



Seminar Synthesis

Employment and Income in Fragile Contexts

Private sector's crucial role for effective development – exploring new perspectives

11th May 2011, Hotel Ambassador, Bern, Switzerland

Introduction

The sixth of SDC's annual series of seminars on employment and income generation through innovative market development approaches in May 2011 focused on “**private sector's role in fragile contexts**”. It was attended by around 70 people both from Switzerland and abroad, most of them working in the broad field of employment and income.

It is now widely recognised that **the private sector can play a crucial role in the stabilisation and development in fragile contexts** be it in conflict-affected environments or post-conflict situations. In addition to targeting economic needs like employment creation and provision of services, the private sector also contributes to the wider peace building agenda.

SDC is working increasingly in fragile contexts – and intends to expand its engagement further in the coming years. Hence, a better understanding of private sector's potential in order to achieve a more holistic integration of private sector led employment and income generation in fragile contexts becomes of important strategic relevance for SDC.

Conclusions

The seminar led to the following main conclusions:

- The **costs** to work in fragile contexts, in terms of security, collaboration efforts and to certain extent the **risks** of such engagements are in general **higher** compared to SDC's work in more stable situations. But they are justified if there are opportunities for SDC to generate improvements and positive change for the vulnerable poor, the marginalised, those affected by violent conflicts, and victims of natural disasters.
- A more adequate collaboration with private sector is reasonable. In the past, private sector development measures had been scheduled after political institution building and humanitarian aid intervention. However, recent experience suggests that systemic market development – that SDC promotes the well-known “Making markets work for the poor/M4P approach” – calls for a **prominent role of private sector already during crises-affected situations**. In addition to targeting of economic needs like employment creation and provision of public services, the private sector can contribute to the wider peace building agenda.
- Therefore additional overriding principles become mandatory for success: “**Do no harm**” and “**conflict sensitivity**” to be able to analyse and understand the dynamics of the fragile situation SDC operates to avoid negative and conflict fuelling side effects and to maximise positive effects on conflict resolution and peace promotion.
- More specifically, the typical pressure for “quick” wins, especially after drastic political or natural catastrophes, should not preclude the **importance of long-term strategic vision**, and
- there is a need for flexibility and iteration of approach, and a clear case to keep facilitating and catalysing (as typical donor's role).
- SDC's e+i network, in collaboration with the pertinent units in SDC such as the Humanitarian Aid Department and the Network Conflict and human rights will **continue working on the topic**, be it through one-to-one advice and coaching, experience capitalising and international networking.

Seminar structure

The seminar was structured in two input presentations and five case studies as well as plenary and panel discussions exploring, both, private sector development and vocational skills development avenues in contributing to development and wider peace building in fragile contexts. The following table gives an overview of the day.

Morning	Afternoon
<p>Welcome and Introduction <i>Maya Tissafi, Head of Regional Cooperation Department, SDC</i></p>	<p>Presentation of cases in two parallel sessions:</p> <p><i>(i) Vocational Skills Development:</i> Nepal: Ten years work with government, private sector and civil society in a context of conflict and fragility <i>Siroco Messerli, Adviser Helvetas</i> Niger: Skills development against youth unemployment <i>Florian Meister, Deputy CEO Swisscontact</i></p> <p><i>(ii) Cash in humanitarian aid and relief work:</i> SDC's experience with cash based programmes <i>Gabriele Siegenthaler, Programme Officer SDC Berne</i> World Food Programme: Purchase for Progress (P4P) in fragile contexts, focus on Afghanistan <i>Ken Davies, P4P Coordinator WFP</i></p>
<p>Setting the stage: Strategic context for private sector lead employment and income in conflict-affected environments <i>Peter Davis, Deputy Head Secretariat Donor Committee for Enterprise Development</i></p>	
<p>The added value of a Making Markets Work for the Poor (M4P) approach in conflict-affected environments <i>Roger Oakeley, Manager M4PHub</i></p>	
<p>Case presentation: Occupied Palestinian Territory – SDC's challenge to achieve employment and income. <i>Rana Sandouka, Programme Officer, SDC oPt</i></p>	
<p>Panel discussion: Fragile versus stable contexts – major differences, challenges for project design, implementation <i>Peter Davis, Rana Sandouka, Esther Marthaler (Adviser Helvetas), Markus Heiniger (SDC Policy Adviser Conflict and Human Rights)</i></p>	
	<p>Panel discussion: Quick interventions – long lasting distortions? How to avoid it? What can we learn for the future? <i>Gabriele Siegenthaler, Ken Davies, Roger Oakeley, Florian Meister</i></p>
	<p>Wrap up, closing remarks and feedback statements <i>Roger Denzer, Head Latin America Division</i></p>

