends"—is a farming cooperative established in 1998 by two women who had taken a conflict transformation training course from the women-led Burundian peace building initiative, *Dushirehamwe*. These two women decided to reach out to different communities about post-conflict reconciliation and found that a collective livelihoods effort would help to build both trust and self-reliance. Members started income generation activities by cultivating pineapples on a four-hectare piece of land, with sales enabling them to buy cloth and soap. Working together, the collective expanded to also grow potatoes and beans. In order to further expand and diversify, they contacted a European Union-funded program in Burundi, which donated cows and sheep. Over time, with increasing numbers of their cows and sheep, the collective gave some of the livestock to other groups that had not been successful in receiving funding. With more than 300 members, including 40 men and 30 young girls, the association is considered a model collective, addressing its members' basic needs and also distributing seeds from its pineapple, potato and bean production to the wider area. The cooperative demonstrates how diversifying production can improve overall agricultural output and increase income to pay for costs, such as school fees, health care and clothes. Further, community solidarity was established among different ethnic groups around a common goal.

In spite of the gains of the collective, weaknesses, such as a "lack of organisation and leadership, and scanty knowledge of management," have caused discouragement among some members who have sought personal gain rather than shared solutions.<sup>45</sup> To resolve these problems and promote ongoing peace building, *Dushirehamwe* leaders are prioritizing capacity building, training and monitoring of the groups that evolved from their network.



A refugee woman who has returned to Liberia harvests cassava leaves in Lofa County as part of a community empowerment project. © UNHCR/A. Rehl

## CASE STUDY

Agrarian Assistance to Nepali Former Child Soldiers<sup>46</sup>

In Nepal, several agencies assist children and youth recruited by the Maoists and the government as soldiers and porters. The implemented programs allow young participants—mostly ages 13 to 20—to make choices about their future by offering assistance either for school-related costs, such as books, supplies or uniforms, or for income-generating activities, such as goat raising and vegetable production. Those choosing an income generation activity are enrolled in existing cooperatives supported by membership fees, making the young participants shareholders. An initial deposit placed into the cooperative's savings and loan program can be accessed by the youth for credit after three months. Members of the co-op serve as mentors and trainers for the young participants and provide ongoing technical support for their income generation project. These programs have assisted former child soldiers' reintegration by reducing discrimination and stigmatization, while promoting community inclusion. However, most of these programs are inadequately funded: support is only given for one year. Further, the amount of resource support provided—10,000 to 12,000 rupees per child (roughly \$156 to \$188 USD)—is considered by implementing agencies to be too small to make a significant impact on the reintegration of the young participants.

- **Determine the appropriate timeframe for the intervention.** Developing a time line is an important step for agricultural interventions, particularly in post-conflict settings where disruptions in the planting cycle can have long-term effects on the food supply. It may take years for some livestock to generate income. Activities that are focused higher on the value chain often take longer before results are seen. Ensure that the chosen intervention is well suited to the available timeframe and consider factors that could influence the timing of the harvest, such as climatic variability. If the reduction of food aid is a component of the intervention, the reduction must be carefully timed. Be cautious about removing food aid too quickly, before farmers have had enough time to harvest their crops and make enough money to purchase their own food. Funding cycles of multiple years are crucial for sustainable agricultural interventions, particularly in returnee settings, and NGOs may need to advocate with donors for longer-term cycles.

The following sections are divided into specific program design guidance for agricultural and livestock-rearing interventions.

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## A. AGRICULTURAL INTERVENTIONS

When developing or supporting an agricultural intervention, it is critical to ensure that people have access to the range of inputs necessary for the successful cultivation of a particular crop or agroforestry product. Access to land must be assured and not be the cause of any threat to the security of participants. Further, in order for a crop-based intervention to be successful, participants must have access to necessary seeds, fertilizer, tools and equipment; and adequate labor must be secured for the growing, harvesting, storing and distribution stages.

In many cases, agricultural products grown and processed by displaced people are consumed rather than sold, to supplement food aid and diversify households' nutritional intake, while cash crops make up a small portion of agricultural production. Further, displaced people working in agricultural production may be working as laborers for host community farmers, for cash wages or in-kind payments, or as sharecroppers. Agricultural work may be just one of several ongoing livelihood strategies employed by displaced people.

Agricultural interventions must take into account the barriers faced by women and seek to address them. They may not have the same access to land tenure as men<sup>47</sup> and may not receive the same remuneration for their work, even though women “account for more than 50 percent of the labor force, and they are responsible for three-quarters of food production in sub-Saharan Africa...[while] the design of many development policies continues to assume wrongly that farmers and rural workers are men.”<sup>48</sup> Interventions should include both women and men, and the protection and safety of women participants must be paramount.

## CROPS

Common interventions in this sector include: seed and tool distributions to assist farmers to re-plant their crops; setting up seed banks to reintroduce and make available seed varieties for crops; integrated crop management to maximize land and water resources; training of agricultural extension workers; planting demonstration plots to introduce farmers to new varieties and new farming techniques; and introducing post-harvest inputs, such as grinding mills. Crop selection that is driven by market demand must be determined by available varieties and geographical conditions in order to ensure

higher yields and increased benefits in a competitive market. However, while the introduction of new crops may appear to be a good way to diversify diets and the market, new crops can carry significant risk and may not be appropriate for people who have very few assets. On the other hand, mono-crop production can lead to vulnerability if there is crop failure. Problems with agricultural interventions have included the use of inappropriate seeds, insufficient irrigation, poor or inappropriate soil conditions, climate, drought, lack of product demand and the lack of needed extension support services.

In addition to access to land and inputs, one of the challenges of crop-based livelihood interventions is balancing the cultivation of cash crops with the cultivation of food crops. In order to determine the appropriate ratio of each of these crops, participants' needs must be carefully considered. For households that are food insecure, it may be essential to choose a crop that yields a quick, sure harvest that will improve nutrition and reduce hunger. For households that have relative food security but have limited opportunities to generate income, supporting the production of a cash crop that requires time to mature may be the most appropriate intervention.

When applicable, such as in return contexts, the incorporation of post-harvest technologies can be a critical element in the transition from subsistence farming to a sustainable livelihood: agricultural workers are already producing, but suffer significant losses due to problems related to storage, cleaning, field removal and processing. Post-harvest technologies, such as refining and preserving, enable participants to achieve a better return on their investment by allowing them to differentiate their product and extend the life of their crops.

**CASE STUDY****Farmer Field Days, Northern Uganda<sup>49</sup>**

In the conflict-affected areas of Kitgum and Lira Districts, small farmers have limited negotiating power with buyers due to the fact that they have small amounts of surplus crop for sale and transportation of crops to market is expensive and dangerous. Many are forced to depend on middlemen. The International Rescue Committee (IRC) organized a series of Farmer Field Days (FFDs), which have offered many IDPs “their first chance to display and sell goods since they were displaced by the war between the government and the rebel Lord’s Resistance Army.”<sup>50</sup> Goods brought to market included “sesame, peanuts, cassava, chickens, goats, beans and honey.”<sup>51</sup> The FFDs “are part of a program funded by the Swedish International Development Agency (SIDA) to help stimulate economic growth, and revitalize the agriculture and livestock industry in northern Uganda.”<sup>52</sup> The equipment supplied by the IRC included “grinders, oil presses and rice threshers, which were demonstrated and then raffled off in order to stimulate demand” by encouraging recipients to be role models of the benefits of localized agro-processing.<sup>53</sup> FFDs are vital to the IRC’s strategy to rebalance the negotiating power between the small farmers and buyers, forge long-term relationships between farmers and higher-level buyers, promote collective marketing, connect farmers to agro-input dealers, develop relationships of trust between farmers and government representatives and demonstrate the positive impact of public-private sector relationships.

## AGROFORESTRY

Agroforestry may be a useful livelihoods intervention in instances where forest areas are unused and accessible to displaced people or where available land can be reforested. Agroforestry interventions may include tree planting, the harvesting of timber and non-timber forest products, fruit and fruit tree production, forest management and the collection and use of wood. Displaced groups—primarily women and girls—near forested or semi-forested areas often use these resources for the production of charcoal, the gathering of firewood used for cooking and also to generate income, which exploit natural resources, and can place these groups at risk.<sup>54</sup> The gathering of firewood often entails walking up to several miles outside of camps and settlements to areas where wood resources can be found. In conflict-affected areas, refugee and IDP camps are often situated near sites of conflict and unrest, where women and girls seeking firewood risk gender-based violence, theft, assault, abduction and murder.<sup>55</sup> Alternatives to the gathering of wood fuel are fundamental to the protection of women and girls, and to lessening its environmental impact. Dedicated agrarian livelihood interventions must ensure that participants are not in harm's way and try to anticipate any unintended consequences.

Where land is accessible and does not pose vulnerability to participants, agroforestry is a sustainable natural resources management system that can limit impact on the local environment. Increasing production yields by integrating trees and agricultural land, successful agroforestry systems improve productivity and mitigate the negative environmental effects of deforestation and unsustainable agricultural practices. Agroforestry can prevent erosion and reduce risks from natural disasters and wind damage, which is particularly important for displaced groups working on marginal land. In addition to the products derived from farming—

whether crop- or animal-based, or mixed-production systems—trees themselves also provide a source of income.<sup>56</sup> For example, fruit trees provide fruit as well as valuable seedlings, and many traditional medicines are derived from indigenous trees, shrubs and herbs. This is particularly important when considering the World Health Organization's estimate that approximately two-thirds of the world's population may use herbal or traditional medicines and that the global market for herbal medicines is worth approximately \$60 billion USD per year.<sup>57</sup>

Agroforestry interventions are, however, not always appropriate. These interventions involve specific skills and take more planning and risk assessment than do many other agricultural interventions. Agroforestry has a relatively long production cycle—more than one year—which may make it unsuitable for fragile displacement situations.

## CASE STUDY

Addressing Illegal Farming  
Activities in Tanzania<sup>58</sup>

In Tanzania, as in many countries, government policies do not permit refugees to practice agriculture, but in refugee camps they may grow kitchen gardens on small plots. When food aid in Tanzania was dramatically decreased, agricultural production increased, which occurred clandestinely in nearby forests and protected areas. Some “refugees made [illegal] agreements...with local people to use public land,” and traveled in secret to and from these plots.<sup>59</sup> UNHCR reports that their “farming practises were generally unsustainable—land was deforested, shifting cultivation tended to be adopted, and soil erosion control methods were not practised. Cultivation was frequently near rivers, leading to rapid erosion, siltation, pollution of water resources and reduced water flows.”<sup>60</sup> CARE Tanzania sought to address these problems by working with environmental committees in villages around the camps. To support land preparation and natural resource use plans, villagers and refugee leaders were trained to manage, control and coordinate access to village-owned natural resources. Government policy has not changed, but state regulations allowing villages to own forest resources have been used to establish local involvement in the use and management of forest resources.

An example of a successful agroforestry livelihoods intervention is a public-private partnership formed in Nepal. Program participants grew and harvested herbal plants, extracted the plant oils through a distillation process and sold the valuable extracts to a U.S. cosmetics company. The project utilized fallow forest areas, connected participants to distant markets, trained them in useful cultivation and processing skills and increased their income.<sup>61</sup> (See

*the Public-Private Partnerships chapter on this agroforestry intervention in Nepal.*)

**Questions to ask when designing an agricultural intervention include:**

- Which areas are safe for displaced people to conduct cultivation and harvesting work?
- Can participants safely get to and from the agricultural land selected for the intervention?
- Will the intervention have a negative environmental impact or deplete natural resources?
- Are there enough workers to cultivate, harvest and tend to the crops for the duration of the crop cycle without having to use child labor?
- What types of crops grow well in the climate?
- What types of crops are well suited to forested areas?
- How many growing seasons are there for these crops?
- Which crops will still be salable after they are transported or stored?
- Which crops store well?
- Which crops offer opportunities to incorporate post-harvest technologies?
- Will the cultivation of crops affect the area's ecology?
- How vulnerable are these crops to disease, theft, floods and drought?
- How fertile is the soil? Can the yield be accurately predicted?
- What are the crop's water requirements? Is this water available on a sustainable basis? What methods of irrigation are available? What innovations have been used locally to address any shortages of water?
- What is the appropriate local balance between cash crops and food crops?



## CASE STUDY

### Innovative Use of Irrigation in Northern Kenya<sup>62</sup>

In Daadab refugee camp in northern Kenya, GTZ (a German NGO) Kenya's extension team came up with three solutions to grow vegetables in the arid landscape. First, spilled waste water from tap-stands used to supply fresh water for households was channeled into small vegetable gardens and around fruit trees. The second strategy was meant to prolong the benefits of water. Areas that were able to catch up to 50 liters of rainwater were dug and lined with plastic sheeting. They were then filled with soil and compost, with vegetables grown in and around them. UNHCR notes that “these areas acted as micro-catchments” that reduced seepage, held water and kept the soil moist longer.<sup>63</sup> During the dry season, small amounts of water could be added to keep the plants vital. Finally, multi-story container gardens were created from old polyethylene sacks that the World Food Programme provided. The strategy of this project entailed mixing local soil and animal manure and placing it into each sack; “small holes were then cut in the sides and seeds and seedlings planted in the top of the sacks and also in the slits in the sides. The whole sack looked as if [it] was growing: each produced up to US\$5 worth of vegetables in a season.”<sup>64</sup>

This case study represents resourceful, straightforward practices that may be suitable for replication in agricultural interventions operating in arid or semi-arid regions.

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## B. PASTORAL INTERVENTIONS

Displaced populations that engage in agriculture—or other income generation activities—may also keep livestock as a livelihoods strategy or to supplement their food intake. Pastoral populations, on the other hand, base their entire livelihoods system on animal husbandry. *Vétérinaires Sans Frontières* (VSR) reports that “three quarters of the world’s poor depend entirely or partially on livestock for their survival.”<sup>65</sup> Yet civil conflict, the erosion of natural resources, land privatization and commercialization of feed and other inputs are reducing the ability of pastoralists to maintain their traditional livelihoods. The robustness and flexibility of pasto-

ralist societies have enabled them to endure as long as they have; the most effective interventions will empower communities to find innovative solutions to new challenges.

It is critical that practitioners take into account varying gender roles related to livestock keeping that will help to support participants' decision-making ability and reduce vulnerability. Women and girls may have disproportionate responsibilities for the care and feeding of their livestock, in addition to household demands. Further, they may have to walk great distances to collect water for livestock and may be subject to assault and gender-based violence.<sup>66</sup>

## LIVESTOCK

Common interventions include: establishing animal banks where in-kind grants of animals are repaid to the “bank” with offspring for subsequent distribution to others; direct distributions of animals; the provision of animal feed; and the training of veterinary assistants to support livestock owners. Livestock are commonly kept by displaced people and are an important financial asset as well as social asset in many cultures, “forming the basis of social relationships through gifts, exchange, bridewealth and fines.”<sup>67</sup> Livestock are also fundamental to many returnee situations, as they can provide a broad range of products. However, during displacement, most livestock are lost—they may be left behind when people flee; people may be forced to sell some off to pay for necessities in emergencies; or they perish once refugees and IDPs reach camps due to lack of feed, water and grazing land. It is often impossible to practice conventional pastoralism due to the physical setting, spatial arrangement and density of refugee and IDP camps and settlements. Feeding zero-grazed livestock—cattle or goats penned inside settlements—requires availability of affordable and sustainable feed. Yet UNHCR warns

that interventions that depend on external subsidized provision of feed will not be sustainable.<sup>68</sup>

The Food and Agriculture Organization (FAO) has found that the primary constraints for livestock keepers include land and water access, animal disease, drought and theft.<sup>69</sup> FAO reports:

These constraints lead to highly variable returns, and many livestock keepers thus adopt a risk minimizing rather than a profit maximizing approach to farming, limiting the productive use of scarce resources and leading to a weak response to market signals. Smallholders, in fact, often tend to use their livestock as a form of insurance rather than as a productive asset. ‘Securing the basics’ and ‘reducing vulnerability’ are therefore the first policy steps to ensure livestock keepers become livestock producers.<sup>70</sup>

The keeping of livestock by displaced people can have considerable implications for local communities, which may already have substantial animal resources of their own. UNHCR notes:

The inappropriate siting of refugee camps or settlements, leading perhaps to vegetation loss as a result of collecting fuelwood and building materials, as well as grazing and browsing by refugee livestock, may disrupt traditional resource use and management systems, and impact on important seasonal grazing lands. This can be catastrophic to host communities reliant on their livestock, affecting their livelihoods and providing a basis for antagonism and hostility between the host community and refugees.<sup>71</sup>

As a result, some host governments discourage or even prohibit by law any refugee engagement in keeping and raising livestock.

## CASE STUDY

Water, Livelihoods and Resettlement: Lessons from Eritrea<sup>72</sup>

The Gash-Barka region in Eritrea's western lowlands has become a site of resettlement for refugees returning from Sudan and those displaced by border clashes with Ethiopia. Gash-Barka provides close access to Sudan, has low population density, and agricultural land and wood resources are generally available. The arrival of displaced groups, however, had a negative impact on an already fragile natural resource base. In response, the Eritrean authorities began a rapid borehole drilling program whose planning was not informed by hydrogeological knowledge or an understanding of replenishment rates. High-yielding boreholes have encouraged larger livestock numbers, significantly impacting grazing and other environmental resources. This has been accompanied by a general commoditization of renewable natural resources, including water, thatch, wood fuel and other building materials. Households that have been able to transport animals have benefited by collecting and selling commoditized resources, whereas those lacking transportation abilities have had to either reduce consumption or work harder to meet basic household needs.

## LIVESTOCK INTERVENTIONS

Effective interventions may focus on helping displaced pastoralists discover alternative means of accessing resources, such as new rainwater management techniques or the cultivation of plant fodder, which provides animals with food and helps alleviate potential conflict over land. Interventions may also focus on supporting pastoralists' efforts to diversify.<sup>73</sup> Specific interventions may include:<sup>74</sup>

- **Destocking:** It may be necessary to arrange for destocking—the reduction of herd sizes—during displacement and periods of drought or crisis, so that pastoralists salvage some value from animals that would otherwise die. Destocking programs “involve buying farmers’ livestock at a fair price (or offering healthy animals or goods in exchange), arranging for immediate slaughter and the distribution of dry or fresh meat.”<sup>75</sup>
- **Restocking:** When displaced groups have the land resources and ability to feed livestock, herd reconstitution, in which displaced pastoralists

Building relationships with livestock traders may allow pastoralists to feel more comfortable with destocking, resulting in higher prices if pastoralists are willing to destock earlier because they trust the traders. While destocking can provide rapid relief to households affected by drought,<sup>76</sup> it is not ideal, as it takes many years to restore herd sizes. Programs should account for gender implications with destocking, particularly as cash is often controlled by men and food is the responsibility of women in many pastoral societies: “In such cases, meat distribution may help to support women’s role in securing the family food supply, while cash purchase of livestock may increase male heads of household’s spending power, over which women may have little control.”<sup>77</sup>

are supplied with breeding animals to rebuild herds or provided with cash or credit in order to restock, may be necessary. Restocking with local animals is the most successful approach because “these animals are accustomed to the local conditions, there is no risk of introducing new diseases, and the local economy also benefits.”<sup>78</sup>

- **Provision of Water:** Programs may provide water to ensure the survival of animals, either from tankered supplies or distribution points. There should be equal access for participants gathering water for their livestock.
- **Veterinary and Animal Health Support:** Participants may have their animals treated at local public or private veterinary clinics. Another intervention might focus on training the displaced to become community animal health workers (CAHW). Such an intervention can be effective, as it both offers employment opportunities and provides “basic veterinary services in remote rural areas,”<sup>79</sup> and can ensure the protection of livestock through the use of vaccines. When designing a CAHW program that is targeting women, identify any safety concerns and ensure that the program will not place women at risk by asking them to travel to unsafe areas.

The International Fund for Agricultural Development (IFAD) recommends asking the following key questions when designing livestock interventions in crisis and post-crisis settings:

- What types of livestock systems have been affected by the disaster and how?
- Which groups are most affected/vulnerable and what are their priority needs?
- Which livestock intervention is the most appropriate (considering the types of problems and target group)?<sup>80</sup>

## POULTRY

Poultry can be an appealing intervention in displacement contexts because keeping fowl is low-cost and requires relatively little feed and little effort—chickens are often unfed, having to scavenge for themselves.<sup>81</sup> Chickens are often the only animals that impoverished displaced people are able to keep, particularly as they do not require a great deal of space. While their yields of eggs and meat can be used for income generation, keepers of poultry often consume these products to meet their own food needs.

In many countries, the care of poultry is largely undertaken by women and girls.<sup>82</sup> In many rural African areas, poultry ownership is based upon social custom, and while 70 percent of women own chickens in rural sub-Saharan Africa, in many societies they are prohibited from eating chicken meat or eggs,<sup>83</sup> and “they may be expected to consult men before making decisions about the birds.”<sup>84</sup> Practitioners should seek to understand gender roles and incorporate gender-based constraints in the design of poultry-based pastoral interventions, so that the interventions work with local cultural practices.

Before beginning a poultry intervention, it is important to evaluate participants’ ability to guard against threats of illness, theft and predation. If an intervention is successful, the decision to intensify production must be carefully considered, as birds are often more susceptible to disease when closely confined in densely populated settlements. Community collaboration and the formation of groups can enhance the effectiveness of poultry-based interventions by providing opportunities for information sharing and responses to threats.

## CASE STUDY

Pilot Poultry Project in Remote Eastern Democratic Republic of Congo<sup>85</sup>

In the Democratic Republic of Congo (DRC)'s North Kivu province, a region with massive levels of displacement, UNHCR and Vétérinaires Sans Frontières are implementing a pilot project to raise the nutritional levels of female-headed households, abused women, people with disabilities, older people and the young. The pilot project gives families 20 egg-laying hens, feed and medicines, as well as assistance to build a hutch and chicken run. One of the biggest challenges has been introducing the concept of commercial exploitation of hens. While many Congolese rear a few chickens at home, they are often unaccustomed to using chickens to generate income. To ensure long-term sustainability and self-reliance, UNHCR is offering training for “the displaced poultry farmers in chicken feed processing techniques using local ingredients and making feed from kitchen leftovers.”<sup>86</sup> The program has suffered from a major logistical constraint: the late delivery of feed and medicine, which have to be flown to the North Kivu provincial capital, Goma, and then trucked to distribution points in this remote, conflict-affected region.

Questions to ask when designing a livestock- or poultry-based intervention in a displacement context include:

- What might be the environmental impacts of this intervention? Will there be excessive demand on water resources and grazing areas? Will livestock contaminate water required for human consumption? Can livestock be prevented from damaging host communities' crops?
- What animals are refugees/IDPs familiar with? What animals are culturally appropriate?
- Are they prepared to consider raising animals they are not familiar with?
- What are government regulations concerning notification of animal diseases, movement and quarantine of animals, slaughtering, the import of veterinary medicines and vaccines, and the safety of meat and dairy products?
- How much feed and water does a breed under consideration for an intervention require? Can it be obtained? Will it still be available once external support ends?
- Can feeding of poultry be ensured, that is, is there sufficient feed, grains or food scraps?
- Are there any cultural restrictions barring women from raising this animal?
- What products can be developed from it?
- Can action be taken to ensure animal products are fit for human consumption?
- What diseases is this animal susceptible to? Are vaccinations available?
- Are government or private sector veterinary services available?
- Can members of displaced communities be trained in breeding techniques?
- Can they be trained as community animal health workers? Would this be permitted by the authorities? Would they be able to travel? Who would pay for their services?

- Can health hazards caused by uncontrolled use of veterinary drugs be managed?
- Is the planned intervention likely to be regarded as a threat by host communities? If so, how can this threat be mitigated and local communities involved?
- How might the ownership of particular livestock or poultry cause vulnerability to theft or perceived inequality?

## AQUACULTURE

Common aquaculture interventions include: building and stocking fishponds; building and distributing fishing boats; repairing, weaving and distributing fishing nets; fish drying; and developing cold storage capacity for preserving and transporting fish to markets. Aquaculture requires relatively few inputs, can be conducted in most climates and can be a good complement to other livelihood activities. When looking at a fisheries intervention, consider not only the business of catching, raising and selling fish, but also the many businesses that may result from the establishment of successful fisheries, including the raising of small fry for sale, fish processing and value-added activities, such as smoking or salting fish. Fishing livelihoods are often highly gender differentiated. In many places, men tend to be more involved with the catching of fish and women with its processing and distribution. Though aquatic resources are renewable, they are not infinite, and proper resource management is needed.

### CASE STUDY

#### Fish Ponds in the Republic of Congo<sup>87</sup>

In the Republic of Congo, the Pool district has been severely affected by conflict. Aware of a serious shortage of protein, the International Committee of the Red Cross (ICRC) collaborated with the government to launch a program to rehabilitate fish farming. More than 100 groups of IDPs have received training and tools to rebuild fish ponds. They received fingerlings of a more productive breed—*Tilapia nilotica*—than local breeds. The program has become a stable supplier of juvenile fish in Pool, and the number of fish ponds has increased nearly four fold, from 85 to 320. The ponds yield a steady supply of fingerlings for further fish farming, while adult fish are sold in markets, boosting household income and community food security.

Some of the questions to ask when designing an aquaculture intervention include:

- Is the siting of aquaculture ponds appropriate for the displacement context? Can the proximity of conflict be a liability for program participants?
- Are fish a culturally acceptable food source?
- Is there a market for fish? Is it profitable?
- Can ponds be sited away from natural ecosystems where they may escape and become integrated? Can ponds be situated so that they can collect rain but are safe so that people or livestock do not fall in?<sup>88</sup>
- Is it possible to guard against disease?
- What local plants are natural complements to fishponds?
- Is there a reliable supply of small fry or fingerlings?

## BEEKEEPING

Apiculture, or beekeeping, can be an effective way for poor people to strengthen their livelihoods. Beekeeping requires little land and is feasible in temperate, semi-arid and tropical climates, where bees can access water and “there is abundant vegetation providing blossoms/flowers regularly throughout the year, and for long periods of time.”<sup>89</sup> Beekeeping complements other interventions, as pollination can assist the cultivation of new crops. Research into market demand for bee products and the availability of native bees is a crucial first step in designing a beekeeping intervention.

As beekeeping is found throughout the world, many people have knowledge and skills. In many places, it is women who possess knowledge of beekeeping and related industries. Where beekeeping exists but has been primarily practiced by men, the introduction of new technology, such as top-bar hives, which are easily managed and able to be kept close to home, can allow for the inclusion of women. In addition to training, some basic physical inputs—hives, smokers, clothing and hats—are necessary. Some could be manufactured locally, but non-dependence on exports may have to wait until economies of scale develop that can support local producers.

### CASE STUDY

#### Modernizing Beekeeping in Uganda<sup>90</sup>

In Uganda, traditional beekeeping has long been an important seasonal livelihoods activity in many regions. Rural communities are knowledgeable about bees and the plants and areas they populate. However, the process of collecting honey—commonly done through the improper use of grass torches and fire to smoke out the bees—often leaves hives destroyed, colonies killed and honey contaminated and fermented. Honey is often eaten directly from combs or is extracted and sold or given away. Other bee products, such as brood comb (beeswax) and bee bread (ambrosia), are harvested, but often underused. Much of the honey produced has impurities. Some beekeepers have invested in pressing machines, which extract, warm, strain and bottle high-quality honey. The honey and bee propolis—the resinous mixture bees collect to seal holes in hives—are sold to medical clinics to treat health conditions and HIV/AIDS-induced infections. The waxy comb is sometimes salvaged to make candles or is sold for the production of household textiles, garments and batiks.

The Ugandan Beekeepers Association has introduced improved wooden hives at a cost of \$15 USD each, which reduces the damage inflicted to a colony because they can be opened to check on honeycombs. The Association also sells smoker pumps and protective wear, but most beekeepers cannot afford them. In Uganda, there is scope to promote a variety of different strains, such as those that do not swarm, thus aiding beekeepers. A German NGO, Action Africa Hilfe (AAH), has started a project in the Palorinya Sudanese Refugee Camp in Moyo, along the Ugandan border with Sudan. AAH has supplied many hives and starter colonies to assist refugees to start beekeeping as a livelihoods activity.

Some of the questions to ask when designing a beekeeping intervention include:

- Is the local vegetation habitable for honeybees? Can hives be placed in secure sites where they will not be disturbed, such as in trees or top-bar hives?
- Are the necessary inputs—hives, smokers, filters, containers, clothing and hats—available to support beekeeping? If not, can local people be trained to make their own equipment?
- Is training or extension support for beekeeping available?

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## IMPLEMENTATION

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### ONGOING MONITORING

Before interventions begin, implementing agencies must formulate a time line and collect baseline information to allow comparison with results from subsequent data gathered. Based upon the implementation and progress of the intervention, ongoing monitoring can determine where adjustments may need to be made in order to overcome challenges and ensure the program's sustainability. Information should be gathered with market assessments, participatory rural appraisals, random household visits, interviews, community focus groups and entry, exit and follow-up surveys. Conflict analyses should occur on a regular basis to gauge the stability of the setting for the livelihood interventions.

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### ANTICIPATING UNINTENDED CONSEQUENCES

Effective consultations and feasibility studies in the design phase may minimize unintended consequences, but some negative impacts may be difficult to foresee. These may include issues around:

- **Impact of conflict or post-conflict recovery on interventions:** Determine any conflict-related factors that may be inducing vulnerability for participants or inhibiting the success of the intervention, including the potential for conflict economies or armed groups to benefit from interventions.
- **Nutrition:** While interventions that encourage women to participate in growing cash crops may address the need to improve their opportunities for income generation, a shift from food to cash crops could have unintended consequences for the nutritional health of households. Further, programs that stipulate that households receiving livestock or poultry should receive less food aid can put them at nutritional risk.
- **Market saturation:** A sudden increase in the number of farmers producing the same product can quickly saturate markets and drive down prices. Watch pricing trends to make sure that the market is not being saturated. Post-harvest processing, off-season growing and storage of products for off-season sale are ways of avoiding the worst impacts of market saturation.
- **Erosion of the private sector:** Interventions subsidized by NGOs can discourage private sector production. It is vital to incorporate—rather than exclude—already functioning private sector activities into interventions.
- **Host country resentment:** Tensions between host and displaced communities can arise if local communities feel that displaced groups are receiving an unfair amount of assistance, particularly when refugees and IDPs are engaged in agrarian activities that deplete natural



resources. This can potentially be mitigated by projects that work with both host and displaced populations. Ensure that all stakeholders are informed about the broader impact of the intervention.

- **Lack of demand:** Because post-conflict environments change rapidly, it can be difficult to accurately predict long-term demand.
- **Dependence on pesticides/fertilizer:** Can supplies be obtained once external funding ends? Has the environmental impact of their use been assessed?
- **Government policies:** Restrictions on land use and freedom of movement, as well as unanticipated policy shifts, can hinder displaced people's ability to earn an income. (*See Working with Host Governments chapter.*)
- **Frustration and cynicism:** It can be hard to maintain interest among participants, especially if financial returns are not as high as anticipated or if there are delays in project implementation.
- **Lack of technical support and assistance:** Sufficient numbers of trained and remunerated personnel may not be available as planned.
- **Lack of trust:** Establishment of farmer/pastoralist associations and collective marketing committees can build trust between participants and other market actors.

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## EXIT STRATEGY

Programs should plan for the eventual exit of the implementing agency in such a way that the intervention is able to continue with the leadership of the displaced and local communities, as well as community-based organizations and other stakeholders.

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## EVALUATION

Good monitoring and evaluation (M&E) practices allow agrarian livelihood programs to remain responsive and flexible to changes and provide space for redesign. They must go beyond reporting on the number of seeds, tools, equipment or animals distributed and measure the impact of the intervention on participants' livelihoods development. The participation of program participants is vital in the evaluation process, but also in the development of impact indicators and the ways in which these indicators can be measured. If goals are not being met, assess ways to modify the intervention to be more effective. The first step in monitoring is developing a baseline. Different monitoring methods have different strengths, but all projects should attempt to monitor both the process (e.g., how many people have been served) and the results (e.g., the amount by which production has improved) of the intervention.

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## INDICATORS FOR MEASURING SUCCESS

Indicators should be based on the goals and essential elements of the intervention. Indicators can be direct or indirect, quantitative or qualitative. It may be necessary to employ a variety of monitoring and evaluation strategies, including interviews, focus groups, surveys and direct observation.

Questions for participants of agrarian interventions might include:

- Has your income increased?
- Have you found markets for your products?
- Have you increased yields?
- Has your household's nutritional status improved?

- Has your access to markets improved?
- Has the project provided you and/or your household with greater economic security?
- If you have seen benefits from the project, do you think they are likely to continue?
- What additional support mechanisms would you like to see in place?
- What has been the environmental impact of this intervention?
- What has been the impact of the intervention on gender relations?
- Has women's decision-making ability and control over household assets changed?
- Has the status of women changed at the household or community level?
- Were relations within the host and local communities improved by the intervention, or did they create tension?
- What were the intangible benefits of the intervention (restoration of hope, self-esteem)? How can these benefits be measured?

The Feinstein International Center has developed a Participatory Impact Assessment (PIA) approach, which is an extension of participatory rural appraisal, meant to measure the real “impact of humanitarian assistance and development projects on people’s lives.”<sup>91</sup> The PIA provides tools to quantify qualitative impact evaluations based on community perceptions, feedback and participation. It allows communities to assess and quantify changes that have resulted from the program. With PIA, the following key questions are raised at the project level:

- What changes have there been in the community since the start of the project?
- Which of these changes are attributable to the project?
- What difference have these changes made to people’s lives?<sup>92</sup>

The PIA approach is centered around eight stages to gauge impact:

Stage 1: Define the questions to be answered.

Stage 2: Define the geographical and time limits of the project.

Stage 3: Identify and prioritize locally defined impact indicators.

Stage 4: Decide which methods to use, and test them.

Stage 5: Decide which sampling method and sample size to use.

Stage 6: Assess project attribution.

Stage 7: Triangulate.

Stage 8: Feedback and verify the results with the community.<sup>93</sup>

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# Microfinance Interventions

## INTRODUCTION

Lack of credit and cash is one of the most significant constraints on displaced people pursuing a livelihood. Unanticipated events can be better managed if refugees, internally displaced persons (IDPs) and returnees have access to microfinance services, such as savings, loans and insurance. Microfinance services in early recovery and development settings form a vital part of an integrated approach to sustainable livelihoods and poverty alleviation, not only for the economically active displaced, but also for the most impoverished groups. By going beyond the traditional relief-based culture of aid and assistance, microfinance offers a dignified way to support displaced people and foster self-reliance.

Microfinance interventions involve crossover programming that spans both relief and development efforts. In most contexts in which the humanitarian community has tried to provide microfinance services, there are no formal banking institutions or functional regulation systems. Microfinance has shown the potential to support appropriate livelihood strategies of conflict-affected women and youth, enabling them to be active agents in their own survival and development. Savings programs are often their greatest need, as these programs can allow for the safe storage of income without the added pressure of taking on a loan.

This chapter describes the range of available microfinance products and outlines the potential benefits of microfinance in displacement and early recovery contexts as well as the false assumptions and mistakes observed in poorly planned interventions. It offers recommendations to help ensure age-, gender- and ability-awareness and conflict-sensitive practices in microfinance programs. It guides practitioners in





Small loans can help refugees establish businesses, like this one in Colombia, that make them self-sufficient. © Women's Refugee Commission/Diana Quick

identifying the needs of their target population, choosing the most appropriate interventions for clients and deciding how to monitor and evaluate them. Because microfinance interventions are highly complex, this chapter provides general guidelines and includes resources that can be used to develop step-by-step interventions.

The first stage of any microfinance intervention must be a participatory mapping of existing financial mechanisms within the client community. Microfinance institutions and service providers working with conflict- and disaster-affected people should identify programs to build capacity, address inequalities and vulnerabilities and promote empowerment through a holistic process of social and economic recovery and development. Where appropriate, clients should be offered an appro-

priate graduated intervention that may begin with aid, subsidies, training and support services and lead to group-based savings and credit associations and, finally, to an individual relationship with an established semiformal or formal financial services institution. Microfinance interventions should take a long term perspective, seeking to help clients begin and grow their businesses while in camps and prepare for repatriation, resettlement or integration. Ideally, this should involve linkages to programs in refugees' and IDPs' countries or areas of return.

There is no one-size-fits-all approach to planning, implementing and evaluating a microfinance intervention. Recommended tools and guidance included here provide flexible frameworks for discussion, dialogue, planning and innovation.

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## KEY LEARNING POINTS

- Market assessments for demand, design and monitoring are essential. The most important factor in assessing whether or not to do microfinance is the demand for services.
- It is critical to ensure the sustainability of microfinance programs that can be supported by local ownership once the implementing agency transitions out.
- Institutions already offering microfinance services in the area may be better positioned to expand their services to include the displaced or returnee populations. In addition, these existing institutions may provide strong partnership opportunities.
- The provision of microfinance services in early recovery development settings should be viewed not as a relief service, but as part of a participatory, rights-based approach to economic development that requires and demands accountability.
- Microfinance is not a substitute for grants or subsidies, which may be more appropriate, depending on the situation and context.
- It is ideal if microfinance programs have a social mission and an explicit commitment to poverty reduction if they are serving crisis-affected groups.
- Microfinance services should be separate from relief programs.
- Microfinance is not a cure-all, and there is no one-size-fits-all formula for success. Interventions must address specific contexts following market and needs assessments to determine whether the local market can support new or expanded businesses. Without such conditions, clients may not be able to generate enough income to repay their loans and/or gain self-sufficiency.
- Not all poor and marginalized displaced people are appropriate candidates for microfinance, and particularly not for loans or credit.
- Programs should be progressively stepped so that displaced persons are graduated to different microfinance products as their needs and capabilities change.
- Women and youth clients must be viewed and supported as money managers and decision-makers over their own financial resources.
- Microfinance interventions may inadvertently do harm, exposing women, youth and vulnerable populations to further risk.

## ESSENTIAL ELEMENTS

### Definitions

**Business development services (BDS)** are provisions for microfinance clients to increase the potential for their success in their business endeavors. Services can include business training, financial literacy, technical and marketing assistance, market linkages, access to technology, advocacy, advice and mentoring.<sup>1</sup>

**Collateral** is an asset pledged by a borrower to secure a loan, which can be repossessed in the case of default.

**Formal microfinance** includes microfinance services provided by public and private banks, insurance firms and finance companies subject to banking regulations and supervision.

**Informal microfinance** includes microfinance services provided not by institutions, but by organizations or individuals within a community with no official legal status and without external intervention.

A **merry-go-round** is a savings group in which each member commits to a weekly payment into a “kitty.” The sequence of the kitty’s recipients can be determined randomly, for example, by picking numbers out of a hat or by structured rotation from member to member. These informal savings groups may also offer loans, and may be known as RoSCAs (Rotating Savings and Credit Associations) and ASCAs (Accumulating Savings and Credit Associations), among others. See also self-help groups.

**Microcredit** is defined by the Grameen Bank—the Bangladesh community development bank that has popularized microfinance—as “small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families.”<sup>2</sup> The Foundation for International Community Assistance (FINCA), a leading provider of financial services to lowest-income entrepreneurs, defines microcredit as “provision of working capital to fuel the productivity of the world’s poor majority.”<sup>3</sup> Microcredit does not necessarily require donor financing, a fact illustrated by the number of microfinance institutions that are self-funding through loans from a variety of sources, including commercial banks, client savings and even equity investment from outside investors.<sup>4</sup>

**Microfinance** is a term for financial services provided for people in poverty who are not served by banks and other formal financial institutions.

**Microinsurance** is “the protection of low income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved.”<sup>5</sup>

**Microloans** are very small loans to the unemployed, poor entrepreneurs and others living in poverty who are not considered “bankable” by formal lending institutions, as they lack collateral, steady employment and a verifiable credit history.

**Microfinance institutions (MFIs)** are formal providers of microfinance services. The term has come to refer to a wide range of organizations, including nongovernmental organizations (NGOs), private commercial banks, partially state-owned banks, nonbank financial institutions, credit unions and cooperatives.

**Microfinance organizations (MFOs)** are often synonymous with MFIs, but are more generally applied to NGO-created entities.

A **self-help group (SHG)** is a term widely used in South Asia and beyond to describe community-based savings groups.

**Solidarity lending** is the provision of collateral-free loans to small groups of people (usually three to five), using peer pressure as the primary motivator of repayment. It works best in rural communities, rather than in urban areas where mobility is greater and social capital weaker.

**Stepped lending** is a process by which borrowers who repay loans on time are eligible for increasingly larger and perhaps more sophisticated loans.

The Microfinance Gateway<sup>6</sup> and ACCION International<sup>7</sup> provide glossaries for the extensive terminology used by the microfinance industry. In keeping with much of the microfinance literature, this chapter primarily uses the term “client” rather than “participant” to describe users of microfinance services.

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## KEY PRINCIPLES OF MICROFINANCE

In 2000, Bangladesh’s Grameen Bank, the world’s best-known lender to the poor and inspiration for the global microfinance movement, announced major changes to its operations. The Grameen

Generalised System—better known as Grameen II—is based on core convictions about financial services and the poor:

- “Poor people always pay back their loans”;
- “Credit for the poor creates self-employment... and access to it should be a right”;
- “Collateral as a way to secure loans is outmoded and can and should be “abandoned in lending to the poor”;
- “Poor people can work together in groups to help each other manage their borrowing”; and
- “Financial services, and credit in particular, are a powerful weapon against poverty and a powerful means to empower women.”<sup>8</sup>

## TYPES OF MICROFINANCE PROVIDERS

Variations on group savings and credit schemes range from very small, self-selected groups, which rely on personal relationships and reputation as selection criteria, to large, highly structured rule-based groups.

**Credit Unions / Savings and Credit Cooperatives / Financial Cooperatives** are not-for-profit member-owned and -governed financial institutions that are typically managed by paid staff who may or may not be assisted by volunteer member committees. Credit unions and financial cooperatives are typically savings-based, that is, they fund their loan portfolio with member deposits as opposed to external financing.

**Rotating Savings and Credit Associations (RoSCAs)** are community-based financial arrangements involving a group of savers contributing a set amount to a common fund on a regular basis. Small loans are made from the fund to group members, which, when repaid, become credit for another member. RoSCAs provide low-cost credit, efficient service delivery and transparency. RoSCAs cannot provide credit matched to investment needs, business or emergency loans when required, or a real return on savings invested. Default is fairly common after a member has received his or her share. RoSCA loans are usually too small for MFIs to handle on an individual basis. In some cases, the store of loanable funds derived from these private resources can be augmented by formal loans from banks as groups develop. However, this is unlikely in displacement and early recovery contexts, and may carry additional risk for the group. Other variations of RoSCAs include *susu*, found in West Africa and the Caribbean, and *tontine*, used in Europe in the past, and also found in West Africa.<sup>9</sup>

**Accumulating Savings and Credit Associations (ASCAs)** are time-limited, informal microfinance groups that offer short-term loans and insurance, using savings as the sole source of loan funds. ASCAs hold the savings of members who may apply for periodic loans from the accumulated funds. They are more complex than RoSCAs, and normally require records (written or memory-based), as the members do not all conduct transactions in the same way. One member is appointed to manage the fund, and records are kept and surpluses are lent out. Some borrow while others only save, and borrowers may borrow different amounts on different dates, for different periods. ASCAs work most effectively when they are time-bound. At the end of a designated period—usually six to twelve months—all outstanding loans are repaid and the accumulated amount plus interest is distributed to group members. *An ASCA project cycle should span at least 15 months for a 12-month savings cycle in order to allow for time to mobilize savings groups, train members who will manage the fund in record keeping, and distribute necessary materials.* ASCAs are found most frequently in South Asia.

