Employment Promotion in Contexts of Conflict, Fragility and Violence

Opportunities and Challenges for Peacebuilding

Crisis areas worldwide

Acronyms and Abbreviations

AfDB	African Development Bank
BMZ	Federal Ministry for Economic Cooperation and Development
CFV	Conflict, fragility and violence
CHF	Common Humanitarian Fund
CIMIC	Civil-Military Cooperation
CSR	Corporate Social Responsibility
DCED	Donor Committee for Enterprise Development
DFID	Department for International Development
DRC	Democratic Republic of Congo
ELMA	Employment and Labour Market Analysis
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
IDEA	Integrated Development of Entrepreneurial Activities
IDPs	Internally Displaced Persons
IEG	Independent Evaluation Group
IFC	International Finance Corporation
ILO	International Labour Organization
IRC	International Rescue Committee
LEAP	Liberian Employment Action Plan
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PPD	Public-Private Dialogue
PPP	Public-Private Partnership
PSD	Private Sector Development
SEED	Sustainable Employment and Economic Development
SMEs	Small and medium-sized Enterprises
SNV	Stichting Nederlandse Vrijwilligers
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
VTC	Vocational Training Centre
WB	World Bank
WDR	World Development Report
YOP	Youth Opportunity Programme

Table of Contents

Executive Summary

Engaging in contexts of conflict, fragility and violence

Engaging in contexts of conflict, fragility and violence is highly relevant to development cooperation. Over 1.5 billion people live in countries that are affected by the consequences of conflict, fragility and violence. Fragile and conflict-affected states lagged behind in achieving the United Nations Millennium Development Goals and fragility is likely to be the main obstacle to the implementation of the United Nations Sustainable Development Goals (Kaplan, 2015). Directing development cooperation towards resolving conflict, fragility and violence as well as working according to certain principles in order not to aggravate the situation and to obtain envisaged development objectives are key for engagement in fragile states.

This paper presents evidence that links employment promotion to conflict, fragility and violence, drawing on literature and practices in the field of employment promotion in these contexts. The aim of the paper is to reveal the peacebuilding-potential of employment promotion in overcoming fragility and conflict on the one hand (**working *on* conflict, fragility and violence**) and the particular challenges for employment approaches in these settings on the other hand (context-sensitivity / **working *in* conflict, fragility and violence**).

Fragile contexts can be distinguished by substantial shortcomings in one or more of the three classic dimensions of statehood: monopoly on the use of force, legitimacy, and the delivery of basic governmental services. **Conflict** is conceptualised as the relationship between two or more mutually dependent parties where at least one of the parties perceives this relationship in a negative sense or has interests and needs which conflict with those of the other party(-ies). **Violence** in this paper is understood as the intentional use of physical force or power against an individual, a group or a community.

Promoting employment in fragile contexts

It is generally assumed that peace and security can only be reached if the economic foundations of a country allow for a prosperous life of all groups. Employment and sustainable growth present key components of economic foundations and, hence, a peaceful development. Unemployment and economic disparities, on the other hand, can contribute to the perception of inequalities and injustice and lead to social segregation, frustration and marginalisation. The lack of opportunities and prospects often presents a major driver of conflict, fragility and violence. Development cooperation therefore aims for employment promotion in these contexts with both short- and long-term goals, such as the reduction of acute conflict and violence potential, the rehabilitation and improvement of livelihoods, the inclusion of marginalised groups, and the reduction of disparities to contribute to peaceful development.

Employment refers to all kinds of productive income generating activities including both self- and wage-employment, whether in the public or private sector or the formal or informal economy. German development cooperation applies an integrated approach to employment promotion which rests on the assumption that the causes of employment problems do not only stem from deficits in the labour market itself, but also from external conditions that influence demand and supply. Therefore, employment measures have to take into account the supply and demand sides of the labour market as well as the matching between them. Unemployment is not considered a root cause of conflict but rather a reinforcing factor that can contribute to frustration and the marginalisation of certain groups of people. German development cooperation therefore targets the permanent transformation of economic conditions as well as the creation of opportunities to build up capacity and offer alternatives to violence.

Employment promotion in contexts of conflict, fragility and violence: Innovative approaches and findings for development cooperation

The following innovative ideas and approaches of international and German development cooperation have proved promising in generating long-term economic opportunities under difficult circumstances (working *in*) and/or in directly addressing the dimensions of conflict, fragility and violence at stake (working *on*) . This was achieved by explicitly taking into account the basic principle of "do no harm".

Employment promotion in contexts of *fragility*

Weak state legitimacy and capacity
Weak state legitimacy and capacity is one of many factors that are routinely found to cause, trigger or reinforce fragility. The lack of economic opportunities for job creation is both a cause and a consequence of weak state legitimacy and capacity.

The perception of state institutions as illegitimate seriously restricts the room for manoeuvre (working *in* fragility) on any employment promotion effort. In the worst-case scenario, when an illegitimate government comes to power, donors may have to consider withdrawing their support altogether. If donors decide to deal with a government's unwillingness or limited political will to reform, their approaches to employment promotion should avoid direct cooperation with government and institutions. Instead, they should concentrate on supporting non-governmental actors and organisations from civil society and the private sector. Feasible approaches include cooperation with the private sector, e.g. through enterprise-based training, and bottom-up approaches in value chain development. Embedding employment promotion in more holistic local economic development initiatives can help identify decentralised entry points like community-based organisations that can deliver skills training and placement services.

Moreover, employment promotion has the potential to contribute to rebuilding government legitimacy and capacity (working *on* fragility) by improving the enabling environment for private sector development. This can be seen as a sign of the government's growing ability to attract business activity hence fostering state legitimacy in the eyes of entrepreneurs and citizens. Public-private dialogue has proved to be a successful tool not only to develop effective laws and regulations for an enabling business environment, but also to strengthen state legitimacy in the eyes of the private sector. Furthermore, employment promotion can include measures to encourage and guide tripartite dialogue between government, employers and employees. An emphasis on local content legislation has become a means for fragile states' governments to build their own legitimacy.

Societal fragility, mistrust and structural discrimination
Fragile societies are generally characterised by deep levels of mistrust and frustration. Inflicted losses, persistent insecurity, fear of new waves of violence and the lack of prospects are likely to severely undermine people's confidence in a stable future and damage the social capital that is critical for rebuilding the social fabric. In general terms, employment programmes, whether targeted at the supply or the demand side of the labour market, or at the matching of both sides, will heavily rely on and influence the level of trust within society and the willingness of adverse groups to cooperate.

As far as working *in* fragility is concerned, approaches to employment promotion that neither require a strong network of trust, nor rely on close collaboration between actors have better chances of yielding positive results in the short-run. These include 'cash-for-work', 'food-for-work', 'cash-transfer' programmes and short-term skills training.

Furthermore, employment promotion programmes can help restore social cohesion (working *on* fragility) at various levels. On an individual level, jobs provide self-esteem and social prestige. Economic interaction between stakeholders from different identity groups can help restore trust between (former) conflict groups. To foster inter-group interaction and trust at enterprise level, cooperation across clan boundaries, conflict sensitive employment and procurement strategies, and the promotion of events and conferences that facilitate interaction and trust have proved to be successful approaches. Within an economic sector, the value chain approach lends itself to reconciliation and trust-building as it relies on the incremental intensification and expansion of vertical and horizontal linkages. Tripartite dialogues cultivate mutual respect and trust between government and firms as well as between employees and employers. A thorough understanding of the political economy should form the basis for any intervention, as it provides the necessary background information to understand both the roots of mistrust and potential entry points for reconciliation.

Extreme economic and social disparities
The link between poverty and the risk of conflict has repeatedly been stressed. Employment promotion programmes always influence the distribution of income, be it by offering access to jobs to some (and not to others) or by increasing the income level of certain households (and not of others).

Common employment approaches in fragility and conflict settings (working *in* fragility), such as livelihoods approaches, community-based development and public employment schemes, will attempt to redress inequalities by focusing their support on vulnerable groups. To anticipate the temporary character of these programmes and increase the chances of longer-term employment opportunities, public employment schemes can be combined with contractor-training programmes, small enterprise up-grading and cooperative development (demand side), additional skills training (supply side), career preparation, development and transition, and continuous analysis of market demands and skills needs (matching in the labour market). Public employ-

ment should evolve into safety-net programmes or employment-guarantee schemes with compensation rates that are low enough to allow for self-targeting of those not able to directly integrate into the first labour market.

Employment approaches that seek to address the structural underpinnings of poverty and inequality (working *on* fragility) relate to e.g. labour rights and regulations as well as social protection programmes, for example by supporting the informal sector. The value chain approach also offers ample room to influence unequal power relations along the chain, with small producers usually holding the least amount of bargaining power and therefore experiencing the worst working conditions.

Youth unemployment and conflict dynamics
Unemployment and youth unemployment in particular is often portrayed as a trigger of social upheaval and armed rebellion. In response, youth employment promotion in fragile settings has become an urgent priority in international policies aimed at promoting stability and sustainable economic growth.

With regard to working *in* fragility, unsupervised and unconditional cash transfers to unemployed young people have shown the potential of alleviating capital constraints in stimulating economic growth and employment among conflict-affected young adults. Other promising approaches include wage subsidies to (micro) enterprises willing to hire low-skilled workers, mostly young people.

There is little evidence on how youth employment programmes have mitigated fragility factors (working on fragility), such as the risk of social upheaval or the tendency among youth to take up arms or join a rebellion. Youth employment approaches will need to address or be combined with other approaches that respond to the political and social factors that cause youth violence, particularly social inequality and political exclusion. In other words, employment promotion for young adults in fragile settings needs to be embedded in an integrated multi-sector approach, as jobs alone may fail to alleviate political and social marginalisation.

Organised crime

High crime and violence rates discourage both domestic and foreign business investment and stifle economic growth by inflicting high costs on the private sector. To cope with a context of urban violence and crime in relatively stable developing countries (working *in* fragility), firms have been found to adjust security measures, e.g. by interrupting operations at nightfall, and incur significant additional investments in protection, and training employees in crime prevention.

Firms have also been found to proactively address violence and crime (working *on* fragility), for example through internship programmes for at-risk youth, public-private micro-finance and public-private forums/cluster initiatives. The media, particularly web-based social networking and mobile apps, proved to be an effective tool not only to achieve a better image for investors, but also to increase accountability of local authorities. Successful examples include zero-tolerance campaigns against criminal activities and tools to report crime.

Employment promotion in the context of transnational organised crime in post-conflict settings often forms part of alternative livelihoods approaches that have somehow been successful in generating additional income but much less successful as a tool to prevent young men from engaging in illegal activities. As a prerequisite, employment promotion in such contexts should seek to be aware of underlying power networks and criminal organisations and promote the diversification of agricultural production, rural development, and the introduction of alternative high-value crops.

Employment promotion in contexts of high degrees of insecurity and *violence*

Fragile contexts present a higher risk environment (working *in* insecurity and violence) than non-fragile environments for the people who live there as well as for external development actors. In some cases, high levels of insecurity might impede any form of external support. However, conventional

wisdom, which demands a minimum level of security before supporting economic development can begin, has been challenged by recent thinking. Over the past few years, there has been an increased awareness of the fact that the risk associated with not engaging tends to outweigh the risks of engaging in the first place.

The safety of personnel, partners and target groups should receive highest priority. Mobile cash transfers can be used to pay for emergency or temporary employment in rural areas in order to minimise risk and avoid exposing beneficiaries to insecurity. Civil Military Cooperation can offer a structure for employment promotion in environments that remain highly insecure. The effects that insecurity has on the private sector should be planned for and addressed, for example through a balanced distribution of risk along the value chain.

Employment promotion is also used as a tool to foster short-term and long-term security (working *on* insecurity and violence), either by removing the threat or by improving protection. Temporary employment (e.g. labour intensive public work schemes) can serve as a tool to improve security in the short-run both by drawing the population away from insurgent activity and by directly improving security, e.g. through keeping streets clean. However, it is questionable whether short-term security can translate into longer-term stability if employment opportunities remain temporary. Government ownership makes local programme implementing agencies less vulnerable to attacks and enhances the image of the nascent government.

An integrated approach to economic development that combines business and financial management training for small and medium-sized enterprises with access to finance, trade and employment fairs as well as business environment reforms can also be useful to create more long-term employment for stability. Moreover, ongoing market analysis and close collaboration with powerful allies in government and the private sector have been highlighted as success factors of broad-based interventions.

Employment promotion amidst the consequences of armed *conflict* and *violence*

Weak physical infrastructure

Violent conflict leaves profound traces in a country's physical infrastructure, which represents a fundamental constraint on business (working *in* conflict and violence). In conflict-affected countries, transaction costs are extremely high and trade and business activities are seriously limited which prevents employment growth. Approaches that do not rely on physical infrastructure, such as community-based approaches and mobile training units, are therefore more likely to be successful. Special Economic Zones can be of particular interest in a country where the general business environment and infrastructure are extremely weak and where reconstruction will take years before investment promotion can take off.

Apart from the above-mentioned issues, the objectives of employment creation and reconstruction can be easily combined (working *on* conflict and violence). Emergency employment programmes have also proved effective in rehabilitating basic infrastructure in a short period of time, as their primary objective is to create immediate temporary employment for large segments of the population. Larger companies often overcome the lack of infrastructure by developing their own facilities. Economic development actors could serve as mediators between these companies and the state in order that the community and local entrepreneurs can benefit from these facilities. Furthermore, remittances can play a key role in rebuilding infrastructure as they provide a more stable income than most other external flows. Initiatives have emerged that seek to harness the economic and social potential of these flows.

War-affected populations

Whether they were actively involved in armed struggle as ex-combatants or passively affected as refugees and internally displaced persons, war-affected populations are generally found to be the most vulnerable groups in conflict-affected environments. Specific needs of former combatants and displaced persons as well as the challenges posed to their socio-economic reintegration (due to legal status, social stigma) need particular attention.

Economic activities of refugees are generally heavily restricted by legal constraints (working *in* conflict and violence), including limitation on movement, no or only partial labour market access or denial of financial and non-financial services for entrepreneurs. This restriction also has a political implication for development organisations' decision to support longer-term solutions that could either prepare displaced persons for a return to their place of origin or help them to establish a more long-term existence in their places of presumably temporary residence. Approaches to employment promotion among displaced populations risk having negative effects in terms of conflict if they fail to understand the political context or prioritise effectiveness over inclusiveness.

Conventional approaches to economic empowerment of refugees and internally displaced persons include a mix of temporary cash and in-kind assistance, education and training, micro-business start-up services, and referral to healthcare and psychosocial services. A new approach consists in micro-franchising through private sector partnership, which has proved particularly appropriate for vulnerable population groups. Experience from skills training programmes emphasises the importance of connecting refugees to a broader network through the private sector, banks and local officials. Furthermore, skills training should be combined with broader life skills, awareness creation, networking/matchmaking activities and rights-based approaches.

To work *on* conflict and violence, skills training is commonly promoted as a means to improve the employability of ex-combatants in order to increase their chances of either finding wage-employment or establishing their own business. To avoid a typical training-job mismatch, interventions should be based on labour market assessment and ensure community buy-in and high-quality training and business support. To avoid grievance among the host communities, programmes should not exclusively target former combatants, but adopt an inclusive approach by extending support to those communities into which ex-fighters are to reintegrate.

Recommendations

Apart from the above-mentioned specific approaches of employment promotion in contexts of conflict, fragility and violence, more general recommendations along the project cycle help minimise the risks of doing harm and unleash the potential of employment promotion to contribute to more resilient societies. An approach is needed that departs from a thorough understanding of the conflict dynamics at stake, recognises the interaction of the planned engagement and conflict dynamics, and acts upon these insights.

Analysis and Project Design

As a first step, employment and labour market analyses should be combined with a conflict, fragility and violence specific context analysis. With regard to the definition of objectives, peace-building should be incorporated as a secondary goal to employment promotion in fragile settings. The design of interventions should involve all relevant stakeholders and be embedded in or linked to more holistic approaches and longer-term employment prospects. The exclusive targeting of certain groups as well as sectors that are dominated by one particular group should be avoided.

Project Management

During project management, projects should avoid enticing skilled personnel away from government or private companies. Reliable, realistic and regular information about employment prospects can help manage expectations. Employment promotion programmes should actively promote transparency and accountability and systematically ensure that all relevant stakeholders have been consulted.

Monitoring and Evaluation

In contexts of conflict, fragility and violence, there is a need for a broader and more complex monitoring and evaluation scope to assess the impact of employment programmes on conflict/peacebuilding dynamics and its systematisation. Monitoring the inclusiveness of the participatory process is as important as recording their actual results, with quality and distribution of employment being as important as the number of jobs created. The focus in measuring should move from *de jure* outputs to *de facto* outcomes. Monitoring and evaluation will therefore require a higher percentage of programming costs than routinely allocated for interventions in non-fragile settings.

Barbed wire surrounds a military installation in Senegal

Introduction

Engaging in contexts of conflict, fragility and violence

Engaging in contexts of conflict, fragility and violence (CFV) is highly relevant to development cooperation. Over 1.5 billion people live in countries that are affected by the consequences of conflict, fragility and violence (World Bank, 2010b). These consequences jeopardise development opportunities and pose a risk to regional and global security. Poverty, violence, and weak peace agreements can lead to repeated cycles of violence, the so-called conflict trap. Furthermore, contexts of conflict, fragility and violence tend to give rise to terrorism and organised crime. The economic costs of conflicts cannot be denied: on average, violent conflict costs a country 30 years of GDP growth and subjects an additional 20% of people to severe poverty (World Bank, 2010b). The magnitude of the challenges of fragility is underlined by the fact that no fragile country has reached any of the MDGs so far. For this reason, in recent years, policy initiatives at the international and national levels have been aiming for a more effective development cooperation, which is adjusted to the specifics of fragility and based on partnership between donors and partner countries.

One of the greatest challenges of fragility is unemployment: unemployment and economic disparities can lead to social segregation, frustration and marginalisation. The lack of opportunities and prospects is often a major driver of conflict, fragility and violence. In the international debate, the strong relationship between economic foundations, employment, and improvement of livelihoods, peace and security has often been stressed.

