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PROTECTING LIVELIHOODS IN CONFLICT AND FRAGILE STATES

AN ONLINE SPEAKER'S CORNER DISCUSSION LED BY LAURA
HAMMOND AND HOSTED BY POVERTYFRONTIERS.ORG



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DAY ONE: LIVELIHOOD SUPPORT

DAY ONE: LIVELIHOOD SUPPORT

Post By: Borany Penh

Welcome to Poverty Frontier's inaugural 3-day virtual discussion on protecting livelihoods in conflict and fragile states! We are pleased to support this discussion as part of advancing the international community's understanding of the complex issues related to poverty reduction in conflict and fragile states.

Among other recent international events along this theme, the well-attended PRCF: Perspectives from the Household Level conference demonstrated a huge interest in further developing knowledge and bettering practice in this area. The virtual nature of the Speaker's Corner provides for an exciting way of capturing knowledge and stimulating debate. It allows us to at once focus more in-depth on one of the key issues examined at the PRCF conference while also broadening the possible number of participants who can contribute their experiences, insights, or questions.

We are privileged to have as our featured speaker, Laura Hammond, Lecturer in Development Studies at the University of London's School of Oriental and African Studies. She is an internationally recognized expert in livelihoods, helped author such publications as USAID's Conflict and Livelihoods Toolkit and a member of FEG, a consultancy group specializing in livelihoods analysis. I hope you will take full advantage of having her online for the next few days to pose your questions and share your experiences.

As one of the organizers of this virtual event, I would like to get the discussion rolling by posing my own question to Dr. Hammond: **Are there risks to aggravating conflict by actively supporting livelihoods in unstable environments, i.e. could our support be interpreted by one side of a conflict as a challenge to their efforts to assert control?** If so, what would be ways of identifying these risks?

Should the risks be mitigated or should support for livelihoods be postponed until the environment is more stable?

Borany Penh

Sr. Political Economist Office of Poverty Reduction
U.S. Agency for International Development

DAY ONE: LIVELIHOOD SUPPORT

Post By: Shivendra Sharma

Thanks Borany for opening the discussion and I look forward to Laura's responses to them and to sharing my own experiences.

Regards,

Shivendra Sharma

Plural India

Website: www.pluralindia.in

DAY ONE: LIVELIHOOD SUPPORT

Post By: Laura Hammond

First let me thank the organizers of this Speaker's Corner for giving us the opportunity to discuss the issue of protecting livelihoods in conflict and fragile states. I consider my role in this to be that of facilitator/provocateur/discussion partner and I see that those who have signed up for the discussion have great experience, so I'm hoping to learn a lot from you all!

Before responding directly to Borany's great questions, I want to clarify what I mean by a 'livelihoods approach' to working in conflict and fragile state environments. Following on from work done by DFID, Save the Children-UK, Oxfam and other NGOs, as well as by researchers working in the field, **I take livelihoods in its broadest sense to refer to the set of assets and resources that a person needs to maintain a healthy and productive life.** Often people think of livelihoods support as involving income generation support, but it is wider than that. Livelihoods support can also include providing access to education, health care, market support and even food aid as part of an integrated strategy to improve people's basic economic security. Protection can also be an important element of livelihoods support when it helps people access necessary resources; very often conflict or state fragility may disrupt everyday livelihood strategies so it is important to focus on helping people rebuild these pathways or find new ways to get the resources they need. This can help preserve their resilience and minimize the impact of the crisis.

Now, in answer to Borany's questions, it is certainly true that conflict can be aggravated by humanitarian assistance of any kind, whether life-saving or livelihood supporting. Efforts to preserve neutrality and impartiality are constantly challenged by the perception by parties to the conflict that assistance is providing an unfair advantage to the opposing side. Mary Anderson's now classic *Do No Harm: How Aid Can Support Peace – or War* (Kumarian Press: 1999) is just one of the many sources that shows how aid can be manipulated as a weapon of war. However, I think that when livelihood support is offered in the same spirit of neutrality and impartiality as other forms of humanitarian assistance, it can often relieve tensions and create a space for peacebuilding that did not exist previously. We have seen this in the Balkans, where support to traders in Bosnia and Kosovo resulted in increased communication between groups on both sides of the conflict, and in Southern Sudan, where USAID's support to local markets increased communication and cooperation between northerners and southerners. Defending neutrality and impartiality is easier said than done. Perhaps people could respond to this question of how this is done in specific contexts, or whether people have found that it is in fact impossible in some places.

Too often the problem is not providing livelihood support too soon, but rather providing it too late. There is a general sense that in an emergency (whether conflict/fragile state or natural disaster), the exclusive emphasis should be on providing life-saving support such as food aid, shelter, and medical care. Livelihood support, it is assumed, can wait until the situation has stabilized. However, it is usually the case that the humanitarian assistance provided to save lives is not adequate to stabilize the situation, and that affected people must also work to supplement the assistance they receive in whatever way they can. They do not wait for the situation to stabilize before engaging in livelihood strategies – even at the beginning of the Darfur crisis people were involved in gathering and selling fuelwood and water, and making trips back to the places they had come from in order to share their relief supplies with relatives who had remained behind to protect their claim to property or to tend what remained of their animals – so neither should assistance wait for this to happen. Livelihoods support can help this process, and provide people with options for engaging in positive strategies rather than in destructive (such as depletion of the local environment for charcoal or forest products) or high-risk practices (such as commercial sex work).

I tend to think that livelihoods support should be provided as early as possible; but I am happy to hear from others who may disagree with me.

To reiterate some questions for discussion:

1. Do you think that livelihood assistance can accompany life-saving support even in emergency contexts or is there an argument for waiting until an emergency situation has stabilized?
2. What experiences have you had with this providing livelihood support in the midst of conflict and what were the results?

Feel free to respond to other elements of this post, or to suggest issues that I may not have touched on.

DAY ONE: LIVELIHOOD SUPPORT

Post By: Muhammad Riaz

I fully agree and support the idea that livelihoods support should be provided as early as possible. Based on our experience from the on-going livelihood recovery support for the 2005 earthquake affected people of northern Pakistan, I see however some practical challenges: a) Logistics - after the earthquake roads and communication infrastructure were badly damaged and several areas could not be reached until that was restored, and b) working through / with the local government institutions - Government institutions work usually with slow pace and after the earthquake became incapacitated. The education and health sector (reform and infrastructure) support coming in partnership with government face considerable delays compared to the Agriculture & livestock - restitution and -value chain development support coming directly to the community. Fulfilling simultaneously the guidelines, procedures and policies of the several stakeholders involved like the donor, the implementer INGO and the sub-agreement partner and the government in procurement and delivery of the intended support cause also considerable delays. My question is; shouldn't we treat these situations as special, and shouldn't we have simplified procedures and regulations for procurement and delivery of support and the possibility to work directly with the community for all kinds of the livelihood support?

Muhammad Riaz

Pakistan Poverty Frontiers

DAY ONE: FRAGILE POCKETS IN OTHERWISE STABLE COUNTRIES

Post By: Ms. R.V. Bhavani

While on the issue of fragile states and impact on livelihoods, I feel we should also look at and can learn from the experience of fragile pockets in states labeled from a macro perspective. Problems in these areas if not addressed may lead to magnified problems.

India for instance has pockets of unrest - pockets where the State has failed, there is lack of infrastructure, growing unemployment and there is a resultant spurt in naxalism, conflict and unrest. Unless there is a concerted effort in such areas to build the capacity of the people and enable access to entitlements and amenities, the conflicts are bound to multiply.

A focused livelihoods approach is imperative - because it is the lack of basic source of sustenance that triggers the unrest in the first place. This will have to be in accordance with the local natural resource environment and the needs of the people and a combination of technology, credit, market and price support and skills training. The approach should not be one of dole or charity, but one that seeks to build capacity and put the necessary infrastructure in place so that so that people can make a living and lead lives of dignity.

Bhavani

M S Swaminathan Research Foundation, Chennai, India

DAY ONE: FRAGILE POCKETS IN OTHERWISE STABLE COUNTRIES

Post By: Laura Hammond

Bhavani has a good point here - lack of access to essential livelihood resources can often be a cause of conflict, and providing essential support to people can help prevent tensions from erupting into violence, or help violence from spreading. Does anyone have examples of where this has been done?

Again, I think that the way to address stressed livelihoods is to conduct assessments that get at the heart of what the problem is and what people's priorities are. I refer you to my post in the Day One discussion strand where I outline an approach that I've been working on with Oxfam to develop these assessment methods. But others may have good suggestions too - would love to hear from you!

Laura

DAY ONE: LIVELIHOOD SUPPORT

Post By: Mary Morgan

It is common it seems that in post conflict situations relief tends to attend to the aftermath. Multispectral agencies like World Vision, CARE, Save the Children will get involved with building homes, assisting returnees to find their homes, helping the displaced to get stabilized, disperse blankets, medicine and food. Projects may include trauma healing and conflict resolution components. My work in Bosnia as the Socio Economic Sector Coordinator in 1999 made me realize that we as professionals in the field needed to start to provide supports to our project managers regarding the livelihood question. CARE was moving from relief to development at that time.

When people start to feel stable, the question of livelihoods--earning an income, is first on their mind. What I did with my sector then was to assist my project managers to be prepared with economic components to all projects--the psycho social, health, education, theatre, civil society, social protection.....The managers themselves were more terrified of looking at an economic project. But when the beneficiaries started to say they wanted to learn how to earn money, then I was there to train and coach managers in how to identify businesses etc. I then had each project manager write up some operational guidelines to describe how they would implement their projects if they had to do it again starting with rationale for the project, how to do an assessment (what sort of key informants to talk to, how to get data in a post conflict situation, etc.), how they would set up the infrastructure for the program including paperwork (client intake forms etc.) how would they promote the project and recruit, how they would implement it in steps and do M&E. These operational guidelines have been useful to me in many other situations and I have sent them out to other regional conflict/disaster regions (Kosovo, East Timor, Accad) to other colleagues and friends working there.

A livelihoods orientation requires that it builds on where people are at. Conflict signifies trauma.... that is part of the work. But when we are not prepared to meet the beneficiaries with clear ways forward on identifying and developing positive income generating opportunities when they are ready for this step, we fail the people we are working for. In Liberia I went to do develop a value chain with Mercy Corps. Denise Barrett was the Country Director and she was brilliant. Her leadership was exceptional under the circumstances. 1.5 years after Taylor and been spirited out of Liberia and everything had been thoroughly destroyed (public goods, personal property and social cohesion) she had started to

work in communities through Theatre of the Oppressed. In each village where elders and youth had been so divided by the war, animators were trained to use theatre and music to bring the communities together to develop community development plans to build latrines, grow food, work with youth and elders, etc. When I got there they were ready and willing to participate in a strategy which concentrated on improving their incomes through the development of the cow pea value chain. If the community development work had not been done, they would never have been able to participate as dynamically in the process of identifying what value chain to develop, what the constraints were and potential solutions.

I have not worked directly in conflict, but in my post conflict work I do find that socio-economic program strategies are critical for contributing to the stabilization of a region. And senior manager staff need to have the skills to be able to give direction to their managers in economic development. What are market systems? how do you establish business links in a post conflict situation? how do micro producers access inputs and provide production processes? If we do not know this, then how do we pass it on and provide these supports needed to on the ground staff?

Cheers,

Mary E. Morgan

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DAY ONE: LIVELIHOOD SUPPORT

Post By: Laura Hammond

Thank you for these valuable contributions.

I agree with you, Muhammad, that sometimes it is not practically possible to launch livelihoods support immediately after disaster has struck; many of the difficulties you mention, such as the infrastructure and logistical limitations, are common to also providing other kinds of emergency assistance. I think the issue of capacity is an important one, and agree that one should not wait for capacity to be raised before initiating livelihoods support. If one can work through other partners, or even better work in a tripartite arrangement with NGOs who have operational expertise and government offices which lack the capacity but ultimately can benefit from being involved and learning while doing, so much the better.

Both Muhammad and Mary point to the importance of operational guidelines, which are an excellent suggestion. Mary, I wonder if you would be willing to post the guidelines that you mention, either as an attachment to one of these messages (if you load your response via the website there is a box below the text box for attaching files) or else you could respond to individuals who may contact you by email to request a copy (I'd love to see them, personally!).

I think your comments also point to the importance of having effective assessment methods for understanding the impact of conflict or state fragility (or in Muhammad's case a natural disaster) on livelihoods. I've been working with Oxfam recently on developing an interactive tool (we call it a Knowledge Map) for designing livelihoods assessments in emergency contexts. It's in process, but if you'd like a copy let me know and I'll make sure that Oxfam sends out a copy when it's finished being formatted. Our general approach to assessing livelihoods is based on the Sustainable Livelihoods Framework (see www.livelihoods.org) and uses a modified Household Economy Approach to investigate:

- a) what people's pre-crisis livelihoods looked like - what were their main sources of income and expenditures?
- b) how the crisis has impacted their access to essential assets
- c) how they have responded to the crisis in terms of trying to recover access or find new ways of getting the resources they need
- d) determining the kinds of needs that they require assistance with.

For instance, if conflict results in people being displaced such that they are no longer able to graze their animals, we would look for ways of helping them to preserve a productive herd, possibly buy up the stock that they have but are not able to care for given the restricted grazing areas, and find alternative sources of income that may help them withstand the impact of the conflict in the short to medium term. If the livelihood disruption appears to be permanent, we may look for longer term solutions.

I have to run to teach a class now, but look forward to any reactions to this.

Laura

DAY ONE: LIVELIHOOD SUPPORT

Post By: Karri Byrne

Laura,

There is work being done by SEEP to develop SPHERE-like guidelines for economic recovery responses. The work on this is ongoing, and hopefully expanding soon. I would suggest that those interested in getting involved in the work contact Laura Meissner or Tracy Gerstle at SEEP for more info. I'm not sure there is anything that is available to post for this group at the moment. (I know there isn't from my sub-group!)

