ILO Guide on Responses to Support the Recovery and Reconstruction Efforts in Crisis-Affected Areas in Indonesia

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"ILO Guide on Responses to Support the Recovery and Reconstruction Efforts in Crisis-Affected Areas in Indonesia"

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Preface

The natural disaster that struck Aceh, Indonesia on December 26, 2004 has caused the loss of many lives, displaced families, and destroyed the jobs and source of livelihood of over 600,000 people. If not addressed adequately, this loss of employment and income can escalate to a level where many people will face hunger and poverty beyond even the emergency relief phase.

An essential part of rebuilding people's lives is providing them again with a source of income. This can be in the form of employment or an income-generating activity. In the immediate recovery and rehabilitation programmes being implemented in the affected areas, income-generating opportunities are arising.

The ILO has long experience in this field from a number of post-crisis situations and countries. The ILO has produced a collection of short guidelines in 12 key-areas to be considered in rehabilitation and reconstruction. The guides are a practical introduction to employment and business-related interventions for the promotion of self-reliance of displaced populations and other crisis-affected communities.

The subjects covered in the guidelines range as follows:

- the creation of temporary jobs that can inject cash into a community rapidly – this includes cash-for-work, food-for-work, labour-based infrastructure reconstruction, and community contracting;
- the building of sustainable self-employment through the development of micro- and small enterprises - microfinance, business development services, start and improve your business, and women entrepreneurship development are strategies in this regard; and
- general strategies on the promotion of individual and communal economic development – emergency employment services, skills training, and local economic development are recommended options.

The ILO has assisted the Government of Indonesia in the development of the economic recovery, rehabilitation and reconstruction plans for Aceh from an employment perspective. To this end, the "*ILO Guide on Responses to Support the Recovery and Reconstruction Efforts in Crisis-Affected Areas in Indonesia*" can be used as a reference for socio-economic policy development in crisis-affected areas in Indonesia. The Guide will assist in putting gainful employment and decent work opportunities at the heart of economic recovery strategies.

Alan Boulton
Director, ILO Jakarta Office

Restoring Livelihoods, Generate Income and Create Employment

Proposal of short Operational Guildelines[1]

This collection of short guides describes a number of activities (based upon labour, enterprise and business development, training and local area development) that will contribute to the promotion of both social and economic recovery and livelihoods. Each activity is explained, and 'why', 'how', and 'when' (or when not) to implement them is outlined in a brief guide.

Why these guides?

These guides provide a practical introduction to employment and business-related interventions. They are written for those working on the promotion of self reliance and livelihoods of displaced populations and other crisis-affected communities. They highlight opportunities and limitations of relevant ILO approaches and methodologies for socio-economic empowerment through employment-oriented strategies.

These guides will not substitute for technical expertise in the field; rather they are programming and decision-making guidelines that will help programme and technical staff oversee the design and implementation of relevant activities.

The subjects can be divided into three major categories:

- 'Cash for work', 'Food for work', 'Labour-based infrastructure reconstruction' and 'Community contracting' belong to the first. These three areas concentrate on the creation of temporary jobs that can inject cash into a community rapidly. These jobs are not meant to provide sustainable livelihoods, but are designed to revive the local economy, provide a boost to household economies, either in refugee hosting areas or in the reconstruction phase of a post-conflict situation, in order to create the means for further development.
- The second category includes micro- and small-enterprise development and its subsections: 'Microfinance', 'Business development services', 'Start and improve your business' and 'Women entrepreneurship development'. This group concentrates on building sustainable self-employment, and on micro- and small-enterprise support and development.

1 These short guides were elaborated by Maria Lazarte G. to be included in the UNHCR Self reliance Manual and have been derived from consultations with ILO technical departments and based on their relevant publications.

- The last group contains general strategies that can be used in combination with strategies above in order to promote individual and communal economic development. These include 'Emergency public employment services', 'Skills-training', and 'Local economic development'.

How should they be used?

The guides comprise a compilation of briefings and relevant ILO tools on each subject.

The guides provide decision-oriented information on each area, and expansive methodological guidelines, as well as a reference to an additional online bibliography and contact information for further resources and technical help.

The guides are divided into the following sections:

- A brief summary of each strategy ('what is').
- Its main advantages ('why implement')
- Information on when to implement each strategy ('when to')
- Warnings ('when not to implement').
- Problems and challenges to consider before and during implementation ('problems/challenges').
- Basic steps or different forms of each particular strategy, and some recommendations to consider during the implementation of each strategy ('how to').

Contents

There are twelve guides

Building a basis for employment and enterprise development

1. Vocational and skills-training
2. Local economic development
3. Emergency public employment services

Short-term employment options

4. Cash-for-work
5. Food-for-work
6. Labour-based infrastructure projects
7. Community contracting

Business development options

8. Micro and small enterprise promotion
9. Microfinance
10. Business development services
11. Managerial Training (Start and improve your own business-SIYB)
12. Women entrepreneurship development

1. Vocational and Skills Training

What is skills-training?

Vocational and skills-training involves helping individuals develop technical and entrepreneurial skills in order to increase their employability. Skills-training does not create employment but assists individuals to develop skills necessary to earn a livelihood, enhance and sustain their productivity, and improve their flexibility in the labour-market. Skills-training will also develop social skills.

Why implement skills-training?

There are a number of reasons:

- Crises can have a destructive effect on a national socio-economic framework, dramatically reducing job opportunities and damaging the institutions usually involved in providing the necessary skills for generating a livelihood. Skills-training is therefore crucial in reconstruction and economic rehabilitation.
- Displacement involves adjusting to new social and economic environments. It can provide an opportunity for learning new skills and contributing to the economic development of the hosting districts.
- If skills-training is carefully targeted to address market opportunities, potential entrepreneurs and other individuals entering the job market have increased chances of success.
- Youth affected by conflict have often have an interrupted education. Skills-training allows them to learn skills that, if adjusted (or responding) to market demand, can help youth to: generate income; avoid idleness and frustration; and avoid the risk of their enrolment in military or criminal activities.
- Women's roles are also affected by conflict. Conflict often produces a large number of women heads of household. Such women may engage in paid or self-employment for the first time, but lack the relevant skills.
- Skills-training also has clear development benefits if adapted to current market needs – broadening the range of skills available and increasing job possibilities. It is also likely to make these services and skills available to the most vulnerable and poorest groups.

When to implement skills-training?

These are the key opportunities:

- When there is interest in raising employability and generating job opportunities (in order to diversify the applicant pool with a variety of targeted skills).
- When the market requires upgraded or new skills, or where existing skills-training mechanisms are no longer working e.g. after a crisis involving loss of human resources and a loss of entrepreneurial and related skills.
- Training should start as early as possible after an emergency, whether it is a displacement or (re)integration situation. The skills learnt should be applicable both in asylum and return situations.
- When it can be combined with Income Generating Activities (IGAs), as will substantially increase the success and impact of both skills-training and IGAs.
- When it can be linked with other projects to support employment and labour absorption capacity (e.g. microfinance, business development services, labour-based works).

When not to implement skills-training?

Best not undertaken:

- When skills-training activities are not adapted to the local cultural context. If activities such as self-employment, micro-enterprise or cooperatives are encouraged in an area where there is no previous tradition and/or similar organisations or groups, the initiative may not be successful.
- When the number of people trained in a certain skills exceeds the existing or likely market opportunity/capacity. Avoid saturating the market with a large number of individuals trained in any one specific craft.

Problems/Challenges

In the context of crisis:

- Training may create high expectations, disillusionment and aggravate relations between trainees/communities and trainers/agencies if finding a job, after completion of training, remain difficult. This is particularly important in crisis affected areas where jobs are scarce.
- Limited demand, due to poverty, conflict and low purchasing power, may force trainees to seek other sources of income. Correlating training to market demand is crucial.
- Important labour market processes and institutions (including information and services, as well as business support and coordination) are often ineffective or damaged in conflict-affected environments.
- Poor diversification of skills will saturate the market and will have a damaging effect on craftsmen already making a living from those skills. Mobile and creative

training are some possible solutions (e.g. introducing new skills, self-employment options, cooperatives, etc).

- In the case of refugees there might be legal difficulties including the need for work permits, payment of taxes, and restrictions on freedom of movement to access markets and employment.
- Skills need to be put into practice immediately. The longer the time-lapse between gaining skills and putting them into practice, the greater the risk they will be lost or become obsolete. (Ideally skills of vocational training should be put into practice within 3 to 6 months).
- Deep-seated ideas on 'traditional roles' can limit women's access to a variety of skills. Training women in only 'traditional tasks' (e.g. knitting) will further reinforce these beliefs.
- Rapid implementation may not be possible. Training can be expensive. In rural areas it may be difficult to access raw materials and resources, and the number of people requiring training might be too large – posing problems if resources are limited and few can benefit from training. This can lead to resentment and exclusion at a time when cooperation and social cohesion are most needed in an unstable environment.
- The target beneficiaries may vary. Some may have only recently left school (or have only school experience), others may have previous work experience. Some may have other responsibilities, or suffer from trauma, mobility problems, etc., and the training may have to be adapted for content and delivery (see different delivery strategies in 'how to').
- Access to training, particularly for the most vulnerable, might be difficult – especially reflecting any minimum education requirement. Other problems may include: the timing of the training (it may take place during normal working hours), the location of facilities (they might be too far away), or the duration of the training (it may last too long and take up too much time). Flexibility is essential when designing a training strategy.
- The capacity and/or expertise of NGOs, local institutions and partners in the field are not always adequate. Trainers can be hard to find, be unmotivated or unsuitable, and may not possess adequate expertise and/or capacity to assist trainees.
- Training can be agency- rather than community-driven. Communities might have a limited capacity to manage the entire process and final result of the programme.

Partners/Targets

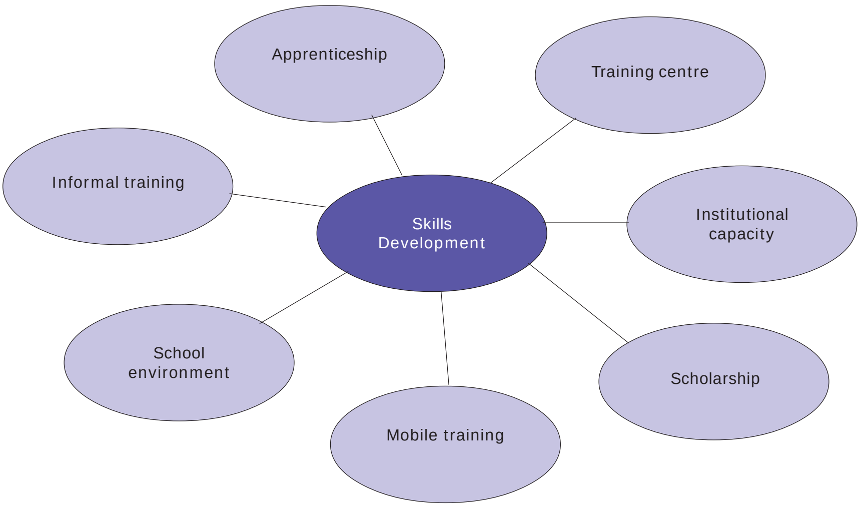
Targets

A wide range of individuals may require skills-training - from the unemployed to those seeking a change or improvement to their livelihood. Pay particular attention to women, youth, ex-combatants and other groups with special needs.

Partners

ILO, UN agencies, NGOs, donors, public and private national training institutions, traditional and community structures and authorities, employers and worker's organisations, and the private sector (e.g. for apprenticeship).

How to implement skills-training?



Informal training

The most common and practical form of training, linked directly to daily life needs (e.g. adult literacy, food preparation, agriculture techniques, basic health, peace education, on the job training, workshops, sensitisation, mobilisation). Care must be taken to adapt audio visual and communication aids for illiterate audiences.

Skills development in school

Delivery of practical and life-skills-training to children in school, through intra/ extra curricular activities.

Vocational training

Training, usually at training centres, in activities with recognised national standards (e.g. in teaching, agriculture, nursing, electrics and mechanics).

Formal training centre

This strategy offers formal education but it has often proved inefficient and expensive. It can create dependency on the project agency and should be done only if the alternative is constructing parallel training centres.

Apprenticeships

Appropriate in communities where there are skilled people producing goods and services. Craftsmen are then given benefits in cash or kind in return for training apprentices. Apprenticeships maximise work experience and take training to the people.

Combination of apprenticeships and training centres

Trainees benefit from work experience during or at the end of their training.

Mobile training centres

Instructors move to teach trainees in their own communities. These are easier for trainees to access, particularly marginalized or disadvantaged people. The centres rely on facilities such as participant's homes, classroom blocks, and places of worship.

