

# Spanish Red Cross Guidelines on Economic Development



Cada vez más cerca de las personas



Cruz Roja Española

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## Presentation

One of the International Cooperation objectives of the 2007-2011 Spanish Red Cross Action Plan is to put learning at the core of our organization promoting the generation of knowledge through our experience.

The significant growth in our international action over the last several years has made it necessary to define sector frames of reference and consolidate planning and management tools to harmonize our interventions.

In this connection, I am proud to present these *Guidelines on economic development* which represent an important step in the effort to learn from and improve the quality of Spanish Red Cross intervention.

The *Guidelines* are backed by the experience acquired by the Spanish Red Cross over the last several years and which has made us a role model at international level. Thanks to this experience, the Spanish Red Cross is home to the Reference Centre for Economic Development and Sustainable Means of Support of the International Federation of Red Cross and Red Crescent Societies. This Centre was formed to disseminate best practices and turn them into relevant learning tools contributing to the effectiveness of all national societies.

As laid down in the 2020 Strategy, the success of our mission is based on the realization that "*the vulnerable population becomes less vulnerable if it is less dependent on external agents and can ensure its own income*". Therefore, working to ensure means of support is a vital aspect of development and is necessary to reduce the dependence of vulnerable communities and individuals with a view to promoting self-sufficiency.

I would like to express my gratitude to all of the national Societies for their collaboration in contributing to these *Guidelines on economic development*.

I am convinced that the Guidelines will enhance the quality of our international action in this field and I encourage you to make use of this knowledge in your daily work because it is only by working together that we can make our humanitarian work more effective.

Juan Manuel Suárez del Toro Rivero

President of the Spanish Red Cross





## Introduction

This is the 2007-2012 Spanish Red Cross Action Plan whose aim is to empower the Spanish Red Cross as a pedagogical organization.

The objective of this manual is to promote the creation of a standard work methodology through the drafting of technical and operational documents to guide interventions.

To that end, these guidelines must take account of the millennium development goals (MDGs) as the frame of reference for Economic Development initiatives because they form part of a plan agreed by all of the world's nations and all of the world's most important Development Institutions.

Economic development projects have a direct impact on the 8 MDGs insofar as they are a tool to combat poverty and the situations caused by the latter but there are specifically 3 MDGs on which Economic Development Programs have the most direct impact:

- Objective 1: Eradicate extreme poverty and hunger
  - Reduce the percentage of people making less than one dollar per day by 50%
  - Reduce the percentage of people who go hungry by 50%
  - Achieve full productive employment and dignified work for all people, including women and young people
- Objective 3: Promote gender equality and empower women
- Objective 4: Reduce child mortality

A macro analysis of the concepts described in the foregoing would seem to indicate that, at this point, it is not necessary to try to provide a detailed definition of the specific attributes defining the most vulnerable individuals taking part in the programs run by the Spanish Red Cross (SRC) who find themselves in this situation as a result of emergencies -natural or man-made- or as the result of the historic and ongoing action of social, personal, educational or economic factors. Even so, it is advisable to define what we mean by "*personal self-sufficiency and integration of the most vulnerable*".

A suitable living standard above the poverty line and vulnerability threshold means having access, inter alia, to education, health-care, cultural services, housing, food security and free time. Having the *personal self-sufficiency* to be able to use all of these services implies having achieved an





appropriate degree of economic self-sufficiency because these services are costly and the aim is for individuals to be able to access them on their own, independent of special assistance over and above general social benefits.

***And this economic self-sufficiency implies that each individual has the means to insure sufficient revenue and increasing stability. That every member of the most vulnerable groups has a secure and sufficiently remunerated occupational activity as soon as possible<sup>1</sup>.***

When analyzing an intervention with a person or a community in Economic Development projects, it is essential to focus on the **baseline situation** without losing sight of the fact that, for an action which fosters income generation through self-employment, people need a minimum level of expertise, just as for the implementation of actions fostering salaried employment candidates need certain minimum standards of employability which need to be developed.

On the basis of this premise, before any intervention whether that be development cooperation or post-disaster, the Spanish Red Cross sees the need to incorporate actions which foster a minimum degree of socio-economic stability in communities and individuals. Once food security has been ensured, an economic development initiative should be preceded or accompanied by other actions which improve the situation of communities (health, basic sanitation, etc.).

***Once this stabilization process has been achieved, a person in a vulnerable situation can gain access to a suitable remunerated occupation in one of the following ways:***

- ***Incorporation into the official labour market as a salaried worker in a company (public or private, big or small, in the industrial agricultural or services sector).***
- ***Incorporation into the labour market as an independent self-employed person engaging in some productive activity.***
- ***Access to remunerated work as a small entrepreneur or member of a group of co-owners. When the micro-enterprise is individually run, this alternative is virtually the same as the preceding one.***
- ***Incorporation into the labour market through solidarity economy enterprises created in order to facilitate the social and labour market integration of the most vulnerable groups. These include different types of insertion enterprises<sup>2</sup>.***

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<sup>1</sup> Autosuficiencia Personal: culminación de los Programas de Cruz Roja Española. Oscar Ozaeta Baños de Ebro. 2001

<sup>2</sup> Autosuficiencia Personal: culminación de los Programas de Cruz Roja Española. Oscar Ozaeta Baños de Ebro. 2001

These goal-oriented paths towards personal self-sufficiency are the ultimate objective sought in the work carried out by the Spanish Red Cross in the field of Economic Development.

Therefore, this manual provides for different levels of development or intervention in communities starting with the highest level of vulnerability and lack of skills.

- Level 1. Emergency Response
- Level 2. Early Rehabilitation or High Vulnerability intervention
- Level 3. Rehabilitation or medium vulnerability intervention
- Level 4. Labour Market Integration of Vulnerable Groups

It should be remembered that this breakdown into levels is by no means rigid insofar as these are ongoing processes which link up with one another meaning that at any given time it will be necessary to combine different forms of intervention within the framework of an integrated strategy, i.e. short-term emergency response, medium-term rehabilitation and long-term development looking to the future, always focused on reducing vulnerability and building capacity.

In this document we will delve deeper into each of these levels based on a common framework whereby we will develop different **concepts** allowing us to better define our intervention.

- Defining the possible **contexts** we find ourselves in will give us the necessary basis on which to identify the problem which needs to be solved.
- Depending on the problem at hand, we have different **methodologies** to try to solve it.
- And also a **conceptual framework** built upon the Logical Framework Planning Matrix (LFPM-EML) approach around which to organise our intervention and a series of objectively verifiable indicators to measure achievement of our results and of the specific objective or final situation we propose to achieve.

It is important to mention that in this document we will not analyze those economic development activities included in projects where this is not the overarching objective.

As an example of the foregoing, different projects are under way to enhance production and economic conditions in communities in a cross-cutting fashion. Hence, in Senegal, projects are under way to improve the water and sanitation systems which include improvements of watering points for cattle which will have an important impact on communities.

This analysis will give us insight into the different projects executed by the Spanish Red Cross side-by-side with different National Chapters<sup>3</sup>.

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<sup>3</sup> For further information on a by-country breakdown of interventions, see the Spanish Red Cross' Catalogue of Economic Development and Income Generation Projects.

## Food Security and Economic Development

Food Security as a scientific discipline first emerged in the 1960s as a result of the world oil crisis which, in turn, sparked a crisis affecting grain and foodstuffs. Since that time, a succession of different scientific paradigms has guided actions in this area.

These paradigms, used to explain the origin and causes of hunger and of recurring famine, have evolved and range from causal explanations attributing the problem to natural factors such as high population growth and natural disasters to much more economic explanations such as the market's failure to adequately allocate resources.

More recently, we are witnessing a policy-based causal explanation related to long-term policies, the will of leaders, the need for agreement among stakeholders to generate social capital within States, increasing interest on the part of the international community, etc.

Justification of the problem of hunger and malnutrition should not be viewed as a merely technical, agricultural, nutritional or assistance issue. It must be looked upon as an economic issue meriting priority on political agendas.

The economic implications of chronic and severe malnutrition can be divided into two categories:

- The economic burden on health systems resulting from having to treat malnutrition-related ailments; and
- The loss of productivity resulting from diminished intellectual and physical development due to deficient nutrition during the greater part of one's life.



As of late, we have been witnessing a world **food crisis** caused by a number of factors both from the supply side (rising fertilizer and transport prices, poor harvests in some producer countries, increased price speculation in the grain markets arising from the potential demand for *biofuels* and, lastly,

world trade policy encouraging the abandonment of production in Southern countries) and the demand side (increased consumption of these products in developing countries over the last 20 years and more pervasive grain farming for energy production making these alternative sources of energy more competitive in light of high oil prices. In addition to these circumstantial causes, mention should be made of existing structural food insecurity in many countries, mostly in Africa.

From a microeconomic standpoint, it is important to point out that productive farmland has been abandoned due to meager production, difficult and costly access to seeds and agricultural inputs and growing internal and external emigration.

The Spanish Red Cross proposes intervention based on an **integrated person-centred approach getting at the causes of food insecurity from different perspectives depending on the surrounding dynamics**, while steering clear of paternalistic, dependency-generating schemes.

**Short-terms** intervention strategies are defined for the most urgent emergency situations but these must go hand-in-hand with a capacity-building process targeting program participants.

Even so, the bulk of our intervention must focus on changing production and management systems.

Through **medium and long-term** actions, we seek to tackle the root of problems with a view to offering a wider array of ways to make a living and honing the skills of the persons taking part in the projects by promoting agricultural technologies, training, access to financial markets and fostering rural enterprises.

Moreover, environmental sustainability is at the core of our interventions as is gender equality and women's autonomy.





Type of Intervention		Objective	Activities
Enhancement of agricultural productivity	of	Promote better use of agricultural means at the disposal of the population to obtain better yields thus ensuring basic nutrition and minimum income.	<ol style="list-style-type: none"> <li>1. Facilitate access to technological agricultural inputs for local use.</li> <li>2. Support the development of family-based subsistence farming.</li> <li>3. Train participants in the use of agricultural inputs and production systems.</li> <li>4. Provide instruction in post-harvest management and care of the land.</li> <li>5. Incorporate systems to combat erosion and natural barriers.</li> <li>6. Provide instruction on animal husbandry and the improvement of grazing land.</li> </ol>
Enhancement of agricultural technology	of	Promote the introduction and improvement of local agricultural systems through the sustainable use of resources	<ol style="list-style-type: none"> <li>1. Provide training in the proper management of irrigation systems and catchment areas.</li> <li>2. Introduce community-based agricultural technology systems which are not profitable for individual farmers.</li> <li>3. Train communities to manage livestock through the sustainable use of communal areas.</li> </ol>
Improve productive diversification		Introduce new local products into the crop and livestock system.	<ol style="list-style-type: none"> <li>1. Improve the crop rotation system.</li> <li>2. Introduce vegetable and fruit crops.</li> </ol>
Improve access to local markets		Facilitate access to local markets and financial markets	<ol style="list-style-type: none"> <li>1. Provide training on marketing systems.</li> <li>2. Enhance product exchange venues.</li> <li>3. Facilitate access to financing for productive purposes.</li> </ol>
Improve income alternatives in rural areas		Foster the development of local economies	<ol style="list-style-type: none"> <li>1. Analyze different income generation alternatives.</li> <li>2. Train for micro-entrepreneurial development.</li> <li>3. Facilitate access to micro-financing.</li> <li>4. Provide micro-enterprise monitoring and support.</li> </ol>

## Gender and Economic Development

The term **gender** refers to the difference in roles, responsibilities and opportunities as regards socio-cultural relations between men and women and girls and boys.

“Gender difference” is not a biological trait but rather a mental and socio-cultural construct which has evolved over time. Therefore, gender is not equivalent to sex: the former referring to a sociological category while the latter refers to a biological category.

The introduction of **gender equality** in projects is mostly based on the need to:

- contribute to combating discrimination;
- redistribute activities more fairly and attribute them the value they deserve;
- question the social structures underpinning inequality;
- contribute to fostering development policies which combat inequality;
- better understand cultural diversity.

Therefore, when we analyze the impact that gender has on projects we are focusing on:

- *How the status of women versus men has changed:* whether the "gender gap" has widened or diminished as a direct consequence of the project in terms of the ownership and control of a wide array of valuable resources: economic, cultural, political and symbolic.
- *How women's ability to define their own objectives has changed:* their participation in decision-making in the home, their capacity to organise and make themselves heard in the community, to represent and be represented at political-institutional level, to table proposals and defend them, to have an impact on group decisions, etc.
- *How the project has altered the status of men in comparison with women:* whether it has contributed to changing the feeling of ownership that men have of women (especially the women in their family: wives, daughters, daughters-in-law, etc.). Doing away with the idea that women are the property of the heads of households implies that men stop curtailing:
  - a. the physical autonomy of women: i.e. that they abandon practices of sexual control, the imposition of reproductive patterns which disregard the will of women, restrictions which endanger health, violence or the threat of violence, prevention of the physical mobility of girls and adult women, etc.;
  - b. economic autonomy: i.e. that they stop expropriating income or other own resources acquired by women, they cease to prohibit women from taking on gainful employment, they accept that assets be registered under the woman's name, etc.;
  - c. political autonomy: i.e. that they stop prohibiting women from meeting with other women, that they join trade unions, that they prepare to be community leaders, that they have their own organizations, etc.;
  - d. the cultural autonomy of women: i.e. that they stop preventing them from becoming literate or going to school, that they stop considering women to be

ignorant or void of moral criteria and stop belittling their ability to learn, make contributions, etc.

Furthermore, analyzing the impact of gender also means taking account of changes in men's and women's ideas, attitudes and behaviors regarding the duties, responsibilities, contributions, autonomy and dignity of women.

The following table shows an example of a gender analysis tool whereby to measure indicators by posing open-ended questions:

Questions	Categories	Instruments
Who does what? Who plays what role in the family and in the society?	Gender roles - "Triple role"	Activity description (productive, reproductive and community management role)
Who has what? Who receives what through development projects?	Access and control of resources and benefits	Access and control matrix of resources and benefits
Who has what type of needs and interests?	Gender-related practical needs and strategic interests	Table of practical needs and strategic interests
What is the position of women in society vis-à-vis men?	Position of women	What is the position of women in society vis-à-vis men?