On the capacity issue, I also want to underline Mary Morgan's comment about staff fear/discomfort with designing and implementing economic projects. This comes up again and again in the field programming I see. Sometimes it is caused by leadership not being comfortable with economic programs (usually because they have no experience in it, or don't know how to write a good job description for the skills they need) and other times the issue of budgets - especially in multi-sector programs - means that the staff hired (local or expat) don't have the skills they need to do everything that is asked of them.

Recently IRC was involved in some value chain research for USAID, and I was surprised at the distance between the hard-core value chain experts and those on the ground familiar with conflict and post-conflict settings. The point of the research was to learn how value chains could be used in conflict recovery situations, but the understanding gap between those who really understood how to use this economic analysis tool and those who have a rich understanding of conflict responses was huge. Obviously this is part of the reason for the work to bridge that gap, but I became very aware of how the "economic" folks are not really talking to or familiar with the "conflict" folks, and vice versa. It is essential to bridge this gap if economic responses in crisis are ever going to be anything more than grants and "training".

Karri Goeldner Byrne
Head of Economic Recovery and Development
International Rescue Committee UK

DAY ONE: FRAGILE POCKETS IN OTHERWISE STABLE COUNTRIES

Post By: Mary Morgan

Isn't this the essence of economic development work in an international development context?-- redistribution of resources to reduce conflict and contributing towards global security?.... At this point in time the discrepancies between the poor and wealthy are exacerbating the conflict situation--Pakistan/ Afghanistan case in point. People are getting perturbed (to put it politely) that they cannot meet their basic needs and are turning to violent means because they have nothing to lose.

Any project which actually results in sustainable economic development and incorporates the marginalized will be contributing towards reduction/minimizing and/or even stopping conflict. Examples of this would be successful development projects. Nepal has some good examples with IDE in market development in Maoist dominated areas (See their website). I would hope that Sudan, Liberia, Sierra Leone, Afghanistan, Democratic Republic of Congo etc would have at least a few successful projects....

Mary Morgan

DAY ONE: LIVELIHOOD SUPPORT

Post By: Adina Saperstein

A key issue that seems to be coming out from the last few messages is how the economic component of livelihoods approaches fits in with economic recovery and development approaches in crisis-affected environments.

In order to bridge the gap between the "economic folks" and those focusing on broader livelihoods approaches and conflict analysis and transformation, two things have to happen, as Karri and Mary point out:

- 1) economic approaches need to be carefully adapted to current livelihoods realities and conflict (or other crisis-related) dynamics, and
- 2) capacity needs to be strengthened among field practitioners to design and implement approaches that can build effectively into broader and longer term economic recovery and growth strategies.

As Karri mentioned there have been several initiatives in the last year or so to integrate the approaches and languages of relief, livelihoods, economic recovery and development, and analysis of how the dynamics involved in conflict and other crises affects these approaches, in order to facilitate and accelerate the process of emerging from crisis. One of the biggest barriers in doing this is that livelihoods approaches tend to focus on the household and community levels, while the 'economic folks' are perceived to be interested only in industries, value chains, and business enabling environment.

But many economic development approaches – particularly the popular value chain approach which both Karri and Mary referred – are designed to engage small and vulnerable actors into economic activities which have high potential for increased benefits, translating into opportunities at the household and community levels.

By integrating livelihoods and conflict analyses into the design phase, these approaches can contribute to broader and more stable economic recovery.

And by integrating economic growth approaches such as the value chain approach into livelihoods approaches, practitioners can more effectively select and intervene in sectors and activities that have high potential for increased and

sustainable benefits. So although we come at this dialogue with different approaches and languages, I see the livelihoods framework itself as something of a bridge between relief, conflict, and development methodologies.

Adina Saperstein
Value Chain Specialist
ACDI/VOCA
Cairo, Egypt

DAY ONE: LIVELIHOOD SUPPORT

Post By: Mary Morgan

To add to Kari, I really think that it is the responsibility of the NGO institution and culture to promote a learning environment to provide the supports for external professional development opportunities as well as to create internal opportunities so that there can be more cross pollination. So often professional development is seen as an expense instead of as an investment to building up our core competencies. As senior managers, putting it into your budget when writing proposals will get you more results than you can imagine.

The value chain approach initially emerged in development to develop industries, Olaf Kula from ACDI/VOCA being a key proponent to that. Jeanne Downing has really started to open up the idea in USAID to using the VC approach in post conflict environments and to incorporate the extremely poor. The question of language is a fall out from the early BDS era-- I have even heard folks refer to the BDS Taliban :)-- the language and jargon was so exclusive if you understood it you were part of an inner club it seemed. Deconstructing and demystifying economic concepts and looking at livelihoods within a market systems approach--which is what value chain development and market development is all about-- then our work in post conflict will contribute to economic recovery not only at the individual/household level but at the community and regional level.

The language of livelihoods is much more holistic and is more widely embraced in multisectoral organizations. But livelihoods, as Adina alludes to, but we have to remember that households are located within communities and regions....

I think we as a field are realizing, finally, that we no longer can be either/or and mutually exclusive (livelihoods-market development) because of the impact of globalization and the wider implications of conflict. And this dialogue is a testament to this movement....

Mary Morgan

DAY ONE: LIVELIHOOD SUPPORT

Post By: Laura Hammond

Thanks Adina, Karri and Mary for your posts, and thanks to Mary for posting the Operational Guidelines files (which everyone can now download from the front page of the Speaker's Corner site).

I completely agree that there is a disconnect between those focused on economic development (the 'hardcore value-chain experts' as Karri calls them) and program managers. Program managers I have spoken to say that they are not confident taking on market-strengthening activities, or engaging in economic development activities as they feel inadequately trained for this. I do think that there is a need for more training on both sides - to familiarize program

managers with principles of economic analysis (and this needs to be done in very accessible, jargon-free, non-technical terms that people with no economics background can understand) and at the same time those working on value chain development and other economic analysis need to be learn about how conflict and state fragility impacts livelihoods.

To respond to one of Adina's points, I think that too often it is assumed that livelihoods analysis is only applicable to household or community levels. In fact, much livelihoods analysis considers the dynamics within households, but then expands from that point to consider the impacts of shocks (in this case conflict/fragility) on wider swathes of societies - it looks to identify the largest possible group for whom a specific set of livelihood strategies is valid. That may refer to, for instance, all poor urban dwellers involved in the informal sector in a major city like Harare, or all pastoralists in a region like Somali Region in Ethiopia where movement and trade is curtailed by insecurity and government restrictions.

I recently worked on a USAID-funded project in Ethiopia that used livelihoods analysis to identify the difficulties that poor people faced in accessing markets (in 5 woredas in 4 different regions), and then used value-chain analysis to identify opportunities for promoting small-scale industries that would have a high return. The resulting projects ranged from honey marketing to silk production and vegetable marketing. In all of the cases, participants saw significant increases in income after only one year. Although not in a conflict setting it was an interesting case of how livelihoods programs could be developed based on livelihoods and value chain analysis and implemented by a group of vulnerable people (whom most development actors would have considered poor candidates for such activities) with a significant result. So yes, I think there is a need for greater harmonisation of these approaches, and welcome suggestions for how this can be done, or where it is already being done.

DAY ONE: LIVELIHOOD SUPPORT

Post By: Roger Horton

On the questions regarding timeliness, I would also agree that the sooner the better, and the danger is certainly on the side of coming in too late. Today I was speaking with a colleague with many years of humanitarian response experience who made the point that livelihoods responses should start as soon as a week after the initial response. It can sometimes be over a year after the cessation of hostilities that livelihoods interventions became the focus for most organizations. In response to Muhammed's points regarding the practical challenges immediately after a disaster, those issues (bad roads, low government capacity, donor restrictions) can remain a problem well after the acute phase of the crisis has passed. It may make sense to assume those challenges will be present (in one form or another) in almost all situations and plan interventions to minimize their effects.

I found Mary's points about the importance of community development efforts well taken. My experience has shown that the best answers come from the communities themselves but only after a sense of trust has been established. When I first arrived in northern Uganda in 2005 and the conflict was active, security restrictions meant that field staff could almost never spend more than a couple hours with a community, and a week or more would elapse between visits. It was clear that any kind of program continuity was difficult or impossible in such circumstances. I continue to hear positive references to such innovative techniques as Theatre of the Oppressed and think that more learning opportunities about such techniques would be valuable.

We recently benefited greatly from having an Agricultural Advisor (for 6 months) with deep experience of value chain analysis and market assessments. His expertise allowed us to quickly move from micro-interventions with individual farmers and households to broader approaches that stress the importance of market linkages and information. Another very positive experience for us has been a partnership with the Overseas Development Institute (ODI) as part of a

longitudinal study of households emerging from conflict (also using a Household Economy Approach). We support their research every six months with logistics and trained staff, and benefit from the study's findings on an ongoing basis. I have seen that the benefits of these kind of connections between researchers and practitioners can be tremendous for both if the partnership is well-designed.

Finally, two observations: 1) There seems to be far more technical resources (and training opportunities for staff) in emergency intervention areas (water/sanitation, health, etc.) than in the area of economic development, including agriculture-based livelihoods, so Karri's mention of the work of SEEP is encouraging. 2) Recently a senior member of local government here was lamenting the many idle youth visible throughout the district. His concerns highlight the fact that youth (approx. ages 16 - 25) are a group often underserved by emergency interventions that target the vulnerable. At some point in a recovery they must become its engine. I would be interested to hear more about programs that successfully engage with and support youth as they search for practical livelihood options in the post-conflict environment.

Regards,

Roger

Roger Horton

Program Manager, Pader Mercy Corps Uganda

www.mercycorps.org

DAY ONE: LIVELIHOOD SUPPORT

Post By: Tregenna Myrabo

Hello Everyone.

I am very excited that we are dialoguing about this. I agree with the fact that economic recovery can happen at the time of the immediate relief for disasters. My name is Tregenna (Tree-anna) and I work in Economic Recovery at World Vision International (WVI). I have been working on a set of tools that specifically address the questions/subjects/tools that Laura mentioned in the email below. I have attached these documents below.

WVI has also adopted the DFID model for Sustainable livelihoods (attached below for those who haven't seen it) using the 5 types of capital as resources to fulfill the needs of our beneficiaries, not an end in themselves. WVI has made many attempts to come to a consensus on the definition of livelihoods, and to be honest in my opinion, the best solution is to stick with the most commonly known definition and move forward in the actual utilization of the model.

The following documents are created by World Vision International:

The first document is called the Economic Continuum. With this chart/tool we can plot families along this continuum to help us decide what type of capitals they need. This information will inform our response activities. For example, a family below the chronic poverty line needs immediate basic needs supplied; blankets and food for example. A family operating in the cash economy, perhaps not AS effected by the disaster won't need 20 blankets, they may need a micro loan or cash to fix their roof, for example. If we do give them 20 blankets, they will sell them for cash. If they will do this anyway, let's just give them cash/ or loan (in a way that preserves their dignity) and save overhead on our transportation and storage costs (among other things). There is lots of research being done right now on cash programming versus commodities in relief through a number of orgs, check out ODI for example.

This next document is what we call the Household Coping Strategies waltz's curve. This curve outlines the most common NEGATIVE coping strategies that most households engage in after a disaster. By plotting (assessing) a family or individual on this curve, we can forecast their next move down or up the curve and be able to provide the proper assistance by being "one step" ahead.

We are designing another tool relating to the value-chain. My approach to this value chain assessment tool IS NOT to grow a business and link up market players, it is to map out an entire value-chain end to end, determine where the disasters has wiped out a section of it, and focus our efforts on repair, and have growth come in as a development activity, not necessarily a relief activity. This is not the traditional approach and is not what is typically referred to as the value-chain approach to disasters and conflict situations. Let me illustrate what I mean:

A hurricane hits the shoreline of a small town in Banda Aceh and destroys the fish processing plant and cold storage for fish. The fishing boats however, mandated by the captain stayed out on the high seas during the hurricane and was hence undestroyed. The fish supply was also unaffected. The demand for the fish, both domestically and internationally is still present, but the processing plants are destroyed. Having mapped this value-chain, World Vision is able to see that recapitalization of the processing plants and cold storage is the most appropriate response in order for the fishing industry to continue meeting their still existing demand.

World Vision International's purpose for economic recovery is to "appropriately and rapidly recapitalize assets destroyed or harmed by a disaster to enable individuals, households and communities to protect, preserve and grow their assets to be more resilient to future disasters." The principles behind WVI's economic recovery activities include:

Interventions are directly linked to the appropriate timing and measures set by WVI's Humanitarian Emergency Affairs department* Rapid recapitalization is our main focus Do no harm to the local economy Empower local people economically Support access to enterprise inputs Be more of a general contractor and architect by partnering with other NGO's in these efforts Have a market based approach Should not exacerbate tension, power issues and therefore our efforts will be sensitive and supportive of peace building and gender equity.

* note that WVI has a system for categorizing the severity of the disasters and appropriate response based on the severity. See the following slides from our Humanitarian Emergency Affairs department.

At present there are a number of NGO's along with World Vision including CARE, ODI, Save the Children, OXFAM, USAID and others who are creating "Guidelines for Economic Recovery in Disaster Contexts." This document will be out for circulation this summer.

I look forward to your feedback.

Tregenna

DAY ONE: FRAGILE POCKETS IN OTHERWISE STABLE COUNTRIES

Post By: Terry Isert

Greetings Everyone,

If I may piggy-back on Mary's excellent point, ARC (and I'm sure that there are many others out there!) implemented a conflict-mitigation program in the Forest Region of Guinea (N'zerekore, Yomou, Lola) along the border with Liberia. The essential components were conflict mitigation strategies, livelihoods and economic recovery targeting at-risk youth.

The central concept was, in addition to supporting communities to form committees and facilitate pro-active dialogue/conflict resolution, to also provide livelihood training (personal well-being, good citizenship, community leadership and participation, and conflict resolution),and cross-sectoral economic development (business skills training, apprenticeships with master craftsmen, and financing) to promote reintegration of youth prone to violent behaviors and prevention of youth at-risk of engaging in these behaviors back into their communities.