Scholarships

Scholarships can be used for vocational training colleges or universities (long-term). The skills offered should be selected according to community needs. The programme should be small as it is often expensive and its impact is not immediate.

Institutional capacity building

Provide capacity building (e.g. infrastructure and equipment) to national vocational training institutions or secondary schools, also offering practical skills in exchange for admitting refugees and other groups with special needs.

Considerations

Identify skills to be imparted according to local needs (e.g. agriculture in rural areas), existing community resources and capacities (of locals and displaced populations) and market demand. Introduce new skills but ensure that these can be marketed successfully (e.g. shoe-shining in urban areas). In the case of refugees consider reinforcing or rehabilitating former skills (i.e. the occupation of individuals prior to becoming refugees). Multiple skills can improve employability (e.g. literacy, management, computer skills, accounting). Give communities a voice in the decision. Community management will enhance sustainability.

Training should also be a means for developing social integration and social cohesion -through the promotion of skills on reconciliation, peace, crisis prevention and health issues.

Training should have a gender 'lens'. This is particularly important after a crisis in order to recognize how gender roles have changed (e.g. with more female heads of households) and strategically target and include women. For instance, develop training packages that allow for other household responsibilities (i.e. preparing food, fetching water in the morning, caring for children) with flexible timetables, etc. Youth and other groups with special needs should be considered in a similar way.

However, it is necessary to establish a balance between inclusiveness and targeting of special groups in order to ensure social harmony. Inclusiveness is particularly important in areas where the population at large is extremely poor, and when the target group is perceived negatively (e.g. ex-combatants). Mixed groups can promote social integration, though a degree of targeting can be necessary to ensure that groups with special need benefit from these opportunities.

Partnerships and coordination helps avoid duplication, while permitting programmes to complement each other - maximizing efficiency, sharing of responsibilities, increasing cost-effectiveness, and paving the way for sustainability and local ownership.

Finally, link trainees to the market to help them on their path to Self Reliance (e.g. by introducing them to microfinance programmes).

Monitoring and evaluation will help you profit from lessons learnt.

For a community based training approach see:
Community Based Training For Employment And Income Generation,
ILO, IFP Skills.

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2. Local Economic Development

What is Local Economic Development (LED)?

Local Economic Development (LED) is a participatory development process that encourages partnership arrangements among the main private and public stakeholders in a locality. The objective is to enable the joint design and implementation of a common development strategy, using local resources and competitive advantages in a global context. The ultimate goal of LED's is to create decent jobs and stimulate economic activity.

In crisis contexts LED is to bridge the gap between relief and development through reintegration, rehabilitation and reconstruction investment efforts. Its aim is to re-build the local economy and society by supporting business capacity, generating jobs and maximizing local resources.

In refugee contexts, LED would contribute to peaceful coexistence between refugees and hosts in asylum conditions, and among returnees, IDPs and locals in return and reintegration situations. LED would constitute the basis for Self Reliance and would therefore contribute to the search for durable solutions for internal displaced population and refugees, whether in asylum or in return situations.[2]

These objectives are accomplished through consensus and partnership between public and private agents working together, with a common design, towards a shared development strategy - contributing to reconciliation by raising common goals and visions in fragmented societies, and promoting economic inclusiveness for the disadvantaged.

The LED approach integrates locally the economic, social, political and institutional aspects of development. It provides context-specific solutions based on place, culture, economic potential and political circumstances, as well as in the social and institutional environment.

2 UNHCR durable solutions framework promotes Self Reliance of refugees, and development of refugee-hosting areas in preparation for local integration or repatriation/reintegration of refugees.

The principles of LED

Participation and social dialogue

Participatory mechanisms to promote social cohesion through local awareness, consensus building, institutional partnerships and networking of capacities, ensures sustainable growth. LED seeks to provide a voice to all local actors, including those with special needs (women, IDPs, youth, etc.).

Private/public partnership

Cooperation and coordination among all agents, both public and private, establish the legitimacy and sustainability of the development process and contribute to restoring institutional confidence.

Territory

A LED programme should profit from local experience and knowledge of available resources and assets, and on communal needs, by drawing on mutual interests and priorities, traditional forms of cooperation and cultural understanding. Greater social, economic and political interaction resulting from proximity can be directed to facilitate dialogue among local actors and various community groups, and promote social cohesion and trust. A decentralized strategy relies less on central authorities and institutions (which are often weak, affected by the crisis or removed from local interests), but helps create a strong representative local voice.

LED promotes the following elements:

- Social and political development - building from existing institutions, stimulating representative political participation in decision-making, promoting social dialogue and cooperation, developing the process of institutionalization, and encouraging private/public partnerships
- Economic development - promoting social inclusion, poverty alleviation, greater social and political stability and innovation
- local development - building common interests, self regulation and knowledge, strengthening the intensity and frequency of interactions, and enhancing the likelihood of tapping into national and global decision-making structures.

LED strategies are adapted to frail post-conflict contexts, and can work predominantly with the informal sector.

Why promote LED?

Post-crisis contexts produce both threats and opportunities for social reform. Issues such as social inclusion and environmental conservation should form an integral part of humanitarian and development assistance from the emergency stage.

LED seeks to enable the local economic environment in order to establish a base for the sustainable socio-economic (re)integration of groups affected by crises. Conflicts and disasters can lead to considerable damage to the physical, natural and 'human' resources of an area – affecting property, machinery, and financial and marketing services that will slow down or stop production. Communication centres may also be damaged, isolating an area from suppliers and customer networks. Interrupted media, telephone and other national and international communication systems disconnect a locality from the outside world at a stage when external input is most important. Banks may refuse to provide credit for lack of communication, and competition and cooperation among enterprises will also suffer. Moreover, a loss of human resources means, among others, a loss of technical knowledge, marketing and entrepreneurial expertise, and of links with supplier and customer networks. Furthermore, in an environment of crisis, disappointment, divisions, mistrust and animosity are rampant, making the task of reconstruction even more difficult.

A system based on transparency and accountability will rebuild trust and confidence - strengthening local institutions and local frameworks, and encouraging participatory decision-making processes where all local stakeholders (including the most vulnerable) have a voice. Working and participating together around the common goal of local development and/or reconstruction will bring hope, self-respect and collaboration. This will also build a lasting peace.

When to promote LED?

LED is most likely to succeed: in post-crisis contexts, once planning begins on reintegration, rehabilitation and reconstruction activities; in areas with a fragile economy and a divided environment, where there is a need for social dialogue; and in refugee hosting areas of developing countries.

When not to promote LED?

It is important to ensure that before the LED forum starts it relies on a fair balance of representative actors and there is no dominance of one group over another. If this is not the case then it is necessary to concentrate on activities aimed at addressing these differences before the LED forum takes place, otherwise the process can end in failure.

Problems/Challenges

Trust, coordination and collaboration are crucial for the success of LED, yet these might be difficult to attain in a post-conflict scenario. In these circumstances LED can introduce small specific 'entry' activities to facilitate the formation of links between institutions and organisations. These will also promote LED principles, strategy and organisation.

In order to ensure the financial sustainability of the LED process it is important to rely on local stakeholders. Only establish new and larger technical units if necessary to ensure unity, coordination and effectiveness of partners.

Partners/Targets

Targets

In Local Economic Development the 'local' is determined as an area small enough to: be able to achieve coordination and consensus among local actors; pursue a joint strategy; and decide implementing measures with relative ease: But big enough to: have an economic, political and institutional potential sufficient to carry out a successful LED; to lobby at government level; and compete internationally.

ILO, UN agencies, NGOs, donors, relief and development agencies.

Forum

Members should include: the local government; international and national development agencies; NGOs; private foundations; community based organisations; local economic and trade bodies; village elders; and group representatives. A LED expert for consultation should also be present.

Once consensus is reached, the next steps should be followed jointly with the forum as an implementing agency, or where this is not possible with the appropriate government department or agency.

How to promote LED?

Steps

1. **Territorial diagnosis**. Rapid needs-assessment of pressing issues and potential actions; institutional mapping, and research and analysis of the socio-economic situation.
2. **Sensitizing**. Encouraging awareness of socio-economic problems and issues in the locality, and establishing a sense of ownership for the LED process.
3. **Promoting a forum**. Initiate a forum (that includes all public and private actors, and a LED expert) to answer questions, provide information and provide recommendations. This will provide a basis for: sharing views and opinions on LED to increase understanding of policies and technical areas; assessing the potential of the approach; identifying practical solutions, resources and possible synergies; formulating a LED strategy and building consensus around it; and ensuring its effective coordination, monitoring and implementation.
4. **Designing a LED strategy**. Prepare a reference document for interventions.

5. **Establishing coordination/implementation structures**. Coordinate reconstruction and implementation within the framework of LED by establishing institutional mechanisms such as Local Economic Development Agencies (LEDA) where necessary.
6. **Actions**. Implement LED strategic priorities in the areas of business services, micro-finance, skills-training, planning, groups with special needs, investment promotion, and environmental consciousness.

In order to guarantee the success and sustainability of LED it must rely on representative actors (local and national authorities, grass-root organisations, producers, workers, etc.) and a fair partnership between them. Social legitimacy depends on broad support for economic activities that reach different actors - including the most vulnerable.

The institutionalization of the LED process can guarantee its sustainability, and this should be decided during the forum stage. At this stage it should also be determined whether a LEDA is necessary.

(LEDAs are professional institutions that identify and support income-generating projects and organize the technical and financial resources necessary for these activities.)

A LEDA is not necessary if there is another institution that local actors recognize as a possible legitimate leader for LED, or when there is a balanced network of the different local actors that could self-coordinate and allocate the tasks fairly.

For more information on LED and how to implement it see the LED operational guide:
LED in Post-Crisis Situations, an operational guide, IFP Crisis Response and Reconstruction, ILOFor more information on the LED approach see:
Local Economic Development in Post-Conflict situations' by Lazarte, A. in Jobs after war, a critical challenge in the peace and reconstruction puzzle. Ed. Date-Bah, E. IFP on Crisis Response and Reconstruction, ILO.

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3. Emergency Public Employment Services

What are Emergency Public Employment Services (EPES)?

EPES are crucial in building links between job seekers and employment opportunities in areas where crises have had a severe impact on the economy, and employment promotion is essential for recovery.

The roles of EPES are: to register job seekers and vacancies; offer information and counseling on job searching and self-employment; match job seekers to vacancies; address the needs of particular groups such as refugees, women, youth, ethnic and minority groups (ensuring equal access to employment opportunities); refer interested persons to training programmes, social services and other relevant employment support initiatives and institutions; and conduct rapid assessments of local labour markets. The role of EPES can range from acting as a support for specific initiatives targeting particular groups, to providing general employment aid to all affected parties in a crisis.

Initially, EPES should focus on pursuing short- and medium- term interventions, prioritising specific target groups with the aid and support of international organisations, NGOs and other national and international actors involved in the humanitarian and reconstruction processes. EPES can start immediately after a crisis, with relatively simple service centres (perhaps consisting of a tent and a small number of staff) matching job seekers to vacancies such as identifying individuals to help set up refugee camps or other related jobs. This can evolve over time, expanding the variety of services offered (e.g. skills-training). Some could eventually become permanent.

Why establish EPES?

In crisis contexts, employment problems arise when large numbers lose their jobs and means of livelihood. In particular, groups with special needs (including refugees, demobilized soldiers and widows) might need to find a job for the first time. In addition, following a crisis, work opportunities are usually drastically reduced, especially within the formal sector.

Post-crisis interventions can produce temporary employment through infrastructure reconstruction, relief-aid distribution, establishment of temporary shelters, socio-economic reintegration and self-employment possibilities.

When to establish EPES?

EPES should be established in the aftermath of armed conflicts, displacement and other crises (including natural disasters, difficult political and social transitions, etc.). They should be set up in areas where alterations in the supply and demand of labour are substantial, frequent and take unpredictable directions, and where employment requirements are consequently urgent.

When not to establish EPES?

They should not be attempted if there are other EPES offices in the area. They should not be duplicated, but adapted to the needs of the emergency context.

Problems/Challenges

Coordination between employment agencies is crucial to avoid duplication and address targets efficiently. It is also important to coordinate between different employment promotion programs to increase their efficacy (by linking skills-training, SIYB, labour-based works and other employment related programmes).

Flexibility is vital in emergency contexts, to ensure that EPES can be adapted easily to emerging needs (e.g. bringing EPES to groups with special needs in remote areas).

Partners/Targets

Targets

EPES are focused on unemployed individuals in conflict-affected areas or in displacement situations. In this context they can also be used to facilitate access to employment to groups with special needs (women, youth, refugees, ex-combatants, etc.)