According to the World Development Report 2011, employment is one of the key requirements for peace and development (World Bank, 2010b). Despite the lack of robust evidence of the correlation between unemployment and conflict, most development actors link the promotion of income and employment with conflict prevention and implement respective measures. It is commonly assumed that peaceful work opportunities will deter people, especially men, from crime and violence.

This paper presents evidence linking employment promotion and conflict, fragility and violence and takes stock of literature and practices in the field of employment promotion in CFV contexts. The aim of the paper is to reveal the peacebuilding-potential of employment promotion in overcoming fragility and conflict on the one hand (**working *on*** CFV), and the particular challenges for employment promotion in fragile settings on the other hand (context-sensitivity / **working *in*** CFV). Eventually, the paper puts forward recommendations with regard to approaches, challenges and context sensitivity of employment promotion and peacebuilding and provides input for practitioners working in this field. Due to the fact that empirical evidence in this field is limited, the paper concentrates on experience from development cooperation, new conceptual ideas and innovative approaches in international development cooperation and groups initiatives according to typical dimensions of fragility. At the same time, the paper argues for further systematisation and analysis of employment promotion experiences in contexts of conflict, fragility and violence with the ultimate aim to create a conceptual framework of the links between employment promotion and peace and stability.

As outlined above, both directing development cooperation towards overcoming conflict, fragility and violence as well as working according to certain principles in order not to aggravate the situation and to obtain envisaged development objectives are key for engagement in fragile states. Special attention will therefore be devoted to the importance of applying the "do no harm" principle to employment promotion in fragile contexts. If not considered appropriately in the design and implementation of the projects, the context conditions of fragility and violence can result in the failure to reach the objectives of employment promotion.

The first chapter addresses the link between employment, social cohesion, and peacebuilding and points out the challenges and obstacles of employment promotion in contexts of conflict, fragility and violence. Furthermore, it briefly describes the integrated approach to employment promotion in German development cooperation.

The second chapter focuses on practice in the field of employment promotion in CFV contexts and presents a selection of innovative approaches to employment promotion that have proved effective in generating long-term economic opportunities under difficult circumstances while not hampering - and ideally even supporting - broader state- and peacebuilding efforts. In this regard, this chapter presents the results of a desk study on international and German approaches to employment promotion with regard to a) working *in* conflict, fragility and violence and b) working *on* conflict, fragility and violence.

Chapter 3 summarises recommendations for employment promotion measures in CFV contexts. The aim is to highlight key issues along the project cycle that help minimise the risks of doing harm and to unleash the potential of employment promotion to contribute to more resilient societies.

In terms of conceptual clarification, it is important to stress that for the purpose of this paper the term 'employment' refers to all kinds of productive income generating activities including both self- and wage employment, whether in the public or private sector, or the formal or informal economy. Preference is given to the use of 'employment' instead of 'jobs', as the former is usually applied in a broader sense, as defined by ILO in its decent work definition.[1]

Fragility is understood as a multidimensional concept as outlined by the German Federal Ministry for Economic Cooperation and Development (BMZ) in its Strategy Paper on Peace and Security. Fragile contexts can be distinguished by substantial shortcomings in one or more of the three classic dimensions of statehood: monopoly on the use of force, legitimacy and the delivery of basic governmental services. It can also be defined as "a condition of elevated risk of institutional breakdown, societal collapse or violent conflict" (AfDB, 2014, p. 3).

Thus, countries affected by conflict, fragility and violence usually show some of the following development constraints: weak legitimacy of state institutions, restricted monopoly on the legitimate use of force, limited degree of rule of law, high level of violence, corruption and human rights abuses

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1 ILO's Decent Work concept "is based on the understanding that work is a source of personal dignity, family stability, peace in the community, democracies that deliver for people and economic growth that expands opportunities for productive jobs and enterprise development. Decent Work reflects priorities on the social, economic and political agenda of countries and the international system. In a relatively short time this concept has forged an international consensus among governments, employers, workers and civil society that productive employment and Decent Work are key elements to achieving a fair globalization, reducing poverty and achieving equitable, inclusive, and sustainable development" (http://www.ilo.org/global/about-the-ilo/decent-work-agenda/lang--de/index.htm).

(BMZ, 2013). These development constraints can be considered key characteristics of fragility and are often intertwined and mutually reinforcing. Furthermore, they can fuel conflicts.

However, it is difficult to single out individual causes for conflict, which are mostly manifold and multidimensional and can be of economic, social or political origin. Conflicts can be intensified by context conditions such as individual experiences of conflict and violence or the unwillingness of the ruling elite to reach an inclusive political settlement. Conflict, in accordance with the BMZ definition, is thus conceptualised as the relationship between two or more mutually dependent parties where at least one of the parties perceives this relationship in a negative sense or has interests and needs which conflict with those of the other party(-ies) (BMZ, 2013).

Last but not least, violence in this paper is understood as the intentional use of physical force or power against an individual, a group, or a community. Development cooperation in fragile states is confronted with different degrees and combinations of the above-named characteristics of fragility and has to adopt policies and measures based on thorough assessments of conflicts, contexts and needs for peace and security.

Additionally, a gender perspective is applied throughout the paper, taking a closer look at living conditions of women and men and gender inequalities. Women are still widely underrepresented in the labour market and suffer from diverse forms of discrimination, such as difficult access to the for-

mal labour market, wage disparities, occupational segregation, or a disproportionately high share of women in the informal economy. In (post-)conflict countries women do not only suffer from sexual violence, they also face the challenge of earning the livelihood for their families, if male family members do not survive or are sick or absent. Therefore, it is assumed that a targeted employment promotion for women can contribute to economic and societal stability.

The term 'approaches' encompasses specific instruments of employment promotion (e.g. vocational training, micro-finance, value chain development), as well as more general choices in programming, implementation, monitoring and evaluation (e.g. multi-layered and integrated approach, multi-stakeholder participation, conflict-sensitive targeting of project location, industry, counterpart, implementing partners and beneficiaries, etc.).

A member of a women's microfinance group sells fruits and vegetables in Gulu, Uganda

1 Promoting employment in fragile contexts

1.1 International approach to economic foundations and conflict, fragility and violence

At the international level, there is a consensus that peace and security will be reached, if economic foundations allow for a prosperous life of all groups within a country. In 2011, the World Development Report "Conflict, Security and Development" set a landmark in the discussion on conflict, fragility and violence. The report summarises research from the previous decade and points out that it is "security, justice and jobs" that have to be at the core of development programmes in order to overcome repeated cycles of violence (World Bank, 2010b).

Furthermore, the "New Deal for Engagement in Fragile States"[2], an agreement between donors and the self-proclaimed fragile countries (the g7+ group), proposes five key Peacebuilding and Statebuilding Goals (PSGs), focuses on new ways of engaging in fragile contexts, and identifies commitments to build mutual trust and achieve better results in fragile states.

The five PSGs are designed to guide development cooperation in fragile countries and recognise the overarching task of overcoming fragility by giving priority to five areas on which fragile states and donors should concentrate their efforts:

→ Legitimate Politics - Foster inclusive political settlements and conflict resolution;

→ Security - Establish and strengthen people's security;

→ Justice - Address injustices and increase people's access to justice;

→ Economic Foundations - Generate employment and improve livelihoods;

→ Revenues & Services - Manage revenue and build capacity for accountable and fair service delivery.

1.2 Employment, social cohesion and peacebuilding

The link between employment promotion, stability and peace has been put centre-stage in the international debate on fragility. As stated above, among development actors, it is widely assumed that in countries marked by conflict, fragility and violence, stability and peace are more likely to endure if sustainable economic opportunities are created for a large segment of the population (BMZ, 2013; ILO, 2011; UN, 2009; UNDP, 2013; USAID, 2009a; World Bank, 2010b; World Bank, 2012). However, while new donor employment promotion strategies emerge, empirical evidence with regard to how employment can reduce the risk of conflict and foster stability and peace remains scant (Cramer, 2010, p. 1; Walton, 2010, p. 2). In the current literature, assumptions prevail that the perceived lack of prospects is widely supposed to contribute to the engagement of young people in political violence and crime. Unemployment, perceived disadvantages on the labour market, such as a lack of transparency, discrimination on the grounds of ethnicity or denomination, as well as the lack of respect and recognition can be drivers of violence (Cramer, 2010, p. 25). Although no macro-statistical relationship between unemployment and conflict can be determined (Collier, 2010, p. 25), negative experiences in the labour market and collectively experienced discrimination may directly contribute to violence (Cramer, 2010, p. 25).

A central concept which is often discussed in the context of employment promotion and peace and security is social cohesion. The World Development Report 2013 on Jobs discusses the relationship between fragile statehood, social cohesion and employment (World Bank, 2012) arguing that job creation can contribute to peacebuilding and stabilisation through its impact on social cohesion. Social cohesion refers to inclusive and long-term processes allowing for social mobility and inclusion of social groups (Marc et al., 2013).

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2 The New Deal for Engagement in Fragile States was adopted by the members of the International Dialogue on Peace- and Statebuilding (IDPS) in 2011 at the High Level Forum on Aid Effectiveness in Busan with the aim to improve development cooperation in fragile and conflict-affected contexts.

Kilroy emphasises the importance of relationships between individuals and groups that arise at work and how they can contribute to social cohesion (Kilroy, 2013, p. 7).

Increasing social cohesion, for instance in the form of intact working environments, can positively influence peacebuilding processes and stability. However, it remains an open question to what extent relationships developed at work can be transferred to other areas or can increase skills to solve general social problems and conflicts between groups (Kilroy, 2013, p.19). Many authors agree that the extent to which employment can contribute to social cohesion, or whether it can at all, also depends on the particular contexts, such as family structures and social networks, national economic and employment policy, labour legislation and social norms. (Norton and de Haan, 2012; Wietzke and McLeod, 2013, World Bank, 2012).

According to the World Bank, certain types of employment are more suitable for strengthening social cohesion than others. If jobs are motivating and empowering, build confidence and give people a voice, they can enhance trust and people`s willingness to participate in civil society, which are measurable indicators of social cohesion at the individual level (World Bank, 2012).

Norton and de Haan list several elements associated with formal employment, which improve social cohesion:

→ Stability to allow the formation of families;

→ Protection by labour laws and / or trade-related organisations;

→ Social security and education for children (Norton and de Haan, 2012, p.13).

Subsequently, employment promotion measures which ultimately aim to contribute to peace and security should also work towards the improvement of social cohesion. However, there is no clear empirical evidence yet on the correlation between employment promotion, social cohesion and peace. While the World Development Report 2011 argues that employment, justice and security are the key requirements for peace and stability (World Bank, 2010b), a recent study from Mercy Corps on youth and unemployment questions this link, asserting that the main reason young people engage in political violence is the experience of injustice, such as corruption, abuse of security forces or discrimination, rather than unemployment (Mercy Corps, 2015).

1.3 Challenges for employment promotion in fragile contexts

According to the International Labour Organization (ILO), more than 200 million people worldwide are unemployed.[3] Not covered by this figure are the various forms of underemployment including overqualification/underutilisation of skills and involuntary part-time employment. Women and young people are disproportionately affected by unemployment, underemployment and poor working conditions (World Bank, 2013). Productive employment and decent work are considered the main routes out of poverty (OECD, 2009b).

Particular challenges are faced when addressing employment in contexts of conflict, fragility and violence with it often being affected by economic stagnation, a lack of private sector investment and high political instability. Further problems can be a shift in employment potential towards the informal sector and high illegal employment. Moreover, in some fragile contexts, economies of violence develop, which are characterised by the systematic appropriation of income through the use or threat of violence. Unemployment in fragile contexts can lead to vicious circles: according to a study by the World Bank, political instability, the lack of infrastructure and corruption are the main obstacles for private investment (World Bank, 2012, p. 196), which plays a crucial role in post-conflict economic development and poverty alleviation.

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3 World Employment and Social Outlook: Trends 2015. International Labour Organization. 2015.
  http://www.ilo.org/global/research/global-reports/weso/2015/lang--en/index.htm

In peace and security research and practice, there is a growing consensus that poverty in itself is not a source of conflict. It is rather horizontal and vertical inequalities that can be seen as triggers for violence and conflict. Unemployment can contribute to the perception of inequalities and injustice. Therefore, development cooperation seeks employment promotion in contexts of conflict, fragility and violence with both short and long-term goals, such as:

→ Reducing acute conflict and violence potential by promoting employment, income and social integration of conflict-related groups such as ex-combatants or war victims in immediate post-conflict situations;

→ Rehabilitating and improving the livelihoods of conflict-affected populations such as returning refugees;

→ Addressing the root causes of violent conflict, promoting decent employment and the economic and social inclusion of marginalised groups, and reducing disparities in the labour market;

→ The long-term improvement of career prospects and social participation of young people to contribute to peaceful development.

1.4 German approach to engagement in fragile contexts

Based on these international discussions and long-term German engagement in fragile and conflict affected situations, the German Federal Ministry for Economic Development and Cooperation (BMZ) has defined three core objectives for development cooperation in fragile contexts recognising that development cooperation in fragile states requires a special focus on overcoming fragility:

→ Addressing the cause of conflict, fragility and violence;

→ Improving the capacity for non-violent conflict transformation;

→ Creating an environment for peaceful and inclusive development.

Addressing conflict, fragility and violence is crucial for the success of development cooperation, since their impacts affect more than half of the German partner countries (BMZ, 2013). German development policy is based on the conviction that social changes are primarily endogenous processes and that development inputs need to be embedded

Protesters demanding jobs in Quezon City, Philippines

in the respective social, historical, cultural and political contexts. A good knowledge of the specific context is therefore essential. To ensure that development cooperation is effective, the BMZ strategy suggests a range of principles for action in fragile and conflict-affected contexts:

→ Design development activities that are context-related and focused on the needs for peace and security;

→ Deal openly with conflicting objectives and dilemmas;

→ Define realistic objectives;

→ Improve risk management at all levels;

→ Do no harm: avoid negative impacts of interventions and act in a conflict-sensitive manner;

→ Align strategies with local structures and actors;

→ Enable rapid successes but maintain long-term perspective.

A key principle in the German approach to development cooperation in fragile contexts is the "do no harm" principle, which targets the prevention of negative or adverse effects of development cooperation (BMZ, 2013). External interventions in local contexts should be designed in a conflict-sensitive manner and should avoid exacerbating conflict, fragility and violence. Negative effects are often unintentional and can be provoked, for instance, if donors or the international community are too dominant thus undermining local ownership and the legitimacy of local elites. Often, external measures, which only target one group or community, unintentionally result in the further marginalisation of already disadvantaged groups or strengthen the benefitting group disproportionately. More difficulties can arise when local elites in the partner countries exploit development activities or aid for their own purposes. Applying the "do no harm" principle to all interventions in fragile states, even if their direct target is not related to peacebuilding

or statebuilding, is therefore a key principle of German development cooperation. In addition, employment promotion measures in fragile contexts have to take conflict sensitivity into account. When reflecting on employment promotion measures, this paper will therefore consider potential adverse effects of those measures.

In summary, the German approach to the engagement in CFV contexts is a robust system encompassing guidance and orientation both for peacebuilding and statebuilding in order to address peacebuilding needs and the challenges related to engagement of development cooperation in contexts of conflict, fragility and violence.

1.5 German approach to employment promotion in fragile contexts

German development cooperation applies an integrated approach to employment promotion, which rests on the assumption that the causes of employment problems do not only stem from deficits in the labour market itself, but also from external conditions that influence demand and supply (see Figure 1). In general, it is assumed that labour supply and demand likewise have an impact on employment generation. On the labour demand side, for example, an unfavourable business environment or a poorly developed private sector might restrict the expansion of businesses thus limiting the demand for labour. Regarding the supply side of labour, low employability of a large part of the labour force often leads to unemployment or underemployment and at the same time to job vacancies. Deficits in the education system and low productivity of workers because of illness, poor nutrition, etc., usually play a major role in preventing a better match of labour supply and demand. Therefore, efforts to foster employment include creating jobs, in particular through private sector development, promoting employability through training, improving matching in the labour market through job placement and career counselling services, as well as promoting employment-oriented economic policies.

There is growing consent, especially in contexts of conflict, fragility and violence, that all three dimensions of the labour market have to be taken into consideration before designing employment measures: labour supply, labour demand and the matching between supply and demand (GIZ, 2014, p.2). Ideally, the overall framework, i.e. economic and employment oriented policies, labour market regulations and institutions, need to be gradually built and strengthened in order to enable the matching between the workforce and employment opportunities.[4]
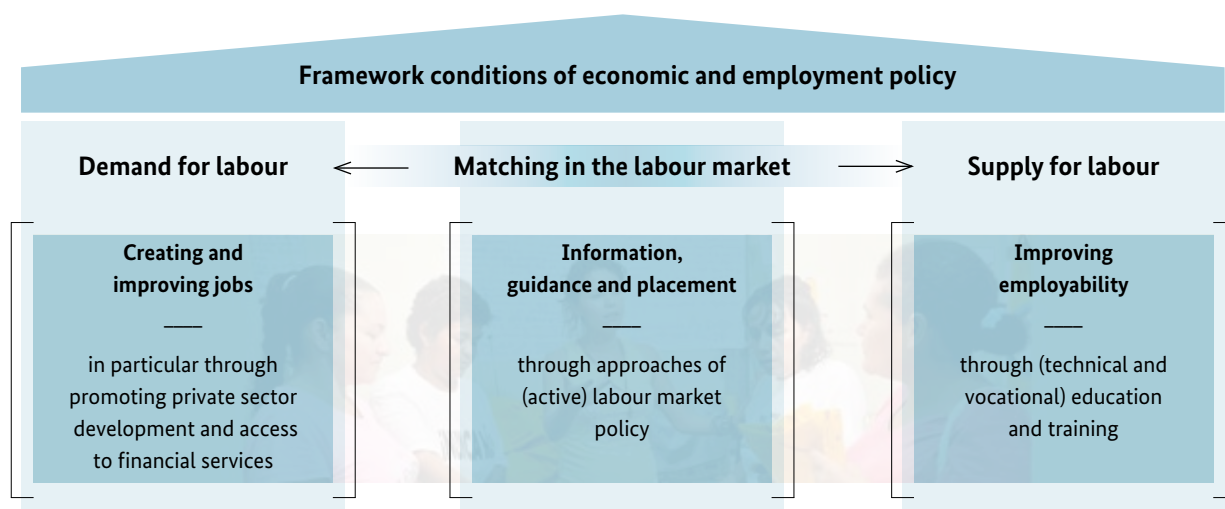
Unemployment is not considered a root cause of conflict but rather a reinforcing factor that can contribute to frustration and marginalisation of certain groups of people. German development cooperation therefore targets the permanent transformation of economic conditions as well as the creation of opportunities to build up capacity and offer alternatives to violence. Often, interventions aim to create income and employment prospects for specific target groups without limiting access of other groups on the basis of discrimination. Important areas of intervention in the German approach to employment promotion in contexts of conflict, fragility and violence are:

→ Promoting the private sector in a conflict-sensitive manner;

→ Stimulating local economic cycles, for example through vocational education or micro-finance approaches;

→ Providing social and economic infrastructures for marketing, trade and transport as a means of encouraging peaceful exchange and interactions.