When an Economic Development project introduces the gender component, it is pursuing **empowerment and equality**. Empowerment is the process whereby people without power become aware of their own situation and collectively organise themselves to gain greater access to public services or development benefits. This is a strategy which encourages people to take control of their lives, i.e. to set their own agendas, develop skills, increase self-confidence and solve their problems



- a. It should be initiated from a subjective standpoint, fostering changes in concepts and beliefs about what it means to "be a woman", transformations in the assessment of feminine images and symbols and in the feelings which spark a sense of belonging to the feminine world, and also creating alternative attitudes and components of gender. These changes must have an impact on negotiations between the couple and within the family and also within the public sphere to change the symbolic models of femininity (subjective and cultural empowerment).
- b. It should help women to acquire autonomy over their bodies and to take control of their sexuality and reproductive capacity and provide greater access to and control over the economic resources which allow them to choose the type of life they want to live (physical and economic empowerment).
- c. Individual processes of change will not be enough if they are not accompanied by measures which foster the collective action of women through the building of sufficiently strong organizational structures to bring about social and political change (organizational and social empowerment).
- d. Throughout the empowerment process, women find ways to improve their condition and also to change their position in gender relations and other power structures in society (political empowerment).

#### *Qualitative indicators of subjective empowerment<sup>4</sup>*

- a. To what degree are women aware of local politics, and their legal rights? Are women more or less aware than men? Does this differ by socio-economic grouping, age or ethnicity? Is this changing over time?
- b. Do women and men perceive that women are becoming more empowered? Why?
- c. Do women perceive that they now have greater self-respect? Why? How does this relate to men's perceptions?
- d. Are changes taking place in the way in which decisions are made in the household, and what is the perceived impact of this?
- e. Do women make decisions independently of men in their household? What sort of decisions is made independently?

#### *Indicators of economic empowerment*

##### **Quantitative**

- a. Changes in employment/unemployment rates of women.
- b. Decrease in Salary/wage differentials between women and men.
- c. Changes in the percentage of land, housing, livestock, etc. owned by women in a community.

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<sup>4</sup> CIDA, 1996



- d. % of available credit, financial and technical support services going to women from government/non-government sources.

### Qualitative

- a. Do women perceive that their reproductive duties represents an economic contribution to the well-being of the family?
- b. Is there greater recognition (in the home and the community) of the economic importance of the reproductive duties habitually performed by women?
- c. Do women perceive that they now have more economic autonomy? Why?
- d. Can women make small or large purchases without having to consult with their husbands?



Sustainable conditions for business activity are less prevalent for women micro-entrepreneurs than for their male counterparts. These women face numerous barriers in gaining access to production factors and also discharge other family and social duties within the framework of the sexual division of labour which underlies imbalanced gender relationships.

It is implicitly assumed that the reproductive duties assigned to women are not remunerated. Rural women face even more demanding reproductive duties because their responsibilities also include the production of food for family consumption. Despite that fact, support social services are typically scant if they exist at all. The experience gained concerning micro-enterprises run by women warns us of their fragile nature linked to the precariousness of factors such as the ones mentioned in the foregoing.

In order to increase the viability and sustainability of women-run rural and urban micro-enterprise and SME support schemes, the latter must be devised taking account of the socio-economic process.

When analyzing the role of women as entrepreneurs within the sphere of micro-financing we must take account of:

- access to training/capacity-building (starting with literacy and including business management);
- access to property;
- access to credit;
- access to technology;
- access to technical assistance;

- the importance of a level of profitability at least ensuring the simple replenishing of production factors, including attaching proper value to women's labour in production processes;
- communication and marketing strategies;
- replenishment of the workforce;
- responsibility for the family's reproductive duties;
- the existence of imbalanced power relations in the family and between genders (sexually transmitted debt, lack of control over decisions and resources, men who stop working).

## Environment and Economic Development

Inappropriate agricultural practices (especially those related to basic grain production on self-subsistence farms and on more modern ones) such as livestock production, cultivation of export crops and silviculture, coupled with a dependence on energy from traditional sources (firewood and coal), poverty and high levels of demographic growth, have had a devastating effect on natural resources.

Local villagers whose livelihood is based on a **subsistence economy** mostly produce basic grains (corn or similar) and, to a lesser degree, raise livestock, typically on mountain slopes or at the agricultural frontier, i.e. in environmentally fragile areas.

The **yield from this soil** for the production of basic grain is very low. In other words, the productive potential of the land intended for the production of basic grain is very high in comparison with the current low productivity. A clear example of this can be found in Central America. The average per-hectare yield for corn in Central America was 17,014 hectogrammes in 1995 while in Mexico it was 22,883 and 71,230 in the United States. As for black bean production, the yield was 6,974 hectogrammes per hectare, similar to that of Mexico (6,229) but very much below that of the United States (18,139) during the same period. And lastly, rice yield in the Isthmus of 31,231 hectogrammes per hectare was also very much below that of Mexico (46,792) and the United States (63,010)<sup>5</sup>. The fact is that a significant portion of this sector does not have access to technological innovation and the likelihood of improving yield and income is quite low. This situation characterizing Central America spells low income for producers and means that they cannot compete internationally. Hence, due to increasing trade openness, they are also at a disadvantage in competing with imports of these goods and some have lost their livelihoods due to these imports.

Soil depletion due to over-use leads to lower yields and hence the need to move to other land at the agricultural frontier, often hillside land which is exposed to strong rains and landslides giving rise to a continuous process of deforestation and the immediate loss of fertile soil as a consequence.

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<sup>5</sup> FAO, 1999

We must also consider the **high population growth** resulting in new settlements in unstable areas which are vulnerable to natural disasters putting these populations in constant danger.

In addition to all of this, the adverse impact that specialization in the production of primary goods has on forests has increased due to the failure to recognize the importance of these green areas, poor definition of land ownership rights and, until just recently, the economic incentives to make alternative use of forest land.



**Changes in climactic conditions** are also partly the result of dramatic deforestation which accentuates the vulnerability of areas to new natural phenomena. Rivers and lakes which accumulate increasing amounts of sediment due to landslides are unable to adequately absorb the new torrents of water that accumulate during the tropical storm and hurricane season causing serious flooding

resulting in material losses and further destruction of the environment.

The agricultural **modernization** process in the production of basic grains in the 1960s and later in the production of goods for export resulting in crop intensification and the massive introduction of chemicals to raise per-hectare yield, is a phenomenon which has also had devastating effects on forest cover, soil and water quality and on the health of farm workers.

While **industrial pollution** and urban environmental problems are at the initial stages compared with those characterizing industrialized countries, the rapid growth of cities, industry and the rapidly increasing number of automobiles means that the evolution of these factors must be taken into consideration when conducting a long-term analysis. Main urban centres already suffer from air and water pollution which is having an adverse effect on the health of their inhabitants.

The **industrialization** model followed in the 1960s and 70s based on decreasing dependence on imports which was further boosted in subsequent years, spelled an important shift in production in comparison with the traditional system (although the importance of agriculture persisted) and this had environmental consequences. The urban problems which arose at that stage and which have worsened since then are the result of, inter alia, the lack of urban planning, scant land-use planning and insufficient standards regarding water, air and soil emissions.

But not all has been negative. Some positive contributions have also been made to the environment in the form of **production diversification, creation of non-rural employment and a rise in per-capita income** which contributed to reducing what would have been even greater pressure on the agricultural frontier if it hadn't been for this development model.

In light of all that has been said in this section, economic development with an environmental component should seek to optimize the productivity of farmers, facilitate access to the use of machinery, improve the use of agricultural techniques

and access to different sources of financing (micro-insurance, micro-leasing, micro-credits, etc.), foster the diversification of production once subsistence has been ensured, improve storage of goods produced and their access to the market through capacity-building and improve small infrastructures. Training also needs to be provided in the area of soil and forest management and the development of micro-basins and water resources for human, animal and agricultural use.





## Post-Emergency Situations (Early Recovery)

### Programming

## Context

When we implement a post-emergency intervention, we must realize that many of the population's most basic needs are not being met and our intervention (or in coordination with other players or institutions) should focus on remedying those needs: water and sanitation, emergency food assistance, psychological support, shelter, etc. Therefore, the Spanish Red Cross' intervention framework must always be people-centered providing comprehensive, dynamic and sustainable development.

The **comprehensive** nature of post-emergency intervention also entails providing support to rebuild economic and productive systems which means enhancing community production through the donation of essential goods and the provision of productive training featuring community reimbursement schemes.

A number of tools are available, which we will list further on, such as the different ways of distributing Humanitarian Assistance.

We should start out by stating that these are short-term, one-off actions (with the exception of specific cases of prolonged crisis such as Darfur or the Sahara). Generally speaking, these post-disaster development initiatives should not be long-lived because they could distort the development of individuals, communities and markets by creating dependency, high inflation or over-supply at local markets therefore acting as a barrier to economic development and normal recovery processes.

In the case of tools such as cash for work or food for work and, of course, cash grants, great care must be taken with the amounts distributed, the criteria used in distribution and their duration.

The Spanish Red Cross believes that these tools can be useful in very specific contexts and always after an intervention feasibility study has been conducted taking account of the security of beneficiaries as well as volunteers and technical personnel. It is important to avoid arbitrariness in the use of productive or income generation tools which must always be subject to the prior identification of the needs and capacities of the beneficiary population.

An analysis of the context we face in post-emergency situations shows that the scenario can vary greatly depending on the geographical area, the cause of the disaster, etc. We therefore find ourselves in a fluctuating process where needs can change constantly, where the initial solutions are related to health, food and access to water but once these most basic needs are covered we must turn our attention to others.

Furthermore, in situations such as these we have to work with a great many other players (national and international, public and private) with whom we must coordinate efforts and who may be doing similar or identical work which will also determine our possible course of action.

Therefore, the Spanish Red Cross promotes a process of continuous analysis aimed at assessing:

- *people's needs;*
- *their life situation and the effects that the disaster has had on production centres;*
- *the operation and status of local markets;*
- *the supply and demand status for goods;*
- *the products affected by inflation and those others affected by deflation;*
- *the local agricultural calendar;*
- *the moment on that calendar when the disaster occurred.*

The next step includes the intervention analysis *per se* and, in the interest of the latter's validity, the Spanish Red Cross stresses the need to develop local resources, to prioritize empowerment of the labour market and to devise an alternative course of action if this is not possible over the short-term due to market collapse.

Our intervention will be defined based on the analysis of these issues.

We must situate our intervention within a long-term analysis and, wherever possible, this should link up with rehabilitation and development initiatives.

On many occasions, interventions related to production development projects are conducted with a comprehensive framework (for example, jointly with other interventions focusing on basic shelter or the preparation of certain areas) and therefore the vision of the Spanish Red Cross must take account of this comprehensiveness.

The effects of a disaster on production are plain to see:

- Often crops are destroyed, livestock killed or fishing gear ruined.
- Self-employed workers typically lose wage-earning capacity for a number of different reasons: population movements, loss of means of production or lost markets.
- Many salaried workers lose their jobs because entrepreneurs have lost their businesses or have had to cut back and lay off employees.
- etc.

Once the initial intervention has concluded, the aim of the Spanish Red Cross is to see to it that people produce their own food in a sustainable fashion over the medium and long-term. And furthermore,

- The economic situation of families prior to the disaster should at least be established by recovering their means of production, the affected parties always taking part in decisions so that they can invest these means in their families and always trying to provide market access to all people.

- Special attention must always be paid to the elderly, women and children to ensure their access to resources while also being sensitive to possible differences between communities.
- The new production and marketing systems must be sustainable from an environmental perspective. From the very outset, interventions need to focus on the environmental improvement of production systems with special attention paid to seed distribution and use of fertilizers.
- Community workshops and specialized monitoring should be used to bolster sustainable intervention.

And lastly, a key point is the **connectivity** of the intervention. In this regard, it is important to have a **comprehensive and planned vision** of our intervention and/or of that of the other agents or institutions in the community such that the first assistance sets the stage for the implementation of future rehabilitation and development actions giving added value to our actions.



## Methodologies

In the view of the Spanish Red Cross, the first step in analyzing an intervention targeting post-emergency economic recuperation is to study the needs of the beneficiary population.

To that end, in accordance with the identification process used by the Spanish Red Cross, we need to conduct a Vulnerability and Capacity Analysis.

## Vulnerability and Capacity

This needs analysis should be conducted as early as possible using tools such as surveys to gather the information which we will need for the intervention. At the same time, we need an analysis of the institutional framework in which we are working, the economic recovery policies proposed by the authorities and the economic situation of the area where we are planning to intervene (naturally, there is a big difference between working in a region where supplies are at a great distance and another where production centres are accessible through the market).