**Village Savings and Loan Associations (VSLAs / VS&LAs)** are ASCAs in which self-selected groups of around 10 to 25 people invest their savings in a loan fund, from which members can borrow. Interest-bearing loans are initially provided for one to three months but, over time, may increase to six months or more. By marshalling small local pools of capital to satisfy household cash-management needs, VSLAs can provide immediately sustainable and profitable savings, insurance and credit services to people who live in places where banks and MFIs do not have a presence. VSLAs tend to serve the very poor whose income is irregular and less reliable and who may not be full-time business people. VSL Associates is a consortium of practitioners dedicated to spreading the Village Savings and Loan ASCA

methodology.<sup>10</sup> The VS&L methodology—based on RoSCA principles—is now used around the world and was pioneered by the NGO CARE in Niger.

The key characteristics of VSLAs are as follows:

- “savings-based” financial services with no external borrowing or donations to the loan portfolio;<sup>11</sup>
- self-managing;
- having simple and transparent operations;
- having flexible loan sizes and terms;
- having “very low group management costs met through group earnings”;<sup>12</sup>
- retaining earnings in the group and local community;<sup>13</sup>
- meeting the basic needs of clients for simple, accessible savings, and credit and insurance facilities;
- having programs locally staffed and managed after very short periods of orientation;
- spontaneously replicated and flexibly adapted to the basic model.

## STRENGTHS AND WEAKNESSES OF THE VS&LA MODEL

### Strengths

- VS&LAs have the ability to deliver appropriate financial services in remote areas marked by weak economic activity, on a sustainable basis and at low establishment cost.
- The methodology is adaptable to local conditions and needs, and is transferable to almost any environment.
- VS&LAs can serve nonliterate people as well as literate people.
- They do not need experts and expensive staff to implement and can easily be integrated into a nonfinancial services programme.
- VS&LAs have operating expenses close to zero, so that they can afford to make extremely small loans. They have an excellent safety record, i.e., there is minimum embezzlement of group funds and loan loss (lock-boxes, key holders and counters ensure a high level of transparency and investment in long term activities).
- The system of transactions is quick, simple and transparent, and ensures high returns on savings.
- VS&LAs cultivate a financial management culture.
- VS&LAs allow participants to acquire useful lump sums of capital at a predictable time and invest them in longer term activities.
- All sums paid by the VS&LA stay in the village; there is no “drainage” to headquarter locations.<sup>14</sup>

### Weaknesses

- Loan amount is small, especially at the beginning of the cycle.
- Loan period is usually short and limits long-term investment.
- Loan funds are not always available at appropriate times.<sup>15</sup>

## MICROFINANCE PRODUCTS

### BUSINESS LOANS

Business loans are the key economic development product used in microfinance interventions. They assist clients by providing seed capital necessary to launch income-generating activities and enable clients to build a credit history. They can also help clients avoid predatory lending and lay the groundwork for economic stability through savings and microinsurance products. There are many types of microfinance loans, and there can be variations within one loan. Loans can include individual loans, salary loans, group lending, solidarity guarantee loans, Grameen loans, VSLAs and microinsurance loans.

### CONSUMER LOANS

Consumer loans assist clients with their basic living costs. While these loans can be an option, it is important for microfinance interventions to be supplemented with humanitarian assistance when needed so that microfinance products lead to long term livelihoods for displaced groups. Loans used for consumption that do not contribute to self-reliance can place clients at greater risk of vulnerability and/or aid dependence.

#### CASE STUDY

##### **Stepped Approach to Improving Livelihoods (SAIL)<sup>16</sup>**

Designed by the American Refugee Committee (ARC) as part of microfinance development interventions in Liberia, Sierra Leone, Rwanda and Sudan, the Stepped Approach to Improving Livelihoods (SAIL) provides refugee populations, and in particular women, with business training and access to capital through a targeted program that offers loans, no-interest loans or grants, and, depending on the ability to repay, credit management capability and business opportunities. SAIL provides opportunities for refugee women to build a positive credit history that enables them to use microfinance and microenterprise development services from linked providers in their area of return under the R2R (Refuge-to-Return) program strategy. ARC has successfully provided loans to many clients worldwide, including Liberian and Sierra Leonean refugees in Guinea and Liberia, Sudanese refugees in northern Uganda and Burmese refugees in Thailand. ARC has built leading MFIs in Sierra Leone, Liberia and Southern Sudan, which have served displaced people following their return.



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## SAVINGS

Although some poor people are good candidates for loans, many more are in need of savings services. Savings products should be limited in scope but specific to the diverse needs of displaced groups. It is critical that they are manageable and adequately staffed. The Consultative Group to Assist the Poor (CGAP) warns that it can be challenging for MFIs “to manage effective delivery of more than a few products, especially in the beginning” due to “strains on management and staff capacity that negatively affect both the MFI’s performance and its client service.”<sup>17</sup> It is wiser to focus on the delivery of high-demand, complementary products that can be used in different combinations, for example, a “passbook” savings account permitting unlimited transactions and a fixed deposit account (including those with one-, two- and three-month maturities).<sup>18</sup>

For clients, security and the physical and financial accessibility to savings mechanisms are most important.<sup>19</sup> Clients who require accessibility may resort to more informal savings mechanisms that do not offer security for their deposits.

Savings mobilization—using savings to lend out to other clients—requires a higher degree of complexity and oversight than credit operations because it is the clients’ money that is put at risk, not that of the MFI. Mobilizing savings is often disallowed by law except for certain types of institutions, such as banks. However, if an institution is legally allowed to mobilize deposits, “The key to large-scale savings mobilization from the public is not many products, but rather a few well-designed and effectively delivered products that clients can use to customize their savings portfolios in ways that meet their particular needs.”<sup>20</sup>

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## MICROINSURANCE

The provision of insurance is an emerging trend in the microfinance industry. While isolated programs indicate its potential, refugees, IDPs and returnees remain widely unserved. When insurance is available to displaced people, it most often takes the form of life insurance policies made available by MFIs. They may provide for the partial or total repayment of credited funds, funeral expenses, a lump-sum payout or continued, in-kind support services to the policyholder’s survivors. The insurance policy not only protects the interests of the policyholder, but also those of the MFI that would otherwise have to write off unmet debts. MFIs should partner with insurance agencies to offer insurance, as government regulations often preclude MFIs from engaging in the direct provision of insurance products.

A Bill & Melinda Gates Foundation-sponsored study on the impact of microinsurance in Uganda—where it is relatively well-established due to the efforts of FINCA—found that having microinsurance encourages individuals to seek earlier health treatment and may increase the survival rate of small businesses.<sup>21</sup>

## POTENTIAL BENEFITS OF MICROFINANCE INTERVENTIONS

There is a general lack of literature on the impact of microfinance.<sup>22</sup> This is particularly the case in displacement and recovery contexts. However, there is considerable emerging evidence that microfinance products that respond to demand and are savings-led have the potential to:

- support clients' survival strategies during a conflict or disaster;<sup>23</sup>
- prevent the collapse of small businesses and household economies;<sup>24</sup>
- contribute to the rehabilitation of small businesses and household economies;<sup>25</sup>
- reduce unemployment and underemployment;<sup>26</sup>
- break the pattern of using remittances for immediate consumption;
- break cycles of indebtedness and dependence on money lenders;
- stimulate the participation of women and youth in the market economy;
- encourage entrepreneurial self-employment and thereby reduce exposure to exploitative labor;
- prepare women to better withstand financial crises;
- increase women's intra household decision-making powers;
- provide women and youth with a credit record and a repayment history needed to apply for bank loans;
- increase the likelihood of school enrollment;
- improve household food security;
- promote asset creation;
- reduce vulnerability to sexual and gender-based violence, domestic violence and negative coping strategies, such as transactional sex;
- enhance women's capacity to participate in civic activities;
- improve self-esteem, awareness of human rights and leadership skills;
- enable entrepreneurial women and youth to become role models;
- build skills and experience needed upon repatriation or resettlement;
- promote the economic contribution of refugee entrepreneurs to benefit host communities and local economic development.

In addition, there is emerging research that demonstrates that microfinance institutions can be successful, as measured by regular MFI standards, in conflict-affected countries; that MFIs have been successful in filling the gap in the availability of financial services in conflict-affected countries; and that many MFIs in conflict-affected countries are as strong, if not stronger, on standard MFI performance than MFIs operating in conflict-free environments.<sup>27</sup> The most successful microfinance programs are implemented by organizations with substantial microfinance expertise that offer a variety of products and ensure that clients either have or are taught business development skills.

## CASE STUDY

**Microfinance Partnership Success in Uganda**

The Alchemy Project—a Tufts University initiative to improve income generation interventions in support of refugee/IDP livelihoods—partnered with Uganda Women’s Effort to Save Orphans (UWESO), a Ugandan NGO.<sup>28</sup> Established by the wife of the Ugandan President, UWESO insists that at least 80 percent of all clients, as well as the chair and treasurer of each savings group, are women. An evaluation in 2004 showed that many clients had improved food security and been enabled to employ labor.<sup>29</sup> UWESO’s partnership with the Alchemy Project—as well as with CHF International—led to an extension of its loan program to IDPs in conflict-affected northern Uganda. A system was established to enable clients with good credit histories to transfer their credit ranks to other MFIs or banks either in the region or after they return to their places of origin. Linking to traditional MFIs or banks can ensure that clients with a sound credit history can access larger loans.<sup>30</sup> A large private sector partnership now underpins the UWESO loan program. In 2006, Barclays Bank announced substantial support to UWESO’s work, expressing hopes that its philanthropy might ultimately help members of “community finance programs to one day graduate towards the commercial sector” for credit.<sup>31</sup>

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## COMMON SHORTCOMINGS OF MICROFINANCE INTERVENTIONS

Inadequacies occur because microfinance interventions:

- are often implemented by organizations without the requisite expertise;
- are often implemented by organizations that are also implementing relief assistance programs, which complicates repayment systems as clients mistakenly view microfinance loans as aid;
- are often given in contexts where the disbursement of grants is also taking place; however, this may not present a problem if microfinance interventions use separate branding and precise targeting;
- often have loans that are too small to support businesses to start up;
- may cause clients to borrow from multiple loan providers due to lack of coordination, and end up deeply indebted;
- pay too little attention to client selection;
- may experience a conflict between often competing objectives, for example, serving the very poor versus the need to target the economically viable for program success and sustainability;
- may lead to challenges in group lending and group cohesion, particularly in the displacement context;
- depend on group solidarity as collateral to replace what in commercial banking would be a material form of guarantee.

## CASE STUDY

IRC Learns Lessons from a Failed Kenyan Intervention<sup>32</sup>

In 1992, the International Rescue Committee (IRC) established a microfinance program in Kenya's Kakuma camp, one of the world's largest refugee camps. In 2002, the program was closed down, as IRC recognized the absence of minimum conditions required for successful implementation of microfinance interventions in refugee settings. The agency acknowledged a lack of organizational capacity, an inability to define "sustainability," difficulty in reaching intended clients and the impact of Kenyan government policies restricting refugees' engagement in the market economy.

## UNDERSTANDING THE DYNAMICS AND AREAS OF CONCERN FOR MICROFINANCE INTERVENTIONS

### MICROFINANCE INTERVENTIONS IN SETTINGS OF CONFLICT

Concern Worldwide, an agency with considerable experience on microfinance in displacement and recovery contexts, warns that:

There has been a history of unsuccessful microfinance interventions in war-affected contexts, characterized by rapid startup, disbursement of a large volume of loans, high levels of default, limited capacity for loan recovery and organizational collapse within a few years. The cause is all too often traced back to underfunded and hurried design and planning, based on inaccurate preconceptions.<sup>33</sup>

In conflict-affected environments, most microfinance providers will not provide loans to refugees or IDPs in general as they are assumed to be too high risk, transient, lacking in collateral and their incomes too low and inconsistent. Refugee and internally displaced women and youth are particularly unlikely to achieve direct, individual relationships with formal or even semiformal microfinance institutions. Credit may also not be the most appropriate or requested financial service for displaced women and youth, many of whom are understandably risk-averse while trying to survive or rebuild their lives in insecure environments with few consistent income-earning opportunities.

A research project funded by the UK's Department for International Development (DFID) found that microfinance interventions generally have an undistinguished record in war-affected countries. Researchers noted that microfinance projects often have poor repayment discipline, are confused about the differences between grants and credit, and that projects often collapse, having had little or no sustained positive impact on the lives of

clients. Researchers heard many complaints from clients about time wasted in group meetings, the exclusion of the most impoverished due to mistrust from other group members, inheritance of other people's problems as soon as one joined a group and the laborious process of approving loans in weekly or monthly meetings. When NGOs withdrew their support of a microfinance initiative, clients sometimes refused to repay the departing NGO. Frequently, weak community-based organizations collapse within a few years. MFIs are often reluctant to move into areas where relief and rehabilitation organizations have been unable to recover loans, or where loans turned into grants when it was hard to establish repayment discipline.<sup>34</sup>

If a microfinance program is to promote stability, it is important to ask:

- “What is the initial risk that the project will have a negative impact” on conflict dynamics?
- “If implemented, can the proposed project reduce the risk of structural factors contributing to violent conflict and instead strengthen the structures working for peace, for example, by supporting institutions to deal with grievances?”
- “Will the program increase security or a sense of security?”
- “What will be the impact on gender equality and the roles and interests of women and men? How can the peace and security potential of women and men be strengthened through the project?”<sup>35</sup>

## GENDER ISSUES AND MICROFINANCE<sup>36</sup>

Although microfinance programs have the potential to significantly contribute to women's empowerment, this is not an automatic consequence of providing credit and forming savings groups.<sup>37</sup> Women's pursuit of economic activities and their ability to generate income are seriously constrained by gender inequalities. In many cases, benefits from microfinance “may be marginal and women may even be disempowered.”<sup>38</sup> It is important to question assumed linkages between access and empowerment:

Registration of loans in women's names does not necessarily mean even participation in decisions about loan application(s,) as men may simply negotiate loans with male programme staff as an easier way of getting access to credit. High repayment levels by women do not... indicate that women have used the loans themselves. Men may take the loans from women or women may choose to invest the loans in men's activities. Loans may be repaid from male earnings, through women forgoing (their) own consumption, or from income or borrowing from other sources. High demand for loans by women may be more a sign of social pressure to access outside resources for their in-laws or husbands than empowerment.<sup>39</sup>

Additional gender-related risks involved in microfinance interventions:

- Rapid expansion of microfinance programs may contribute to market saturation in traditionally female economic activities and therefore to declining profits.<sup>40</sup>
- Microfinance group lending may place “severe strains on women's existing networks if repayment becomes a problem.”<sup>41</sup>

- Engagement in microfinance meetings may be so time-consuming it takes women away from other social and political activities.
- Credit debt “may lead to severe impoverishment, abandonment and put serious strains on networks with other women.”<sup>42</sup>
- Women may forgo their own consumption needs because of pressure to save.
- The “poorest women are the most likely to be explicitly excluded by programmes and also peer groups where repayment is the prime consideration and/or where the main emphasis of programs is on existing microentrepreneurs.”<sup>43</sup>
- The poor may have their assets confiscated because of nonrepayment.
- NGOs and women’s organizations “often become involved in a policing role associated with repayment,” instead of focusing on the reasons why clients face barriers that can preclude their ability to repay loans.<sup>50</sup>
- Attempts should be made to address the macro-level reasons for poverty and inequality on a policy level: “Many service delivery-oriented NGOs do not engage in dialogue with policy-makers, and rarely consider economic issues within the wider context of the community as a whole.”<sup>51</sup>

The Alchemy Project warns against excessive pressure to repay and notes that there have been cases in which women have been so desperate to repay in order to stay in microfinance programs that they have engaged in prostitution or turned to loan sharks.<sup>44</sup>

Womankind Worldwide,<sup>45</sup> a UK-based charity, challenges the assumption that credit schemes are a cost-effective, efficient, easy-to-administer and sustainable method of poverty alleviation. The agency argues that:

- “The issue of inter household relations of power and rights are rarely addressed.”<sup>46</sup>
- “Few credit and savings schemes manage to cover costs and accumulate capital.”<sup>47</sup>
- There is a silence around the true costs of running credit and savings schemes, and gains are invariably romanticized.<sup>48</sup>
- The notion that these schemes lead to empowerment is problematic: “By increasing the burden on women, and making them responsible for repayment, such schemes use women as instruments to achieve efficiency and sustainability, while actually exacerbating their poverty and vulnerability.”<sup>49</sup>

Access to credit is no guarantee that women will not become more vulnerable and fall further into debt. It is important to remember that the impact of a savings and credit program on the decision-making power of a female client may be significant in one context but may make no difference in cultures lacking in basic rights for women.<sup>52</sup> Economic indicators, such as repayment rate, income level or loan totals, must never be assumed to be reliable empowerment indicators.

## CASE STUDY

**Exaggerated Microfinance Success in Iraqi Kurdistan** <sup>53</sup>

Agencies involved in microfinance frequently include case studies of female clients in promotional materials. The website of an agency working to assist displaced Kurds in northern Iraq chronicled the entrepreneurial success of a woman referred to here as Hewar. One of tens of thousands of women who had lost their husbands and community during Saddam Hussein's *anfal* campaign of forced resettlement and razing of Kurdish villages, Hewar had taken on a series of increasingly large loans. After engaging in several microenterprises, it was reported that she had defied gender boundaries and became a tractor owner-operator. The agency credited its intervention with empowering Hewar to earn substantial income from plowing contracts. Yet the reality was far different; the loans had been used by her brothers-in-law. They had profited from using the tractor, but when it broke down, they returned it to Hewar. Unable to either repay her latest loan or to repair the tractor, she took a risk by selling the jewelry her husband had given her as part of bridewealth payments. By using her last remaining assets, the tractor had been briefly restored to life, but still went unused. Hewar and her children regretted ever having gotten involved in the microfinance program.

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## VULNERABLE GROUPS

It is critical to ensure that in addition to including women in microfinance, other so-called vulnerable groups, such as youth, older people, people with disabilities and/or living with infectious diseases, ex-combatants and others who may have barriers to livelihoods, are given equal consideration in microfinance.

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## PRELIMINARY STEPS

Because microfinance interventions are complex and require a long term commitment, it is essential to identify whether or not microfinance is a suitable livelihood intervention for the displacement context. The success of microfinance interventions is dependent upon the ability of clients to repay their loans, generate income and reduce vulnerability. As a result, it is important that adequate provision of training is given that will provide a basic foundation for literacy, numeracy and basic financial education. For clients who already have this knowledge and demonstrate strong financial literacy, it may be important to build upon their knowledge and experience with the provision of business development services (BDS). However, it must be noted that BDS may be very costly,

particularly for newer MFIs, so these services may need to be postponed until the MFI has recovered its costs and is in a more stable position.

In order to determine the appropriateness of a microfinance intervention, practitioners should assess whether the context, resources and needs are appropriate. It is essential that the following conditions are met, particularly for post-conflict environments:

1. **Sufficient economic activity that can use credit services.**<sup>54</sup>
2. **A relatively stable client population.**<sup>55</sup>
3. **A certain degree of political stability.**<sup>56</sup>
4. **A relatively stable economy with manageable inflation.**

The U.S. Agency for International Development (USAID) has developed post-conflict principles centered around financially viable lending,<sup>57</sup> which can be used as a guide:

#### 1. Offer Services that Fit the Preferences of Poor Microentrepreneurs

- a. Loans should be short term and compatible with the businesses, markets and income/expense patterns of microentrepreneurs.
- b. Stepped lending, in which loans are small and repeat, allowing clients to take on slightly larger loans, as needed.
- c. Microfinance services are provided in a client-centered manner, working with clients who are unaccustomed to banking services and who might otherwise be considered undesirable customers to traditional banks.

#### 2. Streamline Operations to Reduce Unit Costs

- a. Standardized and simplified processes for delivering credit and savings services.
- b. Modest buildings and vehicles. Just as MFIs don't act like banks, they don't look like them either.

- c. Front-line staff (credit and savings officers) who are close to their clients in terms of education (and hence salaries).

#### 3. Motivate Clients to Repay Loans

- a. Repeat and stepped lending: There may be no greater repayment incentive than that of having continued access to financial services.
- b. Mutual-guarantee groups, which provide peer pressure and peer support to repay.
- c. Discounts for prompt and full repayment, penalties for delinquency, and other financial incentives and disincentives.
- d. An image of being a serious, permanent MFI. Temporary microfinance projects which are not serious about loan collection, cost-containment, and even revenue earning will quickly be seen by clients as relief organizations to whom repayment is not needed.

#### 4. Charge Full-cost Interest Rates and Fees

To become a permanent institution, an MFI must cover its long term costs. While losses are expected and often subsidized by donor startup funding for a year...they cannot continue indefinitely.

- a. Recognize that the unit costs of delivering one hundred \$50 loans will be higher than delivering one \$5,000 loan. Thus, a basis for comparison is not the interest rate charged by commercial banks for the latter.
- b. Recognize that microentrepreneurs have relatively high rates of marginal productivity of capital, even in post-conflict settings. In other words, they are able to achieve rates of return on capital that are much higher than those of bigger businesses.

#### 5. Achieve Scale

MFIs could fulfill the first four principles and yet lose money if they are working off a small base of clients. Thus, scale is necessary, not only to achieve breadth of outreach, that is, to help many people, but also to achieve sustainability.<sup>58</sup>



## PRECONDITIONS OF ANY MICROFINANCE INTERVENTION

### PARTICIPATORY MARKET RESEARCH

The essential initial task in planning a microfinance program is determining the nature and level of demand for financial services and what savings and credit mechanisms are already in place. It is important to ask would-be clients questions such as:

- Do people save?
- If so, in what ways?
- How and where do they save cash?
- What range of offered financial services are they aware of?
- Can they list the local or camp-based groups and organizations that are organized around credit or savings?
- What are their relationships with local financial systems and how do they perceive them?
- Do women and men have the same access to existing services? Do women and men want the same services?
- Are some programs or institutions mainly for men? If so, what do men gain from them? What do women feel they lose due to their lack of participation?
- Are there programs or groups exclusively for women? If so, what do women gain from them? What do men feel they lose due to their lack of participation?
- Are there any providers of entrepreneurial training?
- What are the credit, savings and investment needs of each client stakeholder group?

Participatory market research interviews or focus groups should take gender considerations into account in setting up a confidential interviewing

process. Answers given as to how and where interviewees save their cash may be different depending on who is in the room or within earshot and whether the interviewer is male or female. Steps must be taken to assure the privacy and confidentiality of information provided by interviewees. Market research participants may not want their relatives to know their financial objectives or experiences with financial services.

Before launching any microfinance program, be sure to:

- **Ensure that a Microfinance Intervention Is Necessary**

If there is simply a need for a cash infusion into the community, a short-term intervention, such as cash- or food-for-work, relief substitution or incentive work may be more appropriate. Because the nature of microfinance programming is long term, it is fundamental to ensure that any implemented programs will be around a long time and are able to continue with local ownership once implementing agencies transition out. Microfinance interventions require expertise and must build the capacity of local stakeholders to ensure program sustainability.

Further, interventions may be cautioned if informal systems, such as remittance income flows or RoSCAs, already exist and have established relations of trust between members.<sup>59</sup> If grants are provided in lieu of a microfinance intervention, ensure that the foundations are laid for sustainable development that will enable microfinance programs to take place later.<sup>60</sup> It should be noted that it is common for grant programs to be disguised as credit programs. CHF International warns that “a credit program managed by an organization that is not serious about loan recovery will, in actuality, become a grant program and can do more damage than good.”<sup>61</sup>

In many contexts, a range of external agencies have each launched their own microfinance intervention. Lack of coordination between various schemes, differing rules and regulations, and variable insistence on meeting repayment schedules both confuse potential clients and allow people to play one scheme off against the other. At the same time, while coordinated efforts can be helpful, MFIs should be competitive, which is good for the client over the long term.

- **Ensure that the Timing Is Right for a Microfinance Intervention**

Post-conflict situations are unpredictable and usually not conducive to microfinance. Not only are some MFIs wary of lending to people in displacement contexts, the targeted population may be too vulnerable to adequately take advantage of loans immediately following a crisis. Institutions may be required to operate in an environment characterized by continuing violent conflict, limited investment opportunities, high inflation, a weakened banking system and high unemployment. Political insecurity and the lack of the rule of law, high population mobility and damaged social capital also affect microfinance operations.

- **Monitor the Security Situation**

Conflict sensitivity is an essential component of microfinance programs that have a social mission to promote stability and minimize the tensions between different socioeconomic groups. Analysis of conflict dynamics is an essential part of all microfinance program phases in humanitarian settings. Incidents of violence or resurgent conflict should be closely monitored and microfinance program participants and staff should be prepared to adjust their activities accordingly.

Newly arrived humanitarian agencies responding to a crisis should carefully consider microfinance

as an intervention. In cases where basic needs for food and shelter are unmet, and with many displaced households living in absolute poverty, credit is not an appropriate first response. Displaced people must first receive food and basic housing assistance. Only when these conditions have been met are people able to take on credit as a means of starting or expanding microenterprises. If credit is offered too soon, loan funds will be used to buy food, pay for housing and pay off debts. Microfinance can only work if clients are able to repay their loans, and for that there must be a sufficient local economy in which members of the community are able to modestly support microenterprises.

- **Identify Existing Microfinance Providers**

In most crisis environments, it is not advisable to duplicate parallel services where other microfinance providers exist and are serving similar target client groups. Where possible, aid agencies should develop relationships with local microfinance providers for collaboration. Areas where NGOs can be of assistance may include providing supplemental employment readiness training in literacy, numeracy and basic financial education; channeling participants from a vocational training program to the microfinance institution; and assisting with client selection, such as those at risk of or survivors of gender-based violence.

- **Ensure Microfinance Expertise Is Available before Implementing an Intervention**

Microfinance is a specialized field that needs both banking and development skills, a mix not commonly found in the humanitarian community. These skills often require specialized training. Many organizations attempt to implement microfinance programs without the institutional capacity or expertise required. Organizations that are small or traditionally

focus on other areas should seriously consider whether they have the capacity and commitment to establish an MFI. Local implementing staff should have at least basic training in the principles of microfinance and be financially literate. Credit officers should have a greater level of competence in finance. They must be able to assess loan applicants and business proposals for feasibility. Members of middle and senior management must have expertise in microfinance and a track record in loan portfolio management, and be able to closely manage operational costs and maintain high client-staff ratios.

The final report of the Alchemy Project warns that:

Unqualified agencies that try to provide microcredit to refugees and then fail, or weak programs that promote bad practices, create problems for the refugees and undermine the ability of more qualified agencies to implement effective programs. Weak programs will also discredit the idea of using microcredit for refugees, leading to reduced donor funding. Industry experts emphasize that before attempting to provide microcredit services, agencies should have good track records in microfinance, and considerable technical support. Microcredit should not be treated as a short-term NGO program that will end when the funding runs out. Stopping and starting a microcredit program does more damage than good, and undermines the credit culture.<sup>62</sup>

- **Ensure that the Microfinance Intervention Is Demand-driven and Savings-led**

Helping clients save should be a priority. Safe savings facilities can help build an asset base, provide emergency funds and enhance negotiating power. Informal Accumulated Savings and Credit Associations (ASCAs) may provide higher

rates of return on member savings than formal banks. Quick and convenient access to savings is critical for clients. Studies have shown great demand among women and youth in conflict-affected settings for safe savings facilities, often as a priority over credit.

- **Ensure Market Research Skills**

Microfinance interventions must never be rushed and must always be preceded by market research. Concern Worldwide advises: “Without a manager or advisor that has practical experience of conducting rigorous field research, and who can guide the entire process, the market research results are likely to be of questionable reliability. Without reliable results, the ensuing microfinance product(s) will be unlikely to succeed.”<sup>63</sup> Agencies wishing to implement microfinance interventions must either have the capacity for market research or be prepared to seek out external support.<sup>64</sup>

- **Ensure the Intervention Is Context-specific**

Microfinance programs that have worked well in one environment with a particular population may not work elsewhere. A participatory approach will assist in developing and monitoring microfinance programs for contextual relevance and appropriateness, and will take into account clients’ past and current knowledge, skills and experience as financial resource and risk managers. A contextually relevant microfinance program is more likely to achieve local ownership and sustainability.

- **Ensure a Participatory Approach for Programming**

Throughout assessments, design, implementation, monitoring and evaluation, microfinance programs must ensure that all groups are both consulted and actively involved in decision-making. If it is difficult to elicit the perspectives

of women or youth, attract and retain them in leadership positions for group-based microfinance activities or if it is challenging to achieve a gender balance in mixed groups, steps should be taken to build their individual capacities to participate fully. If women and girls are barred from committee or group membership by household or community members, measures should be taken to include their needs, priorities and strategic concerns in program activities. It may be necessary to target women separately in order to support their full participation and capacity to utilize microfinance activities productively. However, female-targeted microfinance programs must ensure that males also have access to parallel services. Excluding men from microfinance services can escalate pressure on women to access loan money, lead to vicious cycles of indebtedness, exploitation and abuse, and cause increases in domestic and gender-based violence.

- **Determine Whether Host Government Policies Are Supportive**

It may be unwise to attempt to launch a microfinance intervention when host governments have strict policies against the participation of displaced groups in the market economy; deny them the right to work and/or freedom of movement; or tolerate police harassment of displaced people. Government restrictions on mobility or denial of access can create insurmountable obstacles to both displaced people's economic activity and microfinance interventions. It is also vital to understand laws and policies regulating microfinance in the host country, as these may restrict operations or seriously impede the probability of success. (*See Working with Host Governments chapter.*)

- **Match Client Needs with the Appropriate Services**

Microfinance services should provide a stepped ladder-of-opportunity approach that can respond dynamically to different needs during various phases of economic recovery and development. This requires sequenced, interlinked programs that start with food aid; stipends and in-kind or startup grants for income generation activities; safe savings facilities; insurance arrangements; informal group savings and credit associations; semiformal banking groups with access to mainstream finance; and progress toward individual loans from a trusted microfinance institution or bank. Economic shocks or crises may force a client to return to an earlier stage in the sequence, such as from group-based credit to a savings-led or grant-based approach to livelihood support. However, crises should not result in the exclusion of women or youth from participation in progressive financial services programs. In situations of protracted displacement, small economic development grants may stimulate market activity. Income generated from grant-stimulated livelihood activities may enable participation in savings schemes and lead to overall financial skills building.

## CASE STUDY

Sierra Leonean IDP Family Given New Hope<sup>65</sup>

Ms. Rashid, a single mother of two in northern Sierra Leone, made a modest living gathering and selling firewood. Due to a rebel attack in 2000, she and her family fled and ended up in an IDP camp near the capital, Freetown. In the camp, Community Action for Progress selected Ms. Rashid to start a small kerosene business, and provided her with training and an initial grant. Following the hostilities, Ms. Rashid repatriated to her community, where she started a bread-baking business with a second grant. Though Ms. Rashid has not been able to replace her household assets, she is able to provide basic needs for her family, send her oldest child to school and save with a RoSCA. Ms. Rashid aspires to complete secondary school and begin training as a nurse.

- **Build Human Resource Capacities**  
Gender-balanced, well-trained and sensitized staff are vital to the success of all microfinance programming activities. Human resource strategies should include investment in both local recruitment and sustainable staff capacity building. In order to be effective, this requires organizational leadership and a clear commitment to both the economic and humanitarian missions of microfinance. However, staff development should be undertaken in gradual steps as the MFI can afford it; if the training of staff takes precedence over building the MFI's clientele or portfolio and maintaining high repayment rates, it may exhaust donor funds in its critical first few years.
- **Take Precautions for Client and Program Staff Security**  
When arranging meeting times, locations and activities, it is vital to consider the protection and personal security of clients and program staff, as well as the security of the funds being transferred. Ongoing situation analysis is required in conflict-affected environments.
- **Establish Confidential Grievance Procedures**  
For client protection, clear and anonymous grievance reporting channels and remediation procedures must be in place to prevent and address cases of exploitation and abuse by any stakeholder. Reports of abuse must be promptly investigated and acted upon. Further information to protect microfinance clients can be found in the CGAP *Client Protection Principles in Microfinance*.<sup>66</sup>
- **Secure Sufficient Long-term Funding**  
It is critical to secure longer-term funding before commencing the program, as undercapitalized programs or abrupt ends to funding can be disastrous for the success of other—and future—microfinance programs. Be sure to anticipate the likelihood of high startup costs and slow and insecure growth.
- **Establish Monitoring Mechanisms**  
Systems to monitor social and economic program impacts should be planned during the design of any microfinance intervention. Assessment of demand for different microfinance products and services should be ongoing. Shifts in demand are

certain to occur as the needs and aspirations of clients change, or in response to changes in the security environment and wider market economy.

- **Plan for Adaptability and Reflexivity among Staff and in Program Implementation**

A well-designed and participatory microfinance program should examine its own organizational culture, policies, processes and staffing, and identify where these may be in conflict with its objectives or capacity to be accountable and transparent to clients, the wider microfinance, humanitarian and development communities, as well as to donors. Adjustments in program design, staffing and service delivery policies should be made on an as-needed basis in order to ensure that operations align with program objectives.

- **Separate Relief Operations from Microfinance Programs**

Aid-based relief programs should be run separately from savings, credit, insurance or cash transfer financial services. An effective marketing strategy should clearly communicate the difference between humanitarian aid and microfinance providers. Financial service providers and MFIs should maintain separate offices and staff from aid programs, along with distinct logos, names, communications strategies and specialist staff.

- **Build Relationships with Training and Support Service Providers**

In order for women and youth to use and benefit from financial services, multisectoral training and support programs are vital. In a study on IDP livelihoods in northern Uganda, it was found that there was a strong demand for training: “(E)ven if loan programs are not possible, a business training program, which is more easily implemented, could make a strong contribution to displaced people’s ability to pursue microenterprise.”<sup>67</sup>

- **Undertake a Do No Harm Analysis**

The Do No Harm methodology<sup>68</sup> is premised on the belief that in a conflict or recovery context, aid can never be neutral. A Do No Harm Connectors and Dividers analysis will assist program planners in charting the patterns of tensions (dividers) between different stakeholders and the factors (connectors) that bring them together.<sup>69</sup>

- **Ensure the Intervention Is Age-, Gender- and Ability-aware**

Well-designed microfinance programs must take into account the multiple roles and responsibilities of displaced people at various stages of their life cycles. Analyzing the gendered patterning of responsibilities and their impacts on livelihoods and household economic activities in conflict-affected communities is essential for planning appropriate microfinance programs with women and youth. Cultural expectations for women and girls shape the relationship between their unpaid household work and paid or income generation labor differently. In conflict-affected environments, women and girls’ household and caregiving responsibilities are compounded by new or heightened pressures to generate income. Microfinance services that are coordinated with support programming—and include the participation of community leaders—can be vital to the livelihoods and well-being of women and youth. Such support services might include child and dependent care, education, vocational training, business development skills training, health and reproductive health care, legal support and psychosocial services. The capacity of clients to make use of program services will vary widely. Participation in a microfinance program can challenge or reinforce existing social and economic inequalities through unintended consequences or positive outcomes. Simply targeting women or youth cannot guarantee that

they will enjoy increased decision-making power over financial resources or address their social and economic marginalization. Additional steps must be taken to support their diverse capacities to access and utilize financial services in ways that promote beneficial and transformative outcomes.

- **Identify Issues of Domestic and Gender-based Violence**

Planners must take steps to ensure microfinance programs do not inadvertently expose women or youth to further vulnerability. Access to credit and income earnings can heighten a woman's risk of violence; for example, when her husband, partner and male community members lack the same access and resources. Microfinance programs must be aware of clients' associated risks and implement measures to enhance female clients' protection.

## DESIGN

Once it has been determined that microfinance is an ideal livelihood intervention, there are a number of guidelines that will assist practitioners in its development. Due to its complexity, a number of resources and tools are referenced that can provide a step-by-step design process.

The SEEP Network has identified lessons for making microfinance interventions work in both conflict and post-conflict environments.<sup>70</sup>

### 1. Focus on the Clients' Security

Assess clients' strengths and assets. Ensure that clients selected for microfinance services are economically active and will be able to repay their loans. See where savings products can enable the transfer of funds, provide long term stability and also offer a safe place for cash that will reduce the risk of vulnerability.

### 2. Work with Trusted Institutions

Existing MFIs that already have the trust of displaced groups should be utilized. Efforts should be made to build upon rather than replace such institutions.

### 3. Provide a Range of Services

It is critical to frame microfinance services from a development perspective rather than that of relief. "Sharing information and coordinating activities with relief and economic development projects can assist in articulating the strategy and tactics for moving families from receiving relief to cash grants to financial services."<sup>71</sup>

### 4. Adjust Product Design and Delivery

Microfinance interventions must be adaptable to changing conditions and recognize the context.

### 5. Separate Microfinance from Relief Operations

While there may be necessary overlap between development and relief, separating the two is fundamental for program success.

### 6. Share, Cooperate and Collaborate with Stakeholders

Stakeholder groups and networks within the local, NGO, MFI and donor communities have a great deal to gain by collaborating and sharing lessons learned and program goals.

### 7. Think Long Term

- a. “The high costs of operating in a dangerous environment lengthen the time it takes to become profitable. Donor assistance in conflict and post-conflict environments often operates with much larger sums of money and on a much shorter time frame than development assistance,” with the potential for donor funding cycles to “pressure practitioners to adopt unsustainable lending practices.”<sup>72</sup>
- b. It is crucial for practitioners and donors to work together to “design funding mechanisms that permit continued institutional development of the microfinance program after the emergency funding has expired.”<sup>73</sup>

### 8. Develop Human Resources and Ensure Staff Safety

It is critical to hire a strong director and other technical staff members who will remain with the project. It has been found that in emergency contexts, “expatriate directors frequently have more success with donors and a greater ability to interact with the relief community,” but they may not have access in complex security situations.<sup>74</sup> In cases where expatriate staff members are hired, it is important to develop succession planning to prepare for replacement of a senior management team.

### 9. Ensure Access to Information and Systems

Remote access to secured records is essential in the event of unforeseen circumstances and when staff cannot be in the office.

### 10. Maintain Portfolio Quality

Monitoring repayment and developing collection efforts are essential to ensuring the financial strength of MFIs and their services to displaced clients. The use of management information systems (MIS) that have timely and accurate information will enable “credit officers and management to monitor repayment daily, and allows managers to hold credit officers responsible for their portfolio quality.”<sup>75</sup>

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## KEY ELEMENTS OF MICROFINANCE PROGRAM DEVELOPMENT AND DESIGN

In addition to participatory market research and needs assessments, key elements in the design of microfinance interventions include an assessment of financial service needs and client capacities and risks.

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### SAVINGS

Individual or group-based savings arrangements should be stand-alone services and not be linked conditionally to credit, that is, loans should not be compulsory for savers. Savings security involves taking steps to enhance the personal security of deposit collectors and the security of MFI lock boxes and offices. Savers should be able to invest in interest-bearing savings facilities that adhere to international regulatory standards in cases where no



national regulations exist to protect savings. Savings facilities with higher rates of interest earned on deposits help build loan capital, emergency funds and an asset base. However, many countries limit the type of institution that can collect and mobilize savings, so it is important to understand all relevant regulations before collecting savings.

Quick and convenient access to savings has been shown to be highly valued and useful. In some cases, however, women or youth may prefer contractual, term savings, such as a certificate of deposit, to safeguard the money from being taken by spouses, relatives or in-laws, or being spent prematurely. All types of savings facilities should take measures to prevent other people from accessing the savings of women and youth.

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## CREDIT CONSIDERATIONS

The following are important considerations when designing a microfinance intervention:

- Lending is complicated by the inflationary environments common to conflict and recovery contexts. Loans may need to be denominated in a stable foreign currency, but MFIs should be aware of the risk this places on borrowers.
- Loan applications should be straightforward and take into account applicants' levels of literacy and numeracy. Assistance must be provided when required.
- Loan eligibility criteria should not exclude women or youth on the basis of first-time or home-based enterprises.
- Health issues or disabilities should not automatically disqualify people from receiving loans. Vulnerable groups should be considered on an equal basis with all others.
- Guarantors or the endorsement of anyone other than the loan applicant should not be requested or required.
- Smaller and shorter-term loan sizes with more frequent and flexible repayment plans following personal or community crises, or during an ongoing crisis, should be gradually increased.
- Starting off with small loans may encourage risk-averse women or young borrowers to begin borrowing and then gradually progress to larger loans over time with improvements in situational and income stability.
- Strategies for equal access and graduation to larger and longer-term individual loans must be clearly designed, communicated and implemented.
- For semiformal group lending arrangements working with an MFI or financial NGO, good practices for preventing missed payments include: forging a close loan office-client relationship; forbidding business partnerships between group members; and discouraging household members from participating in the same group.
- Subsidies or ceilings on interest rates are generally not recommended as they may undermine sustainability.
- Loan repayment schedules need to be aligned to clients' individual circumstances and business cycles.
- Grace periods for certain types of seasonal enterprises, or loan rescheduling for childbirth, serious illness or any type of crisis that hinders loan repayment, should be incorporated into microfinance product design.
- The interest, fees and terms of all financial products must be explained to clients in a manner that is transparent and understandable.

Microfinance to support men's positive role in economic recovery and reduce gender inequalities may include financial services to promote and reinforce male responsibilities to contribute to household well-being, such as loans for girls'

education or for purchasing productive assets for unmarried daughters. Such loans should be accompanied by sensitization training so that men and community leaders understand the benefits of and can prepare for more educated, vocal and economically productive girls and women in their communities.

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## PARTICIPATORY VALUE CHAIN ANALYSIS

As part of a participatory multistakeholder assessment process, participatory value chain analysis (PVCA) can be used as a tool for mapping value chains in local products and linking women and youth-led microenterprise activities with wider markets; and for identifying where microfinance services may support livelihood activities that strategically tap into established or growing value chains. Conducting a PVCA is important for planning interventions that seek to strategically leverage microfinance services to stimulate and develop microenterprises. *(See the Enterprise Development chapter for more information about the use of value chain analysis.)*

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## MICROFINANCE AND HIV/AIDS PROGRAMS FOR DISPLACED WOMEN AND YOUTH

Refugees, IDPs and returnees may be affected by HIV/AIDS or AIDS-related care responsibilities. The epidemic is having serious impacts on microfinance programs. When members of a group develop full-blown AIDS, a group's burden of debt often becomes too much for nonaffected group members to handle. This affects their ability to repay and group morale, and may lead to breakdown in group cohesive-

ness, peer dynamics and guarantee mechanisms. Ultimately, it may lead to increased attrition rates as less-able members are rejected from groups.<sup>76</sup>

Both those affected by and those who have contracted HIV/AIDS should benefit from livelihoods support, training and strategic participation in financial services programs. Group members may be able to help one another. There are several special considerations applicable to the design and implementation of group-based savings and credit interventions with HIV/AIDS-affected clients:

- Loan funds should be set up separately from any main loan fund used by other microfinance program target groups.
- Short-term market activities that quickly generate income and short loan repayment periods are recommended.
- Targeting the primary caregivers of HIV/AIDS-affected people rather than those who are seriously ill with HIV/AIDS can increase program effectiveness.
- Steps should be taken to reduce and eliminate discrimination by field staff against clients and to provide them with sensitivity training.