Input 1

The Private Sector in Conflict-Affected Environments: A Strategic Context

Presented by Peter Davis, Deputy Head Secretariat Donor Committee for Enterprise Development (DCED)

Conflict management	Implications for PSD practitioners
<p>Only recently, a general guidance for conflict management started to be developed. The four main aspects:</p> <ol style="list-style-type: none"> 1. Security, justice, stability 2. Governance 3. Infrastructure 4. Economic development 	<ul style="list-style-type: none"> • Currently, PSD significantly underestimates its value in CAEs <p>⇒ PSD impacts on all aspects of peace building, not just economic development</p> <ul style="list-style-type: none"> • Donor programming in CAE must focus on private sector or will fail • Need to see value of PSD as a part of the wider process of conflict management
Understanding the implications of PSD	Strategic goal of DCED's activities in CAEs
<ul style="list-style-type: none"> • In CAEs, job and income creation are not <i>per se</i> beneficial for peace-building <p>⇒ Conflict sensitivity is crucial</p> <ul style="list-style-type: none"> • Programmes need to consider impacts on all four facets of peace building <p>⇒ E.g. not reinforcing cleavages in society or target vulnerable conflict-affected groups</p>	<ul style="list-style-type: none"> • Understand and demonstrate value of PSD to overall conflict management • Understand in more detail the impacts in each dimension of conflict management • Demonstrate the linkages between PSD activity and wider conflict management goals

PSD = Private Sector Development; CAE = Conflict Affected Environment

Input 2

M4P in post-conflict environments: Issues and challenges¹

Presented by Roger Oakeley, Manager M4PHub

Why is M4P relevant in post-conflict environments	Conclusions
<ul style="list-style-type: none"> Humanitarian aid can severely interrupt normal commercial supply lines and influence commodity prices Understanding market systems is crucial to find the best opportunities for assisting populations affected by crisis or conflict Market development is essential for sustainable poverty reduction and has substantial potential for promoting stabilization and sustained recovery 	<ul style="list-style-type: none"> Evidence shows market systems are as important to the poor in CAEs as in more stable conditions Information needs and analyses are more challenging in CAEs but nevertheless crucial Pressure for 'quick wins' should not preclude the importance of long-term strategic vision Opportunities, partnerships and trust may not immediately present themselves, but are no less critical
Key Issues & Discussions	
<ol style="list-style-type: none"> Stability and security <ul style="list-style-type: none"> Market systems continue to function if at reduced rates or on informal levels Markets rebound quickly post-conflict Markets provide jobs, essential goods and services and promote stability ⇒ Market development and long-term security and maintenance of the rule of law are mutually benefitting Information needs and realities <ul style="list-style-type: none"> Conflict disrupts market systems and information sources ⇒ Information needs have a different emphasis in CAEs: conflict assessment, political economy emphasised, less in-depth and more frequent, pre and post crisis analysis ⇒ Adaptable tools: EMMA toolkit, SEEP standards, MIFIRA 	<ol style="list-style-type: none"> Systemic action and quick wins <ul style="list-style-type: none"> Urgency and visibility are powerful incentives Systemic change takes longer ⇒ Is 'quick' the real issue or is there a general lack of a long-term strategy and tactics in quick-win actions? Sustainability in a fluid environment <ul style="list-style-type: none"> In CAEs, there are scarce opportunities to build on, drivers of change are complex, local partners overloaded and it takes time to rebuild trust ⇒ There is a need for flexibility of approach, iteration of approach with a clear long-term vision and a clear case to keep facilitating and catalysing

