



FAQ – Fragility Slide Deck (January 2021)

During the months of October and November 2020 SDC's slide deck on Inclusive economic development (IED) and fragility was presented and discussed with the IED core group. Their feedback and questions were converted into this Frequently Asked Questions (FAQ) page.

The slide deck outlines the general Dos and Don'ts for IED programmes in fragile contexts. How can projects translate these general Dos and Don'ts into concrete strategies in their specific contexts?

Engaging in fragile contexts demands a very good knowledge of the local context. OECD has defined 10 key principles for engaging in fragile contexts ([Principles for good international engagement in fragile states & situations](#)), being the first of these principles “Design interventions based on clear conflict and governance analysis”. The slide deck “IED in fragile contexts” provides reference documents for context analysis specifically in fragile states and situations. These documents have been elaborated by various organisations and can support SDC projects to conduct both thorough as well as to the point analysis of local contexts. It is recommended for SDC projects to look specifically at the tools provided by SDC's Focal Point Fragility, Conflict and Human Rights (FCHR) - [Shareweb](#). A good understanding on the dimensions of fragility that are most pressing in a given context is a key first step for inclusive economic development.

The slide deck provides guidance as to how to promote IED in fragility contexts and, through it, address the different dimensions of fragility. For easier navigation the document is divided in 5 main sections:

1. Fragility – fostering a common understanding (slide 3-11 and slide 37)
2. Private sector development in fragile contexts (slide 12-17)
3. Financial sector development in fragile contexts (slide 18-23)
4. Vocational skills development in fragile contexts (slide 24-29)
5. Private sector engagement in fragile contexts (slide 30-36)

The practical application of the “Dos and Don'ts” on the slide deck should be adapted to the particular case. The document should be used to structure the case-specific reflection and it is recommended to engage in discussion to find the adequate approach for each case. In the project design stage, such discussions may happen between SDC colleagues or possibly with external consultants. In the implementation stage, it is also crucial that such reflections are regularly held between SDC and the implementing partners.

How can Inclusive Economic Development (IED) projects contribute to the Humanitarian-Development-Peace (HDP) Nexus? Where and how can SDC find opportunities for IED in such situations?

The Humanitarian-Development-Peace Nexus refers to the interlinkages between humanitarian, development and peace actions and approaches that aim to strengthen collaboration, coherence and complementarity, and capitalize on their comparative advantages. These actions intend to **reduce overall vulnerability** and the number of unmet needs of people, **strengthen risk**

management capacities and **address root causes of conflict**. Reducing fragilities, humanitarian needs, or conflict demands collective and collaborative actions. IED can contribute to reducing fragilities and alleviating sources of tension or conflict in many ways. For example, financial inclusion of marginalised populations can have a positive effect on their socio-economic integration. Financial services, such as savings or insurances, can provide resilience to people and communities, equipping them with tools to handle eventual shocks. Financial integration will therefore reduce inequalities between people, potentially reducing also tensions and conflicts between groups. The same holds true for vocational skills development programs. Supporting marginalised individuals increasing their employability through market actionable skills also has the potential to promote their integration, by increasing individuals' chances of finding employment or pursuing entrepreneurial initiatives. Private sector development and job creation are key elements for inclusive economic development. Conscious private sector development in fragile contexts, as part of a systemic approach for change, can contribute positively to the reduction of all five dimension of fragility. For example, supporting the development of business associations can produce positive impacts in terms of the political environment, as these organisations can be a changing force in terms of advocacy, lobbying for regulations that support the creation and development of companies, hence contributing to job creation and a more conducting environment for economic development.

Further examples can be found on slide 15 (PSD), 21 (FSD), 27 (VSD) and slide 35 (PSE). The slide deck also provides a number of useful tools that support IED projects to work on the nexus between humanitarian aid, development cooperation and peace building. For example, especially projects focussing on PSD, it is recommended to use the following tools:

- Minimum Economic Recovery Standards ([MERS](#))
- Emergency Market Mapping & Analysis ([EMMA](#))
- Political Economy and Power Analysis ([PEPA](#))

A further opportunity for IED to strengthen the nexus, in particular the interface between Humanitarian and Development, is the use of Cash and Voucher Assistance (CVA) modality. For more details, please refer to the FAQ on CVA.

How can Inclusive Economic Development (IED) contribute to the objective of Leave No One Behind (LNOB)?