Partners

ILO and other relevant UN agencies, national authorities, NGOs, crisis-response government agencies, private employment service agencies, employers' and workers' organisations, local authorities and donors.

How to establish EPES? (Steps/Stages)

EPES should form part of the wider emergency response programme in the area. In order to determine what type of EPES to establish it is necessary to have a good understanding of the context. In particular, it is important that EPES address the specific needs of a displacement or post-crisis situation, focusing on vulnerable target groups and affected areas and services. It is therefore necessary to assess the facilities already in existence and their adequacy for crisis response and reconstruction. In this way it will be possible to target action successfully, and coordinate to avoid duplication and address the most salient gaps. Although EPES can collaborate with private employment service agencies for this purpose, they cannot be substituted by them as long as the emergency situation and/or emergency reconstruction process lasts.

EPES should be directly relevant to the displacement and post-crisis context. They should be viable, visible, and enjoy the support of other key actors in the area, including the UN and other international agencies. EPES should be regarded as the focal point for recruitment, orientation, and other related activities including skills-training, decent work conditions and wage setting.

Setting up a pilot EPES with limited scope and services can prove extremely useful to produce rapid results and therefore gain trust and experience. However, it is important that these pilot EPES have reasonable goals and adequate financial resources to ensure that they do not loose credibility by creating unrealistic expectations.

It is important therefore, through careful planning and realistic expectations, to ensure that the objectives of EPES are attainable, that sufficient resources are available to guarantee their sustainability, and that donors and national authorities remain committed to the project. A "memorandum of understanding" can set up arrangements for the actors involved, including actions to be taken, distribution of responsibilities, time frame, projected results and long-term sustainability.

To establish a successful EPES it is also vital to begin by sensitizing the authorities and national and international crisis response actors to the role and importance of EPES in their work. In this way it will be possible to obtain their support and participation in EPES activities, as well as their commitment to the longer term continuity and development of EPES. EPES should be owned by a national counterpart (usually the Ministry of Labour). Therefore, it is important that they be regarded as credible, reliable, result-producing services that provide valuable support to job seekers and employers.

EPES should be flexible to address rapidly emerging necessities. These might take the form of informal services, such as creating temporary mobile registration centres, visiting job seekers in camp settlements or return areas and other removed locations or employers in large project sides, and offering special information sessions for vulnerable groups. Staff should be trained to regard job-seekers and employers as clients, and treat them with respect.

Finally, EPES should market their services in pragmatic and creative ways, through the media, special events, publicity materials, agencies and other mediums (such as local churches or mosques) appropriate to the specific context.

Steps

1. **Needs assessment**. Conduct a needs-assessment with other national and international actors involved in responding to the crisis. Determine whether public employment services already exist, and if they can be adapted to fit the needs of the emergency context
2. **Collaboration**. Coordinate with other relevant agencies and local community networks. Establish consultation and cooperation with local workers' and employers' organisations.
3. **Targeting**. Ensure that assistance can be targeted to groups with special needs, such as women, youth and persons with disabilities, and for all community groups (refugees, returnees, IDPs, locals).
4. **National authorities**. Ascertain the commitment of the relevant national authorities.
5. **Location**. Identify the location of the EPES premises and prepare them.
6. **Staffing**. Recruit EPES officials and train them.
7. **Setting up the systems**. Concentrate on job-making at the outset. Set up job seeker registration arrangements. Contact employers and contractors engaged in major projects, to assist them with programme design (to promote labour-intensive methods) and recruitment requirements. Collect basic labour market information concerning the area including all community groups, to identify skills shortages, areas of growth, training requirements, etc.
8. **Providing training**. Develop links with training institutions to make these services available to job seekers, including on-the-job options.
9. **Provide the services**. Establish advice and information services to assist job seekers and employers on employment alternatives, small-business development and sustainable livelihood options.

For practical information on how to set up an EPES see: Guidelines for Establishing Emergency Public Employment Services IFP Crisis Response and Reconstruction, ILO

Links:	www.ilo.org/crisis www.ilo.org/seed www.ilo.org/jakarta
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4. Cash for Work

What is cash-for-work?

Cash-for-work (CFW) refers to short-term temporary employment usually lasting no more than six months. CFW is often employed in infrastructure reconstruction or other similar temporary jobs such as harvesting, where labourers are paid in short-term intervals. The overall goal is to generate provisional employment rapidly and inject cash into the community.

Why implement cash-for-work?

- To generate provisional employment rapidly for as many individuals as possible.
- To inject cash into the community. A cash injection can start a chain reaction in various sectors of the market. In particular, the purchasing power of the community will be increased. The use of local resources will provide an added bonus, particularly if these come from the target locality (e.g. by producing bricks locally rather than bringing them from the capital or abroad).
- To stimulate the economy through the strategic provision of services, production of materials and machinery, and the development of infrastructure (e.g. by building roads that grant access to market places).
- Cash is cost-effective and has lower transaction and logistical costs than food-for-work (which has high transport costs, easily disrupts the food market where it exists, and can become a source of exploitation and dependence when there is no food emergency).

When to implement cash-for-work?

- 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.

When not to implement cash-for-work?

- Do not use CFW to pay salaries of civil servants.
- Do not use CFW for long-term ongoing activities such as teacher's salaries or road maintenance.

Problems

CFW provides an unstable short-term income which might prove problematic for labourers seeking long-term job security.

On wage setting

Wages higher than the average local wage can disrupt markets. Other local businesses, in particular poorer ones, might suffer if labourers are drawn away by the prospect of higher wages. Moreover, fixing the wage too high will exclude vulnerable target groups that are rarely incorporated into the average market. Setting a wage lower than the regular labour market will attract more disadvantaged groups. However, it is important that this does not lead to exploitation, particularly in areas where wage labour is not generally available.

In remote (isolated) markets restricted to their respective communities, cash injections can produce local inflation. The rise in prices will benefit local producers selling their produce in the market. However, it will be problematic for poor consumers buying food and goods in the market, unless they can profit in one form or another from CFW activities.

CFW activities might empower men over women, particularly in areas where women have little control over cash, but several measures can be taken to prevent gender discrimination such as:

- Avoid setting distinct remunerations for different jobs (i.e. pay women and men equally for work of equivalent value)
- Establish single-day task rates
- Allow for half-tasks and flexible schedules so women and other disadvantaged groups can accommodate other responsibilities
- Pay women directly for their labour (not to their husbands or other relatives)

On wage payment

Workers ***must*** be paid on time. Lack of timely wage payment can lead to exploitation, discontent, and a failure of labourers to return to the work place.

Payment problems can range from delays in getting access to the funds for wages, delays in establishing the wages owed to the labourers (administrative procedures that are especially cumbersome with ‘piece work’), insufficient funds of contractors, delays in transferring cash to the worksite or in informing the total amount to the funds provider.

A revolving fund or soft loans endorsed by the client, and a timely coordination of monthly advances to cover salaries, can address administrative bottlenecks. During a pilot phase trials can help determine the time period necessary to process payments.

(Short-payment intervals can be more problematic than longer intervals due to administrative, organisational and cash-flow difficulties.)

Paying workers in advance is risky. It can lead to forced labour if a worker spends his/her wage too fast, and is subsequently unable to change employment because of his/her debt. Some workers might also leave the work unfinished.

Partners/Targets

Targets

Targets include potential labourers in the locality – with particular focus on groups with special needs. In order to avoid social tension it is important to make recruitment as open as possible, using quotas (careful that they do not become maximums) and wage setting to attract more workers from groups with special needs.

Partners

UN agencies (ILO, FAO, UNDP) and other international organisations, NGOs, and local and national authorities.

How to implement cash-for-work?

The wage should be fixed, based on the legally established **minimum wage** (which can be adjusted through formal exemptions in consultation with social partners if deemed necessary).

Apply collectively bargained wages, which include the labour-based sector, wherever they exist.

When there are no minimum wages or collectively bargained wages the following can be used as reference:

- The current wage for unskilled agricultural labour in the area
- The regulated wage (public or private, and collectively bargained or legislated) for other similar types of work
- The ‘cost of living’ index, though it might be misleading in a rural environment
- The incidence of other paid labour in the area.

There are two fundamental systems of remuneration: timed based; and productivity based.

Table 1.13.4.1: Two Fundamental Systems of Remuneration

	Time based (daily paid)	Productivity based	
		(piece work)	(task work)
Typical methods of application	Fixed wage for a fixed number of hours (establish breaks, start time, etc).	Wage fixed according to small quantities of output. No reference to amount of time.	Fixed wage for a fixed quantity of work / task. Usually set to accomplish in 6 hours (can vary).
Means of assuring production	Production assured by supervision, and disciplinary measures for lack of production.	Assured because payment is only made upon production.	Assured because payment is only made upon production.*
Units of work per day	One day's worth; no assurance of quantity.	Many pieces, usually unlimited. Pay relates to output, and output can be maximized each day.	Usually one task. Can set 2 or 3 small ones, or a fraction of a large one per day.**
Major advantages	Easy book-keeping, simple to organize	Preferred in highly monetized economies.	Where set properly, allows typical worker to finish task and go home (particularly useful in rural areas).
Major disadvantages	High amount of supervision required. Rate of progress can be extremely variable.	Tendency to self-exploitation. Difficult to control by government administration. Complex to administer, organize, monitor and pay.	Requires close supervision and monitoring in the daily laying out of work and overall setting of task size. Deviations in usual amounts of task can lead to exploitation.

* adaptations are common
** establish a rule to limit the number of tasks per day
(adapted from: *employment intensive infrastructure programmes, labour policies and practices*, ILO 1998. p. 67)

Payment systems and management

Productivity based remuneration

This is particularly appropriate in employment-intensive works – requiring less supervision whilst maximising productivity, increasing income potential and flexibility for workers.

Bonus systems

These can augment income and boost productivity e.g. for extra productivity, attendance, exceptionally rapid achievement of tasks, etc.

Ensure that the workers understand the system of remuneration. Make work norms (expected productivity and outputs) and wage rates known to workers in a simple form and in the local language. Consider establishing work norms with their participation to gain their confidence.

Records

Records, showing workers' time inputs and outputs (production), are necessary to calculate wages, productivity and production. Keep:

- Daily muster rolls - showing for each day who worked and for how long.
- Monthly pay sheets - monthly records also including information on absences.
- Weekly records - describing the daily progress made on different activities by gangs or individual workers.

Disciplinary systems

The disciplinary system should be transparent, fair and take into account national legislation and collective agreements. Termination of employment should only occur when the project is completed and the period of employment is over, or where there has been an infringement of work rules leading to dismissal.

Workers must be informed of the expected period of employment. For example, 'daily' labour refers to hiring workers on a day-by-day, rather than on a more sustained, basis. Unskilled labour-based workers should only be considered as 'daily', if they are ***not*** expected to return to the workplace the next day.

For more detailed and practical info on remuneration see:
Good labour policies and practices in employment intensive programmes – Quick overviews from the guide, ILO, EMP/INVEST, section on wage setting, basis of remuneration, protection of wage payment, duration and termination of employment.

Links:	www.ilo.org/public/english/employment/recon/eiip/ www.ilo.org/jakarta
ILO contacts:	tessem@ilo.org jakarta@ilo.org

5. Food for Work

What is food-for-work?

- Food-for-work (FFW) refers to short temporary employment, where workers receive up to 50% of their remuneration in kind.
- FFW can also be provided in the form of *self help activities*, where workers are offered an incentive that can be entirely in kind.

Why implement food-for-work?

In some situations workers might prefer to receive part of their remuneration in kind, for example, in circumstances where food is scarce and wages low or market mechanisms are not operating. Payment in kind however will only motivate labourers for as long as these circumstances persist.

Food-for-work can be introduced as an incentive for self-help community activities that directly benefit labourers (e.g. irrigation works undertaken by the farmers who will later utilize them).

When to implement food-for-work?

- 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.)

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.

Problems

- The value of food can vary significantly and therefore constitutes an unstable form of payment.
- Payment in kind might result in lower productivity and quality, especially if

there is no desire for this form of payment.

- There can be logistical and storage difficulties and high delivery costs.
- Food quality might vary.
- Payment in kind can have a negative effect on local food production and markets.

When not to implement food-for-work?

- When prices are stable and workers can buy their food.
- Once emergency situations requiring FFW cease or food is no longer scarce. (Workers are likely to be unhappy to receive their remuneration in-kind.)
- If the project cannot sustain the logistical and administrative capabilities required for FFW.
- When the project requires continuous community involvement e.g. uses FFW for road-building (short-term activity) but for not road-maintenance (long-term commitment).
- Food as an ***incentive*** might be unsuccessful in areas with a highly developed labour culture.