Case 1

SDC's challenges to contribute to employment and income opportunities in the occupied Palestinian territory (oPt)

Presented by Rana Sandouka, National Programme Officer, Swiss Cooperation Office Gaza West Bank

The oPt case shows a rather extreme situation of a conflict affected environment with a high number of challenges and limitations to market development. For example severely limited access of farmers to and control over productive assets, dysfunctional agricultural markets, high risk for daily work and investment, or the preference of politics over good development practices to name but a few. SDC's strategy in this context has shifted to a more comprehensive approach to improve the complementarity of humanitarian and development instruments, particularly the development of employment and income opportunities using value chain analysis to find entry points to strengthen the farmers' position in the market.

Case 2

Nepal: Roles of the private sector and the government in labour-market oriented skills development in a context of conflict and fragility

Presented by Siroco Messerli, Team Leader Employment Fund, Helvetas Nepal

The Nepal case shows a project in an environment of political, social and economic fragility. Within this context, the Employment Fund was furnished to confront the major challenges faced in skills development, specifically focusing on youth un- and underemployment. It operates through providing funds for private sector educational service providers through a competitive tendering process to train annually 14,000 youth. Thereby it follows a

¹ This input is based on an online debate on the M4PHub (<http://www.m4phub.org>)

number of practices of conflict sensitive programme management, such as for example the implementation of the 14 Basic Operating Guidelines developed by the donor community or a focus on disadvantaged groups.

Case 3

Niger: Youth Training and Employment in a “fragile” context

Presented by Florian Meister, Deputy CEO Swisscontact, Zurich

The context in Niger is characterized by the lack of basic structures and services, both from the public and the private sector. Social and economic hardship is accompanied by a security situation that makes it difficult for the people to start new economic activities. In this context of an extremely weak private sector and a lack of government regulations in skills development, the project works through any kind of existing structures (both public and private) in order to give young people access to basic technical training. The project thereby follows a three-way approach of information and professional counselling, professional training and support to job creation.

Case 4

SDC Experience with Cash-Based Humanitarian Projects

Presented by Gabriele Siegenthaler, Programme Officer, SDC, Berne

Cash projects are a form of humanitarian aid in which victims of conflicts or natural disasters receive cash instead of in-kind support in the shape of food, shelter, etc. Examples of cash projects are cash for shelter, cash for work or cash for livelihood. Cash projects are seen as an innovative, efficient and non-bureaucratic way of helping people help themselves. They strengthen local economies instead of competing with them. Critical issues with cash projects are conflict sensitivity, beneficiary selection, gender issues, market distortions, outcome monitoring and the inter-linkage with long-term development activities. These issues may require more systematic analysing and capitalisation within SDC.

Case 5

Purchase for Progress in Fragile Contexts: Using Food Assistance to Build Long Term Solutions

Presented by Ken Davies, P4P Coordinator, World Food Programme (WFP)

Purchase for Progress (P4P) is an experimental approach by the WFP trying to effectively link smallholder farmers into commercial markets. The P4P approaches are based on three pillars: (1) they are demand-based, testing innovative procurement modalities for the WFP on the local markets, (2) build on partnerships with supply-side partners and ensure quality and reliability of local supply by providing technical expertise and developing capacities and (3) value learning and sharing of experiences and best practices. P4P approaches are specifically adapted to the country they work in. The vision of the P4P programme is that more smallholder farmers can produce food surpluses and sell them at a fair price on the local markets to increase their income.