Leaving no one behind (LNOB) is the central, transformative promise of the 2030 Agenda as defined in the Sustainable Development Goals (SDGs). SDC has a page dedicated exclusively to this thematic with internal and external key resources, good practices and relevant links on the topic of LNOB ([Shareweb – LNOB](#)). Furthermore, [SDC's Thematic Working Aid LNOB – Employment & Income](#) document provides practical insights on fostering employment and income while promoting gender and social equity. One concept brought forward by the document is the concept of graduation approaches, which promote incremental increases in participation of marginalised households or individuals in economic activities, diminishing, with time, their reliance on social assistance. Such approaches, carefully tailored to the local environment, may prove useful in addressing fragility, promoting gender and social equity and leaving no one behind. Specifically on gender, a transversal topic in every IED projects, [SDC Gender Shareweb](#) provides series of tools, links and guidance notes for incorporating a gender focus into development projects.

In certain contexts (especially in fragile contexts), the exclusion of some individuals or groups is so big that promoting economic growth needs to go hand in hand with social assistance. Therefore, gradual and incremental participation might be a solution that protects people, while addressing the systemic bottlenecks that impede people from pursuing a better future. One tool widely used

by social protection programmes is cash and voucher assistance (CVA). This tool can provide social assistance to needed populations with minimal impact on the local market systems. Please refer to the FAQ on CVA where the topic of CVA and its importance for social protection and inclusive economic development is addressed.

What is the role of Cash and Voucher Assistance as well as Social Protection in the context of IED programs in fragile contexts?

According to the official definition of the [Cash Learning Partnership](#), Cash and Voucher Assistance (CVA) refers to all programmes where cash transfers or vouchers for goods or services are provided directly to aid recipients. As stressed by the theoretical framework developed by the United Nations Children's Fund, the potential of cash-based assistance for humanitarian and transitional assistance is high. CVA comprise **cash, mobile money or vouchers** in contrast to in-kind aid such as food or goods.

CVA can be easily adapted to local contexts and needs of populations. This assistance method, through which cash transfers or vouchers are provided directly, empowers the individuals by entrusting them with the power to define their own future, while having minimum impact on local market systems. Beneficiaries will use the cash or voucher assistance to procure goods and/or services locally, satisfying their basic needs and stimulating economic recovery of crisis-affected regions. The ability of satisfying basic needs (short-term) and promoting local economic recovery makes CVA a very useful method of assistance for initiatives in the nexus between humanitarian aid and development.

This holds despite obvious challenges such as the need for (functioning) markets, reliable and safe delivery mechanisms and the difficulty of influencing the exact livelihood sector on which beneficiaries spend the cash. CVA has constantly increased in the last years. In 2019, according to [The Global Humanitarian Assistance Report](#), 18.9% of global humanitarian spending (USD 5.6 billion) has been programme through this type of assistance. SDC's [shareweb for Cash Transfer Programming](#) contains field-tested guidance for implementing CVA. The shareweb also contains relevant training materials and [links to past experience of SDC with CVA](#). NOTE: This is different for typical long-term cash transfer programmes in non-fragile states, which are often embedded in social protection systems and provide predictable, extended support to poor, vulnerable or elderly people; e.g., programmes in which payment is linked to compliance with conditions such as school attendance or health check-ups for children, etc. An independent evaluation in December 2019, reported that SDC dedicated, between 2013 and 2017, CHF 370m to the topic of social protection. 87 projects in 34 countries contained social protection elements. The evaluation document presents several examples of SDC implementations in the different countries. The portfolio of projects can be found on Annex 5. Annex 7 contains 8 case studies reports with valuable information on the implementation of social protection programs.

When political elite dominates large part of economy, many interventions risk to fail in long term as those in power have no interest to change the framework conditions. How can development projects promote IED under such circumstances? What is the role of IED projects towards policy engagement and advocacy in these contexts?

[OECD's states of fragility 2016 report](#) states that in contexts of fragility, state institutions lack the capacity or the willingness to provide essential governance functions required to reduce poverty, promote development, ensure public security and respect for human rights. International engagement in fragile contexts needs to be concerted, sustained, and focused on building the relationship between state and society. This relation is built through engagement in supporting the

legitimacy and accountability of states and through strengthening the capability of states to fulfil their core functions.

SDC's [Peacebuilding and Statebuilding strategy](#) provides guidance on how to engage in fragile and conflict affected contexts. This strategy defines 6 core principles for engagement:

- Prioritise fragile contexts;
- Long-term engagement;
- Policy dialogue;
- People centred actions;
- Linking operations and politics;
- Working together with different organisations.

IED projects in fragile contexts follow the same rules of engagement. Interventions should have a long-term focus and be centred on the individuals (incl. LNOB). Furthermore, IED projects should build on the experience of different organisations, coordinate with partners (local and international), and engage on policy dialogue for a more conducive environment for the development of inclusive economic systems. Projects should aim at identifying actors who have the adequate motivation and power to promote inclusive change at a local, regional or national level. These actors, or agents of change, can be for example business associations that motivate additional actors to engage on behavioural change or lobby political instances towards a more conducive environment.