Perhaps Laura's definition would encompass economic development into livelihoods in this post-conflict setting. In any event, this program concept was adapted from another successful peacebuilding and youth engagement model in Sierra Leone. ARC also added an adult literacy program component at the behest of the communities and USAID to round out the lifeskills component.

Terry Isert

Senior Technical Advisor, Economic Opportunities American Refugee Committee International

Email: terryi@archq.org

DAY ONE: LIVELIHOOD SUPPORT

Post By: Laura Hammond

Very important points in Roger's message about the need to include youth (however they may be defined) in economic recovery and livelihoods activities, and also about the importance of building trust when you are an outsider working with a community or group of communities.

On the first point, make sure you look at Terry's post on the other strand of this discussion ('fragile pockets...') for an example of how livelihoods work engaged youth in Guinea. These examples point to something that is perhaps unique about vulnerability in conflict situations: those who are most vulnerable or most in need of livelihood support are often not the poorest of the poor. Rather, they may be people who have something to lose and who thus may be targeted or at increased risk. Thus, youth - because they are potential militants and because when they become disillusioned or desperate may also become dangerous, in addition to the fact that they may possess valuable skills or abilities that translate into resources themselves - become an important group to focus on. Looking at the impact of conflict on livelihoods makes us question some of our assumptions about the nature of vulnerability and risk.

On the issue of trust, it may sound obvious but is definitely worth saying that it is easy to push too hard, too fast in these types of situations. Conflict destroys people's confidence in the everyday patterns of life, on their ability to engage in new activities, to take economic risks when they are already facing more immediate risks to safety and security. Livelihoods/economic recovery programming has to take its cue from what people are ready for, whether they are ready to engage with people across enemy lines or would prefer to wait, whether they feel able to take on debt or to launch new enterprises in an environment of insecurity, etc. Building trust and looking out for what people are ready for is a more cautious and time-consuming approach, but is probably ultimately more effective.

Does anyone have good ideas or examples of how trust can be built in conflict and post-conflict settings?

DAY ONE: LIVELIHOOD SUPPORT

Post By: Brandy Bertram

Hello all.

Ms. Hammond, in response to your question below about building trust in conflict and post-conflict settings, I challenge that the methodology you outlined in assessing past livelihoods behaviors first, combined with honest assessment of existing resources, such as the approach outlined by Ms. Myrabo, are two foundations for building trust.

Here is why.

In my experience in working with communities in post conflict and post disaster settings, the surviving members are searching for what is left of their perceivable and marketable worth. The approach of starting with an assessment of existing value within the beneficiaries (skills, talents, resources, etc) gives people an immediate sense of worth, and ability to invest in and contribute to the development of strategies and systems to help them protect, and eventually rebuild their income generating potential. This invitation to contribute meaningfully builds trust as the beneficiaries of the livelihood development initiative rediscover their inherent capacity (reducing feelings of victimization) and feel heard and respected by the members of the aid program. Mutual respect is a critical precursor to mutual trust.

Once beneficiaries understand that they are respected and trusted partners in programs aimed at helping them build back their economies in whatever means are most authentic to them, the attention is then shifted to building trust amongst members of neighboring economies (geographically or in the value chain). This is an extremely appropriate fit for enterprise education as the language of trade and business is a common denominator, and unifying factor across most borders and cultures. And, when that business development focuses on the human aspect of enterprise, the exchange of goods and services between people for mutual and balanced benefit, the opportunity for peace building is extraordinary as previously divided communities can begin tangibly contributing to the rebuilding of each others homes and livelihoods through broad economic revitalization.

With regards to targeting youth, I find that an extremely important discussion. It seems that if developmental and recovery programming can successfully restore productivity and hope in affected youth quickly, then the negative impacts of that conflict or disaster can be contained to a limited timeframe, rather than becoming generational forces of destabilization.

Thank you all for this continued conversation...it is enriching!

Brandy Bertram

Specialist, Training and Youth Enterprise Making Cents International

brandy@makingcents.com

DAY ONE: LIVELIHOOD SUPPORT

Post By: Tregenna Myrabo

Hi Kari,

Yes, I am part of the work that is going on with SEEP in creating the Guidelines for Economic Recovery in Conflict and Disaster settings. That is what I was referring to in my email posting.

Tregenna Myrabo | Economic Recovery| Microenterprise Development World Vision International | www.wvi.org

DAY ONE: LIVELIHOOD SUPPORT

Post By: Getaneh Gobezie

Dear Laura Hammond,

You have raised an interesting case of your work here in Ethiopia. This is indeed a practical proof that even very poor people can manage their livelihoods if appropriate opportunities and means are offered to them. Indeed many are not just looking for a 'charity'. However the kind of 'value chain' analysis that you have done are rarely conducted, and many livelihoods supports are carried out in isolation, with no or little attempt to integrate among various interventions. For example, the microfinance programme that is growing very rapidly in Ethiopia is hardly integrated with other livelihood support systems that could greatly enhance impact on poverty. I would be happy to have any material that you might have produced on this project in Ethiopia.

DAY ONE: FRAGILE POCKETS IN OTHERWISE STABLE COUNTRIES

Post By: Leonard Okema

I agree with Mary Morgan on the need for redistribution of resources as one of the modalities of reducing conflict and contributing towards global security. This process should target policies and structures especially in the developing world, like Uganda, Kenya and Sudan and where political processes thrive on tribal and ethnic lines as support bases.

Usually the ethnicities or tribes that are marginalised opt for resentment of which violence can be a part. The disparities in development and national resource allocations between northern and Southern Uganda and the long raging civil conflict in the north of this country comes to my mind.

It is therefore crucial to shape the thinking of the political elite in such societies because they in most cases wield the power to determine who gets what, when, how and for how long.

DAY ONE: LIVELIHOOD SUPPORT

Post By: Aaron Russell

The earlier comments for the need to integrate value-chain analyses and an appreciation of larger livelihoods impacts into humanitarian aid are very welcome. I do not work in "conflict areas", however I am having to figure out how best to work with rural residents in a "stable" and forgotten area of the DRC where previous delivery of humanitarian aid may have had some unfortunate consequences. I have one overarching comment and one request.

The Comment - Some lingering impacts of how humanitarian aid was delivered include: In this case, humanitarian aid was delivered to local communities based on their creation of groups/associations/committees, which were generally dominated by community elites, not the more vulnerable. Additionally, (possibly perceptions of) a norm of payment for participation in such committees has created a strong legacy that politicizes any future participation in development activities. Unsurprisingly, the outcomes of such activities have been of very limited sustainability, less than a year following the end of humanitarian aid delivery. These three factors, that are not unique to humanitarian aid programs, but which are an issue with the activities of many NGOs in Africa in particular, have predisposed rural communities to demand payment for participation in any livelihood capacity-building activity, and severely limits the abilities of subsequent NGOs to target inputs at the less powerful/privileged members of society. This "legacy effect" really should be considered by all NGOs.

My Question: relates to a possibly more alarming phenomenon regarding which I would greatly appreciate any comments, suggestions. I am not yet clear to what extent and in which form delivery of humanitarian aid may have strengthened the positions of armies/governments in this region. However, one result of the present absence of central government is staggering rent-seeking (corruption) by most local government employees of all agencies, to the extent that the cumulative effect of such activities has completely cut off all trade to and from the outside world. Such contexts no longer attract the headlines as the violence and the armies have departed, however livelihoods remain terribly vulnerable. Does anyone have any literature that you would recommend for better understanding and assessing the impacts of such rent-seeking behavior on livelihoods, and ways of addressing this in the context where the central government has little effective power (even if it wanted to address the issues)?

I appreciate your feedback,

Aaron Russell

DAY ONE: LIVELIHOOD SUPPORT

Post By: Masood Ul Mulk

Let me share my own experiences of working with livelihood centered programmes in Pakistan, many of them in different parts of the highly volatile North West Frontier Province of Pakistan and now also FATA. In many of the pockets where these programmes operate there were huge areas of conflicts, all different in nature: sectarian, fights over resources, insurgency, war and natural disaster like the earthquake of 2005. This experience goes to almost two decades and involves working both at the grass root level and higher strategic level. Its about working with thousands of grass root institutions on programmes at the center of which was livelihoods.

One of the important feature of this approach has been that it has not been a project approach, it has been an organisational approach. Conflicts, fragile environments, disappearing states are situation of uncertainty and chaos where crucial information that typically goes on to build a project is missing. So build an organisation locally that is flexible, responsive, adaptable and learning and let it interact with the environment and then respond to it. This was never about techniques which seems to be so much emphasized in the West, it was about living with people and trying to understand their views of reality. At the heart of it was a process of social organisation, bringing communities together. This was helped by a simple fact that we learnt. In large parts of the country the modern state barely reaches them so communities have to depend on their own capacities for collective action developed across generations which they tap to survive in difficult and harsh environments. The capacities may vary in different areas but they nonetheless exist. Once you have the communities organised work on holistic programmes that address their needs are offered. These would include the following: community built infrastructure(irrigation channels, link roads, drinking water projects, micro hydro projects etc) micro finance and micro enterprise, natural resource management, human resource development, gender equality programmes, disaster management, education and health and so on.

These programmes need to be developed to respond to the needs in an action research mode. For example while working in the northern mountain regions we discovered that communities were not interested in any of the micro infrastructure projects that we were offering. They were clamouring for micro hydro electricity from the gushing torrents found there. The economists and engineers were opposed to it. The former because they thought they would not generate income as these projects had only the capacity to produce enough electricity for lighting only,(thus not sustainable) the latter because they believed that such projects were difficult to manage technically and the experience in the neighbouring region had been bad. We could not find a good electrical engineer to help us (typical of such areas) and

instead improvised an electronic engineer to do the task. Each day and from each project we learnt and changed. In ten years we managed to get electricity to over 180 villages and 18,000 households. Interestingly the donors were not interested in this kind of activity when it started. Only when success came everyone joined it. While this is an example from the mountains where there is water in the southern arid zone we find more than 72 small dams have been built by the communities using similar principles. There are valleys where over thirty miles of roads have been built and maintained by the communities. You cannot do these kind of things from the outside and no manual will teach you how to do it, it has to be learnt in the field. Can the modalities for working in conflict zones accept this? These kind of intermediaries need to be created and supported locally. I think this is a missing dimension of the work on livelihoods.

Three other issues I would like to touch upon.

Firstly many of the conflicts can only be understood locally eg. In one village, communities who had religious affiliation with one NOG worked with it to get electricity produced locally. These villagers would put lanterns on the road side to tease their neighbors who lived on the other side of the road and who had no desire to work with this NGO because of how they perceived its religious affiliations. So strong was the issues of pride and shame that the villagers living on the other side of the road decided to sell their livestock and put on their own hydro electricity unit. They were never ready to compromise on their perception of ideology and were not willing to get free money to do this work even though they were poor people. These issues of local power, pride and shame and leadership play a pivotal role in how livelihood projects function. How can they be understood?

In another area of Alai in the Hazara mountains of Pakistan we had been working since the late nineties with our programmes. It was a highly conservative area where religious leaders looked at us suspiciously but nonetheless the opposition was never violent. In 2005 as the earthquake struck causing widespread destruction the situation changed dramatically in the valley. All of a sudden everyone was welcome: the americans, the cubans and everyone. This situation lasted for almost a year and then when the red mosque incident took place in Pakistan the situation changed dramatically once again. The offices of all international and national organisations were burnt down and looted. Everyone left. After a fortnight we received our laptop that had been carried away and then one by one things started returning. In barely a month we and some of the other local organisations were back, the international organisations did not come back. This once again highlights the local dynamics of many of these conflicts and the need to understand them. In some places we have found that just changing names of organisations gives you different response from the communities. In many places we find that religious conflicts mask what are essentially local power struggles.

After the great human tragedy of the 2005 when thousand of people died we found that even in adversity the greatest desire of people was to rebuild their livelihood and homes. Many organisations wanted to move the people to distant camps where they could be cared and fed, while most communities, if the land was stable wanted to live near the "graves of their beloved" and pull the threads together. We had to initiate the concept of livelihood camps to address these issues. In Mansehra for instance we have been involved in making damage assessments and paying compensation and monitoring the rebuilding of houses of over 62,000 households. This kind of work is really the responsibility of local government institutions. But if they are weak and the desire to change does not exist should we look at alternate institutions. The situation of the communities is best understood by them. In one village we find that the communities have received large part of their compensation to rebuild their houses but are not doing so. Instead they have used the money to buy vehicles and ply them to benefit from the opportunities created by aid coming in the area and the need to deliver it. They are pretty satisfied with the ramshackle shelters they have at present and priorities their needs differently to us.

In another mountain area we use to give microfinance loans. The size of the loan which was taken ostensibly as a fertilizer loan was three times higher than the fertilizer needed by their fields which were very small. We found out that money was fungible. The loan was taken in October when the winter was setting in. The farmers would buy household goods and store them for the winters. The men would themselves move thousands of miles away to the south and work in the fishing industry to make a much higher income. In spring when the time to sow their fields came they would come back and repay their loans from their earnings thousands of miles away. As far as we were concerned it was a microfinance loan for fertilizer and I am sure a lot of impact assessments would be done to prove that.

All this shows how important livelihoods are for people and how complex is the issue of addressing them. Can we create institutions with that kind of flexibility and responsiveness and value systems to do so is the crucial question.

Masood UI Mulk Pakistan

DAY ONE: LIVELIHOOD SUPPORT

Post By: Laura Hammond

Thank you Masood for this posting, which is full of important points.

One of the most significant ones is about the value of promoting livelihoods for recovery wherever possible through organisations that are known and trusted. Local NGOs (and in some cases international ones as well) that have been working in an area for a long time may have the benefit of understanding what local priorities are, as well as what the best ways of supporting livelihoods might be. One of the essential elements of an effective livelihood support strategy should be that it begins by building on people's resilience, or what Matthias Stiefel calls 'patterns of pragmatic cooperation', and local NGOs with longstanding engagement with communities concerned are often best placed to do this. But as Masood points out, just being 'local' may not be enough to engender trust, particularly where there are religious or ethnic tensions.