Partners/Targets

Targets

Target interventions where food is scarce and market mechanisms are not working. Members of a community engaged in self-help activities.

Partners

ILO, WFP, NGOs, UNDP, local and national authorities.

How to implement food-for-work?

Public benefit activities

Carry out an impact assessment on the introduction of the target food (current market supply, local production etc.) prior to using it as payment, in order to examine how this form of remuneration will influence local markets.

Select the programme's size according to available resources, likely maintenance, strategic importance (e.g. how it contributes to improving access to markets, etc.), community needs and capacities, and other similar considerations. Remuneration 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.

TOTAL REMUNERATION

CASH (required)	FOOD/CASH (optional)
50%	50%

In order to calculate the maximum amount of food that can be provided:

1. Determine the current wage or market wage for related types of activity, and calculate the daily rate
2. Pay half the daily rate in cash
3. Establish the value of the food that will be used as partial payment. Ensure that this food is given an adequate and fair value
4. 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.

If a set ration is to be used it must not surpass the ILO/WFP guideline:

1. Determine the amount of the food ration and calculate its cash value
2. Using the methods outlined above, calculate the amount to be paid in cash (50% of the daily minimum daily wage) and the in-kind (the remaining 50%)
3. If the value of the food ration is lower than the amount in-kind calculated in step 2, pay the difference in cash
4. If the value of the food ration is higher than the amount in-kind calculated in step 2, the ration could be reduced, but the amount to be paid in cash must remain the same.

In situations where food is scarce and wages low, and where many but not all labourers would prefer to have part of their wages given in kind, workers can be motivated and attracted with a system that entitles them to buy food at government-fixed prices with up to 50% of their wages (given fully in cash). The profits of such a system can be used to purchase tools and other materials to continue the programme (as with Mozambique's Feeder Roads Programme).

In Mozambique, workers could use up to 50% of their wages to buy food at government-fixed prices (lower than market value). The maximum entitlement was a five-person family ration defined by WFP. This attracted and retained the workforce in a food scarce area. The local funds generated were placed in a revolving fund enabling the National Directorate of Roads and Bridges to purchase tools for the Feeder Roads Programme[3].

3 Employment -Intensive Infrastructure Programmes: Labour policies and practices. EMP/INVEST, ILO hal. 81

Self-help activities

Food can be given as an incentive, and not as a wage, to encourage workers to engage in self-help activities - food is only a bonus. The actual work is voluntary and therefore the limitations concerning food as payment do not apply.

A self-help activity must be of direct interest to the worker and be regarded as such e.g. building a school that his/her children can attend. It must be seen as a community benefit (and therefore agreed with community participation) and not a general benefit e.g. small sections of road that improve access to the area, but not larger stretches of roads, or highways that may be considered of wider interest.

If self-help policies are not applied correctly they can result in low quality infrastructure.

For more information on FFW regulations and guidelines see:
Good labour policies and practices in employment intensive programmes – quick overview from the guide, ILO, EMP/INVEST (section on Remuneration in-kind)
Food as an incentive to support vulnerable households and communities in securing and improving their assets, ILO-WFP

Links:	http://www.ilo.org/eiip www.ilo.org/jakarta
ILO contacts:	tessem@ilo.org jakarta@ilo.org

6. Labour Based Infrastructure Projects

What are labour-based infrastructure projects?

Labour-based infrastructure projects (LBIP) are short and medium term infrastructure works that generate employment and income by maximizing the use of available unskilled labour.

LBIPs are particularly useful in rehabilitation and reconstruction of areas devastated by conflict, where the rapid injection of cash into a community is necessary. The focus is on the rehabilitation of essential infrastructure for addressing immediate needs.

LBIPs contribute to longer-term development through improvements to the physical and social infrastructure (e.g. roads and irrigation systems; and drinking water, schools, health clinics and housing respectively).

Why carry out labour-based infrastructure projects?

Job creation

Labour-based reconstruction rapidly generates jobs and income. LBIPs contribute to poverty alleviation by acting as a bridge between immediate needs and long-term development.

In displacement situations where there is a need for additional infrastructure, LBIPs allow displaced populations and locals to access immediate income, and contributing to peace-building.

In crisis situations, thousands of jobs can be created. LBIPs enable local and displaced (IDPs, refugees, returnees) populations to become less dependent on humanitarian aid, and reduce the impact of food distribution on local markets. In disaster zones LBIPs can prevent mass migration in search of employment, and introduce the resources necessary for initiating self-recovery. Moreover, maintenance needs will create further jobs once the project is finished.

Labour-based vs. equipment-based technology

If implemented successfully, labour-based methods will produce standards similar or more advantageous than equipment based techniques which favour technology over labour power.

Labour-based projects can be up to 50% cheaper than equipment based projects (if wage levels are set below $4), and generate up to 20 times more jobs - with 50-60 percent of costs going to wages. (In equipment-based projects wages are typically 5-10% of costs[4]). In this way labour-based technology (LBT) can inject more cash into a community than equipment-based methods. Moreover, its benefits are multiplied as workers spend their wages and fuel other businesses (other concerns: duration and quality).

Use of local resources

LBT limits the import of machinery and encourages the use of local human and physical resources (local contractors and materials). LBIP therefore maximises the injection of cash into the community, and the project's impact on rehabilitating the local economy.

Skills development/empowerment

Labour-based methods strengthen the socio-economic capacity of populations living in the area. They build-up the vocational skills of workers (when preparing them to undertake technical tasks e.g. training on road building) increasing the value of labour and rate of salaries. LBT develops planning, negotiation and decision-making skills, and promotes capacity-building towards the maintenance and repair of infrastructure. In particular, it can empower groups with special needs, who are often its main target.

Social cohesion

In LBIPs communities will work together towards goals that will be beneficial to all its members (e.g. schools, roads). In this way, LBIP contributes to social stability and cohesion, and the promotion of peace.

When to implement labour-based infrastructure projects?

Labour-based infrastructure projects should be implemented in areas where:

- There is an abundant supply of unskilled labour;
- Building, repair and rehabilitation of infrastructure are pressing needs.

This approach is particularly useful in emergency situations where infrastructure is lacking or has been severely damaged, or poor infrastructure was a factor leading to the emergency.

4 Decent work matters in crisis(fact sheets), ILO, IFP Crisis

Labour-based methods can also be adopted in areas with low populations or labour surpluses as long as a sufficient number of workers are prepared to move to the site e.g. in areas where employment is scarce (see migration).

Labour-based projects are particularly useful in developing countries and areas heavily affected by crisis, where heavy equipment and advanced engineering are not readily available. Labour-based technology is especially suitable in situations where there is an urgent need to stimulate the economy, and provide a rapid source of income to as many people as possible.

LBIPs are suitable for emergency, rehabilitation and development phases of a crisis. An employment programme should combine LBIPs, skills and vocational training, and micro and small enterprise development.

When not to implement LBT works?

LBT is not likely to be feasible when:

- The cost and availability of labour compares poorly to alternative technologies.
- The technical capacity and quality standards of a project are high.
- Small equipment and local material resources are available.
- It possible to reach an effective compromise between cost, labour intensity and the envisioned duration of works.

A needs-assessment must be completed before starting the project. It should address technical, financial and social issues (such as the need for mine clearance, security and accessibility of an area, number of conflict-affected people, condition of infrastructure, labour supply, and institutional capacity).

It is important, when undertaking short-term projects, to avoid dependency through involvement in ongoing maintenance activities. Ongoing maintenance should be the responsibility of the community or government (see cash-for-work).

Problems/Challenges

Common concerns

- **Duration.** Rapidity will be proportional to the number of workers involved. (There are productivity/costs saturation indexes when hiring more workers will not increase productivity or cost-effectiveness significantly.) It is possible therefore to achieve a desired time-frame using an adequate balance of costs and number of employees (in some cases with a substantive advantage over equipment-based methods e.g. in mountainous or elevated terrains).
- **Quality**. Technical quality ultimately depends on the standards enforced. LBIP can produce quality equal to equipment-based works. In some cases, some minor equipment might be necessary for this purpose. Quality also depends

on achieving the right balance between the amount of labour to be used and the technical capacity for its management (see table).

Position	Ratio tech pers. / unskilled labour
Engineer	1:500
Technicians	1:100
Supervisors	1:100
Sub-contractors	1:50
Foreman	1:20

Source: Reconstruction in El Salvador and the use of Employment Intensive labour technologies, ILO, IFP Crisis.

- **Costs**. Depending on the set wage, costs can be equal or even lower than equipment-based works (average $4 or less / day).

In LBIPs compromises must be achieved between the expected time frame, costs, quality and level of employment generation.

Implementing challenges

It is important that the government and private sector are positively disposed towards and well informed of LBT works, to ensure successful impact.

Prevent forced labour i.e. persons compelled to work under fear of punishment. In particular, avoid recruitment through intermediaries, which can lead to exploitation.

Attaining a diversified workforce might be difficult. However, several steps can be taken to include groups with special needs (ex-combatants, returnees and displaced populations) and minorities, and to address gender**.** Measures include:

- Changing the remuneration. Lower wages attract more vulnerable groups.
- Setting quotas (e.g. heads of household), but these should not be maximums.
- Reorganising the content of the work.
- Communicating the existence of job opportunities widely in the community.
- Advertising job opportunities in areas accessible to women and minorities, using audio and visual means.
- Encouraging female gang leaders/forewomen to persuade other women to join.

Migration might be viewed negatively by the local population. Contractors can mix locals and migrants at appropriate ratios to reduce tensions. Recruiting local workers can prevent unexpected social implications and contribute to developing a local sense of ownership.

Rationing can be applied in areas where there is an over-abundance of labour, but this must be transparent. Rationing methods include: lowering remuneration (to attract groups with special needs[5]); reducing individual task size (creates more jobs by lowering the daily request of productivity); lotteries; job rotation; and staggered recruitment.

Regular **attendance** might be difficult to achieve if there are other conflicting activities (e.g. domestic or seasonal agricultural labour demands), the wages are too low, or outward migration takes place. The standard rule is "no work – no pay" rather than having high expectations on regular attendance. Bonus systems can encourage attendance. Adequate record-keeping is necessary to track and monitor attendance. Workers should be aware of and understand the regulations and expectations concerning attendance.

Partners/Targets

Targets

Targets include male and female labourers in the locality from all community groups, with particular attention to groups with special needs. In order to avoid social tension it is important to make recruitment as open as possible, using quotas (careful that they do not become maximums) and wage setting to attract more workers from groups with special needs.

Partners

UN agencies and other relevant national or international organisation involved in the emergency, rehabilitation and/or development phase (ILO, UNICEF, ICRC, WFP, UNDP), national and local authorities, bilateral programs, NGOs.

How to carry out labour-based infrastructure projects?

Steps

1. **Planning**. Identify problems and needs. Draw terms of reference detailing scope and content, interventions and budgets of a LBIP (e.g. calculate the appropriate combination of labour-based and equipment-based works).

In order to determine the level of labour-intensity consider the Time Quality Cost (TQC) approach: calculate the maximum duration of works, the number of labourers to be employed and any small machinery necessary to guarantee quality.

5 Only at exceptionally low wages does labour supply decline. This can simply reinforce poverty

Ensure that a cost-effective compromise is reached between these elements. Maximise local use of resources.

Infrastructure works can be of medium- or high-intensity:

- **Medium-intensity** works (15-50% investment on labour) may include irrigation structures and canals, paths, primary and secondary bridges, public offices, parks, playgrounds, parking and cemeteries.
- **High-intensity** works (more than 50% investment on labour) include irrigation maintenance and operation, general maintenance of primary and secondary paths, street cleaning, waste management, trash disposal and transport.

Planning and implementation of LBIPs should be done in consultation with target groups.

2. Making **damage and gap assessments**. Gather information on the pre-emergency condition of infrastructure, local planning needs, extent of infrastructure damage, design and location, features that contributed to the degree of destruction, ways in which the damage impedes recovery, ways in which the destruction hinders reconstruction, and other concerns such as level of security, number of people affected, and so on. If there has been a sudden population increase in a locality, as a result of displacement or return to country of origin, identify existing infrastructure gaps, and the extent of damage or limitations of these structures.

Priorities should be established with community participation, and should aim to restore a degree of self-sufficiency while re-establishing basic needs such as water supply and sanitation, health and education services and facilities, roads and housing.

3. Establishing of mechanisms for **coordination, planning and prioritising** infrastructure works together with other UN and international agencies, national authorities (e.g. within UN programme priorities if existing) and communities.