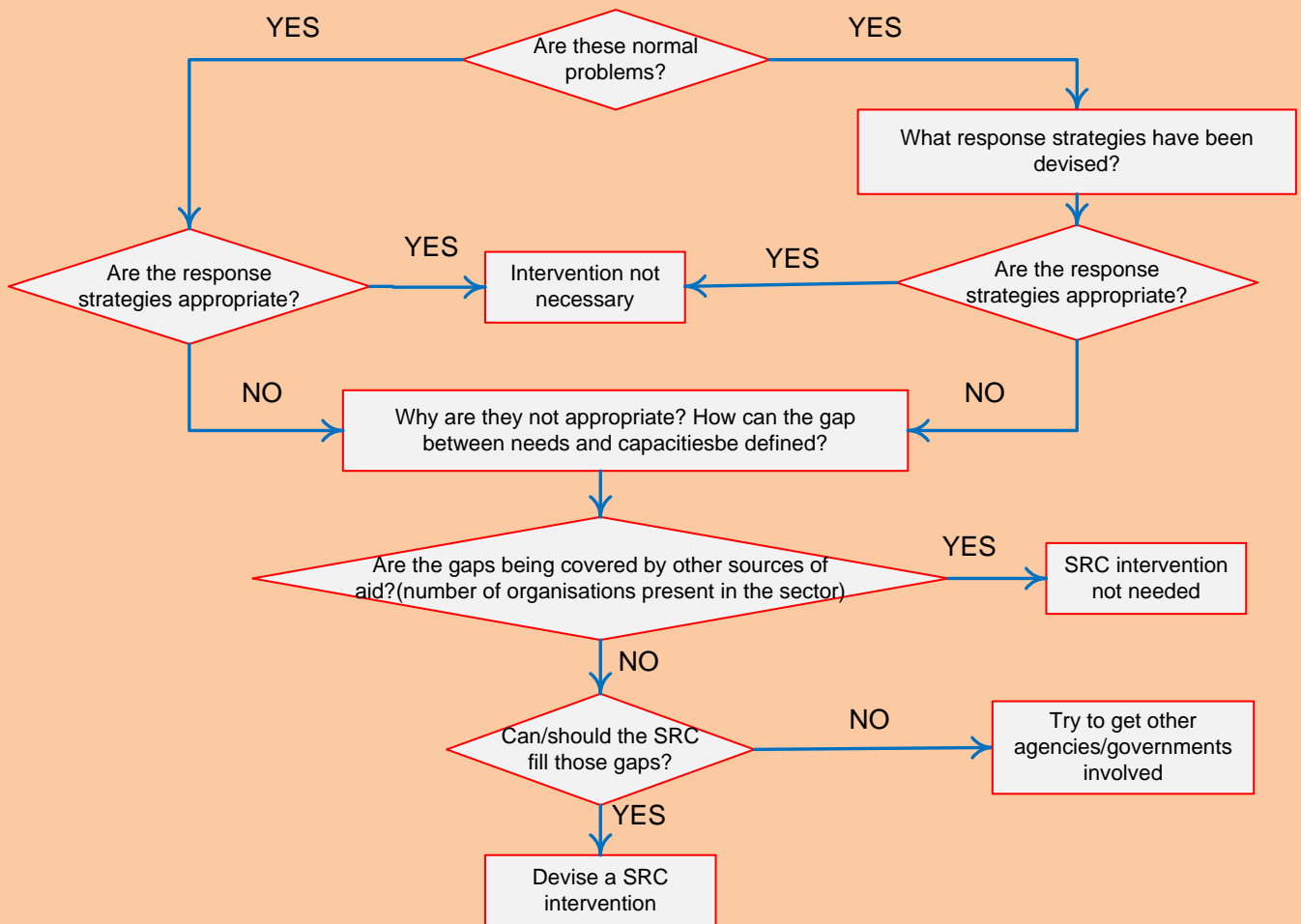
The focus of our intervention will depend on this analysis, i.e. more stress will be put on one or another focus.

Types of vulnerability:

	VULNERABILITY	CAPACITY
<b>PHYSICAL / MATERIAL</b>	<ul style="list-style-type: none"> <li>Physical and material threats.</li> <li>Situations of poverty.</li> <li>Lack of access to basic services (education, health-care, etc.)</li> <li>Health conditions (disease, epidemics)</li> <li>Lack of means of production and shelter.</li> </ul>	<ul style="list-style-type: none"> <li>Safe surroundings.</li> <li>Economic and material resources.</li> <li>Access to basic services (education, health-care)</li> <li>Means of production and shelter.</li> </ul>
<b>SOCIAL / ORGANIZATIONAL</b>	<ul style="list-style-type: none"> <li>Marginalisation based on sex, race, social class, etc.</li> <li>Inability to control decisions.</li> <li>Maladapted communities lacking cohesion and organization.</li> </ul>	<ul style="list-style-type: none"> <li>Supportive social system (family, community, organizations).</li> <li>Values and practices ensuring participation.</li> <li>Solidarity networks.</li> </ul>
<b>PSYCHOLOGICAL / BEHAVIOURAL</b>	<ul style="list-style-type: none"> <li>Fatalistic mindsets.</li> <li>Low self esteem.</li> <li>Feelings of victimisation.</li> <li>Feelings of dependency.</li> </ul>	<ul style="list-style-type: none"> <li>Values and behaviours conducive to solidarity, participation and tolerance.</li> <li>Awareness of one's capacities.</li> <li>Self-confidence.</li> <li>Feelings of authority.</li> </ul>

Time is of the essence in these interventions and, in our view, interventions to reactivate the economy should be implemented within the **first two months** post disaster.

### Vulnerability and Capacity Analysis



Source: Project evaluation under the Spanish Red Cross Special Tidal Wave Plan / Dara

### Survey

This point has two parts: a broad survey furnishing information on individuals and communities regarding aspects such as income generation, health, education, living conditions, etc. and a distribution survey which basically provides information on members of the family and the degree to which they were affected by the disaster.

As was pointed out in the preceding paragraph, the first survey conducted for the distribution of Humanitarian Assistance should provide the maximum amount of information and should gather data that is useful for subsequent early rehabilitation actions.

Selection criteria such as the following should be established to determine beneficiaries:

- disaster victims;
- people residing in the Intervention Area;
- economic and/or productive activity affected by the disaster;

- economic and/or productive activity prior to the disaster in the agricultural, livestock, fisheries or micro-entrepreneur sector;
- lack of access to other assistance;
- beneficiaries of legal age.

We must:

- a. be efficient because in the case of productive supply interventions, especially agricultural, we must consider the importance of harvest calendars, and
- b. know how to gather information from the communities so as to be able to assess their needs and find out about any local policies in place to meet those needs and refrain from focusing too much on questions which are often difficult to answer. (There may be questions on the survey which make people feel uncomfortable.)

The Spanish Red Cross proposes the following steps in devising a survey:

- 1. Take the decision to conduct the survey: clarify and define the aim, existing information, methodology, capacities, needed resources and the people involved;***
- 2. Plan the survey: target, coverage, content, criteria, terms, continuity. As for implementation: time, stages, access, supplementary techniques, verification systems and risks;***
- 3. Define existing and needed resources for the gathering of information: security, geographical and political conditions, human and other needed resources;***
- 4. Map the population, access point, facilities;***
- 5. Train personnel and participants: duties, teams, training;***
- 6. Design forms and cards;***
- 7. Define specific information: message, prepare the population to be surveyed;***
- 8. Fine-tune methodology in accordance with standards based on human dignity and respect;***
- 9. Compile information;***
- 10. Process information;***
- 11. Verify the survey.***

Once the needs of the population have been analyzed, our next step is to satisfy those needs. We will be faced with a wide array of needs within a single population group

and also between different groups. We will therefore need to optimize resources and focus intervention on specific areas that are not too large to make the process operational.

Community leaders and local authorities should be included in the defining of a basic kit for distribution based on the economic-productive profile of the beneficiary population (agriculture, livestock, micro-entrepreneur, etc.) to cover needs while taking care to distribute aid evenly.

***At this stage of the process, one of the keys to monitoring the implementation of these actions for the Spanish Red Cross is to analyze market price fluctuations with a view to preventing hyperinflation (rise in price due to increased demand or the liquidity of that demand) or hyper-deflation (fall in prices due to excess supply or market saturation or a lack of liquidity in the market).***

### *Income-generating activities*

Following is a presentation of different working tools to generate income in communities after a disaster. As mentioned in the foregoing, for the Spanish Red Cross these tools call for a thorough analysis of the capacity of communities as well as our own, and of the habitual practices in the country or region.

#### *Food for Work (FFW)*

Community programmes/projects where workers are given food as payment for work (typically for the rehabilitation or improvement of infrastructures). The aim is to provide food for the poorest or unemployed, i.e. people who have no other active form of income in the community.

Our recommendation is that these activities be one-off and last for only a short period of time.

#### *Cash for Work (CFW)*

Similar to the case described above but with payment in the form of cash. The amount of money is a little bit less than that normally paid locally.

We must be aware of the existence of local markets able to meet the needs of beneficiaries and purchase products there with a view to empowering those markets.

### Cash grants<sup>6</sup>

The aim of this modality is to put money in the hands of families or communities in post-disaster situations (for the purchase of food and basic necessities) and for basic rehabilitation and recovery of economic activity. The aim is to cover basic needs, rescue businesses, cancel debt and to stimulate the local economy.

This can be done in the form of:

1. Cash: which could cause security problems for us and for beneficiaries.
2. Personal cheques or bank transfers: this requires the existence of local financial institutions in the vicinity and conditions should be agreed with these institutions for the cashing of cheques and the opening of personal accounts by beneficiaries.
3. Vouchers for use in local businesses: This requires negotiation with shop owners and thorough supervision, and of course these shops must exist.

#### CASH GRANTS

The distribution of cash grants should accompany other actions undertaken. A number of experiences evaluated bear witness to the positive impact of such grants.

Characteristics of cash grants:

1. Choice: promote people's capacity to set spending priorities;
2. Cost effectiveness: it is faster and cheaper than other distribution alternatives;
3. Dignity: goes over and above passive action;
4. Economic recovery: injections of cash have potential benefits for the local market and on trade;
5. Flexibility: expenses can be adapted to needs at any given time;
6. Empowerment: the status of women and excluded groups can be enhanced.

### Support for economic reactivation

Distribution of seeds, tools, fertilizers, water, pasture, veterinary care, inputs for micro-entrepreneurial development and anything else intended to re-establish farming, better sales or income.

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<sup>6</sup> For more information on the Cash Grant methodology see: "The Use of cash and vouchers in humanitarian crises". DG ECHO FUNDING GUIDELINES. March 2009.

"Guidelines for cash transfer programming". ICRC/IFRC. 2007

Annex to Project 3878. Spanish Red Cross Project Special Tidal Wave Plan



In the case of farming, we must be very aware of the crop calendar and the different production processes when arranging distribution of aid. This should be done in a participatory fashion which will lengthen the duration of the intervention.

When distributing light machinery and equipment we can consider group rather than individual distribution used in the other actions.

Support for economic reactivation should be based on Sphere Project standards:

- Adaptation of inputs to the medium/context and distribution during the planting season;
- Do not introduce technology which is alien to beneficiaries;
- Respect culture and the environment when designing the project and its implementation;
- Reinforce the existing social structure by involving it from the outset of the project;
- Buy seeds, fertilizers, tools and machinery locally with a view to supporting the local market.

Procedures followed in the valuing and purchase of materials must be those stipulated by the Spanish Red Cross in its economic management manuals.

Each of these activities can be undertaken independently or in combination with others. An action combining cash grants and support for economic reactivation will facilitate individual intervention with families in accordance with a need analysis process and will empower the local market and beneficiaries who are the main players in the post-disaster recovery process.

### *Community workshops*

While the different activities described in the preceding sections are under way, it is important to organize workshops on community organization, project outreach and, in the case of production activities, it could be worthwhile to provide training on cultivation systems, the specificities of different inputs or the machinery distributed.

As part of the development project, both in the case of cash grants and economic reactivation, different actions should be established which are linked to one another and contingent upon the results achieved by beneficiaries.

## *Monitoring*

For the Spanish Red Cross it is important to have personnel dedicated to project monitoring owing to the fact that needs may change frequently and also to keep track of the effect that different Humanitarian Assistance actions have on local markets.

Monitoring should have a dual purpose; targeting beneficiaries while analyzing day-to-day project implementation, and focusing on the impact the intervention is having on the community.

Part of the monitoring will be instrumental in remedying the productive deficiencies of participants through an individualized consultation process or technical training sessions. Another part will focus on conducting the final survey with the aim of analyzing the intervention's impact which should be short-term but effective in resolving the issues covered in the intervention evaluation.



## Conceptual Model

### Planning matrix

	Rationale behind the Intervention	Objectively verifiable indicators	Sources of verification	Hypotheses or external factors
<b>Overall Objective</b>	Contribute to the recuperation of the productive capacities of communities affected by disaster.			
<b>Specific Objective</b>	Re-establish the productive and economic activities of the target population affected by the disaster.	<p>By the end of the project, 70% of the project's direct beneficiaries claimed to have recovered their economic activity.</p> <p>70% of the beneficiary families carry out an economic activity related to the assistance received.</p>	<p>Post-intervention survey data</p> <p>Project evaluation report</p>	Absence of natural disasters
<b>Results</b>	<p>R.1. The specific needs of the inhabitants affected by the earthquake were established and organised by economic and productive area of activity.</p> <p>R.2. Inhabitants received assistance which was useful in re-establishing their economic and productive activity using existing community structures.</p>	<p>By the end of month one, basic information had been gathered on 100% of the victims.</p> <p>By the end of month one, at least ten areas of the affected population's economic and productive activity had been established.</p> <p>By the end of month two, a sample of at least 10% of the target population was asked about their specific needs in their area of activity.</p> <p>By the end of the project, at least 80% of the affected persons from the agricultural sector had received assistance tailored to their needs.</p> <p>At least 80% of the affected persons from the micro-</p>	<p>Census / survey of direct beneficiaries</p> <p>Specific need analysis report</p> <p>Memoranda of delivery of equipment and inputs</p> <p>Proceedings of the meetings with farmer and livestock committees</p> <p>Proceedings of the meetings with the micro-entrepreneur commission</p> <p>Photographs</p>	<p>The players involved adhere to the initial collaboration agreements.</p> <p>The political, social and economic context remains stable in the country.</p>

		<p>entrepreneurial sector had received assistance tailored to their needs.</p> <p>By the end of the project, at least 5 meetings had been held with the existing farmer and livestock committee.</p> <p>By the end of the project, at least 5 meetings had been held with the micro-entrepreneur commission created for that purpose.</p>		
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The basis for this Matrix was taken from the Internal Operation Report on the Yogyakarta Earthquake Operation. February 2007. Spanish Red Cross. Team coordinated by David Martin.

## Indicators

Under this heading we will describe the indicators deemed essential by the Spanish Red Cross when undertaking an intervention.

We must always bear in mind that indicators serve to substantiate compliance with the Results and Objectives and therefore must be clear and measurable. We must also consider the cost entailed in compiling the information needed to analyze those indicators.

At this stage we can use the information provided by the Sphere Project (to which the Red Cross Movement adheres) as indicators.

A preliminary identification or evaluation should be made of the productive economic situation of the community where we are going to work with a special accent on more vulnerable groups (children, the elderly and women) and on a breakdown of data by sex and age.

Information should be available on the causes giving rise to the intervention, i.e.:

- The food security situation, access to markets, production, livestock, goods, remittances, agriculture, fishing, energy, food preparation, the nutritional situation, etc.
- Public health, services available.
- Social surroundings, paying particular attention to marginalized groups.

This information allows us to define our intervention and devise those indicators of greatest interest for us.