Based on the outlined general links between employment promotion and conflict, fragility and violence, the following chapter will look at some of the key characteristics of this relationship in more detail.

Figure 1 **// The Integrated Approach to Employment Promotion**

Framework conditions of economic and employment policy

Demand for labour	**Matching in the labour market**	**Supply for labour**
Creating and improving jobs ——— in particular through promoting private sector development and access to financial services	**Information, guidance and placement** ——— through approaches of (active) labour market policy	**Improving employability** ——— through (technical and vocational) education and training

Source: Own representation

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4 See also Lange, R. et al. (2014)

Open-air "corner shops" in Sana'a, Yemen

2 Employment promotion in contexts of conflict, fragility and violence

Innovative approaches and findings for development cooperation

This chapter provides a detailed description of the relationship between employment promotion and conflict, fragility and violence. The chapter is divided into three sections. The first section introduces factors that are routinely found to cause, trigger or reinforce fragility and identifies approaches to employment promotion that are best suited to address them. The next section sheds light on the implications of increased and quickly changing levels of insecurity for programming and explores feasible ways to adapt employment promotion strategies to situations of **violence**. The third section focuses on consequences of armed **conflict**, such as the special needs of war- or violence-affected populations and weak physical infrastructure, and identifies approaches to employment promotion, which are most likely to be effective in such contexts.

Each of these three sections will start by providing a short description of the difficulties that risk being encountered and sketch the challenges they pose to employment promotion. This will be followed by a review of illustrative examples of employment approaches that seem to work rather well, despite the particular challenges generally encountered in those environments. Whenever available, compelling approaches that appear to have the potential to not only generate employment effectively in those settings, but to also directly address the fragility/conflict/violence dimension at stake will then be presented. While the first category of approaches is labelled as 'working *in* conflict, fragility and violence', the second is referred to as 'working *on* conflict, fragility and violence'.[5] Each section will conclude by highlighting the major findings.

The peacebuilding needs, insecurity issues and consequences of violent conflict discussed in this chapter largely correspond to the fragility dimensions as outlined in the New Deal's Five Peacebuilding and Statebuilding Goals[6]. They also correspond to the four peacebuilding aspects identified by the Donor Committee for Enterprise Development (DCED), to which private sector development can and should contribute.[7] Furthermore, the outline of this chapter closely relates to the key issues of the BMZ sectoral understanding for peace and security as outlined in the Sector Strategy "Development for Peace and Security".

2.1 Employment promotion in contexts of *fragility*

The aspects explored in this section include weak state legitimacy and capacity (2.1.1), societal fragility (2.1.2), economic disparities (2.1.3), youth unemployment (2.1.4) and (transnational) organised crime (2.1.5), which are the issues most frequently referred to in policy documents and relevant fragile and conflict-affected states literature. However, the list is by no means comprehensive.

2.1.1 Weak state legitimacy and capacity

The incapacity of state governments and/or their lack of political will to provide basic services to their citizens form the common denominators in the wide variety of fragile states definitions (BMZ, 2013; OECD, 2007). The 2011 World Development Report on Conflict, Security and Development highlighted the lack of economic opportunities for job creation as both a cause and a consequence of weak governments. The lack of jobs is generally associated with the incapacity of the government to create an environment that would attract investment and allow businesses to grow and create employment. This (perceived) incapacity, in turn, is likely to impair governments' legitimacy in the eyes of the private sector by groups such as potential employers, would-be entrepreneurs and job-seekers. Hence, deficient government capacity and lacking state legitimacy are interdependent and mutually reinforcing.

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5 This analytical distinction is inspired by Grossmann et al. who distinguish between "working in conflict" and working on conflict" (2009, p. 11).
6 The main fragility dimensions put forward by the New Deal correspond to the five Peacebuilding and Statebuilding Goals: legitimate politics, security, justice, economic foundations and revenues and services (http://www.newdeal4peace.org/peacebuilding-and-statebuilding-goals/).
7 The working group 'Private Sector Development in Conflict-Affected Environments' explored the interaction of private sector development with the four following Peacebuilding dimensions: good governance, infrastructure, security and economic development. Although conventional private sector development in conflict-affected settings has focused exclusively on the domain of economic development, donors within the DCED concur in recognising that private sector development (PSD) impacts on all aspects of Peacebuilding, hence the need to monitor these effects more broadly (Curtis et al., 2010, p. 3)

Working *in* conflict, fragility and violence: Employment promotion despite lacking state legitimacy and capacity

If conflict, fragility and violence are localised, it is easier to rebuild government capacity and legitimacy: the services of functioning state institutions in relatively stable regions can gradually be extended to the conflict-affected regions once a minimum level of security has been achieved. In contrast, where entire countries are marked by the absence of legitimate and functioning state institutions, challenges are daunting. The perception of state institutions as illegitimate seriously restricts their room for manoeuvre in any employment promotion effort.

In the worst-case scenario, when an illegitimate government comes to power, donors may have to consider withdrawing their support altogether, weighing the risk of engagement against the risk of not engaging. If donors decide to deal with a government's unwillingness or limited political will to reform, their approaches to employment promotion should avoid direct cooperation with government and institutions. They should instead concentrate support on non-governmental actors and organisations from civil society and the private sector. Compromise approaches that avoid direct cooperation with national government, but seek partnerships with less change-adverse or even development-oriented local government authorities, might also offer an entry point for conflict-sensitive employment promotion.

Feasible approaches that focus on the supply side of the labour market include cooperation with the private sector and its institutions, e.g. through **enterprise-based training**, in which non-formal skills training is organised "in-house" by well-established companies like, for instance, the DAL group in Sudan (UNIDO, 2011) or by traditional artisans in the form of traditional apprenticeships[8]. Donors can support private companies' commitment, and increase their outreach to vulnerable populations, by means of information campaigns, additional training modules (e.g. English language or functional literacy courses) or subsidies (Dudwick and Srinivasan, 2013, p. 66).

On the demand side of the labour market, **bottom-up approaches in value chain development** have proved successful "even in the absence of well-functioning government institutions and supportive officials" (Dudwick and Srinivasan, 2013, p. 3). By up-grading local companies and linking them to potential buyers, the demand for local labour can be increased.

Alternatively, where private sector presence remains weak, employment promotion can be channelled through non-governmental organisations like community-based organisations that can deliver skills training and placement services where government institutions are unwilling or unable to do so (UNIDO, 2011, p. 117).

Embedding employment promotion into more holistic local economic development initiatives can help identify such decentralised entry points. The UN Post-Conflict Employment Policy indeed recommends a focus on medium-term efforts[9] on employment promotion that is leveraged and supervised by local government and community groups and to use local tax revenue at least partly to subsidise those efforts (UN, 2009, p. 22). Most importantly, interventions should refrain from establishing parallel structures to substitute non-functioning state institutions.

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8 Traditional apprenticeship is understood as the system by which skills are transmitted from a father or a mother to one of their children, or between close family or clan members. Traditional apprenticeship systems have in many regions evolved into informal apprenticeship systems, which are open to apprentices from outside the family or kin group. Such arrangements were for instance successfully supported in a government youth employment scheme in Northern Uganda (described in section 2.1.4), where traditional artisans took on paying students as apprentices.

9 Medium-term efforts in the logic of the UN three-track-approach correspond to track B with a focus on "local economic recovery for employment opportunities and reintegration". Track A and track C primarily aim at short-term "stabilizing income generation and emergency employment" and long-term "sustainable employment creation and decent work" respectively (UN, 2009).

DO NO HARM
AVOID UNDERMINING STATE LEGITIMACY
AND OVERBURDENING CAPACITY

However, two major caveats have to be kept in mind with regard to a state's nascent legitimacy. First, a "do no harm" approach will require more than avoiding direct cooperation with state institutions, as links between state institutions, society and business are complex. Any intervention in such an environment has to be designed on the basis of an in-depth and continual analysis of the political and economic interests and incentives of potential partners, as well as their connection to (former) conflict parties or political elites.

Second, if non-state actors are enabled to deliver services such as basic skills training or micro-finance – something development assistance should do to minimise dependency on foreign assistance (Blum and LeBleu, 2009, p. 71) – this may reinforce a general perception of the state as being unable to fulfil its core functions. Donors are therefore greatly advised to keep seeking dialogue with state authorities, both at the national and the local level, in order to identify windows of opportunity where willingness for reform may emerge and allow development partners to rebuild government legitimacy by fostering public capacity to actually deliver services.

When confronted with weak state capacity, employment promotion interventions should avoid overloading government authorities by adding yet another programme without **coordinating efforts with other donors** and by choosing approaches which are rather time-consuming. For example, the use of training vouchers or micro-finance schemes to boost employment generally involve extensive organisation and monitoring to run effectively. Yet, most fragile and conflict-affected governments struggle with the lack of personnel and financial capacities (World Bank, 2013, p. 1). In contrast, the Ugandan Youth Opportunity Programme described in section 2.1.4 offers a good example of an approach that requires minimal resources.

If governments are willing to assume responsibilities but lack the financial or personnel capacities to do so, **public private partnerships** (PPP) can be a powerful tool. In Bosnia, for example, the private sector constructed modern stables for dairy cows and the municipality covered the fees required to issue a construction permit (UNDP, 2014, p. 11). By still playing a role, however marginal it may be, governments can build or foster legitimacy despite a lack of capacity.

Working *on* conflict, fragility and violence: Potential contribution of employment promotion to restoring state legitimacy and building capacity
In the absence of well-functioning and development-oriented state institutions, employment promotion moreover has the potential to contribute to rebuilding government legitimacy and capacity. There are several ways to channel such a positive contribution:

First, once a minimum will to reform exists, employment promotion should comprise efforts to **improve the enabling environment for private sector development**. A growing private sector and an increase in investment can be perceived as a sign of the government's growing ability to attract business activity (Brück et al., 2015, p. 9) hence fostering state legitimacy in the eyes of entrepreneurs and citizens. Particularly relevant in the context of employment are legal institutions that guarantee property/land rights and contracts, as well as properly functioning financial markets. Tax policy should promote the growth of business and not discourage private sector hiring (UN, 2009; track C).

However, although necessary for many purposes, extensive and complex regulations can create greater opportunities for rent-seeking. Reforms aimed at reducing and simplifying regulatory procedures (e.g. the number of steps and days required to register a business) will increase economic activity while reducing bribery and the risks inherent to corrupt systems (USAID, 2009a, p. 55). In addition, meaningful **business legislation reforms will require systematic input from the private sector and a less prominent role for external consultants**

who may produce laws of excellent substance, but are likely to lack legitimacy and ownership.

To counter the risk of imposing reforms against the will of those concerned, **public-private dialogue** (PPD) has proved to be a successful tool not only for developing effective laws and regulations for an enabling business environment, but also for strengthening state legitimacy in the eyes of the private sector and to enhance the capacity and commitment of government officials to actually apply these laws. The government of Liberia, for instance, recognises the crucial role of the private sector in growth and development initiatives such as the Business Reform Committee and the Liberia Better Business Forum, which promote public-private dialogue. Such initiatives signal the government's commitment to create an enabling investment climate with favourable conditions for private sector based employment promotion (GIZ, 2014a, p. 35).

Apart from developing a promising business environment to attract investments, PPD can also be used to address issues directly relevant to employment. This was the case in Ethiopia, where the Dutch government supported the establishment of the Ethiopian Horticulture Producer Exporters Association[10] and its regular dialogue with the government. Through such a dialogue, **socially and environmentally sustainable production standards** were jointly developed as a **voluntary regulatory initiative** and have recently been translated into Ethiopian legislation.

Furthermore, employment promotion can include measures to encourage and guide **tripartite dialogue between government, employers, and employees**. If the situation is not yet suitable for cross-sector dialogue, initiatives can focus on strengthening the organisation of local businesses into chambers, producers into cooperatives, workers into unions and civil society actors into non-governmental organisations. The incorporation of conflict management skills training into the capacity building of these organisations will help enable them to act as a critical mass to demand greater accountability from their government.

DO NO HARM
AVOID EXCLUSIVE FOCUS ON LINGUA FRANCA SPEAKING ENTREPRENEURS AND WATCH OUT FOR CO-OPTATION

Employment promotion programmes should, however, avoid reaching out only to the elites or to entrepreneurs speaking the lingua franca (Blum and LeBleu, 2009).

In fragile and highly politicised environments, the **risk for co-optation** is also to be taken seriously. Any intervention dealing with the creation or strengthening of membership organisations should be aware of this risk and carefully monitor the political and economic interests of all stakeholders involved.

Channelling assistance through local governments may offer constructive ways for both employment promotion and increased public accountability, where the central government lacks legitimacy and/or capacities to manage those processes. For instance, a youth employment programme in Haiti developed the capability of the local authorities to sustain a base for economic growth (see section 2.1.3). However, Blum and LeBleu also argue that "local governments do not spring up early in conflict-affected environments. It is very difficult to get them in place. Much capacity building is necessary. Local governments need to be re-established or reinforced to facilitate local decision-making" (Blum and LeBleu, 2009, p. 50).

Yet, the opposite situation also exists, where a local government has some capacities and resources but lacks the political will to provide services to certain parts of the population. This was the case in South Darfur, where internally displaced persons (IDPs), particularly young men, had become hostile towards the local government as a result of the repeated cycles of violence that they and their families had to endure in and outside the camps. The erosion of government legitimacy throughout the past decade of violence has been reinforced by

the persistent lack of productive opportunities and access to education. Grievances within the camp increasingly led to aggressive attitudes, particularly vis-à-vis local authorities.

To mitigate these tensions UNDP in collaboration with NGOs chose to **partner-up with the government-owned Nyala Technical College** to provide technical skills training instead of establishing training facilities inside the camps. In 2010 more than 200 IDPs received technical skills training in 13 locally marketable trades and start-up grants or packages to establish their own business. The aim was to ease graduates' social-economic integration into the urban economy of the regional capital. The sheer access to a renowned government training centre created a new sense of trust in the local government among these young IDPs. Most likely as a consequence of both the improved perception of local government and the lasting positive effects of the training - all graduates gained employment or started their own small business inside or outside the camp - local authorities now face less mistrust and aggression by IDPs (UNDP, 2013, p. 67).

The **use of the media and web-based tools** is increasingly being explored as a means to achieve greater public accountability and a more favourable business environment. Examples from private firms in Central America illustrate how the creation of a direct and publically accessible communication channel with local authorities can enforce greater government responsiveness (see section 2.1.5).

In a similar endeavour to increase government officials' accountability, the use of **mobile cash transfers** (further explained in the context of temporary employment schemes in section 2.2) to pay civil servants' salaries could help avoid numerous administrative steps in payment procedures, hence decreasing opportunities for corruptive practices.

Lastly, from a private sector perspective, fragile states' governments have shown a growing ability to shape the terms of foreign investment. A crucial issue in the concession agreement revolves around

´local content´: foreign companies have to commit to procure and hire locally as much as possible, a commitment often set in the form of a target percentage. This is to ensure the transfer of knowledge, employment opportunities for the local population and a market for domestic suppliers. By recognising that jobless economic growth and strong government revenue is not enough to sustain political power, an emphasis on local content legislation has become a means for fragile states' governments to build their own legitimacy.

Development partners have started to step in and **partner-up with larger investors to help them meet these local content requirements** in a meaningful way. Although the actual support strategy mainly involves working with the suppliers on the one side (to strengthen their ability to meet the required standards and volume and access information on bids), and with the larger buyers on the other side (simplifying their procurement procedure and in a locally accessible manner) and ensuring the match between both, the ultimate result –business and job opportunities – will eventually shed a positive light on the state authority whose regulation set the whole process in motion (GIZ, 2014a, p. 42).

REALITY CHECK 1[11]

In practice, working with public institutions proves to be generally more successful /efficient at the local level than the national level. However, concentrating collaboration on local authorities can indeed further weaken deficient capacity and legitimacy of the public capacity at the national level. To avoid such a vicious circle, state authorities at the central level should always be kept informed.

In the absence of functioning state institutions, vocational training institutes that are privately owned or run by the church offer good entry points for effective interventions as long as these non-state institutions enjoy widely shared legitimacy.

11 The preliminary findings of this desk study were discussed during a workshop on 'employment promotion in the context of conflict, fragility and violence', organised by GIZ Headquarters on July 10, 2014 in Eschborn. A variety of development practitioners with extensive field experience in employment promotion in fragile settings participated in this workshop. Their reactions and additions are included in the text and highlighted as 'reality checks'.

Ex-combatants on their way to work, DR Congo

Findings

→ Where the state is willing to undertake reforms but lacks the financial and personnel capacity to do so effectively, employment promotion in general will require many more resources and much more long-time commitment (Datzberger and Denison, 2013, p. 5).

→ The scarcity of qualified human resources calls for even greater caution in the hiring practices of development organisations to avoid brain drain and distortion in salary scales (UN, 2009, p.15; UNDP, 2013, p. 35).

→ State legitimacy and capacities can sometimes be built more easily at the local level, where accountability links between government and citizens/businesses are closer and more visible.

→ Although governments have the prime responsibility to establish an enabling business environment, the private sector should be involved from the very beginning in defining priorities.

→ Voluntary regulatory initiatives by international investors can play an important role in nurturing a culture of transparency and human rights that should receive full support by donors. The engagement of local civil societies in such initiatives is critical.