4. Addressing **training** needs and programmes. Local technical and supervisory personnel must be trained in the basic skills necessary for the implementation of labour-based programme implementation.

5. Establishing LBIPs as a long-term **policy of government**.

Community ownership of the projects should be encouraged to ensure sustainability (community-based works over public-works).

On wage and payment see: cash-for-work.

Some practical considerations

A task-based remuneration method is better adapted to LBIPs than a time-based approach. In task-based systems, the disciplinary system is self-regulating (workers are interested in finishing fast to leave early) and require less supervision.

Never employ a child under the age of 14 and a person under the legal minimum age, or allow them to assist in the workplace.

A clear simply written description of the recruitment process, and the terms of employment, should be made available generally prior to recruitment. Ensure information is distributed through a variety of channels, and in different forms, at several locations.

For more information on LBIP see: Employment intensive reconstruction works in countries emerging from armed conflicts, ILO, IFP Crisis. Employment-intensive infrastructure programmes: labour policies and practices, ILO, IFP Crisis	
Links:	www.ilo.org/public/english/employment/recon/LBIP/ www.ilo.org/crisis www.ilo.org/jakarta
ILO contacts:	tessem@ilo.org jakarta@ilo.org

7. Community Contracting

What is community contracting?

Community 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 (e.g. minor construction works).

> ***Contracts***: *legally binding arrangements that stipulate the rights, obligations and contributions of all parties concerned.*

In community contracting, the community, along with the government and other supporting external agencies, has a significant role in the decision-making process. For instance, the community can decide on the type of infrastructure improvements to be adopted, according to its perceived needs (with the assistance of a technical support team that define options and provides technical advice).

Why carry out community contracting?

- 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 their involvement and interest in its subsequent maintenance.
- Community contracting offers an opportunity for disadvantaged communities to participate in negotiations with public authorities and external institutions. It is important therefore to include groups with special needs (e.g. women) in the negotiation, operation and maintenance processes. Consultation with target beneficiaries is an essential component of community contracting.
- Community contracting builds up the operational, decision-making and management capacity of community organisations. It makes use of local skills and initiatives, involving and employing local residents, and therefore strengthening their technical, administrative and managerial skills. It increases their employability, and hence promotes Self Reliance.
- Community contracting encourages 'partnerships' between local communities and local governments. It therefore contributes to the social and political

recognition of community-based organisations. With community contracting, refugee communities can forge partnerships with local communities.

When to implement community contracting?

Community contracting is suitable for urban unplanned settlements and for rural areas. Necessary preconditions 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 organisation.
- An enabling environment for the implementation of development projects at community level.
- A degree of decentralization, and the ability of local authorities to enter into community contracts.

When not to implement community contracting?

- If the community does not have the necessary capacity to implement the works. (It is important to assess the community's capability - including the strength and potential of the community based organisation (CBO) itself, before entering into a contract. Since it might be difficult to find community organisations, in urban and rural areas, with the experience or skills necessary to enter into a contractual arrangement of this nature, it becomes crucial in this context to promote community capacity building as a preparatory step for this strategy).
- If the community is not providing a fair and balanced representation of interests.

Problems/challenges

Community contracts will be influenced by political, cultural and economic factors. Contractual procedures may be subject to cultural-specific interpretations and practices. They will also be affected by power relations in the community/ municipality. Established groups, moreover, might regard community contracting with distrust.

The concept of written contracts and negotiations might be unfamiliar in the local cultural context if the tradition is for verbal agreements.

Contracts will differ in nature, purpose and content. It is important to ensure that: issues on sharing of responsibilities; establishing contributions and inputs; clarifying rights and legal duties; understanding the nature of work; and clarifying financial arrangements are all included. Communities, however, may be inexperienced in drafting and implementing contracts for infrastructure works, accessing financial resources and in accessing administrative or managerial services.

Communities, in particular poorer ones, may not fully understand the implications of contractual arrangements - which can be fairly complex. Communities might be attracted by the benefits of contractual approaches without really comprehending the consequences of their involvement.

Communities might also be ill-equipped for dealing with the bureaucracy of contracts - lacking experience, skills and the organisational capacity necessary to advance their interests. It is necessary therefore to have an efficient monitoring system to track contracts and prevent this type of difficulty, as well as support organisations that provide training and support capacity-building on community-engagement in contracting.

Development agencies may have difficulties engaging with locals as equal negotiating partners, particularly if they are used to more authoritarian approaches or dependent on humanitarian assistance.

Contractual approaches can also be frustrated by: excessive bureaucracy; awarding of contracts and establishment of conditions according to the political influence; lack of control over wages paid by contractors; and difficulties of quality control.

Partners/Targets

Targets

Communities.

Partners

Contracting parties: national and local authorities, community-based organisations (CBOs), NGOs, donors, international organisations.

Facilitators/technical advisors/co-financing partners/supervisors: ILO and other UN agencies, NGOs, national and international agencies, government departments, private sector consultants.

How to implement community contracting?

A community contract can be developed by a technical team in close consultation with the community. The type of contract depends on the capacity of the community and its control over the work (e.g. while one community might only be able to take responsibility for labour, other communities might also have the capacity to be in charge of materials, and so on). Types of contract therefore include:

community providing labour only (which is relatively simple for the community); community providing labour and materials (with the community more involved and using local resources whilst benefiting the local economy); full contract (where all responsibility lies with the community).

The contract should specify the release of capital from the funders (e.g. UNHCR or city council) to the Community Development Committee. Technical standards must be realistic, tailored to the needs of the community and affordable. The process must be simple and flexible to be accessible to the wider community.

The works can be major or minor (according to scale), and the contracts and roles will differ accordingly. In the former, communities will execute subcontracts locally. In the latter, communities will be involved in forming Community Development Committees, deciding priorities, collecting local contributions, executing contracts etc. Community contracting usually uses a 'task based' type of remuneration where rates and size are established in consultation with the community.

It is important to train community members in contract formulation, so that this can continue to benefit them in the future. This is particularly valuable for the maintenance of infrastructure works (through community maintenance contracts).

Community organisations are responsible for executing the tasks specified in the contract including: establishing a legal association (perhaps difficult in the context of refugees); acquiring any supplementary resources; ensuring the use local materials; implementing the works; and guaranteeing maintenance. Technical teams can offer support for the implementation of the contract. The role of authorities is facilitating programme implementation in the area.

The strength and potential of the community organisation is key. It is important to: support the shared interest of its members; strengthen the organisation's ability to build links with similar organisations; and enter into partnerships and alliances. It is essential to assess the capacity of the organisation for promoting the development of the community.

Community Development Committees (CDC) are elected democratically, and should be legally registered as community based organisations representing the interests of the communities during the negotiation process and contract agreements. CDCs act as a link between the communities they represent, the municipalities and the funding agencies. CDCs should work with the participation and approval of their communities. The members of the committee should therefore be representative of all members of their target group including gender and age groups. They are the decision-makers that will identify priority needs, be involved in the planning, designing and implementation of projects, and support their subsequent maintenance.

For more information see: Section on Community contracting on:
Capacity building for contracting in employment intensive infrastructure programmes EMPINVEST ILO.
Organisation and Contracting in Development Programmes and Projects, a study of current practice at the community level EMPINVEST, ILO, 2001.

Links:	www.ilo.org/public/english/employment/recon/eiip/ www.ilo.org/jakarta
ILO contacts:	tessem@ilo.org jakarta@ilo.org

8. Micro and Small Enterprise Promotion

What is micro and small enterprise promotion?

Micro and small enterprises (MSEs) promotion is the provision of support to existing and potential enterprises and entrepreneurs. In crisis situations MSEs promotion can be used to generate self-employment and encourage socio-economic recovery.

MSE promotion involves supporting:

- Existing and potential micro and small entrepreneurs. In this case it includes facilitating business development services, business training and consultancy on the development and provision of technical and management skills (such as the ILO's Start and Improve Your Business training package), information on business opportunities and technology, and microfinance.
- Entrepreneurial organisations.
- Business support organisations, to create an enabling MSE environment (including through policy advocacy).

Why implement MSE promotion?

MSE promotion can help to generate self-employment and jobs, and can be used to address those groups most excluded from the labour market. Through employment and dignity, disadvantaged targets like refugees can be (re)integrated in society.

MSEs have several advantages. They:

- Function with simple, low-cost equipment, local resources and limited space.
- Work with basic technical and management skills.
- Can adapt easily to new market conditions.
- Contribute to restoring or substituting infrastructure and equipment; fabricating tools for agriculture and construction (among others); and producing vital goods and services crucial for recovery in crisis situations.

When to implement MSE promotion?

In conflict affected contexts special care must be taken when promoting MSEs. Business failure rates can be high in unstable environments. It is important to coordinate MSE promotion with other supporting strategies in order to enhance their impact and success, for example with skills training, institutional support, capacity building, labour-based infrastructure reconstruction, and local economic development.

MSEs need a degree of market development in order to be successful[6].

When not to implement MSE promotion?

Interventions will be difficult in areas where the market is non-existent – where there is no supply and demand.

Problems/Challenges

In conflict-affected contexts, there may be several constraints including:

- ♦ Low availability of skilled labour.
- ♦ Limited market demand and investment capacity due to a reduced capability to pay for services and products.
- ♦ Uncertainty and lack of security.
- ♦ Damaged infrastructure and equipment, and disruption of public services (e.g. water, electricity) and of financial, marketing and business support services.
- ♦ Communication and transport difficulties (because of political/administrative restraints and destroyed infrastructure).
- ♦ Social division, distrust and conflict.

The challenge is to promote and support MSEs to become viable under these circumstances.

Partners/Targets

Targets

Potential or existing entrepreneurs (female and male) and enterprises.

Partners

Always aim to build on existing structures including local ministries and financial institutions, local support agencies (e.g. accounting, management and marketing support enterprises, NGOs and public services) and market structures. Various agencies might be involved depending on the complexity of tasks.

6 A market is a place or mechanism where sellers and buyers can communicate and complete an exchange for goods and services if they agree on the price, and terms and conditions of the sale.

ILO and other relevant UN agencies, NGOs, national and international organisations, complementary labour market institutions (employment services, training institutions), the private sector and existing associations of entrepreneurs.

The main stakeholders include existing entrepreneurs, training institutions, government agencies, service/support institutions, community and target/group leaders and international actors. All these should be involved at all stages of MSE programmes in order to allow swift reactions, develop partnerships, acquire information rapidly, ensure good communication, overcome distrust and reach the informal economy.

How to implement MSE promotion?

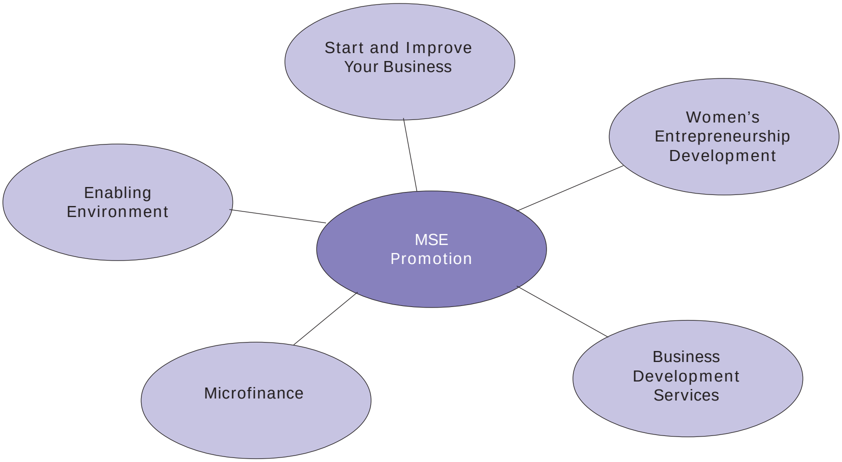
Start with a thorough assessment of the context, to establish the possibility and scale of business opportunities for local, displaced and returnee populations including the legal, institutional and financial environment (e.g. security, available resources, policies, number of interested parties i.e. displaced or local people, level of destruction, etc.). Training, for example, should be adapted to local needs, potential and capacity. (Consider local regulations, information on local resources and successful MSE examples in the locality). Services should include access to credit where, as a result of crises, individuals have lost their savings, the banking systems are destroyed, and it is especially difficult for groups with special needs to access formal bank credits. (Options such as village banks should also be considered.)

Evaluate the skills, education, experience, motivation and interest of potential beneficiaries in order to ensure that they are prepared to become entrepreneurs, and to identify the most suitable form of approach and assistance.

In crisis situations, it is necessary to act quickly. Therefore, favour a phase-by-phase approach that can start immediately, rather than trying to formulate a more comprehensive approach that will take longer to develop.