Many Market Systems Development projects have a focus on improving the enabling environment for private sector. For example, in contexts where micro-enterprises face multiple constraints in accessing non-financial and financial services. Taking a market systems development approach, projects can promote the creation of business clusters around promising value chains. Emphasising the collaboration between enterprises, access to inclusive financial services, advocacy towards a more enabling environment for development of business, as well as gender and social equity which can lead to developments that conduce to more enabling environments.

How can VSD be used to promote social integration (minorities, refugees, rejected asylum seekers, soldiers, rebels, etc.)?

Acquisition of skills through vocational training with the aim of economic and social integration can make an important contribution to stabilization in fragile contexts. An in-depth analysis of the initial situation with regard to the type of migration, the individual resources and the labour market is essential for designing an intervention in a migration context, see [SDC-Working tool for practitioners in development cooperation including humanitarian aid](#). Integrated approaches have proven to be particularly effective in this context. This means that, on the one hand, vocational competences should be taught as a core element of VSD, and on the other hand, social and personal competences should be acquired. In addition, it is essential to support integration of the target groups into the often informal labour market and its associated social structures, e.g. through job placement. The [“Coaching for employment and entrepreneurship \(C4EE\)”](#) is a program Swisscontact developed together with the Lucerne University of applied Sciences and Arts. Trained coaches support young Roma in Albania and Kosovo in finding internships, acquiring life skills and learning about the labour market opportunities. A financial literacy component is also part of the coaching cycle. Especially for marginalized groups such as minorities, refugees, rejected asylum seekers, soldiers, rebels, etc. the acquisition of social competences is a prerequisite for social integration. This includes the ability to learn and work in groups, to gain (self-) confidence, to acquire communication skills (in the case of refugees or minorities to learn the local language) and to learn values such as reliability, honesty, respect and loyalty. In order to integrate the acquisition of social

competences in vocational qualification measures, life skills education and elements of peace education and conflict transformation need to be anchored in curricula, teaching materials and learning methods ([GIZ Toolkit - Learning and Working in the Informal Economy](#)). Further elements can include accompanying psycho-social counselling and, if necessary, basic education. In addition to acquiring such competences in the "protected space", social competences can also be acquired "on the job". Some examples might be applying social norms and rules in behaviour towards the employer, planning, communicating and solving problems in the work process and developing social manners with customers. A further benefit of qualification "on the job" is access to social and economic networks. Close cooperation with the private sector is a prerequisite. One example for promoting social and economic integration are the projects of SDC and GIZ in the [Kakuma refugee camp in Kenya](#), where a holistic approach is being applied to improve vocational competencies, especially in the information and communications technology (ICT) sector, and to improve social competencies.

How can projects remain flexible and adaptive in contexts of constant change?

Projects and organisations can be flexible and adaptive in contexts of high uncertainty and volatility by creating close links between monitoring and evaluating the impact of their activities and the steering. Ensuring close links between monitoring and evaluating impact and steering increases the chances of a project/organisation delivering the intended impact, in line with the real needs of the system and the expectations of the actors. In contexts of constant change projects and organisations can remain flexible and adaptive also through prevention. Flexibility and adaptiveness should be pursued through a focus on implementing risk mitigation frameworks and plans. If an in-depth assessment of risks is conducted and mitigation strategies are put in place preventively, projects will have more tools to face most of the scenarios that may arise. Furthermore, understanding best practices that increase resilience, such as those presented in the slide deck, and promoting them in projects and in private companies can increase the impact of interventions.

[Adaptive Management in SDC: challenges and opportunities](#), defines adaptive management as “a programme management approach that helps international development organisations to become more learning-oriented and more effective in addressing complex development challenges”. This approach recognises that in highly volatile environments, such as fragile contexts, projects cannot identify the solutions to the complex and dynamic problems presented by the context from the inception phase. Therefore, projects should follow iterative cycles of design, implementation, reflexion and adaptation. The document also offers further information and examples of implementation of adaptive management.

In contexts of high work informality, how can private sector partners contribute to inclusive economic development?