Another valuable point in Masood's comment is the notion that supporting livelihoods takes time, as does building trust, and many so-called beneficiaries, or conflict- or disaster-affected people understandably have a healthy degree of distrust of organisations that come and go, or arrive when disaster strikes only to leave again when emergency conditions subside or, even worse, when one or two budget cycles have passed. Long-term commitment to promoting recovery is needed and is too often lacking.

What do people think of the ideas Masood sets out? Do they strike familiar chords? Is there more to add?

DAY ONE: LIVELIHOOD SUPPORT

Post By: Laura Hammond

Thanks to all for these really insightful postings. We are about to move on to a related but slightly different topic (pros and cons of programming Microfinance in conflict/fragile and post-conflict situations) but I wanted to try to summarize some of the main themes that I see as coming out of the discussion over the last 24 hours.

Some of the main points that came out clearly for me were:

1) The need for better harmonization and more communication between economists and people working with value chains and those working on livelihoods. This should involve training, but also learning lessons about the impact of

conflict on livelihoods and on the ways of maximizing economic opportunities, particularly at scales larger than the household and (sometimes) community.

2) The importance of working at a pace that the communities you are working with find acceptable, both to gain trust and to ensure durability of results.

3) There seems to be broad consensus that livelihoods support can begin very early during an emergency, and can go on together with life-saving support. Operational guidelines are needed, and some groups are working on these - it would be good to have a forum for dissemination of guidelines once they are in draft or final form.

4) livelihood support can help shore up efforts to prevent conflict from erupting or spreading. We have some good examples of this already, but more are welcome.

I call your attention to the post by Aaron Russell asking for literature that discusses rent-seeking behaviour and how to deal with it. I will look for some sources, but if others have them, please do speak up.

We are about to move on to Day Two's topic, but this discussion will remain open, so please continue to post contributions to this topic as well.

A note about timing of posting: I am in London, so am trying to post new day messages in my morning, so they'll be available when people in the US start their day, but also so that those of us who are spread throughout the world can have them earlier too. Since the discussions go on past the end of the 24 hour cycle, feel free to keep posting. My understanding is that we'll finally wrap everything up sometime on Friday morning Washington time.

Best,

Laura

DAY ONE: LIVELIHOOD SUPPORT

Post By: Adina Saperstein

As someone who might be considered part of the 'value chain Taliban' I'm excited about this dialogue, which illustrates many of the ways that the value chain approach and other economic growth approaches can link fluidly into livelihoods approaches. I should have said in my last message that livelihoods approaches tend to be perceived as only focusing on the community and household levels (just as economic growth approaches are often perceived as focusing on the more macro levels) and my point is that livelihoods approaches do and need to address broader socio-economic structures, and can therefore be an effective link from initial relief and recovery to longer-term development strategies. You all raise several examples of how this has been done effectively, and I'm very interested in others.

The issue that keeps coming up with regard to the Value Chain approach is the need for concrete but flexible guidelines involving practical, user-friendly approaches that can be competently implemented in crisis and post-crisis environments by practitioners who are not necessarily primarily economic growth/value chain specialists, and when this should be done.

The value chain research Karri mentioned is part of a project commissioned by USAID's Microenterprise Office to adapt the value chain approach to conflict-affected environments, which I have been working on for the past year. We have done a broad literature review on the effects and implications of conflict throughout the value chain (a draft of which I'm attaching here and would appreciate feedback on!) and are also creating guidelines for how to implement the entire

project cycle from a value chain approach in conflict-affected environments. These guidelines discuss how to integrate value chain development principles and principles that support the foundation for effective value chain development interventions from the relief phase through to the sustainable economic growth phase, with the objective of accelerating this transition. It draws off of many livelihoods tools and resources as well as value chain and conflict resources. We expect these guidelines to be completed by this spring, and I will certainly make sure to circulate them when they are completed.

A key point that has come out of this work adapting the VC approach to conflict-affected environments is the issue of integrating vulnerable and marginalized groups, which is key both to a conflict-sensitive implementation and to respecting livelihoods security principles. The value chain approach in its strict application targets interventions as those positioned to effect significant positive change in the value chain, in a way that maximizes the benefits to those actors who are in greatest need and who have traditionally been exploited in the value chain. Anyone engaged in the value chain is obviously engaged in some economic activity and therefore has some (if minimal and irregular) income and therefore are at increased risk. But, the Value Chain approach is actually a flexible instrument (contrary to popular belief!) and can be adapted to prioritize support to specifically marginalized groups by prioritizing socio-economic impact on these groups as part of the value chain selection phase, and by integrating them directly or indirectly into the value chain and ensuring that they reap some of the increased benefits of value chain development. For example, training & skills development programs targeting marginalized groups are important, but if the trainings are designed without analysis of the local demand for skills and services, this will not translate into livelihoods security. But if informed by thorough analysis of industries selected for their potential for long-term competitiveness, these training programs will translate into skills and services that fill critical gaps the value chain, thus strengthening the industry's competitiveness and providing growing demand for those services and skills. This one way in which I think livelihoods (and conflict analysis) approaches can intersect with the VC approaches by identifying those marginalized groups that need special consideration and creating opportunities for them within (or connected to) the value chain which also fit in with broader livelihoods approaches. Some of the tools already circulating here contribute to this.

I think that Tregenna's value chain assessment tool and example illustrates part of the disconnect on what the VC approach is and how and when it can be applied. Tregenna, you say that your approach is to focus on repairing key assets destroyed in a crisis and then let the value chain people come in rather than to take a full-on value chain approach from the beginning. But in your example, you state that the domestic and international demand for fish is still present, and that this was a factor in the approach therefore you ARE taking a value chain approach from the very beginning, without even trying. By doing some kind of assessment to ensure that the end market is in tact and then targeting critical gaps along the chain that are critical to getting product to that end-market (in this case destroyed physical asset), you are contributing to the value chain development approach from the very beginning. Similarly, market-based relief approaches in the initial relief and recovery phases help to lay foundations for value chain development, particularly when they take into account and strengthen remaining economic structures and linkages. The earlier the value chain(s) can be selected for intervention, the more potential there is for using relief and livelihoods interventions to lay the foundation for value chain development and sustainable economic growth. So we are arguing that the VC approach should be integrated from the earliest stage possible. It should not take resources away from relief and recovery interventions, but should be used to inform them so that they help build the foundation for VC development strategies.

The issue of trust-building is another important point that is coming out as a point of intersection among many of these approaches. Analyzing the levels of trust between actors is central to value chain analysis and to designing realistic vc development interventions. In post-conflict environments, widespread and intense mistrust often leads to atomistic and

opportunistic behavior at the firm-level and a lack of vision, efficiency and information sharing and learning mechanisms at the industry-level. And where value chain linkages function in atmospheres of weak trust and unbalanced power dynamics, the distribution of benefits of vc actors inevitably gets skewed against weaker players, giving them less incentive to invest in value chain development, and making them more prone to residual conflict dynamics. We therefore look at power dynamics, flows of knowledge, learning, benefits, and trust between actors. We use this analysis to target actors with incentives to drive change, and to design interventions and guide VC development strategies in a way that balances the power dynamics towards the previously marginalized. Even though we tend to look at trust issues from the firm and industry perspectives, the trust issues at these levels are often the same as or informed by the same issues of trust felt at the individual and community levels.

Laura and others warned about trying to initiate economic interventions without first engaging in trust-building initiatives, but we have also found that trust-building initiatives that have not been structured around immediate tangible benefit are often ineffective or quickly compromised. The sequencing is really context-specific, and where the conflict and community assessments come in to inform the value chain approach and vice versa.

We have found widespread evidence that the most effective and sustainable way of building trust in conflict-affected environments is by engaging people in a successful, mutually beneficial economic activity. While weakened trust often translates into compromised and deteriorating market channels, market transactions themselves, as well as collaboration to access inputs, services and end markets, often reinforce trust, which contributes both to productive economic activity and to broader conflict mitigation.

For example there are several examples of where markets themselves have served as a point of positive interaction and trust-building between conflict sides, for example between conflicting ethnic groups in Nigeria, and on border zones of regional conflict, as in the South Caucasus. Support to these develop these market facilities and equitable access to them by different conflict groups is one approach to building trust.

Another approach to trust-building involves using initial assessments to identify and target remaining, trusted intermediaries to facilitate and rebuild vertical and horizontal linkages from the beginning, in order to maximize effectiveness and allay fears of unbalanced or exploitative arrangements. Actors engaged as intermediaries prior to the conflict, or those who have gained trust and respect during or after the conflict, are well-placed to facilitate linkages, agreements and collaboration. While direct linkages between firms may be more efficient, intermediaries may need to remain in place for some time until mistrust between firms can be overcome.

Another approach being used to re-establish in post-conflict environments is by bringing business and community leaders from various conflict-affected communities together to identify and make decisions about their needs and priorities and create a common economic growth agenda. This approach has been piloted and replicated by USAID's Community Action Programs in Serbia, Iraq and other conflict-affected areas, and I'd be interested in hearing opinions of this approach.

Enabling environment issues also have a significant role to play in facilitating the rebuilding of trust among previously conflicting groups engaged in business linkages. Contract enforcement mechanisms, for example, are critical to maintaining trust in any commercial economy, and policies and regulations that provide the setting for equitable distributions of benefits, for example anti-monopoly laws, help trust to be established and maintained among different economic actors.

Looking forward to more discussion.

DAY ONE: LIVELIHOOD SUPPORT – EXIT STRATEGY

Post By: Tregenna Myrabo

I know that we have ended our three day dialogue.. but I was just re-reading this one and couldn't resist to speak to the issue about relief efforts pulling out for what ever reason (end of budget, whatever). One of the ways I see that can be helpful is having a plan in place-- an exit strategy-- that plans to link our economic recovery activities with a long-term livelihood/development program that is already existing in our organization or in another org. Basically, an exit strategy to link short-term economic recovery initiatives with longer term programs can help us with this problem. What do you think?

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DAY ONE: LIVELIHOOD SUPPORT – EXIT STRATEGY

Post By: Roger Horton

Tregenna,

We are required to develop an exit strategy for every program we do. But your post makes me think that exit strategies may not be as universal as I thought. If an organization invests in economic recovery activities and then leaves when the crisis has passed or their funding has ended, the work that had been started may falter or collapse if its roots are not strong enough. Not only is this a waste of resources, but it builds distrust among communities that do not see a long-term commitment, as Laura and Masood mentioned. It should be standard to practice to develop an "exit strategy" that realistically defines how the activities/program started by one organization will be carried on into the future. This could be by another organization (local if possible) that already has a strong presence and a history with the community. Of course, the stronger the involvement of the community involved, the more likely the activity will endure become the basis of long-term economic recovery and growth. When we talk of sustainability, this is what I think it means.

Note though that is all too easy to have an exit strategy on paper that sounds good but has not been examined closely enough to understand whether it will actually work on the ground. Establishing the conditions for economic activities to continue and to grow takes effort, planning, and a commitment to the long-term economic security of communities, which may be tough when an organization is planning to leave. But it is essential if we want to leverage the different strengths of relief- and development-focused organizations. In general, maintaining program continuity when organizations or key staff change is something I continue to see has a tremendous challenge.

This idea of building successful linkages between and short-term and longer-term activities/programs may be another good topic for a future discussion.

Roger

Roger Horton

Program Manager, Pader

Mercy Corps Uganda

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DAY ONE: LIVELIHOOD SUPPORT – EXIT STRATEGY

Post By: Tregenna Myrabo

Thanks for your reply Roger. WV is also required to do exit strategies for each program. The difficulties I see though are that either we aren't implementing them always effectively, they aren't being done at all for some reason... OR they are the wrong type of strategy. Is there a way we can PILOT an exit strategy?

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DAY TWO: MICROFINANCE IN CONFLICT/POST CONFLICT OR FRAGILE SETTINGS

DAY TWO: MICROFINANCE

Post By: Laura Hammond

Today I would like to narrow the focus of our discussion a bit to think about how microfinance might be an effective tool for supporting livelihoods in midst or the immediate aftermath of conflict or in contexts of fragility. I suggest this as a line of discussion partly to take advantage of the participation of so many people with experience working with microfinance.

Although I am by no means an expert in MF myself, I have seen that in some situations, such as when local markets have collapsed or people do not have realistic options to be able to repay their loans, or are likely to use the loans to purchase essential items for consumption rather than for income-generating, microfinance might not be the most appropriate form of livelihoods support. In such situations, cash or in-kind grant assistance may work better first, and when conditions improve somewhat, MF may be phased in. But who should MF be made available to? Those who have already developed some degree of security such that they are likely to be able to repay, or is there an argument for extending micro-credit facilities to the poorest of the poor, or those who have lost the most in the crisis?

I would be interested to hear from people about their experiences of working with microfinance in the midst of conflict, as well as in post-conflict and state fragility contexts. Things to think about might include:

- Are there groups for whom MF is not likely to be an effective tool for restoring livelihoods? How do we identify them?
- In what ways can MF adapt to the highly uncertain and changeable contexts that characterize conflict situations?
- What experiences from the group in designing or implementing MF programs might we be able to learn from?

DAY TWO: MICROFINANCE

Post By: Mary Morgan

Regarding the first question: Are groups for whom MF is not likely to be an effective tool for restoring livelihoods and how do we identify them? I wonder if it would be better to re-phrase the question as the question now insinuates that one group should have access to MF more than others, when really the question is how can microfinance be introduced on a conflict/post conflict and be a sustainable service provided to the vulnerable.

Microfinance comprises of loans, savings insurance....these products all need some means for clients to generate wealth and then to be able to contribute to each of the product lines aforementioned. IF people do not have assets that can be used for productive purposes (equipment, tools, land) or access to inputs(seeds, raw materials, etc) then microfinance may not be the best answer. In many conflict and post conflict situations start up grants are provided so that people have the opportunity to re-start their enterprises with a kick start of capital to purchase assets and/or inputs. Then savings mobilization can start which will evolve into savings and credit groups....