**CASE STUDY****Microfinance Empowers South African Women to Reduce AIDS Risks<sup>77</sup>**

Poor women in rural areas of South Africa's Limpopo Province were offered small loans to start businesses "such as buying and selling produce, selling used or new clothes, providing child care services or running food stalls."<sup>78</sup> A condition of obtaining loans was attendance at 10 one-hour sessions, which focused on topics such as HIV/AIDS, sexual violence, gender inequality and communication skills. Two years after the intervention began, research found that the women had an increase in household asset value and savings rates, and there was a reduction in unprotected sex and intimate partner violence.

- Are established benchmarks, goals and time lines being adhered to? If not, why not?
- Should the obstacles have been foreseen and planned for or were they unavoidable?
- What objectives were set for program participants?
- Who in the community is benefiting from the program, and who is excluded? Was the participant selection process effective and fair?
- Are clients repaying their loans?
- If they are not, what are the reasons: other demands on their time, frustration with low payment levels, lack of transportation?
- Are clients using business development services and microfinance products such as savings and microinsurance? Are these products aiding their success?
- Are clients paying debts, saving or investing?
- Does the community perceive the intervention to have long term benefits?
- What is the impact of income generation on gender and household relations? Is there increased violence? Are women seeing an increase in status and respect?
- Are there any security problems that are resulting in vulnerability?
- Are clients satisfied with the access and security of microfinance services?
- Is the microfinance program equipped to carry on services with local ownership once the agency transitions out?

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## IMPLEMENTATION

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### ONGOING MONITORING

Before beginning a microfinance intervention, it is important to formulate a time line and collect baseline information to allow comparison with results from subsequent surveys. Determining community needs and assets can be identified with market assessments referenced at the end of this chapter. Questions to consider include:

## CASE STUDY

**Kenyan Microfinance Intervention Benefits from Ongoing Monitoring<sup>79</sup>**

The Tap and Reposition Youth (TRY) initiative, launched by the Population Council<sup>80</sup>—a U.S. NGO focusing on reproductive health issues—and K-Rep Development Agency<sup>81</sup> (KDA)—Kenya's oldest microfinance institution—was designed as a minimalist microfinance intervention for young women and adolescent girls in low-income and slum areas of Nairobi affected by high HIV infection rates. The project aimed to reduce their “vulnerabilities to adverse social and reproductive health outcomes, including HIV infection, by improving their livelihoods options.”<sup>82</sup> Originally, the main objective of the project was to facilitate group formation for credit lending. However, adjustments to the project design had to be made following high participant drop-out rates due to a reported lack of interest in continuing to receive loans, and heavy restrictions on accessing individually accumulated savings. Girls who dropped out indicated that they valued the social support provided by mentors and the friendships developed through group meetings. TRY project managers subsequently redesigned the program to respond to different participants' capabilities, capacities and financial and nonfinancial education and support needs. Therefore, an initial focus on group formation for credit-lending subsequently developed into a graduated or “staged” integrated program model involving savings, credit, nonfinancial education and social support. The staged approach was developed to match youth participants' needs with their capabilities and capacities for economic participation at different stages of their development. They found that in general, younger, less experienced and more vulnerable girls valued social support and safe, convenient and voluntary savings facilities most highly, while older, more experienced and less vulnerable girls were ready for credit, entrepreneurship and repeating loan cycles. The importance of mentorship in youth program participant retention rates was highlighted by evaluations, which found that young clients needed social support mentors who did not have the competing roles of credit officers or deposit collectors.

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## UNINTENDED CONSEQUENCES

Program monitoring may uncover unintended negative consequences. The kind of unintended impacts to check for include:

- an increase in gender-based violence due to role reversals in income generation, or conflicts over spending or household chores;
- increased stress on female clients due to new enterprises in addition to child care, cooking, cleaning and other household responsibilities;
- unrest within the community due to discrepancies between individuals who successfully access loans and those not chosen or accepted.

### The Seven Most Common Mistakes in the Provision of Microcredit

From experience in many countries, CHF International<sup>83</sup> has identified seven commonly recurring mistakes in providing microcredit in post-disaster, conflict or post-conflict environments:

1. Providing credit to households who have tremendous need but no capacity to pay: the neediest grants and credit should only be given to the creditworthy.<sup>84</sup>
2. Combining grant programs with loan programs.<sup>85</sup>
3. Donors failing to respect microfinance best practice principles: they often pressure local NGOs/MFIs to approve loans for all program beneficiaries without regard to their capacity to repay the loans.<sup>86</sup>
4. Programs do not charge market interest rates: they thus distort the local credit market and do not allow for proper cost recovery.<sup>87</sup>
5. Program funds are narrowly targeted: When only one client group receives loan funds, loan promoters must spend time and resources verifying the clients' status. Potential credit recipients can go to great lengths to falsify documents in order to qualify under a select client group.<sup>88</sup>
6. Donor microfinance interventions compete with local MFIs rather than supporting them.<sup>89</sup>
7. Donors' names appear prominently in the microfinance institution, leading clients to neglect repayment because the money is coming from a well-funded donor agency.<sup>90</sup>

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## ADJUSTING THE PROJECT

In the event of resurgent conflict or instability, practitioners should ensure that microfinance products or new income are not placing clients or other community members at risk. To the extent possible, loan officers should attempt to verify the use of loan funds for livelihood activities rather than pure consumption.

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## EXIT OR TRANSITION STRATEGIES

Most microfinance programs eventually plan to scale down, close out operations or transition to wholly local ownership and staffing as international staff and funding leave the affected area. From the very beginning of the program, an exit strategy should be developed in order to provide necessary support to clients during the

transition. Once the implementation and progress of the microfinance intervention have been assessed, an exit strategy should be fully developed. For grassroots community-owned financial systems, such as RoSCAs, ASCAs or VSLAs, this may mean simply that the implementing organization would phase out its facilitator role as the community begins to manage the program independently and sustainably. Exit strategy activities might include:

- supporting grassroots financial associations through the transition from displacement to return, where group cohesion appears likely to endure;
- linking clients on a group or individual basis with a local semiformal or formal MFI;
- helping clients establish client relationships with grassroots financial associations, MFIs or banks in the locations of return;
- exploring the scope for setting up new informal financial associations, a semiformal or formal MFI in the locations of return.

NGOs preparing an exit or transition strategy have a variety of options and need to focus on ensuring continuity of service to their clients. Options include:

- Portfolio and client handover to another existing microfinance institution;
- Becoming a locally registered microfinance institution that is no longer affiliated with the NGO, and putting the staff, governing board, and procedures in place to ensure its long term stability and viability; or
- Slowly winding down the operation and ensuring that clients are referred to other financial institutions.

Each of these options requires careful, long term planning so that the credibility of the institution and that of other microfinance institutions in the region are not undermined.

## EVALUATION

Evaluation of microfinance interventions must go beyond loan portfolio size and default and repayment rates, and include the impact on household well-being by including impact indicators, such as increased income, improvements in children's nutritional status and school attendance and women's role in decision-making.

Evaluating microfinance program outcomes provides important learning opportunities for the implementing organization, clients and the wider microfinance community serving conflict and disaster-affected populations. Microfinance programs in humanitarian settings should be evaluated not for financial performance alone, but for their social performance with respect to the rights and livelihoods of displaced people.

When it comes to evaluating microfinance interventions, claims regarding impact are rarely backed by rigorous data. Such claims typically depend on "information from agencies' own monitoring and evaluation...systems and anecdotes from project monitoring reports."<sup>91</sup> Such nonparticipatory exercises rarely show the real impact of a project on the lives of clients.

A checklist of issues to determine the impact of microfinance interventions for conflict-affected women and youth should involve asking whether:<sup>92</sup>

- refugee and IDP women and youth have had equal access to microfinance services;
- participation has led to increased income and/or secured savings;
- gender-sensitive training and support services have been provided to enable women and youth to help overcome inequalities;

- the intervention has improved access to basic services such as health, education, nutrition, water and sanitation;
- women or youth clients have increased intra-household decision-making power or control over new income as a result of participation in the intervention;
- a greater amount of household income has been allocated to women and girls' nutrition, education, health, well-being and productive resources;
- microfinance has improved perceptions of women's role in society;
- microfinance services have better prepared refugee or internally displaced women or youth for sustainable repatriation or return.

When reviewing the success of program objectives, it is important to:

- assess the extent to which aspirations of the program and clients have been met;
- assess the extent to which the most vulnerable and impoverished groups have been able to access and utilize appropriate financial services;
- identify alternative financial services clients have used while engaged in the program;
- identify immediate impacts;
- identify unanticipated outcomes and their likely long term consequences;
- identify why clients dropped out: it is essential that they be interviewed as rigorously as "successful" clients;
- use age-, gender- and diversity-disaggregated data to identify and analyze how the intervention has affected the relationships, resources and risks of women, girls, boys and men differently.

Microfinance impact assessment interviews should try to engage program clients individually. A single dominant household member must never

be allowed to speak on behalf of others. Female program clients may not want their partners, in-laws or household members to know about their financial resources, decisions and future plans.

It is important to ensure that monitoring and evaluation (M&E) findings are shared with other agencies working in the vicinity and with the wider microfinance, economic recovery and development communities. Forums for the exchange of M&E expertise are provided by the Active Learning Network for Accountability and Performance in Humanitarian Action (ALNAP),<sup>93</sup> the Consultative Group to Assist the Poor (CGAP),<sup>94</sup> the SEEP Network<sup>95</sup> and microLINKS,<sup>96</sup> developed by USAID.

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# Enterprise Development

## INTRODUCTION

This chapter addresses enterprise development interventions, which have an important role to play both for displaced populations and in the economic recovery of conflict- and natural disaster-affected settings. Enterprise development is focused on strengthening both the existing and growing private sector in order to enhance local economic development and expand job creation. Programming is meant to lay the foundation for displaced people to develop their business skills and rebuild their income sources through strong, vibrant enterprises linked to markets.

The objectives of enterprise development interventions include assessing current enterprises; identifying where existing businesses on the micro-, meso- and macro-level can be strengthened; identifying areas for new development; and assessing how to foster new market growth. Not only does enterprise development help to build economic recovery and promote peace building in post-conflict environments, it also develops the capacity of displaced people to build their assets and gain self-reliance that will reduce their vulnerability during their displacement and in their transition to a durable solution.



With support, which might include improvements in infrastructure, refugees are able to expand their markets and increase their income. © Women's Refugee Commission/Dale Buscher

## KEY LEARNING POINTS

- Market assessments, market research and a value chain analysis must be conducted to ensure that enterprise development interventions are aligned with demand and context—and understand potential returns and risks—to ensure the growth and viability of enterprises.
- Entrepreneurial participants must be supported with linkages to viable markets.
- Enterprise development interventions can be strengthened when support services are provided and complementary programs build the capacity of participants.
- Programs should reflect long term labor market needs and be designed for long term sustainability. Participants should be developing skills that will be in continued demand in their community or in places of return.
- The protection of program participants and environmental impacts must be of paramount importance.
- Proper sensitivity must be given to gender, age and ability when selecting and working with participants.

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## ESSENTIAL ELEMENTS

### DEFINITIONS

**Business development services (BDS)** are provisions for participants of enterprise development and microfinance programs to increase their potential for success in their business endeavors. Services are considered nonfinancial, and can include training, technical and marketing assistance, business information and linkages, infrastructure development, access to technology, advocacy, advice and mentoring.<sup>1</sup>

**Enterprise development** is used here to describe the development of business enterprises on the micro-, meso- and/or macro-level to create livelihoods for displaced people, to foster the growth of the private sector, and contribute to economic recovery following conflict or crisis.

**In-kind grants** are noncash grants used in the process of business development. These grants may include production inputs and/or tools to assist in the development of new and existing enterprises.

**Market development** is a “sub-field of enterprise and private sector development,” whereby development programs help link small enterprises with existing and potential markets.<sup>2</sup> These include input and support markets—which provide the necessary resources and enable production along the value chain—as well as final markets, where the end product can be sold. Market development programming aims “to stimulate sustainable economic growth that reduces poverty—primarily by ensuring that small enterprise owners and their employees take part in the growth and reap high rewards.”<sup>3</sup>

**Microenterprise development** is defined by the American Refugee Committee (ARC) as “programs whose objectives include both the development of profitable microenterprises for clients and the sustainable provision of services that help microenterprises (credit, training, etc.). These programs tend to be longer term and are employed in more stable environments.”<sup>4</sup>



**Relief substitution** is a form of enterprise development. In this intervention method, community members produce products that are required in humanitarian relief efforts, such as soap, clothing and agricultural tools.<sup>5</sup> The market for these products is often driven by the demands of relief agencies operating in the region. (See the *Building In-Camp Economies* chapter for more information about relief substitution.)

**Small and medium enterprises (SMEs)** are small- and medium-sized businesses. In the development context, small businesses may have up to 20 employees, and medium businesses may have up to 50 employees. Assuming a nondevelopment context, the European Commission defines small enterprises as those with fewer than 50 employees, and medium enterprises as those with fewer than 250 employees.<sup>6</sup> By contrast, the US Small Business Administration defines a small business as one with fewer than 500 employees.<sup>7</sup> The Organisation for Economic Co-operation and Development (OECD) defines microenterprises as having up to ten employees.<sup>8</sup>

**Value chains** “encompass the full range of activities and services required to bring a product or service from its conception to sale in its final markets—whether local, national, regional or global.”<sup>9</sup>

**Value chain analysis (VCA)** is a business management tool used to assess how products gain value as they pass through all the range of activities necessary to bring a product to market.

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## ESSENTIAL ELEMENTS OF ENTERPRISE DEVELOPMENT PROGRAMS

In order to be successful, enterprise development interventions for displaced people must include these essential elements:

- **Market-Based Interventions**  
Successful enterprise development interventions need to be based on a market assessment, which determines sectors’ potential for growth, employment or market demand.
- **Market Linkages**  
Practitioners must provide links for microentrepreneurs to connect with actors on the value chain and in the wider markets. Developing the business skills and enabling enterprise development of participants need to be supplemented with these linkages to increase the likelihood of economic viability.
- **Value Chain Analysis**  
It is essential to conduct a value chain analysis to assess how to add value to products and strengthen linkages with markets, with the intent of upgrading and eventually integrating enterprises into larger value chains. Mapping out the

value chain will enable practitioners to understand how they can support participants and enable these linkages.

- **Support Services**

Agencies should provide participants with access to support services, such as employment readiness—literacy, numeracy and basic financial education—and business development services, such as technical assistance, advice or mentoring, to build the capacity of participants.

- **Holistic Programming**

Enterprise development services will be most effective when they are part of a more comprehensive program. Markets are susceptible to a range of livelihood shocks, including conflict, violence, natural disasters, and the displacement or repatriation of populations. Enterprises that are currently viable today may be obsolete or face market saturation in the future. Considering complementary programs—such as food aid to reduce vulnerability, or apprenticeship programs that will develop participants' transferable skill sets—is an important piece of enterprise development to strengthen the capacity of business owners and operators to transition quickly and smoothly to market changes.

- **Gender-based Considerations**

Female participants may face additional barriers to creating sustainable businesses. The social division of labor between men and women creates fewer opportunities for women in business networking, accessing credit and education, and building assets, particularly in cultures that have restrictive customs. In addition, women often combine businesses with their responsibilities at home, including child care and household duties, which creates a heavy burden. As a result, female participants may be more inclined to perform low-risk activities with

guaranteed incomes rather than assume higher-risk endeavors with potentially higher profits.<sup>10</sup> It is essential to include women and examine possible intervention consequences through a gender lens.

- **Vulnerable Groups**

Vulnerable groups must have opportunities to participate in enterprise development interventions. Vulnerable groups might include women, youth and young household heads, older people, people with disabilities and/or living with infectious diseases, ex-combatants and members of particular ethnic or social groups who may have barriers to economic opportunities.

- **Exit Strategy**

Exit strategies should be planned well in advance of withdrawal, which will enable practitioners to “focus on promoting solutions that will continue when the program concludes and, more importantly, will ensure the ongoing resiliency of small enterprises to grow and to thrive as the market continues to evolve.”<sup>11</sup> The decision to end program support should be based on clear benchmarks developed at the beginning of the intervention.

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## ENABLING ENVIRONMENT FOR ENTERPRISES

Enterprise development services are most effective within the following enabling environments:

- **Access to Markets**

Market access is one of the most fundamental aspects of enterprise development. It is essential to gauge market access and identify the placement in the value chain of targeted enterprises. This can include access to local, regional

or international markets, as well as markets inside refugee and internally displaced person (IDP) camps and settlements. However, in highly restricted markets, there are still opportunities for enterprise development.

- **Access to Credit and Financial Services**

It is preferable that businesses have access to credit to purchase necessary equipment or to expand their businesses, but in-kind grants can be a substitute if microcredit or other financial services are not available.

- **Relative Security and Stability**

In order to function effectively, businesses need a secure environment without being constantly subject to conflict and instability. Conduct a conflict analysis to determine how conflict has affected the market and how it could potentially affect interventions.

- **Requisite Infrastructure**

Functioning infrastructure is helpful—but not essential—in easing the flow of goods. In order to determine this, programmers can conduct an assessment of current infrastructure and its effect on market access as well as on an enterprise development intervention.

- **Economic Activity**

For existing enterprises, there must be a steady flow of economic activity that provides them with access to producers, sellers, buyers, manufacturers, traders and other market actors along the value chain.

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## ECONOMIC RECOVERY

Enterprise development and building the capacity of the private sector are fundamental aspects of post-conflict economic recovery. If businesses are not market-based and instead reliant on aid agencies to create demand for products, these businesses will not be sustainable once program support is withdrawn. Further, opportunities for employment are often very limited in relief-dependent settings. Enterprise development has a strong role to play in job creation for displaced people both in existing markets, as well as in new markets that can stimulate new demand and lead to more job opportunities. The introduction of new businesses and the enhancement of existing businesses can create a source of income for many households. In addition, these efforts can create a more sustainable private sector that decreasingly depends on aid agencies.

In post-conflict and crisis settings, there is a need to “build it back better”—also known as B3—an approach to reconstruction that can be done in a smarter way to “mitigate or prevent conflict, or support communities to be more resilient” to shocks and upheavals.<sup>12</sup> Another important element that can develop markets in the relief stage involves:

Wise use of subsidies (which) can jump-start markets, while assisting particularly vulnerable small enterprises to replace or build assets so that they can participate in the high impact economic activities being stimulated. It is complemented by upfront planning to support more rapid transition to more commercial and sustainable transactions.<sup>13</sup>

While it may be necessary to provide initial grants and payments in order to develop markets, it is important to phase out such assistance so that programs are sustainable. Because livelihoods are a key protection tool for displaced people, it is

fundamental to reframe humanitarian assistance and development in such a way that builds the capacity of participants to generate income and gain self-reliance, thereby reducing their vulnerability in the long term.

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## ENTERPRISE DEVELOPMENT IN CONFLICT AND POST-CONFLICT SETTINGS

Settings affected by conflict and crisis are characterized by “weak markets, disrupted supply and distribution networks, devastated infrastructure, insecurity, displaced persons, limited local capacity, and the lack of industries with high potential for poverty alleviation and economic growth,” and under these formidable circumstances, while it is recommended to begin an enterprise development intervention very soon after a crisis, certain conditions must be met.<sup>14</sup> Such preconditions include:

- “Nascent, functioning markets; evidence of some market activity beyond black market trading in relief commodities;
- Reasonable security in at least the capital city and surrounding areas;
- General population stability in terms of mobility and basic needs.”<sup>15</sup>

Conditions that are ideal, but not essential, for the development of enterprise development programs include:

- Resumption of international and regional trade that open up higher profit activities;
- Restoration of infrastructure, such as road networks and electrical grids;
- Return of a positive business environment through macro-level enforcement of laws or improvements in policy.<sup>16</sup>

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## COMMON SHORTCOMINGS OF ENTERPRISE DEVELOPMENT INTERVENTIONS

Practitioners predominantly seek to offer immediate relief in order to respond to emergencies and address basic needs for populations in need.

However, such investment is short-sighted in that it does not allow for the sustainable economic development critical for post-conflict and crisis environments. The SEEP Network notes that:

if these efforts ignore market dynamics or the importance of supporting equitable private-sector growth, they can have only a fleeting impact. Worse, there may be immediate negative effects if markets are flooded with low-priced commodities, wasteful parallel distribution systems are created, SEs [small enterprises] run by the poor are excluded, or investments are encouraged in sectors that are not viable in the long term.<sup>17</sup>

A balance must be found between providing needed assistance and making investments in the long term self-reliance of displaced populations. Once they have the tools and resources to generate income, gain savings and/or make investments, their vulnerability will be greatly reduced and their food security will be greatly increased and they will likely have greater stability once they transition to a durable solution post-displacement.

Enterprise development programming must likewise ensure the sustainable provision of business development services—such as training, technical and marketing assistance, advice and mentoring—and/or working capital financing to build their capacity. Such an effort should enable microentrepreneurs to build skills that will develop their ability to adapt to change, make decisions and grow their businesses when markets change and the intervention is no longer in place.<sup>18</sup>

While an ongoing challenge, SEEP has found that approaches that both promote the local private sector and develop markets are promising:

In providing relief commodit[ies], great strides have been made by using the private sector to improve delivery of food, clothing and shelter to meet immediate human needs. These “market-integrated relief” efforts reduce or avoid market distortion and strengthen the local private sector’s capacity.<sup>19</sup>

## PRELIMINARY STEPS

It is essential to conduct preliminary research and assessments. Enterprise development interventions must be based on a sound understanding of the market and designed to take limited infrastructure and human resources into account.<sup>20</sup> SEEP recommends that market development programs “tailor program activity to the nature and extent of the particular market disruption.”<sup>21</sup> To mitigate security risks or inadvertently contributing to vulnerability or fueling conflict, it is important to understand the ways in which the political economy has a role in the host and displaced communities.

Researching and identifying suitable markets—and the nature of their constraints—for enterprise development is key so that program participants follow a path toward sustainable livelihoods development, and the investment in time and resources is not undermined. Market research—where accessible—is fundamental to understanding the industry and anticipating factors for success. Identifying market opportunities for program participants must be accompanied by providing participants with access and linkages to markets and value chains that may already exist.

## RAPID AND IN-DEPTH MARKET ASSESSMENTS

Depending upon the time and resources available to conduct an assessment, a lengthier, more in-depth assessment can be conducted, or a rapid assessment can be used to gain just the essential information needed in order to be able to proceed with the intervention.

**Defining Objectives.** Before beginning the assessment, Oxfam advises defining objectives that will frame the survey:<sup>22</sup>

*Step 1. Determine which market systems are the most important to assess and analyze.*

“Conduct baseline analysis to determine which markets people rely on the most and what the impact of the conflict/crisis has been in terms of access to and use of markets.”<sup>23</sup>

*Step 2. Determine how a particular market system will respond now to increased demand/purchasing power.*

If a conflict or crisis “has occurred, or another acute shock to the market system occurs, how will the market respond to extra-ordinary emergency needs and any proposed cash-based interventions.”<sup>24</sup>

*Step 3. If it is predicted that there will be an inadequate market response to the crisis or cash-based interventions, what can be done to mitigate this inadequacy through emergency market support actions?*

Is there “any need for non-market measures (such as in-kind distributions)? If so, what kind, how much and for how long?”<sup>25</sup>

*Step 4. Determine how much time and how many resources you are likely to have, both for assessment and subsequent programming.*

Available time and resources may influence the questions you ask;” it is hoped that “you will not need to alter your objectives or key questions too much because of resource constraints.” An alternative method—such as a rapid assessment technique—may be more suitable. “You should also think about the kinds of resources that may be available for programming once the results of the assessment are known.<sup>26</sup>

**Baseline Information.** In both rapid and lengthier assessments, gathering baseline information is critical for comparing pre- and post-conflict or post-disaster conditions and coping strategies. Information gathered should be disaggregated by gender and target groups.

Oxfam advises answering these essential baseline questions:

- Information on the people’s livelihood activities: what are the major activities they engage in to get access to adequate food and cash to meet their basic needs?
- Identification of the most essential items that the household needs to survive...and estimates of the general prices of these commodities.
- Factors that influence their level of vulnerability and identification of the most vulnerable within a community.
- Identification of common shocks
- Information on what strategies they typically employ to cope with a shock.
- Levels of assistance that are already being provided, targeting procedures for that assistance, and mechanisms for delivery.<sup>27</sup>

If there is no time or means for conducting a baseline assessment, the following sources may provide some useful information:

- National staff and expatriates who have been working in the area for a long time.
- Ministries.
- Nongovernmental organization (NGO) situation/mission reports.
- Local universities.
- Key informants: traders, farmers, women, people displaced from the affected area.
- A few focus group discussions with affected communities.<sup>28</sup>

## NEEDS ASSESSMENT

Once baseline information is gathered, conduct a needs assessment comprised of the following questions:

1. Who are those who are most in need of assistance or most at risk?
2. How many people are at risk and/or in need of assistance?
3. What type of assistance do different groups require?
4. How much assistance do they require?
5. When, and for how long, should assistance be provided?<sup>29</sup>

## MARKET ASSESSMENT

A market assessment is crucial in selecting the most appropriate intervention, because it collects market information from different sources—such as key informants, consumers, manufacturers, suppliers, traders, trade and business associations, government agencies, donors, large firms and industry experts—and identifies the supply and demand for products and services. It is crucial to match population needs with market demands.

Once the needs assessment data has been gathered, use the following questions to determine the context, demand and needs:

- “What are the causes of market instability?”
- Which geographical areas have been most affected/are most food insecure?
- How severe is the market disruption?
- Which livelihood/population groups are worst affected?
- Are people able to meet their food needs given current market conditions?
- Are people using coping strategies that are damaging to their livelihoods?
- How long are market support or non-market interventions likely to be needed?
- What are the external and internal capacities to respond?”<sup>30</sup>

Additional important questions that practitioners should consider that will help them determine the most appropriate response for livelihoods in enterprise development include:

- If community members are currently conducting businesses, what are the main sources of income? What are the strengths and weaknesses of those sources of income?
- If community members are already engaged in economic activities, what are the best ways to support them? Can these businesses be supported to expand?
- Can microenterprises be grown into small enterprises? Can small enterprises be grown into medium enterprises?
- What are the interests of potential participants? What skills do they already possess? What are their daily activities that could be developed as skills?
- What social and economic assets do community members already possess?

- What other relief/development initiatives are in progress?
- What do community members identify as unmet needs?
- How has the private sector responded to the conflict/disaster? How does it typically respond to economic shocks?
- How are vulnerable groups currently included in economic activities?
- What influences the market? Factors may be historical, sociocultural, political, linguistic, religious or environmental, at the local, national and international level.

In order to fully understand the context, some additional topics and questions include:

## ENABLING ENVIRONMENT

By assessing the business environment, you can determine if the preconditions are met to engage in an enterprise development intervention.

- What government restrictions exist? Are there restrictive policies or regulations that limit enterprise development? Are there taxes or tariffs on businesses? How are contracts or other commercial laws enforced?
- What are the barriers to entry in the market?
- Is there adequate infrastructure for transportation to and from the market?
- How far is the target population from the market and how much does transportation cost? Do the potential profits sufficiently outweigh the costs to make work and traveling worthwhile?
- What types of technology are available? What is missing?
- Is there a concentration of economic activity in the local market?
- What role does the conflict play on economic

activities? How are people vulnerable as a result of the conflict? Does it restrict people to safe areas or limit the market or the introduction of supplies?

- Are businesses restricted by cultural traditions, social networks or gender roles? Are there environmental constraints that would limit long term sustainability? (E.g., are certain crops in a farming enterprise less resistant to drought or flooding?)

## MARKET DYNAMICS

- What are the most important goods in the market, according to customers and key informants?
- Where is there an unmet demand for services?
- Consider consumption trends for a particular product/service (volumes, prices and the quality of the product). People may only purchase basic necessities during crisis situations and may look for cheaper alternative goods.
- Consider competition in the market. This determinant should examine the potential of a business/subsector/industry for improved processes, efficiency, quality and increased responsiveness to market demands.
- Determine market potential for expansion. (e.g., ask business owners if there is an important service that they have not yet accessed, such as advertising, technical training, business management training, accounting, or access to the Internet).<sup>31</sup>
- What is the profitability of different niches?
- Are any sectors flooded with an overabundance of supply?
- Is there a link between small enterprises and large firms?
- Is the market addressing the needs of the local community? Is there a diversity of services and products offered?

- What types of crops are common? What are the necessary inputs and where do they come from? Are there crops that were previously grown and now are not? Why?
- What are the available resources, materials and inputs? What are the constraints to production and their possible solutions? What are some of the raw materials available?
- What goods are produced in the local markets?
- What size is the local/regional market in monetary terms?

## ASSESSING INTERVENTION POSSIBILITIES

- Can the gaps in current economic activity be addressed by an intervention?
- What supportive services are available? (Input supplies, access to credit, transportation services, quality assurance processes, technical and business expertise?)<sup>32</sup>
- Is the economic activity or industry prior to the conflict still a viable option for generating income? What is missing? How can businesses be revived?
- What products and/or services are existing businesses providing? How can they be enhanced?
- What are the strengths and weaknesses of current markets?
- How can an intervention utilize the skills that community members already possess?
- How will an intervention affect the surrounding community? How can they be included? If some people are included, will others be excluded?
- How could an intervention impact the conflict situation? Could it change access to resources? Create or exacerbate socioeconomic tensions? Alter economic growth or food security?<sup>33</sup>



## CASE STUDY

### Youth Participation in Market Assessments in Southern Sudan<sup>34</sup>

The International Rescue Committee (IRC) trained youth in Southern Sudan to work alongside a project team to conduct a basic market assessment and determine potential profitable microenterprises. Youth participants learned how to identify key market gaps and areas for growth, a skill set they can continue to use as markets change with time. Youth also had the opportunity to engage with community leaders, business owners and local consumers during the process. The market assessment therefore provided youth—a population often excluded from but anxious to participate in the decision-making process—with an opportunity to become an asset to their communities and local governance structures. Involving communities in the market assessment process supports the long term sustainability of livelihood interventions; ensures project team consideration of the needs and interests of its participants; generates a stronger local commitment to microenterprise projects; and offers a better transfer of knowledge as community members learn how to conduct analyses independently in the future.

## MARKET RESEARCH

Research existing market and labor surveys from donor organizations like the World Bank and USAID, and local and national governments to find viable industries for intervention and to gain an understanding of economic activity prior to the conflict or crisis. This is particularly important for enterprise development interventions, because the goal is to strengthen the private sector, independent of aid agencies.

## VALUE CHAIN ANALYSIS

When developing an enterprise development intervention, it is important to conduct a value chain analysis to facilitate and strengthen linkages with local, national, regional and international markets. Mapping out the value chain will enable practitioners to understand how they can support

participants by improving their operational capacity and profitability, and enabling linkages to markets. Understanding the full range of activities required to bring a product or service from conception to a final consumer market enables practitioners to identify and support the most appropriate intervention, with technological development, technical assistance, skills training, marketing or access to financial services. Industry selection should be based on the market potential, opportunities for leveraging the market, or increased business opportunities to expand a product in high demand.

Value chain analysis is particularly useful in the context of enterprise development, because it clarifies ways in which producers can increase and maximize their profits by augmenting efficiency. The identified series of activities can create a path for entrepreneurs to begin to gain access to the economy. Value chain analysis allows practitioners to identify growing markets and find the best ways

to bolster businesses by exploring barriers to growth and finding opportunities in local and regional markets.

In many cases, producers entering the market for the first time have a limited view of the market process. In particular, women are more likely to start businesses that only build upon their existing knowledge. A value chain may help illustrate how their product fits into the market—if they should focus on a particular aspect of production or distribution—how marketing and development can increase their reach, and the level of quality required in the final product.

Mapping the value chain will help create a systemic approach to program design, improve the potential of businesses, enhance their contributions, clarify market actors, and help define relationships between suppliers, producers and customers. VCA is also helpful in tracing the flow of goods at different stages and identifying ways businesses can contribute to the value chain. To illustrate this point: traders add value to the output of farmers by providing market information, specific product information, access to the market, and feedback on product quality. In a similar way, traders add value to processors by combining quantities from farmers to sell in aggregate, providing feedback on quality control, transportation of goods and the final sale of the product.<sup>35</sup>

Assessors can get the required information from research and interviews with key informants. Here are some steps to follow:

Steps	Actions
<p><b>Select an Industry/Subsector</b> Study those with the highest potential for growth.<sup>36</sup></p>	<p>Select a subsector, using the findings of the market assessment. Familiarize yourself with the business environment.</p>
<p><b>Research the Subsector</b> Include participants, technologies, product flow and history.</p>	<p>It is necessary to utilize all possible information about the functions of the value chain, such as: producers, participants, buyers, the sociocultural environment, final markets, supporting markets, upgrading possibilities and industry experts.</p> <ul style="list-style-type: none"> <li>• Where do you get raw materials?</li> <li>• To whom do you sell your output?</li> <li>• What technology do you use?</li> <li>• Have there been any major changes in this sector in the recent past?</li> </ul> <p>Consider using community discussions for research.</p>
<p><b>Map the Value Chain</b></p>	<p>Designing the map of the value chain is an important step in determining the functions of each participant, as well as understanding the markets and overall industry. Include functions, participants, technologies and final markets; outline the functions and the market, map participants, draw product flows, and define principal channels.</p>
<p><i>Example</i></p>	<p>Harvesters &gt; Processors &gt; Manufacturers &gt; Traders &gt; Exporters</p>

A sample value chain map would include various components, such as:

- **Inputs** (tools, equipment, labor, capital, training and technical assistance)
- **Production** (using inputs to produce or process goods to add value)
- **Transportation/Distribution** (transporting goods to buyers or distributors)
- **Trade/Market Access** (getting finished product(s) to local, national, regional and international end markets)

## DESIGN

Some principles—still in progress—have been identified by the SEEP Network that attempt to identify elements needed for good market development program design.<sup>37</sup>

### 1. Understand and address the role of current key market actors

Programs should either work with or complement local ownership of program initiatives rather than compete with or exclude the private sector. Programs should be wary of a lack of transparency and aim to promote more equitable trading relationships.

### 2. Increase sustainability by promoting commercial relationships

Practitioners should “facilitate service delivery by building up the capacity of local enterprises.” Further, “productive, ongoing, and long term relationships are those that are based on economic incentives that will remain relevant after a program’s completion.”<sup>38</sup>

### 3. Work with many lightly rather than few intensively

It is advisable to work with multiple enterprises, which reduces the risk potential of distorting the market or a high concentration of power or influence of a few actors.

### 4. Identify opportunities for leverage and scale

“Programs should target sectors and related activities that have the potential to jump-start economic reconstruction and/or provide opportunities to large numbers of vulnerable enterprise owners. Pilots of new services, products or trading relationships that demonstrate value to enterprises and the local economy will spur copy cats and broader change in the market.”<sup>39</sup>

To ensure fairness, programmers should use transparent selection criteria to identify the most enterprising and motivated individuals. This can help to establish lead firms who act as role models, employers, market innovators and mentors for successive entrepreneurs.

The SEEP Network has determined that a developed market will have the following components:

1. “An expanding market, with growth in sales and participation by increasing numbers of businesses;
2. A resilient and responsive market, that can withstand shifts in demand, supply and competition;
3. A market that channels benefits to the poor;
4. A supportive business environment, and a process in place to improve over time; and
5. The presence of a change driver, such as a business association, to continuously improve market conditions.”<sup>40</sup>

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## SELECTING AN INTERVENTION

In designing an enterprise development intervention, practitioners should keep in mind the distinction between supporting existing businesses and establishing new enterprises. Many of the design steps are applicable to both approaches.

The **first step in the design phase** is to use the findings from the assessments conducted to discover the needs, constraints and opportunities in the market. To structure an intervention based on market demand, participants need to be aware of the current social and economic environment while

using the value chain analysis. This step will take into consideration findings from the assessments that identified:

- Needs of the community and the market demand
- Constraints in the market, such as lack of knowledge about marketing, government restrictions, gender perceptions, access to institutions, transportation costs, market access, tariffs, import/export procedures, stigmatization or discrimination, and/or limited social networks
- Opportunities in the market, such as unique local resources, value-added inputs, land for agriculture, collaboration opportunities with hosting community, training facilities, access to credit, and input suppliers

Even in a highly subsidized relief environment, SEEP has identified ways of developing market opportunities:

- Develop services and products in markets that relief programs do not target (e.g., appropriate technologies and market information)
- Leverage existing relief activities (e.g., working on market links in sectors where relief programs are providing free inputs)
- Differentiate program services (e.g., providing more market-oriented or interactive training)
- Ensure focused analysis on client needs prior to program design (e.g., surveying target enterprises to guarantee demand-driven services)
- Incorporate programs for different levels of clients (e.g., developing services for affected groups that are not eligible for relief programs)<sup>41</sup>

In the second step of the design phase, practitioners should take certain considerations into account:

- Whether resources needed to develop an intervention are locally available, low-cost, technologically appropriate and will not have a

negative environmental impact.

- What tools and equipment the participants already have access to as well as what tools they will need, and how they might obtain them. Assess available technologies necessary to support businesses.

In the third step of the design phase, practitioners should discover points of leverage and possible interventions by considering the following questions:

- Which constraints have the greatest impact on existing enterprises?
- Which constraints can the program best address? How can practitioners build the capacity of participants to address constraints that may arise over time?
- Are there points where large volumes of product pass through the hands of only a few actors?
- Are there opportunities to extend the reach of the enterprise when enterprises cluster together? Consider networking or collaboration.
- What intervention types will maximize resources and opportunities?

In the fourth step of the design phase, practitioners should explore ways to promote market-based solutions to constraints faced by medium, small and microenterprises that facilitate relationships among the different market actors. Below are some potential areas of assistance for particular findings:

Areas of Need <sup>42</sup>	Possible Intervention Assistance
Producers lack information about the market	Provide producers with more market research. Teach producers how to access market information. Connect producers with manufacturers and consumers to get a better idea of market needs.
Poor product quality and processing systems	Provide technical training and follow-up. Connect producers with manufacturers and consumers to get a better idea of market needs.
Participants lack general business skills	Provide technical training in business development skills. Work with local government and NGOs to discuss ways to make business development services more effective.
The market is distorted by relief services and goods	Support the restarting of businesses that existed before the conflict/disaster.
Restrictive business environment based on government limitations, resulting in lack of access to the market	Advocate with the local government for policies more inclusive of the refugee/IDP population. <i>(See Working with Host Governments chapter for more information.)</i> Consider improving access to alternative markets such as organic and fair trade markets.
Lack of organization among producers that hampers market access and product quality	Businesses may gain access to additional markets, improve product quality, sell more efficiently, and better represent themselves when they are aligned through a business association. This way they can purchase supplies and sell in aggregate, which will decrease input costs, increase the quantity sold and improve market access.

**Other determining factors to consider:**

- Available and accessible resources and material inputs. Consider in-kind grants for material inputs.
- Demand for particular products/services in the host community and local home economy.
- Available training.
- Available startup funding and access to credit.
- Demography of the host community and target population, including cultural practices, education and background.
- Host government policies.
- Possible resettlement/repatriation of target population.
- Other relevant complementary programs, such as vocational training and microfinance.<sup>43</sup>

## CASE STUDY

### Gaining Access to Alternative Markets<sup>44</sup>

An organization in Thailand, WEAVE,<sup>45</sup> wanted to find a way for women in the refugee camps to engage in enterprise. However, access to local and national markets is highly restricted by government policies. They knew the women wanted to utilize their traditional weaving skills, but are restricted from selling their products outside the refugee camps, and the market in the camps had little demand. As a result, they decided to reach out to alternative, foreign markets. WEAVE builds the capacity of female producers by linking them to buyers in more lucrative markets and organizing the producers into collectives that enable them to increase their negotiating power.

Agencies such as WEAVE have recognized that one way to help participants gain access to markets is to help them reach out to alternative markets, such as fair trade markets. This is a particularly important strategy when access to local markets is severely restricted due to government policies, complicated logistics or conflict. Alternative market access provides opportunities to reach different consumers and enables production to grow with an expansion of market demand.

There are several steps in this process, which WEAVE has helped facilitate for its program participants: first, assessing the demand for fair trade products; second, identifying fair trade markets; and finally, facilitating the introduction of the weaving enterprises to the appropriate fair trade companies. WEAVE serves as an intermediary that buys from the refugees—who are not allowed to leave the camps—and sells their products for them through the Fair Trade Federation,<sup>46</sup> an organization that sells crafts in international markets and to individuals through their website. This has been a profitable venture for the refugee women, and has increased their connection to sustainable markets.

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## VALUE CHAIN ANALYSIS IN PROGRAM DESIGN

Understanding the value chain is essential for successful enterprise development programming. USAID advises:

Addressing and reducing value chain-related conflict issues can be an explicit intervention objective in which strategies, activities, anticipated impacts and indicators flow from a conflict analysis and speak directly to conflict issues....Practitioners should not assume that a standard value chain project will necessarily have a positive, peace building impact; this type of outcome needs to be built into a project, and human and financial resources and the time needed to build relationships and trust allocated accordingly.<sup>47</sup>

In this context, it is advisable to analyze the context, actors and the possible interaction between conflict and the value chain—as well as the indicators—for each step of the design process:

**Strategy > Design > Inputs > Activities > Outputs > Outcomes > Impacts<sup>48</sup>**

Using a value chain analysis, it is also possible to identify ways to increase the competitiveness of existing businesses by “upgrading,” a process that increases the value of the product by: increasing efficiency in labor and use of resources through improved organization or management; improving product quality through accountability and quality checks; and finding a new market in which to sell goods.<sup>49</sup>



## CASE STUDY

Using Value Chain Analysis to Design an Intervention<sup>50</sup>

An American Refugee Committee microenterprise development program in Uganda conducted a market assessment and value chain analysis to determine ways to build the economic capacity of women in a refugee camp that they were preparing to repatriate. They wanted to involve these women in the development of new enterprises. Through their assessments, ARC discovered potentially profitable sectors in shea nut—locally referred to as lulu—processing, as well as in beekeeping. ARC identified five areas of constraint in this sector: technology/product development, markets access, input supply, management and organizational policy, and finance and infrastructure.

They identified a couple of constraints in technology, namely: poor quality honey and inadequate beeswax processing techniques, which resulted in low quality products. In response, the program developed corresponding interventions to mitigate the identified constraints. Female participants, self-organized into producer groups, were linked to technical training that focused on improving production, and processing through new technologies and quality control. Participants attended training sessions to better understand the techniques required to produce high quality honey and beeswax, including: training on managing bees and the correct ways to process the product, and pricing and marketing the product. Because the intervention process required experienced trainers, this program searched for local NGOs with technical expertise to link to the groups. In addition, ARC hired staff with a general knowledge of enterprise development, and they conducted general business skills training directly with the women's groups to build their overall capacity to absorb the more complex technical training. Through networking and research, ARC found business partners with a desire for processed lulu nuts, beeswax and honey. These relationships enabled the displaced women to obtain technical assistance, as well as quality recommendations and final product requirements. The women were trained in processing skills and equipped to train others in quality processing. This helped ensure the sustainability of the project because the trained women could train incoming participants in the absence of the program staff or even after the program's termination.