Timing therefore should be realistic and interventions should be organised rationally. For example, combine business skills training with support and finance mechanisms, to help trainees start their business.

Long-term support is important to improve survival rates of MSEs, especially in crisis contexts and with target groups with special needs. Time is also necessary for various features of MSE promotion to become effective, e.g. business associations, BDS (to create demand for their services and acquire a credible reputation), to develop entrepreneurs and client networks, and so on.



MSE promotion includes:

- Microfinance: the provision of financial services on a very small scale to micro entrepreneurs (See the ILO/UNHCR Microfinance short guide in Annex 1.13.9)
- Business development services: formal and informal non-financial services provided to businesses. (See the ILO/UNHCR Business development services short guide in Annex 1.13.10)
- Start and improve your business: training programme for women and men interested in starting or improving a business (ILO - Employment - Job Creation and Enterprise Development).
- Women's entrepreneurship development: women face greater barriers in starting or developing their businesses because of constraints in accessing credit, training, information on business opportunities, support programmes, business, supply and market networks. They might also face difficulties in mobility due to socio-cultural obstacles. Entrepreneurship development activities therefore need to be designed in a flexible and creative manner to address and include women (Women's Entrepreneurship).

For more information on Micro and Small Enterprise PromotionFor Enabling Environments for SMEs see:
Small Enterprise Development - An Introduction to the Policy Challenge For BDS provision see
Reference Guide on Business Development Services. SNV/ Netherlands Development Organisation For Women's Entrepreneurship Development:
Gender Orientated Entrepreneurship Promotion, Swiss Agency for Development and Cooperation

Links: ww.ilo.org/seed
www.ilo.org/crisis
www.ilo.org/jakarta

ILO contacts: IFP-SED@ilo.org
jakarta@ilo.org

9.Microfinance

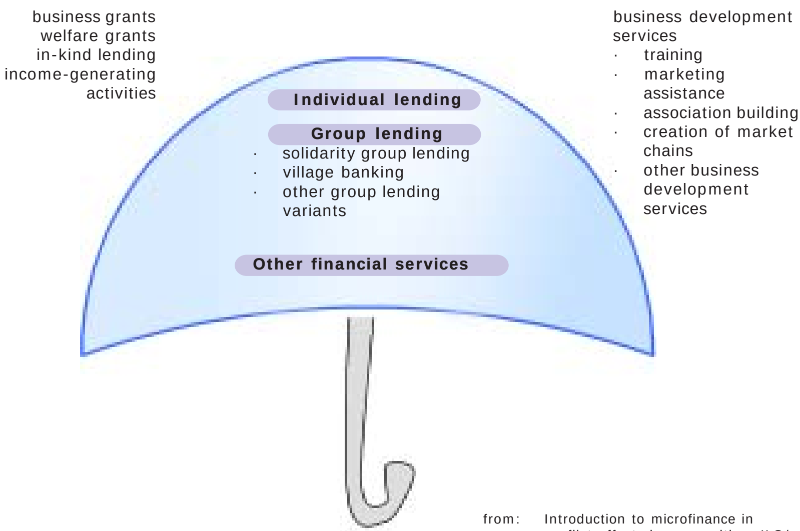
What is microfinance?

Microfinance is the provision of financial services in a sustainable way to micro-entrepreneurs and other individuals with low incomes, who do not have access to commercial financial services. Microfinance is banking with the poor.

Micro-credit is limited to the provision of credit. Microfinance includes a broader array of financial products and services, such as savings, micro-insurance, micro leasing and remittances (micro-money transfers).

Microfinance is ***not*** a grant, lending in kind, business development services or charity. It is a tool that uniquely blends the strengths of international relief and development work with the advantage of business and banking.

Microfinance development is an umbrella for various services.



from: Introduction to microfinance in conflict-affected communities, ILO/UNHCR

Why provide microfinance?

Microfinance can positively affect the social and economic welfare of client households, reinforcing their social and physical protection. By contributing to business development, it enhances the capacity of poor women and men to generate income. Microfinance augments its clients' ability to satisfy their basic needs (food, health, education and water), increases their control on resources and enhances self-esteem.

In short, microfinance helps poor women and men access the capital necessary to engage in employment and contribute to their own development, in circumstances where no other access to this capital is possible. Microfinance is also one way of supporting new and existing businesses.

A successful sustainable microfinance programme will ensure low-income target groups continued access to financial services even after departure.

When to provide microfinance?

Microfinance should be provided when a demand for financial services exists. It needs relative security and accessibility as prerequisites.

Self employment should only be explored when other wage employment options have been fully investigated. Not everybody is suited to running a business successfully, and failure rates can be high even in non-conflict situations.

When not to provide microfinance?

Microfinance is not always suitable or sufficient for self-employment programmes. Other obstacles to self-employment must be assessed to determine whether microfinance programmes should be coordinated and combined with other projects. The pre-requisites include:

- A degree of political stability.
- A degree of demographic stability. Populations have to be settled, or at least relatively settled given the conditions of refugees and conflict affected communities.
- The client community must show sufficient economic activity and entrepreneurial spirit (or there will not be an effective demand for microfinance services).
- A functioning cash economy.

Preferred conditions (for increased probability of success) include: the existence of commercial banks; social capital or trust; and macro-economic stability.

These requirements may be difficult to meet in certain conflict affected communities e.g. in refugee operations where economic activity is distorted by relief substitution, or in returnee areas with a small population density and/or little economic activity. Accordingly, UNHCR and its partners must survey the economic and financial activities prior to initiating microfinance support. Refer to existing data and collect additional information as necessary. UNHCR and its partners must also devise innovative approaches to boost the local cash economy, until it reaches a level adequate for initiating microfinance (e.g. CFW LBIP).

Problems/Challenges

These are some of the issues:

- Providing microfinance has a ***cost***. Because it is necessary to guarantee sustainability, microfinance interest rates may be more expensive than other loans .
- Lending always involves ***risk***. Micro-credit programmes should be designed to reduce this risk by screening borrowers and ensuring that repayment can be enforced.
- Beneficiaries have to be ***sensitized*** to the fact that microfinance is not a grant, and that they are expected to repay. Otherwise, a microfinance programme cannot be sustainable.
- Few micro-entrepreneurs are able to break out of the cycle of poverty with a one-time loan. People are best helped out of long-term poverty with a series of steadily increasing loans and mechanisms for savings. ***Sustainability*** is an important aspect of a successful microfinance programme, guaranteeing its impact and reach.

It is important therefore to build a solid foundation. Relief agencies usually cannot stay in a country long enough after a conflict to build permanent, sustainable microfinance institutions. Further issues include:

- Adopt a ***long-term*** approach. This is particularly important in areas where human resources are extremely limited as it will take longer for microfinance to become sustainable.
- Establishing effective microfinance is a greater challenge in conflict-affected areas because of constraints (like damaged infrastructure, disruption of public services, social division, limited market demand and availability of skilled labour). Remember that conflict does not end after the fighting stops.
- More **creativity and adaptability** is needed when developing microfinance in conflict-affected areas - including knowledge of project design, project management, accounting and finance.
- Women and other groups with special needs can have particular difficulty accessing microfinance – perhaps unable to provide the required collateral or guarantee. **Flexibility** and innovation in program design can help these groups to access microfinance (e.g. through group lending schemes).

Remember that micro-credit on its own cannot create a business. This will depend on the beneficiaries' skills and business acumen, a market for the output, the availability of supplies and other inputs, and enabling regulations and macro-economic environment.

Partners/Targets

Targets

Low-income micro enterprises, groups, and other women and men usually excluded from services offered by formal traditional financial sector institutions.

Suppliers

Formal: banks, government and donor programmes, non-bank financial intermediaries, credit unions, international and national NGOs, microfinance institutions and formal transfer systems.

Informal: RoSCAs (Rotating Savings and Credit Associations), traders, moneylenders, and money-keepers, pawn brokers, credit and savings associations, informal borrowing and informal transfer systems.

How to provide microfinance?

Programming cycle

1. **Assess and analyse**. Gather information for supply and demand analysis.
2. **Design**. Set objectives, identify partners, define methodology and determine inputs and outputs. Think of innovative and flexible ways to allow groups with

special needs to access microfinance. Prepare a financial plan for sustainable services.

3. **Implement**. Deliver products and services, provide technical assistance and manage the activities.
4. **Monitor**. Track programme and clients using key indicators.
5. **Evaluate and follow-up**. Evaluate programme and clients for programme impact and revisions.

Specific points

Set out clear general and specific objectives at the outset. Select clients according to their entrepreneurial spirit, business viability and the capacity to repay. Clients must be economically active. Extremely vulnerable individuals who are dependent on others for their daily living are not suitable candidates for microfinance.

In conflict-affected communities, start the programme slowly but steadily to set the foundation for growth. A rapidly changing environment calls for sound objectives and continued adjustment of operations.

The provision of social/welfare services should not be combined to financial services, as there is a conflict between the provision of free services, and a loan repayment scheme that charges interest on its clients (who might not want to pay for these services if they can receive them for free) leading to misunderstanding and jeopardizing its sustainability.

Additionally:

- Human resource development is crucial. External technical assistance and intensive staff development is absolutely necessary.
- Credit should be combined with the beneficiaries' assets (financial and physical) in order to ensure that the individual has a stronger interest in its success.
- Credit should be combined, wherever possible, with savings.
- A government regulatory framework may not be needed at the onset but will be required later on. A balance between control and laissez faire is desirable.
- The provision of microfinance should be clearly separated from other relief activities.

Micro-finance programs should not be implemented by UNHCR offices themselves, but entrusted to operational partners with a successful record of accomplishment to plan and implement such schemes (UNHCR should only be actively involved in planning and monitoring microfinance, lobbying for inclusion of selected targets, and funding). UNHCR must ensure that micro-finance programmes be implemented according to proven sound practices as defined by micro-finance experts, and should collaborate with development agencies to ensure availability of adequate funding until sustainability is achieved.

Manual on microfinance: Introduction to microfinance in conflict-affected communities, ILO/ UNHCR	
Links:	www.ilo.org/socialfinance www.cgap.org www.ilo.org/jakarta
ILO contacts:	beenakers@ilo.org jakarta@ilo.org

10. Business Development Services

What is BDS?

Business development services (BDS) are formal and informal non-financial services that offer entrepreneurs:

♦ Training	♦ business information	♦ business linkages
♦ consulting	♦ access to technology	♦ infrastructure development
♦ marketing support	♦ advocacy	♦ other non-financial services

BDS help businesses become more profitable by assisting them in:

- Developing and producing quality products effectively.
- Accessing higher value markets.
- Managing their business efficiently.
- Generally improving and developing their business.

BDS can be directed at micro and small enterprises (MSEs) facing a variety of constraints due to poor levels of education, weak management, competitive markets, low quality products and/or services, lack of marketing skills, inefficient infrastructure and lack of familiarity with the local economic environment (e.g. refugees, returnees). Businesses in this category often find it difficult to develop to their full potential and often risk failure.

Why implement BDS?

BDS is crucial in areas affected by conflict (e.g. displacement, refugee influx), and in post-conflict reconstruction situations where there has been damage both to human and physical infrastructures. The human infrastructure i.e. the labour force, can suffer a loss of entrepreneurial expertise, networks, and customers. Damage to the physical infrastructure includes destroyed communication and transport networks, and production facilities and machinery. This damage makes it even more difficult for local enterprises to operate in an already weak economic environment.

Entrepreneurs will therefore need support to maintain stable networks with customers and suppliers, obtain finance in an unstable environment, promote cooperative arrangements, and in the overall management of their businesses.

By helping businesses increase sales and reduce costs, BDS contributes to promoting economic development and social goals:

BDS	➤	Business Growth	➤	Increased Employment	➤	Poverty Reduction	➤	Promote Social, Political, Economic inclusion	➤	Peace-building and Security

Improved MSE performance resulting from BDS is therefore key to community and national development.

When to apply BDS?

BDS can be applied whenever there is an interest in improving business performance. In particular, BDS is employed in areas where MSEs can be facilitated to reach their full potential, especially after a crisis, if they are suffering from factors such as:

- poor education
- competitive markets
- insufficient technology
- insecurity
- inefficient infrastructure
- inadequate marketing skills and technical expertise
- lack of information
- weak management
- low quality products and services
- harassment of business owners
- poor services (telephone, electricity, water)
- poor understanding among refugees and returnees of the local economic environment

The provision of BDS should only be facilitated in areas with a degree of market development in business development. In other words where there is either weak demand and/or supply of BDS, and interventions can build on existing activity.