2.1.2 Societal fragility, mistrust and structural discrimination

Fragile societies are generally characterised by deep levels of mistrust and frustration. Inflicted losses, persistent insecurity, fear of new waves of violence and the lack of prospects are likely to severely undermine people's confidence in a stable future and damage the social capital that is critical to rebuild the social fabric.

In addition to marred personal identities and broken social interrelations, the experience of and/or the threat of violence also weaken those social institutions that routinely hold a society together. While informal institutions, such as trust and shared beliefs in social values, need to be carefully rebuilt, formal institutions (e.g. the written regulations and organisations) tend to be highly politicised or personalised by local leaders, which often results in the systematic exclusion of certain groups of the population.

Indeed, fragile societies are often marked by structural inequalities between different identity groups and legacies of marginalisation, where groups of a certain ethnic, political or cultural background or gender have been denied access to basic services, such as education, for decades. It is estimated that globally more than half of all ethnic-political groups are disadvantaged from a political, socio-economic

or cultural point of view (Lindemann, 2013, p. 1). This multi-layered discrimination not only poses a threat to stability and peace,[12] but also hampers economic development.

Markets tend to mirror societal fragility. For example, in Sri Lanka the large number of different business associations and the factionalism and fragmentation among them rendered consultative relationships next to impossible (Mac Sweeney, 2009, p. 54). Furthermore, entrepreneurs in fragile settings often tend to be reluctant to hire employees purely based on their skills but rather stick to (extended) family/clan members, who might be less qualified for the job but can be trusted (Blattman et al., 2013, p. 22).

Working *in* conflict, fragility and violence: addressing societal fragility through employment promotion
In general terms, employment programmes, whether targeted at the supply or the demand side of the labour market, or at the matching of both sides, will heavily rely on and influence the level of trust within society and the willingness of adverse groups to cooperate. Hence, the possibility to work in fragile societies without either exacerbating or mitigating tensions is very small.

Yet, those approaches to employment promotion that neither require a strong network of trust, nor rely on close collaboration between actors have better chances of yielding positive results in the short run. These include 'cash-for-work', 'food-for-work', 'cash-transfer' programmes and short-term skills training. Depending on whether such interventions succeed in benefiting people from different identity groups, they will either reinforce or cushion horizontal divides.

DO NO HARM
AVOID CREATING UNREALISTIC EXPECTATIONS AND SHORT-TERM PLANNING

29

However, the short-term character that makes the above-mentioned approaches particularly suitable in situations in which quick 'peace dividends' are much needed also poses a major challenge: the challenge of raising expectations that these interventions are often not able to meet in the medium to long run. Moreover, while expectations tend to grow quickly, trust takes more time to develop and consolidate. Both limitations highlight the need to link these short-term interventions to longer-term development efforts and opportunities in order to avoid fuelling frustrations.

One strategy to mitigate this risk consists in systematically taking into account local market demands to match the skills training with that demand. Another strategy to anticipate the mistrust that might prevail towards certain population groups is to avoid exclusive targeting of specific groups, such as ex-combatants. If host communities are also benefiting from the training, ex-combatants are more likely to be welcomed to establish their own income-generating activity.

Another issue to be aware of is the commonly shared assumption that economic interaction will automatically build trust. Yet, in some cases economic interactions may even reduce, rather than increase, levels of trust by encouraging competition. Generally, continual economic interaction in business associations is more likely to build stronger relationships between adverse groups than more superficial, one-off interactions in trading activities (Fowler and Kessler, 2013, p. 14).

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12 As Frances Stewart has shown, countries with high horizontal inequality have a higher probability of conflict, because groups wedded to a particular identity are easier to mobilise. Stewart coined the term 'horizontal inequality' referring to inequality between groups defined by region, ethnicity, class or religion (Stewart, 2010).

Working *on* conflict, fragility and violence: fostering social cohesion and trust across conflict lines through employment promotion

Conceptual analyses of social cohesion and anecdotal evidence suggest that employment promotion programmes can help restore social cohesion at various levels:

→ Jobs do not only provide an income, but they also convey self-esteem and social status that trigger respect in society (IFC, 2013, p. 5; Kessler, 2013a, p. 8; World Bank, 2010b, p. 6; World Bank, 2012, p. 196;). Employment can provide a formal structure in which identity groups and people from different backgrounds work together in a peaceful manner and towards a shared and societal goal (Pickering, 2007, p. 116).

→ Employment creation is often achieved through improved economic interaction between market stakeholders from different, potentially adverse identity groups (Fowler/Kessler, 2013, p. 13). It also requires cooperation among actors from government, business and society (Parker, 2008, p. 2; World Bank, 2012, p. 196).

→ The promotion of decent employment standards in contexts characterised by weak regulations and enforcement mechanisms can instil a culture of transparency, fairness and respect in society (Fowler and Kessler, 2013, p. 13).

Despite limited empirical evidence, the following approaches to employment creation are most likely (or have proved) to lead to some success in rebuilding the critical underpinnings of social resilience. Whereas the first three examples illustrate possibilities to encourage cooperation between companies and cooperatives from different groups, the following examples focus on the interaction across the public and private sector within a given field.

a) Fostering inter-group interaction and trust at the enterprise level

In general, employment promotion, as economic development more generally, offers development partners some room for manoeuvre to tackle structural discrimination from a seemingly neutral or apolitical perspective. However, employment promotion as a means to redress horizontal inequalities has not been explored to its full potential.[13] For example, many employment promotion efforts continue to be concentrated in more easily accessible, less marginalised regions (Brown et al., 2010).

A positive example with the aim to foster interactions and cooperation across different clans is GIZ's Sustainable Employment and Economic Development (SEED) Programme in Somalia[14], which worked with six different cooperatives divided along sub-clan lines. The programme convinced them to collaborate in various areas such as fodder production; a collaboration that eventually prompted them to merge into one single cooperative. Further research would be required to judge whether this intensified **cooperation across clan boundaries** has also strengthened communities (Kessler, 2013b, p. 12).

Experience in Sri Lanka points in a similar direction: International Alert and UNDP supported the Business for Peace Alliance across the island with the objectives "to support reconciliation, business-to-business relationships across the ethnic divide and regional inclusion in the peace process" (International Alert, 2006, p. 572). The report summarises examples of local businesses that showed commitment to foster peace, including **conflict-sensitive employment strategies**. Examples comprise processing companies buying from farmers across different ethnic and entity divides, employing minority groups and ex-combatants, as well as offering training to disadvantaged groups (International Alert, 2006, p. 4).

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13 One of the key findings of the Fifth World Bank Headline Seminar acknowledges that "horizontal inequalities are typically not addressed in existing economic or political policies of donors. Yet, policies to correct horizontal inequalities may be desirable to maintain peace and security and to establish a just and inclusive society (WB, 2010a, p. 1)".

14 The programme is funded by DFID and ran in its second phase until mid-2014.

A similar example, in which inter-group linkages were successfully enhanced, provided by Mercy Corps supported businesses in developing multi-ethnic workforces, **procurement strategies that would target suppliers from different ethnic groups** and helped organise **events, such as agri-business conferences, to facilitate the interaction and trust-building between previously antagonistic groups**.

b) Fostering interaction and trust within an economic sector

Apart from fostering inter-firm linkages from different backgrounds, employment promotion approaches can also build trust between the public and private sector, employers and employees within a particular economic sector.

One source of inspiration for peace-supporting employment promotion draws on a USAID funded action research programme on conflict-sensitive value chain development. Various case studies suggest that the value chain approach lends itself to reconciliation and trust-building as it relies on the **incremental intensification and expansion of vertical and horizontal linkages**, meaning the interaction between enterprises along the value chain and across the public, private and civil society sectors. A groundnut project in Guinea and a dairy project in Kosovo indicate this, although the exact effects on social cohesion and trust building have not yet been evaluated (Parker, 2008, p. 32).[15]

Known as ILO's speciality, **tripartite dialogues**[16] have contributed "to social healing processes, democratic accountability, consensus on 'rules of the game' and recognition of the importance of the rule of law in employment and livelihoods" (UN, 2009, track C). Generally, such dialogues can cultivate mutual respect and trust between government and firms as well as between employees and employers. Tripartite dialogues are also instrumental in propagating non-violent conflict management practices.

For example, in Liberia the organisation of employers in the Liberia Chamber of Commerce and of workers in the Liberia Labour Congress offered a platform to address and manage disagreements between these two groups (ILO, 2008). However, to date, little is known about possible strategies to ensure democratic representation and inclusiveness of those bodies that tend to be co-opted by elite interests in highly politicised societies. Interests, incentives, and economic benefits of such bodies and their members/representatives have to be monitored carefully.

Another compelling approach, through which employment and peacebuilding objectives can be combined, consists in **selecting an industry that is likely to increase people's interaction**. Particularly in countries with significant numbers of internally displaced persons, strengthening the **information and technology communications** sector can boost both employment for unskilled and skilled labour and facilitate communication throughout the country. For example in Afghanistan, four cell phone providers operating in the country in 2009 provided 60,000 jobs in sales and repair (CNA, 2010, p. 56). In the case of Somalia, Leo et al. (2012) note that recent economic growth has been driven by telecommunications, financed mainly through remittances and members of the Somaliland-born diaspora.

More generally, the OECD (2011) highlights that "over the last decade, the telecommunications industry has invested USD 77 billion in Sub-Saharan Africa, boosting the number of mobile subscribers from 10 million to 400 million, creating thousands of jobs, injecting cash into cities and remote communities, and improving the ease of doing business across the board" (OECD, 2011, p. 2). The technical possibility to communicate is arguably an important first step towards actual increased verbal interaction. However, concerns were raised with regard to uneven distribution of network coverage that could potentially reinforce political and social divisions (Datzberger and Denison, 2013, p. 13).

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15 Yet, a number of lessons learnt can be derived from those cases with regard to their Peacebuilding potential. They are highlighted at the end of this section.

16 Tripartite dialogues constitute an essential component of ILO Decent Work strategy, as set out in the 2008 Social Justice Declaration. They bring together governments, employers and workers to discuss and adopt labour standards, policies and programmes.

REALITY CHECK 2

Experience in Nigeria illustrates how structural discrimination can be closely linked to unequal access to and use of natural resources. Interaction between sedentary Christian farmers and Muslim pastoralists (Fulani) is limited through the systematic exclusion of the latter group by a predominantly Christian government. Such discrimination weakens non-violent conflict resolution mechanisms and encourages violent clashes and deaths. Indicators that account for such endemic discrimination include political representation at the local and national levels and socio-economic participation e.g. through income opportunities and access to services. Indications on the latter can be obtained through household surveys.

To address the structural underpinning of discrimination, it is important to understand its main parameters: e.g. is discrimination politically maintained and promoted (anchored in legislation) or are there attempts to address and mitigate a historically grown marginalisation (e.g. entrenched in practical constraints such as language barriers that may prevent certain groups from accessing the labour market)? A thorough conflict analysis is required to reveal entry points in order to avoid potential harm and foster more equal access to and more equal distribution of resources.

Entry points that have proved practical in promoting employment in contexts in which structural ethnic exclusion prevails include:

→ Selecting intervention areas among marginalised populations.

→ Ensuring that selection criteria are based on social needs (e.g. through self-targeting: the question of why someone is socially disadvantaged does not need to be discussed).

→ Organising training in different local languages, ensuring that the chosen language does not favour certain groups over others.

→ Use public-private dialogue to foster dialogue between groups from different ethnic backgrounds.

Findings with regard to conflict-sensitive value chain development

→ First, **value chain analysis in fragile environments should take into account (former) conflict lines, the main conflict actors, and the underlying incentives and actual power** these actors could have to support or obstruct the value chain. Such a conflict analysis along the value chain should also include those parties that rather unexpectedly appear to be excluded from this particular subsector and explore the reasons behind that exclusion. Indeed, picking subsectors that were/are important to the war economy or served as an important source of income for particular social groups to the exclusion of others can exacerbate tensions (Saperstein and Campbell, 2008).[17]

→ Second, **engaging multiple parties from the conflict or from different identity groups** (based on religion, ethnicity, political affiliation or gender) in a value chain is likely to increase interaction across boundaries and create social cohesion based on a common economic interest.

However, where mistrust prevails, a value chain has to be built progressively from scratch, starting with "easier-to-penetrate or nearby markets, building on existing relations and then upgrading to higher value market over time" (Parker, 2008, p. 27). In fact, in their analysis of a comprehensive youth employment programme in Haiti, Blum and LeBleu (2009) strongly advise to **first focus on strengthening existing relationships within the private sector** rather than trying to forge new relationships between conflicting parties right from the start.

→ Third, **"private-sector champions"** (e.g. end buyers, processors, and innovative or better resourced producers) can create momentum for broad-based cooperation across conflict lines. In the case of the grape value chain in Afghanistan, these "champions" proved very effective at communicating initial success and thereby building broader-based trust among other stakeholders within the initiative.

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17 Along the same lines, Blum and LeBleu argue that programmes must acknowledge the key change agents within the economic sphere — those who have enough influence to impact change, but are not entrenched in the status quo or have an economic or political interest in instability (Blum and LeBleu, 2009, p. 71).

→ Fourth, ensuring **transparency and information sharing** of relevant sub-sector information among stakeholders along the value chain and across functions and social groups is instrumental in building trust. As illustrated by the Rwanda tourism case, a transparent information flow along the chain resulted in a common view of the market potential and requirements around which businesses and government could prioritise efforts. Information also helped to manage and adjust expectations (Parker, 2008, p. 23).

Findings

→ A **thorough understanding of the political economy** should form the basis for any intervention, as it provides the necessary background information to understand both the roots of mistrust and potential entry points for reconciliation.

→ **Mainstream elements of conflict management and prevention into employment promotion approaches** in order to promote capacities of peaceful interaction and conflict resolution among different groups.

→ **Rebuilding relationships and inter-firm links as well as tackling (emerging) bottlenecks** in fragile societies and markets will require long-term support, exceeding the conventional two to four year commitment of most development programmes (Dudwick and Srinivasan, 2013, p. 81).

→ New thinking on fragility and development suggests that instead of **avoiding cooperation with potential spoilers, engaging them in 'inclusive enough coalitions'** (World Bank, 2010b, p. 120) is more likely to yield lasting results. For instance, cooperation with monopolist entrepreneurs should be sought to gradually transform existing exclusive networks into more inclusive and equal forms of cooperation.

→ As a rule of thumb, employment promotion should benefit a balanced mix of stakeholders. This is to **avoid a situation in which the intervention inadvertently reinforces existing patterns of** exclusion (e.g. hiring practices or selection processes purely based on merit) by favouring the already privileged (better educated) groups or by increasing stigmatisation through concentrating support exclusively on the most vulnerable (e.g. reintegration programmes exclusively aimed at former combatants).

→ Besides conflict-sensitive target group selection, **the identification of programme locations should also be made carefully,** taking into account entrenched systems of favouritism and neglect. Furthermore, when it comes to the selection of counterpart organisations and implementing partners, it is important to keep in mind that neutral entities are unlikely to exist in highly politicised environments and that perceived partiality may also apply to the donor country and its development agency. In response, project personnel should reflect the diversity of a country's or region's various social, political and ethnic groups.

→ The ambition to act and be perceived as neutral in contexts marked by legacies of unequal access to and distribution of opportunities can to some extent be achieved through high levels of transparency, proactive communication strategies and systematic dialogue with all stakeholders.

→ **Building trust takes time and should carefully be monitored with a longer-term perspective**. This will also require qualitative methods that tend to be more time and cost consuming.

2.1.3 Extreme economic and social disparities

The link between poverty and the risk of conflict has repeatedly been stressed, among others by the World Bank and the United Nations. Whether designed to reduce poverty, promote economic growth or foster peace, employment promotion programmes will always impact on issues of distribution, be it by offering access to jobs to some (and not to others) or by increasing the income level of certain households (and not of others). Hence, interventions will inadvertently affect groups in different ways and might not only create winners but also losers.

Working *in* conflict, fragility and violence: public work schemes and the need to link short-term to long-term employment

Conventional approaches in fragility and conflict settings, such as livelihoods approaches, community-based development and public employment schemes, will attempt to redress inequalities by focussing their support on vulnerable groups. Besides their immediate short-term benefit of offering a task and a living to a significant share of the population, public (emergency) employment programmes were also found to generate some long-term benefits. For example, if organised well and involving both ex-combatants and civilians, temporary employment can also represent a critical work experience. It allows beneficiaries to practice and learn about work ethics and collegial cooperation, which can have lasting effects on the earnings and employability of marginalised populations (McLeod and Davalos, 2008).

DO NO HARM
AVOID REINFORCING STIGMATISATION AND FRUSTRATION

Public employment schemes have also been viewed with criticism. For instance, exclusively targeting disadvantaged groups can reinforce social stigmatisation.

Public work schemes have, in the past, further contributed to raising expectations of longer-term employment opportunities that the interventions were not able to meet.

To anticipate the temporary character of these programmes and increase the chances of longer-term employment opportunities, public employment schemes can be combined with contractor-training programmes (demand side), skills training (supply side), and continuous analysis of market demands and skills needs (see also Integrated approach to employment promotion in German development cooperation, Chapter 1). These will be essential to eventually shift from public sector participation to competitive bidding among private contractors (UN, 2009, track three).

Although all three dimensions cannot be tackled at the same time or with the same degree of intensity, all employment approaches should be designed while keeping in mind this broader picture. To strengthen the supply side of labour among the poor, it is worth investing in **additional skills training for the beneficiaries of public work schemes** as the skills they acquire through these public works do not necessarily correspond to the skills needed in the local market.

With regard to the demand side of the labour market, an example is ILO's experience in Liberia which suggests that **small enterprise up-grading and co-operative development** (e.g. in charcoal and cassava production) alongside public work schemes proved critical in providing longer-term private business-led employment opportunities upon completion of the public schemes (ILO, 2008, p. 9).

With regard to matching labour demand and supply, the Common Humanitarian Fund's (CHF) youth employment programme in Haiti promoted workforce development such as **career preparation, career development and career transition** alongside temporary employment schemes (Blum and LeBleu, 2009, p. 53). The programme further introduced innovative employment services: individuals were recruited as **'employment brokers'** and paid a commission for the placement of their vocational training graduates. In addition, 'local business councils' composed of private firms and community leaders were established to match labour needs with available assets and business growth strategies (Blum and LeBleu, 2009, p. 53).