*As a reminder we will run through the steps to follow in drawing up indicators:*

**Step 1 - Specific objective**

*For small farmers to improve the rice yield.*

**Step 2 - Quantity**

*For 1,000 small farmers (2 or fewer hectares) to increase their average rice yield by 40% (from "x" to "y").*

**Step 3 - Quality**

*For 1,000 small farmers (2 or fewer hectares) to increase their average rice yield by 40% (from "x" to "y") while maintaining the same quality (e.g. grain weight) as the 1992 harvest.*

**Step 4 - Time**

*For 1,000 small farmers (2 or fewer hectares) to increase their average rice yield by 40% (from "x" to "y") between October 1994 and October 1996 while maintaining the same quality (e.g. grain weight) as the 1992 harvest.*



CASE STUDY 1. Economic recovery support for families affected by the Java earthquake in May 2005	
<b>Project Objective:</b> To re-establish the economic and productive activity of the target group.	
<b>Direct beneficiaries:</b> 2,274 families	<b>Budget:</b> €209,000
<b>Duration:</b> 4 months.	<b>Starting date:</b> September 2005
<p>The project was executed only three months after the disaster and was conducted together with four other Humanitarian Action interventions (environmental cleanup, temporary shelter and water and sanitation).</p> <p>The smooth execution of the project was based on the experience gained a few months before in Indonesia during the tidal wave intervention.</p> <p>Based on the internal evaluation conducted, the following can be considered basic aspects of the intervention:</p> <ul style="list-style-type: none"> <li>• Validation of lists of beneficiaries with local authorities;</li> <li>• Thorough preliminary analysis of capacity and vulnerability based on real needs;</li> <li>• Participatory selection of inputs;</li> <li>• Coordination with the different local leaders and, as the case may be, with Ministries of Agriculture, Livestock or Industry for ratification of the aid packages;</li> <li>• Distribution of shared machinery to organized groups through the signing of agreements laying down conditions of use, maintenance, repair and ownership.</li> </ul> <p>We can also analyze the following factors to improve intervention:</p> <ul style="list-style-type: none"> <li>• A comprehensive approach to intervention of the Spanish Red Cross/National Chapter ensuring local support during the implementation and life of the project;</li> <li>• Relatively small area of intervention to expedite distribution and optimize monitoring;</li> <li>• Communities should exhibit a high degree of coordination and an effective community social fabric (associations of farmers, crafts makers, carpenters, etc.) to support the selection of beneficiaries and to also act as a mediator in conflicts which could arise in the community. If this community organization does not exist, we would recommend increasing the presence of the team in the communities.</li> <li>• Strong logistical and distribution team, especially in the event that direct supplier-beneficiary distribution is not possible Implementation of a distribution project requires a strong logistical component. Project management requires the involvement of a team of monitoring volunteers and a team of distribution volunteers. Therefore, the capacity of the National Chapter in question should include trained volunteers to carry out these two tasks.</li> <li>• Integration of the proposal in local policies.</li> <li>• Availability of resources in the local market. Local suppliers with sufficient capacity are needed. We recommend simplifying the items to be distributed in the aid packages with a view to simplifying both administrative and logistical procedures.</li> <li>• Limited presence of other organizations working in the economic rehabilitation sector to avoid beneficiary overlapping and the use of different methodologies. In the event that not all the beneficiaries of the affected area can be covered, then it would be appropriate for their needs to be met by other organizations.</li> </ul>	





Early Rehabilitation (Recovery)  
or High Vulnerability Programming

## Context

When carrying individual or community economic and productive rehabilitation actions, we can come across activities such as economic out diversification, the introduction of micro-finance tools or social-labour market integration initiatives targeting highly vulnerable individuals.

For the Spanish Red Cross, analysis of the community and of individual beneficiaries takes on greater importance at this second stage of economic and productive projects.

Emergency actions must set the stage for early rehabilitation and hence the need for a link between the two.

These actions can be carried out by combining different tools from different stages such as coupling social-labour market integration with donations or other micro-financial tools for the purchase of raw materials.

We also need to analyze what actions (if any) were carried out during an earlier phase so that our intervention can be designed to complement that and synergies can be achieved for the community intervention.

At this stage of Early Rehabilitation, we can define three types of intervention based on the experience of the Spanish Red Cross:

### *Support for improvement of means of production*

Based on a community analysis, we define what family means of production have been damaged or destroyed or are in need of strengthening. We analyze how improvements can be made and design a delivery process for those means (individual or community depending on the size of the investment needed) and/or inputs, training on how to use them and monitoring.

We should be able to define the population's different means of production and we need to be flexible so as to work with the greatest number of beneficiaries regardless of the income generation system they may have (fishermen, farmers, livestock farmers, cobblers, shop owners, etc.). They will receive a more or less standard amount of assistance, in other words, the same amount of money (usually in kind) regardless of their occupation.

In the case of community interventions where assets are shared, it is important to develop organization systems by strengthening already existing ones or creating them if they do not exist.

### *Introduction of micro-finance activities*

At this stage we can start to introduce micro-finance activities for family development. In light of the difficulty in gaining access to market financing due to personal background and

the situation of the area, a financial tool which is easy to use and also bolsters the organization of communities and individuals could be the Revolving Fund<sup>7</sup>.



Thanks to the Revolving Fund, we involve families in their own development and by implementing the action through self-help groups we foster relationships and it is the communities themselves which identify the most vulnerable individuals who will receive the first credit.

This tool can be instrumental in the institutional strengthening of national enterprises and their subsidiaries because they themselves can develop income-generating actions and/or reinforce management structures through learning.

### *Social and labour-market integration of especially vulnerable individuals*

Analysis of the context gets more complicated at this stage because there is no clear line differentiating between one stage and the next.

In the context of a post-disaster or crisis situation caused by flooding, earthquake, drought or armed conflict, intervention gets under way once the emergency stage has concluded (between three and five months after the disaster) and the most basic needs have been met and a normalization process of everyday activity in the affected area gets under way.

During this process, people find themselves in a situation of general vulnerability much greater than that existing before the disaster and the likelihood of economic reactivation is small due to the destruction of the sources of income generation which are just sufficient for daily subsistence.

Work is done in two areas: psycho-social capacity-building, on the one hand, and development of labour skills through training actions to increase employability.

At this stage of development, the likelihood of integration through salaried employment is very low and therefore efforts focus more on self-employment. The entire process is supplemented with basic micro-entrepreneurial training, a professional kit and funds for the purchase of raw materials either through the cash grants or revolving fund scheme.

In all cases, capacity-building should go hand-in-hand with sustainable environmental development and, as already mentioned, the inclusion of environmental improvement results in the project, at least in a cross-cutting fashion, is a must.

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<sup>7</sup> Revolving Fund: in kind or cash payment of funds to a community or guild as repayable loans. These funds must be repaid by the first members of the group receiving them so that they remain intact can then be used by other members of the group.



## Methodologies

To implement this phase, we must differentiate methodologies by types of intervention.

### *Support for improvement of means of production*

#### *Community Analysis*

At the outset, essential identification work will focus on studying the area where we are going to intervene.

This study will have two approaches, the first focusing on production and the market and the second on the identification of beneficiary families and their needs.

Productive and market analysis (this case looks at agricultural activity) enables us to analyze what used to be:

- historic productive activities, i.e. the productivity (amount produced from each crop season) of said activities;
- their comparison with the average productivity of the area or country;
- production areas;
- types of seeds;
- tools used;
- the amounts of seed set aside for sowing of the next crop, consumption and the market;
- the most useful production;
- storage systems;
- market access systems;
- sales systems.

Identification of families gives us insight into their livelihood, provides socio-economic information to establish a baseline and around which to devise possible indicators for the execution and evaluation of the project, provides specific information on the economic activities of families and the particular circumstances affecting some of them.

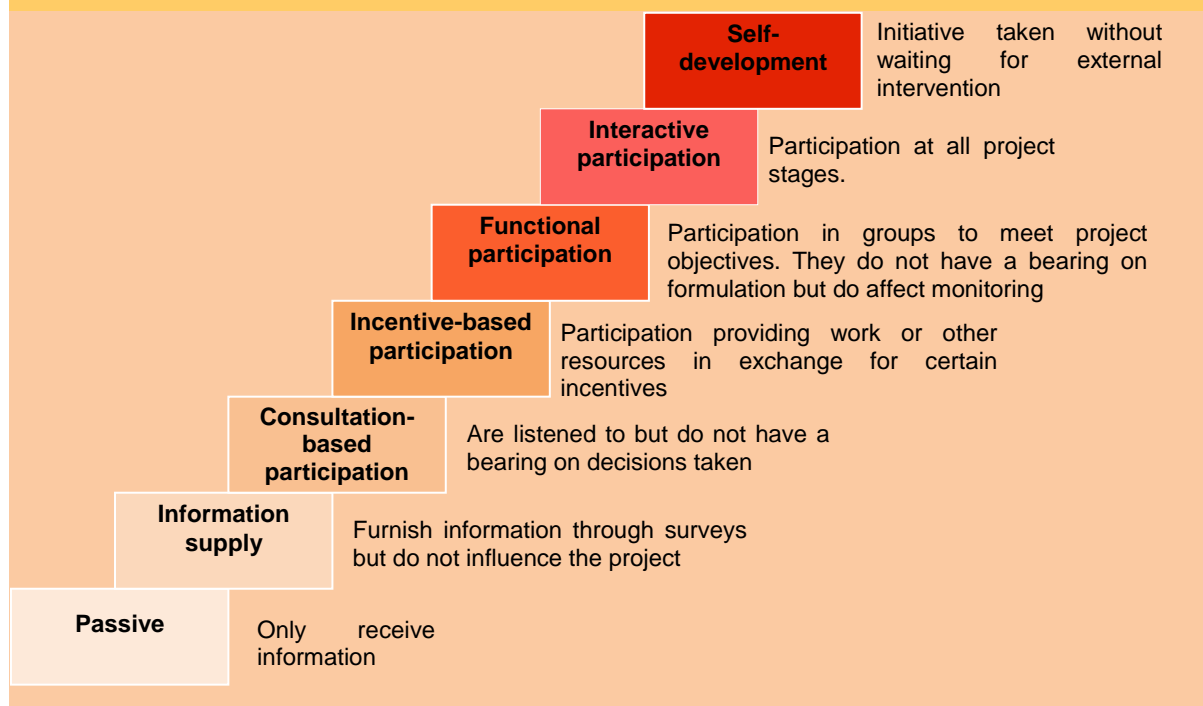
From this activity we can extract information about the possibilities for productive community intervention or that which benefits more than one family, level of organization, leadership, etc.



### What constitutes participation?

*"A process whereby people take part in collective public initiatives which feature varying degrees or levels of organization. These actions also move in a collectively defined direction."*

### THE LADDER OF PARTICIPATION



Adapted version of The Ladder of Participation, Roger Hart, 1993

### Organization

We should strive towards a community organization of the project. If this existed previously, we should analyze it, assess its importance and seek out organizational enhancement systems. The aim should be to foster opportunities for participation and community-based decision-taking.

### Training

The commencement of a training initiative gives us the opportunity to reinforce grass-roots participation in the project.

We need to analyze the training and capacity-building needs of project beneficiaries ranging from the most basic (literacy) to more technical training aimed at increased productivity.

It is important for interventions to be in tune with the reality of the people we are working with because they are not there solely for our projects but have other pressing needs and obligations which we have to bear in mind. When planning activities, we must be aware of

people's schedules. We must know the best time of day or day(s) of the week which are most appropriate for training and be mindful of planting and harvest schedules when devising our time line.

This community-based training process should be cross-cutting and proceed from theory to practice. For instance, demonstration areas provided by the community can be very useful in teaching different work processes (soil preparation, sowing, care, harvest, animal health...). Another action which could be incorporated into the project but depends on the scope we want to give it is micro-entrepreneurial training which gives participants the chance to improve their access to markets and the sale of their products at competitive prices. For this level of intervention, we recommend a simple training process including cost analysis, usefulness, benefits and competition and market identification.

### *Acquiring equipment and building or rehabilitating infrastructures*

Whenever possible, procurement should be local. We should set our sights on uniform cost of the intervention, i.e. all beneficiaries should objectively receive the same amount of aid.

We come back to the standards of the Sphere Project when carrying out an intervention:

- a. Adapt inputs to the medium/context and distribution during the planting season;
- b. Do not introduce technology which is alien to beneficiaries;
- c. Respect culture and the environment when designing the project and its implementation;
- d. Reinforce the existing social structure by involving it from the outset of the project;
- e. Seeds, fertilisers, tools and machinery should be purchased in the local market with a view to bolstering it.

If the intervention is prolonged over time or is broken down into different stages, our contribution should be tiered making later stages contingent upon compliance with commitments made by beneficiaries. For instance, if materials are provided for the rebuilding of animal stables and then livestock is to be provided, the second action should be made contingent upon the first.

We can also work with vouchers which can be redeemed at local stores or a mixed system combining cash grants with in-kind donations.

Another possibility is to introduce a revolving fund system for a specific action within the project such as, for example, the purchase of seeds.

All of these possibilities will be analyzed concurrently with the identification of the area of intervention, the market situation, the need for empowerment and the likelihood of inflation.

At this point, it is a very good idea to introduce **Return Systems**. Return systems imply the return (reimbursement) of part of the aid or its reinvestment in the community either for the development of small local infrastructures or for environmental activities such as reforestation or community cleanup or by using profits made thanks to the aid to help other members of the community.

This system gets the community involved in the development of the families which is an individual process. By reinforcing community integration, we can set the stage for the introduction of micro-financing or the opening of the financial market after which donations will no longer be needed.

### *Monitoring*

Individualized monitoring of these interventions (whose focus goes beyond the training and logistical distribution process undertaken) provides information and allows us to anticipate possible problems and is therefore vital in properly analyzing impact and most appropriately supporting beneficiaries.

### *Introduction of micro-finance activities*

#### *Identification of the area of action*

As already noted, a thorough identification process is key to any intervention.

In this case, we are referring to knowledge of the area, the people with whom we are working and the way the communities are organised. We need to know the existing type of community organization in order to properly choose the ideal financial instrument. For instance, we cannot plan for self-help groups if the community is completely individualistic.

#### *Foster the formation of farmer and small livestock associations and the processing of agricultural products.*

The success of projects of this sort completely depends on the organization of the communities.

The first step in achieving solid community organization to ensure the implementation and follow-up of our actions is to identify already-existing organizations. This will allow us to define the list of needs that the project should cover.

Secondly, we need to interrelate the associations we have identified, i.e. link together the different individuals or different ethnic groups, levels of vulnerability, background, etc. in such a



way that the community's most vulnerable members do not feel isolated and are able to take advantage of the strength and organization of the rest of the members.