When there is no supply but there is demand, facilitators can intervene initially to provide BDS services directly and stimulate market demand. However, once private sector BDS providers are able to take over, BDS facilitators should step back (exit strategy - current thinking in BDS provision).

When not to implement BDS?

BDS interventions will be extremely difficult in areas where the market is non existent and there is no supply and demand. There is also limited potential for BDS in areas where the market is efficient, with effective patterns of supply and demand.

(Market assessment is crucial to determine the state of the current market, and consequently the feasibility of BDS in an area.)

Problems/Challenges in providing BDS

Existing and potential providers might have inadequate capacity for implementing BDS. This can be the case especially after conflicts where business and client networks have been interrupted, infrastructure and communications damaged, and there is a pervasive lack of trust. In particular, these factors can make it difficult for private BDS providers to deliver BDS in a sustainable way e.g. recovering costs.

A market assessment might be difficult to implement in areas where security is poor, and unstable environments mean that information is soon outdated.

Current thinking in BDS provision encourages the promotion of a sustainable and vibrant BDS market, and therefore discourages the subsidizing of services. This poses a challenge when populations have low purchasing capacity, and providers lack capital. This might also be problematic in areas where markets are weak and the operating environment unpredictable. Finally, the short-term perspective of some donors, practitioners, and implementing agencies might not be conducive to sustainability.

In conflict affected communities and post-crisis areas, dependence on relief and grants might dissuade the development of contractual business relations with providers. Competition and efficiency might be difficult in BDS markets suffering from a shortage of providers and weak demand.

Market distortion might be impossible to avoid in conflict affected communities and post-crisis areas where relief, outside forces, and security constraints among others are inevitably going to have an impact.

Market distortion: when any one factor interferes with market competition, leading to fewer choices and higher prices.

It is important that programs be flexible to adapt to rapidly changing environments, and to ensure coordination with other humanitarian and development agencies in the area.

Partners/Targets in BDS provision

Targets/clients/beneficiaries

All micro and small enterprises.

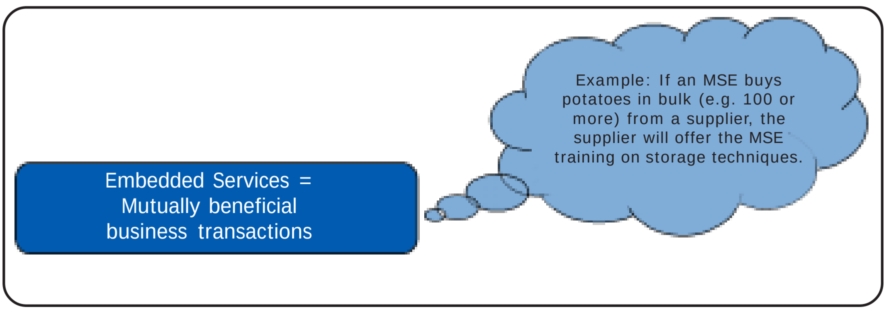
Partners

BDS ***facilitators*** are development oriented institutions that deal directly with BDS providers to:

- Provide training and capacity building.
- Evaluate BDS providers' performance.
- Ensure quality.
- Promote and analyse market development.

BDS facilitators also work with governments for BDS and MSEs policy advocacy. Facilitators might encourage MSEs (e.g. training institutions) to embark on BDS, but are not involved directly in its implementation (except in situations where there are no viable alternative providers). BDS facilitators include: NGOs, chambers of commerce, UN agencies and other development-based organisations.

BDS ***providers*** work directly with MSEs to provide BDS for a fee or as part of embedded services. Providers could include: private sector (for profit) BDS providers, MSEs through embedded business services, associations/cooperatives, individuals, government agencies, NGOs. Providers will differ according to context.



How to implement BDS?

There are different types of business development services. Operational services address everyday operations (e.g. account management and communications). Strategic services focus on medium and long term goals (e.g. enhancing performance and competition).

Different types of service/support

Market access services

Identify and establish new markets for products and services delivered by MSEs, and/or develop existing markets.

Input supply services

Improve MSEs access to production inputs and raw materials. This includes promoting sustainable training and technical assistance products.

Technology and product development

Research and identify new technologies. Assess the capacity for sustainable local production, marketing and service of these technologies. Develop novel and enhanced products specifically targeted to market demand.

Training and technical assistance

Improve the capacity of MSEs to plan and manage their operations, and to develop their technical expertise (see SIYB).

Infrastructur supporte

Set up adequate sustainable infrastructure that improves MSEs ability to operate.

Policy/advocacy

Produce sub-sector research and analysis on policy opportunities and constraints for MSEs, and assist the formation of organisations and coalitions that advance the interests of MSEs.

Financial support

Help MSEs seek funds through formal and alternative channels, and assist them in establishing connections with banks and microfinance institutions for credit and other financial operations.

BDS services can be delivered alone, as a package with other services, or as part of business relations.

Current thinking in BDS provision advocates that BDS should be market driven and sustainable. In order to make BDS sustainable, it is necessary to promote an active market of services that MSEs will have both the capacity and the interest to enter. For this reason, BDS services should be demand driven to address both the needs and wants of MSEs. Although BDS implementing and financing strategies will vary in different contexts, BDS are usually provided in exchange for a fee that participating MSEs can afford, as an element in a package deal with vested commercial interests, or based on commission.

However, within this approach, it is necessary to assume appropriate strategies to ensure access to services for groups that cannot or are less able to pay and/or participate (e.g. women entrepreneurs, heads of household, disabled, refugees, displaced and ethnic minorities). BDS programmes should be flexible and adapt their content to specific target groups. Some strategies include:

- Treating specific underserved groups as market niches. Address the specific needs of disadvantaged groups as a market opportunity.
- Promoting services appropriate for sectors in which underserved MSEs operate. For example; focusing on a sector where women entrepreneurs dominate the market
- Paying particular attention to payment mechanisms. Consider special payment options, such as embedded services, third party financing, or payment in instalments, for groups that find it difficult to pay for services (e.g. poor MSEs).
- Working with low-cost suppliers. Low cost suppliers might be better adapted to providing services to MSEs, who in turn might also prefer these arrangements.

Market Assessment

Before selecting which form of intervention to adopt, it is necessary to engage in a market and needs assessment in order to identify opportunities and constraints in any given area. Market assessments should focus on a particular product or service, its potential clients and competitors, and the geographic areas considered. This will provide valuable information (e.g. reasons for the absence of demand or supply of a service) and will prove crucial in selecting adequate BDS activities. For example, product development and capacity building are particularly adequate in markets where supply is weak, while promotions and financing techniques are suitable when demand is weak.

Possible methodologies and tools for assessing MSEs constraints and opportunities:

- Sub-sector analysis involves researching all enterprise actors concerned with a particular product or service, and identifying BDS provision opportunities connected with this product or service (e.g. producers, retailers, distributors).
- Participatory rapid appraisal is based on a set of tools to aid development agents to recognize problems and solutions by making the most of local knowledge (includes: resource mapping, seasonal mapping, network maps and ranking exercises).
- General small enterprise surveys address a number of areas including the number of MSEs, their geographic and gender distribution and growth trends etc.
- BDS market assessment tools identify BDS markets, services and providers (for some examples see 'further references').
- Needs assessment through clusters and networks bring together MSEs working in similar areas of activity, and/or sharing other common factors. The idea is for these enterprises or networks to discuss their development together.

- Action research/incremental approaches develop close relationships with enterprises - to learn from them.

Success story: Conservation International effectively links farmers with markets, and encourages them to use sustainable farming techniques that generate income and protect the forests of Chiapas, Mexico. (http://www.seepnetwork.org/bdsguide.html)

For more information on BDS see:
Seminar Reader, developing commercial markets for business development services, BDS Primer, Annual BDS Seminar Turin, Italy, Sept. 2004, ILO.
Reference Guide on Business Development Services. SNV/ Netherlands Development Organisation.
For BDS Provision to Women Entrepreneurs see:
Are W.E. Being Served? The Work of the International Labour Organisation (ILO) in Promoting More and Better BDS for Women Entrepreneurs.
For BDS market assessment tools see: FIT Manual Rapid Market Appraisal. ILO SEED (manual for trainers and manual for entrepreneurs).

Links:	www.ilo.org/dyn/bds/bdssearch.home www.ilo.org/jakarta
ILO contacts:	IFP-SED@ilo.org jakarta@ilo.org

11. Manajerial Training (SIYB)

What is Start and Improve Your Business? (SIYB)

Start and Improve Your Business (SIYB) is a training programme developed by ILO for women and men desiring to start or improve their business. SIYB includes self-help/training manuals to be used by potential or current micro and small entrepreneurs with some formal education (reading and writing) to guide them through the process of starting or improving a business. SIYB can be implemented as weekly training courses or as self-help tool.

SIYB Manuals include:

- *Generating Your Business Idea (GYBI)*, ideal for women and men considering whether or not to start a business.
- *The Start Your Business (SYB) Manual and SYB Business Plan* are the next steps for those starting a business.
- *Improve Your Business (IYB)* is a series of manuals covering subjects such as buying, marketing and costing to help existing entrepreneurs develop their businesses.

Why promote SIYB?

SIYB is a viable self-help strategy to generate self-employment rapidly, and can be used to address those groups most excluded from the labour market provided they fulfill the necessary criteria (basic education and interest). Vulnerable targets such as refugees and IDPs will attain the dignity of employment and Self Reliance, and this will contribute to the social and economic development of the area and to their (re)integration in society.

Successful SIYB cases will contribute to local economic development while restoring infrastructure or producing basic goods and services that are crucial for reconstruction. The ILO SIYB guides are simple to use both as part of a training programme or as a self-help tool. However, starting a business might not always be the right solution if the environment is not conducive, or the individual does not have an adequate profile (basic education, numeracy and motivation). Careful market assessment is necessary to identify opportunities available in the area.

When to promote SIYB?

Assess possibilities and the scale of market opportunities (e.g. security, available resources, policies, number of interested parties) and evaluate the skills, education, experience, motivation and interest of potential entrepreneurs (both female and male) in all community groups (e.g. refugees, returnees, IDPs, locals) in order to ensure that they are prepared to engage in this venture. On that basis, identify the best approach and form of assistance.

Complete a list of selected candidates, with basic education and an interest in starting a business, that have a viable business idea. SYBI can be used to help interested women and men generate a business idea.

When not to promote SIYB?

- When assessment shows that there are no market opportunities in the area.
- When there is insufficient infrastructure or inadequate facilities (e.g. electricity, water) necessary for the successful development of a business.

SIYB has a long-term outlook for economic growth and stability. For immediate and rapid impact consider other options such as labour-based infrastructure reconstruction and/or other cash for work activities etc.

The failure rates of new businesses can be particularly high in unstable environments (which is often the case in post-conflict situations). Careful market assessment is crucial, as well as the simultaneous application of other strategies such as skills training, capacity building and microfinance, in order to enhance impact and probability of success.

Problems/Challenges

In the volatile market environment of post-conflict situations (suffering from lack of trust and poor security, destroyed infrastructure and inadequate communications) market demand and investment opportunities might be limited, with a reduced capacity in communities to pay for services and products.

The basic criteria used for selection of candidates might actually exclude the most vulnerable (e.g. due to lack of education or guarantors). Think of flexible ways to address these groups. For example: conduct basic literacy and numeracy training for women and men interested in starting a business; and outreach programmes to women, advertising through women groups and areas frequented by women (e.g. local clinics).

Trainers might be hard to find. They might not be motivated or suitable, may possess inadequate expertise or have little capacity to assist trainees. Finding adequate quality trainers is essential.

Loans might be difficult to obtain in an environment of distrust, or as a result of interrupted communication. Cooperation and competition among enterprises might be affected by a damaged physical/human environment. Reconstruction, and a degree of market stability, is therefore essential.

SIYB training is considered a business development service, and is therefore subject to the issues concerning cost-recovery in current thinking of BDS provision (see the ILO/UNHCR BDS short guide).

For Training Materials for Women's Entrepreneurship:

- GET Ahead for Women in Enterprise Training Package and Resource Kit

Partners/Targets

Targets

These include: Potential entrepreneurs (both female and male) with basic education (including reading and writing) who are interested and have the capacity to start a business.

Partners

ILO and other relevant UN organisations, private sector training providers, NGOs and other international and national organisations.

How to promote SIYB?

The steps

SIYB is a service provided by specialized SIYB master trainers (see ILO contacts). SIYB should normally be provided by these trainers (forms to apply for trainers). Master trainers can also contribute to capacity building of BDS organisations by training SIYB trainers. Below you will find a description of the different stages covered by the SIYB training.