However, it has also proved highly unrealistic that all beneficiaries of public employment programmes will find jobs in the private sector afterwards. In response to that reality, and as the private sector begins to recover, public employment should evolve into **safety-net programmes or employment-guarantee schemes** with compensation rates that are low enough to allow for **self-targeting**[18] of those most in need (McLeod and Davalos, 2008; UN, 2009). Even in the absence of state capacity and resources, community and non-state actor-based approaches to safety-net programmes can help build basic systems for targeting, payments and monitoring, often using simplified and community driven approaches, e.g. social funds.

Working *on* conflict, fragility and violence: addressing the structural underpinnings of poverty and inequality through employment promotion
Notwithstanding the possibilities of more balanced or nuanced targeting techniques to cushion socio-economic disparities, these strategies are unlikely to solve the problem of structural exclusion, since: "where exclusion and discrimination drive or worsen conflict, targeting will not reduce structural exclusion unless traditional and war-based power relationships are addressed at the same time" (Dudwick and Srinivasan, 2013, p. 2).

The following examples present approaches that may have the potential to actually influence these power structures in favour of the marginalised.

An obvious entry point for employment promotion approaches to challenge structural causes of deprivation relates to **labour rights and social protection**. The argument here is that the introduction and promotion of labour and human rights standards within certain industries can help build the social underpinnings of peace. This can be instrumental in nurturing a culture of respect that will influence society beyond the workplace, particularly in places where informal institutions - shared norms and values - have broken down companies that respect the rule of law and abide by international labour standards.

Cambodia, for instance, offers a successful example where, in less than a decade and despite fragility, "the garment sector has been transformed from a cluster of sweatshops characterised by human rights violations into hundreds of monitored factories more likely to comply with the labour law" (Dicaprio, 2013, p. 108). This change was greatly facilitated by a donor **intervention that linked working conditions in the garment sector to market access under a global quota system**. The intervention entailed the establishment of institutions that would give effect to the labour law and empower workers to use it to claim their rights. As a result, a functioning framework for worker rights was put in place (Dicaprio, 2013, p. 108).

The earlier example of a code of practice that the Dutch government helped develop for the horticulture sector in Ethiopia has **initiated a process of shifting power relations**. Thus far marginalised workers from the rural areas experience their right to unite and challenge farm management in the search for better labour conditions. This involves the implementation of the right to collective bargaining, claims procedures, and conflict prevention and resolution (ILO, 2000). Such practices are likely to have an impact beyond the farm compound.

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18 The key aspect of self-targeting mechanisms is that the decision of individuals or households on whether or not to participate in a given programme is the main determinant of who receives programme benefits. In other words, self-targeting occurs when benefits are available to all, but programme incentives are set in such a way that the non-needy elect not to participate.

Another approach that challenges prevailing power structures in the labour market is **supporting the informal sector**. Indeed, a general shift can be observed in how donors and implementing partners approach the informal sector. While previous programmes routinely targeted informal businesses essentially to press for their formalisation, current strategies call for support strategies that strengthen the informal sector in its own right due to its ability to provide the majority of jobs, particularly to poor people in most fragile states (UNDP, 2013, p. 109). Promising elements of support include the improvement of working conditions and access to social security.

For example, the Liberian Employment Action Plan (LEAP) promotes the development of the informal sector, including "the implementation of government policies that help improve productivity, working conditions and credit access in the informal sector" (ILO, 2008). Enhancing the economic position of informal entrepreneurs and helping integrate their organisation into producer associations programmes can strengthen the active engagement of this largest segment of employment in labour market reforms.

A third inspiring example for an entry point to address marginalisation in the informal sector consists in **empowering female homeworkers by replacing the often abusive and ineffective middlemen by a network of female sales agents**. Female homeworkers belong to the most marginalised groups in many traditional societies. Traditional gender norms or the practical challenge of combining productive and reproductive tasks restrict women's mobility. Thus, work that can be done from home is their only option for paid work. The lack of direct contact to the market and their frequent dependence on middlemen - a function often performed by a male relative - increase the risk of exploitation.

A USAID funded women homeworkers' programme in Pakistan explores an alternative approach. A women's network of sales agents was established to connect homebound women embroiderers to more lucrative markets than the low-quality markets to which their male relatives used to sell the products. The programme has produced impressive results not only in terms of increased incomes of homeworkers and additional jobs for women sales agents, but also with respect to the empowered position of women, who reported to enjoy higher levels of respect, mobility and decision making (Jones and Shaikh, 2005). The **value chain approach also offers ample room to influence unequal power relations along the chain**, with small producers usually holding the least amount of bargaining power and therefore experiencing the worst working conditions. If the value chain analysis includes a mapping of power relations, value chain development strategies can combine the capacity building of suppliers with shifting more information and decision-making power to the lower end of the chain. In the end, greater commitment and ownership on the part of suppliers will benefit both their position in the chain, and the quality and efficiency of production in the chain as a whole. The following example illustrates this point:

Through **capacity building of poor smallholder farmers** in Zimbabwe, the Dutch Development Organisation Stichting Nederlandse Vrijwilligers (SNV) enabled the small and poor producers to bargain the categorisation and pricing of their produce with the more powerful wholesaler at the upper end of the chain. Freshly acquired conflict management skills and greater awareness of the various market players in the chain also helped the poor farmers to resolve tensions within and among competing communities. Most importantly, however, it prevented many of the small farmers in that region from engaging in new, seemingly lucrative deals with exploitative dealers who would offer higher pay in cash and **on the spot, but no long-term market at fair prices and other support services that the existing contract farming arrangement did entail**.[19]

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19 Information obtained in a recent evaluation of SNV's impact on conflict dynamics in three fragile settings, in which the author was involved. A summary of this corporate evaluation can be found at: http://www.snvworld.org/en/regions/world/publications/corporate-evaluation-of-snvs-interventions-in-fragile-settings-snvs

Findings

→ To avoid frustration, public employment schemes should be combined with or linked to integrated approaches that strengthen the demand for and supply of labour and improve the match-making between poor population groups and potential markets.

→ Understanding the political economy of markets and the structural causes of poverty is paramount to ensure that employment promotion does reach disadvantaged groups (Dudwick and Srinivasan, 2013, p. 2).

→ In order to counter marginalisation, employment programmes should prioritise political participation of disadvantaged workers and entrepreneurs.

→ To ensure quality of employment (and prevent employment from becoming a source of exploitation), interventions should seek possibilities to organise employees and producers into labour unions or associations and strengthen their capacity to represent and implement their rights.

→ In order to address economic disparities, a balance needs to be struck between the development of competitive labour markets and strategies to ensure the inclusiveness of and equal access to those markets.

→ Power tends to be distributed unequally along value chains, with the stakeholders at the lower end, generally small producers, having the smallest influence on decision-making processes. Interventions should therefore carefully observe how this power balance evolves in the course of the programme and seek the possibility to shift the power unbalance in favour of the weakest players, e.g. through awareness building, information sharing and capacity building particularly focused on the weakest power-holders.

Women earning
their own income
in Afghanistan

2.1.4 Youth unemployment and conflict dynamics

Youth underemployment and unemployment are increasingly portrayed as triggers of social upheaval and armed rebellion (Collier, 2004; World Bank, 2010b, p. 6). In response, youth employment promotion in fragile settings has become an urgent priority in international policies aimed at promoting stability and sustainable economic growth (BMZ, 2013, p. 13; IFC, 2013, p.110; UN, 2009, p. 9; World Bank, 2012, p. 195).

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DO NO HARM
AVOID STIGMATISATION THROUGH DEFICIT APPROACH

Generally, there is little evidence on the potential negative effects of youth programmes on conflict, violence and crime (Walton, 2010, p. 10). However, as Walton argues, a predominant focus on young men in youth programmes to date has neglected the special needs of young women and reinforced a rather negative image of young men. "The tendency to adopt a 'deficit approach' to youth, has led to a general neglect of the positive role played by young people in processes of peacebuilding and reconciliation" (Walton, 2010, p. 11).

Working *in* conflict, fragility and violence: addressing unemployment among youth
The two following approaches to promote employment for high-risk youth in fragile settings were found to yield compelling employment results. One is targeted at high-risk youth in urban slums in Haiti and the other one is distributing cash to unemployed urban youth in conflict-affected Northern Uganda.

Evidence from a comprehensive youth employment programme targeted at five Haitian urban slums confirmed that disadvantaged young Haitian men (and increasingly young women), who have few legitimate income opportunities, consider gang culture the one viable alternative for socio-economic integration. Growing urbanisation increases the threat of gangs and illicit activity (Blum and LeBleu, 2009, p. 68). What ultimately contributed to the success of this programme (described in more detail in section 2.1.3) is the **systematic involvement of disaffected youth in the design, implementation and monitoring of the programme.**

Another success story that should serve as inspiration for future youth employment approaches is the Youth Opportunity Programme in Northern Uganda. The programme offered **unconditional and unsupervised cash transfers** to unemployed youth with the twofold objective of helping them become self-employed artisans in skilled trades outside of agriculture and improving community reconciliation to mitigate the risk of conflict. Despite other studies on microcredit suggesting that access to capital has little effect on earnings, a recent evaluation of the Youth Opportunity Programme in Uganda (Blattman et al., 2013) showed that this programme has yielded significant increases in income and a shift from agricultural work towards skilled trades. Comparing beneficiaries with non-beneficiaries, the former were found to have 41% higher income and were 65% more likely to practice a skilled trade. Follow-up surveys two and four years later also showed that women in particular benefited from the cash transfer, with incomes of those in the programme 84% higher than that of women who had not been targeted. However, even after four years, no measurable difference could be found with regard to programme effects on social cohesion, youths' participation in political processes and stability.[20]

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20 Indicators used to measure social cohesion included: household in-fighting, family support, participation in community life, disputes with neighbours, support for the government and political participation in general, readiness to participate in anti-government rallies.

> **BOX 1**
> KEY CHARACTERISTICS OF UGANDA'S YOUTH OPPORTUNITY PROGRAMME

Interested applicants (young adults aged 16 to 35 years old) were self-selected. Facilitators organised them into groups and assisted them in creating a five-person management committee as well as in preparing a proposal for a grant to cover training programmes and the tools and materials they nee-ded to run a business, either together or individu-ally. The proposal also had to include a budget and indicate how it would be allocated within the group. Village and district officials screened and selected the proposals.

Funding was then randomly assigned among 535 screened, eligible applicant groups and successful groups received a one-time un-supervised grant of USD 7,497 - or about USD 382 for each group mem-ber (approximately the equivalent of their annual income). The group alone was then responsible for managing the money and implementing the project(s) (Blattman et al., 2013).

Identifying success factors

Programme level
(i) Self-targeting: young adults were invited to ap-ply for cash grants as a group (10-40 persons). Those who underwent the application process had a real commitment to establish a business.
(ii) Half of the groups already existed from previ-ous cash-grant programmes, which is likely to have played a role in the group dynamic.
(iii) Coordinators were chosen by the group and received 2% of the funded proposal, which

served as a financial incentive to provide the best-possible support.
(iv) In the absence of formal monitoring, the man-agement committee might have helped ensure implementation of proposals.
(v) The programme addressed one of the key con-straints for poor youth to establish a business: the lack of affordable and longer-term finance. While improving the constraint credit markets is crucial and will take time, the programme offered an interim solution by putting cash directly in the hands of the poor.
(vi) The programme did not require a huge budget or extensive oversight, for both of which the Ugandan government would have lacked re-sources.

External success factors
(vii) Programme provided funding for business as-sets and start-up in an environment where few other firms were operating.
(viii) Training (typically a small institute or local arti-san willing to take on paying apprentices) was readily available in that region.

Caveat: Since government officials were responsible for the screening and selection of proposals, political connection and calculation are likely to have influ-enced the process, which might have reinforced existing patterns of structural exclusion. These broader societal effects of the programme on econ-omic disparity, inequality, and social resentment/grievances were not part of the evaluation.

Surprisingly, even though the grants had been provided by the Ugandan government, recipients were not found to be any less likely to engage in anti-government rallies. Nevertheless, in spite of this apparent lack of social and political effects, the economic outcomes show the potential of allevi-ating capital constraints for spurring economic growth and employment among conflict-affected

young adults. What makes this programme a com-pelling example for other fragile or conflict-affected settings is that it was implemented with a mini-mum level of government engagement: once the applicant groups with the most convincing training and business plans had been selected and the funds transferred, implementation of the business plans occurred unsupervised.

Other promising approaches include **wage subsidies to formal and informal micro entrepreneurs willing to hire low-skilled workers, mostly youths**. In Sri Lanka, for example, a wage subsidies programme was conducted with financial support from the World Bank. The aim was, on the one hand, to raise the productivity of unemployed youth through work experience and, on the other hand, to compensate employers for the risks of taking a chance in hiring such workers (de Mel et al., 2010, p.614). When the subsidy phased out after eight months, microenterprises reported a sales increase of 25% as a result of the hiring, and 86% of the firms said they planned to keep the workers.

Working *on* conflict, fragility and violence: addressing stigmatisation and political marginalisation of youth through youth employment promotion
If little is known about the net employment impact of youth employment programmes in general, there is even less evidence on how youth employment programmes have influenced fragility factors, such as the risk of social upheaval or the propensity among youth to take up arms or join a rebellion (Walton, 2010, p. 10). However, a better understanding of the multiple causes that incite young people to turn violent suggests some critical points that youth employment approaches should address if they are to influence fragility in a constructive way.

REALITY CHECK 3

The focus on youth unemployment as a cause or escalating factor of conflict or fragility may not reflect reality in most fragile and conflict-affected environments. Rather, it is underemployment and employment in bad working conditions that pose the greater challenge and increase the propensity for violent conflict.

Practical experience in working with young people in fragile environments suggests a range of characteristics that generally distinguishes this age group from older populations:

→ They are generally more open to new ideas and can be reached through innovative approaches such as sports and drama and other suitable ways to mitigate the potential for conflict.

→ They are often easily influenced and/or manipulated/mobilised in a positive (readily showing enthusiasm for an idea) or negative sense (easily recruited by armed rebellion or victim of a violent ideology).

→ They are potentially less marked by violence, notentrenched in historically grown conflict lines, and more readily able to overcome persisting conflict lines.

Possible entry points that have proved effective:

→ Support of existing income generating activities, including in the informal sector.

→ Mapping of and linking to existing SMEs with the aim to identify possible connections to the informal economy through value chains.

→ Organising market-matching events.

→ Seeking collaboration with large investors to achieve employment scale and quality at the same time.

→ Avoiding the neglect of the rural areas, where youth unemployment is particularly high.

→ Prioritising informal training.

→ Seeking to combine training with income generating activities.

Firstly, youth employment approaches will need to address or link up with other approaches that respond to the political and social factors that cause youth violence, particularly social inequality and political exclusion. In other words, employment promotion for youth in fragile settings needs to be embedded in an integrated multi-sector approach, as jobs alone may fail to alleviate political and social marginalisation.

Secondly, recent experience with the use of youth employment as a component in the 'armed violence reduction and prevention approach' has yielded some positive effects in terms of reduced youth violence in Central America. This approach combines developmental and preventive strategies with effective law enforcement (OECD, 2009a, p. 15). For instance, in the 'Prevention of Violence in the Medellín Metropolitan Area' programme in Colombia, job creation was used alongside other components such as weapons recovery, coercive action against organised crime and disarmament and demobilisation activities to successfully reduce the homicide rate by 90% in the Medellín area (OECD, 2009a, p. 97). Generally, the OECD concludes that those approaches that combine economic and social development incentives, community policing and targeted awareness-raising were most successful (OECD, 2009a, p. 103).

Findings   **41**

→ Instead of assuming a causal general link between youth unemployment and violence, potential causes and triggers of conflict ought to be defined in each context. If marginalisation and exclusion are identified as obstacles to youth development, employment promotion programmes should involve strategies to address these problems or coordinate with other programmes that are well-equipped to do so.

→ Evaluations have pointed out that training and economic opportunities for young people and/or women need to be accompanied by interventions that increase their access to important assets such as land and greater legal rights (Dudwick and Srinivasan, 201, p. 2).

→ An exclusive focus on youth (or even young men) should be temporary and communicated carefully in order to create acceptance on the part of the population and to avoid fuelling resentments from other groups (e.g. older generation). Ideally, youth employment programmes should target the youth and other population groups to mitigate intergenerational tensions (Kessler, 2013a, p. 8).

→ Young people should be systematically engaged in the design, implementation and monitoring of employment programmes, as their aspirations may differ from the original project intention and viable market opportunities (e.g. young people are often found to be less interested in working in the agricultural sector, in spite of the fact that this is where most of the employment opportunities lie).

→ Training programmes, particularly those designed for vulnerable target groups, must always match with (quickly changing) market demands. Systematic involvement of the private sector increases the chance of sustainable employment.

→ Technical and business skills training should be combined with conflict management and other life skills (Grossmann et al., 2009, p. 65).

Refugees in Kenia attending TVET class in Kakuma Refugee Camp

2.1.5 Organised crime

High crime and violence rates discourage both domestic and foreign business investment and stifle economic growth by inflicting high costs on the private sector. How exactly private firms are affected depends on the sector and company size. While violence and crime may prevent local firms from operating in the tourism industry, private security firms are likely to thrive, and whereas international buyers can shift work orders, know-how and capital in a short time to less crime affected areas, domestic enterprises usually have no choice but to take the risk and continue operations. Similarly, capital-intensive large investors (e.g. in the extractive industries) tend to absorb the increased costs inflicted by insecurity in order to protect their assets.

Nevertheless, organised crime is sometimes used as a tool to eliminate competition or to protect illicit economic activities (Goldberg et al., 2014, p. 1). When licit firms end up paying extortion fees to illicit networks in order to obtain and keep an informal licence to operate, their contribution is likely to finance crime, and the line between legal and illegal economic activity becomes blurred. It is not coincidental that crime is most concentrated in areas in which economic activity thrives.