Because the participants lacked the necessary equipment, the program leased the fixed assets to the participants. They then looked for a producer or manufacturer to provide added value in the form of manufacturing. Once they had the final product, they looked at other ways to improve the process.

ARC's value chain analysis was an essential part of this intervention, as it allowed identification of the value chain, key leverage points, constraints, and potential market-based solutions for an enterprise development intervention of the lulu nut and beeswax sector to enhance the profitability of the women refugees' businesses.

Value chain maps for both lulu nuts and beekeeping were developed by the American Refugee Committee, and can be found in the Value Chain Analysis section of the Tools at the end of this Field Manual.<sup>51</sup>

## IDENTIFYING PARTICIPANTS

The selection of enterprise development participants should be based on the unique needs of communities. The main criterion should be the ability of the participant to engage successfully with the program. A person who is economically active, motivated and committed is the most appropriate participant, and most likely to maximize the potential benefits of an enterprise. However, there are other ways to select participants, by looking at a number of factors such as: men and women's access to other productive assets, potential to access capital, and links to the local market. Several questions can be considered in this process:

- Do participants have any previous business experience? What skills do they have?
- Do participants have a desire to engage in enterprise development, either individually or as a part of a group?
- Are the program goals social or economic in identifying target populations?
- Are participants in one sector located close to one another geographically? Are they located close to markets/outlets for their goods and/or services?

## INCLUSION OF VULNERABLE GROUPS

It is best for social cohesion if vulnerable groups are identified along with economically active participants to ensure there is equal access to the program. The most effective way to ensure the inclusion of vulnerable groups in programming is by identifying activities and sectors that allow for greater inclusion. It is important to also identify the main obstacles to program inclusion and address them through modifications in program access and design.

However, practitioners must be cautioned about assuming that some individuals are too vulnerable or unable to engage in enterprise development.

Most displaced people are trying to earn income in some capacity and may need asset transfers to restart their businesses in the displacement setting. Assessments should not include program staff that will have any biases against potential participants. Displaced community members should determine their needs and the extent of their ability to participate.

## CONCERNS RELATED TO TARGETING GROUPS

When a particular population is targeted for inclusion in a program, conflict or tension can arise between those who receive assistance and those who do not. One remedy for this is to target sectors instead. By targeting a sector, practitioners can focus on the skills of the vulnerable groups that match the enterprise, and include these groups on that basis. For example, if a program targets infrastructure reconstruction as a sector, they may attract more able-bodied individuals than older people or people with disabilities. An additional benefit for sector selection is that certain development projects will benefit the broader community more than others, such as road reconstruction for access to markets. In contrast, targeting craft production as a sector is likely to reach women, youth, older people, and people with disabilities.<sup>52</sup> Caution, however, must be given to promoting so-called traditional or stereotypical roles to certain groups. The most effective programs choose only the sector or subsector rather than the specific enterprise, and link participants to the resources necessary to improve profitability.

## CASE STUDY

**Accounting for Restrictive Gender Roles in Enterprise Development<sup>t53</sup>**

A joint Mennonite Economic Development Associates (MEDA) and Enterprise and Career Development Institute (ECDI) livelihood program in Pakistan wanted to reach out to homebound rural women who embroider as part of their cultural tradition to develop an embroidery enterprise. To compensate for the many restrictions on the mobility of these women, the agencies established a “woman-to-woman network” through which female sales agents, who could have more open contact with rural women, were dispersed to provide them with market information and connections to traders who would purchase the embroidered goods and sell them in surrounding markets. The program, which allowed the rural women to work from their homes, focused on developing the capacity of the female sales agents to assist in quality control, linking women to suppliers, and identifying possibilities to upgrade or expand the enterprises. The project resulted in an average increase in income to \$20 USD per month—\$240 USD annually—significant growth over the \$6 USD that was the average monthly income prior to the implementation of the project.

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## SUPPLEMENT TO ENTERPRISE DEVELOPMENT INTERVENTIONS: IN-KIND GRANTS

In some cases, asset transfers, such as in-kind grants, may help revitalize businesses or stabilize incomes in the short term. In-kind grants may include production inputs and tools to assist in the development of new and existing enterprises. Specifically, in-kind grants may take the form of: agricultural tools, seeds, livestock, support services or toolkits. They are designed to help participants practice a skill and create a source of income through the grant of a product that will help in the process (e.g., a wheelbarrow for waste collection). In-kind grants can assist in asset replacement or can be accompanied by instruction. However, these grants are most effective when combined with training, marketing assistance and market linkages, which enhance business potential. They can be implemented in a variety of ways: after the completion of training,

in installments or as a match to savings. However, SEEP advises that it is important to set “expectations that the provision of grants will be a one-time event.”<sup>54</sup> Grant eligibility requirements must also be clear so as not to undermine any microfinance loans, and ensure effectiveness.<sup>55</sup>

Interventions utilizing in-kind grants can act as a complement to enterprise development or other livelihood interventions, but may be best suited as an alternative to microfinance for unstable situations. These grants provide a way for participants to engage in enterprises without access to credit. Further, the use of in-kind grants can enhance a participant’s enterprise in lieu of monetary grants that might be used for consumption. At times, in-kind grants may better facilitate the development of enterprises, especially when local supplies are unavailable or highly priced. Practitioners should provide in-kind grants to participants with locally produced items whenever possible.

**CASE STUDY****In-Kind Grants<sup>56</sup>**

Economic revitalization is an essential part of conflict recovery. In Liberia, this is particularly important, because the conflict ravaged the private sector, leaving many people without a way to secure a livelihood. In one case, a man who was a mechanic and owned a garage that was looted during the war wanted his business to recover, but lacked the necessary supplies. One development group offered a toolkit for mechanics as an in-kind grant, and in return the man agreed to take on two ex-combatants as apprentices.

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## ENSURING SUSTAINABILITY

In order to ensure sustainability, it is important to work with communities throughout the enterprise development process. Involving the community in market assessment, determination of need, choice of programs, and the identification of participants enable a stake in the success of the program and in doing so, support its sustainability. Connecting participants to other complementary programs like microfinance or business development training can also facilitate sustainability.

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## IMPLEMENTATION

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### ONGOING MONITORING

In order to manage the impact of the intervention, ongoing monitoring is necessary to determine positive and negative effects and track progress. Monitoring is assisted by a good work plan and well-defined indicators. Ongoing monitoring can help clarify questions about the intervention's effectiveness, sustainability and impact.

In post-conflict, post-disaster and crisis settings, security, the rebuilding of infrastructure, and the alternate presence and withdrawal of international agencies can result in changing conditions for market development. As a result, it is important to conduct not only ongoing monitoring of the enterprise development intervention, but also frequent and less in-depth market assessments to gauge changing conditions: "The frequency of market assessments will capture the situation as it changes and also make up for the more limited information captured during each iteration."<sup>57</sup> This provides continuous feedback that can enable programs to adapt and better link entrepreneurs to services, materials input, financing, raw materials and transportation links.

#### Questions to consider:

- How does this intervention fit within the realities of the market?

- Are you developing partnerships that strengthen the private sector?
- Are there social goals that need to be addressed as well?
- Have there been any changes in government policies that affect businesses?
- How has the intervention altered the income of participants? What are participants spending their income on?
- What are participants' views of the program?
- How is the program meeting its objectives?
- How is the community involved in program implementation and monitoring?
- How is the market reacting to the increase in businesses?
- How has the intervention affected community roles? Are participants more or less susceptible to discrimination?
- What is the effect on women and vulnerable groups?
- Is the program supporting businesses in the most effective way possible?

#### CASE STUDY

##### **Holistic Approach to Enterprise Development<sup>58</sup>**

Those living in extreme poverty are often left out of traditional intervention efforts due to greater social discrimination and higher health risks. A BRAC program in Bangladesh seeking to address the needs of the ultra-poor started participants on a food aid program that guaranteed 18 months of food.

During this initial stage, BRAC recognized that the participants would be suitable for enterprise development, and engaged the group in establishing new individual enterprises, such as poultry farms. They found that eggs could be sold into the market rather easily, and so distributed chickens, and monitored the progress of the businesses.

As a result of their success in enterprise development, the program then connected the participants with savings programs and access to credit, which ultimately assisted them in upgrading their businesses. BRAC used holistic programming to help the program participants achieve sustainable livelihoods by addressing their needs for food, income and economic security through three separate but interconnected interventions.

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## COMMON CHALLENGES AND LESSONS

- **Consider changes in the local environment and their effect on the markets.**

Markets continue to change and evolve over time. Pay attention to changes in the local environment that can have an impact on enterprises. For example, reforms of restrictive government policies may allow more freedom to pursue enterprise development and should be taken advantage of.

- **Maintain a gender lens.**

Throughout the process of implementation, keep in mind the effect of the program on women and girls. For example, the Karen Women's Organisation,<sup>59</sup> in partnership with WEAVE, makes this a top priority. One of their programs introduced women to handicraft weaving, but they realized many women were unable to take advantage of the program because they were caretakers of children. In response, WEAVE created a nursery school program so women could leave their children at school while working on their handicrafts. They also developed ways for women to work from home so they could maintain their household responsibilities.

- **Be careful not to create false expectations.**

It is important in the design and implementation stages to avoid giving false hope to program participants about the potential success of their businesses. Maintain realistic expectations based on the realities of the market.<sup>60</sup>

- **Pay close attention to the individuality of participants in group sales activity and joint marketing.**

In group enterprises, it is essential to work with multiple members to create a strategy that

incorporates the individual identity of all the members.<sup>61</sup> Participants should be engaged in the enterprise as individuals but cooperate in a way that is beneficial for the group. This can mean setting guidelines on contributions and labor, as well as individual ownership of enterprises. The focus should remain on individual activities that are sold or marketed collectively.

- **Consider logistical difficulties and challenges of restrictive settings.**

In order to set realistic expectations for producers and customers, pay close attention to obstacles—such as market disruption in post-conflict settings, or restrictive policies—and consider the impact on production. For example, one program in Thailand had difficulty exporting to international markets because of government restrictions on mailing goods. This created a problem for customers who wanted the product by a specific date, so the program had to focus on communicating with the customer about realistic delivery dates and advocating with the government to loosen restrictions.<sup>62</sup>

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## UNINTENDED CONSEQUENCES

Monitoring throughout the program will help identify challenges and areas for improvement, as well as inadvertent effects of an intervention, such as:<sup>63</sup>

- **Obstacles to Sustainability**

There may be obstacles to conducting a comprehensive market assessment—such as insecurity and dangerous infrastructure—that limits the capability to fully evaluate the market, resulting in an inadequate assessment. Incomplete assessments run the risk of implementing less-informed interventions, which may not be sustainable.

- **Dependency on Aid**

By supplying inputs for participants, programs run the risk of creating unrealistic expectations. Sustained income and reduced vulnerability must remain the overarching goal. Independence and sustainability are the ultimate measures of success in enterprise development.

- **Negative Impact on Existing Businesses and Producers**

Introducing relief goods can disrupt local markets through the influx of additional supplies. Similarly, when businesses are introducing goods to the market, it is important to assess whether the new supply will flood the market or if the market is capable of absorbing the additional goods. Further, the introduction of supplies from nonlocal producers could increase the vulnerability of both the host and displaced communities. Goods that can be produced and procured locally have both social and local economic development benefits. Oversupply can drive down market prices and decrease the profits of local producers. By contributing relief goods such as food, the increase in supply can negatively impact the community and weaken the ability of local producers to sustain their own livelihoods.

- **Enterprises May Take Focus Away from Other Objectives**

Enterprise development facilitates the ability of participants to become self-reliant through the creation of income, resulting in increased economic security. However, the introduction of income may also direct attention away from school or household responsibilities, which can be detrimental to women, youth and other groups.

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## ADJUSTING THE INTERVENTION

The process of ongoing monitoring should identify negative effects and unintended consequences, which may necessitate adjustments to the program. Successful interventions adjust their programming by:

- developing additional guidelines to address negative consequences
- assessing the market on a more frequent basis
- involving the community in the process of assessment, the selection of participants, and evaluation
- altering the program to reflect new opportunities in policy reform

## CASE STUDY

### Adjusting the Project According to Monitoring Results<sup>64</sup>

In the development of technology for the impoverished, one organization developed a powerful irrigation pump for agricultural improvement. This pump enabled producers to irrigate their land and lessen their dependence on rain-fed crops, which allowed for a second off-season crop, thereby significantly increasing their yield. After designing and testing the manual pump, the organization sold it to entrepreneurs. During their monitoring of the product, they realized the irrigation pump worked well, but it was not an appropriate technology for women because foot treadles were set too high. The height of the treadles made it difficult for women to use because of their long dresses, a design flaw that caused the women to lose critical opportunities to increase their production and sales. As a result of the monitoring, the development agency adjusted the pedals so women could use them.

## DEVELOPING AN EXIT STRATEGY

In order for enterprise development interventions to create sustainable businesses, the enterprises need to be able to function efficiently after program support withdraws. Enterprise development interventions are designed to solve constraints, maximize opportunities, and create sustainable businesses, all on a time frame corresponding to a parallel phase-out of program support. The termination should depend on benchmarks established during the design phase and assessed during monitoring. While the benchmarks should not change according to the program's progress (or lack thereof), other measures, discovered during the course of the program, may be better indicators of success. The exit strategy

can depend on a number of benchmarks at three levels: the enterprise level; the market solutions level, which identifies whether solutions to market constraints are working; and the program facilitation activity level, to gauge whether the actual program activities to facilitate linkages have worked according to their indicators. Other benchmarks include:

- There is a high degree of reliability that businesses will function independent of program intervention.
- A number of participants have created profitable businesses.
- Businesses have demonstrated the ability to absorb shocks to the local economy.
- Entrepreneurs have access to financial services like microcredit.



## EVALUATION

### MEASURING SUCCESS

The fundamental goal of an enterprise development intervention is to enable people to become self-reliant through enterprises that generate income and enhance economic security. There are several ways to measure this: income generated, businesses and jobs created, and/or inventory turnover. However, there may be challenges in collecting data, because participants may not have adequate accounting methods. More importantly, participants may be reluctant to share their income information due to its personal nature. It is important to ask questions in a less direct way if you feel participants may be guarded about sharing their financial information.<sup>65</sup> Below are some questions to ask program participants in new and existing enterprises:

- Were linkages effectively established between displaced program participants and markets?
- Has there been an increase in the household's income level?
- Has the household been able to increase their savings or accumulate assets?
- Has there been an increase in the nutritional intake within the household?
- Were women and vulnerable groups included in the program?
- How did the intervention affect community relations?
- How did the intervention affect the private sector? Did it strengthen the private sector, or overwhelm it?
- Were initial objectives met? Did they meet benchmarks in the time allotted?
- Were products and services modified to better meet market demand? Were new markets reached?
- Was productivity enhanced? Were production costs lowered?
- What is the overall perception of the intervention, according to participants? Were there any unintended consequences?

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# Public-Private Partnerships

## INTRODUCTION

Public-private partnerships (PPPs) are a mechanism for strengthening livelihoods programming for displaced groups. They can provide a foundation for sound, effective livelihood interventions with the potential to enable refugees and internally displaced persons (IDPs) to become less vulnerable, more self-sufficient and less dependent on humanitarian aid. PPPs can be formed in support of several of the livelihood interventions described in this handbook.

These partnerships are mutually beneficial, drawing upon the expertise and resources of a range of public and private sector organizations. Private sector partners can be involved through advocacy, funding, investment, technical support, employee volunteerism, in-kind donations or services. They can also implement or operate programs. There is growing interest in corporate social responsibility (CSR), as for-profit groups and companies see the benefits of integrating responsible business practices, making charitable contributions to causes that are in line with their brand message and improving their corporate image and consumer appeal.

There are, to date, few examples of public-private partnerships that strengthen the livelihoods of displaced populations. However, there is a growing trend in economic recovery and development initiatives to include the private sector in efforts to regain livelihoods disrupted by conflict and disaster. Drawing upon the unique knowledge and capacities of multiple stakeholders in both the relief and humanitarian sectors can strengthen livelihood interventions.

## KEY LEARNING POINTS

- Prior to developing PPPs, a comprehensive assessment of needs, assistance gaps and local resources and skills must be conducted with all groups in the community in order to determine the best use of partner resources and leadership.
- Partnerships should be developed to take advantage of cross-sectoral, inter agency and community linkages, and draw upon local knowledge and technical expertise.
- The overall goal of developing strong livelihood program interventions should guide the development of public-private partnerships.



In a public-private partnership with Aveda and the Rainforest Alliance, small distillation units have been built in Nepal. The extracted essential oils fetch higher prices than the raw plants.

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## ESSENTIAL ELEMENTS

### Definitions

**Public-private partnerships** are alliances between the public sector and for-profit entities with the potential to enhance development impact through the combined strengths of multiple stakeholders.<sup>1</sup> They can strengthen the impact of the public sector and harness the expertise and support of the private sector. This social enterprise is mutually beneficial, enabling companies to make socially responsible investments or provide philanthropic support, share their industry experience and move toward a more holistic business model of corporate citizenship. PPPs include:

**Public sector** actors, which include local and national governments, nongovernmental organizations (NGOs), United Nations (UN) agencies and civil society or community-based organizations (CBOs) that act in the public interest.

**Private sector** actors, which include small, medium and large and multinational for-profit entities. Private sector agents suitable for partnerships include:<sup>2</sup>

- subsistence or smallholder farmers, pastoralists, small-scale traders and microentrepreneurs;
- small and medium enterprises (SMEs) and local private operators, including input suppliers, agro-processors, transporters, traders and microfinance institutions;
- large-scale operators, including local or international commodity buyers and sellers, multinational companies, international certification boards and commercial banks.

**Due diligence** is the investigation of a person or organization conducted prior to engaging in a contract or an agreement.

**Memorandum of understanding (MOU)** refers to a document that parties use to agree to the terms—such as roles and responsibilities—of a partnership.

**Small and medium enterprises (SMEs)** are small- and medium-sized businesses. In the development context, small businesses may have 10 to 20 employees and medium businesses may have up to 50 employees. Assuming a nondevelopment context, the European Commission defines small enterprises as those with fewer than 50 employees and medium enterprises as those with fewer than 250 employees.<sup>3</sup> By contrast, the U.S. Small Business Administration defines a small business as one with fewer than 500 employees.<sup>4</sup> The Organisation for Economic Co-operation and Development (OECD) defines microenterprises as having up to ten employees.<sup>5</sup>

**Value chain analysis** is a market analysis tool used to assess how products gain value as they pass through the entire range of activities necessary to bring a product to market.



Public-private partnerships that support livelihood interventions include the provision of job opportunities, funding and in-kind goods and support services, such as equipment, technology, communication infrastructure, supplies and technical support. Public-private partnerships can enhance production and local market development by drawing on private sector expertise in value chain development.

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## CORPORATE SOCIAL RESPONSIBILITY AND THE ROLE OF COMPANIES

There has been a global trend in corporate citizenship and corporate social responsibility toward offsetting the impacts of unsustainable business practices and integrating more sustainable business practices. Many businesses committed to CSR values are choosing not just to invest in philanthropic endeavors, but also to ensure that their core business strategies and operations are responsible. Simply donating funds is not enough to address the long term humanitarian challenges faced by displaced people in their pursuit of sustainable livelihoods and decreased dependency on aid. Economic development must be rooted in active engagement by the private sector.

Globally, the public sector is working with companies in strategic partnerships for humanitarian work. The United Nations developed the UN Global Compact in 2000 as a call to action to businesses to partner with the UN and other global stakeholders to create a more sustainable and inclusive marketplace.<sup>6</sup> Such a commitment creates value for both the business community and society, and is more than a mere “damage control” public relations strategy.<sup>7</sup> The UN Global Compact has more than 4,000 stakeholders in 116 countries, including companies, state governments and civil

society organizations.<sup>8</sup> Other initiatives are in place to bring humanitarian organizations and the private sector together to address complex global development needs. Examples of this include:

- The UN High Commissioner for Refugees (UNHCR) Council of Business Leaders,<sup>9</sup> whose members Nike and Microsoft partnered with UNHCR to create the ninemillion.org campaign to provide children with better access to education, sports and technology.<sup>10</sup>
- The Business Humanitarian Forum (BHF),<sup>11</sup> a Swiss-based partnership between NGOs, UN agencies, state governments and companies to promote dialogue between leaders of humanitarian and economic development organizations and businesses.
- The World Economic Forum’s Humanitarian Relief Initiative,<sup>12</sup> an initiative to increase the global impact of private sector engagement in humanitarian relief. Members include the UN Office for the Coordination of Humanitarian Affairs (OCHA), the World Food Programme (WFP), the World Health Organization (WHO), the International Federation of Red Cross and Red Crescent Societies (IFRC) and companies involved in health care, transportation, logistics, engineering and construction.
- The United Nations Development Programme (UNDP) developed the Growing Inclusive Markets Initiative<sup>13</sup> in 2006 to help development practitioners, policymakers and the business community support value-added business models that support local knowledge and business development that will provide livelihood opportunities for communities living in poverty. The partners of this multi-stakeholder network include the UN Global Compact, the World Economic Forum, the United States Agency for International Development (USAID), NGOs, universities and international business organizations, such as the International Business Leaders Forum.<sup>14</sup>

- The Coalition for Adolescent Girls, a partnership between the UN Foundation, Nike Foundation, six UN agencies and more than 30 leading international organizations. “The Coalition promotes governments, civil society and the private sector investing in girls’ education, economic opportunity, health and protection and ending child marriage as a way to end poverty.”<sup>15</sup>
- The Adolescent Girls Initiative, a partnership between the World Bank and the Nike Foundation, which was formed to benefit adolescent girls in selected conflict, post-conflict and low-income countries. The Initiative aims to raise funds from government and private sector sources for projects helping adolescent girls make a successful transition into the labor force in Liberia, Afghanistan, Nepal, Rwanda, South Sudan and Togo.<sup>16</sup>

There is no doubt that the private sector can bring significant value to humanitarian work. However, concerns have arisen about the role of private companies. Some humanitarian actors are wary of working with the private sector due to the possibility that fundamental principles of neutrality and protection could become weakened because companies may not adhere to or uphold them. Furthermore, there is concern that private actors without relevant expertise could gain control or oversight of relief activities, and/or that companies could gain contracts at the expense of humanitarian agencies.<sup>17</sup>

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## KEY OBJECTIVES OF PUBLIC-PRIVATE PARTNERSHIPS

- Utilize both public and private sector resources to increase livelihood opportunities for those displaced by conflict in a way that mutually benefits a private entity, a humanitarian entity, the displaced and, ideally, the surrounding community.

- Use the private sector as a channel for expanding into new markets.
- Formalize such partnerships through agreements and contracts that establish mutual understanding and respective roles and responsibilities.
- Develop long term, sustainable investment that benefits both the private sector and displaced participants.

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## PUBLIC-PRIVATE PARTNERSHIPS IN LIVELIHOODS PROGRAMMING

- **Helping Participants Integrate into the Community**

Successful businesses are an integral part of communities. They can potentially employ both local and displaced populations and/or develop income-generating opportunities for both groups. Providing employment opportunities for all members within the host community can foster economic independence and alleviate competition over scarce shared resources.

- **Reconstruction and Recovery Efforts**

In post-conflict and post-natural disaster recovery, PPPs can be effective in managing private sector investment in infrastructure by drawing together the expertise and technical capacity of the local community, government and NGOs. Although some partnerships may be temporary rather than long term alliances for employment opportunities, the short term benefits can result in sustainable livelihood opportunities. If, for example, a company makes a one-time philanthropic donation to rebuild a market following a natural disaster, this investment in livelihoods activity may have a longer-term economic impact on the community than an ongoing business partnership for sourcing materials.

- **Holistic Programming**

Public-private partnerships should be created to make livelihood interventions—such as apprenticeships, job placement, skills training and enterprise development—more effective and sustainable.

- **Gender-based Considerations**

Public sector partners will ultimately have the responsibility for ensuring the protection of program participants, and therefore must establish mechanisms for monitoring and upholding the protection of women and vulnerable participants in any public-private partnership-led livelihood intervention. This can include requiring private sector partners to sign codes of conduct when directly interacting with program participants and establishing provisions to protect participants from gender-based violence, discrimination or vulnerabilities that could arise as a result of their participating in an intervention, which might disrupt established cultural or social norms. Further, it should be strongly recommended that women and men receive the same wages for similar occupations when job creation is involved.

Partnerships with local CBOs, grassroots women's groups and private sector entities can also help support female participants by sharing livelihood strategies, providing mentorship, strengthening their coping mechanisms and coordinating child care needs with other mothers and caregivers who may be able to take turns caring for the children while they attend training or work.

- **Inclusion of All Displaced Groups, Including Those Most Vulnerable**

Public-private partnerships should seek to benefit, and not exclude, the most vulnerable

displaced people, including women, youth, returnees, older people, persons with disabilities, ex-combatants, separated youth and persons living with infectious diseases such as HIV/AIDS and tuberculosis.

- **Develop an Exit Strategy**

Partners will need to develop an exit strategy so that participants and community members can manage the business partnership independently to ensure its sustainability.

## PUBLIC-PRIVATE PARTNERSHIPS PROVIDE AN ENABLING ENVIRONMENT

- **Access to Markets and Working Infrastructure**

If job creation is a priority for the targeted displaced population, PPPs can provide access to employment in local, regional or international markets. If the objective of the partnership is to enhance, protect or repair livelihood programs currently in place, private sector partners should link participants to physical, financial or technological assets that will strengthen the impact of interventions. For example, a PPP may involve road repair, computer donations or training on the use of high-tech irrigation equipment that will help participants to better access and/or compete in larger markets.

- **Labor Standards**

All stakeholders in livelihood partnerships, particularly companies employing or working with program participants, should be trained in safe and appropriate labor standards, including the labor rights for youth below 18 years of age. If these are not already in place, private sector partners must be willing to work with other stakeholders to develop a code of conduct and facilitate compliance with local legal standards. Assistance may be provided by the International Labour Organization<sup>18</sup> or another neutral labor

expert. Employees must be made aware of their rights, proper workplace conditions and procedures for hiring, firing, reporting injuries and making complaints.

- **Relative Security and Stability**

The private sector is rarely willing to go into areas of conflict or instability, fearing insecurity of personnel and loss of assets. If there is high risk, particularly in societies without insurance, private sector actors will be reluctant to invest significant resources. Local private sector partners already operating within the environment may have fewer security concerns and should be encouraged to support livelihood interventions as a way to expand their economic interests.

- **Functioning Law Enforcement**

Private sector partners are more likely to operate in an environment with functioning law enforcement that can provide security, which can ease the flow of goods. Seeking partnerships with local government can be mutually beneficial. Law enforcement can be improved and local economic development can benefit the municipality.

The example of post-conflict industry in Liberia demonstrates an opportunity for a mutually beneficial public-private partnership. To improve livelihood opportunities, NGOs in Liberia should partner with the private sector to develop vocational training so that participants can meet the skills demands in the re-established industries:

Organizations need to think bigger, including about how to expand employment opportunities on a large scale and address both sides of the supply and demand equation. That is, organizations need to help revitalize small and medium-sized enterprises, thereby expanding employment options and creating demand for employment, as well as liaise with and support the expanding business sector by providing targeted training to increase labor supply.<sup>20</sup>

Dialogue among the public and private sectors can help utilize the comparative advantages and resources that each can provide in partnership.

## CASE STUDY

### Business Competition in Liberia Creates Livelihood Opportunities<sup>19</sup>

In preconflict Liberia, LAMCO, an iron ore mine, had been the country's largest private employer. Fifteen years after it had closed due to the conflict, it made plans to reopen as Mittal Steel. In a similar circumstance, a rubber processing plant, owned by a Chinese company, was planning to open to compete with rival Firestone. The new factories require numerous staff, including those with experience in accounting, manufacturing and logistics. Further, the locations of the factories outside the capital, Monrovia, create market opportunities for support services, such as transportation and local markets.

## PRELIMINARY STEPS

### PUBLIC-PRIVATE PARTNERSHIPS: POTENTIAL BENEFITS<sup>21</sup>

NGOs	Enterprises (SMEs)	Large Firms	Local Communities
Added resources and value that increase reach to participants	Increased employment and wealth creation by local firms	Reduced procurement, production and distribution costs	Stimulation of economic activities and enhanced local economic development
Program enhancement—new programs, expansion or innovation in existing programs	Acceleration of knowledge transfer and upgraded technology; enhanced skills, standards and capacities	Improved productivity	Increased employment and production; potential for reduced conflict in the community
Contacts and opportunities with business community and new/alternative sources of funding	Access to new domestic and/or foreign markets	Increased opportunities for corporate social responsibility combined with profitability; brand marketing appeal	Long-term increase in local or regional competitiveness
Increased capacity to access international markets for participant programming	Attraction of additional foreign direct investment	Enhanced local reputation and local licensing to operate; improved integration into new overseas markets	Added local purchasing power
Private sector business and management expertise	More stable relationships to buyer or producer organizations	Increased ability to reach consumers	Access to more affordable, reliable or better quality products and services
Sustainable programming through linkages with long term business investment	More diversified client and market structures	Reduction of foreign exchange needs through import substitution	Increased participation of large-scale companies in local business and community development
Reduction of market distortions typically resulting from humanitarian aid	More stable relationships to buyer or producer organizations	Increase in flexibility in making design and production changes due to proximity of local suppliers  Compliance with government local content requirements, if marketing in-country	Balance of payment benefits when products are exported and/or substituted for imports  Development of local service providers catering to new markets

## CASE STUDY

TNT Partners with the World Food Programme on Humanitarian Logistics Initiatives<sup>22</sup>

In 2002, TPG—subsequently rebranded as TNT—a Netherlands-based multinational logistics company, sought a partnership with the World Food Programme (WFP) so it could improve its corporate citizenship by assisting in humanitarian logistics needs. TNT agreed to donate €5 million per year in services and funds to support the “Moving the World” partnership with WFP<sup>23</sup> and launch initiatives around school feeding, private sector fundraising, emergency response, a joint logistics supply chain and promotion of greater transparency and accountability. In 62 countries, 161,000 TNT employees raised funds—with TNT matching up to €500,000—to feed school children. TNT employee teams were deployed for three months to Cambodia, Nicaragua, Tanzania and Gambia to conduct needs assessments with WFP country staff and see where TNT services would most usefully complement WFP activities. TNT helped organize and facilitate the Fleet Forum, an initiative involving more than 40 NGOs and UN agencies to improve vehicle maintenance procedures.<sup>24</sup> TNT also helped adapt and simplify fleet management software for developing countries. TNT has implemented an aviation training program for WFP air operators, and the company’s freight services have provided equipment that has aided faster food delivery. The company has shared some business expertise by assessing WFP’s procedures and making suggestions to unify systems and standardize operations.

While WFP had never before partnered with the private sector and TNT had never worked with a humanitarian organization, the working relationship was strong. Yet differences arose in decision-making processes, which could have political implications for WFP that TNT had not before experienced. The sites and strategies of logistical operations were distinct; TNT was not accustomed to working in conflict- and crisis-affected areas, while WFP’s approach involves measured risk in saving lives rather than adherence to the financial bottom line, which guides TNT’s business. This realization caused each organization to undertake separate activities. The project has been fruitful for both partners: TNT benefited from the partnership by receiving increased exposure and recognition for global humanitarian work and corporate social responsibility; and WFP’s capacity and technical expertise were enhanced, preparing the agency for future PPPs.

## IDENTIFYING POTENTIAL PRIVATE PARTNERS

### Identify private sector entities in the area.

Chambers of commerce or government agencies may be instrumental in identifying suitable companies. Try to find out:

- Are any businesses that have been closed reestablishing themselves?
- Is there any unoccupied infrastructure, such as buildings, that could attract new investors?
- Are new businesses opening?
- What are the factors and opportunities that would attract new businesses?
- Are there any Internet sources or directories providing a list of locally operating companies?
- Are there functioning trade associations, labor organizations and government agencies familiar with local companies?
- Are there resources or raw materials being cultivated/produced by potential participants that could be marketed to local or regional business interests?

### EXAMPLES OF POTENTIAL COMPANIES AND CONSIDERATIONS FOR EACH<sup>25</sup>

#### Telecom Companies

- Partnerships involving telecoms are most feasible in urban areas or near well-established refugee and internally displaced person (IDP) communities. Since displaced populations are considered temporary, companies may be unwilling to invest substantially in infrastructure. However, companies may consider this a worthwhile investment in protracted situations where refugees remain displaced for decades. Partnerships between local government and telecom companies providing funding,

equipment and technical assistance may be a mutually beneficial investment, providing local tax revenue on mobile and telephone calls and Internet usage.

- In settings of post-conflict and post-disaster return, public entities can partner with telecoms to assist with reconstruction or rebuilding efforts.
- Telecom services strongly benefit local economies, with improved communications providing more efficient access to markets, transfer of remittances and transnational enterprise development.

#### Construction/Infrastructure

- Priority should be given to subcontracting local construction companies, as opposed to foreign firms, in order to ensure that revenue and wages remain in the local economy. Local knowledge should be utilized, together with locally produced building materials.
- Where necessary, partnerships with NGOs should provide capacity building for effective local water treatment, sanitation, sewage and other services.
- If there are large construction needs within a targeted community, several types of partnerships could be developed. Partnerships with the construction industry can be geared toward training and apprenticeships for displaced people in carpentry, electrical work or roofing, as well as building needed infrastructure in refugee/IDP camps and settlements, for example, sanitation and water treatment facilities with donated equipment, technical assistance and training.

#### Natural Resources

- Oil, mining and agriculture can provide jobs for displaced and local communities.
- Partners should be careful not to cause further displacement due to the development of natural resources or infrastructure. To prevent any

inadvertent harm, assessments and consultation with local groups, officials and NGOs are recommended. Related concerns are addressed by the Inter agency Standing Committee's (IASC) *Guidance Note on Early Recovery*.<sup>26</sup>

- Conflict zones are often located in areas with valuable natural resources sought out by armed groups. Partnerships with local and international companies, as well as government agencies, should be carefully planned to prevent corruption, poor labor conditions and trafficking. It is important to view operations through an analysis of potential conflict economies.

#### Local, Regional and International Companies

- Companies can infuse funds into the local economy and provide needed jobs.
- Transnational diaspora networks, along with remittance funds, can have a role in local business development. Transnational private sector groups, including hometown associations, can work with local organizations, NGOs and government agencies to provide employment opportunities and strengthen the local economy.
- Linkages can be established between local companies and humanitarian agencies that need certain goods to assist participants of aid. Such arrangements can also provide needed employment opportunities, benefit the local economy and reduce transportation costs. In addition, private sector partners may improve their credibility as a result of their activities to promote corporate social responsibility.

#### OTHER CONSIDERATIONS

- **Legal aspects:** Partnerships must ensure that local enterprises are legally established and any required permits are obtained. It must be clarified whether displaced people are legally allowed to work under host government laws or regulations. (*See Working with Host Governments chapter.*)
- **Rural and urban considerations:** Livelihood intervention partners must address participants' access to employment opportunity and whether they are dispersed or concentrated in urban and rural areas. Urban residents may be able to transport themselves to work or training. Individuals in rural areas may require coordination for transportation if all of the work is done in one location.
- **Proximity to host/local communities:** Partnerships should prioritize development that can benefit both displaced and local communities. If the partnership requires significant infrastructure and construction, it may be wise to develop programs near host communities. Refugee and IDP livelihood program participants may integrate in host communities long term, so telecom and other infrastructure will be a long term resource.

#### RELATIONS BETWEEN THE PRIVATE SECTOR AND THE LOCAL COMMUNITY

- What is the relationship between private companies and local communities?
- Do already existing regional and international businesses employ displaced people?

If there is mistrust between stakeholders and participants and poor relations have existed in the past, there may be very little possibility for a successful partnership. Public-private partnerships tend not to be sustainable where relations have traditionally been poor.



## DETERMINING THE SUITABILITY OF POTENTIAL PRIVATE SECTOR PARTNERS

Before approaching a potential private sector partner, research the business, try to understand their needs and perspectives and develop a tentative proposal of how they may participate in the public-private partnership. Gathering information for a partnership proposal entails asking:

- What kind of workforce and how many employees are needed?
- What skill sets are needed?
- What are their hiring strategies/processes?
- Can the NGO add value by facilitating, hiring or preparing the workforce?
- If the NGO offers training, can the company provide training space or materials?
- What accommodations can be made for vulnerable populations? Can members of these groups fulfill certain roles that do not place inordinate burdens on them?
- What are the logistics needs for the workforce? Will it need transportation and other services?
- Is the company willing to provide apprenticeships? A suggested program might include apprentices working for three to six months to develop appropriate skill sets for the industry. A stipend could be provided by the NGO, with the company agreeing to hire a certain percentage of apprentices long term.
- If the potential private sector partner is to provide a service—such as microfinance—is it willing to do so at a favorable rate? How long would it provide services at a favorable rate to allow livelihood opportunities to develop?

## SELECTING AND APPROACHING COMPANIES FOR PUBLIC-PRIVATE PARTNERSHIPS

### PROPOSING A PARTNERSHIP

Public sector entities seeking private sector partnerships should prepare letters of interest, conduct initial consultations or outreach and make a formal proposal. Organizations may have to work to convince potential private sector partners about the benefits they may receive from such a partnership, such as investment potential, positive public relations exposure and increased visibility that can expand their business relationships. At the same time, they must have a commitment to the relief and development goals that PPPs can provide for livelihood interventions. It is important to establish transparency, trust and agreement on expectations and responsibilities. Topics to be addressed should include:<sup>27</sup>

- the purpose and goals of the partnership;
- problems and issues the partnership will attempt to resolve that could not otherwise be achieved by individual actors;
- the estimated number of participants;
- the economic and social benefits for both private and public sector stakeholders;
- undertaking a cost-benefit analysis to determine whether the benefits will outweigh both the opportunity and financial costs of developing the partnership;
- the current legal and tax status of all stakeholders or potential stakeholders;
- the participants' current level of skills and technical qualifications;
- estimated contributions;
- duration of the proposed partnership.

It is critical for the public sector stakeholder to provide a realistic understanding of the role and mandate of NGOs, their organizational structure and governance and their goals and expectations. Developing livelihood interventions—in rural and urban host communities, in both refugee and IDP settings—can be challenging and take longer than planned. In conflict or post-conflict areas, potential private sector partners must understand any security concerns or liabilities.

The potential private sector partner must also be made to understand that while humanitarian aid is a short term response, development is a longer-term commitment. The partnership must account for the eventual exit of the public sector partner—unless a government agency—and possibly that of the private sector partner. The need for exit strategy development must be made clear.

## UNDERSTANDING PRIVATE SECTOR DYNAMICS

The dynamics of private sector actors can be quite different from NGOs or government agencies due to their governance structures and the focus of their work. It is therefore important to understand a company's dynamics in order to determine partnership feasibility, mitigate potential problems and develop monitoring and evaluation procedures. Considerations include:<sup>28</sup>

### Accountability

Since companies measure success by financial gains and losses, if projects are unsuccessful or take longer than expected, the organizational and financial stakes may be different for the private sector. Find out:

- whether the private sector agent is financially accountable;
- how often they assess and report results;

- what kind of results their stakeholders expect;
- which problems will be costly and which ones will be minor.

### Decision-making

It is important to ask:

- Who has decision-making power?
- If it is a multinational company, do local actors need to consult with headquarters before making decisions?
- How do those responsible make decisions—on the basis of market share, supply chain, regulatory policy, workplace development, research and development and/or public relations?

### Budgeting

For a private sector agent, the costs incurred by operating in unstable areas with unreliable resources can be large. Thorough feasibility studies are vital. Partners unaccustomed to working in unstable areas should understand that:

- It is impossible to plan for every possible contingency.
- There should be flexibility to allow for changes in local conditions.
- There may be cost overruns due to project delays.
- Increased staff may be required.

### Stakeholder Consultations

Numerous stakeholder consultations are needed to determine mutual interest and each party's role, and whether organizations and their agents are prepared to commit to the partnership process. Target participants should be included at every stage of stakeholder consultations. Preconditions for successful partnerships include:<sup>29</sup>

- **Common Cause**  
Is the issue being addressed important to all stakeholders? Is a PPP an advantageous way to treat the issue? Which actors have shared mutual interests?
- **Belief in Partnerships as a Strategy**  
Do potential stakeholders believe that the partnership will have some additional benefit beyond the planned intervention? What are the benefits for each stakeholder? What can the partnership provide that stakeholders working alone could not?
- **Presence of a Convener**  
Is one stakeholder willing to assume responsibility for calling other stakeholders to the table? Are other stakeholders willing to grant this role and adhere to the convener's authority? If decisions are to be made by a stakeholders' committee, is each stakeholder willing to nominate a representative?
- **Principled Behavior**  
Are long term interests and practices consistent among stakeholders? Evidence of operational practices can be found in past commitments to human rights, working conditions, environmental protection, business sustainability and/or community engagement. Any potential private sector partner that appears to be superficially engaged on the basis of public relations or brand image should be treated with caution, as its commitment may be short-lived.
- **Provision of Resources**  
Are financial, in-kind and staffing resources available, and is each stakeholder willing and able to commit them?

- **Willingness to Explore Opportunities**  
Is each stakeholder willing to invest in the process, take risks and extend itself in ways that might not be necessary or feasible when operating independently? How much risk would be assumed by each stakeholder? Is that acceptable to other stakeholders?

## SCREENING POTENTIAL PARTNERS

**Due Diligence.** It is in the interest of all partners to protect themselves and the targeted participants by conducting a due diligence investigation of a potential partner. This entails an assessment of their business principles and practices, past financial performance, reputation and future plans. Resources available for investigation include:

- surveys with local populations or previous employees of the private sector agent;
- news reports;
- financial reports;
- information from corporate watchdog organizations;
- business-oriented resources, such as global credit reporting agencies.

The scale of investigation depends on the scale of the partnership—too much can add to the costs of developing a small partnership, while a significant amount may be required for large-scale partnerships.

Criteria can also be found through:

- The World Bank's Outreach Group<sup>30</sup>
- The UN Global Compact's Ten Principles<sup>31</sup> relating to human rights, labor and the environment

To determine the integrity of prospective partners, it is important to investigate:

- corporate image
- social responsibility
- environmental accountability
- financial soundness

### Corporate Image

- What is the company's public image? Have there been any tensions between the company and communities?
- Have there been any negative media reports about the company? If so, how has the company dealt with negative publicity?
- Are there any pending lawsuits against the company?
- Is the company's sole motivation for developing the partnership improving its public relations or are there business interests as well?
- Is the company looking for procurement opportunities from the NGO?
- Is the company willing to engage in a transparent manner without expecting an exclusive relationship or barring of competitors?

### Social Responsibility

- Is the company involved in the manufacture, distribution or sale of weapons or narcotics?
- Does the company have a reputation for corporate social responsibility?
- Has the company used good practices proactively or reactively, as a result of problems?
- Does the company have a code of conduct and, if not, is it willing to develop one?
- Does the company have enforced labor policies prohibiting child or forced labor?
- Does the company have enforced nondiscrimination policies governing the hiring, promotion and wages of vulnerable populations?

- Does the company accept unions or attempts to organize unions?
- Does the company have a health and safety action plan for workers, including the handling of hazardous materials?

### Environmental Accountability

- Does the company collect and evaluate adequate and timely information regarding the environmental, health and safety impacts of its activities? How are these impacts mitigated? Are there mechanisms for reporting them to the appropriate authorities? Is this information available to employees and the public?
- Does the company continually seek to improve corporate environmental performance and reduce negative impacts?
- Is the company certified for good practices by the International Organization for Standardization (ISO),<sup>32</sup> an international standard-setting organization?