Developing a business Plan

Every business needs to follow a business plan to guide the potential entrepreneur through every step of starting a business. A completed business plan has to be presented to donor agencies or banks to obtain loans and/or grants.

A business plan helps a person decide, organize and present business ideas. It contains the following sections:

Step in business start-up

Section of business plan:

1. Executive summary

Step 1. Generate your business idea

2. Business idea

Step 2. Marketing

3. Market research
4. Marketing plan

Step 3. Form of business

5. Form of business

Step 4. Staff

6. Staff

Step 5: Legal responsibilities and insurance

7. Legal responsibilities and insurance

Step 6: Costing

8. Costs forms

Step 7: Financial planning

9. Sales and costs plan
10. Cash flow plan

Step 8: Required start-up capital

11. Required start-up capital

Step 9: Sources of start-up capital

12. Sources of start-up capital
13. Action plan

For an example of a business plan see the ILO

- *SIYB Business Plan,* developed by ILO SIYB Regional Project Office in Harare, Zimbabwe. It contains a useful compilation of all the forms necessary on each section of the business plan. See also the ILO
- *Start Your Own Business Manual* for a comprehensive and straightforward explanation of all the steps and requirements for starting a business, illustrated with clear examples.

Step 1: Generate Your Business Idea

Create a short-list of potential business ideas to be refined, tested and developed further through market research. There are four different types of businesses:

- **Retailing**. Purchasing goods from wholesalers or suppliers and reselling them for a profit e.g. grocery store.
- **Wholesaling**. Purchasing goods in large amounts directly from producers, to package and resell to retailers.
- **Manufacturing**. Making new products using raw materials e.g. shoe maker.
- **Service providing**. Offering a service e.g. painter.

A SWOT Analysis (looking at Strengths, Weaknesses, Opportunities and Threats) is an assessment technique usually used to evaluate business ideas.

> For a guide to generating a business idea, see;
> ILO *GYBI Generate Your Business Idea, a workbook for potential entrepreneurs* from SIYB Regional Project Office in Harare Zimbabwe

Step 2: Marketing

Think about the business and how it should be promoted. Identify potential customers and find out their needs and wants. Undertake market research in order to understand the business environment and its potential customers and competitors. This information will be used to formulate a marketing plan.

- **Marketing** helps you offer the right product or service, set an affordable price and ensure adequate delivery and promotion of the product or service.
- **Market research** involves talking and questioning customers, suppliers and friends running businesses; studying competitors; and reading relevant newspapers and other sources to get ideas and information about the business. Market research should be done in all community groups (refugees, returnees, IDPs and locals).
- A **marketing plan** considers the 4Ps: Product (kind, quality, colour, size, range, packaging, etc.); Price; Place (location, distribution); and Promotion (advertising, sales promotion).

> A guide to marketing:
> *Improve Your Business: Marketing*, ILO/SEED.
> On market research see:
> FIT Manual on *Rapid Market Appraisal*, ILO/SEED.

Step 3: Form of business

Decide what form of business to adopt. Each form has different advantages and weaknesses:

- **Sole proprietorship** - self ownership of business.
- **Partnership** – a business run by two or more partners.
- **Limited company** – a business owned by one or more shareholder that works with or have invested capital on the business.
- **Cooperative** - a number of individuals working together for a common goal.

Step 4: Staff

Consider whether the business will need any staff, and what qualifications and skills they should possess, by thinking of the tasks that will be required.

Step 5: Legal responsibilities and insurance

Find out what are the legal requirements of the business (taxes, license, staff benefits etc.) and consider acquiring insurance. (Insurance can protect against the losses incurred through accidents and theft, and contribute towards health and life costs due to business related accidents.)

Step 6: Costing

Calculate the total costs of manufacturing and/or selling a product, or offering a service. This allows you to set prices, minimise and manage costs, improve decisions and plan ahead.

Step 7: Financial planning

Ensure that the business will have enough cash to operate by preparing a sales and costs plan, and a cash flow plan. This is particularly important at the start when the business is most vulnerable.

Step 8: Required start-up capital

Calculate how much capital will be needed to start the business. This includes capital for high value investment on business premises or equipment, and working capital to run the business before the business can sustain itself.

Step 9: Sources of start-up capital

Find out how to obtain the start-up capital. Start-up capital can take the following forms:

- **Owner's equity**: personal capital invested in the business. Advantages: less pressure; demonstrates commitment to an idea, and therefore a favourable impression on lending institutions.
- **Loans**: Disadvantages: more pressure (repayments, interests, etc.). Main requirements: a clear and detailed business plan and collateral of some form.

Collateral is a guarantee that can be appropriated and sold by the lending institution in case of failure to repay the loan (e.g. the business premises, the home or some equipment owned by the borrower).

In conflict-affected communities there may be few tangible assets, no methods to assess asset values, no legal frameworks to help with confiscation, and no markets to sell assets. For these reasons, programmes working in conflict-affected communities usually use the collateral substitute guarantees (for groups) as well as the individual guarantors i.e. they take on the risk. This requires intimate knowledge of the social and emotional value of the client community.

Types of lending institutions:

- **Banks.** It might be hard for refugees/returnees to obtain loans from a bank due to their strict requirements (including business plans, collateral and an ID cards which are particularly problematic for refugees) and unlikely access in areas affected by conflict and other crises.
- **Government credit schemes.** These are typically loans provided by the government and run by government organisations for small entrepreneurs. They may have fewer requirements, and might not ask for collateral. They can often give further assistance e.g. for training.
- **Non-government credit schemes**. These are similar to government schemes but run by non-governmental organisations and microfinance institutions. They may concentrate on particular groups like women, disabled people, refugees etc.
- **Other sources.** These may include family or friends, village banks and traditional lending systems.

A **grant** is an allowance (cash or in-kind) provided by government or non-governmental institutions to help potential entrepreneurs (both female and male).

Links:	www.ilosiyb.co.zw www.ilo.org/seed www.ilo.org/dyn/empent/empent.portal?p_docid=SIYBHEAD&p_prog=S&p_subprog=BD www.ilo.org/jakarta
Forms to request trainers:	www.ilosiyb.co.zw/siyb_forms.html
ILO contacts:	IFP-SED@ilo.org jakarta@ilo.org

12. Women's Entrepreneurship Development

What is women's entrepreneurship development?

Women's entrepreneurship development involves supporting women to overcome barriers, which can be a result of their social and economic standing relative to men, in starting and running a business. In an uprooted situation, these differences in social and economic standing may be greater than in more stable situations. For example: when resources are scarce it is not unusual for the most powerful in a community to have access to, or own, those resources. In many internally displaced or refugee communities, the most powerful individuals are men.

Therefore, support for women entrepreneurs can:

- Ensure they can participate in, and benefit from, micro and small enterprise development activities: e.g. by ensuring women's participation in businesses networks within and/or outside refugee camps.
- Focus specific activities on women e.g. business skills training courses for women only.

Many activities promoting women's entrepreneurship are to ***reduce risk***. For example:

- Reducing the risks involved in starting a business, through business training and access to credit on reasonable terms. (See the ILO/UNHCR Short Guide on Business Training.)
- Reducing the risk of friction within the family or community by promoting a positive attitude to entrepreneurship for women through awareness-raising.
- Reducing the risks associated with accessing markets through market appraisals and using business development services to improve marketing skills. (See the ILO/UNHCR Short Guide on Business Development Services.)
- Reducing the risks of operating alone in a business by promoting membership of small business associations.

Why focus on women entrepreneurs?

Micro and small businesses are increasingly seen as a means of generating meaningful and sustainable employment opportunities, particularly for those at the margins of the economy – frequently women, the poor and people with disabilities.

The economic empowerment of women refugees and internally displaced women also goes hand-in-hand with strategies for enhancing the protection of refugee women and girls.

By providing a source of income and increasing access to, and control over, resources such as land, women can obtain more control of their own lives. Economic empowerment has been shown to impact positively on the involvement of women in decision-making processes and to improve their negotiating position.

In refugee situations, families need income. Income generating activities by women and men can be the source of this income. In particular, women's traditional skills could be considered a business asset in refugee situations. Using women's traditional skills as a basis for establishing businesses, the right interventions can help women to become valuable providers for their families. Some grow to provide jobs for family members and others.

Ways to promote women's entrepreneurship

The following need to be considered to promote the economic empowerment of women in uprooted context: (See reading list)

1. **Economic mapping exercises**: examining what businesses women are engaged in, what skills they have, what obstacles exist for them and what market opportunities exist for business start-ups and growth. (See the Short Guide on Micro and Small Enterprise Promotion)

2. **Analysis of gender relations**: examining the roles and level of empowerment of women in order to establish the level of intervention. For example, if women have limited mobility within the camp, the interventions will have to take this into account.

3. **Collaboration with partner organisations**: working with, and building the capacity of, existing organisations that represent women and women entrepreneurs. These organisations are vital for decision making processes, setting objectives and creating impact indicators.

4. **Developing entrepreneurship skills**: training women to become entrepreneurs to reduce the risk of business failure due to poor business skills is vital; however, training trainers to be able to offer follow-up to trainees is as important. The business training materials could be used for giving women entrepreneurs the skills needed. (See the Short Guide on SIYB/Business Training)

5. **Building up associations of entrepreneurs**: establishing or supporting member based organisations to be able to support women entrepreneurs. These organisations often provide support networks for women entrepreneurs, and can be capacitated to provide business development services to other women entrepreneurs.

6. **Encouraging the provision of business services to women**: facilitating the exchange of business and technical production skills often can improve the chances of survival of an income generating activity. Using business associations as providers of these services can be the most effective way of delivery. (See the Short Guide on Business Development Services)

7. **Establishing linkages with microfinance providers**: linking to existing microfinance lenders is often the most effective way of making sure women have access to business capital. Starting a microfinance or group lending scheme can be complex, having access to existing, or attracting in, microfinance providers to a camp can often be the most effective option.

8. **Developing positive attitudes to entrepreneurial women within the camp**: promoting entrepreneurship as an acceptable role for women can be done by standard marketing techniques. Promotional materials, participatory workshops and using role models could be ways of reaching out to the camps' communities.

9. **Sustainability** of all the above activities should be a major concern of any intervention in a refugee situation. Building the capacity of in-camp organisations to carry out entrepreneurship activities after the withdrawal of external support is a priority. This capacity will also be transferred if and when refugees become returnees.

Challenges in promoting women's entrepreneurship

In addition to the constraints to starting and running a business in conflict-affected contexts (see the Short Guide on Micro and Small Enterprise Promotion) there might be additional cultural challenges in promoting women entrepreneurs' activities:

- Women entrepreneurs are part of a community of men and women. Making sure male members of a refugee community understand the benefits and are supportive of the women's entrepreneurship development activities is vital. This can be done through participatory workshops and working with partner organisations to inform and consult with male members of the community
- Group businesses and lending are often seen as sustainable ways of setting up businesses at an income generation level. However, experiences in Angola and Mozambique have shown these ways of working are seen as unacceptable for groups of people whose trust levels may be very low after previous life experiences.
- In many countries the standard of numeracy and literacy among women can be lower than that of men. Refugee situations can mean schooling is very limited for women. These levels of numeracy and literacy can mean some

interventions such as training have to be done along-side basic schooling or tailored to a less literate target group.

- Women's positions within refugee camps can be lowered due to in-camp decision-making processes, male domination over resources and the threat of violence. It is important to take into account these types of gender relations when planning and implementing activities.
- Women often have multiple roles which means their workloads are already heavy. Take care not to overburden them with the responsibility of time consuming or costly business ideas.

For more information Women's Entrepreneurship Development in Uprooted Contexts see:

Jobs, Gender and Small Enterprises in Africa and Asia: Lessons drawn from Bangladesh, the Philippines, Tunisia and Zimbabwe, Pamela Nichols Marcucci, 2001

Economic mapping and capacity building in Lumbala N'Guimbo administrative centre - Moxico Province, Angola, Rotafina José Sande, ILO/UNHCR, 2004& Report on Training and Capacity Building carried out by ILO's WEDGE team under the SEED Programme, Namsifu Nyagabona, ILO/UNHCR, 2004

Gender Orientated Entrepreneurship Promotion, Swiss Agency for Development and Cooperation.

GET Ahead for Women in Enterprise Training Package and Resource Kitby Susanne Bauer, Gerry Finnegan and Nelien HaspelsBangkok: ILO, 2004& Course Materials: Capacity Building Workshop on Women's Entrepreneurship Development; ILO – SEED, ILO International Training Centre, Turin; 2004

Links:	www.ilo.org/seed www.ilo.org/crisis www.ilo.org/jakarta
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