In Bosnia CARE provided start up grants before the microfinance program was started. The start up grants were integrated into the return project with house construction. Ethnic groups returned to their villages when their homes were rebuilt and a grant was provided to assist them to getting back on their feet. (operational guidelines for this are posted on speakers corner) IRC also did this.

In some situations inputs are provided for people to generate some income. In Afghanistan I saw how silk worms were provided to vulnerable families which the families used to grow cocoons and then sell them to traders and silk thread producers. Unfortunately the NGOs who did this did not take into consideration the input costs to produce cocoons. Families had to purchase mulberry leaves to feed the worms. The cost of the mulberry leaves were higher than the sale price of the cocoons. Cocoon production was low because families did not receive technical assistance on how to improve the technology of cocoon growing and they lost lots of cocoons. They also had to sell their cocoons at a lower price because the mulberry leaf sellers demanded payment when the cocoons were wet and commanded a much lower price than when cocoons are dry. I personally interviewed farmers who participated in projects done by CRS and IRC where this occurred.

I have also seen how cows are provided to families in a post conflict situation (Croatia and Bosnia) and then they have the means to sell some product like milk--but if the families are not connected to market this has been a failure... In Liberia households were provided with cowpeas to grow, but links to market were not developed.

All in all; providing microfinance loans as a first step may not result in loans being paid back if people are starting with zero. Leakage is often the case and the ability to repay is diminished. Start up grants or provision of inputs/productive assets like livestock has been used in many instances---but again many projects I have seen in post conflict settings (Bosnia, Croatia, Liberia, Sierra Leone, Afghanistan) do not link producers to markets and revenue is not generated.

Sarah Ward and Tim Nourse have produced a manual when they were both with ARC regarding start up grants and microfinance in conflict/post conflict settings. Unfortunately I do not have the link.... does anyone else have that?

The provision of MF in post conflict will yield higher returns to clients and institutions if we could figure out links to input/output markets and how to improve access to support services like technical assistance, transport, and improved information systems that are effective in the context. The new thing is Value chain finance, and it will be interesting to see if donors get on the band wagon here and demand that an integral program is provided on the ground which links market development and access to finance for different actors along the chain.

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www.economicsunplugged.com

DAY TWO: START UP SUPPORT

Post By: Ms. R.V. Bhavani

Mary has rightly voiced need for redistribution of resources for global security. Increasing gap between the haves and have-nots is certainly a major reason for conflict whether internal or external. National and Global Policy makers have to recognise this for change to happen. At another level, I increasingly feel, people at the grassroots need to be made more aware of their rights and entitlements and they have to make their demands heard.

One can almost see the seeds of conflict germinating when you see the deprivation and consequent discontent in communities.

Coming to today's discussion, the situation in a post conflict situation is in many ways similar to a post disaster situation - people suffer loss to life and property in both cases.

I can speak from the experience after the tsunami in South Asia for extrapolation in conflict situations. Start-up support for re-starting livelihoods through microfinance has certainly been a major input in the process. It would be better to term it 'livelihood finance' perhaps as funds while definitely necessary just funds alone will not suffice. Substantial handholding will be needed in capacity building and skill training if a new livelihood skill is being taught, to get on track again and for the process to sustain. It needs to be remembered that the person has undergone a traumatic experience and has to kind of rebuild from scratch. To that extent some amount of preparatory work will definitely be needed like perhaps getting them together to form a group.

The very term microfinance means small funding - it will be unrealistic and unethical to expect collateral from people recovering from crisis.

It is here that other forms of security like group lending etc come to play.

The existing skill matrix of the community/people also needs to be taken into account. Market tie-up is another critical area when microfinance is extended for some new enterprise activity.

Bhavani

DAY TWO: MICROFINANCE

Post By: P Sowmya

Hi Everybody,

This is Sowmya, currently working for a consulting firm based out of Hyderabad, India (Parishkaar Advisory Services Private Limited). It was a learning experience all through the discussions about livelihood in Situations of Political Instability.

Here I would like to share one of the incidents that took place in India as a result of chronic conflict.

Due to the success of microfinance in the state of Andhra Pradesh many of the banks funded Micro Finance Institutions with huge amounts to on-lend to the micro finance clientele for livelihood and income generation activities, which in

turn made the MFIs have an exponential growth. Prior to the MF intervention, money lenders were the only source of credit to the poor people with exorbitant interest rates.

Over a period of time these MFIs have expanded their operations in such a way that, it effected the business of Money lenders, Governmental Programs (which were not being implemented in a effective way), People in Daily financing business, and etc.

On a fine day collector of the district has announced in a public meeting saying that, repayments to the MFIs have to be stopped due to the high interest rates which were being charged. Most of the MFI branches were ceased by government officials, and the MFI loan officers were not permitted to go for collections, on account of which they were put behind the bars.

All these incidents have led to a situation today where: -There is no financing activity done by MFIs in those areas, - Availability of credit is a concern due to the high interest rates quoted by the moneylenders - Scope of expansion for the MFIs in those areas for providing Microfinance or Livelihood promotion activities has watered down.

Conflict as taught for graduate and professional work in conflict resolution commonly has the definition: "when two or more parties, with perceived incompatible goals, seek to undermine each other's goal-seeking capability" -Wikipedia

Here both parties, Bureaucracy and MFIs, sharing a common goal of poverty alleviation ended-up in a conflict situation not because of incompatible goals but because of the means by which the goals were to be achieved - Government says interest rates are "too high", MFIs say "they cannot cut down on interest rates" as it would not be a viable proposition for them to survive. -- Regards, for Parishkaar Advisory Services Private Limited,

P Sowmya
Senior Analyst

DAY TWO: MICROFINANCE

Post By: Laura Hammond

Sowmya's example of how disagreements over the means by which microfinance should be extended to the poor is an important reminder of how efforts to respond to livelihoods issues can in fact exacerbate comments (and it takes us back to one of Borany's first questions that started off the discussions about risks involved in livelihoods support).

I would be interested to know whether there have been any efforts to try to mediate between government and MFIs to overcome this problem, or whether the problem has also occurred in other parts of the world that we may learn from.

Laura

DAY TWO: MICROFINANCE

Post By: Laura Hammond

Thanks Mary -

I think that the question you pose, about how MF can be introduced in conflict and post-conflict scenarios in a sustainable way, is indeed a valuable thing to explore (perhaps in addition rather than instead of replacing the earlier questions I posed!).

To go along with that, you also point to another important issue which is what steps are needed as preconditions to initiating microcredit schemes (whether cash-based or in-kind). Do the most vulnerable need grants first to help them build a base that they can then use to make the most of the loan that they may eventually get, either as collateral or as a foothold into a new economic activity? What other kinds of support are needed to help ensure that the grant or loan has the best chance of being effective, in terms of training, assistance in forming groups to manage the inputs (recognizing that often these groups do exist already), assistance in managing small businesses!

In addition, I think that many who have worked with microfinance have found that while there is ample availability of access to small-scale grants and loans, there is less in the way of larger (but still not huge) credit available, which makes it difficult for small-scale entrepreneurs to expand or consolidate the position of their businesses. Do people have examples of this?

Finally, Mary (or anyone else) - could you give us an example of how value chain finance works in practical terms - for those of us who are not part of the value chain indoctrinated?!

Thanks.

Laura

DAY TWO: MICROFINANCE

Post By: Mary Morgan

Laura;

Value chain is not really an indoctrination it is a tool of analysis :) When a value chain analysis is conducted with a financial lens the actors, constraints, the relationships between the actors and the flow of financial services are identified. The flow of credit, whether in-kind or cash, between actors along a VC is called value chain finance. This can be supplier or trader credit. Wholesaler warehouses may provide receipts that farmers can then use for collateral, or buyers may provide loans to farmers to secure supply. These are all forms of value chain finance. And financial products would be different for distinct value chain actors..... wholesalers would need access to large loans or bank drafts or lines of credit to enable them to purchase more volume from suppliers. Micro producers may need access to savings/credit associations or microfinance products appropriate for their products. In Afghanistan for cocoon producers a product of \$70 for 45 days would be needed....microlinks has some articles and documents on value chain finance that are worth looking at.

Mary E. Morgan

Economic Development Consultant

PhD Student at Bath University

DAY TWO: MICROFINANCE

Post By: Laura Hammond

Thanks Mary - I was joking about the indoctrination bit, but your description is very helpful!

Laura

DAY TWO: MICROFINANCE

Post By: Nhu-An Tran

Thank you to Laura for facilitating and all the participants for contributing to a very rich and interesting discussion these past two days.

For those who are not familiar with value chain finance, a good intro is the USAID RAFI note on this subject, available on microLINKS at http://www.microlinks.org/ev_en.php?ID=8497_201&ID2=DO_TOPIC . You will also find other resources on this site.

Secondly, I'd like to make a comment that when we talk about financial services, we are not talking solely about credit. Microfinance should be about providing a range of products like savings, insurance, and remittances. In conflict situations, it may be that the most important service to a household is the ability to make payments or to send and receive money safely, conveniently, and cheaply. Savings is also another important asset building product that we need to pay more attention to. I'll bet that if you do a quick survey on the ground, you will see that there are already many informal savings and lending schemes at the community level. The challenge would be to build on that system and eventually bring them into the formal financial sector when the country situation stabilizes.

In terms of what type of financing would be more conducive to growing an economic activity and increasing income, I think it would be a good idea to continue looking at value chain finance and exploring the programmatic implications of this approach, and how it complements the livelihoods framework in a conflict environment.

Looking forward to day 3 of the discussion.

Nhu-An

Nhu-An Tran
Microenterprise Development Advisor
USAID
www.microlinks.org

DAY TWO: MICROFINANCE - REMITTANCES

Post By: Laura Hammond

Thanks Nhu-An, for the reminder that microfinance is about many other kinds of activities than just micro-credit. This gives me a chance to say something about remittances.

Remittances would be a good topic for yet another Speaker's Corner (though I'm not volunteering to moderate!!). I have been doing some work on remittances within the Somali Diaspora, and am part of a Research Consortium on Remittances in Conflict and Crisis, convened by the Institute for the Study of International Migration at Georgetown (<http://isim.georgetown.edu/pages/RCRCC.html>). We've been trying to look at issues surrounding remittances to conflict countries in terms of the potential impact to be made on poverty alleviation, social organisation, and transnational politics. My concern is with sending communities, and the evident difficulties they face in raising enough money to be able to send just to cover basic consumption needs. The burdens are often so great that many of the recommendations found in the literature on how to make remittances work for the poor are unrealistic since people cannot send more and do not have much control over what the money they remit is ultimately used for. I've written a paper on this which is part of a Discussion Paper Series at the London School of Economics: <http://www.lse.ac.uk/collections/MSU/I-m-r->

g.html I'd be happy to know of others who are working on remittance issues in the context of other MF activities or livelihoods analysis, or in another way.

Laura

DAY TWO: REMITTANCES

Post By: Karri Byrne

I agree with Laura, I think a Speaker's Corner session on remittances would be really helpful! It's an area where I keep seeing flashes of opportunity, but I don't know enough yet to take advantage or further explore those opportunities.

For example, in Afghanistan I was struck by the fact that hawaladars can transfer money to the farthest reaches of the country, while microfinance organizations are mostly limited to urban and peri-urban areas. (Not to be blind to the potential for conflict between MFIs and the money lenders, as illustrated by Sowmya and Naveen.) And I don't know how many of you have heard about the Nokia/Vodafone pilots on transferring funds via text message? They are really, really interesting. I keep thinking that this is a big piece in the "financial deepening" puzzle, but until we have a greater understanding of how they might serve our target populations, or how we work effectively with money lenders... they are just interesting facts. I know that the World Bank (Samuel Munzele Maimbo) has done some interesting work on this subject.

I also keep thinking - and this is partially because IRC does both conflict response and resettlement work - that there must be a better way to involve diaspora populations in the responses developed as a result of the current research on remittances. But as I said... these are just mental threads of mine, and I would be very interested in a forum such as this to learn and discuss the issues further. The conversations here have been really thought-provoking, and I thank you all for your contributions.

Karri Goeldner Byrne
Head of Economic Recovery and Development
International Rescue Committee UK

DAY TWO: REMITTANCES

Post By: Tregenna Myrabo

Laura, I am so interested in remittances because they are such a large asset/resource to people in disaster situations, but I am sure there are also draw backs and I want to learn from that. I hope to learn as much as I can from you on this and hopefully be a part of that Speakers Corner (of which I noted you will not be moderating!).

Tregenna

DAY TWO: REMITTANCES

Post By: Tony Pryor

Very interesting. I think the remittance issue would be very good to explore, and would offer an opportunity to include others interested in remittances, but not part of this extended family.

But let me do raise one question I had: to what extent can any external party lead, direct, allocate "remittances", if indeed these are defined primarily as funds sent back to relatives from workers in another country (if indeed that is the definition...?). One can suggest and facilitate, and even provide a safe haven/outlet for such funds, but I think one needs to be careful not to damage the voluntary, familial aspect of the remittance. Such informal bonds are powerful (albeit not perfect) forces that can help direct funds to the most important needs. There have been a number of studies though as to what remittances usually are used for, an differences between countries and cultures; if you all have examples of such background material, let us know and we can post it prior to the Speaker's Corner on the subject, whenever that is scheduled.

By the way, microLINKS has covered remittances in a number of ways, and has various documents available for review:

http://www.microlinks.org/ev_en.php?ID=12661_201&ID2=DO_TOPIC

DAY TWO: REMITTANCES

Post By: Nhu-An Tran

I think a Speaker's Corner on remittances and the role of the diaspora in conflict is an excellent idea. And Laura, while we won't make you moderate, we hope you'll be an active participant : -)

Most of USAID work on remittances to date has focused mostly on the financial inclusion aspect of remittances, i.e. banking the unbanked, but we are increasingly looking beyond remittances to explore the intersection with migration (south-south, circular, temporary, etc.), diaspora contribution to their home countries (both in the forms of philanthropy and through direct investments like diaspora bonds). The introduction of technology like mobile phone banking is an exciting innovation that has great potential to improve the efficiency of money transfers and enable outreach of financial services to previously underserved populations and remote regions. However, the verdict is still out on the feasibility of this technology in conflict situations, though there are pilots and experiments currently in the works in Iraq and Afghanistan.