### Financial Soundness

- Is the company publicly traded? Has the company been in business for several years?
- Is the company transparent?
- Does it publish audited financial statements and annual reports?

### PROJECT FEASIBILITY

A complete feasibility study is critical to a successful partnership. Reliable projections to which all partners can refer can partially mitigate the impact of subsequent cost surges. The accuracy of the feasibility study is important, given private sector commitment to stringent standards of financial accountability.

### Market Assessment

- Develop practical tools for rapid market assessments that identify local needs, capacities and socioeconomic, political and environmental trends that could impact a livelihoods-based public-private partnership.
- It may be useful to determine the potential impact of marketing the private sector partner's corporate social responsibility, which is especially valuable in an international market.
- Consider the potential and expected economic impact for both the private sector partner and program participants. A market assessment is less necessary if the private sector partner is already present in the community—with existing demand for labor and services—and more necessary if the public sector partner is attempting to identify potential partners.

### Technical Assessment

What tools can partners share to build capacity? Can they offer:

- impact assessments?
- tools, equipment and other inputs (e.g., capital, land, seeds, fertilizer, water)?
- training or technical assistance for tools, distribution and marketing?
- encouragement of supportive public policy by local government?
- distribution/access to local, national and international markets?

Does each stakeholder have the capacity to meet agreed-upon responsibilities?

### Value Chain Analysis

Public-private partnerships applying value chain analysis can benefit both participants and the private sector. Partnerships can use value chains in various livelihood interventions to assess how

to add value to products and strengthen linkages with local, national, regional and international markets. A sample value chain map would include various components, such as:

- **Inputs** (tools, equipment, labor, capital, training and technical assistance)
- **Production** (using inputs to produce or process goods to add value)
- **Transportation/Distribution** (transporting goods to buyers or distributors)
- **Trade/Market Access** (getting finished product(s) to local, national, regional and international end markets)

By mapping out the value chain of a particular good or service, using the value chain links above, the public sector partner can determine areas where they can best support the private sector partner. Practitioners may find that they can play a key role in each stage in the value chain. Questions to consider may include:

- **Inputs:** Do they need trained labor to work on the input level?
- **Production:** Do they need trained labor to work on the production level?
- **Transportation/Distribution:** Does the private sector partner contract with other agencies to transport the goods and, if so, can the public sector partner compete for that contracted service by training participants to meet that need?
- **Trade/Market Access:** Can the public sector partner be the liaison between the private sector partner and buyers, companies and organizations in the international market?

There are several additional issues to be considered in this value chain analysis:

- Can partnerships contribute to the development

- of small and medium enterprises (SMEs) in other capacities to support the partnership?
- How does conflict affect the transportation, delivery and import of needed materials? What can be done to attempt to overcome this?
- If applicable, how has each actor in the value chain been affected by conflict?
- If applicable, are there any barriers to entering international markets?
- Are there considerations regarding:
  - international certifications of sustainability and fair trade?
  - tariffs?
  - shipping costs?
  - international customs charges?
- When developing a new good or service, the public sector partner will need to identify the roles and responsibilities of each partner at every part of the value chain. (*See Enterprise Development chapter for more information on value chain analysis.*)

### Tariffs

Are there any tariffs that may obstruct progress? If local government is a stakeholder in the livelihoods partnership, perhaps prohibitive tariffs could be reduced.

- Determine with whom to discuss potential tariffs and regulations.
- Determine whether tariffs are a concern for partnership formation.

### Program Financing

- Will the partnership benefit all stakeholders?
- Are the financing mechanisms of each stakeholder compatible? If not, can difficulties be avoided?

- Would creating the partnership create more obstacles than solutions?

### PARTNERSHIP ROLES

The **role of the public sector partner** in livelihood intervention partnerships should support target participants by promoting:

- Support of participant enterprises that will help to meet private sector demand. Linkages should be made between participant enterprises and larger value chains. An example of this would be a linkage between local agricultural production and larger-scale producers.
- Facilitation of partnership agreements between displaced participants and the private sector, whereby large-scale producers buy crops grown or goods produced by participants.
- Increased local production with the support of training, technical assistance and the provision of inputs, such as improved irrigation, tools or seeds.
- Incorporation of both vulnerable populations and the local community.
- Education and skills training.
- Job placement—matching the skills and services of participants with the needs of the partner company or other enterprises.
- Labor rights, including training participants in standards and developing codes of conduct with businesses.
- Evaluation and monitoring of labor standards, value chains and partnerships.
- Protection of the workforce while in transit and working, provided by the private sector partner.
- Respect for cultural considerations, as well as compliance with company guidelines regarding values and requirements.
- Development of new markets and services based on livelihoods partnership program.

- Establishment of cooperatives for the negotiation of price guarantees, service provisions and/or land access. Formalizing price negotiations can allow individual farmers or producers to group together for negotiating power. Cooperatives can convince companies that they will have a larger supply from which their processing agents can meet quotas.

The **role of the private sector partner** can be as an implementer or organizer, and should include providing financial or in-kind support, technical support and expertise, and capacity building. Where appropriate and possible, the for-profit partner can provide linkages with other companies—national or international—and markets that can play a role in strengthening value chains and economic growth.

The considerations above are intended to supplement feasibility studies and assessments typically performed for any intervention. In the case of PPPs, special consideration must be given to each partner's roles and capacities and potential program impact. Private sector engagement can require significant resources that might not be available.

## CASE STUDY

### Effective Feasibility Studies in Conflict Areas<sup>33</sup>

In 2002, the Business Humanitarian Forum (BHF), an organization promoting humanitarian and business cooperation in solving development problems,<sup>34</sup> partnered with the European Generic Medicines Association (EGA) and the Afghanistan office of UNDP to establish a locally owned pharmaceutical plant in Kabul. Forty locals were trained to produce much-needed generic medicines for Afghans.<sup>35</sup> However, the original feasibility study was not thorough enough to anticipate and factor in some subsequent cost increases. When equipment donated by a U.S.-based member of EGA arrived in Kabul, startup was delayed by skilled labor and electricity shortages. The costs of bringing in outside skilled labor and maintaining a generator had also not been anticipated. This example demonstrates the importance of undertaking a complete feasibility study.

## DESIGN

In the design stage, all of the partners should understand their roles and responsibilities, partnership objectives and goals, and processes necessary to implement the intervention. The design stage involves developing:

- agreements and contracts
- methods of financing
- organizational structure of the partnership
- benchmarks

## AGREEMENTS AND CONTRACTS

**Memorandum of Understanding.** Developing an MOU to which all stakeholders contribute and agree is a critical step in the design process. An MOU can help build trust and agreement between partners, and it serves as a reference document for all stakeholders throughout the partnership. An MOU should include all agreed-upon terms, the roles and responsibilities of each stakeholder and detailed budget projections supported by well-researched feasibility studies. A sample contract outline might include:<sup>36</sup>

- I. Program goal(s)
- II. Contracting parties
- III. Contract duration and parameters
- IV. Obligations of the investor(s)
- V. Obligations of the skills provider(s)
- VI. Obligations of the participants
- VII. Property title
- VIII. Nonliability
- IX. Termination
- X. *Force majeure* (freedom from liability in extraordinary circumstances)
- XI. Dispute resolution
- XII. Amendments

In addition to a general contract, if there are multiple partners, separate agreements are needed for each partner, specifying the number of participants, project location(s) or any modifications to partner roles.



## CASE STUDY

### Youth Apprenticeships in Liberia<sup>37</sup>

As part of its Countering Youth and Child Labor through Education (CYCLE) program,<sup>38</sup> the International Rescue Committee (IRC) has developed partnerships with various small and medium enterprises to allow youth to learn job skills through short term apprenticeships. Trainers are identified through personal skills, tools, willingness to accept apprentices, enthusiasm and motivation to teach and their potential for eventual employment of apprentices. Compensation is provided by the IRC to the trainers, but additional incentives such as publicity, tax incentives, government certifications, future apprenticeships and employment placement are encouraged. MOUs are signed between individual trainers, the implementing organization, guardians and the current employers of the youth. The agreement includes all particulars of each apprenticeship, such as training period, time, costs for tools and materials, travel, meals and other allowances, incentives, accidental costs, supervision, monitoring, certification, possible employment and any other support. It also states under which conditions a partner would be justified in withdrawing from the agreement.

The CYCLE program in Liberia offers a good example of the conditions that can be covered in an MOU. However, it must be noted that apprenticeships must be approached with caution, as sometimes skilled workers earn money by training apprentices when they themselves are unable to make a living in their trade. It is imperative to assess labor market demand for certain occupations in advance, so that apprentices are able to use their new skills once trained. A failure to ensure that apprenticeships are suited to realistic labor market needs will ultimately set participants up for failure. *(See Training and Placement Programs chapter for more information about apprenticeships.)*

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## METHODS OF FINANCING

### Cost Share/Matching vs. Resource Leveraging

The general guideline would be to expect an equal contribution from the private sector. This can be justified because the private sector is being engaged for its resources and should be viewing this contribution as an investment. The proposed contributions of each partner can be either financial or in-kind, or both.

### Pooled vs. Parallel Financing

Parallel financing, in which each partner maintains independent financing, is the best option for most partnerships, as it allows all partners to operate with their own funding mechanisms. Pooled financing might be appropriate if an alliance governance structure is established. An alliance governance structure may make joint program decisions or informally direct policies and programs.<sup>39</sup>

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## MODELS

### **Certification Standards Model**

Partnerships seeking certifications or aiming to meet international standards might consider having an intermediary managing committee that can facilitate communication with the international board or organization, and ensure that all of the participants adhere to the minimum standards of quality and consistency. The intermediary committee might be composed of participants and other partner stakeholders that self-audit their production processes in addition to submitting them to the independent agency for approval. This helps ensure adherence to standards.

### **Contracting Labor with National or International Companies**

Public-private partnerships with national companies are more feasible than with multinational corporations. National companies may be able to operate in an insecure environment, and they are also more accustomed to the working and cultural considerations specific to a particular country and/or in a displacement context. While national companies often have less capital for investment than multinational companies, they build the local, regional and national economy. Most importantly, far more sustainable livelihood opportunities result from national companies, particularly in return and IDP contexts.

### **Partnerships Involving Multinational Corporations**

If any multinational corporations are involved in a public-private partnership, the level of due diligence required is much higher, as the companies have less control over the contracted suppliers.

**CASE STUDY****Continuous Improvement in the Central American Workplace Alliance<sup>40</sup>**

Development Alternatives Inc. (DAI), a U.S. development consulting company, is overseeing a multi stakeholder alliance to implement the Continuous Improvement in the Central American Workplace (CIMCAW) Alliance. As part of its Global Development Alliance initiative,<sup>41</sup> the United States Agency for International Development (USAID) is providing financial support, along with multinational apparel companies, such as Gap, Timberland and Wal-Mart. The main objective is to enhance labor standards and build capacity in Central American apparel and textile factories. DAI is working with local governments, unions and international and local NGOs that are leaders in workplace training to develop improved, sustainable workplace conditions. Stakeholders are providing training for factory workers and managers in national and international labor standards. CIMCAW mechanisms are implemented at every level of the supply chain, with training for workers to understand their rights and complaint procedures and for managers to improve management systems and productivity. The Alliance strengthens the capacity for independent groups and government officials to monitor labor standards currently done by the multinational corporations, significantly reducing labor monitoring costs and providing more transparency.

**Ad Hoc Agreements with More Than One Private Sector Agent**

Some organizations arrange partnerships with multiple private sector actors with the intent of dispersing the participants among various partners. Such an arrangement can be suitable if target participants have diverse skill sets or interests that do not match the need of a single private sector partner.

## CASE STUDY

YES Kenya<sup>42</sup>

The Youth Employment Summit (YES) Kenya entered into a partnership with the Kenyan Ministry of Youth Affairs and Sports and the Ministry of Trade, along with the UN Development Programme (UNDP) and various banking and financial institutions, to encourage sustainable livelihoods for youth through microenterprise. Meant to address unemployment among youth, this partnership resulted in the Youth Enterprise Development Fund. The Ministry of Youth Affairs and Sports was established following the 2006 Youth Employment Summit, hosted by both YES Kenya and the Government of Kenya.

With the support of the Youth Ministry, YES Kenya had conceived the Youth Enterprise Development Fund, and together both YES Kenya and the Youth Ministry approached the Ministry of Trade—which had a rich database of existing enterprises that already had partnerships with UNDP, the World Bank and other agencies—about introducing a youth component as a targeted group for investment. YES Kenya researched potential financial institutions and prepared letters of interest describing the Fund initiative. Through strategy meetings, clear objectives and investment ideas provided by youth, YES Kenya and the Youth Ministry proposed the partnership to the private sector. Following YES Kenya's initial vetting, the selection process for willing institutions was based on the interest rate these institutions would charge to the participants who applied for the loans; those that had higher interest rates were left out. The proposal to the private sector was strengthened by the credibility the Youth Ministry brought to the partnership, given the government's capacity to implement large-scale projects. UNDP offered capacity building training and an initiative to encourage youth of an appropriate age who wished to start microenterprises. YES Kenya also provided capacity building so that the participating youth would be prepared for their financial responsibilities, and the Youth Ministry helped negotiate with the financial partners, seek more financial support for the Fund and provide a legislative mechanism through which the Fund could operate. While the Fund was originally an initiative administered and implemented by the Ministry of Youth Affairs and Sports, the Fund is now a separate, state-sponsored organization.

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## BENCHMARKS

Benchmarks should be developed between all partners to clarify respective responsibilities to stakeholders and to ensure sustainability for the livelihood opportunities of the target participants. Since the goal of many partnerships is to build sustainable business relationships between companies and participants, benchmarks should be focused on capacity building or milestones rather than indicators or outputs.

### Potential Benchmarks

#### *Increasing Market Access*

If participants are offering services other than labor, they should be able to have access to more than one private sector partner. Increasing buyers distributes risk and increases stability. This can promote international linkages and certification standards, and attract new business.

#### *Capacity Building to Adapt to the Public Sector/NGO Role*

- Encourage government or independent labor agencies to monitor labor practices regularly and independently.
- Build trust and relationships between partners. Some mechanisms to measure this include:
  - International certifications that recognize and set standards for the incorporation of vulnerable populations.
  - Price guarantees or floors that are negotiated at the beginning of each season. This measurement should demonstrate that the negotiated price meets both supply and demand needs.
  - Involve all potential partners—especially the private sector participant—at early stages of partnership planning.
- Ensure the incorporation of vulnerable populations along with local communities. Record the inclusion of individuals from such groups so that numbers can be assessed and compared with non-vulnerable populations.

**CASE STUDY****Building Trust with Forest-Users Group Participants in Nepal**

Aveda, a U.S. cosmetics company, partnered with a local Nepali NGO, the Asia Network for Sustainable Agriculture and Bioresources (ANSAB), to buy nontimber forest products (NTFPs) from participants and to build the Nepal NTFP Alliance to bring together forest communities, donors, Nepali and U.S. companies and the certification expertise of the Rainforest Alliance.<sup>43</sup>

NGOs worked with the government to create forest access to forest-users groups for the collection of herbs and medicinal plants. The NGOs provided training, technical assistance and inputs for locally distilling plant oils, creating a value-added product that is easier to transport for export and has a higher market value.<sup>44</sup> The Women's Refugee Commission reports: "Project impacts include using fallow and marginal land to cultivate aromatic plants; providing local communities with access to distant markets; developing technical cultivation and processing skills; and generating employment for local community members."<sup>45</sup> It also meant that women did not have to walk for days to transport the raw materials. Participating households have seen an annual income increase of 11,202 rupees (\$174 USD). The project analyzes the value chain to determine how production can be increased or value can be added, and provides linkages between local groups and socially responsible international companies. Though successful, project challenges include meeting organic certification requirements and bringing needed—even small-scale—technology to rural areas because of geographical constraints.<sup>46</sup>

For this alliance, Aveda representatives spent more than two years developing relationships with participants and local organizations before a true sense of trust was developed. This involved extensive discussions with NGOs and participants on each stakeholder's responsibilities, expectations and areas of mutual interest, as well as how to achieve those, and price negotiations. This effort to forge a healthy and long term partnership has paid off, as the alliance is now in its sixth year.<sup>47</sup>

This case study on Nepal demonstrates an effective public-private partnership as well as a strengthened value chain in a livelihood intervention. The steps taken along the value chain—inputs, production, transportation, distribution, market access—fill in gaps by increasing the overall value of the product, and help to improve the livelihoods of program participants:

- **Inputs:** the use of uncultivated land to begin production of aromatic plants; training forest-users groups on sustainable forest management; collection of herbs and medicinal plants; building small distillation units; technical support and marketing assistance.
- **Production:** the use of small-scale technology (distillation units) to extract oils from the plants, which adds value to the product, raises the product price and reduces the size and weight of the final product by eliminating the need to transport bulky raw products to market.
- **Transportation/Distribution:** overcoming geographical constraints in transporting products over rural areas, aided by the distillation of plant oils and setting up community-based distillation units for easy producer access.
- **Market Access:** the partnership between the Rainforest Alliance and Aveda provides access to the high-end export market and connects groups with socially responsible international retailers.<sup>48</sup>

## CASE STUDY

UN Global Compact Partner Improves Sustainable Livelihoods in Ghana<sup>49</sup>

The global confectioner Cadbury Schweppes has developed a number of stakeholder partnerships for corporate social responsibility (CSR). In Ghana, farmers who supply cocoa beans to the company live in the tropical forest where the crop is grown, far from any infrastructure. This isolation causes practical challenges, including lack of access to a nearby drinkable water source. To resolve this problem, Cadbury Schweppes partnered with a local farmers' cooperative and an NGO, WaterAid, to build 375 wells and improve water sources for nearly 50,000 people. Workers and their children now spend less time collecting water, which enables them to work or go to school, while maintaining a steady supply of cocoa beans to Cadbury Schweppes. The company has also developed a program in partnership with the Ghana Nature Conservation Research Centre and Earthwatch to encourage sustainable farming and biodiversity. Cadbury Schweppes is a member of the International Cocoa Initiative, which seeks to improve supply chain labor conditions, workers' incomes and education standards. The UN Global Compact has highlighted Cadbury Schweppes for its leadership in corporate social responsibility.

## CASE STUDY

Price Negotiations in Honduras<sup>50</sup>

CARE Canada worked with a cooperative of coffee growers, Montana Verde, to contract with a Canadian retailer, Van Houtte Coffee, to trade a single-origin, ethically produced coffee. In order to determine if the coffee met the buyer's standards, 50 samples were submitted, and only three were rejected. Once Van Houtte was interested, CARE negotiated a minimum price, which was set out in a contract. However, the company experienced substantial losses, leading to a decision not to fix the price, but rather to peg payment levels to prices set by the New York Board of Trade (NYBT). CARE was then able to negotiate a price differential of \$9-10 USD, because the coffee was both very good quality and produced in a socially responsible manner. The company also obtained Fair Trade Certification from FLO International—a multistakeholder partnership supporting the Fair Trade movement.<sup>51</sup>



## IMPLEMENTATION

Once the partnership MOU is in place, partner roles and responsibilities decided and agreed upon, and benchmarks established, the partnership can proceed with implementation. Implementing partners must be sure to:

- **Establish Complaint Mechanisms for Workers**  
The establishment of complaint mechanisms requires linkages with labor organizations, government ministries—such as the Ministry of Labor—and NGOs that work to support labor standards, such as the Solidarity Center,<sup>52</sup> an international advocacy organization supporting independent labor unions. Participants should receive training on their rights and labor standards. They should be informed of where they can report grievances and be assured about confidentiality.
- **Allow for Dispute Resolution for Partners**  
If, despite consultations and feasibility studies, disagreements do arise, parties can refer to the MOU or contract agreement. Even if it is not legally binding, it establishes the groundwork for discussions on roles, responsibilities and mutual interests.

Due to the complexities of post-conflict or post-disaster areas, companies often have to develop multiple business plans to work in situations that are constantly changing. While an NGO might be accustomed to operating with such uncertainty, it can be frustrating for businesses to have to constantly adjust contingency plans based on changing laws or collapsing physical or financial infrastructure. Recognition of this and working in consultation with partners can help overcome these obstacles and prevent disputes or dissolution of partnerships.

- **Diversify Partnerships**

When a partnership exists between one private sector agent and participants, there may come a point when access to additional markets or links with other private sector agents is necessary for growth. Supply can outgrow the demand of a single client, and it may be more stable and sustainable for participants' livelihoods to cultivate additional relationships. Diversifying partnerships provides an opportunity for participants to address obstacles that developed in previous partnerships. This can involve:

- diversifying the market, including the source of investments; ensuring working capital and building management capacity to market products;
- addressing delays in the supply chain;
- ensuring the supply is reliable and meets international standards.

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## ONGOING MONITORING

An ongoing monitoring process enables partners to adjust programs and anticipate and address any challenges. Questions to consider include:

- Are partners adhering to their roles and responsibilities?
- Are benchmarks of the partnership being met?
- Is the partnership helping to facilitate livelihood interventions for displaced groups?
- Is the partnership increasing community vulnerability through any unintended consequences?

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## POTENTIAL CHALLENGES IN PUBLIC-PRIVATE PARTNERSHIPS

While PPPs provide complementary expertise and programming, many challenges can arise. A fundamental difficulty in public-private cooperation is the different approaches of NGOs and businesses. Businesses operate in low-risk, secure political contexts where they choose projects that meet the goals of their business model, whereas NGOs must be flexible in order to respond to ever-changing and often unstable contexts. Companies may be averse to operating in countries whose governments do not enforce or obey the rule of law, human rights or protection. On the other extreme, practitioners must guard against the potential for some companies to exploit the labor of workers and children in countries where there are no regulations or enforcement mechanisms.

A number of potential costs exist when forming partnerships, including:<sup>53</sup>

- initial time and energy expended for partnership and program development;
- increased financial costs;
- negative organizational adaptation: partnership goals may distort or disregard organizational mandates; programs being evaluated solely on the return-on-investment criterion may overlook the needs of participants and local communities; and the private sector partner may have a dominant role due to its financial and in-kind contributions;
- failure to agree to the terms of partnership;
- lack of leadership or one partner having a lack of influence on decisions;
- lack of clarity of procedures and processes;
- duplication of efforts by partners;
- risks of perceived inequality if certain groups are not targeted as participants and included in all program stages.

Through partner identification, selection and screening, these concerns can be anticipated and mitigated. Partnerships should only be developed if mutual interest exists and there is a common understanding and informed consent among all stakeholders.

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## UNINTENDED CONSEQUENCES

The kinds of difficulties that might be anticipated and should be mitigated include:

- New entrants to the market, thereby increasing competition.
- Confusing the role of the NGO with that of the private sector partner. The partners' roles should be made clear to participant communities. The level of the partnership, degree of collaboration and the provision of resources should be clearly stated from the start.
- Corruption can be a significant risk, especially in areas with conflict or little regulation. Businesses can come under significant pressure to employ specific individuals or favor certain populations. Attachment to an international company may help maintain certain standards of accountability. Strong management and transparency can guard against corruption risks.
- Managing expectations. Investment by large companies in displaced or low-income communities can create high expectations for job creation. Businesses can have significant positive impacts, but the benefits may not be apparent and fewer jobs may be created than expected. Frustration can be preempted if local community leaders are involved in stakeholder consultations and understand hiring processes and skills requirements.

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## DEVELOPING AN EXIT STRATEGY

In long term PPPs, there may need to be an exit strategy for public sector actors in order to make the business endeavor sustainable. Observing the partnership through ongoing monitoring can help partners develop an appropriate strategy. However, having an exit strategy depends on the type of intervention and the role of the public sector partner(s). If the public sector partner is a government agency continually monitoring and evaluating labor standards in a manufacturing plant or an international agency annually auditing certification standards, then an exit strategy is unnecessary. Private sector partners should make the length of their commitment evident so they can work with their public sector partners to make an appropriate and well-timed exit. Abrupt departures by implementing organizations can result in the disruption or failure of programs due to the loss of structure, funding and/or leadership. It is critical to ensure that local community members and/or agencies are well prepared to assume leadership before an NGO partner departs.

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## EVALUATION

It is important to ensure that benchmarks for the impacts of partnership programming on displaced communities are being met.

Three broad categories for monitoring and evaluating PPPs are:

### Measuring the impact on the participants

Has the PPP benefited the participants more than livelihoods programming not involving the private sector?

### Measuring partnership effectiveness—evaluating partnership success requires consideration of each partner’s individual interests

Is each partner satisfied that objectives have been achieved?

Have mutual interests been respected?

Is the partnership sustainable?

Are the participants capable of carrying out the functions of the business relationship independently once partners depart?

### Maintaining labor standards

Has there been due diligence to investigate partners for continued adherence to labor, safety, health and environmental standards?

Are partnership agreements being upheld?

How are private sector partners handling complaints? Interview present and past workers to find out how quickly complaints have been addressed, what working conditions and safety protocols have been in place and whether wages have been paid fairly and on time.

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# Leveraging Remittances

## INTRODUCTION

Countries affected by conflict and natural disasters are often dependent on remittances—income or goods sent by relatives located in different regions or parts of the world. While conflict often affects livelihood strategies and makes displacement inevitable, remittances can sometimes prevent further displacement. Displaced people are among millions of individuals who receive remittances, which make up a large, usually underquantified portion of receiving countries' gross domestic product (GDP).<sup>1</sup> They can be a key source of income for displaced people, who rely on them for urgent needs and to supplement humanitarian aid.

There has been considerable research on labor migrants and remittances, but there has been limited conceptual discussion about the use of remittances among displaced people.<sup>2</sup> It is clear, however, that remittance flows are not reliable, as conflict and turmoil in post-crisis recovery can disrupt the transfer of funds, and those remitting funds may not have regular incomes. Remittances have only recently been seen as a critical form of support to livelihood strategies in the shift from dependence on aid to self-sufficiency and long term development. Programs that help displaced people to safely receive, save and invest remittances can be important for their economic security. Developing programs to support the flow of remittances and leverage these resources may reduce the vulnerability of displaced people and build upon their livelihood strategies.

The emergence of global transnational networks has dramatically increased the global economic impact of remittances, estimated to be well in excess of \$200 billion annually.<sup>3</sup> Total remittance flows are estimated to be more than twice those of official development assistance (ODA) and larger than flows of foreign direct

investment (FDI).<sup>4</sup> However, official data on remittance flows are almost completely lacking for many poor and crisis-affected countries that represent the greatest concern to actors in the humanitarian field.<sup>5</sup> The enormous growth in remittance transactions is part of a larger trend of people who migrate for economic, social or political reasons. Refugees and internally displaced persons (IDPs) are among millions of global, regional and intrastate migrants. Displaced people may occasionally remit funds to family and friends, but are generally recipients.

This chapter analyzes remittances for displaced people and the ways they can be leveraged to decrease vulnerability and promote livelihoods. On a cautionary note, it should be stressed that given the continuing insecurity in countries of origin, those remitting funds to displaced people may be more likely to fund family members' basic needs rather than invest in their development of livelihoods. Remittances tend to restore assets rather than develop asset bases; they generally sustain, rather than transform, the lives of recipients and their local communities.<sup>6</sup>

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## KEY LEARNING POINTS

- Prior to developing a program to leverage the use of remittances, a comprehensive assessment of needs, assistance gaps and local resources and skills must be conducted with all groups in the community, together with a study of the trends and uses of remittances.
- Using remittances as a livelihoods program requires sensitive and careful planning to build trust and reduce vulnerabilities within displaced and host communities.
- Shifts in inequality and insecurity must be monitored closely, as remittance assets can become liabilities in the context of conflict, crisis and displacement.
- Programs should be flexible and holistic, taking advantage of cross-sectoral, interagency and community linkages, and drawing upon local knowledge and technical expertise.

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## ESSENTIAL ELEMENTS

### Definitions

**Remittances** are income or goods received by individuals or households from other parties who live elsewhere, whether within the same country or region, or another part of the world.

**Collective remittances** are pooled funds sent by a diaspora group to their home community, which are used to increase their impact for development projects and investment. These collective efforts to provide community infrastructure or invest in business and manufacturing are sometimes known as hometown associations (HTAs). To encourage these investments, some governments have created incentives for collective remittances.

**Formal remittance transfers** occur within established financial systems, such as banks and money transfer operators (such as Western Union and MoneyGram), post offices and through credit cards and mobile phones. Formal transfer systems allow for greater transparency, more security and faster services than informal transfer systems. Formal systems can also provide access to savings, credit and insurance options through transfer institutions.

**Informal remittance transfers** include transfers of money or in-kind goods—items of value for investment or consumption—through unofficial channels, often sent through social networks or individuals employed to make the transfers. Informal remittances are often unrecorded and difficult to quantify. Informal transfers may be used because displaced people and remitters:

- may not have access to formal banking systems or transfer companies due to location, prohibitive transfer costs, a lack of formal identification or lack of a common language for communication, leaving informal transfer systems as their only option;
- may not trust banks or be familiar with financial systems or currency exchange, particularly in weak economies reliant on barter systems;
- may trust informal systems because others in their social networks use them; they know transfer agents, and these services may provide door-to-door delivery;
- may be concerned that the privacy and security of recipients could be compromised through formal channels.<sup>7</sup>



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## THE USE OF REMITTANCES TO MITIGATE VULNERABILITY

Labor migration is a common strategy used to diversify a household's income and reduce vulnerability.<sup>8</sup> Families may have members who are located in more stable areas, or may send more employable members as labor migrants to remit resources to more vulnerable displaced members. Remittances are most commonly used to supplement humanitarian aid and address basic needs and living costs. Known uses for remittances include health care and education costs; emergency legal expenses; financing such rites of passage as birth, marriage or funerals; loan repayment; savings; and modest entrepreneurial investments.

Remittances are not stable, ongoing sources of income, and may increase the vulnerabilities of recipients by creating dependency, contributing to inequality and increasing the risk of theft or violence if it is known that recipients have more resources than others in the community. In addition, vulnerability can result from the separation and migration of family members as a livelihoods strategy, as well as from families staying together in an attempt to be more secure. Remittances are limited by the resources, circumstances and needs of remitters. Migration and remittance patterns are likely to change with the onset of conflict. Household members may be unable to migrate and the ways in which funds are transferred may be altered.

Practitioners must understand the drawbacks of remittances in order to design programs to leverage them for positive livelihoods development. Remittances can increase vulnerabilities if:

- recipients become dependent on remittances, and do not utilize them to ensure long term livelihood opportunities;
- funds are used to support armed groups or a conflict economy;
- funds are used to purchase items that make displaced people more vulnerable to theft;
- recipients spend scarce resources trying to contact distant family members in order to request continued support;
- they create social inequalities among community members;
- there are few secure options for transporting or saving funds.

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## DEVELOPING PROGRAMS TO SUPPORT THE USE OF REMITTANCES FOR LIVELIHOODS

Programs that leverage remittances to help displaced people protect or rebuild livelihoods often focus on safe places to save and ways to invest their remittances in small business opportunities. To do this, programmers must first assess trends in remittance flows. The knowledge gained through working with communities can inform livelihood interventions by understanding local capacities, how remittances are used and where gaps may be filled by implementing agencies. It is important to understand how remittances are socially and politically perceived so as to minimize misunderstanding, vulnerabilities and further conflict. It is also important to understand which community members are receiving or not receiving remittances. However, because remittances are private, identification of recipients and flows may cause insecurity, so it is critical to ensure the privacy of remittance recipients. Therefore, programming that supports the productive use of remittances should be targeted to both remittance recipients and nonrecipients. Making efforts to assess the effects of remittances on communities can improve practitioners' understanding of existing survival strategies.

Understanding the dynamics of remittance transfers and their usage can inform programming that can support the use of remittances for livelihoods. Such an understanding can:

- improve the security of remittance transfers. Knowing how remittances enter a community and where they are stored can inform improvements in transfer systems, infrastructure and savings mechanisms. Remittance patterns can also help identify external events that can increase local vulnerabilities.
- help target humanitarian assistance. Identifying how remittances are used to fill gaps in humanitarian assistance can help improve the nutritional value and targeting of aid.
- inform advocacy. Remittance behaviors can clarify the economic lives and insecurities of recipients, and improve local, national and international advocacy and policy for improved access to services.

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## ESSENTIAL ELEMENTS OF SUCCESSFUL REMITTANCE LEVERAGING PROGRAMS

Successful programs will include these essential elements:

- **Financial Education**

Recipients are more likely to use remittances for long term livelihoods investment if they have access to savings mechanisms and other financial products that will help them maximize and supplement the funds received. Programs that teach households to budget, save and invest can increase the long term positive impact of remittances, while also reducing recipients' dependence on them.

- **Asset and Business Investment**

Understanding how remittances are spent and knowing whether items purchased are available or produced locally can guide business investment and development by focusing on desired items that are not readily available.

- **Facilitating Purchases and Matching Grants**

Programs that provide matching grants or facilitate the purchase of items commonly bought with remittances can free up remittance resources for investments or alternative spending.

- **Microfinance and Financial Services**

Partnerships between money transfer operators and microfinance institutions (MFIs) can make money transfers cheaper, faster and more accessible. MFIs can increase savings rates of recipients when money is deposited into bank accounts, and may also allow customers to access additional financial services. Where partnerships are unfeasible, microfinance products may still help recipients maximize the value of remittances by using them as collateral for loans and insurance programs. Even in communities without MFIs, matching grants may be used to make the most of informal and formal savings mechanisms. (*See Microfinance Interventions chapter.*)

- **Infrastructure Development**

Improvements in money transfer and communication technologies, along with better transportation and delivery systems, can reduce transaction costs and increase the security of transfers.

- **Advocacy**

Remittance channels can be improved by encouraging local, national and international financial organizations and governments to lower transfer fees, increase access to financial services, and facilitate transportation and communications options. Increasing awareness about the impor-

tance of remittances to livelihoods development among humanitarian staff and practitioners will facilitate appropriate programming and support.

- **Encouraging Collective Remittances**  
Finding ways to engage diaspora communities to send collective remittances can augment their long term impact for displaced communities. This must be accompanied by appropriate management and monitoring, and must include the involvement of the community receiving the funds.
- **Targeting Aid**  
Assessment outcomes that recognize common consumption trends and also identify marginalized groups that are not receiving remittances will enable agencies to address inefficiencies in humanitarian aid provisions that can assist these groups.
- **Gender Sensitivity**  
Research has found that women receiving remittances may be more likely to form cooperatives that support other livelihood strategies.<sup>9</sup> Access to remittances may also increase women's authority and facilitate entrepreneurial activity and investment. However, even if a woman is the main recipient of remittances, she may not be able to invest due to security concerns and social constraints. Women or girls in possession of money or goods can have jeopardized security, resulting in sexual violence or theft, so awareness must be raised when implementing programs. In some communities, remittances are more likely to be sent to men than women. The gender of remittance recipients can have an impact on how they are used. It has been found that women making decisions regarding household resources are more likely to allocate funds for health care or education. Programs should consider challenges faced by women in receiving, saving and/or investing remittances.

- **Including the Participation of Vulnerable Groups**

Particular attention should be paid to older persons, women, youth, separated children, ex-combatants, persons with disabilities and people living with infectious diseases to ensure their safety and livelihoods stability. It is important to understand how remittance investments could improve the health, education, welfare and protection of these groups.

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## UNDERSTANDING HOW TO LEVERAGE REMITTANCES

A number of factors must be taken into account to both effectively assist in the leveraging of remittances and alleviate any potential negative impacts.

- **Respect the Private Nature of Remittances**  
Because remittances are private resources, programming should help participants maximize investment and savings without directing or manipulating the way resources are used. Programming should encourage an investment in livelihoods, but must respect when participants choose to use their resources for more immediate, critical needs, such as supplementary food, health care, school fees and clothing.
- **Consider Vulnerabilities**  
Encouraging changes or increases in the amount of money transferred can increase the vulnerabilities of both remitters and recipients. Programming must also take into account that remittances depend on the ability and will of the sender and may be irregular or short-lived.

- **Avoid Identifying Specific Recipients or Informal Flows**  
Directly identifying remittance recipients and/or informal transfer mechanisms can make recipients and funds vulnerable to theft and interrupt existing transfer systems. Efforts should be focused on identifying and analyzing remittance trends and patterns to minimize negative effects.
- **Increase Long-term Investment**  
Livelihood programs should help recipients utilize remittances so that they have long term impacts and are not merely used for consumption. Remittance programs should be devised to empower displaced recipients to develop sustainable livelihoods.
- **Assist Recipients and Nonrecipients**  
Programming must be inclusive to reduce inequalities and target all groups that can potentially benefit from them.
- **Avoid Changing Functioning Systems**  
Seeking to alter remittance patterns can hinder flows and increase vulnerabilities.
- **Consider Social Dynamics**  
Assessments should carefully gauge how recipients of remittances are perceived. While in some communities remittances may be shared and used for collective benefit, in others, recipients may go to great lengths to hide the support they receive for their households' well-being.
- **Increase Quality of Consumption**  
Improving a household's ability to purchase needed items can improve the health and well-being of its members, while also stimulating the local economy.
- **Analyze Remittances in Conflict Settings**  
It is vital to analyze how remittances may fuel conflict or illegal enterprises and how to reduce these impacts. Social movements, political groups and militias involved in conflict have long been known to receive support through remittances. Governments often regulate and restrict formal remittance flows into countries in conflict, despite the difficulty in discerning whether they are used for political purposes or for development.<sup>10</sup> Regulations that make it difficult to transfer funds legally can increase recipients' vulnerabilities and the use of informal channels.

## Hawala

*Hawala* is a sophisticated and long-established Islamic financial transfer system. Dependent on relations of trust and notions of honor, it was originally used to expedite trade but is increasingly used for remittances to expatriate and displaced communities.<sup>11</sup> The Somali variant, *xawilaad*, is used throughout the diaspora for both remittances and business transactions and involves sophisticated phone, radio, satellite and computer networks.<sup>12</sup> *Hawala* brokers—known in some countries as *hawalars*—provide remitters with an authentication code they share with recipients. Once the code has been confirmed and given by the recipient to a broker in the receiving country, funds in the local currency are given to the recipient.<sup>13</sup> In countries with weak financial systems and high intra regional migration, *hawala* is common and may be the only system available.

Informal remittance transfers are usually anonymous and unrecorded. They are of increasing concern to regulators due to suspicion they are used for terrorist activities or money laundering.<sup>14</sup> As a result of terrorism concerns and intensified financial monitoring, governments have disrupted *hawala* and *xawilaad* networks, impacting both remittance recipients and development work. The British government estimates that remittance flows to Somalia are five times greater than humanitarian assistance, and notes concern that “closure of *Hawala* outlets in the US and UK after the 11 September terrorist attacks left many Somali families destitute. Many charity organisations operating in health and education were forced to close.”<sup>15</sup> Somalis have argued that instead of regarding networks with suspicion, the international community should work to assist the *hawala* system to meet international rules and regulations that will guard against mistreatment.<sup>16</sup>

## CASE STUDY

### The Vital Role of Iraqi Remittances

The Iraqi remittance market is thriving. This is both a result of the expanding economy, with its growing demand for imports, and also due to the presence of more than two million Iraqi refugees outside the country. Very few Iraqis in Iraq have bank accounts, and facilitating remittances from Iraq to Iraqis in the Persian Gulf, Europe, the United States, Jordan, Syria, Lebanon and Egypt is a profitable and growing business.<sup>17</sup> A UN High Commissioner for Refugees (UNHCR)-sponsored survey in November 2007 found that 71 percent of Iraqi refugees in Syria receive remittances from relatives, primarily from Iraq, but also from the U.S., Sweden and Syria.<sup>18</sup> UNHCR reported that 24 percent of interviewed households rely primarily on remittances.<sup>19</sup> This case presents a unique example, in which remittances are sent not from outside a country at war, but rather are originating in Iraq. In this particular example, refugees are experiencing greater economic vulnerability than those who have stayed behind in the conflict.

## PRELIMINARY STEPS

Assessments should not seek to locate recipients or exact remittance flows, but rather should focus on how remittances are used and transferred and affect community social and political dynamics. To ensure the privacy and security of recipients and receive constructive information, assessments of remittances must be done indirectly and cautiously. Recognizing signs of material wealth and/or economic flows requires developing skills in observation, listening and research.

## LEARNING TO OBSERVE REMITTANCE FLOWS

Recipient households are unlikely to discuss remittances, but signs of external support can be observed. Observing activities, especially those that connect communities with the outside world, can lead to insights regarding the scale, use and impact of remittances.

It is important to avoid assumptions and inferences based upon initial findings. For example, even if displaced people are communicating with or traveling to outside communities, it does not necessarily mean that they are being supported by members of other communities, or that such remittance flows are regular or reliable. Further, observations are inherently subjective, and can lead to misinterpretation and inaccuracy, so programmers should be aware of this in advance, and supplement their observations with the additional assessment tools provided.

The first step is to understand underlying remittance transfer systems so variations can be distinguished. It is not easy to see variations in economic activity since it is multilayered and signs of external support are likely to be subtle or invisible. Not only are individuals exchanging goods and services for money, they are also linked to the larger market economy. One must understand these linkages in order to identify discrepancies or inequalities.

Remittance patterns may be visually identified by observing the patterns of movement of people and goods on main roads, in and out of camps and markets, and at transportation hubs. Observe:

- Are goods being transported in and out of the community? How are they being moved?
- Are these goods being taken to markets or to private housing?
- Are households going outside the community to purchase goods? Are the goods they return with for sale in local markets?

When observing activities in local markets try, if possible, to identify:

- Where have the goods in the market come from? Within the country or from abroad?
- Are any of the goods that are being sold produced locally?
- Are traders working alone or collectively?
- Are traders locally based or are they from outside the community?
- Where have local traders obtained startup capital?

By observing transportation patterns, try to find out:

- Where do people go to collect remittances?
- What forms of transportation are available? What is the cost?
- What are common local destinations?

- Do community members travel outside and, if so, where and how often?
- Which members of the community travel?
- Do relatives working outside displaced communities come to visit?

By spending time around phone booths, markets and Internet cafés, it may be possible to learn:

- Where do people call the most? Locally, within the country or abroad?
- Do community members have mobile phones?
- What proportion of the population has access to them?
- How have people with mobile phones obtained them? Have they bought them or been given them by relatives?
- How many call centers are there?
- Do people travel outside the community to make calls? How far do they go?
- Is there an unmet demand for telephones, or an oversupply?
- Is the Internet accessible? If so, where? If not, is there unmet demand for it?
- Is there a functioning postal system? If so, do people use it? Do they trust it?
- If there is a postal system, is it used to transfer funds?

It may be possible by simple observation to determine whether some households are receiving remittances. However, it may be the case that more successful households are not receiving remittances but rather are savvy with savings and/or entrepreneurial activities. The table below provides initial suggestions on how to observe and interpret inequalities that may indicate the receipt of remittances.

Record your general findings below by using the following questions as a guide:

- Are many households receiving remittances?
- Is labor migration a common livelihoods strategy?
- What is the volume of support? Is it in-kind, cash or both?
- Do remitters seem to be living regionally or overseas?
- How are remittances transferred/transported? What formal and informal systems are used? What formal and informal systems are available?
- How do remittance recipients communicate with remitting migrants?
- How are remittances spent? Saved? Invested?
- What are the positive and negative impacts of labor migration and remittances on vulnerable households?
- Are there observable connections between remittances and political/insurgent groups?