The next step is to organise a **Steering Committee** comprised of representatives of all of the members of the community (district authorities, executive committee, district technicians, local committee of the National Chapter, associations of beneficiaries). The role of this committee is to monitor activity progress, discuss problems as they arise and propose ad hoc solutions.

Steering Committee activities are carried out in three phases:

- Phase I: Identify beneficiary associations and programme agricultural activities.
- Phase II: Conduct an activity feasibility study and establish a calendar for the return of resources to projects.

A procurement committee is also formed during this phase which will be entrusted with managing the purchase of animals and agricultural inputs which are then delivered to the beneficiary associations.

- Phase III: launch productive activities.

During this phase, agreed solutions should be applied to any problems beneficiaries may encounter in managing activities. We also foster the creation of new associations which could benefit from the revolving fund once monies are reimbursed by beneficiaries.

Steering Committees will meet on a monthly basis in order to stay abreast of the situation of activities.





### ***Distribution of Revolving Funds***

Contracts are signed with each Credit Association comprised of 5 or 10 people which are jointly accountable to the fund, each of which will open a current account at the bank.

Requisites for the selection of an association:

- Be well-known within the community (at district level);
- Proven work capacity;
- Possess land to farm;
- Recognised honesty within the community;
- Have internal by-laws and regulations;
- Have a bank account in the name of the association;
- Clearly organised membership;
- Has shown real interest in participating in the project.

In the case of In-kind Revolving Funds (which decrease the impact of inflation), purchases are organised (at local markets whenever possible) and are allocated to each Association in accordance with previously identified needs.

The members themselves decide who will be the first beneficiaries to receive funds.

### ***Technical Training***

The aim of this training is to provide the associations with the technical know-how needed to maximise production profitability and to enhance associative management.

This training is also used to provide instruction, for example, on community hygiene, nutrition, prevention of sexually transmitted diseases, etc.

### ***Credit Reimbursement***

After a year or year and a half (approximately two harvest seasons although this will depend on the feasibility plan), the beneficiary associations should be in a position to reimburse the credit they were awarded for the purchase of agricultural inputs and chickens (100%), while in the case of goats, for example, they should be able to return the first offspring.

A permanent revolving fund is thus created with the reimbursed funds. The Steering Committee is responsible for selecting new beneficiary associations and identifying the most appropriate activities. The associations will have reimbursed 10% of the amount awarded at the time of the initial distribution, 45% after the first harvest and the remaining 45% after the second harvest. Goats are reimbursed with the first offspring.

This revolving fund will be set up in each district and will be managed by the local committee of the National Chapter thus allowing for the finance of projects providing inputs, farming equipment and livestock for the region's new vulnerable associations.

### *Monitoring*

Again we come back to the crucial issue of project monitoring which provides the opportunity to strengthen Associations and the Local Committee of the National Chapter which is a fundamental pillar and, at the end of the day, will be responsible for the sustainability and feasibility of the project.

That is why the Red Cross established the requisite of forming the teams and volunteers comprising that committee to constantly improve the monitoring of the associations and the revolving fund.

### *Social and labour-market integration of especially vulnerable individuals*

#### *Identification of the group / area of intervention*



We must first of all have a clear idea of the characteristics of our target group: identify their peculiarities, reality and most general needs, always with the understanding that the intervention will be personalised because not everyone requires the same degree of support.

We need to analyze their learning abilities, literacy level and family and personal situation, with a special focus on the needs of women and children.

While not all people will undergo the same process or with the same intensity, the activities we implement should take stock of the full social and labour market integration process ranging from social and psychological support to meeting basic learning needs (literacy, social habits) to providing specific labour skills.

#### *Identification of areas of training and integration into working life*

All labour-market integration processes require a training period whereby to adapt to the labour market defined by company demands and, in the case of self-employed persons, by needs and the demand for labour.

The following situations need to be analyzed when planning training:

- Labour demand from companies when there is sufficient business fabric to incorporate labour demand; and
- Market needs when there is no business fabric and the only alternative is self-employment.

This latter scenario will form the basis of our intervention because the business fabric will be insufficient for the incorporation of trained labour.

We need to identify training courses which provide the best likelihood of employment based on the situation in the country. For instance, a welding course could give trainees a good chance at finding employment but only as salaried workers and not as micro-entrepreneurs due to the large capital investment that would be required.

Partnerships must be sought with training institutes (whenever possible with official certification and in line with public policies).

And lastly, labour counselling. We have to be realistic when planning courses. For example, in certain areas a cobbler's shop might work but in others, competition from Asian footwear manufacturers makes it cheaper to buy new shoes rather than repair old ones.

### *Training courses*

As already mentioned, training must be comprehensive. Depending on circumstances, we should begin with literacy and social skills. We need to analyze the duration and location of the training, the opportunity that students have to attend and how students will subsist in the meantime.

It is also important to provide training in labour skills (how to interview successfully, draw up a CV) and to set up a social accompaniment scheme.

When identifying courses, we must avoid gender bias and put an accent on equality. Therefore, we must be sensitive to the difficulties women may face in taking part in training and should think about creating tools to foster their participation (assistance for child day-care, subsistence aid).

We also need to take a close look at general aid so that students do not have reason to abandon the classroom for economic reasons such as subsistence support, transport or lodging in certain cases. This aid should be sufficient to cover their needs but never be greater than the daily income of a worker.

We must also keep teachers in mind. We will find this group to be particularly unmotivated generally due to the poor salaries they make as teachers. In some cases we may have to motivate them through training courses, for example, or by improving facilities, encouraging their participation in meetings and experience-sharing with other professionals. Raising salaries for project teachers is not an option because this could lead to conflict with local authorities or with other teachers and would not be sustainable over time.

### *Micro-entrepreneurial Training*

When the main source of work following training is self-employment, we should implement small entrepreneur-training actions.

The purpose of these actions is to give the participants basic business management skills, i.e. analyzing costs and setting sales prices and analyzing markets and competition. For this sort of training, the Spanish Red Cross recommends the manual entitled *Start Your Business* (SYB) put out by the International Labour Organization (ILO).

### **Work Kit**

Once training has concluded and having analyzed the real social and family possibilities of the participants, they should be provided with a work tool kit (which should cost the same across all professions) so that they can embark on micro-entrepreneurial activities.

### **Revolving Fund**

Once micro-entrepreneurial activities are under way, a Revolving Fund (RF) can be set up.

The purpose of this fund is to allow participants to engage in activities to demonstrate their skills to potential customers or employers (e.g. wood to build a piece of furniture).

After that, standard practice would be to receive an advance for the purchase of the material needed to do the job.

This will be a small fund which could operate as follows:

1. Once participants' business activity is analyzed and the likelihood of income generation, possible customers, etc. is assessed, those planning on seeking salaried employment would be given a credit granted from the Revolving Fund.
2. The amount awarded will depend on investment needs for the purchase of raw material but should never exceed \$150.
3. Funds will be awarded in instalments and, whenever possible, in small amounts if the need for funds is not pressing. For example, if the first expenditure requires \$50 and a month later a second expenditure of \$100 is needed, the participant will be paid in two instalments, the second being contingent upon how the first was managed.
4. The reimbursement calendar and the amount of each payment will be decided on a case-by-case basis following a cash flow analysis of the business activity and will be commensurate with income earned so that participants do not have to resort to any alternative source of funds to make payments.
5. Payments will be made to the Revolving Fund account.
6. An individualized record will be kept of each participant.
7. In the case of default on payment, each case will be analyzed individually. The Revolving Fund Managing Board should exert pressure when the cause is apathy or lack of interest and should show flexibility in cases of force majeure.

### *Monitoring*

Monitoring is vital in projects of this sort.

First of all, it is essential to replenish the Revolving Fund so that the greatest number of people can benefit from the project.

Secondly, monitoring is essential to success because it builds on strengths and eliminates weaknesses in micro-entrepreneurial activity.

Finally, monitoring is the source of the best indicators for subsequent use in assessing the project. Individualized score-sheets for each participant enables us to assess the impact of our intervention.



## Conceptual Model

### *Support for Improvement of Means of Production*

#### Planning Matrix

	Rationale behind the Intervention	Objectively verifiable indicators	Sources of verification	Hypotheses or external factors
<b>Overall Objective</b>	Contribute to the recuperation of the economic capacity of families affected by disaster.			
<b>Specific Objective</b>	Improve infrastructures and means of production of the project's target families	<p>By the end of the project, 70% of the project's direct beneficiaries claim to have recovered their economic activity</p> <p>70% of the beneficiary families carry out an economic activity related to the assistance received</p> <p>70% of the participants feel that their housing, health and education conditions have improved.</p>	<p>Post-intervention survey data</p> <p>Project evaluation report</p>	Absence of natural disasters
<b>Results</b>	R.1. Increased economic income and subsistence of the project's target families	<p>number of animals donated by the end of the project</p> <p>number of infrastructures rehabilitated/built by the end of the project</p> <p>number of hectares planted by the end of the project</p>	<p>Census / survey of direct beneficiaries</p> <p>Specific need analysis report</p>	The players involved adhere to the initial collaboration agreements

	R.2. Participating families have greater productive and income generating capacity	<p>number of capacity-building initiatives implemented by the end of the project</p> <p>number of technical support meetings held by the end of the project</p> <p>percentage increase in the number of hectares ploughed/planted by the end of the project</p> <p>percentage of products sold in the marketplace by the end of the project</p>	<p>Memoranda of delivery of equipment and inputs</p> <p>Proceedings of the meetings with farmer and livestock committees</p> <p>Proceedings of the meetings with the micro-entrepreneur commission</p> <p>Photographs</p>	The political, social and economic context remains stable in the country
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The basis of this Matrix was taken from the draft project for the enhancement of livestock infrastructures and support for means of production for the nomadic peoples of the rural municipalities of Salam, Haribomo and Bambara-Maoudé in the region of Tombouctou (Mali) and aid for families engaging in income-generating activities whose members have gone missing or were wounded by mines in the South of Kosovo. Spanish Red Cross.

## Introduction of micro-finance activities

### Planning Matrix

	Rationale behind the Intervention	Objectively verifiable indicators	Sources of verification	Hypotheses or external factors
<b>Overall Objective</b>	Contribute to an overall improvement in the socio-economic situation			
<b>Specific Objective</b>	Improve the productive capacity of beneficiary populations	By the end of the project, 70% of the project's direct beneficiaries claim to have recovered their economic activity  70% of the beneficiary families carry out an economic activity related to the assistance received	Post-intervention survey data  Project evaluation report	Absence of natural disasters
<b>Results</b>	R.1. Build capacity and enhance the organization of the beneficiary populations  R.2. Increase the agricultural and livestock production of the beneficiary populations  R.3. Implement a revolving fund with a view to spreading the effects of the project to new beneficiaries	20 associations and 20 steering committees, each with its own governing board and by-laws, established within the first six months of the project  Self-definition of economic development priorities by 20 families within the first eight months of the project  75% increase in livestock production in 70% of the participating families by the end of the project  50% increase in livestock production in 60% of the participating families by the end of the project  95% of the guarantee fund paid back by the end of the project  10% more associations involved by the end of the project	Census / survey of direct beneficiaries  Specific need analysis report  Proceedings from the presentation of equipment and inputs, proceedings of meetings with the farmer and livestock committee and with the micro-entrepreneur commission  Photographs	The players involved adhere to the initial collaboration agreements  The political, social and economic context remains stable in the country

The basis for this Matrix was taken from the Impact Assessment report filed by the Spanish Red Cross in Rwanda on the project entitled "Microcredits as a conciliation instrument". Nantik Lum Micro-finance Forum - Spanish Red Cross. 2005. F. Mutagoma, J.M. Karangwa, C.I. González and R. Cano

## *Social and labour-market integration of especially vulnerable individuals*

### Planning Matrix

	Rationale behind the Intervention	Objectively verifiable indicators	Sources of verification	Hypotheses or external factors
<b>Overall Objective</b>	Beneficiaries' standard of living has improved and as a result societal awareness of their problems and potential has been enhanced.			
<b>Specific Objective</b>	Social-labour market integration of beneficiaries has improved through vocational training in three selected specialities and small businesses have been created to generate subsistence income.	<p>At least 95% of the beneficiaries enrolled complete training</p> <p>At least 80% of the beneficiaries trained are engaged in a remunerated activity either as self-employed or salaried workers</p> <p>At least 75% of the beneficiaries trained at the centre are engaged in some activity related to their training providing them with an income of over 50 USD/month.</p>	<p>Post-intervention survey data</p> <p>Project evaluation report</p>	The players involved adhere to the initial collaboration agreements
<b>Results</b>	R.1. Participants take part in four courses each lasting five months during two years in the three specialities chosen and in micro-business management	At least 90 of the enrolled beneficiaries complete the training with good learning results	<p>Census / survey of direct beneficiaries</p> <p>Specific need analysis report</p>	The players involved adhere to the initial collaboration agreements
	R.2. The corresponding productive work tool kits are distributed to persons with disabilities who have successfully completed their training	<p>Number of kits distributed</p> <p>Number of self-employment workshops in operation</p>	<p>Memoranda of delivery of equipment and inputs</p> <p>Proceedings of the meetings with farmer and livestock committees</p>	

	R.3. Productive activities have got under way for persons with disabilities who have received training to ensure their subsistence through the creation of their own companies, either individually or in conjunction with others.	Number of salaried employment contracts	Proceedings of the meetings with the micro-entrepreneur commission  Photographs	The political, social and economic context remains stable in the country
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Basis for the Matrix taken from the evaluation report on the socio-labour market integration project targeting persons with disabilities in Luanda (Angola). September 2006. Spanish Red Cross. Team coordinator Inés Dalmau.

## Indicators

Up to this point, indicators focused on the execution of activities but now we must incorporate **result indicators** which are much more complete, complex and of higher quality than the others.

In most cases, these indicators make use of primary sources of information which we will have to draw up and compile with our teams.

Time and money must be spent compiling these sources of verification, analysis and conclusions. If cost in time and money is too high, then we will have to change the indicators we are using.

In the case of indicators where we use concepts such as "increase" or "decrease," we must realise that we are making comparisons which means that we will need primary or secondary sources both at the beginning and end of the project. We need to ask the question: Are we able to access those sources? Will they give us enough information? Will they be useful in meeting goals? Are they valid?