Nhu-An

PS: USAID and DFID jointly publish a quarterly electronic newsletter on Migrant Remittances, which is available on microLINKS. You can also subscribe by emailing to newsletter@dai.com.

Nhu-An Tran

USAID

www.microlinks.org

DAY TWO: REMITTANCES

Post By: Laura Hammond

At the completion of this Speaker's Corner we will be thinking about topics for the future, and surely remittances will be one topic. I'm happy to be involved, and to get others in the Remittances in Conflict and Crises involved. The guru of remittance work is Manuel Orozco of The InterAmerican Dialogue - he works in conflict and non-conflict areas all over the world. www.thedialogue.org. I'll think more about how this topic might usefully be broken down into sub-topics, but great to know that so many people are interested!

Laura

DAY TWO: REMITTANCES

Post By: Tregenna Myrabo

On the line of remittances, I was just thinking about cash-programming/transfers/injection in our economic recovery relief efforts. I know that someone had sent me the HPG on Cash Based Programming doc. I have read it a while ago, I still do research on it and work with one of ODI's consultants on this type of programming. I was also down in Lesotho in a CAT III disaster context for the slow-onset draught coming into the dry season creating a pilot program for cash transfers in their disaster a few months ago.

All that to say, if remittances (CASH) work so well in disaster contexts... then shouldn't we be doing MORE of it? Less commodities, potentially less loans-- more cash? One of the issues here however is that we need to make sure we are giving it to the "right people". Not because of the potential of them using it for "anti-social" purposes, but because they may not have the know-how to deal in a cash economy. That is why WV is working on a plotting tool (which was posted on our site for this dialogue-- the EC), to find out who can "handle" cash appropriately, and who just won't be able to manage it most effectively and where commodity disbursement will be the most appropriate response for them.

What does the overwhelming success (it seems) of remittances (the transfer of CASH) mean for our relief efforts? This may be more appropriately addressed in the next Speakers Corner. But this has been a burning question of mine.

Tregenna Myrabo | Economic Recovery| Microenterprise Development World Vision International | www.wvi.org

DAY TWO: MICROFINANCE

Post By: Tim Nourse

Hi all

Mary - thanks for the reference. For those interested in the Stepped Approach to Improved Livelihoods (SAIL) manual written by Sarah Ward, myself and others, please go to

http://www.arcrelief.org/site/DocServer/IGP_Manual_Proof_3.pdf?docID=321 . It provides a practical introduction of linking grants to loan programs. There's a number of operational lessons to be found in the manual, but some of the more interesting ones for this discussion from the manual and other parts of my experience include:

- While grants are effective tools to help entrepreneurs recover, they should not be focused on the "poorest of the poor" if the desired result is to encourage microenterprises. The reason is that the truly vulnerable are not in a position

to invest the grant and are probably a better target for food security assistance. Accordingly, its finding the "temporarily vulnerable" who have the capacity to run successful businesses, but who can't take on the burden of the loan in their current situation that are the most appropriate target.

- Grants to spur enterprise development are ineffective in creating sustainable livelihoods unless provided as a part of a more comprehensive program that provides access to financial services at a later date, as the benefits generated by the grant are likely to be eroded over time if additional capital or savings services are not available. Accordingly, microfinance endeavors should be implemented soon (immediately) after the crisis ends in order to provide access to capital to entrepreneurs once they've sufficiently recovered to take on debt or begin depositing savings.

- Most relief agencies are not positioned to provide sustainable microfinance, and thus should focus on the relief and assistance side of the equation, while developing linkages with sustainable microfinance institutions or commercial banks.

- Following on another thread (Adina's and others), the inexperience of many relief providers leads to a number of flaws in program design, including a misplaced focus on "group activities", a fear of middlemen, and over emphasis on providing assistance to the most vulnerable directly, rather than considering actions which may strengthen end markets that provide opportunities for the vulnerable to exploit. The SEEP guidelines that have been mentioned by a few people should greatly help to guide relief providers in challenging environments. However, at the same time, there still needs to be significant work in adapting value chain approaches to conflict environments as the dynamism and difficulty of building trust among actors (or even understanding their incentive structure) is not captured in current value chain case studies or models. Adina writes that the livelihood approach may be a good bridge between relief, development, and conflict resolution methodologies - perhaps in understanding the situation, but as far as I've seen, not yet in helping to design effective responses. There's still a lot of work to be done.

Best,

Tim

Timothy H. Nourse
Microfinance and Enterprise Development Specialist
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DAY TWO: MICROFINANCE

Post By: Laura Hammond

Tim suggests that the 'temporary vulnerable' may be the best targets for grants and may have the most capacity to run successful businesses. Often they have essential experience and just need start-up capital to help them get back on their feet. But he also makes the important point that grants need to be followed up by loans or other kinds of support to ensure the longer-term sustainability of the enterprises that they are engaged in. Roger later asked about how to monitor and evaluate the effectiveness of vocational training. One might put these two questions/points together to consider how to evaluate the sustainability of the kinds of support that we are talking about. Generally evaluating at the end of the project cycle (i.e. by the time the money has been spent and the project is being closed, unless it is long-term) is too soon to be able to tell whether there are durable benefits. I did some work recently with ICRC looking at

the sustainability of some of their economic security activities in the Balkans, and we were able to go back to some households who had received an initial grant or loan as many as 7 years ago, with little or nothing since then, and still see that the activity was generating income (in many cases as an expanded business). This strikes me as somewhat unusual – for donors and NGOs to go back to assess the effectiveness of projects long after they have finished. Yet for these kinds of activities, it seems essential.

What other examples of monitoring of results months or years after the delivery of support do we have that we might learn from?

Laura

DAY TWO: MICROFINANCE

Post By: Karri Byrne

This has been something I have really been trying to push with donors, and I know it has come up in some of the donor/practitioner forums. But to date, the most time that donor has given us between implementation (i.e. giving a start-up grant) and evaluation of if that grant is "sustainable". Has been three months. You can learn very little about the sustainability of a business in three months. Has anyone had better results than I - and if so, how did you make your case to the donor?

Karri Goeldner Byrne
Head of Economic Recovery and Development
International Rescue Committee UK

DAY TWO: MICROFINANCE

Post By: Swaroopa Rani

Dear All

I am Swaroopa working at National Bank for Agriculture and Rural Development, a development financial Institution in India. Participating in this forum is learning experience.

As Sowmya indicated there was a conflict between MFIs and Government. This issue was chronic. Due to few incidents like using force (physical as well as mental) during collection of repayment and unusually high interest rates compared to microcredit offered by public sector banks / government (government offers microcredit at a interest rate of 4% per annum to SHG members where as the interest rates charged by MFIs ranges from 13-15 % flat per annum). Many times the phycal assault was reported by the media and at few places the borrowers themselves approached government to take some action against MFIs. In the back drop of these, the collector of one the district (Krishna) has closed down the operations of few of the branches of MFIs. This problem was not encountered in other parts of the state or country.

Later to this incident, government appointed a committee to review the operations of MFIs. Then regulating authorities issued guidelines on collection of repayment i.e not to use physical or mental assault. They also clarified that the interest rates are deregulated and let market determine the interest rates. Meanwhile MFIs also came out with self imposed code of conduct in loan delivery and collection mechanism.

The views expressed above are of the person and does not reflect the views of organisation.

Swaroop

DAY TWO: MICROFINANCE

Post By: Tregenna Myrabo

Wow, this comes at quite a shock for me. I hadn't heard of this before. Who were the MFI's? Were they from NGO's? You mentioned the government banks had a reasonable interest rate. Were they also using force?

Tregenna Myrabo | Economic Recovery| Microenterprise Development
World Vision International | www.wvi.org

DAY TWO: MICROFINANCE

Post By: Masood UI Mulk

Working in the conflict affected areas of Pakistan in NWFP where the geography is both high mountains, arid plains and fertile valleys and urban centers for almost two decades now, in the livelihood centered programmes where micro finance is an important component our experiences are as following:

Firstly is it really appropriate to use the term micro finance in conflict areas prone areas. Micro finance, even if restricted to the credit, is about making credit accessible on a long term basis to the clients. This means financial institutions delivering micro credit on terms which ensure their financial sustainability. In conflict prone areas; productivity tends to be low and the cost of deliver high. The dispersed nature of population, poor means of transport, low productivity and very high risks all ensure that the cost of delivery of credit is very high in such areas. When we move from the town of Peshawar here in NWFP Pakistan to the borderland like Hangu or the earthquake areas of Mansehra the cost of delivery goes up from two to three times. If you are talking of doing micro finance on a long term basis in such areas how are the costs to be recovered except by transferring the costs to the customer. The interest rates in such cases would be very high and socially and politically unacceptable. In urban centers where the productivity tends to be high such rates are more easily swallowed. This means that credit would be out of question unless some donor comes up with real cheap risk mitigating funds or smart subsidies to overcome the situation. Good micro finance institution tend to concentrate in areas of dense population and high productivity and low transport costs. They only move to the fringes and peripheries when they see that the costs will be covered. Our experience is that only subsidized programmes would do that. In that case is it really micro finance that we are talking about? Why not give it a different name because we are then talking about highly subsidized activities to rejuvenate livelihoods. Cash for work programmes may be more appropriate.

We had a large micro credit programme in the earthquake areas of NWFP 2005. We had to write off all our outstanding loans when the earthquake struck. All kinds of donors arrived with cheap funds and all sort of programmes having the name micro finance started. Soon they will all be gone and we will have to pick up the threads where we had left them.

This brings me to the second point if you want to do credit activities in such emergencies lets not do it in a way that we destroy the environment and make it impossible for those who have a long term interest in doing so. I think instead of doling out free resources under the name of micro finance activities like cash for work, community built infrastructure etc could be initiated which could bring in resources into the communities without creating too much dependence. If

micro credit has to be done it should be done with smart subsidies that do not destroy some of financial market that was being built up.

The third point relates to the fungibility of money. Lets not get into this issue that we will ever be able to control the money which we are giving out and ensure that it is put to the use for what it is sought. Money is fungible and no institution would be able to check this. Instead before giving loans lets find out the depth taking capacity of a household and only extend that amount of credit which is in their capacity to repay.

Lets also look at alternate delivery mechanism. We are using three models to do this: an urban model to work in urban centers, a rural banking model to work in distant rural centers and a typical micro finance model which operates in other areas. This kind of institutional diversity is also required to deal with t he diversity that is found in addressing livelihood in fragile and conflict prone environments.

Lastly when it comes to micro finance we must, as I said in my last mail, emphasise the building up of good institutions for delivery of micro credit. This is particularly so in conflict prone areas the risks are very high. This kind of a risk taking capacity needs to be built. Here in NWFP we have found that the donors over the last few year made available over Rs 1.4 billion rupees as credit lines (this was on borrowed money!!) but never put a penny into building the institutions to deliver it. As a result for five years the money was lying around and in the end the politicians decided that it should be put into big infrastructure projects. There was no micro finance institution to take it. Had this money been put into building a risk taking capacity I am sure credit lines would have been found elsewhere.

In areas like Pakistan and Afghanistan the issues of interest which is used to attack micro finance programmes can also be innovatively addressed. We do it and face no opposition in areas where we are working today but use to face a lot of it when we simply tried to ignore the whole issue.

DAY TWO: MICROFINANCE

Post By: Laura Hammond

Masood raises many excellent points, including one that Tony later on picks up - the issue of how to deal with the concept of interest on loans and other forms of credit under Islamic law and traditions. I had a student from Yemen last year whose organisation managed the problem of not being able to charge interest by providing goods as credit - the purchase price of the item included a modest interest rate built into it, but from the perspective of the borrower, what they were repaying was the full price of the item without any separate calculation of interest.

Masood, can you give us an idea of how your organisation has dealt with this? Do others have suggestions from other parts of the world?

Laura

DAY TWO: MICROFINANCE

Post By: Tregenna Myrabo

Just to throw this question out there, do you think that the words value-chain are just new buzz words for work we have already been doing but haven't recognized that as such?

Tregenna Myrabo | Economic Recovery| Microenterprise Development
World Vision International | www.wvi.org

DAY TWO: MICROFINANCE

Post By: Jason Wolfe

That's a really good question, Tregenna. I think "value chain" is at the risk of becoming a buzz word. However when we at USAID use it, we do mean something very concrete that builds off all of our past work in subsector development, BDS market development, and cluster development but really does add new dimensions, including (for instance) the governance and relationship issues that a few participants have mentioned.

-Jason

PS -- more info on value chains at www.microlinks.org/valuechains

Jason Wolfe, Enterprise Development Advisor
U.S. Agency for International Development

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT – AND WHERE DO WE GO FROM HERE?

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT – AND WHERE DO WE GO FROM HERE?

Post By: Laura Hammond

Hi All,

This post introduces the last topic of our three-day event.

We have been discussing the general need to for greater collaboration between economic value chain analysts and livelihoods analysts, as well as the specificities of developing microfinance programs in conflict/post-conflict contexts (and as several people have argued, in some sudden impact disaster contexts as well). I would like to pose a few questions for our last day:

1) Innovative forms of livelihoods and economic recovery programming?

What other forms of livelihood support and economic recovery programming, besides microfinance, can be effectively provided in the kinds of contexts that we are talking about? There has, over the last couple of years, been some really great work done on cash-programming in crisis situations including several documents from ODI under the leadership of Paul Harvey (I'm uploading one of the reports, Cash-based Responses in Emergencies, onto the Speaker's Corner site), Susanne Jaspars and Pantaleo Creti's book Cash Transfer Programming in Emergencies (Oxfam 2006), and the joint special issues of Disasters and Development Policy Review (Sept. 2006). What are people's experienced with cash-based

assistance in conflict and fragile environments? What about vouchers or other kinds of support? Let's hear your experiences on effective kinds of support (or even not very successful experiences that provided lessons).