## Observing Inequalities

Housing			
Where to look	What to look for	Interpreting Questions	Findings
Homes and living quarters	<p>What kinds of structures do people live in?</p> <p>Where did building materials come from?</p> <p>Are they new?</p>	<p>Are some living quarters or houses bigger, more durable, differently shaped or constructed?</p> <p>Do some housing structures have new roofs, reinforced walls, electricity or generators?</p>	Households with housing that is larger, more durable and/or newly repaired may be receiving external support. This support may or may not be in the form of remittances.
Consumption			
Where to look	What to look for	Interpreting Questions	Findings
Private possessions	<p>What sort of luxury items do people own?</p> <p>Luxury items might include satellite dishes, mobile phones, electronic goods, new clothes, jewelry or school materials/ uniforms.</p>	Do some households have luxury items that are unavailable or inaccessible to others?	<p>Households/individuals with luxury items may receive in-kind or cash remittances.</p> <p>Money may be saved through investments in land or valuable goods rather than in savings accounts or with groups.</p>

Business			
Where to look	What to look for	Interpreting Questions	Findings
Markets	Do people with small businesses have structures/stands to sell their goods? Who sells and trades? Who does not?	Are there inequalities in the supplies/stands used by local businesspeople?  Are there disparities in the size and scale of stands or in the tools and resources being used?	Business people receiving remittances from family members may invest them in their businesses.
Other			
Where to look	What to look for	Interpreting Questions	Findings
Schools	Where do children go to school? Do some children go to special schools?	What is the tuition needed for those schools?	Tuition fees, books, school supplies and transportation costs and other items may be paid for by family members outside the community.
Ticket counters	Are there family members going on trips to distant areas?	How much do tickets cost? Are they expensive?	

## CASE STUDY

Informal Remittance Transfers in Sudan<sup>20</sup>

In southern Sudan and Darfur, people have little access to or trust of institutions that conduct formal remittance transfers. Instead, people have relatives from outside buy a sizeable amount of mobile phone credit. They will then send a text message with the credit to someone in the region who will then transfer the credit to the targeted relative. To receive cash, the relative will then sell mobile air time to others. A concern with this method is that the government could intervene by monitoring large transfers of phone credit.

It is fairly common in some areas for refugees and IDPs to have mobile phones as a survival strategy in order to be able to communicate with their remitting relatives and receive transfers of phone credit that they can exchange for cash. (See case study above.) As a result of this growing trend, the ownership of mobile phones may not be an accurate indicator of wealth, but it may help uncover which members of the community are receiving remittances.

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## DISCUSSING REMITTANCES

Remember that there are a great number of sensitivities around remittances. Power dynamics within a community and between community members and agency staff must be considered before investigating remittances. Visual assessments are needed to inform discussions with displaced and local communities and colleagues. Discussing remittances is rarely socially or politically appropriate, and inquiries can be perceived as presumptuous, suspicious and threatening. Before speaking with displaced people about their financial situation, try to establish trust and anticipate possible unintended consequences. Interviewers must always be aware of their role and realize that humanitarian aid workers

are perceived to be in positions of power and are sometimes not trusted by displaced people. The position of the interviewer will affect the accuracy and depth of information collected. Those with leadership roles within displaced communities or individuals who provoke mistrust or unease should not conduct oral assessments.

The key questions that planners of any remittance-related intervention should endeavor to answer include:

- Who is getting remittances?
- How they are getting them?
- Where are they coming from?
- Who is sending them?
- Do remitters specify what they would like them to be used for?
- Have they been sent over the long term or only once the crisis began?
- How has the crisis affected remittance flows?
- Are they cash or in-kind?
- What are recipients doing with them?
- Where and how do people save or invest the remittances they receive?
- Why are they using them in the ways they do?

When obtaining information around these questions, which is often likely to be only partial, think about how your findings should feed into discussions about how to respond. Should the priorities be to:

- create a more enabling environment to receive remittances (i.e., better communications infrastructure)?
- target those who do not receive remittances with additional aid (such as food supplements)?
- support savings-led initiatives, linking to microcredit, offering financial education or supporting enterprise development?

The following table presents two techniques for discussing sensitive issues.

## Information-collecting Techniques

Ask Third-person Questions		
Method	Sample Questions	Tips
<p>Most people will not want to speak directly about the money and support they receive, but may be willing to speak generically about their neighbors.</p>	<ul style="list-style-type: none"> <li>• Do people in your community receive money from family members living overseas or from another part of the country?</li> <li>• Do you know people who receive money from family members working in outside communities?</li> <li>• What kinds of gifts do people receive from family members working outside?</li> <li>• In your experience, how do people receive money or gifts from family members working outside?</li> <li>• Do people you know pick money up from outside this community, or is it delivered?</li> <li>• Where do people who receive remittances go to pick them up?</li> <li>• Do people you know who receive support use banks? Where?</li> <li>• What do people spend remittances on?</li> <li>• Do people you know save money? How?</li> </ul>	<p>Information given might not be accurate. Conversations should be embedded in other discussions so as to avoid a direct focus on remittances.</p> <p>Information should be cross-checked in order to increase accuracy.</p> <p>Remain aware of how your questions affect individuals. Stop if someone is uneasy.</p>

## Integrate Inquiries into Other Activities

Method	Sample Questions	Tips
<p>While people may not be eager to discuss remittances openly, they may indirectly refer to them or to outside family members when they are in familiar, comfortable environments.</p>	<p>Speak to community members casually about their families. Ask, for example:</p> <ul style="list-style-type: none"> <li>• Do you have family members who live outside the country or community?</li> <li>• Have these family members found jobs? If so, what kind?</li> <li>• Do you speak to them often?</li> <li>• You must miss them; have they ever come to visit?</li> <li>• Your _____ looks great; is it new?</li> </ul>	<p>Information given might not be accurate. Information should be cross checked.</p> <p>People with outside family members or who receive gifts are not necessarily receiving continual support.</p> <p>Be aware of the mood of the discussion. Stop immediately if anyone seems uncomfortable.</p>

The following table presents two strategies that may be used to learn about migration patterns or the impact of remittances on wealth patterns.

### Qualitative Methods of Assessing Remittance Flows by Assessment Type<sup>21</sup>

Wealth Analysis		
Description	Methodology	Interpretation
Learn how community members define who is rich and who is poor and to identify sources of wealth.	<p>When speaking to members of the community, ask them:</p> <ul style="list-style-type: none"> <li>• What kinds of households are rich? What makes one poor? Who is in the middle?</li> <li>• How do you know if someone is wealthy? What do they own or have that suggests they are wealthy (e.g., livestock, land, electronic goods)?</li> <li>• What are the flows of money in the community?</li> <li>• Do most wealthy households have family members who live outside of the camp or community?</li> </ul> <p>For each group, identify where they get the assets that distinguish them as wealthy.</p>	<p>Households that are doing well and have members living and working in outside communities may be receiving external support. However, more impoverished households may be receiving support because their remitting family members know they are struggling.</p> <p>Findings from a wealth analysis should be used to inform additional visual assessments.</p>

## Assess Household Composition

Description	Methodology	Interpretation
<p>Learn how household composition has changed over time and identify migration patterns.</p>	<p>Ask households:</p> <ul style="list-style-type: none"> <li>• Who lived with you before the conflict/disaster? During the crisis? After the crisis? Who lives with you now?</li> <li>• If a member is no longer living in the household or in the community and is still alive: Where does your _____ live now?</li> <li>• Learn how they communicate with this family member: Do you get to speak with _____? How do you learn how they are doing?</li> <li>• Learn if their family members come to visit: Do your _____ ever visit? If so: When _____ come to visit, do they bring things from outside? Like what (e.g., food, clothes, building supplies)?</li> </ul>	<p>Family members who no longer live in the community may be remitting.</p> <p>Households receiving gifts may not think of these in-kind contributions as remittances. Asking about what gifts family members bring home will help elicit this information.</p>



In addition to displaced people, discussions with fellow staff members, colleagues from other organizations and other people living and working in the community can lead to insights regarding remittance flows. The following table provides example questions and tips.

Alternative Sources of Information		
Whom to interview	Sample Questions	Tips
Agency staff	<p>Initiate conversations with colleagues to broaden and verify your knowledge of remittances. Ask:</p> <ul style="list-style-type: none"> <li>• What signs have you seen that people are receiving cash or goods from outside the camp?</li> <li>• What kinds of goods do you see people purchasing or receiving?</li> <li>• Where are these goods coming from?</li> <li>• Do you know if people are saving? How are they saving?</li> </ul>	<p>Staff knowledge will vary depending on their previous experience, country of origin and relationship with displaced people. Be aware of potential biases.</p>
Local Informants	<p>Discuss remittances with local people involved in economic activities. Ask:</p> <ul style="list-style-type: none"> <li>• Can you tell me about the kinds of goods you, and people you know, transport to this camp/ community?</li> <li>• Do you or people you know help transport goods or money for other people?</li> <li>• Where do you purchase goods you bring to the camp?</li> <li>• Where are the closest banks or wire transfer companies?</li> <li>• Do people in this community/ camp receive money or gifts from family members outside? If so, how, and what kinds of things?</li> <li>• What do you think people in this community/camp do with the money they receive from outside?</li> <li>• How do people in this community/ camp get the resources needed to start their businesses?</li> </ul>	<p>Local merchants and traders are likely to know what is coming in and going out of a camp or community. Questions about cash and in-kind remittances should be indirect and embedded in other discussions. Assess local political dynamics to ensure conversations will not increase the vulnerability of remittance recipients.</p>

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## DESIGN

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### PROVIDING PROGRAMS TO SUPPORT REMITTANCES AND LIVELIHOODS INVESTMENT

Program design should be centered around supporting members of the displaced community who receive remittances to leverage these resources in a way that will lead to sustainable livelihoods and long term security. However, programs should not be exclusive; they should also include displaced members of the community who do not receive remittances so they too can benefit from support to build their livelihoods and make choices that will facilitate self-reliance. The inclusion of the larger community also helps ensure the anonymity and security of remittance recipients. Programming related to remittances must be appropriate for the context and needs of program participants.

### FINANCIAL EDUCATION

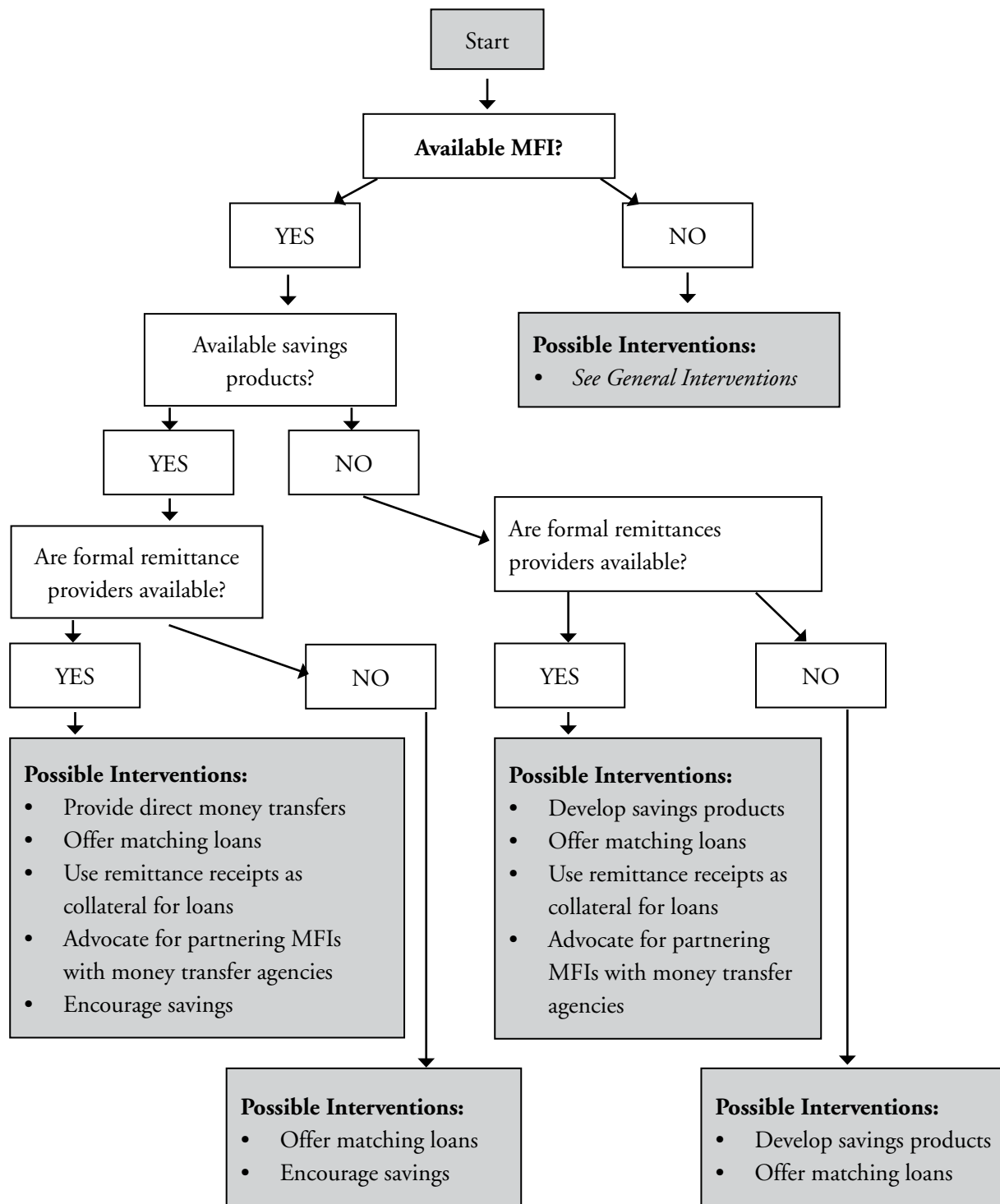
Financial literacy is low in many communities, particularly in weak cash economies with low levels of education. Financial education programs can be useful for both remittance recipients and nonrecipients and should combine basic financial literacy and budgeting skills with information about formal and informal savings, insurance and investment mechanisms. Discussing the long term impacts of different kinds of investment and providing good practice examples can help displaced people think differently about their resources and livelihood strategies, and be prepared to mitigate shocks in the future.

### MICROFINANCE INSTITUTIONS

In environments where cash remittances are received regularly and in greater volume, microfinance institutions can expand their clientele and the services they provide. They can also provide products that help remittance recipients save, invest and leverage the funds they receive even if they cannot access formal transfer systems. MFIs can provide hard-to-reach clients with a quality product at a lower cost and help clients build a safety net. (*See Microfinance Interventions chapter.*)

The diagram below details possible interventions that are meant for communities with MFIs that are also receiving cash remittances. Interventions are divided between communities with access to formal transfer systems and those without access.

Flow Chart: Financial Interventions



Where formal remittance providers exist, agencies can advocate for partnerships between MFIs, banks and money transfer operators to make transfers cheaper, faster and more accessible; increase savings rates of remittance recipients; and provide them with access to additional financial services. Such partnerships not only benefit remittance recipients, but also enable money transfer operators to expand their services into rural or difficult-to-access areas. Partnerships also allow MFIs to grow and attract clients to other services they provide.

Partnerships with money transfer operators and MFIs may allow for funds to be directly used for building supplies or other items, startup capital, education or otherwise inaccessible goods that can facilitate investment. Funds may also be combined with matching grants. These arrangements increase the security of transactions.

There is scope for MFIs to leverage remittances to develop savings and insurance products and offer matching loans to recipients of informal remittance transfers so that they can benefit from these services as well. Microfinance institutions also benefit from the growth of their client base. It should be noted that savings products have often had conditions that reduce clients' ability to make autonomous decisions, thus making them unattractive. Therefore, good programming provides savings products that are accessible to poor clients, are relatively liquid and have very low or positive interest rates.

Microfinance products should be accompanied by business development services that will enable successful enterprise development. Such services may include technical assistance and business advice, market linkages and infrastructure development.

#### CASE STUDY

##### Combining Microfinance Products with Remittances<sup>22</sup>

A Haitian MFI, *Fonkoze*, requires senders to deposit money into a savings account. Although the client is free to withdraw the whole amount, the organization reports that clients often choose to leave savings in the account, withdrawing money over time. This promotes further transfers for recipients, and gradually builds remitters' savings. An MFI in Guatemala, *Salcajá*, has expanded its services by offering remittance recipients pension funds, life insurance, small business credit and various savings packages, all of which may help strengthen livelihoods.

If formal money transfer services are available, it is possible, as the below case study shows, to use remittance receipts as collateral for loans.

**CASE STUDY****Using Remittances as Collateral<sup>23</sup>**

In 2008, Habitat for Humanity launched pilot programs in Nicaragua and El Salvador allowing participants to leverage their remittances to receive loans to repair their homes. Women whose husbands have emigrated for work have limited proof of income, and women often lack livelihoods that would permit them to make loan repayments. MFIs are therefore wary of remittance recipients whom they perceive to be risky borrowers.

To encourage MFIs to provide loans, Habitat for Humanity promised MFIs a portion of the loan repayment if a loan is not repaid, thus lessening their risk. Habitat for Humanity identified robust MFIs sharing similar values, and held focus groups with their clients in order to assess their needs and adapt the program to local needs. Promoting the possibility of using remittance receipts as collateral was done through word of mouth, brochures, radio advertisements and SMS (text) messages.

In order to receive a loan, families are asked to provide at least three recent receipts from formal remittance transfers and must be vetted by the MFIs' standard social assessment processes. Initially, clients receive small loans with shorter repayment periods, but as they prove they are reliable, loan sizes and repayment schedules increase. Over time, as clients build a credit record, the insurance mechanism provided by Habitat for Humanity to the MFI will no longer be needed.

Loans are used for such home improvements as replacing/improving roofs, walls or floors. Habitat for Humanity assists by purchasing building supplies and arranging labor-helpful services for female household heads who may feel uncomfortable, unsupported or unqualified to do so alone.

## ENCOURAGING SAVINGS AND ASSET AND BUSINESS INVESTMENT

Livelihoods programming that encourages business development can help recipients invest remittances. Galvanizing remittance savings has the potential to decrease their use for consumption, protect against theft, encourage investment and guard against the shocks of displacement and conflict. Possible informal savings mechanisms include Accumulating Savings and Credit Associations, annual savings clubs and door-to-door deposit collectors. Entrepreneurship and business investment should also be supported. (*See the Microfinance Interventions and Enterprise Development chapters.*)

### CASE STUDY

#### Investing Remittances in Kenya<sup>24</sup>

A refugee in the Hagadera camp in Dadaab used money received from a cousin in Canada to buy computers and to provide local computer training for Somali refugees. The business thrived as many refugees, youth in particular, were very concerned about the lack of educational opportunities and thus were eager to pay for his services.

In such a circumstance, agencies should elicit feedback from the community and assess the possibility of supporting such initiatives, as they have the potential to improve the livelihood opportunities of other refugees by providing ancillary resources.

## MATCHING GRANTS

Organizations may also help leverage remittances and build upon existing capacities by offering matching grants, and permitting households receiving relatively small amounts of cash or in-kind remittances to increase the amount they are able to invest in livelihood activities. Nonrecipients of remittances—whether or not they have savings—should also be offered this service. For privacy and security, as above, programming must not visibly distinguish between remittance recipients and nonrecipients.

There are drawbacks, however, to matching grants. Practitioners should use them with caution, as they can create dependency on free money, make participants reluctant to take out microloans and can prevent participants from building a credit history.

## CREATING AN ENABLING ENVIRONMENT FOR PROGRAM SUPPORT OF REMITTANCES

In addition to supporting livelihoods development through remittances, practitioners should work to facilitate the transfer of remittances.

## INVESTING IN COMMUNICATIONS INFRASTRUCTURE

Remittance flows can be limited by inadequate technology and infrastructure. Improvements in banking systems, information and communication technology (ICT) facilities, roads and postal services can help recipients to receive in-kind and cash remittances and communicate with their remitting family members. Recent improvements in transfer systems have made it possible to remit funds through mobile phones or the Internet. Increasing access to these services—and training in how to use

them, for all groups—may help recipients receive funds in a fast, inexpensive and secure manner, as well as access financial products more easily.

#### CASE STUDY

##### Answering Local Demands— Communication Centers<sup>25</sup>

In the Ghanaian refugee camp of Buduburam, a number of Liberian refugees who receive remittances from family or friends in the U.S. have used them to invest in businesses or pay for emergency expenses. Communication centers and mobile phones are commonplace, and calls to the U.S. are frequent. However, lack of camp facilities obliges refugees to travel to the Ghanaian capital, Accra, to access Internet cafés. The need for communications facilities is critical, particularly as displaced people use them in order to contact remitting relatives.

Agencies should respond to the demand demonstrated by inclusive and community-wide assessments by implementing programs to support communications that facilitate remittances. Aiding entrepreneurs to provide email and telephone services in camps has multiple benefits: encouraging investment for local economic development; enabling more displaced people to seek outside assistance; providing communications services for those whose physical inability makes travel difficult; and reducing transportation costs.

#### CASE STUDY

##### Conflict Disrupts Remittance Flows in Darfur

Conflict in Darfur has interrupted remittance flows and existing livelihood strategies used by IDPs. Prior to the conflict, cash and in-kind remittances were usually transferred through third parties to friends and family in Darfur on market days from other parts of Sudan, as well as from Libya, Egypt, Saudi Arabia and Iraq. As a result of the prolonged conflict, communication is limited, markets are not functioning, travel is unsafe and regional IDP labor migration has been greatly reduced. Remittances have been widely disrupted due to insecurity, border closures, restrictions on the movement of people and goods, bank closures, deteriorating communications, loss of contact among relatives following displacement, reduced income to pay for transportation to leave Darfur, conscription pressures on men and high inflation.<sup>26</sup>

Darfuri migrants have long sought work in Libya, which provides more labor opportunities than any of Darfur's neighboring countries. Despite the distance of more than 1,000 miles, labor migration to Libya has been a livelihoods strategy in all regions of Darfur. There are no official figures available, but there may be up to a quarter of a million Darfuris in Libya. Conflict in Darfur and closure of the border in 2003 has limited established trade routes, remittance flows and communication. Despair among Darfuris has resulted, due to the loss of contact and uncertainty about family members in Darfur, the difficulty of returning to Sudan and the threat of detention.<sup>27</sup>

To improve the flow of vitally needed remittances to Darfur, international actors should discuss how to open the border, ensure safety of transportation links, improve communications between Darfuri migrants and their families and provide mechanisms for family tracing.<sup>28</sup> The experience of Darfur demonstrates that “any strategy for longer-term recovery needs to look beyond the area itself to diasporas in first, second and even third destination countries, and consider the role of economic migration and remittances and how to facilitate” their flow.<sup>29</sup> Aid actors can also play a useful role in advocating for and supporting policies to enable migration and remittances.

### ADVOCACY

Fees attached to formal remittance transfers can be high, reducing the overall value of the amount received. Advocating on behalf of remittance recipients to local, national and international financial institutions, organizations and governments to lower transfer fees, increase access to financial services, improve security and facilitate transportation and communications is vitally important. Such advocacy may improve opportunities for all members of the community seeking to build savings and develop livelihoods, not just displaced households receiving remittances.

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## IMPLEMENTATION

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### ONGOING MONITORING

Ongoing monitoring is needed to identify changes in social dynamics, remittance flows, savings and consumption patterns, infrastructure, government policy, conflict and the security of remittance recipients. A time line for monitoring and evaluation should be created. Frequent evaluations are essential to ensuring that programs leverage remittances, reduce vulnerabilities and identify unintended consequences that may increase insecurities and interrupt transfer flows. Findings should be used to inform and adjust further programming.

While conducting ongoing monitoring, it is important to consider how programs have affected:

- vulnerable households that appear to be remittance recipients;
- remittance flows;
- consumption patterns;
- community savings and investment rates;
- individual, household and community security;
- inequalities within the community;
- social perceptions of remittances;
- relations with outside communities;

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### UNINTENDED CONSEQUENCES

Project monitoring should seek to identify and remedy unintended consequences that may have occurred. These may include:

- **Interruption of existing remittance flows**  
Programs or assessments that intentionally or unintentionally make informal money transfer



systems public may disrupt them or make transfers insecure.

- **Increased insecurity for recipients**  
If programs or assessments expose remittance recipients, they—as well as relatives and neighbors—may be more vulnerable to theft. In addition, if savings programs are run poorly, they can increase participants' vulnerabilities and cause distrust in banking systems.
- **Prolonged conflict**  
If programs that facilitate flows or increase investment and savings rates are utilized by political groups, they may potentially prolong conflict, increase community insecurity and harm vulnerable and marginalized groups.
- **Decreased efficiency**  
Encouraging remittances through formal transfer systems may inadvertently increase costs, reduce speed of delivery and hinder informal transfer systems. Well-functioning informal systems may be the most efficient means of transferring funds. However, remittance senders and recipients may only have access to one of the two transfer systems, and when they have a choice, they will ultimately decide which method they trust and which suits their interests.
- **Increased community inequality**  
Enabling recipients to save and invest may increase inequalities between those who receive remittances and those who do not. Household inequalities should be considered in aid distribution.
- **Dependence on remittances**  
Encouraging remittance flows without providing financial education may lead recipients to neglect other means of creating livelihoods and increase their dependence on remittances for living costs.

- **Increased vulnerability for senders**

Programs that encourage remittance recipients to request more funds can increase migrants' and/or resettled refugees' vulnerabilities by increasing their financial obligations. If remitters believe that requests for additional support are unjustified, they may also cease to remit funds.

Unintended consequences may not always be evident or easy to assess since livelihood programs that utilize remittances have an impact on both recipients and remitting migrants. Onerous burdens on resettled refugees who send remittances can impact their security and stability, and hinder their ability to assist displaced family members over the long term.

#### CASE STUDY

##### Remittance Burdens for Sudanese Refugees Resettled in the U.S.<sup>30</sup>

A Dinka man resettled in the U.S. was found to be providing remittances to 24 recipients in Sudan, and indirectly supporting another 38 individuals in Uganda, Libya, Egypt and Kenya. Six of his relatives whom he supports require \$400 USD per month. This Sudanese remitter is only able to send money to the other recipients on a bimonthly or more sporadic basis due to his lack of financial stability. Most recipients are in asylum host countries, where there is limited humanitarian assistance, which may account for increased demand for remittances.

## CASE STUDY

### Dependency on and Inefficiency of Remittances<sup>31</sup>

A Somali woman, resettled in Minneapolis, who regularly sent remittances to her family decided to cut her assistance in half after visiting her relatives in Somalia. She was disappointed to realize that the total of \$800 USD per month she sent to different family members was not being spent on basic needs or livelihoods development. She chose to stop sending assistance to her brothers due to their imprudence with her remittance funds. She purchased beds for her brothers' children while she was in Somalia, resolved to send \$200 to her father for his and her epileptic brother's needs, and another \$200 to her father's cousin on the condition that he spend three-quarters of it on her nephews and nieces.

The misuse of financial support is damaging to both displaced remittance recipients and remitters. Programs that facilitate the use of remittances to consistently encourage financial independence will help keep all members of transnational networks secure.

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## LEARNING FROM GOOD PRACTICE

Although remittances sent from resettled or repatriated refugees and/or labor migrants have long been used as livelihood strategies by displaced households, only in recent decades has the scale of these transmissions received recognition as a development tool. There are few established programs in conflict settings that seek to leverage the impact of remittances and to reduce vulnerabilities. The interventions described in this chapter are first steps towards maximizing the impact of remittances through savings, investment and targeted aid. Much more needs to be learned about the roles assumed by diaspora groups and migrant communities from countries in crisis.

## THE IMPLICATIONS OF REMITTANCES FOR HUMANITARIAN ACTION

A two-year study of the impact of remittances, *Remittances during Crises: Implications for Humanitarian Response*, largely based on case studies in six disaster- and conflict-affected countries, was carried out by the Overseas Development Institute in the UK, in conjunction with members of the Research Consortium on Remittances in Conflict and Crises.<sup>32</sup> The report concluded:

- Aid agencies need to understand remittances as part of pre-disaster livelihoods.
- In assessments, agencies need to understand how remittances have been disrupted by crises.
- There is a strong argument for investing more in support for family tracing.
- There should be a focus on supporting the restoration of communications systems after disasters, and enabling people to get in touch with relatives.
- Migrant and diaspora populations may also

benefit from support, which might include information about how to contact people and send assistance and support to return home.

- Remittance companies could be encouraged to waive or reduce fees after quick-onset disasters.
- Agencies may need to advocate for governments to respect international humanitarian, human rights and refugee law, particularly with respect to freedom of movement.
- Remittance channels may provide mechanisms for aid agencies to transfer resources to pay staff or provide cash payments to disaster-affected populations.
- Humanitarian assistance should be provided in ways that enable people to complement it with their own resources. The choice and flexibility provided by cash grants may be particularly appropriate.
- Care should be taken in imposing work requirements and in the timing and location of distributions to allow for the fact that migration is often a key part of livelihood strategies.
- Refugee policies that enable local integration, allow freedom of movement and respect rights for employment are desirable for many reasons, but could also enable refugees to become remittance senders as well as receivers.<sup>33</sup>

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## PREPARING RESETTLED REFUGEES FOR FUTURE FINANCIAL OBLIGATIONS

Refugees being prepared for third-country resettlement can expect to bear the same financial obligations as those who migrate to find work. Since supporting family members may be a lifelong commitment, sending remittances may prolong vulnerabilities long after migration and resettlement occurs. These hardships can be unexpected and may cause financial and emotional strain. Financial

education courses should prepare displaced people to make informed decisions about budgeting and protecting their own livelihoods while also addressing the best strategies for channeling remittances and maximizing their use.

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## ENCOURAGING COLLECTIVE REMITTANCES AND MIGRANT INVESTMENT

Engaging identified diaspora communities can help increase the long term effectiveness and impact that remittances have on communities at large. Donors are increasingly interested in helping harness remittances toward collective livelihoods support programs and reducing transaction costs. A report by the UK Department for International Development (DFID) found that specialist money transfer companies are generally cheaper than banks for migrants sending money home.<sup>34</sup>

In many countries, especially in Latin America, hometown associations have been formed to facilitate collective investment in development projects. By allocating a small part of what they would send home, migrants who join HTAs hope to reduce household and community dependence on remittances. Skills transfers may be arranged where migrants return to their community of origin to help build local capacities by training local workers and working with local organizations. In countries largely dependent on remittances, these programs have often been encouraged by governments. Since HTAs may not have the expertise or technical skills to make community development investment decisions, forming inter agency partnerships may allow for technical assistance to be provided to them.

## CREATING INTRA- AND INTER-AGENCY NETWORKS

Creating networks among organizations involved in humanitarian aid, resettlement and advocacy, and building partnerships between them and financial and communications institutions have the potential to increase the developmental impact of remittances.

### CASE STUDY

#### **Western Union and Mercy Corps Partner to Provide Financial Education to Leverage the Impact of Remittances<sup>d</sup>**

In 2007, Western Union established a charitable initiative, "Our World, Our Family," selecting Mercy Corps as its first humanitarian partner. The focus of the five-year, \$50 million program is on increasing economic growth through providing financial education and global economic opportunity programs. The project aims to improve financial literacy by providing tools and resources, and connecting households and communities with the global economy, all in an effort to leverage the impact of remittances sent around the world.

Agencies providing humanitarian aid and resettlement services may decrease vulnerabilities by helping to facilitate transnational networks to harness the use of remittances. By improving communications and remittance services between groups, agencies have the opportunity to reduce costs and increase security. Such partnerships may drive innovations to help resettled refugees and communities to invest or encourage livelihood investments in their places of origin. By educating both recipient and resettled communities, creating investment opportunities, facilitating direct purchases and/or creating matching grant programs, organizations can use intra-agency networks to maximize remittances and reduce dependence. Some organizations have begun to consider linkages between their refugee and resettlement units that could facilitate programming in this area.

## EVALUATION

An ongoing evaluation process enables practitioners to adjust programs and anticipate and address any unintended consequences. Measuring the positive and negative impacts of remittances programming must be done sensitively. It is critical to assess whether all groups in displaced and local communities, including those that do not receive remittances and vulnerable groups, have been involved in all program stages. Other stakeholders who should be involved in monitoring and evaluation include aid agencies, community-based organizations, government agencies and finance organizations.

Important questions to ask:

- How are remittances spent?
- Are remittance transfers efficient and secure?
- Are they funding consumption needs or building future livelihoods security?

- Are remittance recipients utilizing funds and resources to invest in the development of their livelihoods?
- Are there measurable increases in self-sufficiency? Are remittances improving people's long term economic opportunities?
- Are programs improving the decision-making power of women and vulnerable groups to reduce dependence and insecurity?
- Has the whole community benefited, or are remittance programs simply benefiting recipient households?
- Are program goals being met? Are anticipated time lines realistic?
- Are programs causing inequality and tension by focusing on remittance recipients?
- Have remittance programs promoted peace and reconciliation?
- What are the intangible benefits of the intervention? Can they be measured?

Evaluations should seek to understand the evolving dynamics that arise with remittances due to their sensitive nature and their reliance on transnational networks for livelihoods development.

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# Tools and Approaches

The tools and approaches provided in this section are designed to follow the guidance of the Conceptual Framework and accompany the steps recommended in each of the field manual chapters.

The following pages provide guidance to practitioners assessing the appropriateness of a potential livelihoods intervention based upon the displacement context; the needs and priorities of the target population; information about market and labor market demand; their agency's capacity to develop and implement such an intervention; and monitoring and evaluation processes to understand program impact. The resources have been compiled and developed from work of the Women's Refugee Commission and from various organizations that have designed strong tools for use in the field.

A number of helpful resources that have not been included in detail are referenced following each of the tools. Further resources are included at the end of this section.

The tools and approaches in this section are as follows:

- Situation Analysis
  - » Conflict Analysis
  - » Participatory Needs Assessment
  - » Participatory Rural Appraisal
- Market Assessment
  - » Value Chain Analysis
  - » Labor Market Assessment
- Organizational Capacity Assessment
- Monitoring and Evaluation



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# Situation Analysis

Action for the Rights of Children defines situation analysis as “the process of assessing a complex situation within its wider context, systematically gathering information, identifying the main problems and needs within a refugee population, identifying the principal resources contained within that population, and analysing the information gathered in order to facilitate the process of planning in a systematic, strategic and integrated manner.”<sup>1</sup> Situation analysis “differs from the narrower concept of needs assessment in that it has a broader scope...in its focus on the wider context and in identifying refugee capacities and resources as well as problems and needs.”<sup>2</sup>

In order to frame the context for a livelihoods intervention, it is critical to conduct a situation analysis that gathers population profiles and data from existing secondary sources and involves the participation of displaced populations. Action for the Rights of Children recommends that practitioners conduct a situation analysis as the initial step of a livelihoods intervention. Participants in a situation analysis should include the UN High Commissioner for Refugees (UNHCR) and other UN agencies, international nongovernmental organizations (INGOs), nongovernmental organizations (NGOs), community-based organizations (CBOs), the host government and government of the country of origin, local communities in the host country, and refugees and internally displaced persons (IDPs).<sup>3</sup> While situation analysis should be an ongoing process, it should be undertaken at the onset of an emergency as well as during the following strategic stages:

- toward the end of the emergency phase
- when large-scale repatriation is being considered
- when there is a new influx of refugees or major program changes
- when it becomes clear that refugees are likely to spend an extended period of time in a camp.<sup>4</sup>

## Important Principles in Conducting a Situation Analysis

Situation analysis requires collecting good and reliable information. In an emergency, it is not possible to plan programs on the basis of complete or entirely accurate information, but the following will help increase the reliability of information gathering:<sup>5</sup>

- Information gathering needs to be **systematic**—the attempt to develop understanding by examining a situation fully and not from a single, personal viewpoint.
- A mixture of **quantitative and qualitative** information gathering is usually required.
- It is important to **avoid making assumptions** without carefully checking them out.
- Information can be **cross-checked** (sometimes referred to as triangulation) by collecting information in different ways, for example:
  - » by using **different tools and techniques**
  - » by using **information from different sources**.
- By self-consciously **identifying possible sources of bias and error**, their effects can be minimized.
- It is important to guard against the possibility of refugees giving **inaccurate information**: for example, the fact of an unrelated child having been taken into the family may be concealed because of fears that his/her ration card might be withheld. Political considerations may also result in people giving false information.
- Making the process of assessment **transparent** (i.e., sharing your observations, perceptions and understandings) with the refugees helps to avoid the dangers of missing certain key items of information, and of misinterpretation of the data.
- Certain **ethical principles** should be upheld. These include:
  - » obtaining parental or family consent before interviewing children

- » preserving confidentiality of personal or sensitive information
- » taking care not to raise people's expectations unrealistically that assessment will result in particular benefits to them.<sup>6</sup>

Situation analysis in UNHCR comprises three closely interlinked phases:<sup>7</sup>

### • Phase 1: Analysis of existing information

All available information on a particular situation concerning refugees, internally displaced persons, and/or returnees is gathered from a wide range of internal and external sources, including Country Reports, Annual Protection Reports, the proGres database (Project Profile), and Standards and Indicators Reports, as well as from political and legal documents and reports produced by other organizations/partners. The information thus collected should be reviewed from an age, gender, and diversity perspective.<sup>8</sup>

### • Phase 2: Participatory assessment

Structured discussions are organized with refugee women, girls, boys and men of all ages and backgrounds, providing them with an opportunity to explain the protection risks they face and to participate as partners in the design of programmatic responses to issues affecting their lives.<sup>9</sup>

### • Phase 3: Participatory planning

A planning meeting takes place to prepare the annual Country Operations Plan for submission to UNHCR headquarters. Participants include donors, host government authorities, implementing and operational partners and refugees.<sup>10</sup> Together, they review and analyze the information available and develop the operational objectives at the country level.<sup>11</sup>

Figure: UNHCR – Situation Analysis<sup>12</sup>**Phase 1****Analysis of existing information**

- Socioeconomic, political, and legal context
- Population profile—demographics and diversity
- Standards and Indicators Reports
- Country Reports
- Annual Protection Reports
- Other agency/partner reports

**Phase 2****Participatory assessment**

- Structured dialogue with refugee/internally displaced/returnee women and men, girls and boys of different backgrounds to:
  - » identify protection risks and assistance needs
  - » identify root causes of protection risks
  - » identify community capacities and resources
  - » discuss solutions and priorities

**Phase 3****Participatory planning**

Government counterparts, implementing and operational partners, and refugee/internally displaced/returnee representatives to:

- review and analyze information gathered
- define protection strategies
- design programmes with:
  - » protection-focused objectives
  - » community-based activities
  - » age, gender, and diversity indicators

**Outputs**

Protection strategy  
 Annual Protection Reports  
 Country Reports  
 Detailed project submissions  
 Subagreements with partners  
 Country Operations Plan

**Outcomes**

Results-based management  
 Rights-based and community-based approaches  
 Age, gender, and diversity analysis

The UNHCR figure above demonstrates data collection from existing secondary sources, coupled with participatory assessment and participatory planning and the resulting outputs and outcomes. For economic programming, situation analysis will include available data on jobs and markets; the condition of necessary infrastructure; access to markets; a profile or mapping of the population; interviews with key informants; and a participatory assessment with the target population, all of which are consolidated and analyzed to inform appropriate programming.

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# Conflict Analysis

Livelihood interventions in settings of conflict or post conflict will have positive and/or negative impacts. As with all humanitarian aid, livelihoods programming is never neutral.<sup>1</sup> In designing and implementing a livelihoods intervention, it is critical to assess whether the program may perpetuate or renew the conflict, perpetuate the “war economy” or, alternatively, mitigate the conflict and help promote or build peace. Practitioners should conduct a conflict analysis to understand the security context; the effect the conflict has had on the local and displaced populations; the vulnerabilities displaced people are exposed to; and the appropriateness and sustainability of various livelihood interventions, given the conflict and security situation.

The World Bank’s Conflict Analysis Framework (CAF)<sup>2</sup> was designed to analyze conflict at the country level, and includes a risk screening process to determine whether a conflict analysis should be conducted, based upon a number of indicators.

1. **History of conflict.** If a country has experienced violent conflict in the past 10 years, there is a high possibility of recurrence of conflict.
2. **Income per capita.** Countries with low per capita Gross National Incomes are more likely to experience violent conflict.
3. **Primary commodity exports.** Countries with a high dependence on primary commodity exports face a higher risk of experiencing violent conflict.

#### 4. Regime instability.

- **Transformation of state structure.** Restructuring of the state at frequent intervals signals serious instability and the likelihood that violence may be employed to bring about systemic changes.
  - **Political instability.** Political instability may occur in democratic and nondemocratic societies. It can take the form of disregard for civil liberties and political rights and/or a breakdown of law and order. In terms of their link to violent conflict, these two aspects can occur in tandem or independently.
5. **Militarization.** Countries may have high defense spending as a share of gross domestic product (GDP), and large armies as proportion of their population. Militarization may also include the availability of arms and the existence of armed nonstate actors, such as rebel groups, local militias and warlords. These factors suggest the likelihood of emerging or escalating violent conflict.
6. **Ethnic dominance.** When one ethnic group controls state institutions and/or the economy, there is a high risk of outbreak of violent conflict.
7. **Active regional conflicts.** Regional conflicts are likely to have a cascading effect, such that the internal stability of a country is threatened, increasing the probability of violent conflict.
8. **Youth employment.** Youth employment (especially for males) can have a critical bearing on the probability of violent conflict. Lack of jobs and opportunities tend to create frustration, making unemployed youth prime candidates for recruitment by militant organizations with funds and arms at their disposal.<sup>3</sup>

The World Bank's Conflict Analysis Framework identifies some of the drivers of conflict. In a similar vein, the Department for International Development (DFID) in the United Kingdom suggests taking into account multiple sources of tension—security, political, economic and social—

all of which have bearing on the probability and dimensions of conflict. DFID provides examples of the sources of tension and conflict that should be considered when conducting a conflict analysis.<sup>4</sup>

#### Security

- Security forces have limited capacity and are weakly controlled
- Human rights abuses from security forces/armed groups
- High levels of military spending
- Presence of nonstate military actors
- Poorly controlled/contested borders
- Unstable regional/international context (e.g., political changes in neighboring countries)
- Legacy of past conflict
- Proliferation of light weapons

#### Political

- Weakly institutionalized/unrepresentative political system
- Lack of independent judiciary
- Lack of independent media and civil society
- Corruption
- Weak political parties
- Lack of popular participation, and gender imbalance, in political and governance processes
- Flawed election processes
- Political exploitation of ethnic/religious differences
- Systems for managing conflict weakly developed
- Weak and uncoordinated international engagement
- Destabilizing role by diaspora populations

#### Economic

- Economic decline: trends in poverty, unemployment, inflation, food security, access to social welfare
- Widening economic disparities—growing

Gini coefficient<sup>1</sup>—based on regional or ethnic divisions

- Macroeconomic instability
- Shift to destabilizing external investment patterns or destabilizing international economic policies
- Increasing competition over shared resources
- Growth in black market/illegal activities and parallel nonformal economies
- Development of war economy

#### Social

- Social exclusion
- Legacy of unresolved ethnic conflict
- Absence of crosscutting social and civil society organizations
- Tensions over language, religion, ethnicity
- Failure of dispute resolution mechanisms/ decreasing legitimacy of customary authorities, such as national and local government bodies<sup>5</sup>

Finally, the Swedish International Development Cooperation Agency (SIDA) has developed guidance to understand the context of actual conflict and how this can inform long-term planning.<sup>6</sup> Conflict analysis at the strategic level should address the following questions:

#### Analyzing Structures

- What are the key sources of tension and the underlying structural causes that could lead to structural instability in the society (e.g., poverty, economic inequality, poor governance, lack of democracy, uncontrolled spread of small arms, human rights violations, and scarcity of natural resources)?