In fragility contexts informality is, often times, the norm. The informal sector is mostly portrayed very negatively. This portrayal isn't always just. Many see it as a sector that pays no taxes, as a sector that does not respect social rights, that has no ability to bring new products and services to the market. However, the reality is not black or white, but blurred, and many times, the informal economy is an important job and income generator. In the informal sector there are also many self-employed and entrepreneurs who pay their taxes or at least some of them, and there are companies that agree to an employment contract with their employees. However, often times in contexts of high informality, especially in fragile contexts there are not many income or employment opportunities for minorities or marginalised populations. In these situations, there are different ways

through which private sector development and private sector engagement can contribute to inclusive economic development:

- **Inclusive products and services.** Supporting the growth of products and services for or from minorities or excluded groups. Private sector partners can provide services such as microfinance, financial services for the people most in need or procure products/services from different population groups (e.g. rural farmers, ethnic minorities, etc.), contributing to their formalisation and inclusion in the market systems.
- **Trainings and upskilling.** Invest or support projects that train workers to improve their vocational skills and enter job markets. Having private sector engaging with development projects allows for a more relevant matching between needs of the market and skills of the labour force. Find more information and best practices of VSD in informal contexts on SDC's Employment and Income Shareweb ([Informal sector Topic Page e+i shareweb](#)).
- **Advocacy engagement.** Private sector organisations can become forces of change by engaging and advocating for more conducive framework for inclusive economic development.
- **Corporate engagement.** By becoming active investors, shareholders can engage with the company to improve the employment standards and policies of companies.
- **Promote formalisation:** SDC's work in informal sector is well exemplified in West Africa. For example in Benin ([Better public services in fourteen of Benin's communes](#)), SDC through a concerted effort contributed to the registration of 150 companies that used to operate in the informal sector. These companies are now officially registered and pay taxes, thereby contributing to local development. An [ILO publication from 2020](#) states that promoting formalisation is worth it if the benefits of formalization outweigh the costs at different system levels. Although there are clear benefits of formalisation, that should not be the sole concern of development projects in contexts of high work informality. Informal or semi-formal organisations should be supported as they provide workplaces and livelihoods to many families. For further information on promoting formalisation please visit ILO's [Self-guided online course on Enterprise Formalization \(Note: This course is not specific for fragile contexts\)](#).

To what extent is there a risk that IED programs in fragile contexts increase inequalities and gender gap? What are the main recommendations to contribute to more equality and women's economic empowerment in fragile contexts?

Risks of increasing inequalities and gender gap are a reality that development practitioners need to be aware of. We can't stress enough the necessity for clear context analysis that feeds into the design of projects/programmes (See the question above on translating the Dos and Don'ts of the slide deck into concrete strategies for more information on context analysis). While there is a risk that decontextualized interventions increase inequalities and gender gaps, context-specific inclusive economic development projects have the potential to foster the integration of marginalised populations and promoting gender equity.

SDC focusses on strengthening the rights of women and girls in fragile contexts and integrating a gender dimension into its strategies and projects, as further explained [on this webpage](#). Specifically, in IED projects this manifests into placing gender and social equity at the heart of program strategies. On financial sector development, for example, by promoting gender sensitive finance solutions, tailored to the needs of the local women and girls and considering the inherent challenges and risks they face (see a specific example from Jordan in the box below). On PSD, for example by empowering women through women-led entrepreneurial initiatives and supporting the establishment of women in labour markets. For VSD, examples are many but projects like the [Kakuma refugee camp in Kenya](#) are good examples of fostering social cohesion by offering training

support to different population groups (IDPs, refugees, host community). Engaging with the private sector can also provide good practices or examples on how to promote gender and social equity. Private sector organisations can set very strong standards when it comes to balancing hiring policies by considering gender diversity and ethnic realities. Furthermore, private sector actors can also set examples in supply chain management (e.g. procuring from ethnic minorities) or in marketing initiatives (e.g. having inclusive messages), among others. For more information please refer to the FAQ on leaving no one behind and to the FAQ on inclusion of minorities in VSD projects in fragile contexts.

The Swiss Capacity Building Facility (SCBF) is a platform launched by the SDC uniting around 25 partners, mainly Swiss financial institutions and impact investors. As a support facility, the SCBF aims to support financial institutions in the global South in the development and upscaling of innovative financial products for low-income households in order to promote responsible financial inclusion. The SCBF launched in 2018 an innovative project in cooperation with the Jordanian Microfund for Women (MfW), aimed at introducing a loan programme tailored to Syrian refugee women. MfW is the leading microfinance institution in Jordan, with 80% of its clients being female. Thanks to the feasibility study conducted with the support of the SCBF, MfW was able to identify the similarities and differences between the needs of Syrian refugees versus other foreign-born residents and began adapting its service offerings accordingly. The project provided lending services to around 4,000 Syrian refugee women, allowing them in many cases to start an economic activity (e.g. a tailoring shop) and achieve economic independence. The success of this pilot led MfW to increase its lending and non-financial services to this client segment and generated interest in refugee lending programmes among other Jordanian and foreign microfinance institutions. For more information visit [Swiss Capacity Building Facility \(scbf.ch\)](https://www.scbf.ch)