This section aims to shed some light on two contexts of organised violence and crime and their interaction with employment promotion. These contexts refer to crime and violence as encountered in the outskirts of urban centres in otherwise relatively stable (e.g. many Latin American and Caribbean) countries and the transnational organised crime as associated with the weak rule of law in post-conflict and fragile states. The drug trade constitutes a key issue in most contexts of organised crime, and violence generally involves clashes between criminal networks and security forces or between rival gangs. Post-conflict tensions add a distinct flavour to the crime encountered in, for instance, the Democratic Republic of Congo (DRC), Mali, Somalia and Afghanistan.

a) Confronting urban violence and crime in relatively stable developing countries
A recent World Bank study (Goldberg et al., 2014) presents selected case studies exploring how private firms have developed innovative approaches to deal with violence and crime. These cases provide a source of inspiration for employment promotion strategies when taking into account that violence against employees appears to be perceived by many entrepreneurs as the main threat to business.[21]

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21 For example, the American Chamber of Commerce (2011) notes that 60% of firms operating near the border to the United States-Mexico border or in Mexico City perceived violence against employees as the main threat to their business.

Working *in* conflict, fragility and violence: private firms coping with violence and crime

If relocation is not an option, firms operating in contexts of high violence and crime rates are found to adjust security measures and incur significant additional investments in protection, e.g. by investing in special fencing, alarm systems and guards. Furthermore, to mitigate the risk of assaults on personnel and, particularly, on logistic providers, many companies readily accept higher production costs by interrupting operations at nightfall and training employees in crime prevention (Goldberg et al., 2014, p. 64).

However, another coping strategy commonly adopted by private firms, but less well-studied, consists of enterprises engaging in informal deals with criminal networks in order to be able to keep operating in high-risk environments. Not surprisingly, wealthier firms are more likely to be targeted and engage in such informal agreements to protect their assets and operations.

Working *on* conflict, fragility and violence: private firms proactively working on violence and crime

Firms do not only cope with the challenges of crime and violence, but they are also found to proactively address these issues, either individually or in collaboration with other companies (by business associations) or in a concerted effort with other stakeholders from the public sector and civil society.

For example, Sandals, one of the largest tourism providers in Jamaica, designed an **internship programme for at-risk youth** to acquire skills in cooking, cleaning and customer services. The internship programme was further combined with support to a community centre that provides social and educational activities for the community. This blended approach, whose design was the result of the company's close cooperation with local formal and informal leaders, has helped to contain violence in the areas, while allowing the company to continue operations (Goldberg et al., 2014, p. 59).

Another innovative approach that yielded compelling initial results in fostering (self-) employment consisted in an experimental **public-private microfinance support system** that formed part of a broader project, the World Bank-financed Jamaica Inner Cities Basic Services for the Poor Project (launched in 2006). Its microfinance component explicitly encouraged private micro-finance institutions to provide credit for micro-businesses in the most crime-affected informal settlements (Goldberg et al., 2014p. 61). The individual MFIs were then responsible for marketing their products within the community and managing the risks. Also, the MFIs had to select their own borrowers, conduct a due diligence review, monitor, and collect the loan.

The third example draws on a number of **SME-led public-private forums** in the northern Mexican border towns and Mexico City. When violence and crime had reached record levels in the late 2010s leading to a sharp decline in economic activity and employment, local business leaders took action and organised the remaining businesses with the aim to recover the entrepreneurial spirit and attract investments. While the focus of these initiatives revolved around restoring and promoting a positive image of the crime-hit neighbourhoods, the issue of insecurity was addressed by joining forces with local authorities to monitor gang activities, file and follow-up on incidents of crimes. In this two-pronged strategy, **the media, particularly web-based social networking and mobile apps, proved to be an effective too**l to achieve both a better image for investors and increased accountability of local authorities (Goldberg et al., 2014, p. 63).

These private-public forums have yielded impressive results in a very short period of time. In Tijuana for example, the manufacturing **cluster initiative** 'Tijuana Innovadora', launched in 2010, has transformed the major cause of the city's crime, its proximity to the US (90% of the cocaine consumed in the United States crosses Tijuana), into a compelling regional competitive advantage. This was done by promoting its proximity to technology driven corporations in California, its highly educated but relatively cheap labour force, and its dominant entrepreneurial spirit that can arise from such unconventional places. A two-week event attended by global business and media leaders resulted in increased investments, significant training and employment opportunities for young people, as well as commitment on the part of national and local government to support the initiative.

By the end of 2011, coordinated efforts between public and private stakeholders started to pay off. Not only did kidnappings, violent theft and murder rates fall, but the economic situation improved quite dramatically with foreign direct investment (FDI) increasing by 90% and employment by 9% (Goldberg et al., 2014, p. 65).

Juarez and Mexico City witnessed similar improvements. The concerted effort of local SMEs and their collaboration with government authorities and local NGOs to implement a **zero-tolerance campaign against criminal activities** – called 'Todos somos Juarez' and launched in 2010 - resulted in a sharp decrease in kidnapping, robberies and extortion payments by SMEs to drug organisations. The introduction of a guideline to monitor gang activities, prevent crime, and file complaints directly with the federal police as well as the introduction of hashtags to report crime and extortion threats has proved highly effective in building greater accountability within government structures (Goldberg et al., 2014, p. 66).

Similarly, the development by a group of local firms and NGOs (the so-called 'Consejo Cuidadano') of **a series of online, text-messaging, and mobile tools to report crimes**, file complaints, and map violent areas in Mexico City greatly helped to countervail the collaboration between local police forces and organised crime. As a result, crime dropped significantly in the neighbourhoods where the tools were applied (Goldberg et al., 2014, p. 68).

Vendors sell fresh products in Xochimilco, Mexico

> **BOX 2**

KEY CHARACTERISTICS OF SUCCESSFUL PUBLIC-PRIVATE FORUMS TO COPE WITH CRIME AND VIO-
LENCE IN MEXICAN BORDER CITIES

Although the two initiatives differ in many regards, they share some characteristics of success:

(i)   Initiative was taken by capable private sector leaders, so-called champions. Government joined the initiatives only later.

(ii)   Both initiatives were centred on a clear business vision focused on economic potential, not primarily designed around a security problem.

(iii)   Local and international media played a key role in turning the negative attention into positive interest by investors, hence restoring confidence.

(iv)   To counter the risk of torture and death faced by those individual companies that refuse to cooperate with gangs, a concerted effort is key.

(v)   Accountability of public officials was addressed as a key theme: by creating a direct and transparent communication channel with local authorities to report crimes, implicit collaboration between local officials and organised crime was effectively addressed. Social media (hashtags to report crime and extortion threats) proved very effective in this endeavour.

(vi)   Although the initiatives primarily focused on the economic revival of a particular area, cooperation among public and private stakeholders also dedicated a great deal of resources to improved security through the exchange of information, effective reporting and propagation of a zero-tolerance for criminal activities. Cooperation with security forces (police or military) was critical to pacify neighbourhoods.

Caveat: In both cases it remains unclear to what extend the fruitful cooperation with local police and the ability to overcome resistance by gang leaders was ultimately depending on their access to the lucrative business opportunities that these forums helped create.

b) Confronting transnational organised crime in post-conflict settings

Although the exact correlation between employment and crime (especially transnational crime as encountered in, for instance, DRC, Mali, Afghanistan and Somalia) is not well understood; unemployment – particularly among young people - is widely believed to be a driver of crime (World Bank, 2007).[22]

Working *in* conflict, fragility and violence: Promoting employment without curtailing crime

Employment promotion in the context of violence and crime often forms part of alternative livelihood approaches[23] that have somehow been successful in generating additional income, but much less successful as a tool to prevent young men from engaging in illegal activities.

In fact, despite some notable employment effects, alternative livelihood programmes have been largely ineffective in countering transnational organised crime (Mansfield, 2006). One of the reasons for failure seems to be overlooking the political economy of the conflict, including the multiple reasons why people engage in illicit activities. Opium, for example, is a largely non-perishable good which can be easily stored and sold during the hard winter months. Furthermore, the harvesting of poppies is a labour intensive process, which provides significant seasonal employment for migrant labour in parts of rural Afghanistan. Many of the crops proposed by alternative livelihood strategies, however, are unable to provide the same financial income to the impoverished rural communities that are the main producers of the crop.

22 E.g. see World Bank, (2007), World Development Report 2007: Development and the Next Generation. World Bank, Washington DC.
23 In this context "alternative livelihood approaches" refers to approaches that aim to replace economic dependence on illicit narcotics with alternative legal activities.

DO NO HARM
AVOID CONCEIVING ORGANISED CRIME SOLELY AS A SECURITY ISSUE AND THE PROPENSITY TO ENGAGE IN CRIME SOLELY AS A LACK OF ECONOMIC ALTERNATIVE

Generally, approaches to curtail crime have proved likely to have a harmful impact if crime is solely perceived in terms of its security implications and not, most importantly, from a socio-economic perspective (Barrios and Koepf, 2014, p. 30). Employment promotion can indeed be instrumental in offering an alternative source of income to discourage people from joining illicit networks. However, if not embedded in a broader strategy that does take account of other influential factors such as the general status of state corruption, structural marginalisation and the possibility of obtaining a social standing by joining a powerful drug network, approaches to employment promotion can also expose their target groups to risks.

Another risk of reinforcing the conflict, instead of mitigating it, derives from the **often blurred distinction between the informal, formal and criminal economy**: International Alert found for example in the Philippines that the failure to effectively address the kidnapping for ransom has to be understood in the context of its close and complex connection to the real economy and Mindanao's political elites. Moreover, illicit economies are regarded as completely legitimate, as they are part of the 'rule of the game' that has replaced good governance (International Alert, 2014). As a result, any attempt to provide alternative income generating opportunities that deliberately do not adhere to these expectations of patronage systems hold a great amount of conflict potential.

Furthermore, evidence from Afghanistan suggests that the introduction of alternative livelihood strategies can also cause unintended harm: for instance, the mobilisation and **increased displacement** of labour for off-farm harvesting of alternative crops facilitated the recruitment of farmers by Taliban fighters in the province of Helmand.

Similarly, recent research in northern Mali highlights the critical role of drug trafficking in providing employment, directly or indirectly, to about 150,000 disaffected people in the region. These income opportunities do not only allow young men to feed their families but also offer socially marginalised tribes, such as the Lemhar, a certain social standing that they are unlikely to attain in the formal economy.[24] Moreover, some form of engagement with **narco-trafficking is often closely related to security provisions** that the state is not able to provide (Barrios and Koepf, 2014, p. 30). Employment promotion that neglects these broader dimensions can easily put people at risk.

Working *on* conflict, fragility and violence: employment promotion efforts to curtail organised crime
As a prerequisite, employment promotion in such contexts should seek to be aware of **these underlying power networks and criminal organisations**. Lessons learnt so far suggest that these ambiguous power-holders tend to effectively resist change but that the success of any development intervention will depend on their support. International Alert is currently exploring options of leveraging their power and connections in a constructive way to strengthen the local formal economy in Mindanao, Philippines.

In some cases, the **diversification of agricultural production and rural development** helped to multiply household incomes, which eventually led to considerable reductions in coca cultivations in northern Thailand, Pakistan and Peru (International Alert, 2014).

In other cases it was the search for and **introduction of alternative high–value crops** (e.g. flowers in Thailand, onion in Pakistan, potatoes in Laos and garlic in Lebanon) that led to more attractive sources of income and employment (Mansfield, 2006, p. 9).

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24 Information obtained through field research carried out by the author in November 2013.

Findings

→ Adopt a political economy lens to assess the business environment and identify SME constraints: conventional SME surveys, like the World Bank's Enterprise Surveys, do not necessarily assess extortions that businesses are obliged to pay to criminal gangs. However, in contexts of high crime and violence, the various types of local arrangements between business and their protectors, and between state and non-state protection providers greatly define the business environment and should therefore be carefully analysed before employment promotion strategies are designed.

→ Adopt a comprehensive approach, in which integrated employment promotion links up with other approaches in the field of security and the rule of law and drugs control (Mansfield, 2006, p. 15).

→ Strengthen the formal employment and labour market: instead of focusing on formalising the informal economy, employment promotion approaches should include the provision of investments as well as reliable security to strengthen and expand formal employment and the labour market in fragile settings. This will require risk-reduction measures for local entrepreneurs e.g. targeted subsidies, social protection mechanisms, or business and skills training.

→ Adopt a conflict-sensitive approach to employment in informal economies: care should be taken not to simply impose formal structures and processes on the informal economy, as this may provoke violent responses. Informal authorities and local powerbrokers should not be excluded and should instead be harnessed as effective instruments to mitigate conflict risks (International Alert, 2014, p. 4).

→ Carefully monitor the interaction between an employment promotion intervention and organised crime and seek to identify steps to minimise unintended harmful effects and maximise positive impacts.

2.2 Employment promotion in contexts of high degrees of insecurity and *violence*

A common characteristic of fragile situations is that they present a higher risk environment than non-fragile environments for the people who live there, their governments, as well as for neighbouring countries, and those who seek to provide assistance (AfDB, 2014, p. 4). While, in some cases, high levels of insecurity might impede any form of external support, conventional wisdom, which demands a minimum level of security before support to economic development can take off, has been challenged by recent thinking in three ways: (i) recognising the role that economic development plays in containing insecurity, (ii) offering alternatives to violent forms of income generation and (iii) sustaining stabilisation efforts.

More generally, over the past few years there has been an increased awareness of the fact that the risk associated with not engaging tends to outweigh the risks of engaging in the first place (AfDB, 2014). The urgency to create employment opportunities as soon as possible and even while a conflict is still ongoing has been extended to the ambition to link the often temporary (public) employment strategies to more sustainable, private sector-led economic opportunities. Apart from the stabilising effects of employment promotion, recent evidence suggests that on-the-ground international development actors are associated with improving levels of security (Alix-Garcia and Saah, 2010).

Working *in* conflict, fragility and violence: employment promotion despite insecurity

When engaging in contexts of insecurity, the safety of personnel, partners and target groups should receive highest priority. An example of how to anticipate and deal with the threat of insecurity is provided by a USAID project implemented by the International Rescue Committee (IRC) in Northern Uganda where the region was still highly insecure after 20 years of conflict. The cotton value chain project was only able to operate in a conflict-affected environment because it foresaw and planned for the effects that insecurity had on farmers'

mobility. Since it was too dangerous for farmers to individually make the trip to town in order to market their goods, IRC negotiated with the local cotton processor Dunavent Uganda Ltd to come to an arrangement in which the company would be responsible for collecting the cotton from the farmers (Dudwick and Srinivasan, 2013, p. 69).

What may appear like a mere shift of the problem, results in fact in **a more balanced distribution of risk along the value chain**, in which the risk of undertaking the journey in a company truck, and possibly in convoy, is significantly smaller than the risk for individual farmers to organise the transport on their own. Moreover, access to information with regard to the security situation is usually more easily accessible to larger companies than to small farmers. And finally, the processing company is likely to be more flexible and able to choose a different access road or postpone the trip in case of illicit road blocks.

A similar approach to minimise risk and avoid exposing beneficiaries to insecurity is **mobile cash transfers** that can be used to pay for emergency or temporary employment in rural areas (UNDP, 2014, p. 9). Remitting a defined amount of money to a worker's mobile phone avoids putting workers at risk by making them carry around unusually high amounts of cash, but it also decreases the tensions that routinely arise among workers on the day of payment.

A third example of how to promote employment creation despite high levels of insecurity is provided by **Civil Military Cooperation** (CIMIC), which can offer a structure for employment promotion in environments that remain highly insecure. As part of the comprehensive '3 D' approach (combining Defence, Development and Diplomacy), the Dutch army established a pool of reservists with relevant business background under its CIMIC battalion. These reservists belong to a network called 'Integrated Development of Entrepreneurial Activities' (IDEA) that seeks to provide technical assistance to potential and existing entrepreneurs in conflict-affected regions, in which development actors - due to insecurity - are

often not yet able to operate. As mid-career professionals from the Dutch banking and business sector, IDEA reservists established business development centres (in Bosnia and Afghanistan) and a microfinance bank (Uruzgan). This network also trained new and established entrepreneurs by adapting and introducing ILO's 'Start and Improve Your Business' modules. In the absence of an external evaluation, the IDEA network monitored the sustainability of its achievements for many years after the intervention and has come to the conclusion that most of the employment that was created, however small in scale, has been sustainable over the last few years. Through a defence-business platform that links the IDEA network with the Dutch employers' organisation, the Dutch CIMIC battalion works towards a more systematic cooperation with Dutch development organisations and the business community (CIMIC, 2010).

Working *on* conflict, fragility and violence: employment promotion as a tool to restore security
The following examples illustrate how employment promotion is used as a tool to foster short-term and long-term security, either by removing the threat or by improving protection.

USAID's Community Stabilisation Programme in Iraq (2006-2007) illustrates how the generation of large numbers of **temporary employment** can serve as a tool to improve security in the short-run. USAID's strategic objective was to reduce the incentives for violence. Its core strategy to work towards this goal consisted of job creation, essentially to draw Iraqi youths away from insurgent activity. By using labour intensive public work schemes to collect garbage in public spaces and keep the streets clean, the US army improved the security situation in two ways: on the one hand, the programme equipped large parts of the young male population with a task and a steady income for a couple of months and thereby lessened their propensity to participate in insurgency, sectarian violence or crime. On the other hand, keeping the streets and roadside ditches clean significantly reduced the risk of roadside bombs which insurgents would usually hide under piles of rubbish.

Anecdotal evidence from a variety of sources showed that communities in which the programmes had been implemented were more likely to enjoy some level of stability. To what extent this success owes more to the commitment of local leaders than to the absence of roadside waste and less idleness among youths remains unclear. Also, referring back to the sustainability challenge of public work schemes discussed in section 2.1.3, it is questionable how short-term security can translate into longer-term stability if the employment opportunities remain temporary and are likely to fuel frustrations among the beneficiaries if faced with unemployment at the end of the programme.

Another interesting feature of this programme was that the implementation arrangements were such that **activities were attributed to communities and government agencies**. This apparent government ownership was essential as it made local programme implementing agencies less vulnerable to attacks and, at the same time, enhanced the image of the nascent government in the eyes of the Iraqi population (CNA, 2010, p. 52-53).

In an effort to create more long-term employment for stability the USAID-'Tijara Provincial Economic Growth Programme' in Iraq has used **an integrated approach to economic development** that combines business and financial management training for small and medium-sized enterprises (SMEs) with access to finance, trade and employment fairs as well as business environment reforms. Despite the challenges posed by quickly changing levels of insecurity, in 2009 the programme's microcredits had resulted in the creation of over 60,000 jobs. Additionally, from the nearly 6,000 participants who had received training from one of Tijara's Business Development Centres, one third had established their own business, while another third of the graduated had enrolled for further training (USAID, 2009b, p. 3).