- What structural factors can be regarded as promoting peace (e.g., low levels of corruption, functional social safety nets, independent judiciary, and military forces under civil democratic control)?
- What is the government's institutional capacity to respond?<sup>7</sup>

#### Analyzing Actors

- Who are the key actors (individuals, groups and institutions)?
- What are their interests?
- What are their power bases and resources?
- What are the roles of men and women in this conflict situation? What are their specific needs, interests, and potential strengths?<sup>8</sup>

#### Analyzing Conflict Dynamics

- What events, actions, and decisions can be identified as actual or potential trigger factors?
- What consequences have these trigger factors had or will they have on structural causes and key actors?
- What is/are the main mechanism(s) driving the conflict: for example, structural instability, struggles for power and influence, security dilemmas or a combination of the above?<sup>9</sup>

Through analysis of the risks and drivers of conflict as well as the sources of tension—coupled with an analysis of the structures, actors and dynamics of conflict—local and regional stability and security can be determined. On the basis of this, NGO practitioners can identify whether programming is advisable and, if so, which economic interventions are possible and likely to be sustainable in the given context.

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1 The Gini coefficient is a measure of statistical dispersion most prominently used as a measure of inequality of income distribution or inequality of wealth distribution. It is defined as a ratio with values between 0 and 1: A low Gini coefficient indicates more equal income or wealth distribution, while a high Gini coefficient indicates more unequal distribution. 0 corresponds to perfect equality (everyone having exactly the same income) and 1 corresponds to perfect inequality (where one person has all the income, while everyone else has zero income).

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# Participatory Needs Assessments

All livelihood interventions should be informed by a participatory needs assessment that takes into account the diverse—and sometimes multiple—livelihood strategies that displaced households develop in order to meet their needs. The needs, priorities, goals and concerns of the displaced community should be expressed directly by the members of the community, and programming should reflect their needs and concerns. This leads to more effective programming while also building trust between program participants and aid agencies.

One example of a participatory needs assessment is the Household Economy Approach (HEA), developed by Save the Children UK, which:

is a livelihoods-based framework for analyzing the way people obtain access to the things they need to survive and prosper. It helps determine people's food and non-food needs and identify appropriate means of assistance, whether short-term emergency assistance or longer term development programmes or policy changes. It is based on the principle that an understanding of how people make ends meet is essential for assessing how livelihoods will be affected by wider economic or ecological change and for planning interventions that will support, rather than undermine, their existing survival strategies.<sup>1</sup>

HEA is an analytical framework, not an information collection method. It is meant to analyze:

1. how people in different social and economic circumstances get the food and cash they need;
2. their assets, the opportunities open to them and the constraints they face; and
3. the options open to them at times of crisis.<sup>2</sup>

Not only does understanding the needs and survival strategies of refugees and IDPs inform more effective programming, it also reveals areas of vulnerability and harmful coping strategies.

A participatory needs assessment should consult, where possible, all members of the displaced community—including women, young people, separated youth, older people, people with disabilities and those living with infectious diseases, and ex-combatants—whether in camps or settlements, or dispersed in urban areas. Community leaders should also be consulted. It is critical to conduct needs assessments in a manner that allows participants to speak freely, so it may be necessary for women and men to be interviewed separately or in confidential settings. Participatory needs assessments generally include focus group discussions, divided by age and gender to identify differing needs, as well as in-depth individual interviews and household interviews. The gender of the interviewer(s) should be taken into consideration, as it may influence participants' responses.

**When consulting members of the displaced community, ask:**

- How has the conflict/disaster affected your household's access to food, health care and sources of income, or your ability to send children to school?
- Are you able to meet your household's basic needs with the food and income accessible to you?
- What strategies are you using to cope with food and income insecurity? Are these strategies sustainable?
- Do you believe the coping strategies you are employing are putting you at risk or increasing your vulnerability to violence, abuse or exploitation?
- What are your greatest needs?
- Are you able to meet some of these needs? Which ones continue to be unmet?
- If you had access to income, what would you most likely spend it on?
- What food and nonfood items would help to meet your household's needs?
- What household assets would contribute to your household's well-being?
- How has displacement affected your livelihood? Do you have access to inputs (such as tools, equipment and seeds) necessary for you to continue your work? Do you see a demand for your skills in the displaced or local communities?
- What is the division of labor within your household?
- What responsibilities do the women and girls in your household have (e.g., cooking, cleaning, child care, caring for elders or those who are ill)? How much time must they spend on these responsibilities? Does this affect their ability to work outside the household?
- Has displacement or the lack of access to stable livelihoods led to an increase in domestic or gender-based violence? If female members of the household have become the primary income earners, is there an increase in violence against them due to the shifting of so-called traditional gender roles?
- Do women and men have the same access to existing services?
- Do women and men have the same decision-making power within the household?
- What are the special needs and abilities of older people and individuals with disabilities and illnesses that will enable them to achieve their livelihood strategies?
- What are the unique needs of ex-combatants reintegrated into the community in striving to achieve their survival strategies? Are they facing distinct obstacles in meeting their needs or accessing services?
- What economic programs do displaced people believe would best meet their needs?
- What skills and resources do the displaced possess that can help them become more economically independent?

**Questions for community leaders should include:**

- What members of the community are

- particularly vulnerable or have significant needs? What are the challenges they are facing?
- What kinds of assistance do these groups need?
  - How do these individuals/households meet their needs?
  - What coping strategies are they employing? Are these coping strategies putting them at risk for violence, abuse or exploitation?
- What were their livelihoods prior to displacement?
  - Which economic programs might best serve the community?
- See Save the Children table<sup>3</sup> below, Steps in HEA analysis with description and rationale.

**Table 2. Steps in HEA analysis with description and rationale**

	Steps in HEA	What is it?	Why is it needed?
<b>BASELINE</b>	<i>Step 1: Livelihood Zoning</i>	A deliniation of areas within which people share broadly the same patterns of livelihood	It provides a livelihoods-based sampling frame; allows you to target assistance geographically; and to customise indicators for monitoring systems.
	<i>Step 2: Wealth Breakdown</i>	A grouping of people based on local definitions of wealth and a quantification of assets.	It disaggregates the population into common “access” groups, which allows you to see important differences in households’ vulnerabilities to different shocks and to estimate numbers of people who will be affected by different changes.
	<i>Step 3: Analysis of Livelihood Strategies</i>	A categorisation and quantification of people’s sources of food and income, and their expenditure patterns, using a common currency.	It enables comparisons to be made across wealth groups and livelihood zones, facilitating prioritisation of resources. It also provides a starting point for outcome analysis.
<b>OUTCOME ANALYSIS</b>	<i>Step 4: Problem Specification</i>	Translation of hazard or other shocks into economic consequences at household level.	It allows you to mathematically link the shock (or positive change) to each relevant livelihood strategy.
	<i>Step 5: Analysis of Coping Capacity</i>	Analysis of the ability of households to respond to the hazard.	It helps you to determine how to support people’s own efforts, and to provide external assistance before households turn to damaging strategies; it highlights relevant indicators to monitor.
	<i>Step 6: Projected Outcome</i>	Prediction of the effects of the hazard in relation to a survival and livelihoods protection threshold.	It clearly predicts whether and when assistance is needed to help people survive and/or protect their livelihoods. It also models the potential beneficial effects of proposed policies or programs.

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# An Approach to Participatory Rural Appraisal

The World Bank provides some guidance on approaches to participatory rural appraisal (PRA). It defines PRA as: “a label given to a growing family of participatory approaches and methods that emphasize local knowledge and enable local people to make their own appraisal, analysis, and plans. PRA uses group animation and exercises to facilitate information sharing, analysis, and action among stakeholders. Although originally developed for use in rural areas, PRA has been employed successfully in a variety of settings. The purpose of PRA is to enable development practitioners, government officials, and local people to work together to plan context-appropriate programs.”<sup>1</sup>

Participatory rural appraisal evolved out of rapid rural appraisal (RRA), a pro-poor approach meant to reduce costs and appraisal time. However, with RRA, information is “elicited and extracted by outsiders,” whereas PRA seeks the involvement of the community.<sup>2</sup> Rapid market appraisal (RMA), another approach, is an extension of—or complement to—PRA, using some of the same techniques as PRA, and is meant to quickly gain and analyze information about market subsectors, constraints and opportunities. Participatory rural appraisals do not necessarily have to be conducted in rural or remote areas.

The World Bank’s key tenets of PRA include:<sup>3</sup>

- **Participation.** Local people’s input into PRA activities is essential to its value as a research and planning method and as a means for diffusing the participatory approach to development.
- **Teamwork.** To the extent that the validity of PRA data relies on informal interaction and brainstorming among those involved, it is best done by a team that includes local people with perspective and knowledge of the area’s conditions, traditions, and social structure and either nationals or expatriates with a complementary mix of disciplinary backgrounds and experience. A well-balanced team will

represent the diversity of socioeconomic, cultural, gender, and generational perspectives.

- **Flexibility.** PRA does not provide blueprints for its practitioners. The combination of techniques that is appropriate in a particular development context will be determined by such variables as the size and skill mix of the PRA team, the time and resources available, and the topic and location of the work.
- **Optimal Ignorance.** To be efficient in terms of both time and money, PRA work intends to gather just enough information to make the necessary recommendations and decisions.
- **Triangulation** [*synthesizing data from multiple sources*]. PRA works with qualitative data. To ensure that information is valid and reliable, PRA teams follow the rule of thumb that at least three sources must be consulted or techniques must be used to investigate the same topics.<sup>4</sup>

### Participatory Rural Appraisal Tools and Techniques

The **first step** in PRA is developing an understanding of the local displacement context, which will allow practitioners to design the most effective activities. For example, if the community is highly segregated by gender, interview groups may need to be divided by gender. If a large number of community members are illiterate, pictures may be a central technique. **Second**, PRA is often most effective when conducted at a relevant location so that real world examples can be readily accessed. For example, in a community that is interested in developing a project based on crop production, it may be most effective to hold meetings, focus groups and interviews in a post-harvest facility or field.

**Third**, the heart of PRA is community participation and teamwork; therefore, the facilitators should strive to be as unimposing as possible and allow the community to guide the techniques.

The Institute for Global Environmental Strategies (IGES) recommends the inclusion of the following techniques in PRA:<sup>5</sup>

1. **Secondary data reviews:** for example, books, files, reports, news articles, maps.
2. **Observation:** direct and participant observation, wandering, DIY (do-it-yourself) activities.
3. **Semistructured interviews:** this is an informal, guided interview session, where only some of the questions are predetermined and new questions arise during the interview, in response to answers from those interviewed. The interviewees may be: (1) individual farmers or households; (2) key informants; (3) group interviews; (4) community meetings; or (5) chains (sequences) of interviews. The interview is conducted by a multidisciplinary team of 2-4 persons and the discussion is led by different people on different occasions.
4. **Analytical games:** quick games to find out a group's list of priorities, performances, ranking, scoring, or stratification.
5. **Stories and portraits:** for example, colorful descriptions of the situation, local history, trend analyses.
6. **Diagrams:** including maps, aerial photos, transects,<sup>6</sup> seasonal calendars, Venn diagrams,<sup>7</sup> flow diagrams, historical profiles, ethno-history, timelines.
7. **Workshops:** Locals and outsiders are brought together to discuss the information and ideas intensively.<sup>8</sup>

The World Bank notes that mapping and modeling “are good techniques to start with because they involve several people, stimulate much discussion and enthusiasm, provide the PRA team with an overview of the area, and deal with noncontroversial information.”<sup>9</sup> Individual interviews may be better left until the end of the PRA as a way to follow up on the reasons for differences between preferences within the community.<sup>10</sup>

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- 8 See note 5.
- 9 See note 1.
- 10 Ibid.

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# Market Assessment

It is essential to conduct a market assessment before you select and develop the most appropriate livelihoods intervention. Market assessments identify supply and demand for goods and services, the viability of occupations and enterprises, and market capacities and trends in the local community. A number of economic, social, cultural, ethnic, political and environmental factors that influence the market at the local, national and international level must be identified. Depending upon the time and resources available to conduct a market assessment, a more in-depth assessment can be conducted or a rapid market assessment can be used to gain the essential information needed in order to decide upon and proceed with a livelihoods intervention. A rapid market “assessment should identify whether there are potential sustainable economic activities for small-scale producers in the target area, and what these are.”<sup>1</sup>

Market assessments should utilize observation and interviewing techniques. Careful observation of local economic activity should occur through visits to town centers, central business districts, local markets and key transport/trading hubs, and interactions between local sellers and producers.<sup>2</sup> Practitioners conducting market assessments should also interview: traders, producers and service providers; state and local government officials; and displaced and local members of the community, who may be attuned to local market demands. It is important to note that discussions about market demand and the potential for an increased supply of goods and services can be threatening to actors already involved in the market. Therefore, when consulting various actors, be sensitive to how your questions may affect a participant’s responses. In conflict or post-conflict settings, be aware of the potential for the presence of market actors (buyers, sellers, suppliers) who may be assisting or benefiting from the conflict economy, and who, in fact, may have been contributors to conflict or displacement.



**A market assessment must ascertain:**

- How developed are the regions around refugee and IDP camps and settlements?
- How are market demands changing? Seek to understand the rate of market change, particularly in a conflict or post-conflict setting. Transaction costs may be highly inflated immediately following a conflict, yet they tend to decrease as stability returns and infrastructure is rebuilt.
- What sectors are growing or in need of further development (e.g., industrial, agricultural, service)?
- What trends are emerging that may lead to new markets? How can these be anticipated and leveraged?
- What gaps exist in the market in terms of products and services?
- What kinds of investment, infrastructure and inputs are required to develop growing or reemerging industries?
- Are public-private partnerships—among government, NGOs and local, national and multinational companies—creating local economic development projects? Will these projects require a labor force?
- Is there recent or upcoming private sector investment that will require a labor force? Which particular skills or experience will be needed?
- How can current and planned development activities make use of local experience and institutions that will keep the benefits of economic development local?
- Is there any market instability? In what ways is the market vulnerable to shocks, seasonality and changing trends?
- Is the market unstable due to recent or ongoing conflict?
- What role does ongoing or recent conflict have on local economic activity? How are people vulnerable as a result of conflict? Do conflict and insecurity restrict the movement of people and products, and limit market access?
- What actors are involved in the conflict economy?

- What are the effects of any inflation and deflation on the local market?
- Are there any risks of market failure due to impacts such as large regional players and cheap imports?
- Are there government policies or restrictions that restrict market trade, such as taxes or tariffs?

**LOCAL MARKET ASSESSMENT OBSERVATION<sup>3</sup>**

- How dynamic is trade in the local market?
- What are the visible activities occurring in the market?
- What goods are produced within the area? What types of goods and services are traded?
- What goods are most in demand? What goods are overabundant?
- What primary commodities, processed products and semifinished goods are in demand by large retailers, wholesalers or processing companies in the region?
- Can the market withstand additional producers without a significant impact on prices?
- What goods are imported? What regions and/or countries are they coming from?
- How are goods transported in and out of the market? Is the infrastructure sufficient to allow vehicles to pass through the area and/or over the terrain?
- What sectors are the most competitive? What sectors are the least competitive?
- Which stalls or businesses have the most customers? What goods and services do they sell?
- Which stalls or businesses have the fewest customers? What goods and services do they sell?
- What impact does location within the market seem to have on the success of businesses?
- What actors participate in the trade of goods and services?
- Are traders working alone or collectively? Are traders locally based or are they from outside the community?
- What types of social services are available in the

area (such as health clinics, schools, counseling services, transportation)?

- What role do women play in the market? Do women own businesses?
- Are girls and youth present in the market? What roles do they play?

#### Questions for traders, producers and service providers include:<sup>4</sup>

- How long have you been doing this activity? Where did you learn your skills?
- Where do you get necessary inputs (e.g., tools, seeds, equipment) for your goods or services?
- Can you access inputs locally or must they be imported?
- Do you have any constraints to the production of your goods?
- Are there any problems with the market supply chain?
- What are the main problems you face in your activities and in the market?
- How do you secure tenure for your stall/stand/market space?
- What are the barriers to entry to selling at this market?
- What are the barriers to purchasing or bartering goods in this market?
- Are there parallel or underground markets that operate alongside this one? If so, what is traded in these markets?
- How do conflict and displacement affect the market and the activities that take place here?
- What is the age, gender, ethnic/social/religious makeup of people who sell here? Of people who buy here?
- Who owns the market?
- Is the market protected? By whom?
- What causes price fluctuations (e.g., seasons, insecurity, climate variability, conflict)?
- What currencies are accepted at the market?
- Is trade conducted through barter or cash?

- Do traders give credit? If no, why not? If so, to whom? (To men, women, youth, older people? To particular ethnic, social, political or religious groups? To displaced or nondisplaced community members? To relatives?)
- What goods are being taken out of town to be sold or traded?
- How many customers do you have per day?
- What do you do with the profit you earn? Are there goods and services in the market for which you will readily barter your goods?
- If you had access to credit, what would you do with it? Would it be useful?
- Have you ever considered increasing the size of your business? Is there a market for expansion of your product?
- Does the rest of your household assist in the business activity?
- Do local producers have sufficient labor? What types of labor and skills are most in demand?
- For women: How does producing for or participating in the market affect your household and care giving responsibilities? Does anyone else in your household help you?

#### When consulting state and local government officials, ask:<sup>5</sup>

- What are the major economic activities in your community? How do people access resources?
- What are the main raw materials produced in this community?
- Are people doing any processing of raw materials here? If not, where are the raw products being processed?
- Are there any goods or services that have are available in excess but have little demand?
- Is there a shortage of goods and services in the area? What are they?
- What new and emerging markets do you anticipate will be in demand?
- What are the areas of greatest competition in the market?

- Which commodities are traded with other communities?
- Is there transportation in the local community or in nearby communities that can bring people to and from the market? If not, how do people generally acquire the goods they buy or barter?
- How are goods transported to and from the market? How often does this occur?
- Are goods and services purchased, bartered or both? Which is more common?
- What sorts of skills do people need to participate meaningfully in economic activities?
- How are people acquiring these skills currently? Are vocational training programs in the area meeting labor market needs?
- Are there any governmental or nongovernmental programs in this community to support business development (such as livestock breeding programs, agricultural extension, microcredit, business/vocational training)?
- How are local government agencies supporting local economic growth (such as policy development, tax incentives or business support services)?
- Are there infrastructure development projects—such as road and bridge construction and repair—planned that might increase market access?
- Are there any available sources of credit in the community?
- What policies or regulations are in place that impact the market? Are there labor laws in place? What rights do the displaced have to work? Do they have freedom of movement? What other policies might affect their access to economic activity?
- What types of goods do people in your community need to do their work?
- Are there goods or services that people need to be more productive that they cannot access? Why not?
- What are the most important goods in the market?
- Does the market provide an adequate diversity of goods and services?
- If community members are currently conducting business: What are the main sources of income? What are the strengths and weaknesses of those sources of income?
- Are there any barriers to entering the market? What are these barriers?
- Do youth, older persons, people with disabilities and illnesses, and ex-combatants face particular challenges in accessing or selling their goods and services at the market? What are their particular needs?
- Are women represented at the market? Do they face particular barriers in selling their goods and services in the market?
- What goods and services are women selling? What goods are men selling?
- What goods and services are being sold by both women and men?
- Are there any sectors where you think women would be successful? Which ones?

**When seeking the participation of both the displaced and local communities, ask:<sup>6</sup>**

- What are your household needs?
- Where do you buy the following items: clothing, food, household goods, building materials for housing?

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## EMERGENCY MARKET MAPPING AND ANALYSIS (EMMA) TOOL

Oxfam Great Britain, the International Rescue Committee and InterAction are currently developing the Emergency Market Mapping and Analysis (EMMA) Tool, which will be available in 2010.<sup>7</sup> EMMA seeks to address the need for an improved and rapid analysis of key market systems in emergency settings that will best respond to the needs of affected populations. The EMMA toolkit and guidance notes are meant to encourage and

assist frontline humanitarian staff in sudden-onset emergencies to better understand and make use of market systems. Gaining an understanding of market systems early in the emergency phase can help humanitarian agencies utilize markets for urgent nonfood items, agricultural inputs, fuel, tools and vital services; and improve labor market demand for displaced people's livelihoods. EMMA will enable practitioners to:

- Make early decisions about the relative wisdom of different direct response options to assist affected households, such as cash-based interventions, in-kind distributions of imported or locally procured items;
- Assess opportunities for complementary “indirect actions” that will indirectly target households, such as rehabilitating key infrastructure and transportation, and providing grants to local businesses and/or technical expertise and business services;
- Reduce the risk of doing harm by reducing aid dependency, promoting long-term recovery and increasing the stability of local markets that provide essential goods, services and sources of income;
- Assist in monitoring the performance and accessibility of market systems by tracking both the continuing impact of a crisis and the outcomes of humanitarian programming on critical market systems;
- Improve the quality of disaster preparedness planning;
- Define the requirements for more detailed market analysis.

The EMMA structure will include the following steps:

1. **Essential preparation for EMMA:** background research; briefing and consultation; population targeting.
2. **Selecting critical market systems:** selection of market systems; and identification of key analytical questions.

3. **Preliminary analysis:** preliminary mapping of the market system; preliminary seasonal calendars; identification of key informant leads.
4. **Fieldwork agenda, questions and format:** fieldwork agenda; interview structures and questionnaires; data sheets and interview formats.
5. **Conducting interviews and other fieldwork:** interview methods and tips; data recording guidance; fieldwork activities.
6. **Mapping the market system:** baseline market-system map; emergency-affected market-system map; seasonal calendar; description of key features.
7. **People: Gap analysis:** comparative analysis of household economic profiles (baselines and emergency-affected); analysis of priority needs and gaps.
8. **Market systems situation analysis:** analysis of impact on access, availability, conduct and performance; bottlenecks and constraints; supply and demand analysis; capacity of market-system to react.
9. **Emergency response:** response analysis logic; catalogue of emergency responses; cash feasibility tool; response options matrix; response recommendations framework.
10. **Communicating results:** reviewing findings and interpretations with colleagues; presenting conclusions to wider audiences.

The EMMA Tool is expected to be available in 2010 and should further assist practitioners to understand market dynamics, especially in emergency settings, and to design their economic interventions accordingly.

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# An Approach to Value Chain Analysis

Conducting a value chain analysis is important for assessing how to add value to products and strengthen linkages with markets. Value chains look at the life cycle of a product from initial production through the chain of events and actors (including suppliers, manufacturers, traders) to final markets. Mapping the value chain helps to create a systemic approach to livelihood program design; improve the potential of businesses and enhance their contributions; clarify market actors; and define relationships among suppliers, producers and customers. It further enables practitioners to identify the most appropriate livelihoods intervention based on where the value chain can be strengthened and provides support services to participants with technological development, technical assistance, skills training, marketing or access to financial services.

A value chain analysis should attempt to:

- Understand the structure of the value chain;
- Determine whether the value chain relies on the supply of imported inputs or whether it uses local producers;
- Determine whether the value chain creates dependence on and/or exploitation of natural resources;
- Identify who has power within the chain: producers, consumers or commercial intermediaries? Do all actors enjoy equal bargaining power?
- Determine the risk that strengthening the value chain might reinforce or exacerbate socioeconomic inequalities or regional wealth and income disparities;
- Compile a map of the preconflict value chain and compare it to the post-conflict value chain;
- Identify value chain actors' relationships with actors involved in the conflict;
- Explore whether the value chain has helped reestablish links interrupted by conflict;
- Identify any security risks associated with participation in the chain;

- Identify applicable technological innovations and assess where these innovations will have the most impact, particularly on growing trends in markets.

### Mapping the Value Chain

Mapping the value chain is an exercise in creating a visual map that identifies all the graduated stages of and actors on the value chain. Industry selection should be based on the market potential, opportunities for leveraging the market or increased business opportunities to expand a product in high demand.

#### Steps for mapping the value chain:<sup>1</sup>

1. Select an industry or subsector to study with the highest potential for growth
  - a. Select an industry or subsector, using the findings of the market assessment.
  - b. Familiarize yourself with the business environment.
2. Research the industry or subsector
  - a. Research should include participants, technologies, product flow and history.
  - b. It is necessary to use all possible information about the functions of the value chain, such as:
    - » producers
    - » participants
    - » buyers
    - » social, cultural, ethnic, religious, political and economic environment
    - » final markets
    - » supporting markets
    - » upgrading possibilities
    - » industry experts
  - c. Researchers should ask the following questions:
    - i. Where do you get raw materials?

- ii. To whom do you sell your output?
- iii. What technologies do you use?
- iv. Have there been any major changes in this sector in the recent past?

#### 3. Mapping the value chain

- a. Designing the map of the value chain is an important step in determining the functions of each participant, as well as understanding the markets and overall industry:
  - i. Include functions, participants, technologies and final markets.
  - ii. Outline the functions and the market.
  - iii. Map participants.
  - iv. Draw product flows.
  - v. Define principal channels.

A sample value chain map should include various components, such as:

- **Inputs** (tools, equipment, labor, capital, training and technical assistance)
- **Production** (using inputs to produce or process goods to add value)
- **Transportation/distribution** (transporting goods to buyers or distributors)
- **Trade/market access** (getting finished product(s) to local, national, regional and international end markets)

*(Examples of value chain maps completed by the American Refugee Committee are provided below.)*

The Making Markets Work Better for the Poor Project (M4P) has identified the following steps in mapping a value chain:<sup>2</sup>

**Step 1: Mapping the core processes in the value chain.** Distinguish a maximum of six to seven major processes that the raw material goes through before it reaches the final consumption stage.<sup>3</sup>

**Step 2: Identifying and mapping the main actors involved in these processes.** Categorize value chain actors according to their occupation, legal status or ownership; the size or scale of their operation; poverty ranking; and/or location.<sup>4</sup>

**Step 3: Mapping flows of products, information and knowledge.** For products, simply follow the stages that the tangible product goes through, from raw material to final product.<sup>5</sup> Intangible flows, such as information and knowledge, might be more complicated to capture in a visual map. Be aware that these flows are often going in both directions, for instance: a trader tells a farmer about product requirements; a farmer gives the trader information about product availability.<sup>6</sup>

**Step 4: Mapping the volume of products, numbers of actors and jobs.** Identifying the volume of the product allows practitioners to have an overview of the size of the different channels within the value chain. It is also important to establish the number of actors and jobs within the value chain.<sup>7</sup>

**Step 5: Mapping the geographical flow of the product or service.** Start at the place of origin... and see if you can map how the product travels from intermediary trader to wholesaler, retailer and final consumer. Where possible, a map of the region can indicate the physical product flow and enable you to capture a dimension of the product flow, and show the locational or regional differences.<sup>8</sup>

**Step 6: Mapping the value at different levels of the value chain.** Mapping the monetary value throughout the chain can be measured in many ways:

1. Assess the value that is added by every step throughout the chain.<sup>9</sup>
2. Other indicators include revenue, cost structures, profit and return on investment.<sup>10</sup>

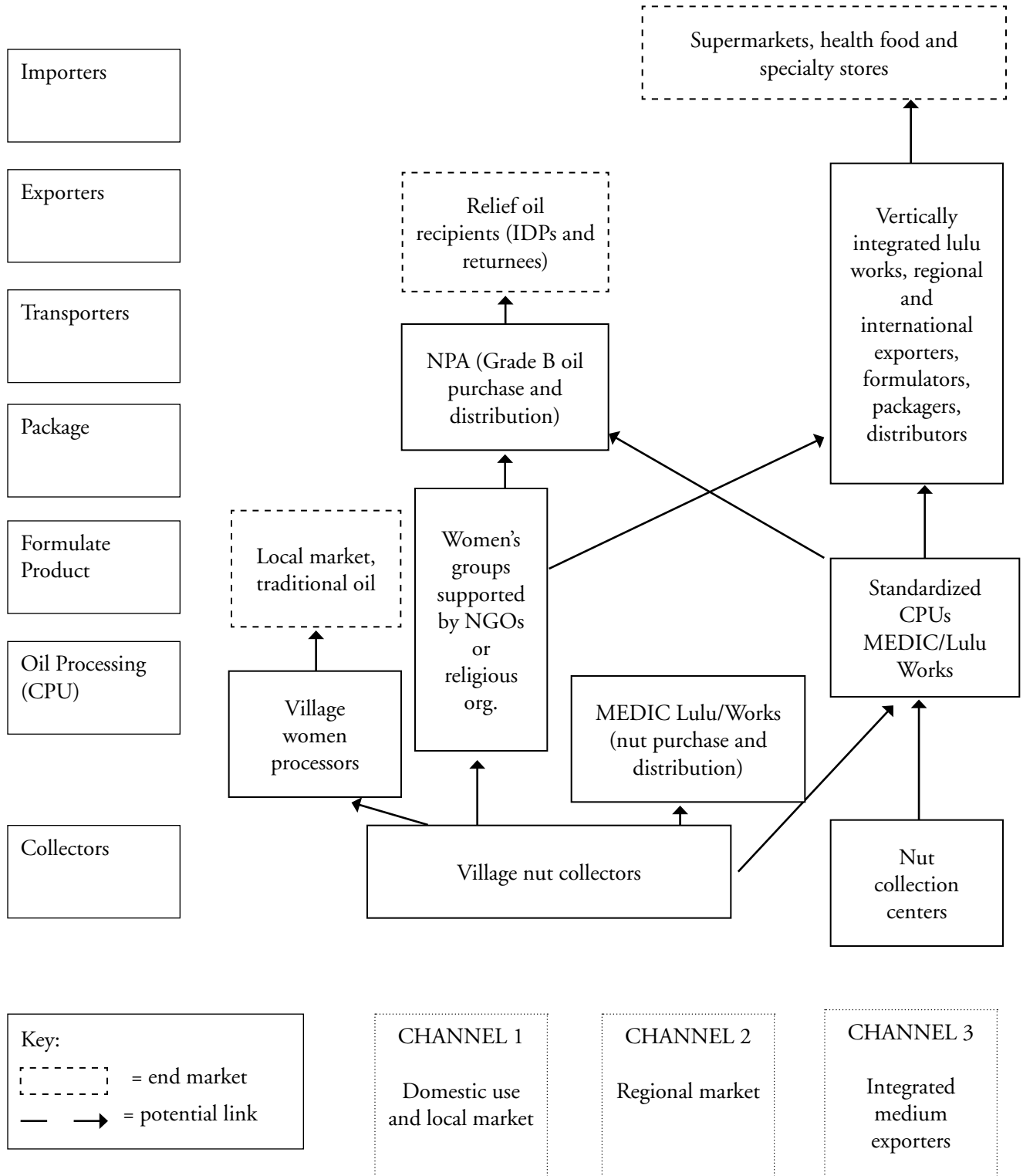
**Step 7: Mapping relationships and linkages between value chain actors.** Relationships can exist between different process steps (producer and trader) and within the same process (farmers to farmer).<sup>11</sup> Relationships and linkages can be mapped by:

1. Spot market relations—or “arm’s length relationships”—which occur on the spot, whereby actors make a transaction (including negotiations on price, volume and other requirements) with the duration and scope of that specific transaction.
2. Persistent, ongoing network relations, which involve a higher level of trust and some level of interdependence.
3. Horizontal integration, in which one and the same organization (this can be an enterprise or a cooperative) deals with different processes throughout the value chain.<sup>12</sup>

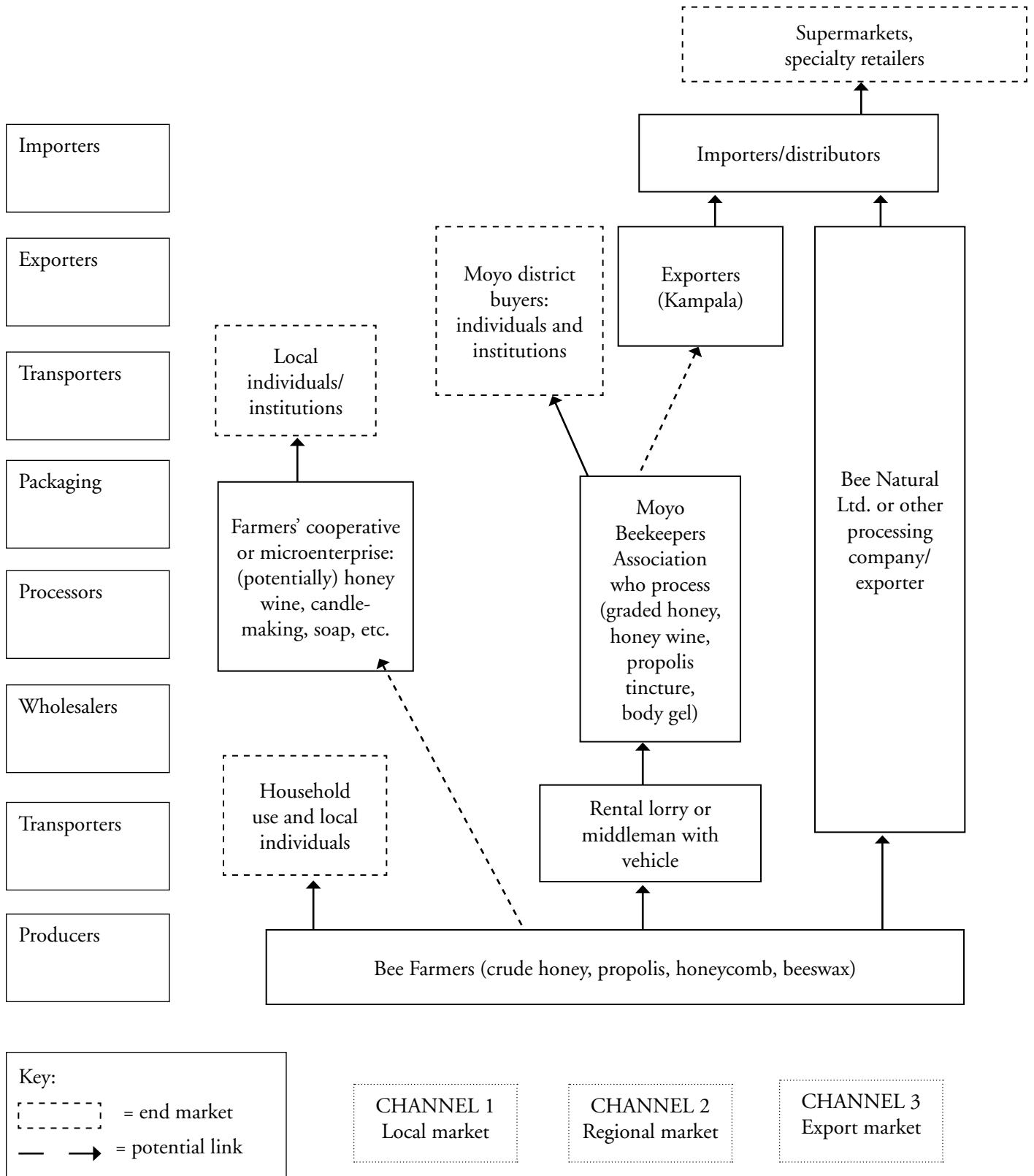
**Step 8: Mapping business services that feed into the value chain.** Understand the sphere outside of the value chain, such as rules and regulations that are governing (parts of) the value chain or business services that are feeding into the chain.<sup>13</sup>



AMERICAN REFUGEE COMMITTEE VALUE CHAIN MAP FOR LULU NUT SUBSECTOR MAPPING IN GULU, UGANDA<sup>14</sup>



AMERICAN REFUGEE COMMITTEE VALUE CHAIN MAP FOR BEEKEEPING SUBSECTOR MAPPING, GULU, UGANDA<sup>15</sup>



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# Labor Market Assessment

In order to assess occupational demand in a region, it is important to conduct a labor market assessment. For the development of a livelihoods intervention, a labor market assessment helps practitioners ensure that displaced program participants have employment and income generation opportunities while preventing saturation of the local labor market.

**A labor market assessment must:**

- identify existing market assessments in order to coordinate data collection (such as surveying local and national government and nongovernmental organization (NGO) data on labor markets, pay rates and the cost of living, where possible);
- identify new and growing markets and/or innovative sectors;
- identify opportunities for developing partnerships and linkages with NGOs, community-based organizations (CBOs) and state and private employers and local enterprises;
- identify local development projects and priorities that will require a labor force;
- determine which trades have significant local labor market demand;
- determine which sectors have labor shortages;
- determine which sectors are capable of absorbing more labor;
- assess the absorption capacity of each trade to ensure that there will not be an excess supply of available workers;
- determine the minimum skills requirements of occupations in demand;

- identify occupations that accept female employees and those with disabilities or special needs;
- what types of duties women and vulnerable groups, including people with disabilities, are capable of performing in various sectors, taking into consideration potential cultural or physical constraints;
- identify barriers to employment due to gender, age, ability, ethnicity, social group, religion or other reasons;
- identify how the informal sector has an impact on employment opportunities;
- be sensitive to the employment and economic needs of the host community.

#### **Labor market assessments should consult:**

- local employers and business owners;
- trade/producer/business associations or local enterprise networks;
- state and local government agencies;
- local training providers;
- donors, international NGOs, NGOs, CBOs and community leaders in the area;
- displaced individuals in the community, who may be attuned to local market demands.

#### **When consulting local business owners and operators, ask:<sup>1</sup>**

- Are there different employment opportunities within this business? How easy is it for someone to find a job in your trade?
- Can you list some of the challenges you face running this business?  
Seek to understand: competition/market saturation; employee training/human resources; access to limited market for inputs; and the purchasing power of community members.
- What are the plans for the future of this business?

Seek to understand whether the business is expanding, hiring employees or downsizing/letting go of employees, diversifying/adding different products or services, entering a new sector or beginning a new type of service.

- How do you expect your business to perform in the coming year? Have you recently had to use credit for the business?
- Is this business in a sector that is growing and is likely to need new employees or entrepreneurs in the immediate future? In the long term?
- Where do you find or recruit employees?
- Are you willing to hire women and persons with disabilities or special needs?
- How have your employees gained their skills (e.g., through training or previous experience), or have they learned on the job? How many employees have you trained? What is the most valuable training needed for your trade?
- Do you have a steady flow of work to perform based on customer demand?
- Which products or services do you sell the most?
- What percentage of inputs (e.g., tools, seed, equipment) needed is local and what percentage is imported?
- What months or seasons are the busiest? Are input costs more expensive at different times of the year?

#### **Questions for trade, producer and business associations include:<sup>2</sup>**

- Where are the major markets for this product in the country or region? What is the local demand?
- Where are the major markets for this product outside the country or region?
- Has demand gone up, down or stayed the same in the last few years?
- Is a change in demand anticipated in the coming years?

**Questions for state and local government agencies include:<sup>3</sup>**

- What is the estimated percentage of people without employment in the host community (by gender, age and ability)?
- What is the estimated percentage of local people who are self-employed?
- What are the traditional professions locally?
- What goods or services are currently unavailable that you would like to see available locally?
- What services required by the community (such as health care, education, transportation or law enforcement) have a shortage of workers? Is there a need for trained professionals, such as teachers, trained health care workers or drivers?
- Is vocational training offered locally? Is the training meeting the needs of local labor market demand?
- What kind of training do you think would be most valuable?
- What type of training would the local community like to see offered to men?
- What type of training would the local community like to see offered to women?
- Are there efforts to promote the employment opportunities of women?
- How do households secure additional sources of income when needed?
- What is the average household income (annual, monthly, weekly) in the local area?
- Are there particular local groups that are most in need? Are there resources available (such as training, equipment and transportation) that can help vulnerable groups and those with disabilities and special needs perform certain jobs?
- Is the government planning any local development projects that will require a labor force? In what sectors? What type of labor and

- skills will the projects require? For approximately how long will this labor be needed?
- Are there any industries (including cottage industries) in or close to the local area?
- Do any large national or multinational companies plan to establish themselves in this region? If so, will this lead to job creation? In what sectors?

**When consulting with local training providers, ask:**

- What training is offered that best suits local labor market needs?
- Are there any labor shortages in the area?
- In what trades do you anticipate labor market saturation?
- In which sectors or trades do you see potential for growth?
- What obstacles do women face in gaining employment?

**When consulting with donors, international NGOs, national NGOs and CBOs, ask:<sup>4</sup>**

- What donor or agency activities, including local and infrastructure development and human resource needs in camp settings, in the coming months and years can directly or indirectly provide employment opportunities?
- Will these projects require a labor force? What types of labor and skills will be required for the projects?
- Will there be any employment opportunities with your organization for the duration of your stay in the area? In what occupations? What skills will be required?

**When seeking the participation of the displaced community, ask:<sup>5</sup>**

- What kinds of work would you like to be doing?

What skills or experience do you have that you think are useful in the local economy?

- What local employment opportunities, including self-employment, do you think are the most viable?
- What kinds of vocational training opportunities would you like to see? What would be the best time of year for you and/or members of your household to receive training? Have you ever had the opportunity to receive training?
- What goods or services that are not available in the community would you like to see made available?
- How many members of your household who are of working age are currently unemployed?
- Are female members of your household able to work with the other responsibilities they have, such as child care and household duties? Are they able to earn supplementary income, such as vegetable growing or sewing?
- How does your household secure additional sources of income?

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# Organizational Capacity Assessment

It is critical that an agency seeking to develop a livelihoods intervention not undertake programming for which it is unequipped. An agency must assess whether it has the leadership, staffing, technical capacity, experience, expertise and resources necessary to run a program. If a program fails or ceases suddenly due to technical or staff incapacity and/or inadequate funding, it can have significant negative impacts on program participants. In cases where it does not have the necessary capacity or resources, an agency can attempt to partner with other organizations that have the appropriate expertise. In addition to gauging organizational capacity, agencies must determine whether there are other existing services or programs accessible to their target community, in order not to create duplicative, parallel programming. All of these factors must be assessed in order to make an informed decision about whether to proceed with the development of a livelihoods intervention.

CARE Somalia has developed a simple Capacity Assessment Tool (CAT)<sup>1</sup> that is meant to gauge data—including baseline data—to score and assess an organization's capacity. This five-element CAT, as outlined here, can be done more quickly than a formal organizational capacity assessment. If an organization can answer the majority of these positively, they may have the required capacity. If the organization does not have these systems, expertise and experience in place, it is very unlikely that the agency should proceed with planning an economic intervention.



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## GOVERNANCE

1. NGO/Partner has clearly articulated mission and goals.
2. NGO/Partner's mission is understood by all staff.
3. NGO/Partner has a written strategic plan.
4. Monitoring and evaluation mechanisms are built into NGO/Partner's plans.
5. NGO has written fundraising strategies.

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## MANAGEMENT PRACTICES

1. NGO has an organizational structure with clearly defined lines of authority and responsibility.
2. There is a clear exchange of information within the NGO.
3. Updated written administrative procedures exist.
4. Written recruitment, employment and personnel practices are clearly defined and followed.
5. Operating plans are developed, reviewed and updated, and reflect a strategic plan.
6. Resources are planned for and allocated properly.
7. Staff is actively involved in planning.
8. Beneficiaries and staff are involved in program design, implementation and evaluation.
9. NGO/Partner regularly reports on activities and results of evaluations.
10. All staff have valid job descriptions.
11. NGO/Partner has a clearly defined system of measuring staff performance.
12. NGO/Partner has capability to train its staff.