2) Where do we go from here?

We've had some wonderful lessons and penetrating questions over the last two days. I'm told that the managers of this site will be putting our posts together into a single document so that our discussion doesn't disappear into the sand (or into cyberspace), but what else can be done? How can we further the linkages between livelihoods and economic analysis approaches to make each more effective, or even to provide a combined approach that will serve both sets of practitioners, and more importantly the people they work with, more effectively? From our different vantage points as academics (OK, I might be the only one in this discussion!), NGO headquarters staff, program managers in the field, donors, consultants, etc. etc. what can we do to promote continued work in this area, including developing innovative programming as well as training that makes livelihoods and economic analysis available to generalists? How might this work be tailored to speak to the challenges of working in insecure environments?

I look forward to hearing from you.

Laura

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT – AND WHERE DO WE GO FROM HERE?

Post By: Mary Morgan

I have no experience with cash transfers....but I'd like to respond to where do we go from here. Livelihoods has been household focused and the value chain has been focused on higher value markets and integrating the poor into these markets. Higher value markets can be from rural to urban; or regional or international. Economic development that is pro poor in our globalized context is complex for sure. As has been alluded to by Massoud and Tim and others is the question of trust and social relations. One of the downfalls of the value chain approach as it came up on the radar screen for all of us, or at least some of us, was its cold focus on the materialist aspect of economic development: addressing the constraints of no technology, access to quality affordable inputs, transportation, storage, technical assistance to improve product development, market access with links to buyers, access to appropriate finance, etc. So we develop interventions to address the constraints, and low and behold we did not address the questions of dominant/subordinate ethnic groups, socio-cultural realities that excluded groups, the entrenchment of corruption in the society where even NGO staff participated in it as they facilitated market links, and also the high levels of mistrust because of the trauma and violence experienced between ethnic/class/racial groups and even between youth and elders.....

Livelihoods approaches looks at social capital and addresses community building. Value chain approach does not. Can it? Can we as practitioners and professionals start to bring the people component back into economic development? Can we start to create an economic system that incorporates and honours relationships that are not strictly based on monetary transactions?

As a consultant I have gone out and done value chain analyses' in various contexts and designed interventions of which not one has been implemented because of lack of staff capacity at the ground level and/or at the senior management level; and also because the complications and complexities aforementioned have arisen. How can we go forward without

addressing trust? But who will invest in that? donors certainly are not interested; they give us 1.5 years to get a value chain developed after there has been a 30 year war for heaven's sake.

I have started my PhD to look at this, and fellow practitioners, just to let you know there is some very interesting research and literature that is around regarding how social institutions affect markets and how this has been part of economic life. This needs to be brought into the practitioner arena. We need to operationalize this learning. The gap between practice and theory is big.... but I know that we can close the gap. As I discover more and learn more I certainly will be sharing it through the SEEP network which is my learning group. And I strongly encourage anyone out there to start writing their stories on how trust was built, what techniques were used and how it was facilitated. Good to hear Laura that the postings will be compiled. If there are resources available, it would be great if someone could write a piece pulling out the lessons learned and strategies that have emerged from the discussion.

cheers

Mary E. Morgan

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT – AND WHERE DO WE GO FROM HERE?

Post By: Adina Saperstein

In response to Mary on the issue on the human/social capital aspect of the value chain approach in relation to livelihoods approaches:

The value chain approach (and I have reviewed several iterations of the approach as articulated by different donors and organizations) absolutely does consider -- heavily -- aspects of social capital, including capacity of individuals and local institutions, levels of mutual trust and coordination between and among actors and entities at different levels of the value chain, power dynamics and exploitative relationships, etc. These are all central aspects of value chain analysis -- they are especially central to USAID's approach but figure into many others as well.

In conflict-affected environments, the guidelines being developed by USAID call for this level of analysis is expanded to look at the intersection between these elements of social capital and local, regional, and broader conflict dynamics, and to assess the existence of 'toxic' social capital, where these aspects of social capital are subverted for purposes that fuel conflict and socio-economic marginalization of certain groups. In order to understand and effectively strengthen social capital on the firm and industry level (especially in complex and crisis environments), we need to understand issues of social capital on a broader social level, and this is where livelihoods analysis can be a major asset. (The USAID guidelines for value chain development in conflict-affected environments attempts a start at integrating livelihoods and conflict analyses and approaches into value chain analysis and development, and we will be grateful for input).

If a value chain development approach is to be successful, it needs to be informed by social capital dynamics throughout the entire project cycle, from value chain selection (for example, targeting value chains based on their potential to provide socio-economic benefits to key marginalized groups and without the potential to fuel conflict dynamics, or that will have positive impact on key cross-cutting issues such as health, environment, etc); to value chain analysis (as discussed above); to project design.

In USAID's VC approach, the design phase is driven by an industry development strategy which is created by local industry stakeholders based on their key objectives, with facilitation mechanisms in place to ensure that the voices of all levels of stakeholders are considered, in order to make sure the process is not co-opted by the most powerful players.

Project design is then based on this mutually agreed upon strategy and objectives, and on the need for the benefits of the strengthened value chain to be distributed equitably among the players. In post-crisis environments this approach has to be revised as it is often impossible to bring all of the stakeholders together in such an exercise, so alternative, more feasible and quicker approaches need to be implemented. This is where we can draw on livelihoods and community development approaches, such as using local traditional institutions or informal groups engaged in certain economic activities as decision-making bodies.

I'm trying hard to put a friendly face on the value chain approach - it is really not that scary!

I know that USAID is constantly trying to make the approach more flexible and more accessible, and I hope that this dialogue will help to drive that process. Thanks to everyone for the discussion.

All the best,

Adina

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DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT – AND WHERE DO WE GO FROM HERE?

Post By: Mary Morgan

Adina;

the USAID approach focuses on governance--which is quite a bit different than the complexities of dealing with trust. Governance looks at power relations---who have the power and how the poor can fit into that power structure. It is based on making the poor fit the systems that support industry competitiveness and in most cases lead firms which are first world based.

Gereffi, Schmitz and Humphrey in their work, which has heavily influenced the AID approach does not deal with the how of dealing with mistrust, or at least in the literature I have reviewed. And I am doing a literature review on this right now. They mention it. Porter who coined the term value chain to identify firm level competitive advantage in the global economic system did not address power relations at all. Gereffi's contribution on governance and subsequently IDS scholars started to look at it, built on Wallerstein's work which is the worldsystem's theory with the core, semi-periphery, periphery and external regions. Wallerstein coined the term commodity chain to actually look at the international division of labour and how this division could be traced to the different regions aforementioned. The current VC scholars are interested in the mal distribution of benefits in globalization and why the incidence of poverty has actually increased even though trade has increased due to immiserising growth (more employment but less revenue). This is because barriers to entry have been reduced and competitiveness has increased. Developing countries offer cheap labour and resources; we are attempting to assist the poor to upgrade so they are more competitive and can increase their revenue. The Value Chain approach has provided us a tool to look at how the benefits are distributed globally. This has had an influence on international development policy in some instances (fair trade in the UK

for instance is huge and mainstream). In working with the poor, most of us know that poverty is a big problem in globalization...and the poor themselves know they have been left behind in globalization.

The value chain approach appeared in 2004 in the north American context. Hubert Schmitz from IDS led a workshop in DC and there were 40 of us who attended. Looking at vertical relations in the USAID in a Value Chain analysis (VCA) does illuminate the power structure and has drawn attention to this issue in our project design. Governance and vertical relations do not look at ethnic relations or impact of trauma or the destruction of social cohesion. IT IS ONLY RECENTLY (2007) THAT USAID HAS STARTED TO ADDRESS VCA IN POST-CONFLICT REGIONS. The guidelines you are referring are a reflection of this.

When you say that 'in post-crisis environments this approach has to be revised as it is often impossible to bring all of the stakeholders together in such an exercise, so alternative, more feasible and quicker approaches need to be implemented. This is where we can draw on livelihoods and community development approach such as using local traditional institutions or informal groups engaged in certain economic activities as decision-making bodies' the question of trust still needs to be addressed in an operational manner and I am just saying that we are weak with this. Intention is a good first step, actually being able to facilitate trust building within an economic development project is another issue that from what I am hearing in this dialogue, and also what I have experienced in the field doing VCA for the last 3 years, we are still figuring it out.

I think that the value chain approach is the best we have come up with to date to do pro poor market development as it looks at market systems which is the reality in this globalized economy. And the marginalized are part of market systems. We are all learning that the approach of identifying constraints, vertical and horizontal relations, enabling environment and end market opportunities are an excellent place to start. Applying the VC approach in post conflicts has alerted us to other issues that need to be incorporated into our analysis and project design IF the extremely poor are going to participate in the economy.... USAID has been a leader in pushing the thinking and providing resources to do research and share learning.... AMAP, the speaker's corner, microLINKS are all testaments to this.... and in the spirit of this learning post conflict environments are pushing us to look at things differently. And this dialogue has been an excellent forum to start to put our learning out there.

Cheers

Mary Morgan

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT – AND WHERE DO WE GO FROM HERE?

Post By: Tony Pryor

I have to say that this is one of the richest conversations, on any topic, that has been on either Poverty Frontiers or on its sister site Microlinks. I hope now that someone(s) can take some time to pull together a summary of these remarks, without losing the subtlety. Microlinks was planning a Speaker's Corner on a similar topic in February, with an effort to flag and then bridge the gap between those who favor grants versus those who favor credit in post-conflict situations. However, after listening in to this discussion, I am beginning to think that this dichotomy might be too simplistic on its own to be useful.

Masood's inputs have been very insightful about this, and shows what one can get by trying to engage smart practitioners, and not just smart theorists or smart donor or NGO home staff. Here's just an additional question and a thought on value chains. PLEASE forgive me if you've covered these points, but I just never saw them!

Has there been a discussion about Islamic law and the concept of interest on loans? I know this was a huge issue when I was in Northern Sudan, and I found that one of the problems was that both sides tended to talk past each other, especially those who didn't grasp that economics still resides within a structure that is "interest-free". The fact that a number of areas in conflict right now also are within relatively to strongly conservative societies, views on interest I assume color any discussion of "grants and "loans".

I find much of the discussion on value chains to be somewhat ideological in a strange sort of way. To me, it is an analytic tool that is conceptually useful regardless of the level of economic activity, regardless of the poverty levels of the participants, and regardless of the "things" being bought and sold. It's NOT (necessarily) just a concept for high value goods. At least where I first saw the concept used came out of the ag economics community, and the first time I saw it used was in trying to make sense of decidedly non-high end goods - charcoal, and cassava. ANY, repeat ANY object that is bought and sold, no matter by whom, has an implicit "value chain". In most refugee situations, even the poorest inhabitant would prefer to sell something in order to give them some modest degree of freedom in buying something, or saving for something. But except for the most direct commodity, where no one processes the commodity (into beer, or food or...) and no one pays rent for a stall, the "chain" of actors involved from beginning to end is more than 2.

If you avoid the ideology of the concept, it CAN be useful to ask just who else is involved in this product getting to the final consumer. And this is PARTICULARLY important in these situations because often it's those other parts of the chain that the NGO or other entity is not controlling, and possibly not paying attention to that are often so prone to "rent seeking". And this is not just corruption, but also supply/demand. There are aren't too many places in the world where charcoal makers actually receive a major chunk of proceeds when the price of charcoal goes through the roof during conflict; most likely it's the transporters, who may come from a different ethnic group, and certainly have different access to capital, and to power.

All I think is being said re value chains is that you can't then address the needs of people like the charcoal maker without looking at what happens to the charcoal before the person goes to market and buys some. It's not a question of what's good, or right, but rather of what is. And how that reality can be altered.

Tony Pryor

International Resources Group (IRG)

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT – AND WHERE DO WE GO FROM HERE?

Post By: Tim Nourse

Hi all,

A few thoughts on the questions today and some of the contributions:

1. In terms of where to take the discussion, I would point people to the SEEP Network's initiative to develop practical guidelines for conducting economic strengthening programming in challenging environments. The initiative is using a model from SPHERE to develop minimum standards for programming activities such as job creation, market development, asset transfers and microfinance. Practitioners from 20 or so different agencies are collaborating to

develop the guidelines. I'm not sure if they are accepting additional working group members at this point, but there will be drafts of the standards available for comment going forward. Laura Messiner at SEEP can provide more details (meissner@seepnetwork.org)

2. For other types of programming, vouchers and cash transfers are all good short term interventions, assuming that they are market based and linked into longer term strategies for enterprise development. For example, conducting Seed fairs through a voucher system is a good way to re-establish links between farmers and seed traders, however, the linkage may still result in marginal returns to agriculture if there is not also work done to improve the quality of seeds, use of fertilizer and investment in higher value crops. Similarly, cash transfer programs may improve food security in the short run, but most countries can't afford to continue them indefinitely, thus they need to be linked into longer term programs that will allow households to take advantage of market opportunities or which will increase the market opportunities available to cash transfer recipients. On this latter point, CGAP and USAID are piloting programs in a few countries to test graduation models, where a package of services are added on to a cash transfer program to see whether households can improve their livelihoods sufficiently to "graduate" from the program. Initial results will become available next year and I think those will shed some important light in terms of how a suite of activities, if market based and well implemented, can lead to poverty reduction.

One implication of these longer term programs is increased coordination between donors and practitioners at the field level, as no one donor or practitioner agency can do everything well. I think we're starting to see better coordination in this sense in some post-conflict countries, through the efforts of OCHA and others, however, it needs to go beyond information sharing and start to look at different actors buying into joint strategies for economic recovery.

Tim

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT – AND WHERE DO WE GO FROM HERE?