Panel discussion 1

Fragile versus Stable Contexts – Major Differences, Challenges for Project Design, Implementation

Peter Davis, Rana Sandouka, Esther Marthaler (Adviser Helvetas), Markus Heiniger (SDC Policy Adviser Conflict and Human Rights)

The major insights from the panel can be summarised as follows:

- In a fragile context you cannot rely on anything. This remains however the only similarity between different fragile contexts. Contextualisation becomes extremely important. Priorities and entry points of development programmes can change over time, as does the context.
- Besides the general context, it is also important to know the specificities of the conflict, i.e., to do a proper conflict assessment. All interventions have an impact on the conflict and vice-versa.
- In fragile contexts, it is extremely difficult to decide which activities should be done immediately while still keeping a strategic long-term development view on the situation.
- Often in fragile contexts, the root causes of the constraints for the people cannot be directly tackled. But by working with given structures and the private sector, the situation can nevertheless be improved in a systemic and sustainable way.
- The selection of partners becomes very sensitive in post-conflict situations. While some advocate not to work with any partner that was involved in the conflict, other see it as important to also include conflict parties in the development efforts in a conflict sensitive way. In general, projects in post-conflict environments often have not much choice when selecting potential partners.

- There are many good examples where private sector development could support the peace building by strengthening the economy, increasing the availability of jobs and improving the income situation of affected households.
- Market analysis in fragile environments is a big challenge. It is very important to use adapted tools, but it is also important to find good people to implement the research.

Panel discussion 2

Quick interventions – long lasting distortions? How to avoid it? What can we learn for the future?

Gabriele Siegenthaler, Ken Davies, Roger Oakeley, Florian Meister

The major insights from the panel can be summarised as follows:

- Quick actions by humanitarian organisations often hamper the success of the longer-term development by distorting markets or crowding-out local actors. In Haiti for example there was a system in place to decide which flights can come in and how many. The focus of this system was entirely on relief operations. The commercial economy was not considered at all and subsequently suffered from a reduced supply.
- The problem in such situations is usually not that the actions are implemented quickly, but that there often is a lack of a long-term vision and therefore the strategic thinking of the effects of the short-term intervention on this vision. Strategic questions need to be in the mandate of the people that implement quick actions. The question what happens when we leave after a quick action needs to be in the head of every quick intervention.
- The cultural context plays an important role when evaluating short-term interventions. Depending on the context, interventions can have very different distorting impacts on the society.
- A very important component of strategic humanitarian aid is coordination between different donors and relief organisations. Contradicting approaches can hamper the effectiveness of market and private sector oriented interventions. Coordination remains, however, a big unmet challenge.
- The need for short-term relief interventions with a long-term development perspective leads to the necessity of a stronger collaboration between humanitarian aid and development departments. Such a trend can be seen within SDC. In Haiti, for example, a single strategy for humanitarian and development interventions has been put in place.
- Big humanitarian organisations are often having a strong effect on the local market due to their purchasing power. It is important that this power is used in a strategic way not to distort the local production and market, but to strengthen it. This is what the P4P approach is trying to do with regard to the WFP.

Resources

A series of videos on the public seminar can be found on the [ShareWeb](#) of the Employment and Income network.

The individual presentations can also be downloaded from the ShareWeb by following these links:

- [Setting the stage: Strategic context for private sector lead employment and income in conflict-affected environments](#)
- [The added value of a Making Markets Work for the Poor \(M4P\) approach in conflict-affected environments](#)
- [Case presentation: Occupied Palestinian Territory – SDC's challenge to achieve employment and income.](#)
- [Nepal: Ten years work with government, private sector and civil society in a context of conflict and fragility](#)
- [Niger: Skills development against youth unemployment](#)
- [SDC's experience with cash based programmes](#)
- [World Food Programme: Purchase for Progress \(P4P\) in fragile contexts. focus on Afghanistan](#)

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Marcus Jenal, on behalf of Intercooperation's BSM E+I, Berne, May 2011