Special attention also needs to be paid to gender and the environment when establishing indicators:

- It is especially important to come up with indicators that assess whether equality between men and women has been achieved in the project. In many cases it is also important to incorporate indicators which take stock of women in situations of vulnerability, fostering the empowerment of women in interventions. For example:

I1: number of women who gain access to credit

I2: training out of the total number of participants

I3: volume of the aforementioned credits

- It may also be of interest to incorporate environmental indicators within an environmental improvement result in income generation projects. For example:

Rx: Forest area increased in community xx

I1.Rx: % of trees that have germinated

I2. Rx: number of days spent on environmental cleanup

**CASE STUDY 2. Aid for families through income-generating activities some of whose members have gone missing or who have been wounded by mines in Malishevo and Suharekë/Suva Reka in southern Kosovo**

**Project Objective:** Improve the living standard of 120 families of missing persons and persons injured from mine explosions in Malishevo and Suharekë, who lack economic resources, through income-generating family activities.

**Direct beneficiaries:** 178 families

**Budget:** €370,000

**Duration:** 18 months

**Starting date:** July 2002

**The aim is to help these families to recover the life they had before the conflict** so that they can start over and generate income to sustain the family economy and not have to depend on external assistance.

**Strong points**

- Selection of beneficiary families;
- Selection of appropriate activities for the selected families;
- Collaboration with the Red Cross in Kosovo;
- Collaboration with local authorities;
- Labour capacity-building for beneficiaries through training courses;
- Extension of capacity-building courses to other families of the same community as those receiving assistance;
- Impact of the project in terms of the qualitative and quantitative improvement in the living standards of beneficiaries and of the community in general.

**Weak points**

- Lack of local suppliers;
- No farmers' associations or cooperatives;
- Beneficiaries spread out in rural areas at a considerable distance from one another.

Concerning the lack of local suppliers, we should note that during the last several months of the project it became much easier to find local suppliers at competitive prices and quality compared with foreign suppliers.

At the end of the project it was recommended to continue working with the beneficiary families in future and to encourage them to create associations and cooperatives to facilitate the marketing of their output and especially to contribute to the consolidation of a spirit of community.

Similarly, formulae must be devised to help beneficiary families link up with institutions and local authorities to improve their organization and level of activity.



<b>CASE STUDY 3. Support project targeting vulnerable populations for the reactivation of agricultural and livestock activities in Gisenyi prefecture (Rwanda)</b>	
<b>Project Objective:</b> Improve the productive capacity of beneficiary populations.	
<b>Direct beneficiaries:</b> 1,200 Families	
<b>Duration:</b> 20 months	<b>Starting date:</b> May 2000
<p><b>The project aims to enhance the productive economy of the families and develop mechanisms to bolster community cohesion.</b> The financial tool employed is the Revolving Fund through an Aid Grouping scheme and decision-taking by the Steering Committee.</p> <p>The external evaluation, conducted through the Nantik Lum Forum, bore witness to the positive impact of the project through different secondary indicators such as health, education, consumption, unexpected expenses, etc.</p> <p><b>The following recommendations arose from the intervention:</b></p> <ul style="list-style-type: none"> <li>• Reimbursement of credits in kind in order to avoid inflation and take some of the burden off beneficiaries;</li> <li>• Accompany agricultural micro-finance activities with other productive activities focusing on improving productivity (irrigation systems, support for marketing initiatives, soil improvement, etc.);</li> <li>• In the case of lower budget projects, prioritise livestock activities over agricultural;</li> <li>• Foster group organization and awareness actions;</li> <li>• Encourage individual monitoring of project participants.</li> </ul>	

**CASE STUDY 4. Social-labour market integration project for persons with disabilities in Luanda (Angola)**

Project Objective: social-labour market reinsertion of disabled persons through vocational training and the creation of micro-enterprises.

Direct beneficiaries: 522 Families

Duration: 24 months

Starting date: January 2001 (phase II)

The project targeted disabled persons living in situations of poverty or extreme poverty, mainly those injured by anti-personnel mines residing in the province of Luanda, with a view to monitoring their progress.

The internal evaluation of the project's three phases showed that not only were objectives met but results exceeded expectations.

**The following recommendations were made:**

- The project should include a real dissemination phase where an effort is made to contact disadvantaged persons (often those with less access to information) and the most vulnerable of these should be selected.
- It is important for illiterate persons, those with least access to training and those subject to the greatest levels of labour instability, to benefit from literacy courses so that they can also opt for training with lower entry requirements.
- At the identification stage, undertake actions at family level to analyze the context and reality of beneficiaries.
- "Internships" should be incorporated into the projects for those students who feel insecure after completing their training. However, it is important to establish the duration of this internship period and a pay scale once this period has ended to prevent possible abuses.
- Training should not be limited to one's speciality. The course on creation and management of micro-enterprises "Start Your Business" is also a key element for future activity.
- Distribution of the kit is key to the future profession and therefore to the success of the project. Training is not sufficient if it is not accompanied by the kit because beneficiaries have no access to seed capital or other financing allowing them to make even the smallest investment.
- Intervention should be accompanied by financing for the initial capital needed to buy the raw materials to allow the entrepreneur to get started or even funds for the first business projects. The possibility of incorporating a revolving fund could be studied.
- We would also like to underscore the importance of monitoring, especially in cases where beneficiaries are very unmotivated given that the person responsible for integration must advise them on how to improve their business and encourage them to continue forward with the activity.
- At the project identification and design phase in possible projects of this nature, it is essential to conduct a detailed analysis of the time available to women, their skills, etc., in order to adapt the project to their needs and try to introduce the most profitable specialities that fit with their availability.





## Rehabilitation and Medium Vulnerability Programming

## Context

At this stage the Spanish Red Cross sees the vital need to reduce the economic vulnerability of individuals and communities as a means to enhance self-sufficiency.

People with skills are thus given the chance to gain access to markets and this option is viewed as providing choice among different resources to satisfy their needs.

In the view of the Spanish Red Cross, donations should be scant or non-existent at this stage. If they do exist, they should be focused on accompaniment or on encouraging participants to take part in activities.

Here we need to make special reference to micro-enterprises or self-employment. The methodology is very similar to that underpinning other types of interventions already mentioned (social-labour market integration through salaried employment) and tools can be combined depending on the conditions in the country and the area where the intervention is to be conducted.

We could find ourselves in a situation where access to markets is not possible for most people but where there are indeed regulated ways to do so and also to procure financing. This would be a case of post-disaster intervention once the rehabilitation phase has concluded.

A person in a vulnerable situation can gain access to a suitable remunerated occupation in one of the following ways:

- Incorporation into the official labour market as a salaried worker in a company (public or private, big or small, in the industrial agricultural or services sector).
- Incorporation into the labour market through **agreements with institutions or businesses** signed in order to facilitate the social and labour-market integration of the most vulnerable groups.
- Incorporation into the **labour market as an independent self-employed person** within the scope of the informal economy but remaining open to the possibility of working within a more formal setting.
- Incorporation into the labour market through remunerated work as a small entrepreneur or member of a **group of co-owners**. When the micro-enterprise is individually run, this alternative is virtually the same as the preceding one.
- Fostering **local networks** for the purpose of marketing, purchase from suppliers and/or experience sharing, etc.

Each of these alternatives has different degrees of complexity especially considering that we are either focusing our efforts on the social integration of vulnerable individuals with minimal work experience or experience that has been interrupted for reasons that socially tend to decrease acceptance by employers, or we are working in countries with very limited opportunity for salaried employment.

The first two points will not be addressed here but rather at the next stage.



Intervention will be highly individualized despite being carried out within communities, specific groups of producers or specific areas of development. It is therefore important to **promote self-employment** as the path to labour market integration because in some cases salaried employment is simply not an option and because some people will be keen on self-employment from the outset.

Once again, intervention must take the gender perspective into consideration owing to the fact that in nearly all cases women are among the most vulnerable groups. Empowerment of women as the principal beneficiaries of micro-credits due to their management capacity and vision of the family should be one of the main pillars of the intervention.

Similarly, all interventions need to respect and engender respect for the environment.

By the end of the project, participants should be economically self-sufficient and should be able to satisfy their individual and family needs and set an example for the community with their entrepreneurship.

The sustainability of micro-entrepreneurial actions can only be assessed over the long-term. We do know, however, that over 30% of micro-enterprises fail after the first two years of operation and therefore our objective is to support their viability over the long-term.

### *Micro-credits and Micro-finance*

#### *Micro-credits and Micro-finance: concepts and different approaches*

##### 1. What is micro-credit and micro-finance?

A micro-credit is a small loan awarded to poor persons who fail to meet the loan application requirements of commercial banks. Bank guarantees are not needed and reimbursement is based on "moral" or group guarantee.

Micro-finance refers to the provision of financial services to the poor, over and above micro-credits, including savings plans, insurance, leasing and remittances.

##### 2. Limitations of micro-credits

Most micro-credit programmes require regular cash flow because the rationale behind them is to facilitate savings and the repayment of the micro-credit which is why they are awarded for the development of income-generating activities. Therefore, they do not filter down to the poorest of the poor.

Two systems are presented: the Grameen system and the Self-help Groups (SHG).



3. *Micro-finances are not a panacea when it comes to combating poverty and vulnerability*

Micro-credits are not a free pass out of poverty but rather are a solution providing beneficiaries with access to funds to finance economic activities which would be impossible by conventional means.

Micro-credits do indeed generate micro-debt and must be repaid. In other words, this tool is not to help those who have no income but rather to finance activities to help beneficiaries help themselves.

In this connection, when working with highly vulnerable individuals, a careful look must be taken at the economic activity in which the credit is to be invested because the negative consequences which could result include indebtedness and the resulting inefficiency of the micro-finance system.



In conclusion, micro-finance is designed to foster the development of entrepreneurs and to bolster the capacity of micro-entrepreneurs. If used for a different purpose, we run the risk of creating a vicious circle of poverty which could worsen the situation of the people we are trying to support.

4. The Grameen System

Potential clients are organised into groups of 5 and between 4 and 10 of these groups are assigned to a centre. In first instance, only two of these groups are chosen to receive a loan.

The group is monitored for a period of time to make sure that its members are adhering to the bank's rules. When the first two borrowers pay back the loan (capital and interest) within the stipulated deadline, another two members can then receive loans.

These loans are small but sufficient to finance borrowers' micro-entrepreneurial projects. Thanks to these loan restrictions, there is group pressure to keep clear individual accounts and the collective responsibility of the group serves as the loan guarantee.

Group members make regular savings deposits at the micro-financial institution (IMF), the amount of which is determined beforehand.

As already mentioned, each member has his/her individual savings and credit account with the IMF, the main function of the Groups or Centres being that of a financial intermediary through:

- Regularly scheduled meetings (usually weekly) under the supervision of an IMF employee where records are shared and savings and loan repayments are made through the IMF employee.
- The organization of contributions of savings funds to the groups
- Credit guarantees for individual members.

The more frequent the visits, the less success the groups have.

The "credit first" system is followed.

## 5. The SHG System

The Self-Help Group (SHG) is comprised of between 10 and 20 members and the training process is facilitated by an external member (an NGDO, government, commercial bank or the IMF).

SHG members have scheduled meetings (monthly or weekly) and make a savings deposit at each meeting. The groups work with an outside account, usually with a commercial bank, and two group leaders are chosen as account holders. The group itself arranges its accounting ledgers and records.

Each member of the SHG administers his/her own funds. The IMF or NGDO worker should visit the group more frequently at the beginning providing support for management issues and can later increase the amount of time between visits.

The "savings first" system is followed.

## 6. Comparison between the Grameen system and the SHG system

Under the Grameen system, the groups open their savings accounts at the IMF branch office and receive the loan from the IMF whose terms are determined by the latter. Credits are awarded directly to the individual members, the group serving as the guarantee. Funds are handled by IMF personnel and members are responsible for making regular deposits into their savings accounts and repaying the loan.

In contrast, the SHG system includes all of the responsibilities of the Grameen system but it belongs to the members. In other words, members have their accounts in the SHG and not in the IMF. The promoting entity is there to assist the SHG in maintaining proper records but the SHG is an autonomous financial institution.

GENERAL CHARACTERISTICS			
Grameen		SHG	
Very poor.	Homogeneous communities.	Heterogeneous Communities	
More densely populated areas.		Banking networks do exist in rural and poor areas.	
Marginalised people with little self-confidence or initiative.		Tradition of informal financial services.	
Few traditional financial mechanisms.		Wide variety of investment opportunities.	
Great number of small-scale business opportunities.		Local leadership.	
Few NGOs.		NGO and banking personnel.	

STRENGTHS AND WEAKNESSES	
Grameen	SHG
Not very flexible.	Great deal of responsibility and effort on the part of its members.
Requires a great deal of discipline and special dedication on the part of the organization.	Offers flexibility and opportunities to its clients.
Constant meetings.	Builds upon already existing groups.
	Is less stable if group dynamics break down.

## 7. Under what circumstances are micro-credits the appropriate tool?

If the question is whether it is better to have micro-credits as opposed to not having them, the reasonable answer is that it is better to have them. They provide opportunities for some. A more enthusiastic affirmative answer could be given if we were talking about a wide range of micro-finance services.

Warning: micro-credits are an appropriate tool only for stable economies and clients. Therefore it does not target the poorest of the poor but is rather intended for people with a sense of entrepreneurship who could lead a micro-company.

They are not appropriate for implementation in countries where government policies do not help displaced persons or areas without a monetised economy, where infrastructures have been destroyed or where there are security problems affecting trade activity or insufficient population density or stability.

8. How much time is required to make it sustainable?

The implementation of a micro-finance programme takes at least 3 to 5 years to achieve financial sustainability depending on the repayment of loans and interest rates.

Institutional sustainability depends on capacity-building although in Africa relative costs are high due to the difficulty in finding qualified labour, lack of infrastructure and difficult access to rural areas. There it could take three times longer than in other parts of the world.

Ecological sustainability depends on the type of activities financed which should all be environmentally responsible.

9. Implications of subsidies supported by the IMF fund

Working with a subsidised fund can have adverse effects on the micro-finance sector which could affect sustainability because subsidising a credit year after year can distort market operation creating inefficiencies.



## Methodologies

### *Individual/Family Participatory Diagnosis*

The aim of this individual/family participatory diagnosis is to gain insight into the status of the community and the skills of its members.

We will then be able to relate this to the impact of the project **through the pre-post study**, i.e. by comparing the situation of families before the start of the initiative with their situation at the end.