As key success factors, the programme's 2009 progress report highlights the importance of **ongoing market analysis** and the close collaboration with **powerful allies in government and the private**

49

sector to ensure the success of broad-based interventions (USAID, 2009b, p. 33). Another distinctive feature of the programme that allowed it to operate despite security threats was the close link of its Business Development Centres to US military and civilian Provincial Reconstruction teams across Iraq[25] which allowed for continuous security updates and early warnings about potential security deterioration.

Other compelling approaches that **combine employment promotion** with protection have been developed and trialled by a number of humanitarian agencies. The Danish Refugees Council, for instance, was able to negotiate with local commanders in Darfur to ensure safe market access by women, children and unarmed men, including from the refugee camps. This agreement allowed the vulnerable populations to expand their income generating opportunities while, at the same time, expanding their freedom of movement (Jaspars and O'Callaghan, 2010).

Findings

→ Cooperation between development security actors, civil society actors and businesses, for example in the form of observatories, has proved very useful for improving the gathering, sharing and interpreting of security relevant information. In Latin America they are widely used to monitor armed violence (Wennmann, 2012, p. 936).

2.3 Employment promotion amidst the consequences of armed *conflict* and *violence*

Conflict or post-conflict societies pose particular challenges to development cooperation in general and to employment promotion in particular as there are fewer entry points and external interventions bear greater risks of causing adverse or negative effects. Often power struggles and violence continue beyond peace settlements. Moreover, social cohesion tends to be seriously damaged. As a general rule, conflict and post-conflict situations require quick actions in order to visibly and effectively improve general conditions (BMZ, 2013, p. 12). Besides crisis management, reconstruction for crisis prevention is crucial, which encompasses rebuilding the social and economic infrastructure as well as psychosocial measures. As soon as possible, short-term crisis management should be transformed into longer-term strategies, which should envisage good governance measures, constructive state-society relations, involvement of civil society, democratisation and professionalisation of the security sector, as well as strengthening a democratically legitimate state monopoly on the use of force.

2.3.1 Weak physical infrastructure

Violent conflict leaves profound traces in a country's physical infrastructure. Political instability and the lack of access to electricity are cited as the two main constraints on business in conflict-affected countries (World Bank, 2012, p. 196). Damaged road networks and unreliable telecommunications are also ranked among the major obstacles likely to cut off entrepreneurs from potential markets, particularly if they operate outside larger urban centres.

Economic activity heavily relies on physical infrastructure. With roads and electricity missing, transaction costs are extremely high and trade and business activities are seriously hampered which prevents employment growth. Interventions aimed at promoting economic growth are in turn restricted in their outreach potential.

From an employment promotion perspective, there are two ways to deal with the lack of physical infrastructure. One consists of identifying employment opportunities in sectors that are least dependent on infrastructure (e.g. the mobile phone sector). The other one aims to combine employment ambitions with the urgent need for (re)building infrastructure such as roads and electricity networks.

Construction site in Sri Lanka

Working *in* conflict, fragility and violence: employment promotion despite the lack of infrastructure
Community-based approaches such as the promotion of start-ups, entrepreneurship development, and local value chain development do not heavily rely on physical infrastructure and can help foster people's livelihoods at the micro level (UN, 2009, track A).

In the absence of a suitable structure to support centre-based or enterprise-based training, **mobile training units** can be used as an alternative venue. Mobile structures such as trucks or tents can be used for training purposes and then be moved to the next location. Alternatively, a mobile trainer can move from one target group to the next and offer training in multi-purpose facilities or private houses (Grossman et al., 2009, p. 67). The advantages are not only that the lack of physical infrastructure as an obstacle to training delivery can be overcome, but also that a lack of mobility on the part of trainees (due to, for example, insecurity or other (reproductive) tasks) can be compensated.

A very different example, though rarely applied in fragile settings, is the development of **Special Economic Zones**. Such zones aim to attract investors by offering "a piece of serviced land with good connectivity and infrastructure, governed by a comprehensive and integrated set of laws and regulations often compatible with international trade agreements" (IFC, 2013, p. 52). While there is some general debate around whether such arrangements undermine the idea of a level playing field for all firms, the model can be of particular interest in a country where the general business environment and infrastructure are extremely weak and where reconstruction will take years before investment promotion can take off. In fact, the Rwandan government is currently successfully using the development of such zones as a policy tool to concentrate their efforts to effect needed reforms to attract investment and create jobs in targeted sectors (IFC, 2013, p. 52).

The organisation Building Markets is specialised in **linking small local enterprises to international buyers, including both international humanitarian and development organisations and foreign investors** in post-conflict contexts like Afghanistan and Liberia. A major area of potential lies in the field of rebuilding infrastructure. Besides training local suppliers and working with these larger buyers to make their procurement procedures accessible to local SMEs, they have developed a number of tools to improve the business matchmaking between

Training in the
Kofi Annan
International Peacekeeping Centre
in Accra, Ghana

international buyers and domestic buyers such as local distribution of tender announcement and networking opportunities for buyers and suppliers (GIZ, 2013, p. 42 and p.103).

Working *on* conflict, fragility and violence: employment promotion linked to infrastructure rehabilitation

Since infrastructure rehabilitation requires labour, the objectives of employment creation and reconstruction can be easily combined in essentially two ways: by aiming for infrastructure rehabilitation as a primary goal and looking for possibilities to achieve this by labour intensive means, or by promoting employment by means of rebuilding roads or villages.

With the primary objective to create immediate temporary employment for large segments of the population, **emergency employment programmes** have proved effective in rehabilitating basic infrastructure in a short period of time. While the employment gains achieved through these programmes have rarely translated into longer-term employment opportunities or marketable skills of beneficiaries (GIZ, 2010, p. 89), their positive effects in terms of infrastructure rehabilitation can have a lasting impact on economic development through improved access to inputs and markets.

If the primary objective is to improve the physical infrastructure, the - quantitative - employment effects can be increased by replacing the use of machines with low-skilled labour force. However, evidence also suggests that these additional gains have not resulted in significant economic investments or increased employability in the long-run (Lange et al., 2014).

Two further approaches that combine employment creation with the rebuilding of infrastructure both involve cooperation with additional (external) actors:

Attracted by other competitive factors such as an abundance of cheap labour and land, **larger**

companies show increasing readiness to set up operations in emerging markets affected by conflict (OECD, 2011, p. 3) and often overcome the lack of infrastructure by developing their own facilities, e.g. access roads, electricity or water. As part of their corporate social responsibility strategy and with the ambition to obtain a 'social license' to operate from surrounding communities, some of these companies have shown willingness to give workers and their families access to these facilities. Yet, these facilities are often restricted to personal and non-commercial use. Economic development actors could serve as mediators between those companies and the state in order to find an agreement under which local entrepreneurs would be allowed to use the infrastructure for a small fee and local administration would be in charge of ensuring and monitoring equal access and further maintenance (Zandvliet and Anderson, 2009).

Moreover, **remittances** – representing up to 33% of GDP in some fragile states (Haiti, Lebanon, Nepal and Tajikistan) and generally outweighing Official Development Assistance (ODA) in absolute numbers (OECD, 2011, p. 3) – can play a key role in rebuilding infrastructure. While the Somali civil war left significant parts of Somaliland territory in ruins, most of it has been rebuilt with remittances playing a critical role in the reconstruction of homes and businesses. Taking into account that remittance flows continue growing, provide a more stable income than most other external flows, and – in absolute terms - are mainly concentrated in just five countries that can be considered as more or less fragile – Bangladesh, Nigeria, Pakistan, Sri Lanka and Nepal (OECD, 2011) – initiatives have emerged that seek to harness the economic and social potential of these flows. Remittances are not only believed to provide the financial assets to spark economic activities, but also to transmit social norms and values (Datzberger and Denison, 2013, p. 26).

One idea, brought forward by the Global Forum on Migration and Development (2012) is the establishment of African investment funds which could

attract investments from wealthy African migrants abroad. Donors could provide assistance to ensure proper management of these funds either "through a state agency, a private company or by a combination of private company but with participation of members from the diaspora" (GFMD, 2012, p. 15).

Findings

Notwithstanding the positive results, these public employment schemes can achieve in terms of infrastructure rehabilitation and temporary employment generation, there are a number of unintended negative effects that should be avoided:[26]

→ Frustration: Firstly, temporary employment tends to raise expectations of a better life among beneficiaries that easily translates into frustration in the absence of alternative economic opportunities upon completion of the infrastructure programme. To mitigate these frustrations, interventions aimed to stimulate the demand and supply side of the labour market should be provided as concurrent activities along with the infrastructure work (for details see section 2.2.1).

→ Corruption: Another destabilising factor, commonly encountered in public infrastructure projects, is corruption (Lange et al., 2014b, p. 31; Jones and Howarth, 2012, p. 35). The engineering sector with its multiple layers of (sub-) contracts and regulatory approvals by public and private officials has been ranked as the second poorest in performance on corruption (International Alert, 2006, p. 13). If corrupt practices prevail, they can become both a source of grievance to local stakeholders, as well as a source of financing for illicit practices. External/joint monitoring mechanisms, close collaboration between all stakeholder, and utmost transparency are required to counter corruption.

→ Targeting: A (perceived) bias in the selection of workers can also trigger grievances, while self-targeting practices through public officials can reinforce structural marginalisation. Diversity of the

target group and transparency with regard to selection criteria and procedures should receive highest priority to avoid (perceived) discrimination.

→ Scarcity of labour: The timing of the intervention should take into account seasonal availability of labour and their commitments in other productive activities. Further, to avoid brain drain of much needed but scarce human resources (e.g. teachers and nurses), the selection of workers should be based on a thorough vulnerability assessment, in whose design representatives of all relevant groups should be involved.

→ Market distortion: In order to avoid the crowding out of local enterprises (UNDP, 2013, p. 115), all interventions should look out for domestic firms that could potentially participate in the implementation of the programme. A practical recommendation suggests to sequence infrastructure projects in phases so that potential domestic SMEs can be identified in the first round, receive skills, and receive management up-grading in order to get involved in the second round (Lange et al., 2014, p. 57).

→ Risk related to payment of wages: As cash payments can trigger violence, alternative forms of payment, such as mobile cash transfers or "(locally purchased) food-for-work" should be considered.

→ Rural areas and natural resources: Lastly, infrastructure projects usually affect the accessibility and usability of natural resources such as land, water points and grazing land. To avoid triggering or fuelling potential conflicts around the use of natural resources, the implication of infrastructure projects on local populations' livelihoods have to be anticipated and planned for (Jones and Howarth, 2012, p. 37).

→ Gender: Most of the infrastructure projects offer employment to young men. The need for employment opportunities for women should be considered.

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26 The following list mainly draws on Lange et al. (2014, p. 31) and Jones and Howarth, (2012, p. 35).

2.3.2 War-affected populations

Conflict-affected groups pose a particular challenge to employment promotion approaches for several reasons. Whether they were actively involved in armed struggle as ex-combatants or passively affected as refugees and internally displaced persons, these population groups are generally found to be the most vulnerable groups in conflict-affected environments. Having said that, it is important to keep in mind that in societies characterised by conflict, fragility and violence, the population at large is likely to suffer some form of trauma. Yet, the specific needs of former combatants and displaced persons and the challenges posed to their socio-economic reintegration (due to legal status, social stigma) need particular attention. On the one hand these groups represent an increased risk to turn to violent means to maintain their livelihoods; on the other hand they are particularly vulnerable to stigmatisation and violence by others. Last, but not least, the lack of employment and income generating opportunities is repeatedly cited as a major obstacle for these groups to reintegrate into civilian life (UN, 2009; UNDP, 2013).

This section assembles a selection of promising practices to promote employment for these vulnerable groups: refugees, IDPs, and ex-combatants.[27]

a) Employment promotion for refugees and internally displaced persons

Economic activities of refugees are generally heavily restricted by legal constraints, ranging from the limitation on movement to the denial of financial and non-financial services for entrepreneurs. Indeed, the lack of an identity card or a work permit is likely to prevent a successfully trained refugee or IDP from taking up any formal employment opportunity (Merhab, 2006, p. 170; UNHCR and ILO, 2008, p. 1).

This legal restriction also has a political implication for development organisations' decision to support longer-term solutions that could either prepare displaced persons for a return to their place of origin or help them to establish a more long-term existence in their places of presumably temporary residence. This political dilemma might be one of the reasons that explains the general lack of capacity on the part of NGOs operating in refugee or IDP camps in employment promotion and their overall tendency to exclusively focus on the most vulnerable groups with the primary goal to alleviate their immediate vulnerabilities, often with a short-term perspective. Overall, economic potentials and the prospects of employment promotion are found to be less of a priority in these areas (Women's Refugee Commission, 2013, p. 7).

In this difficult context, approaches to employment promotion among displaced populations can risk having negative effects in terms of conflict if (i) they fail to understand the political context or (ii) prioritise effectiveness over inclusiveness. The following examples illustrate these risks:

The external review of a UNDP programme in the Nuba Mountains of Sudan found that by promoting agriculture development to resettle returnees in areas they had been assigned to by the central government, UNDP inadvertently helped implement the central government's disaster-producing policies, **ignoring the needs and concerns of returnees and host communities** (Alinvoi et al., 2007). A better understanding of the political context and the systematic involvement of the beneficiaries and host communities (including local government) in programme design, management and monitoring, could have prevented UNDP from taking a biased and harmful approach.

In order to increase effectiveness, programmes often rely on government structures or IDP/refugee camp authorities to channel their support or select their beneficiaries. However, in many cases, these

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structures are unlikely to ensure transparency and inclusiveness and might actually decide to use their power to buy people's loyalties (Mallett and Slater, 2012, p. 54). Illustrative of this unintended harmful effect is the remark made by a local government official in Zimbabwe when replying to a question on whether political affiliation was a criteria for selecting the beneficiaries of a contact-farming scheme: "Of course not! But why would we look for problems by selecting young members who support the opposition party?"[28]

Working *in* conflict, fragility and violence: Conflict-sensitive approaches to employment promotion among displaced persons

Conventional approaches to economic empowerment of refugees and IDPs include a mix of temporary cash and in-kind assistance, education and training, micro-business start-up services and referral to healthcare and psychosocial services.

A relatively new approach consists in **micro-franchising through private sector partnership**, a model that has been successfully piloted in other African contexts. In Kenya, young Kenyan and refugee women work in teams to sell food, hair products, solar lightening, and other goods of established companies. With support from local NGOs and the International Red Cross (IRC), young women receive the supplies and training in proved marketing and sales techniques from major Kenyan firms and the Nike Foundation runs a robust monitoring and evaluation component to facilitate future scale-up and replication elsewhere. By the end of 2013, 700 young women, including Kenyans and refugees, were running various franchises in the project area and were developing a saving culture. Another 300 female adults were undergoing training. [29]

The micro-franchise model has proved particularly appropriate for vulnerable population groups as it allows poorer individuals to open a ready-made business, using tested marketing strategies and an established brand to initiate new enterprises with minimal risk. In addition, it is a feasible approach for refugees who lack the skills, capital, and papers to start their own business (Women's Refugee Commission, 2012, p. 11).

Another compelling approach to promote decent employment among displaced populations was developed by UNHCR. As domestic work in the homes of others is perhaps the most common form of work outside home for displaced persons, UNHCR developed a programme that aims to **improve the often dire working conditions of the rather invisible domestic workers.** Through a local NGO the programme conducts its outreach door-to-door to obtain employers' permission to train their domestic workers. The purpose of the training is to strengthen various technical skills (e.g. in cooking and cleaning) and thereby serving the interest of the current employer while at the same time equipping employees with life skills and greater awareness of their rights. Through this training, beneficiaries have improved the skills they rely on for their present income generating activity while being more conscious of their rights (Women's Refugee Commission, 2012, p. 13).

A third **approach to skills training emphasises the importance of connecting refugees to a broader network with the private sector, banks and local officials**, both to increase their chances of finding an income generating opportunity, and to curtail marginalisation, stigma, and improve the governance structure displaced persons have to deal with. The Italian NGO 'International Committee for the Development of Peoples' (CISP) specialises in business development services that engage beneficiaries over at least a year. The support services include the establishment of drop-in business information centres to address the lack of knowledge among entrepreneurs. Moreover, the programme creates and supports mixed clusters of small businesses by Kenyans and refugees to facilitate their interaction and encourage their engagement with local banks and public officials (Women's Refugee Commission, 2012, p. 10).

28 Quote from interview conducted during a recent evaluation mission, in which the author was involved.
29 For more details visit the website of Kenyan NGO 'Youth Initiatives Kenya' (YIKE) at: http://www.yike.org/index.php?option=com_
content&view=article&id=25&Itemid=16

A final example demonstrates the political dimensions of employment promotion among displaced persons and draws on experience from UNIDO`s vocational training and entrepreneurship training programme in Khartoum State, Sudan. Against the general trend of donors in the early 2000s to concentrate support strategies on the various areas where recent or on-going conflict was causing suffering and displacement (Southern Sudan, Darfur, transitional area, the East), the European Commission decided to fund a programme aimed at one of the world's largest IDP populations in Khartoum state, mainly composed of refugees from Southern states and Darfur from earlier crises, who had been living in semi-permanent informal settlements on the outskirts of the capital for more than 10 years, repeatedly being subjected to random evictions by government police.

At the start of the negotiations, the Khartoum State authorities had no interest in investing in skills training for the IDPs. Indeed, these inhabitants were more endured than welcomed, and the government was under pressure to address the economic needs and high unemployment rates of its North Suda-

nese population. This situation eventually led to a two-pronged approach in which one component consisted in the rehabilitation and equipment of five of Khartoum State's vocational training centres (including some built and equipped by GTZ in the 1980s) and the replacement of the state´s out-dated formal vocational training system by a demand oriented competency-based curriculum. This component targeted both North Sudanese and IDPs from South Sudan. A second component was designed to offer short-term skills training in marketable trades and entrepreneurship training to IDPs. Community-based organisations were trained to run these training programmes by using the facilities in the refurbished centres.