Post By: Roger Horton

Mercy Corps Uganda has had a very positive experience implementing a livelihoods project using a cash for work methodology. Communities were asked to prioritize infrastructure projects at the start of the project, and a community-selected Community Infrastructure Committee (CIC) supervised the community's participation and the daily works, with additional supervision provided by our staff and local government technical staff. Here the communities selected rehabilitation of community access roads as their top priority in all cases, and as a consequence we have developed some expertise in that area and have been able to share this model with other NGOs in the area. This provides an immediate injection of cash into the local economy, and the opening of the roads connects communities to markets, fields, health centers, schools and other communities, with additional positive impacts on livelihoods. Close technical coordination with district staff has been important to the success of the project, ensuring we worked in accordance with government standards and also building capacity among government staff. Ensuring maintenance of the completed roads can be a challenge as sub county authorities often lack capacity.

One question on vocational training: I would be interested in examples of successful vocational training projects and how they successfully assessed market opportunities/needs for specific vocations and how they followed the progress of participants. Many youth here want to be carpenters, but do they really know that they will get a job? Or where they will have to go to find a job as a carpenter? And how long does a program need to be to ensure that the participants' success/failure is known? Some programs attempt to do this kind of training in a short period of time.

Roger

Roger Horton
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Mercy Corps Uganda
www.mercycorps.org

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT – AND WHERE DO WE GO FROM HERE?

Post By: Laura Meissner

Hello all,

To follow up on Tim's email, SEEP is spearheading an initiative to develop practitioner guidelines for economic recovery after crisis. These activities include financial services, asset transfers, employment and workforce development, and enterprise development, and also will contain guidance on assessments and analysis, as well as operational issues and those that cut across programmatic areas. Tracy Gerstle and I are the facilitators of the initiative. Currently, practitioners are finalizing their draft sessions, but in May we will be doing a first round of review and comment on the draft. The first version will be published in October (with the understanding that this is very much a living document and will have more revision coming!).

We are looking to get as much review as possible, and based on the rich dialogue that has occurred here over the past few days, I am sure that the guidelines would benefit from your thoughtful review. If you'd like to be involved in the review process, please send an email with your name, title, organization and contact info to me at meissner@seepnetwork.org.

Laura

Laura K. Meissner
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The SEEP Network
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DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT – AND WHERE DO WE GO FROM HERE?

Post By: Tregenna Myrabo

Dear Roger,

I am getting answers right now from our teams at World Vision on your questions regarding vocational training and will get back to you as soon as I get some answers.

Good questions by the way.

Tregenna

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT, AND WHERE DO WE GO FROM HERE?

Post By: Jason Wolfe

I've been trying my best to follow this very energetic discussion and am very grateful to Mary, Adina, Tim and others for bringing up provocative issues, thorny questions, and insightful responses. Let me just add my 2 cents to this fruitful discussion, and apologies in advance if I'm looping back to a few points or discussion threads that the group has already moved past.

RE trust/governance issues in value chains:

Mary is spot on that the USAID's value chain work is deeply indebted to the work of Porter, Gereffi, Schmitz, and other such luminaries. Their research and insights provided a valuable framework for us to understand how governance - how power is wielded in a system - affects the overall performance of value chains, the incentive structure for behavior change (at the enterprise level), and the distribution of benefits within the value chain (especially to microenterprises, which are usually our chief concern). Looking at the influence of governance patterns was a huge innovation (and learning curve) for us to understand how a market system such as a value chain actually works in the real world and, almost more importantly, how to influence this system to achieve our development objectives. Indeed this remains a central focus of our research efforts. As Mary also points out, Gereffi et al. tell us nothing about how to intervene or change these governance patterns and, especially, how to address specific relationship issues between two firms or sets of firms in the value chain. This issue was really brought to the fore as we looked specifically at value chains in conflict environments, where trust issues exogenous to the value chain itself can be so constraining. Here we benefit substantially from the learning from our conflict mitigation and social development colleagues - which is really applicable beyond just conflict situations. The Zambia PROFIT project is a good example where conflict resolution techniques have been employed to overcome trust/relationship issues in a value chain not affected by exogenous conflict. Our own thinking and learning in this area is still embryonic and I'm thankful for those of you who can help advance the discussion. Oh, and Mary, we're increasingly seeing governance not as who has the power in a system (as a market system will almost always have power imbalances) but rather as how that power is wielded (positively and negatively) within the system.

RE livelihoods

I would argue that our approach to value chain development has really focused on the role of and benefits to the enterprise in a market system. In reality, the "enterprise" and the household may be one and the same thing and/or the "enterprise" may be one of multiple income streams or activities that a household engages in to maximize revenue and diversify risk. A livelihoods approach may help us to better understand the role of the enterprise within the household (or vice versa), which is such an important and often-missed factor among very vulnerable and conflict-affected populations. In the USAID VC framework, we'd normally look at these kinds of issues under "upgrading" but the distinction between enterprise and household is not clear, we don't have a stellar framework for analysis, and frankly it's just often missed.

Again, thanks for the stimulating discussion.

-Jason

Jason Wolfe, Enterprise Development Advisor
U.S. Agency for International Development
Email: jwolfe@usaid.gov
www.microlinks.org - new and improved!

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT, AND WHERE DO WE GO FROM HERE?

Post By: Laura Hammond

Hi Tony,

Thanks for the reminder that as an analytic tool VCs can refer to any commodity. In my post the other day I mentioned a few chains that we engaged with in Ethiopia. One was a carrot production/marketing chain - this demonstrated how much focusing on marketing can improve profit even from low value items.

Also good to keep in mind that in addition to the impacts of conflict on livelihoods, we need to understand the impacts of conflict on value chains (such as in your example with charcoal). I'm assuming that the SEEP guidelines will address this, but others' thoughts on how value chains can be influenced - through rent-seeking, forging of new marketing channels, adding or eliminating of middlemen, etc. would be useful.

Laura

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT, AND WHERE DO WE GO FROM HERE?

Post By: Masood UI Mulk

As we look towards the future I am reminded of a visit I did with some Dutch donors to a village many years ago. In this tiny village which lay among towering mountains that rose all around it, the land holdings were very small. They barely met the needs of the household for six months. For the other six the able bodied men travelled thousand of miles away to earn seasonal income which then fed their families. There were eighty to ninety households assembled there to greet us. The visitors with me among other things wanted to know what the vision of the villagers was about the future. They did not think for a minute and said that it was to bring more land under irrigation from the water that flowed in the river. We wanted to know where the land was which they thought should come under irrigation because we did not see any. They said it was up there. We did not see anything and asked them to point out the land to us. They repeated that it was up there and pointed towards the mountain in front of us. We climbed the fields around which were higher to see if we could see it from there. Eventually we gave up because we saw nothing but a mountain at almost ninety degree in front of us. When we said this to the villagers they shouted together that they saw an airport!!

As we work with livelihood in fragile environments and in areas of conflict we have to constantly turn towards the people we are working with to find what their needs are and what their assets are. This itself is interesting. I have over twenty years looked at one area and tried to see how the needs changed over time. In the eighties when we went there communities would come up with the idea that community run irrigation channels were their most important need, (help build assets and produce more food) when we went to them in the nineties they said generating community run micro hydro electricity was the most important (light at night so that children could get education and so that they could see the scorpions!!! which were plenty around) and when we go there now drinking water gets the highest priority. But each time we had to go to them and find out what they needed, it was different than what we thought.

The value chain approach is good if there are surpluses that can be connected with the market. In one of the areas there was this wonderful local indigenous pear. It had a wonderful fragrance, had a long shelf life and even the poorest had a

tree or two.. It sold dirt cheap in the local market which was very small. Value chain was unheard of then. But we followed an approach that was very close to what is a value chain approach today. We sent a group of young people off to a market far away to see if the pear had a market. Once we found there was we helped them with developing a local network of individual producers who were interested in selling their pear collectively (it was not produced in orchards), I taught them picking and packaging the product and then transporting it off to the market. In a years time the product had landed in the distant Lahore and even Dubai. But the whole initiative started because that is what the people needed not because it was the flavour of the month far away.

I find to my dismay in the earthquake areas of Pakistan at places where the economy has any scope for this kind of intervention it being tried when the people would have happily settled for drinking water. I think in all livelihood approaches we must keep the people at the center and help develop ways of building up their livelihood strategies with the initiative coming from them and our foot firmly planted in reality.

So if I look to the future I find in some areas value chains having great potential, in other interventions in natural resource management, in other interventions in community built infrastructure_ drinking water, irrigation, small dams irrigation channels, education and health somewhere else. In the earthquake affected areas of Mansehra in one valley lying at around 9000 to 8000 ft. I found more than 21 villages joining together to take up thousand of feet of pipe on their backs and complete a drinking water project at one seventh the cost of public sector programmes in just a year. I think it addressed an important livelihood need and brought the social technical human political capital all together to address in times of great trauma and stress. What I would hate is to see this approach being replaced by the flavour of the month. I am afraid I see a lot of that happening as so many donors rush to help communities in addressing their livelihood needs in conflict.

Masood UI Mulk
SRSP NWFP Pakistan

DAY THREE: OTHER FORMS OF LIVELIHOOD SUPPORT, AND WHERE DO WE GO FROM HERE?

Post By: Ben Lydecker

Laura,

From what I understand, the SEEP guidelines will look broadly at livelihood interventions in crisis settings and this includes value chains. We're working to ensure that the language is inclusive enough to be applied broadly. As many of the posts have indicated, the impact of conflict on a family's livelihood is related to the impact of conflict on the value chain in general. This is one of the key areas that we're hoping the guidelines will highlight for non-MF practitioners - that a livelihoods project needs to be planned and implemented with knowledge of and consideration for the broader market context.

Ben

Ben Lydecker
Technical Advisor - Microfinance
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THANKS, A SUMMARY AND “SEE” YOU SOON!

Post By: Laura Hammond

Dear All,

I want to thank you for what has been for me a really inspirational and educational discussion. When I agreed to moderate this discussion, I did not really know what to expect - my fear was that I would have to go out and 'poke' people to get them to participate. How wrong I was! Your enthusiasm for the topics discussed, willingness to share experience and insights, and even to engage in critical examination of some of our preconceptions about the work that we do and the analytic frameworks we use has been wonderful.

It is perhaps a measure of the richness of the discussion that we have to finish it with many strands left hanging. There is more to say on a lot of these things, but I thought I would try to highlight what, for me at least, have been some of the major elements of our discussion over the past three days.

- 1) A recognition that livelihoods and value chain analysts have a lot to learn from each other, and that we have in fact just scratched the surface in terms of the kinds of linkages and complementarities that exist. These include trying to develop a more nuanced understanding of how conflict and fragility affects livelihoods and markets, as an assessment tool to determine people's needs as well as to identify appropriate opportunities for promoting economic recovery.
- 2) Considerable variation within the Value Chain user's community in ideas about the level at which VCA can be used (household/community/national/regional), its engagement with governance and power structures (ability to change those structures), limitations of VCA in terms of being able to operate effectively in situations where elements of distrust, ethnic or other political tensions, etc. render some actors or activities inaccessible or impractical.
- 3) Problems of programming for the long term - being able to evaluate the effects of microeconomic and livelihood support after project cycles and budgets are closed, recognizing that the results of some initiatives may not be fully realized for several years, or may erode over time. In addition, the point that continuous engagement in livelihood support and economic recovery is in itself an important means of building trust and promoting local capacities and that very often the withdrawal of support may disrupt both of these things. Note that a discussion on building successful linkages between and short-term and longer-term activities/programs was also suggested as a good topic for another Speaker's Corner discussion.
- 4) The recognition that microfinance involves all sorts of activities beyond microcredit. This led into a discussion of remittances (also flagged as a good topic for another SC discussion) - of how they work, what impact they make on poverty reduction efforts (if any), whether it is possible as an external actor to have any impact on strengthening or directing the use of remittances, or whether everyone would be better off if we just left well enough alone and let remitters and receivers get on with what they are doing!

So, so many other topics covered, but if you read through them all you probably don't want to read another long message from me, so let me just say that I will take away a lot from this discussion, and look forward to further chances to engage with all of you in whatever way we happen to meet. I particularly want to thank those who, with unreliable dial-up connections and working at what is really the cutting edge of this work, i.e. in 'the field', took the time to share with us your insights. From NWFP in Pakistan, India, Ethiopia and Uganda (among other places) you gave this discussion a really important reality check that we've all benefited from.

There will be one more message from Borany Penh at USAID which will talk about next steps and what will happen with this discussion. But from me, since this is my last post, let me say how much I've enjoyed 'meeting' you all! Feel free to contact me about any of this later on, at lchammond@btinternet.co.uk

All the best,

Laura

THANKS, A SUMMARY AND “SEE” YOU SOON!

Post By: Borany Penh

It might interest everyone to know that this Speaker's Corner has set a record in terms of the number of subscribers among all the former SCs held on our sister site Microlinks.org! The fact that we also spilled over into an unplanned Day 4 also says a lot about the level of interest in this subject.

Since Laura has provided such an excellent summary of the past three days I don't think we need another one from me. However, I wanted to inform everyone that we will be coming out with a summary document that will highlight knowledge captured during the discussion. Also, since there seems to be so much interest in a discussion on remittances we will be exploring hosting another Speaker's Corner on this subject in the near future. We will alert you by email when these items get developed. You can also keep abreast of activities sponsored by PovertyFrontiers.org by subscribing to microLINKS Connections newsletter (go to www.microlinks.org for subscription information).

I'd now like to acknowledge Laura Hammond for volunteering her time during the last few days. I think everyone will agree that she's been an excellent technical resource as well as a model moderator. I would also like to thank the facilitators working behind the scenes to make this a success: Anna Van der Heijden, Natalie Greenberg, and Anne Specca. Finally, I'd like to thank all the participants for sharing their excellent questions, comments, knowledge resources, and experiences. Your contributions from different parts of the international community have made this Speaker's Corner a success. We look forward to your participation in future related events.

Regards,

Borany Penh

Sr. Political Economist

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