This diagnosis should provide us with an approach to the project, current and future concerns and a vision shedding light on how keen beneficiaries are to engage in salaried or self-employment.

Identification of salaried and self-employed workers will give us a clear idea of current and future concerns, the training they need, the likelihood of being hired locally, previous business and credit experience, etc.

Psychological, social and cultural factors can have a positive or negative effect on the success of a micro-enterprise and therefore, to be able to formulate action plans and strategies for future micro-entrepreneurs, it is important to thoroughly analyze the context in which entrepreneurs or micro-entrepreneurs develop their skills.

The diagnosis must be more detailed than a survey and should be performed by means of family-by-family economic interviews to give us a vision of the family unit and should include the participation of children, parents and any other family members. These interviews should gather labour and family income information as well as information regarding education and training.

Our experience in economic development projects has taught us that it is important to develop methodological tools which allow us to gain greater insight into the family setting of a micro-entrepreneur because a great part of the success of a micro-enterprise is directly linked to its family setting and the interpersonal relations among its members.

To gather such information, we recommend simple and practical methodologies and tools so as to not over-burden entrepreneurs and their family members.

Following are a few practical tools:

Qualitative information and the family setting	Micro-entrepreneurial Information
Handbook on qualitative observations of families (assessing interpersonal relations gender roles, leadership, decision-taking).	Fill out a request form (business background, work experience, project idea, financial resources, guarantees).
Interviews of community members.	Skills diagnosis
References from the community governing board.	<p>Personal interview (to provide insight into the overall interest of the participant, willingness to attend the course, if s/he has defined or has a clear idea of the business proposition and future plans concerning the proposed business).</p> <p>The interview should not only target the business but should also gather information which can later be compared with family information.</p>
	<p>Maths test: this allows interviewees to demonstrate their level of expertise carrying out simple addition, subtraction, multiplication and division operations.</p>

Once this information has been obtained, entrepreneurs should be classified in terms of the obstacles they will face in bringing their project to fruition so as to be able initiate an ongoing improvement process.

In the case of groups where the development level is limited and that are in need of a better development plan, it is important to focus the economic development project action plans not only on the micro-enterprise part but also on individual development where the following topics, inter alia, should be addressed: gender and development, self-esteem, interpersonal relations and human development.

It is important to be able to identify the role played by each family member in running the micro-enterprise, especially as concerns decision-taking, marketing, task distribution and profit-taking. Subjects such as the problem of alcoholism and other addictions must also be addressed in those families where some member is affected focusing on how that problem could affect the development of the company.

### *Community diagnosis*

It is important to understand that the community itself must take part in this diagnosis through the Community Committees, if relevant, or the community's most relevant focus groups.

This process, undertaken with the different organizations, focus groups, discussion groups and players within the community, must be the basis for a long-term Strategic Plan in the community.



As part of the community diagnosis, we would recommend involving town mayors and other key figures. This would help in giving the analysis all of the different possible viewpoints, contributes to greater coordination and provides the greatest possible consensus for our work.

In this case we can use the Quick Market Survey, a tool to help identify local market opportunities

The transfer of this information to beneficiaries is an aspect which may seem complicated but which we should be prepared for. Therefore, this information should be handled in the simplest and clearest way possible.



### *Capacity-building*

#### *Labour skills training*

Coordination with training centres run by other public and private organizations and the search for local partners who are experts in literacy and vocational training is of the essence.



If there are no public institutions providing this or other types of training deemed necessary to enhance the labour skills of participants, we should provide it ourselves (directly or by means of an outsourcing arrangement).

Despite difficulties encountered in introducing gender into capacity-building, it is important to ensure that no limits are put on men or women in the case of non-standard capacity-building traditionally targeting one or the other sexes. We strongly suggest targeting this form of economic empowerment for women which may require flexible timetables and adaptation to their availability and helping women gain access to technical training. Part of the work with women should focus on increasing their self-esteem within the community and providing participation fora where they can express themselves.

Within this framework, we would suggest developing the potential of the Red Cross subsidiaries as vocational training centres, either directly or through collaboration agreements with training institutes, taking advantage of possible resources available at subsidiary offices themselves.

### *Financial capacity-building*

Financial capacity-building will facilitate the development of entrepreneurial attitudes and favour the development of skills.

As part of the work to be done in terms of organization, education and economic development, we put a priority on capacity-building of communities and information dissemination as concerns the different ways of procuring funding, cooperativism, corporativism, savings systems, etc.

This capacity-building work teaches beneficiaries about different business organizational systems, how to seek funding and possible economies of scale and their advantages and disadvantages.

Following is a proposal for a business capacity-building matrix by knowledge areas and development:

Knowledge areas for a total of 100 hours	Main theme	Subsistence	Simple accumulation	Advanced accumulation
Human development	Basic training, motivational development, values and gender	40	25	10
Business development	Accounting, marketing, finance	20	20	25
Productive development	Costs, quality	20	25	25
Technological Development	Information technology and research	10	20	25
Social and economic environment	Health, environment, socialisation	10	10	15

While at the preceding stage we saw the SYB scheme<sup>8</sup>, here we are focusing on a more complete and complex entrepreneurship training methodology.

In Central America the Spanish Red Cross has been incorporating the **CEFE methodology (competency based economies through formation of enterprises)** in its interventions. This methodology was developed by GTZ and is based on the development and improvement of business administration and personal skills.

The CEFE methodology focuses on participation and action. Participants tackle practical problems and explore on their own. The aim is to teach people to develop their business skills through their own development. The participants themselves become aware of their strengths and weaknesses, their values and motivation and their resources and skills through an individual learning process on marketing, production, management and organization.

In these sessions, we cannot limit our role to that of mere transmitters of knowledge. We need to develop participants' business skills which can then be verified for each trainee (ability to conduct a simple market study, tabulate the survey and draw up its corresponding report, do a cost analysis, organise a company and conduct a financial analysis).

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<sup>8</sup> *Start Your Business (SYB)* is a management capacity-building programme developed by the International Labour Organisation whose aim is to take potential small businessmen and women through the different steps to launching a business, the end result being a Business Plan (feasibility study) for the business proposal or small business in question.

**DEVELOPING, STRENGTHENING, STABILISING ENTREPRENEURIAL COMPETENCY: THE CEFE TRAINING LADDER**



The CEFE Methodology adheres to the following steps (bearing in mind that this is a gradual process):

**Module one:** Personal Entrepreneurial Characteristics (PECs)

The notion of entrepreneur

The PECs: Self-confidence, persistence, systematic planning, goal setting, risk-taking, demand for quality, commitment to work contract, information seeking, networking.

**Module two:** Business creativity

1. The notion of creativity and the entrepreneur; the creative process.
2. Identification of business ideas
3. Evaluation of ideas identified and selected: need, location, competency, suppliers
4. SWOT

**Module three:** Marketing

1. The notion of market and marketing
2. Client information
3. Competency
4. Promotion
5. Field work: market study (survey development, interviewing techniques, data processing, results analysis, drafting of a marketing plan)

**Module four: Costs**

1. Basic notion of costs
2. Variable cost, fixed cost, total cost, break-even point, contribution margin
3. Costing
4. Assessing the cost of the selected business projects

**Module five: Business organization and management**

1. Managing time
2. The productive process (if applicable)
3. Organizational chart
4. Constitution of the company (public limited company, single-member, etc.)

**Module six: Financial analysis**

1. Cash flow
2. Balance sheet
3. Profit and loss statement

**Assisted management support module: Basic administration<sup>9</sup>**

1. Planning
2. Organization
3. Address
4. Check

**Cross-cutting CEFE course activity.** Consultation and project profile formulation session.

***This should be done at the same time as the CEFE training. Each Module, as from number three, provides the information needed for the Business Plan. The information obtained by the micro-entrepreneur needs to be polished and included in the formulation document. The consultant should be critical of the information furnished.***

***Final Product: Company Plan Formulation Document***

***When analyzing business plans, we must define its feasibility regardless of whether financing is through micro-credits or own funds.***

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<sup>9</sup> It is preferable to develop this topic after the CEFE course. Once the business has been set up, use personal monitoring to teach how to administrate it.

### *Positioning for the purpose of business financing*

We should first of all analyze a series of situations which could be decisive factors in our intervention having a higher or lower degree of funding depending on the capacity of the communities and beneficiaries.

We will make an estimate starting from three different levels of development depending on whether we are in the agricultural or commercial sector.

The development levels are: subsistence, simple accumulation and advanced accumulation.

### *Agricultural Sector*

	<b>Subsistence level</b>	<b>Simple accumulation(*)</b>	<b>Advanced accumulation</b>
<b>Production</b>	25-30 quintals of corn (or equivalent)  Personal supply  Not enough to cover basic needs	35-40 quintals of corn (or equivalent)  Minimal surplus	Over 50 quintals of corn (or equivalent)  Diversification (areas, technology)
<b>Organization</b>	Non-existent. Individual production	There is an organization that is driven / strengthened from outside (through an NGO, etc.)	Internal self-managed organization (production and marketing)
<b>Education</b>	Literacy	Certain degree of literacy: basic records kept	Accounting records are kept
<b>Health</b>	Vulnerability: no access to medicines or health centres.	Better access to medicines, potable water	Access to medicines, health-care centres, potable water, etc.
<b>Credit rating</b>	No credit	Some members can gain access to credit	Access to credit; assets serve as tangible guarantees

(\*) Fragility of simple accumulation:

Businesses are typically decapitalized every four or five years due to natural disasters (floods, drought, etc.)



*Commercial and Services Sector*

	Subsistence	Simple accumulation	Advanced accumulation
<b>MICRO-ENTERPRISE</b>	<p>Low productivity. Must register negative earnings.</p> <p>Self-employment</p> <p>Use family labour</p> <p>Rudimentary technology</p> <p>Work philosophy is to "get by" (personal consumption)</p> <p>Low income with respect to consumer basket</p> <p>No set venue for economic activity</p> <p>No type of records kept</p> <p>Minimum education, no technical qualification, scant work experience</p> <p>Single-member activity, high number of women heads of household</p> <p>Lacking productive structure</p> <p>Lacking basic social protection</p> <p>Family or informal financing at high interest rates</p> <p>Mostly retail traders and domestic service providers</p>	<p>Productive resources generate income covering the cost of the activity but without sufficient surplus allowing for investment</p> <p>Scant savings</p> <p>Place of business is the family home</p> <p>Possess some capital and obsolete equipment which has been creatively adapted</p> <p>Primary school education, low technical qualification, little work experience</p> <p>Employ a small number of family member and salaried employees</p> <p>Limited infrastructure for production or services (water, electricity, communications, etc.)</p> <p>Lacking basic social protection</p> <p>Family or informal financing at high interest rates</p> <p>Lacking business organization</p>	<p>Accumulation of surplus used to capitalise the micro-enterprise</p> <p>Positioned as a marketeer</p> <p>Stable place of business outside the home</p> <p>Typically generates employment</p> <p>Able to save</p> <p>Primary and secondary education, some technical training and abundant work experience</p> <p>Employs a small number of family member and salaried employees</p> <p>Limited infrastructure for production or services (water, electricity, communications, etc.)</p> <p>Some social benefits</p> <p>Accounting records are kept</p> <p>Access to credit: knows how to go about procuring credit</p> <p>Mostly in the manufacturing and transport sectors</p>

The financing of micro-entrepreneurial activities is seen as an indispensable step for their success.

Considering that the creation of micro-enterprises in the communities is a major challenge, especially where there is a deep-rooted tradition of subsistence activities, and also considering that this is a gradual process, it is important to accompany potential entrepreneurs during each of the stages of the process, including financing.

One of the major limitations we find when we accompany potential entrepreneurs to visit financial institutions is the latter's reluctance to finance new activities in the absence of guarantees. In other words, it is very difficult to find a financial institution willing to provide a micro-credit with no guarantee.

### *Awarding of micro-credits*

Our work should focus on furnishing information on the likelihood of getting a loan and under what conditions and supporting micro-entrepreneurial development regardless of their financial need.

Another of our duties is to provide information on financial institutions and try to standardize them to the extent possible.

At this point, our role is to see that the entrepreneur's financial needs are covered under the best possible market conditions. In other words, we must facilitate access to financing, either through a micro-credit or family support scheme.

The important distinction here is that we should facilitate information on access to financing rather than award the micro-credit. Once beneficiaries have the information, they will decide what is in their best interest.

### *Recovery of the portfolio*

This is solely the responsibility of the financial intermediary and our team should not become involved at all in this process. Our role is to monitor the micro-enterprise and provide advice on the proper management of the credit.

There are different types of financial support schemes within the communities in which the Spanish Red Cross plays a vital role:

- **Guarantee Fund** The guarantee fund is basically a savings account backing beneficiaries to cover any possible defaults on payment through an agreement signed with the credit institution.

Credit conditions are negotiated with the financial intermediaries with the backing of this guarantee fund. The account alluded to above is controlled by the Red Cross and payment is only made after studying each case individually and then together with the credit institution.

The entrepreneur knows nothing about this fund and, in the event of default on payment, the credit institution takes a number of different steps to procure payment.

The guarantee fund should not be viewed exclusively from a quantitative point of view based on the cost to the fund if an entrepreneur defaults on payment, but should also be perceived as a key instrument in consolidating this gradual process of creating companies by providing the space and time to bring about a real change in the lives of these entrepreneurs that we are supporting.

Without this credit arrangement, some of the people who were identified as part of the project's target group and who are being trained to draw up their own business plan, would be left with a theoretical plan void of any real possibility of implementation due to lack of credit from financial institutions.

The following negative effects could result from failing to provide participants with this much needed credit:

- Frustration on the part of project participants and rejection of Red Cross efforts.
- Evaluation of the project's impact on the lives of participants and their community would not be possible.
- Subsistence communities who depend on this credit for their development would remain beyond our sphere of economic development intervention.

We have to be aware that the likelihood of using credits in an "improper" way are greater in the case of those in a situation of subsistence.

In an emergency situation, the likelihood of diverting funds to the most pressing needs is high.

When negotiating with micro-financial institutions, we need to check the procedure followed in granting credits to standard clients (guarantees, backers, contracts, amount awarded, payment quotas, starting and ending dates).

We would recommend a clause in the agreement calling for reports on a monthly basis so that if a beneficiary defaults on a payment, the technical team can follow-up as part of their individualized monitoring. When the financial institution does tap the fund to recover back payments, each case is documented showing what the technicians did to remedy the situation and this information goes into the individual file of each beneficiary.