Since the structures of the old vocational training centres were located at the former periphery of the capital, they happened to be in immediate proximity of the various IDP areas. This reality was turned into an argument to convince the governor that the second project component was highly instrumental in creating support for the programme by local communities, hence ensuring security (UNDIO, 2011).

Findings

→ Socio-economic reintegration of displaced persons poses a daunting challenge and requires comprehensive and longer-term support strategies.

→ Skills training to increase the employability and the promotion of economic opportunities to tackle both the supply and the demand side of the labour market have little chance of being effective if not combined with broader life skills, awareness creation, networking/matchmaking activities and rights-based approaches.

→ Information: In general, displaced populations tend to be less well informed than host populations about potential services or programmes that might help them. However, as most urban youth refugees have access to a mobile phone, using SMS to raise awareness of training or employment opportunities has proved successful (Women's Refugee Commission, 2013, p. 9).

→ Participation: The needs of refugees and IDPs tend to differ from those of state citizens. Their participation in project design, implementation and monitoring is critical to ensure that employment promotion approaches match their needs and opportunities.

→ Sustainability: In the absence of accessible state institutions, a high degree of organising is generally found to prevail among urban refugees. Refugee community-based organisations should be tapped as a resource, but also as a 'one-stop-shop' to create awareness, conduct needs assessment, market surveys, and provide training (Women's Refugee Commission, 2013, p. 9).

→ Given that a majority of displaced persons have undergone traumatic experiences of violence and desperation, any support strategy aimed at employment creation or strengthened employability should include or work with healthcare and psychological services for their target groups.

b) Employment promotion for ex-combatants

Skills training is commonly promoted in fragile and post-conflict situations, as a means to improve the employability of ex-combatants in order to increase their chances of either finding wage employment or establishing their own business. However, to date many of these conventional skills programmes aimed at reintegrating disarmed and demobilised former combatants into civil life have yielded limited success. For example, an external evaluation of a World Bank self-employment programme for ex-combatants in Cote d'Ivoire came to the conclusion that no employment effects could be reported (IEG, 2013, p. 142). In some cases, such programmes have even had negative effects (UN, 2009; UNDP, 2013).

THE RISK OF DOING HARM

The key challenge remains to provide these vulnerable populations with longer-term economic opportunities. Indeed, typical risks of reintegration programmes generating frustration relate to the **creation of expectations through temporary employment that cannot be met** upon completion of the programme if beneficiaries are not prepared for the labour market.

Similar problems arise if **skills training programme are not developed on the basis of a regularly up-dated employment and labour market assessment**. Skills and entrepreneurship training that does not lead to viable income generating activities is likely to leave the beneficiaries highly frustrated and has often done so in the past (Mallett and Slater, 2012, p. 52).

Working *in* conflict, fragility and violence: Conflict-sensitive employment promotion strategies for ex-combatants

GIZ's vocational training programme in Aceh, Indonesia (2006-2009), successfully managed to avoid a typical training-job mismatch and eventually created employment for 85% of its beneficiaries. The programme's key factors of success were a **labour market assessment,** ensured community buy-in by making sure that **half of the beneficiaries were not-combatants,** high-quality training and business support through **partnerships with private companies and banks** and the **establishment of a cooperative** to ensure training graduates were employed on completion of their training (McKibben, 2011, p. 24).

A second promising example is UNDP's Demobilisation, Disarmament and Reintegration approach as currently applied in Burundi, DRC and Yemen. In an effort to operationalise the three-track approach presented in the 2009 UN Post-Conflict Employment Policy, UNDP developed a new methodology, the '3x6 approach', which aims at the successful socioeconomic reintegration of former combatants and other conflict-affected populations. The main innovative element in this approach consists in the link of interventions across the three UN tracks by building upon livelihood stabilisation to achieve a longer-term vision for sustainable employment and inclusive economic growth (UNDP, 2013, p. 57). The approach further **introduces Peacebuilding and social cohesion as new dimensions** into the revitalisation of the local economy. For instance, individual savings from temporary public work schemes were facilitated in order to "promote social cohesion through collective economic activities and to engage with other actors in economic joint-ventures based on collective savings (…) and risk-sharing" (UNDP, 2014, p. 4).

A third innovative aspect in this approach is its anticipation of **three different phases,** in which the focus shifts from inclusion to ownership to sustainability and **in the course of which savings are being accumulated** (UNDP, 2014, p. 4). On-going monitoring and evaluation is expected to lead to lessons for application in other fragile and conflict-affected settings.

Figure 2 **// The implementation of the National Reintegration Strategy (3x6 approach)**
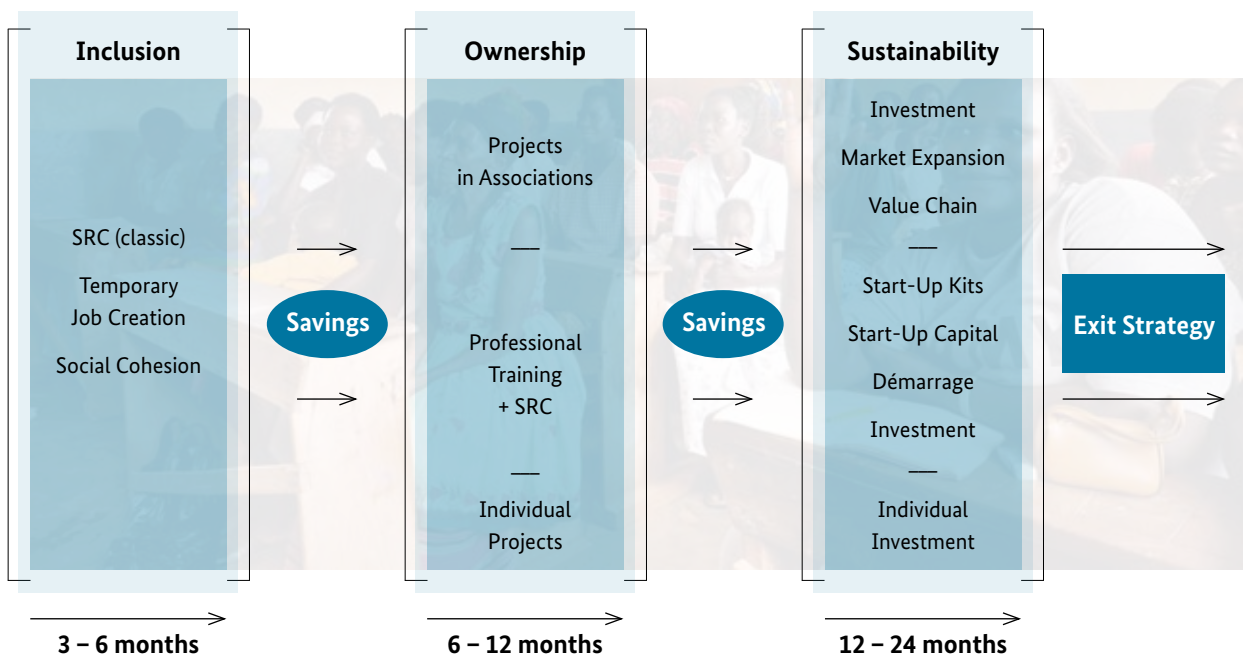
Source: UNDP, 2014, p. 4

A third successful approach to employment promotion for ex-combatants is enterprise-based training through **traditional apprenticeships** (Grossmann et al., 2009, p. 66). The latter can not only provide on-the-job skills training, but also some placement services and social reintegration as it links the apprentice with both entrepreneurs and peers, hence facilitating re-entry into the labour market and social interaction.

A last compelling example draws on UNIDO's Youth Entrepreneurship Development Programme in Southern Sudan (2008-2010). To attend to the special needs of disabled ex-combatants and the demands of international NGOs specialised in catering for the needs of war-victims, UNIDO introduced wheelchair production into the government-owned vocational training centre whose rehabilitation and equipment was part of the programme (UNIDO, 2010). By equipping their trainees (incl. ex-combatants) with the skills to manufacture Malakal's wheelchairs, the programme did not only fill a market niche, but also strengthened ex-combatants' self-esteem by being able to cater for their own needs.

Findings

→ Employment promotion for former combatants should include or be linked to psychological support and conflict management skills.

→ To increase the chances of longer-term economic opportunities for ex-combatants and avoid fuelling renewed frustration, skills training should always be guided by continuously up-dated employment and labour market assessment and with the longer-term ambition to link temporary jobs to viable markets (UNDP, 2013, p. 143). Since wage-employment opportunities tend to be scarce in fragile settings, technical skills trainings should be combined with business start-up support (McKibben, 2011, p. 31).

→ To avoid grievance among the host communities, programmes should not exclusively target former combatants, but they should adopt an inclusive approach by extending support to those communities into which ex-fighters are to reintegrate (UNDP, 2013, p. 115; Grossmann et al., 2009, p. 87).

→ The special needs of female ex-combatants and former combatants with disabilities should not be overlooked (McKibben, 2011, p. 31).

→ To understand and plan for the hierarchical structures within military structures and perceived prestige of trades, former combatants should be involved in the design of employment programmes and informed about the market prospects of potential professions.[30]

→ Monitoring systems should be designed to record the non-economic effects of reintegration programmes, for instance by monitoring their impact on reconciliation and trust building among (formerly) adverse identity groups.

REALITY CHECK 4

Peacebuilding needs to differentiate between distinct war-affected populations. A baseline assessment and its continual up-date should be the starting point for the design and implementation of any intervention. The active participation of the target group in the needs assessment has proved critical to increase the relevance and usefulness of the needs assessment. It not only ensures a more pertinent assessment but also creates more realistic expectations on the part of the target group.

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30 Grossmann et al. (2009) point out that ex-combatants might for example not respond to vocational training for professions for which there is a good market (e.g. carpenter), but that are less well perceived among the own ranks than other less paying professions (e.g. truck driver).

Women attend classes as part of a microfinance programme in Uganda

3 Recommendations

Employment promotion does not take place in a vacuum. As the cases presented in this paper demonstrate, any effort to promote employment, such as enhancing the skills level of people, stimulating the market, creating employment opportunities, or facilitating the matching between labour demand and supply, affects and is influenced by the broader political and socio-economic environment. Regardless how approaches to employment promotion are designed, they will always benefit some and exclude others, hence create winners and losers and affect the distribution of much needed services and resources.

This is particularly relevant in contexts of conflict, fragility and violence, where resources are often scarce, capacities low and tensions high. Aside from the often cited economic constraints, legacies of patronage and favouritism, and decades of structural marginalisation of certain groups have shaped these societies, in which access to training, professional formation or employment, or to a business licence or a loan, quite often depends on the affiliation to a certain religious, ethnic, regional or political group, or the kind of favour one is willing to do in return. Consequently, employment promotion does not occur on a level playing field, but in a highly politicised environment.

Neglecting the multifaceted dimensions of conflict, fragility and violence is likely to undermine the effectiveness of any development policy or programme. More importantly, interventions, which are not designed in a conflict-sensitive manner, can exacerbate tensions and have repeatedly done so in the past. Some of the above-mentioned examples illustrate those risks. In response, fragile states' governments and their development partners, including BMZ, have concurred that a different approach is needed in contexts of conflict, fragility and violence. A comprehensive approach, that moves away from a purely technical approach, and departs from a thorough understanding of the conflict dynamics at stake, recognises the interaction of the planned engagement and conflict dynamics and acts upon these insights (OECD, 2007).

The previous chapter sought to distil those elements or modes of delivery from the different employment approaches through which a specific peacebuilding need, security issue or conflict consequence can best be addressed. The final recommendations reflect on the central insights of the previous chapter but also address some more general programming issues, which aim at unleashing the peacebuilding potential of employment promotion. The recommendations are structured along the different steps of the project cycle.

One of the central findings of this paper is that conceptual groundwork and empirical evidence on the link between employment promotion on the one hand and peace and stability on the other hand remains limited. Therefore, it is highly recommended to further evaluate, synthesise and aggregate individual project experiences in the field of employment promotion in fragile contexts with the aim to systematise correlations and to distil a robust conceptual framework, which can serve as a reliable basis for development cooperation in this field.

3.1 Analysis and Project Design

→ Context Analysis: **Combine and regularly update employment and labour market analyses with conflict analyses**. Understanding the political economy of markets is critical to ensure that employment promotion does not inadvertently exacerbate inequality, vulnerability, and conflict. It is not a one-time exercise but a continual attempt to show the interaction between intervention and the context. Instead of conducting a stand-alone conflict analysis it is therefore advisable to incorporate a conflict-lens into the chosen employment promotion strategy, e.g. a conflict sensitive value chain analysis that maps not only the actors in a given economic sub-sector, but also the power relations between them and the potential connectors and dividers that are likely to either support the chain or obstruct it.

→ Defining objectives: In order to systematically monitor the interrelation between the intervention and the broader fragility context, **peacebuilding should be incorporated as a secondary goal to employment promotion in fragile setting**. Such an approach allows employment promotion in contexts of fragility to be dealt with transparently and in a conflict-sensitive manner. More specifically, it implies that expected and unintended negative and positive effects of generated employment effects will be anticipated and monitored (AfDB, 2014, p. 16). If the sole objective of a programme is employment promotion, the chances that M&E systems will look beyond the employment targets and explore their effects on broader state- and peace-building dimensions are very slim.

→ Stakeholder engagement: The **design of employment promotion interventions should involve all relevant stakeholders**, including the private sector, the national and/or local government, other development partners, employer organisations, labour unions, civil society, and the target groups (e.g. ex-combatants, youth and displaced populations). Bearing in mind that stakeholders may lack legitimacy, a pragmatic approach will imply the readiness to engage in 'inclusive-enough-coalitions' with partially legitimate actors that gradually need to be broadened into more inclusive and legitimate partnerships.

→ Duration: In fragile environments, a longer-term engagement is critical as rebuilding trust takes time. **While quick visible results are needed to create a peace-dividend, seek possibilities to link short-term employment approaches to longer-term employment prospects.**

→ Holistic approach: Employment promotion **should be embedded in or linked to more holistic approaches**. This is important because the causes of fragility are always a combination of factors that need to be addressed together. Employment promotion can only unleash its full potential to mitigate causes and consequences of conflict if it is combined with life skills and conflict management components and linked to broader efforts of

security, justice, and governance reform processes. Hence collaboration with other actors who are specialised in those complementary fields is highly desirable.

→ Targeting: **Avoid exclusive targeting of certain groups** (e.g. former combatants, male adolescents, or refugees only), as this is likely to exacerbate tensions and reinforce stigmatisation. Where structural marginalisation, ethnic or political divides prevail, programmes should proactively seek to target individuals, firms or organisations from different groups and regions, not solely based on merit. Similarly, **avoid exclusive targeting of sectors that are dominated by one particular group**.

3.2 Project Management

→ Brain drain: Given the scarcity of qualified human resources in many fragile and post-conflict settings, **projects should avoid enticing skilled personnel away from government or private companies** and thereby further weakening their capacity.

→ Hiring policies: **Returning nationals can form a powerful asset for the reconstruction of war-torn societies**. However, exclusive hiring of returnees from abroad (e.g. Afghanistan) can cause resentment among the local population (Grossmann et al., 2009, p. 36).

→ Manage expectations: Expectations in post-conflict environments are high and can easily turn into frustration if not met (in time). **Reliable, realistic and regular information** about training possibilities and employment prospects can help manage expectations.

→ Transparency and communication of project activities: **Employment promotion programmes are not likely to be seen as neutral interventions**. Communicating principles of equal access and sharing information on targeting and selection procedures can help prevent negative perceptions of programme activities.

→ **Zero-tolerance for corruption:** The level of corruptive practices tends to be relatively high in contexts in which the regulations are weak and enforcement mechanisms largely absent. **Employment promotion programmes should actively promote transparency and accountability,** vis-à-vis its staff, project partners, government counterpart and beneficiaries.

→ **Participation and inclusiveness:** Be aware of the possibility of elite capture and **systematically ensure that all relevant stakeholders have been consulted**. Although the pressure to deliver results might determine choosing the most effective way of skills development and enterprise promotion, the processes leading to these results have to be inclusive. Ensuring that marginalised groups have equal access to a programme's services and strengthening the representativeness of (employers, employees, business or producer) organisations is critical to avoid reinforcing marginalisation.

→ **Flexibility to adjust: Fragile environments are economically and politically volatile** and employment promotion approaches should be flexible in order to adapt to changing markets and local needs. Experimental learning and the readiness to pilot new ideas and to learn from failure will greatly facilitate the ability to adjust approaches.

3.3 Monitoring and Evaluation (M&E)

→ **Monitor impact on peacebuilding and statebuilding processes:** There is a **need for a broader M&E scope** to capture the impact of employment programmes on conflict and peacebuilding processes and to systematise experiences.

→ **Conflict-sensitivity:** To ensure conflict sensitivity, **constant monitoring of interaction between employment promotion and conflict/fragility dynamics** and its systematisation is required.

→ **Conceptual framework:** Project experiences in the field of employment promotion in fragile contexts should be systematically analysed and evaluated in order to **create a conceptual framework based on empirical evidence**.

→ **Process is as important as outcome:** Conflict-sensitive approaches to employment promotion will require a greater emphasis on dialogue and participation of different and sometimes antagonistic stakeholders. Hence **monitoring the inclusiveness of participatory processes** is as important as recording their actual results.

→ **Long-term evaluation:** The **focus in measuring should move from** *de jure* **outputs to** *de facto* **outcomes**, as employment can mitigate but also drive conflict (Cramer, 2010). Although calculating the number of ex-combatants trained or even the number of employment opportunities created may be less time-consuming, resource-intense and easier to quantify, it will not fully demonstrate the actual impact that these achievements have on the resilience of households, and broader stabilisation processes.

→ **Importance of perceptions versus facts.** Perception of programme processes and achievement needs to be carefully monitored. **No intervention is (perceived as) neutral.** The effect of its provision is a function of to whom it is given (and to whom it isn't), when, and how access is managed.

→ **Quality and distribution of employment** matter **as much as the number of jobs created** and should therefore be monitored (Holmes, 2013, p. 25).

→ **Costs:** Monitoring and evaluation will require a **higher percentage of programming costs** than routinely allocated for interventions in non-fragile settings.

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64

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66

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68

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