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## FINANCE

1. NGO/Partner has appropriate segregation of duties and responsibilities of accountant, project manager and chairperson.
2. Financial reporting is accurate and timely.
3. Reports are used for planning.
4. NGO has written financial policies.
5. NGO has self-governing income potential.

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## TECHNICAL/SERVICE DELIVERY

1. Relevant sectoral expertise exists within the organization.
2. Expertise is credible and recognized by the development community.
3. NGO/Partner is capable of adapting program and service delivery to the changing requirements of the community.
4. NGO/Partner has capability of conducting community needs assessments.
5. Baseline data is gathered by the NGO/Partner.
6. NGO/Partner can mobilize its community.
7. NGO/Partner prepares regular progress reports.

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## SUSTAINABILITY

1. NGO/Partner is a member of, and shares information with, umbrella organizations and networks.
2. NGO/Partner has partnerships with other organizations.
3. NGO/Partner has fee for services and/or other cost recovery mechanisms built into service delivery.
4. Proposal writing and fundraising capacities exist.<sup>2</sup>

The U.S. Agency for International Development (USAID) has developed a comprehensive Organizational Capacity Assessment Tool (OCAT)<sup>3</sup> that assesses seven components of organizational effectiveness: governance, management practices, human resources, financial resources, service delivery, external relations and sustainability. The OCAT is a thorough diagnostic process that is based upon interviews, scoring and rating responses, and reporting on the findings of the organization's strengths and weaknesses to its board, stakeholders, community members, and governments and funders for feedback and ongoing improvement.

Irrespective of the tools used, organizations must reflect critically on their capacity to design, implement, monitor and evaluate a program before initiating it. An organization must have the financial and personnel resources to successfully complete the envisioned program prior to beginning, and must have the technical expertise to design and implement the program effectively. Target participants are not well served by poorly designed, inadequately funded and mismanaged programs.

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# Monitoring and Evaluation

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## MONITORING

### What Is Monitoring?

According to Oxfam Great Britain, monitoring is the systematic assessment of a program's performance over time. It is a collaborative process between nongovernmental organizations (NGOs), UN agencies and other implementing partners and communities to review what has taken place, to identify changes that have occurred, and to consider whether the program has contributed to these changes. Monitoring Reviews are regular learning events for program staff and partners to reflect upon information gathered through monitoring activities, to analyze what it is saying about their program and the context in which it operates, and to decide what that means for their future work.<sup>1</sup>

### Why Do We Monitor?

Monitoring is used to check what positive and negative, planned and unplanned changes are happening in the lives of people as the result of a program.<sup>2</sup> This is important for transparency, accountability and problem solving, and for utilizing and responding to feedback. Further, well-planned, well-implemented and well-documented monitoring provides a good basis for a more in-depth review of longer-term and sustained impact.<sup>3</sup>

### Oxfam Great Britain's Monitoring Steps:<sup>4</sup>

Oxfam Great Britain lays out the steps that should be followed to monitor a program.

1. **Articulating program logic.** Developing a clear program logic model together with partners and other key stakeholders can help to build a joint vision of how you expect change to happen and the role each party will play in bringing about this change.<sup>5</sup>
2. **Developing indicators.** Commonly used indicators include process or activity indicators, which are used to measure the progress of activities against your work plan while outcome and impact indicators are used to measure progress towards the changes you are hoping to achieve.<sup>6</sup>
3. **Producing a monitoring plan.** There should be agreement about indicators and how data will be monitored among the agency staff, partners and communities. Monitoring plans should be thorough, but practical. This is helped by keeping the number of indicators against which information is collected to a minimum; by planning field visits to fit with monitoring activities; by involving partners and local communities in the information collection process and by making the most of secondary data sources. Monitoring plans should also include processes for monitoring unexpected as well as expected changes.<sup>7</sup>
4. **Collecting baseline information.** Once the program logic model has been developed and indicators identified, a baseline study should be undertaken. This is the first formal set of measurements against outcome or impact indicators.<sup>8</sup>
5. **Timing and focus of monitoring reviews.** Outcome or impact level change takes time to effect, so it's important to think carefully about when you collect information against these indicators. You may wish to focus on assessing

progress against activities or outputs at the beginning of a program and monitor progress towards the expected outcomes and impact at a later stage.<sup>9</sup>

The effectiveness of monitoring can be maximized by developing a thorough plan and sufficient time line for monitoring visits and activities; having an adaptable approach to adjust to changing contexts; ensuring the participation of the local community and stakeholders; and ensuring that there are adequate funds to cover monitoring activities.

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## EVALUATION

### What Is Evaluation?

Evaluations, according to Oxfam Great Britain, complement ongoing monitoring by providing more in-depth, objective assessments of a program's design, implementation and results at particular points in time. Where monitoring shows general trends, evaluations generally help explain "why" things are happening the way that they are. Program evaluations may be undertaken at any point in the program cycle where there is a need to learn more about how the program is working, or to be accountable for the resources with which we've been entrusted.<sup>10</sup>

### Evaluation Types

Evaluations can be varied and categorized by purpose, timing, strategy, philosophy and so on.<sup>11</sup> Oxfam Great Britain notes that the three primary types of evaluations, which are purpose-based, include:

- **Process evaluations.** Process evaluations focus on gaining a good understanding of how a

program works. They look at what is being done by a program, for whom, and in what way in an effort to gain an in-depth understanding of the functioning of a program. Process evaluations are used to identify where improvements might be made to program design and delivery, and can also support decisions about whether a program should be replicated or expanded. Most early or mid-term evaluations will be process evaluations.<sup>12</sup>

- **Outcome and impact evaluations.** These are sometimes referred to as final evaluations or summative evaluations; they deliver an assessment of the contributions the program has made towards immediate changes and/or broader, long-term effects, and help explain why a particular intervention has or has not been successful. Outcome and impact evaluations range in rigor from those that attempt to build a strong case for attributing change(s) to a program at one end of the spectrum to those which simply measure changes ex-ante [those changes predicted at the start of the program and whether or not they happened] and speculate on links between the changes and the program at the other. Outcome and impact evaluations tend to use experimental or quasi-experimental designs.<sup>13</sup>
- **Meta-evaluations.** These evaluations pull together findings from two or more evaluations on similar type programs. They are designed to aggregate the findings from individual evaluations, and often also draw on additional corroborative evidence, in order to draw lessons for the future with a view to improving performance. Meta-evaluations are often desk-based rather than field-based.<sup>14</sup>

Final evaluations should assess the program's outcomes or impact; the value added to the program; and the program's cost-effectiveness.<sup>15</sup>

## MONITORING AND EVALUATION (M&E)

Monitoring and evaluation for livelihoods should measure the needs and seek the direct participation of displaced people and the changes in their livelihoods and economic, food and physical security. Because livelihood interventions for displaced groups often operate in unstable and changing contexts, including conflict, post-conflict and post-disaster contexts, it is important to conduct M&E through an appropriate lens. Cate Turton, in *Livelihood Monitoring and Evaluation: Improving the Impact and Relevance of Development Interventions*, writes: “Livelihoods M&E must aim to keep... track of this moving picture—ultimately we are not interested in generating static comprehensive ‘situation reports’ but on understanding whether livelihoods are moving in positive directions. Livelihoods M&E therefore has a strong focus on looking for trends and directions of change...If livelihood M&E is to make its contribution to more effective development processes it must be situated within and contribute to an institutional environment in which findings emerging from livelihoods M&E are perceived as a useful input to policy review and resource allocation processes. The success of livelihood M&E is therefore contingent on a capacity for ongoing learning so that problems can be effectively solved and efficiently dealt with on an expanding scale of operation.”<sup>16</sup>

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- 10 See Oxfam Great Britain. *Oxfam GB Evaluation Guidelines*, p.2, [www.oxfam.org.uk/resources/evaluations/index.html](http://www.oxfam.org.uk/resources/evaluations/index.html).
- 11 Ibid., p. 6.
- 12 Ibid.
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- 16 Cate Turton, *Livelihood Monitoring and Evaluation: Improving the Impact and Relevance of Development Interventions*, IDL (February 2001): p. 9, <http://portals.wi.wur.nl/files/docs/ppme/tur-ME01.rtf>.

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# Annex

## Minimum Standards for Economic Recovery After Crisis

The SEEP Network has developed the following Minimum Standards for Economic Recovery After Crisis<sup>1</sup> for six categories:

- Economic Recovery Interventions
- Assessment and Analysis in Crisis Environments
- Financial Services
- Access to Assets
- Employment Creation
- Enterprise Development

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### STANDARDS COMMON TO ALL ECONOMIC RECOVERY INTERVENTIONS

- **Common Standard 1: Response to Market Failure**  
Economic recovery is a response to evidence that market failures are significantly undermining the enterprises from which affected households earn their livelihoods.<sup>2</sup>
- **Common Standard 2: Market-based Programming**  
Program design and implementation decisions reflect market realities. There is a thorough understanding of the supply of, and demand for, goods and services, and how the organization of markets

determines power and governance among different market actors. Programs are flexible, allowing managers to revisit programmatic assumptions and operations given changing market conditions.<sup>3</sup>

- **Common Standard 3: Support Long-term Recovery**

Economic recovery programs, even those that are short to medium term, contribute to long-term recovery by working to strengthen local markets, institutions and enterprises, and ensuring that all program activities include up-front exit strategies for outside actors.<sup>4</sup>

- **Common Standard 4: Inclusive and Transparent Program Design and Implementation**

Program design considers working with all market actors as a means to improve vulnerable households' livelihoods. Programs effectively communicate the program objectives, means of selection and outcomes to all stakeholders.<sup>5</sup>

- **Common Standard 5: Use Both Direct and Indirect Mechanisms to Achieve Impact on Target Populations**

Programs analyze the impact and cost-effectiveness of directly providing services to target groups, as compared to indirect activities that improve market conditions for all populations.<sup>6</sup>

- **Common Standard 6: Coordinate Efforts for Greater Impact**

Recognizing that economic recovery involves many stakeholders, capacities and resources, programs coordinate their activities with other initiatives led by the private sector, government or nongovernmental actors.<sup>7</sup>

- **Common Standard 7: Build Technically Competent Teams**

Programs are staffed by individuals well versed in economic recovery principles and/or have access

to technical advisers; they also include capacity-building components to improve skills of field staff.<sup>8</sup>

- **Common Standard 8: Collect and Apply Learning**

Programs compensate for the rapidly changing context and often-rapid turnover endemic to emergency environments by instituting systems that collect, disseminate and apply learning in order to assess and improve performance.<sup>9</sup>

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## STANDARDS FOR ASSESSMENT AND ANALYSIS IN CRISIS ENVIRONMENTS

- **Assessments and Analysis Standard 1: Timing**

Assessments begin as soon as possible, incorporating ongoing processes that contribute to program monitoring.<sup>10</sup>

- **Assessments and Analysis Standard 2: Scope**

Assessments synthesize relevant information about affected households' livelihoods, market systems and sociopolitical factors.<sup>11</sup>

- **Assessments and Analysis Standard 3: Data and Methods**

Assessment data is gathered using methods that ensure data quality and participants' security.<sup>12</sup>

- **Assessments and Analysis Standard 4: Analysis**

Analysis of assessment data is timely, transparent and relevant to monitoring and program decision needs.<sup>13</sup>

- **Assessments and Analysis Standard 5: Dissemination**

Assessment results are disseminated to provide comprehensible guidance to appropriate decision makers.<sup>14</sup>

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## STANDARDS FOR FINANCIAL SERVICES

- **Financial Service Standard 1: Intervention Timing**  
Financial services are initiated or reinstated as soon as possible, and align with the objectives and time horizon of the implementing organization.<sup>15</sup>
- **Financial Service Standard 2: Appropriate Financial Services**  
Financial service interventions are based on the capacity of the financial organization and the needs of the target population.<sup>16</sup>
- **Financial Service Standard 3: Client Protection**  
Financial service providers adhere to accepted norms for client protection.<sup>17</sup>
- **Financial Service Standard 4: Good Financial Services Practice**  
All financial service providers adhere to accepted, good financial services practices.<sup>18</sup>
- **Financial Service Standard 5: Coordination and Transparency**  
Financial service providers communicate proactively with relevant stakeholders and commit to transparency.<sup>19</sup>
- **Financial Service Standard 6: Crisis Risk Mitigation**  
Financial service providers have policies in place to protect the organization and clients from effects caused by crisis.<sup>20</sup>

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## STANDARDS FOR ACCESS TO ASSETS

- **Access to Assets Standard 1: Asset Programming**  
Asset programming is conducted in a manner that facilitates long-term economic recovery, while taking into account issues of targeting, equity, transparency and security.<sup>21</sup>
- **Access to Assets Standard 2: Short-term and Long-term Asset Programming**  
Short-term asset programs achieve basic replacement and preservation of existing productive assets; whereas long-term asset programming results in asset growth as a result of beneficiaries' improved economic capacity.<sup>22</sup>
- **Access to Assets Standard 3: Group Assets**  
Interventions to preserve, replace and grow assets through group mechanisms have clear governance and management structures and are based on appropriate cost-benefit analysis and assessment of local market implications.<sup>23</sup>
- **Access to Assets Standard 4: Land Assets**  
Individuals and communities know about and have access to information, services and products to protect and preserve their land tenure in an equitable manner in times of crisis.<sup>24</sup>

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## STANDARDS FOR EMPLOYMENT CREATION

- **Employment Creation Standard 1: Decent Employment**  
People have equitable access to decent employment with fair remuneration that does not jeopardize the resources they need for their livelihoods.<sup>25</sup>

## STANDARDS FOR ENTERPRISE DEVELOPMENT

- **Enterprise Development Standard 1: Promotion of Activities and Markets, Based on Understanding Potential Returns and Risks**  
New and existing sources of income and livelihoods are promoted with an understanding of the environment, households and enterprises, and consider potential returns, risk and the business environment.<sup>26</sup>
- **Enterprise Development Standard 2: Ensuring Viability and Growth**  
Programs promoting enterprises and self-employment address the range of critical needs required for enterprise viability and growth and ensure that enterprises can be economically viable within the existing enabling environment, in both the short and long term.<sup>27</sup>
- **Enterprise Development Standard 3: Long-term Sustainability**  
Enterprise development programs are designed with long-term sustainability in mind.<sup>28</sup>
- **Enterprise Development Standard 4: Protecting Individuals and the Environment—“Do No Harm”**  
Operations, products and waste of supported enterprises minimize or address potential harm to the environment or individuals, and do not encourage exclusion, entrench poverty, create conflict or increase economic disparity.<sup>29</sup>

## NOTES

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# Acronyms and Abbreviations

<b>AAH</b>	Action Africa Hilfe
<b>ADAP</b>	Adolescent Development and Participation Unit (UNICEF)
<b>AgREN</b>	Agricultural Research and Extension Network
<b>ALNAP</b>	Active Learning Network for Accountability and Performance in Humanitarian Action
<b>ANSAB</b>	Asia Network for Sustainable Agriculture and Bioresources
<b>ARC</b>	American Refugee Committee
<b>ASCA</b>	Accumulating Savings and Credit Association
<b>ATM</b>	Automated teller machine
<b>B3</b>	Build back better
<b>BDS</b>	Business development services
<b>BHF</b>	Business Humanitarian Forum
<b>CAHW</b>	Community animal health workers
<b>CBO</b>	Community-based organization
<b>CEA</b>	Compañía Envasadora del Atlántico (Colombia)
<b>CEDAW</b>	Convention on the Elimination of All Forms of Discrimination against Women (1979)
<b>CFW</b>	Cash-for-Work
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>CGIAR</b>	Consultative Group on International Agricultural Research
<b>CHE</b>	Complex humanitarian emergency
<b>CIAT</b>	International Center for Tropical Agriculture

<b>CIMCAW</b>	Continuous Improvement in the Central American Workplace Alliance
<b>CMS</b>	Counterpart Management System
<b>CRC</b>	Convention on the Rights of the Child (1989)
<b>CSR</b>	Corporate social responsibility
<b>CYCLE</b>	Countering Youth and Child Labor through Education program
<b>DAI</b>	Development Alternatives, Inc.
<b>DDR</b>	Disaster risk reduction
<b>DFID</b>	Department for International Development (United Kingdom)
<b>DNH</b>	Do No Harm
<b>DRC</b>	Democratic Republic of Congo
<b>ECDI</b>	Enterprise and Career Development Institute
<b>EGA</b>	European Generic Medicines Association
<b>EMOPS</b>	Office of Emergency Programmes (UNICEF)
<b>EPAU</b>	Evaluation and Policy Analysis Unit (UNHCR)
<b>EQUIP3</b>	Educational Quality Improvement Program 3 (USAID)
<b>FAO</b>	Food and Agriculture Organization
<b>FDI</b>	Foreign direct investment
<b>FFD</b>	Farmer Field Day
<b>FFW</b>	Food-for-Work
<b>FIC</b>	Feinstein International Center, Tufts University
<b>FINCA</b>	Foundation for International Community Assistance
<b>GBV</b>	Gender-based violence
<b>GDP</b>	Gross domestic product
<b>HPG</b>	Humanitarian Policy Group, Overseas Development Institute
<b>HTA</b>	Hometown association
<b>IASC</b>	Inter-Agency Standing Committee
<b>ICARDA</b>	International Center for Agricultural Research in the Dry Areas
<b>ICCPR</b>	International Covenant on Civil and Political Rights (1966)
<b>ICESCR</b>	International Covenant on Economic, Social and Cultural Rights (1966)
<b>ICRC</b>	International Committee of the Red Cross
<b>ICT</b>	Information and communication technology
<b>IDP</b>	Internally displaced person
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFC</b>	International Finance Corporation
<b>IFRC</b>	International Federation of Red Cross and Red Crescent Societies
<b>IGES</b>	Institute for Global Environmental Strategies
<b>IIED</b>	International Institute for Environment and Development
<b>IIEP</b>	International Institute for Education Planning (UNESCO)
<b>ILO</b>	International Labour Organization
<b>IMF</b>	International Monetary Fund
<b>IRC</b>	International Rescue Committee

<b>ISO</b>	International Organization for Standardization
<b>IUCN</b>	International Union for Conservation of Nature
<b>JUMP</b>	Jaringan Utara Migrasi dan Pelarian (Malaysia)
<b>KDA</b>	K-Rep Development Agency (Kenya)
<b>LEGS</b>	Livestock Emergency Guidelines and Standards
<b>M&amp;E</b>	Monitoring and evaluation
<b>MBP</b>	Microenterprise Best Practices
<b>MEDA</b>	Mennonite Economic Development Associates
<b>MFI</b>	Microfinance institution
<b>MFO</b>	Microfinance organization
<b>MIS</b>	Management information systems
<b>MNC</b>	Multinational corporation
<b>MOU</b>	Memorandum of understanding
<b>MSB</b>	Malawi Savings Bank
<b>MWG</b>	Migration Working Group (Malaysia)
<b>NGO</b>	Nongovernmental organization
<b>NTFP</b>	Non-timber forest product
<b>NWG</b>	National Working Group (Liberia)
<b>NYBT</b>	New York Board of Trade
<b>OAU</b>	Organization of African Unity
<b>ODA</b>	Official development assistance
<b>ODI</b>	Overseas Development Institute
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PCVA</b>	Participatory value chain analysis
<b>PIA</b>	Participatory Impact Assessment
<b>PPP</b>	Public-private partnership
<b>PRA</b>	Participatory Rural Appraisal
<b>PTA</b>	Parent Teacher Association
<b>R2R</b>	Refuge-to-Return
<b>RSC</b>	Refugee Studies Centre, University of Oxford
<b>RHVP</b>	Regional Hunger and Vulnerability Programme
<b>RoSCA</b>	Rotating Savings and Credit Association
<b>RRA</b>	Rapid rural appraisal
<b>SAIL</b>	Stepped Approach to Improving Livelihoods (ARC)
<b>SEEP</b>	Small Enterprise Education and Promotion Network
<b>SGBV</b>	Sexual and gender-based violence
<b>SHG</b>	Self-help group
<b>SIDA</b>	Swedish International Development Cooperation Agency
<b>SIPA</b>	School of International and Public Affairs, Columbia University
<b>SMEs</b>	Small and medium enterprises
<b>TBBC</b>	Thai-Burma Border Consortium

<b>TRY</b>	Tap and Reposition Youth Initiative (Kenya)
<b>TVET</b>	Technical and vocational education and training
<b>UDHR</b>	Universal Declaration of Human Rights (1948)
<b>UN</b>	United Nations
<b>UNCDF</b>	United Nations Capital Development Fund
<b>UNDCP</b>	United Nations Drug Control Programme
<b>UNDP</b>	United Nations Development Programme
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization
<b>UNEVOC</b>	International Centre for Technical and Vocational Education and Training (UNESCO)
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNICEF</b>	United Nations Children's Fund
<b>UNIDO</b>	UN Industrial Development Organization
<b>UN-INSTRAW</b>	International Research and Training Institute for the Advancement of Women
<b>UN OCHA</b>	UN Office for the Coordination of Humanitarian Affairs
<b>USAID</b>	United States Agency for International Development
<b>USD</b>	U.S. dollars
<b>UWESO</b>	Uganda Women's Effort to Save Orphans
<b>VCA</b>	Value chain analysis
<b>VSF</b>	Vétérinaires Sans Frontières
<b>VSLA</b>	Village Savings and Loan Association
<b>WAM</b>	Women Advancing Microfinance International
<b>WB</b>	World Bank
<b>WFP</b>	World Food Programme
<b>WHO</b>	World Health Organization
<b>YES</b>	Youth Employment Summit (Kenya)

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# Glossary

**Accumulating Savings and Credit Associations (ASCAs)** are time-limited informal microfinance groups that offer short-term loans and insurance, using savings as the sole source of loan funds. ASCAs hold the savings of members, who may apply for periodic loans from the accumulated funds. ASCAs normally require records (written or memory based), as the members do not all conduct transactions in the same way. One member is appointed to manage the fund, and records are kept and surpluses are lent out. Some borrow while others only save, and borrowers may borrow different amounts on different dates, for different periods. At the end of a designated period, usually six to 12 months, all outstanding loans are repaid and the accumulated amount plus interest is distributed to group members.

**Agroforestry** is a dynamic, ecologically based, natural resources management system that, through the integration of trees on farms and in the agricultural landscape, diversifies and sustains production.<sup>1</sup>

**Apiculture** is beekeeping, in which honey, brood comb (beeswax), bee bread (ambrosia) and bee propolis (a resinous mixture used by bees to seal their hives) are extracted and collected from beehives.

**Apprenticeships** are a form of on-the-job training in which students are placed with a skilled worker or a tradesperson in his or her workplace to gain practical skills. Upon completion of the program, apprentices may obtain employment with the mentor, or be placed in a job that requires knowledge of the skills learned.

**Aquaculture** is the farming of aquatic organisms in inland and coastal areas, involving intervention in the rearing process to enhance production and the individual or corporate ownership of the stock being cultivated.<sup>2</sup>

**Build back better (B3)** is an approach to reconstruction so it is done in a smarter way, “helping to mitigate or prevent conflict, or supporting communities to be more resilient” to shocks and upheavals.<sup>3</sup>

**Business development services (BDS)** are provisions for participants of enterprise development and microfinance programs to increase their potential for success in their business endeavors. Services are considered nonfinancial, and can include training, technical and marketing assistance, business information and linkages, infrastructure development, access to technology, advocacy, advice and mentoring.<sup>4</sup>

**Cash-for-Work (CFW)** projects pay participants in cash for “short-term temporary employment usually lasting no more than six months.”<sup>5</sup> The overall goal of Cash for Work “is to generate provisional employment rapidly and inject cash into the community.”<sup>6</sup>

**Collateral** is an asset pledged by a borrower to secure a loan, which can be repossessed in the case of default.

**Collective remittances** are pooled funds sent by a diaspora group to its home community, which are used to increase their impact for development projects and investment. These collective efforts to provide community infrastructure or invest in business and manufacturing are sometimes known as hometown associations (HTAs).

**Community contracting** is important to for-work projects, which work closely with the displaced community. Such contracting “is an agreement between a community-based organisation and an external funding or support agency to implement a development project for the benefit of the community.”<sup>7</sup>

**Corporate social responsibility (CSR)** describes a commitment by for-profit groups and companies to integrate socially responsible business practices by making financial contributions or providing in-kind goods and services to social or environmental causes locally or globally.

**Credit unions** are not-for-profit, member-owned and governed financial institutions that are typically managed by paid staff who may or may not be assisted by volunteer member committees.

**Due diligence** is the investigation of a person or organization conducted prior to engaging in a contract or an agreement.

**Durable solutions** are long-term solutions for refugees post-displacement, and include voluntary repatriation, local integration or resettlement.

**Economic recovery** is the process of stimulating the growth of an area’s local economy through market development, strengthening new and existing enterprises, and job creation in the private sector and public institutions, including reconstructing needed infrastructure that will allow for trade and commerce to take place in local, national, regional and international markets.

**Employment readiness training** is the provision of training for vulnerable groups and others who may require preparation in order to compete in the labor market and employ occupational skills that may have been gained in training and apprenticeship programs. Employment readiness training includes basic education, such as literacy and numeracy; instilling appropriate work behaviors, such as professional demeanor, workplace norms and interview skills; and the development of communication skills that will help them follow instruction and work in a team environment.

**Enabling environments** are those in which conditions exist that permit livelihoods or livelihoods interventions to thrive, such as accessible resources, refugee-friendly policies, business-friendly legislation, tax incentives for business development and a stable and secure environment.

**Enterprise development** is used here to describe the development of business enterprises on the micro, meso and/or macro level to create livelihoods for displaced people, to foster the growth of the private sector and to contribute to economic recovery following conflict or crisis.

**Extension workers** are individuals—either external experts, locals or refugees—who are employed by the government or aid agencies to provide advice, plans, training, inputs and support to farmers or community groups.<sup>8</sup>

**Family tracing** is a means to restore contact or reunify family members who have been separated due to conflict, disaster, violence or other emergencies. Family tracing involves “organizing the exchange of family news and the transmission of documents when normal means of communication have broken down, organizing family reunifications and repatriations, and issuing travel documents and attestations.”<sup>9</sup>

**Financial cooperatives:** see Credit unions.

**Food-for-Work (FFW)** refers to short-term temporary employment, where workers are compensated in food, vouchers, or occasionally, in-kind goods—goods or services provided in lieu of cash.

**Foreign direct investment (FDI)** is “foreign investment that establishes a lasting interest in or effective management control over an enterprise. Foreign direct investment can include buying shares of an

enterprise in another country, reinvesting earnings of a foreign-owned enterprise in the country where it is located and parent firms extending loans to their foreign affiliates.”<sup>10</sup>

**Formal microfinance** includes microfinance services provided by public and private banks, insurance firms and finance companies subject to banking regulations and supervision.

**Formal remittance transfers** occur within established financial systems, such as banks, money transfer operators and post offices, and through credit cards and mobile phones.

**For-work** refers to programs that offer short-term employment to community members involved in public works projects in order to build community assets and infrastructure.

**Gender-based violence (GBV)** is an umbrella term for any harmful act that is perpetrated against a person’s will, and that is based on socially ascribed (gender) differences between males and females. Acts of GBV violate a number of universal human rights protected by international instruments and conventions. Many — but not all — forms of GBV are illegal and criminal acts in national laws and policies. Around the world, GBV has a greater impact on women and girls than on men and boys. The term “gender-based violence” is often used interchangeably with the term “violence against women.” The term “gender-based violence” highlights the gender dimension of these types of acts; namely, the relationship between females’ subordinate status in society and their increased vulnerability to violence. It is important to note, however, that men and boys may also be victims of gender-based violence, especially sexual violence. The nature and extent of specific types of GBV vary across cultures, countries, and regions.<sup>11</sup>

**Gross domestic product (GDP)** is the value of all final goods and services produced in a country in one year.<sup>12</sup>

**In-camp economies** are localized economies that exist within refugee and IDP camps.

**In-kind grants** are noncash grants used in the process of business development. These grants may include production inputs and/or tools to assist in the development of new and existing enterprises.

**Incentive work** includes jobs performed by refugee and IDP workers, who receive “incentives” for their work. Incentive workers carry out tasks associated with the running of refugee and IDP camps. Incentive workers are employed in occupations such as school teachers, health workers, translators, community outreach workers, sanitation and construction workers, security guards, vehicle mechanics, janitors, cooks, distribution clerks, office staff and gardeners.

**Informal microfinance** includes microfinance services provided not by institutions, but rather by organizations or individuals within a community with no official legal status and without external intervention.

**Informal remittance transfers** include transfers of money or in-kind goods—items of value for investment or consumption—through unofficial channels, often sent through social networks or individuals employed to make the transfers.

**Inputs** are necessary components that permit people to produce their goods and/or services, such as materials, seeds, tools, equipment, technology, labor, capital, training and technical assistance.

**Job placement** is the direct referral and placement of workers into available jobs.

**Land tenure** determines land and natural resources ownership, and access and land use rights.

**Life skills training** complements occupational training for particularly vulnerable groups to prepare them for their participation in society and for success in the labor market. Life skills training builds awareness about issues such as HIV/AIDS, reproductive health, human rights, environmental sustainability, personal safety, gender-based violence and landmine awareness. Further, it can include teaching on reconciliation, conflict resolution and peace education, peace building, social reintegration and civic responsibility.

**Livelihoods** comprise the capabilities, assets (including both material and social resources) and activities required for a means of living.<sup>13</sup>

**Livestock** are defined by the UN High Commissioner for Refugees (UNHCR) as animals kept for domestic use, such as cattle, horses, goats and poultry.<sup>14</sup>

**Market development** is a subfield of enterprise and private sector development, whereby development programs help link small enterprises with existing and potential markets.<sup>15</sup> These include input and support markets, which provide the necessary resources and enable production along the value chain, as well as final markets, where the end product can be sold.

**Memorandum of understanding (MOU)** refers to a document that parties use to agree to the terms—such as roles and responsibilities—of a partnership.



**Merry-go-rounds** are savings groups in which each member commits to a weekly payment into a “kitty.” The sequence of the kitty’s recipients can be determined randomly, for example., by picking numbers out of a hat or by structured rotation from member to member.

**Microcredit** is defined by the Grameen Bank as small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families.<sup>16</sup> The Foundation for International Community Assistance (FINCA), a leading provider of financial services to lowest-income entrepreneurs, defines microcredit as provision of working capital to fuel the productivity of the world’s poor majority.<sup>17</sup>

**Microenterprise development** is defined by the American Refugee Committee (ARC) as programs whose objectives include both the development of profitable microenterprises for clients and the sustainable provision of services that help microenterprises (credit, training, etc.). These programs tend to be longer term and are employed in more stable environments.<sup>18</sup>

**Microfinance** is a term for financial services provided for people in poverty who are not served by banks and other formal financial institutions.

**Microfinance institutions (MFIs)** are formal providers of microfinance services. The term has come to refer to a wide range of organizations, including nongovernmental organizations (NGOs), private commercial banks, partially state-owned banks, nonbank financial institutions, credit unions and cooperatives.

**Microfinance organizations (MFOs)** are often synonymous with MFIs, but are more generally applied to NGO-created entities.

**Microinsurance** is the protection of low-income people against specific perils in exchange for regular premium payments proportionate to the likelihood and cost of the risk involved.<sup>19</sup>

**Microloans** are very small loans to the unemployed, poor entrepreneurs and others living in poverty who are not considered ‘bankable’ by formal lending institutions, as they lack collateral, steady employment and a verifiable credit history.

**Negative coping strategies** are survival strategies that individuals sometimes employ when they do not have adequate resources and their needs are not being met. Such coping strategies, such as engaging in transactional sex for food or collecting firewood in unsafe areas, put individuals at risk of violence, rape and abuse.

**Non-monetized skills** include unpaid tasks such as cooking, cleaning, sewing, child care and care-giving.

**Non-refoulement** is a principle of international refugee law that prohibits forcibly returning a refugee to a territory where s/he may face persecution.<sup>20</sup>

**Official development assistance (ODA)** includes flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective.<sup>21</sup>

**Outputs** include what is produced for end markets, such as raw products, finished goods or services.

**Pastoralism** is the use of extensive grazing in rangelands for livestock production.<sup>22</sup>

**Post-harvest technologies** are processing techniques that add value to raw products and lead to increased profits, such as refining, preserving, drying, distilling and extracting the harvested goods. Such processing allows producers to differentiate their agricultural products and permits them to sell their products in the off season, when higher prices can be earned and products may be in greater demand, reducing dependence on immediate harvest earnings.

**Public-private partnerships** are alliances between the public sector and for-profit entities with the potential to enhance development impact through the combined strengths of multiple stakeholders.<sup>23</sup>

**Relief substitution** is the local production of relief items for distribution to refugees [and IDPs]. Rather than agencies buying-in and distributing proprietary products, they work with refugees, returnees and local communities who produce and sell products to humanitarian relief programs.<sup>24</sup> Goods that aid agencies would otherwise import or purchase for distribution to displaced people in their relief efforts can include vegetables, grains, fruit, soap, mosquito nets, mats, utensils, tools, blankets, sleeping mats, sanitary napkins, tents, knitted clothing, school uniforms, bags, chalk for schools, bricks, mud stoves, wheelbarrows and school desks.

**Remittances** are funds or goods received by individuals or households from other parties who live elsewhere, whether within the same country or region, or in another part of the world.

**Rotating Savings and Credit Associations (RoSCAs)** are community-based financial arrangements involving a group of savers contributing a set amount to a common fund on a regular basis. Small loans are made from the fund to group members,

which, when repaid, become credit for another member.

**Savings and Credit Cooperatives:** see credit unions.

**Self-help groups (SHGs)** are community-based savings groups.

**Small and medium enterprises (SMEs)** are small- and medium-sized businesses. In the development context, small businesses may have up to 20 employees and medium businesses may have up to 50 employees. Assuming a nondevelopment context, the European Commission defines small enterprises as those with fewer than 50 employees and medium enterprises as those with fewer than 250 employees.<sup>25</sup>

**Solidarity lending** is the provision of collateral-free loans to small groups of people (usually three to five), using peer pressure as the primary motivator of repayment.

**Stepped lending** is a process by which borrowers who repay loans on time are eligible for increasingly larger and perhaps more sophisticated loans.

**Technical and vocational education and training (TVET) programs** prepare individuals for productive participation in the labor market by providing skills and knowledge needed for entry into the workforce. Short-term TVET programs provide the trainee with the minimum skills needed to produce a product or provide a service geared specifically towards income generation. Long-term TVET programs are designed to provide in-depth instruction for a particular trade and prepare participants for a more highly skilled, technical position.

**Value chains** encompass the full range of activities

and services required to bring a product or service from its conception to sale in its final markets, whether local, national, regional or global.<sup>26</sup>

**Value chain analysis (VCA)** is a market analysis tool used to assess how products gain value as they pass through the range of activities needed to bring a product to market.

**Village Savings and Loan Associations (VSLAs)** are self-selected groups of about 10 to 25 people who invest their savings in a loan fund, from which members can borrow. Interest-bearing loans are initially provided for one to three months but, over time, may increase to six months or more. By marshalling small local pools of capital to satisfy household cash-management needs, VSLAs can provide immediately sustainable and profitable savings, insurance and credit services to people who live in places where banks and MFIs do not have a presence.

**Vulnerable groups** are those who may have particular vulnerabilities and/or special needs, and who may face restrictions accessing resources or livelihoods due to social, cultural, economic, physical or other constraints. So-called vulnerable groups may include women, young people, single female- or child-headed households, separated children, older people, people with disabilities, people living with HIV/AIDS and other infectious diseases, and ex-combatants, among others.

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# Acknowledgments

The development of this field manual has been a collaborative global effort. The Women's Refugee Commission particularly wishes to acknowledge Jenny Reid Austin, consultant, who, as the manual's chief editor, took the lead in the writing and rewriting of the chapters based on early research and drafts written by Women's Refugee Commission staff and many dedicated undergraduate, graduate and postgraduate student interns. We also wish to acknowledge the writing and editing assistance of Tim Morris, who helped in the early stages of the redrafting process. Our special thanks go to the many field practitioners, resource experts, academics and United Nations agencies' staff members who contributed valuable time providing input, comments and feedback.

This project would not have been possible without the generous support of the United States Department of State Bureau of Population, Refugees, and Migration, the UK Department for International Development (DFID) and the Bill & Melinda Gates Foundation, all of which provided funding for the Women's Refugee Commission's three-year global livelihoods initiative, including pilot projects that informed this manual; the field assessment missions, which confirmed current practice and sector needs; and the development of this field manual and its subsequent global rollout. We also wish to thank the Starfish Foundation, which provided initial seed money for the project.

The project was guided, shaped and managed by Dale Buscher, director of protection, Women's Refugee Commission, and Lauren Heller, livelihoods officer. Diana Quick, director of communications, assisted with the editing.

While it is not possible to thank everyone who contributed, we wish to acknowledge the following individuals and organizations for the specific and helpful contributions they made. We are grateful for the research and writing assistance of interns: Kristy Crabtree, Madeline England, Lisa Jamboury, Jessica Kiessel, Yana Kusayeva, Jeannine Lemaire, Ellen Prusinski, Trude Raizen, Sam Ray, Barri Shorey, Jennifer Shulte and Vladimir Sreckovic. We would also like to thank the following interns for their research and administrative assistance: Amber Callaway, Kenda J. Cunningham, Laura Cordero Herrera, Lisa Jamboury, Kristina Mitchell, Sam Ray and Barri Shorey.

The Women's Refugee Commission extends its gratitude to the following individuals for providing comments on the final drafts: Jenny Perlman Robinson, Women's Refugee Commission; Elizabeth Stites, Feinstein International Center, Tufts University; Terry Isert, American Refugee Committee; Laura Meissner, the SEEP Network; Alexia Delelignè, ILO/CRISIS; Owen Shumba, UNDP; Gaëla Roudy Fraser, UNHCR; Mima Perisic, UNICEF; Diana Guzmán Gómez, CHF International, Colombia; Duangporn Saussay, ZOA Refugee Care, Thailand; Bhim Muktan, International Development Enterprises, Nepal; Carrie Berg, International Rescue Committee; Lili-Marguerite Stern, International Rescue Committee; Line Pedersen, UNHCR; Gisela Thater, UNHCR; Christopher Brown, CHF International; Jennifer Marcy, CHF International; Mitos Urgel, Women's Education for Advancement & Empowerment (WEAVE), Thailand; and Ram Subedi, Asia Network for Sustainable Agriculture & Bioresources (ANSAB), Nepal.

We would also like to thank the following individuals for their various helpful contributions to the field manual: Shogufa Alpar, Women's Refugee Commission; Karri Goeldner Byrne, International Rescue Committee; Radha Rajkotia, International Rescue Committee; Aaron Evan Rippenkroeger, International Rescue Committee; Tom Hopkins, International Rescue Committee; Zaki Raheem, International Rescue Committee; Darin Kingston, International Rescue Committee; Niels Balzer, WFP; Arun Kashyap, UNDP; Rachel Locke, USAID; Benjamin Kauffeld, USAID Global Development Alliance; Tracy Gerstle, the SEEP Network; Timothy Nourse, Academy for Educational Development; Andrew Catley, Feinstein International Center, Tufts University; Patricia Weiss Fagen, Institute for the Study of International Migration, Georgetown University; Tania Kaiser, School of Oriental and African Studies, University of London; Marie-Christine Tremblay, CARE Canada; Mohammed Qazilbash, CARE International Kenya; Anna Young, Mercy Corps; Sara Ward, Mercy Corps; Reaz Uddin, BRAC, Bangladesh; Aliénor Bernhard, International Committee of the Red Cross; Emmanuel Dennis, YES Kenya; Ken Weimar, KickStart International; Tom Kuhlman, Agricultural Economics Research Institute, Wageningen University, The Netherlands; Deborah Mulumba, Makerere University, Uganda; Cindy Horst, International Peace Research Institute (PRIO), Norway; David Hircock, Aveda Corporation, Inc.; Faud Strik, Strik Consulting; María Sáenz, Habitat for Humanity International; Ruth Campbell; Justin Dubois; Claire Dunigan; Emily Harwitt-Whewell; Jennifer Morgan; and Mary Morgan.

We also would like to thank the many individuals and organizations who shared their time for interviews, shared case studies, and shared tools and resource materials. Finally, thank you to the refugees, IDPs and returnees with whom and for whom we have conducted our research. We hope that this field manual will make a meaningful contribution to the lives and livelihoods of the displaced worldwide.

# Feedback Form

We would appreciate your feedback on the Livelihoods Field Manual in order to strengthen our understanding of effective livelihoods programming. Please respond to the questions below and return the questionnaire to [daleb@wrcommission.org](mailto:daleb@wrcommission.org). You can also fill out this form online at: [www.womensrefugeecommission.org/livelihoods\\_survey](http://www.womensrefugeecommission.org/livelihoods_survey).

Date: \_\_\_\_\_

Name: \_\_\_\_\_

Organization: \_\_\_\_\_

Job Title: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_

Fax: \_\_\_\_\_

Email: \_\_\_\_\_

**1. Please indicate which livelihoods intervention chapter(s) you read or utilized:**

- Training and Placement Programs
- For-Work Programming
- Building In-Camp Economies
- Supporting Agrarian Interventions
- Microfinance Interventions
- Enterprise Development

1a. Which livelihoods intervention(s) did you and your organization develop or build upon?

1b. Was the information in the chapter(s) useful to you? What was particularly useful?

1c. What was not useful? Why?

1d. What challenges have you encountered while using the Livelihoods Field Manual and how did you resolve them?

2. Please indicate which tools and guidance you used from the Tools and Approaches section of this Field Manual to develop or strengthen a new or existing livelihoods intervention:

- Situation Analysis
- Conflict Analysis
- Participatory Needs Assessment
- Participatory Rural Appraisal
- Market Assessment
- Value Chain Analysis
- Labor Market Assessment
- Organizational Capacity Assessment
- Monitoring & Evaluation

2a. Which of these tools were particularly useful? Why?

2b. Did you find any challenges in using the tools? What were they?

2c. Have you utilized any other tools that your organization or other organizations have developed? What are these tools and how effective are they?

2d. What additional tools would make the Livelihoods Field Manual more relevant and useful for your work?



3. Please indicate whether you read or utilized any of the following chapters:

- Working with Host Governments
- Public-Private Partnerships
- Leveraging Remittances

3a. Were these chapters useful? In what ways?

3b. What was not useful?

4. Is the Building Livelihoods Field Manual relevant to your work? If not, why not?

5. Can you share any lessons learned and/or examples of good practice from your experience using the Building Livelihoods Field Manual? Is there any information that is missing that you would find helpful in informing the development of a livelihoods intervention or contributing to economic security for displaced populations?

6. Is the Building Livelihoods Field Manual easy to use? If not, what could be improved?

7. What general comments or feedback do you have on any portion(s) of the Building Livelihoods Field Manual?

Please return this questionnaire to [daleb@wrcommission.org](mailto:daleb@wrcommission.org)

*c/o Women's Refugee Commission*  
122 East 42nd Street  
New York, NY 10168-1289  
USA

You can also fill out this form online, at the following web link:  
[www.womensrefugeecommission.org/livelihoods\\_survey](http://www.womensrefugeecommission.org/livelihoods_survey)

THANK YOU FOR YOUR FEEDBACK! IT WILL HELP US IMPROVE OUR WORK.



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