Summing up, the purpose of the Guarantee Fund is to help our participants procure credit. By paying back the loan, the beneficiary will have earned a good credit rating meaning that the person who was once a "special" case (could not get a loan without the backing of the Guarantee Fund) would now have no difficulty getting his/her next loan, if needed, without having to depend on the support of the Guarantee Fund because s/he would now be considered a "normal" client of the banking institution.



- **Incentive Funds.** Another possibility for the most serious cases of subsistence could be Incentive Funds which are managed directly by the Red Cross and consist of both monetary disbursement and technical training.

This fund could be considered as seed capital<sup>10</sup> for use in promoting activities among small producers when the latter lack the funds needed to diversify their activities.

Depending on the degree of the community's economic development, we could be faced with the following situation in the Incentive Fund system:

***Subsistence level: The project would need an incentive fund which combines credit with donation.***

***The aim here is to provide a minimum resource with which to commence a process of change in the production system and hence improve the family diet, enhance profitability and protect the environment.***

***This would not be considered a form of welfarism but rather a way to demonstrate that change is indeed possible. It serves as an example, has a multiplier effect and risk is spread. The level of community development should be assessed prior to implementation.***

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<sup>10</sup> A small initial amount of money is awarded for initial investment. For instance, an electrician may be given \$100 to buy tools.

- **Micro-leasing.** We find situations where the investment an entrepreneur needs in order to launch a business activity is quite low (small investment in assets) but s/he has no access to credit due to lack of business experience or guarantees.

The purpose of micro-leasing is to support entrepreneurs so that they can initiate their business activity and acquire the experience needed to gain access to external sources of funding over the short-term.

The process is quite simple. The Red Cross purchases the asset once the Business and Investment Plans have been drawn up and the entrepreneur's businesses needs have been assessed. A letter of commitment is signed by the entrepreneur and the Red Cross whereby the latter must make a series of payments according to the agreed financial arrangement, the entrepreneur becoming the owner of the asset after the last payment is made.

A negotiation process will commence if the participant fails to make payments or only makes partial payment. We would need to know the reasons for default and seek solutions which could even include a rescheduling of the debt. However, the asset would never be donated outright because that would spell failure for the system vis-à-vis the other beneficiaries.





- **Other Modalities.** There are other credit options which could work and are being used in European Union projects:
  - Co-investment. This entails providing part of the working capital in the form of inputs, materials and any other asset needed to initiate the activity while the entrepreneurs provides the rest of the investment from their own funds (labour, transport, etc.).

This investment in favor of the entrepreneur is a loan and is to be paid back following the first sale and the arrangement is legally binding through a contract signed by the entrepreneur and the co-investor.

- Product Bank. This Bank requires payment in the form of products generated by the entrepreneur in payment for investment funds received and, in turn, uses these products to help new producers launch their activity.

The advantage of this form of financing is the generation of products with a minimal initial investment which are then used to help other entrepreneurs setting off a domino effect.

This modality is particularly suited to the agricultural sector.

The drawback is the difficulty of coordinating the search for new entrepreneurs with the production of already established ones. If time is not managed appropriately, the result could be the accumulation of a large number of inputs or products that need to be stored and, if perishable, they could be lost.



### *Monitoring and Impact Analysis*

In addition to initial support and consultation, we should also be present to monitor the different stages of the process:

#### *1. During CEFÉ identification, selection and training for businesses entrepreneurs*

We must remember that each individual's personality affects how businesses are handled.

Qualitative observation: Dedication, punctuality, commitment to achieving tasks, interpersonal relations with the rest of the group, group solidarity, know-how and learning ability, clear idea of the business, etc.

#### *2. During the capital investment or loan process*

Monitoring should focus on the following points:

- Verification of the investment
- Possible reallocation of sums for other purposes
- Fulfillment of the entrepreneur's goals as stated in the business plan

#### *3. When the business is up and running*

- Management of resources
- Establishment of the good or service on the market
- Drafting of a cost-production analysis and marketing of the product or service
- Production costs. Evolution of costs: stable, rising or falling
- Control of income and expenses
- Identification of weaknesses and difficulties arising in the business for subsequent correction (customer service, sales, marketing)
- Management of working capital
- Investment in utilities (enlargement of the business or raw materials, house improvements, separation of business from home, health costs, tools and equipment, etc.)
- Saving behavior
- Change in micro-enterprise activity
- Monitoring of secondary economic activities by capital debit. (two or more economic activities)
- Compliance with and implementation of the recommendations made at personalized training and consulting sessions
- Accounts payable
- Accounts receivable (excess long-term credit extended to clients in the community giving rise to losses)



- Employment generation in the community
- Identification of faulty business behaviors
- Community's perception of why revenues have risen or fallen
- Degree of revenue fluctuation in each target group
- Threats against the likelihood of sustaining higher revenues
- Negative impacts on revenue-generating activities (social, environmental, etc.)
- Who decides what to do with business-generated revenues

Analysis of the impact of these projects should be studied from two perspectives.

First from that of **individualized monitoring** of the different businesses and micro-entrepreneurial activities which should be ongoing to correct possible deviations in the development of the activity.



Training needs of micro-entrepreneurs should be assessed with an accent on enhancing skills either through group training, bringing similar micro-entrepreneurs together, or more individualized training through advisory sessions or training scholarships.

Analysis of the **individual impact** of

PRODE interventions should commence by establishing clear and measurable indicators and sources of verification enabling us to develop tools to measure that impact on beneficiaries.

This individualized monitoring is also conducted as part of the CEFÉ methodology which views the advice and training received by entrepreneurs as important tools contributing to success.

The second perspective, closely linked to community development (local and comprehensive), is **monitoring of the impact** that income-generation activities have on the community.

## Conceptual Model

### Planning Matrix

	Rationale behind the Intervention	Objectively verifiable indicators	Sources of verification	Hypotheses or external factors
<b>Overall Objective</b>	Contribute to the enhancement of the economic conditions of producers			
<b>Specific Objective</b>	Improve the self-sufficiency of project beneficiaries (individuals or groups of entrepreneurs) by means of sure and sufficiently remunerated work activity in the micro-enterprise field of agriculture and develop skills either as salaried or self-employed workers.	50% of producers raise their income by 40% by the end of the project At least 13 young people between the ages of 18 and 25 find permanent jobs by the end of the project 20% increase in the number and strength of micro-enterprise initiatives by the end of the project 60% women beneficiaries	Individual records of producers Labour contracts Business plans and accounting records Standardized document of the pre and post-project study	The organization is isolated from political or religious disputes Municipal institutions collaborate and work in a coordinated fashion to achieve the same goal The mayor of the municipality takes a leading role in local development
<b>Results</b>	R.1. Enhanced agricultural production using appropriate techniques with a view to contributing to improving the diet and income of community families R.2. Bolstered economies based on community markets. R.3. Capacity-building of community families in the areas of micro-enterprise management, gender and development and disaster prevention and mitigation.	25% increase in the production of XXXXX for at least 50% of community producers by the end of the project 40% increase in the production of XXXXX for at least 70% of women (heads of households) in the community by the end of the project 15% increase in the yield of basic grains (corn) for at least x participating families within 15 months of project kick-off 60% of project producers have access to productive assets to enhance their production and marketing % of producers have found new production and market alternatives 50% of producers have an	Individual records of producers Standardized document of the pre and post-project study Alternative credit contracts for the supply of inputs, tools and equipment Business plans and accounting records Credit contracts Market survey documents Records of sales made at warehouses or	The players involved adhere to the initial collaboration agreements. Participation of families in projects remains stable. Men make room for women in marketing and training activities Community production is not affected by natural disasters Families become aware of the importance of implementing reforestation and conservation measures.

		<p>updated market survey to work with</p> <p>50% of producers draft and implement their own marketing plans</p> <p>50% of producers identify the organizational mechanisms needed to market and store goods</p> <p>At least 50% of families (men and women) participating in the project improve their knowledge of micro-enterprise management, gender and development and disaster prevention and mitigation</p> <p>40% of participating producers plan their micro-enterprise growth potential through a business plan in which men and women take part</p> <p>40% of producers plan their productive and marketing activities with the participation of men and women</p> <p>20% participation of women in marketing activities</p> <p>60% of the families participating in the project take part in reforestation and conservation activities of productive areas</p>	<p>community silos</p> <p>Training session attendance lists</p> <p>List of heads of households taking part in the drafting of business plans</p>	
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The basis for this matrix was taken from the formulation of the Economic Development Projects in the communities of El Tihüilotal, San Francisco and El Portillo in El Salvador and the project supporting black bean production and marketing in 11 communities of the municipality of Posoltega in Nicaragua. 2006. Spanish Red Cross

## Indicators

In all projects it is very important to adapt the methods used to obtain information to income and/or rise in growth indicators. This is done based on verification sources taking account of pre/post methodological design, structured interviews, performance of the exercises provided for in the CEFE process or micro-enterprise training conducted by the community, the current socio-economic situation of the families, etc.

The indicators we should use during this stage take on greater importance because most require an investment of time and money to obtain those sources of verification subsequently used to check the achievement of results and objectives.

Impact analysis is vital to income generation projects.

At community level, impact analysis can be structured to work with the same focal discussion groups used during the community diagnosis or with groups which may have been created during the PRODE intervention.

For the community impact study we recommend semi-structured interviews of key community players. A simple outline such as the one described below could be used:

- What has been done? description of what has happened during the analysis period
- How were the main limitations handled?
- Important achievements
- Lessons learned
- New intervention strategies



We must bear in mind that the impact of economic development projects must be perceived and analyzed over the medium and long-term. In each case, we recommend assessing the community skills developed which should give us an idea of the impact the project has had on that community and its inhabitants. Short term impact does not shed any significant light on its importance for community progress.

***Problem faced → Strategy used → Aim achieved***

<b>Case Study 5. Economic Development Projects in Central America.</b>	
<b>Project Objective:</b> Foster the personal self-sufficiency of beneficiaries through micro-entrepreneurial and salaried employment activities.	
<b>Direct beneficiaries:</b> 807 families	<b>Starting date:</b> August 2001 (coinciding with PRODE)
<p>This was a Spanish Red Cross PRODE Program survey in Central America conducted by means of micro-entrepreneurial activities.</p> <p>The fact that it has its own framework for the development of certain projects implies a series of recommendations:</p> <ol style="list-style-type: none"> <li>1. Highlight the importance of community and family diagnosis of project participants.</li> <li>2. Develop a micro-entrepreneurial training methodology (CEFE, CTN or some other) to standardize entrepreneurial training pathways and serve as the basis for the development of business feasibility plans which would support possible future micro-financing.</li> <li>3. Seek out support from micro-financial institutions for the financing of persons who successfully complete the entire process and have the approval of micro-entrepreneurial trainers. If guarantees are required, we suggest the opening of a Guarantee Fund or some other instrument allowing all participants in need to gain access to financing.</li> <li>4. Stress the importance of monitoring the entire process, i.e. at least six months of micro-enterprise and family monitoring, over and above micro-credit monitoring.</li> <li>5. Encourage vocational training, either based on that offered by official organizations or on the labour demand coming from market entrepreneurs.</li> </ol>	







## Labour Market Integration of Vulnerable Groups - Programming



## Context

As has already been mentioned, interventions are subject to the situation in the countries and areas where we are working.

This chapter focuses on the activities undertaken by the Red Cross in Spain through the Employment Plan for the Integration of Vulnerable Groups in Risk of Exclusion.

*As one might expect, the programme is adapted to the socio-economic reality of Spain but some of the working tools can be extrapolated to other contexts, mainly for labour market integration as salaried workers.*

The situation in Spain is favourable for actions aimed at salaried employment for which the business fabric should be robust.

The actions planned by the Red Cross to achieve the objectives proposed in the Employment Plan are managed through intervention framework programmes:

- **Training and research** (pre-labour workshops, vocational training courses, social guarantee, workshop schools, labour market analysis, studies on difficulties encountered in gaining access to employment).
- **Social-labour market integration** (vocational counselling: job seeking workshops, personalised counselling, labour information; labour market intermediation: placement agencies, businesses consulting services).
- **Business development initiatives** (solidarity firms, self-employment service, business training).

This intervention is based on personalised attention through **integration pathways** planned jointly with participants. Depending on the needs and employment expectations detected from the participants, itineraries include actions designed to favour access to employment and to stay employed such as training, counselling, labour market intermediation and consulting for the implementation of business initiatives, etc.

A thorough analysis of people in situations of vulnerability has shed light on a number of characteristics and difficulties encountered in the social integration and mainstream labour market process.

Profile of persons in risk of exclusion	External difficulties
<ul style="list-style-type: none"> <li>• Lack of the social and personal skills required by the labour market.</li> <li>• Scant training and professional qualifications.</li> <li>• Faulty information concerning the labour market situation and mechanisms whereby to access training and job seeking support.</li> <li>• Family, educational and social disenfranchisement.</li> <li>• Little or no experience in the mainstream labour market.</li> <li>• Lack of autonomy and motivation.</li> <li>• Lack of work habits.</li> <li>• Difficulty dealing with productivity levels, labour discipline, perseverance, interest in production.</li> <li>• Distorted view of the world of work and social environment.</li> <li>• Poor self-image and self-esteem</li> <li>• Negative perception of self. Few aspirations or projects.</li> <li>• Passive, uninterested in standing up for rights, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Exclusion from the market related to stereotypes and social prejudice.</li> <li>• Difficulty gaining access to public and private social networks facilitating employment.</li> <li>• Surroundings characterised by conflict and lack of positive stimuli towards the mainstream labour market.</li> <li>• More job-seekers than jobs; lack of employment.</li> <li>• Increasing demand for qualified and versatile workers.</li> <li>• Permanently in and out of work.</li> <li>• Labour instability and different types of labour relationships: one-off work or service contracts, part-time, etc.</li> <li>• Lack of outside counselling to effectively focus efforts on the job seeking process.</li> <li>• Lack of institutional agreements with the productive fabric.</li> <li>• Residence in disadvantaged neighbourhoods characterised by situations of marginalization: run-down housing, drug addiction, etc.</li> <li>• Lack of support from the nuclear family or most immediate environment.</li> </ul>

***As can be observed, many of the situations found in Spain can be extrapolated to some of our interventions abroad.***

Those who find themselves in situations of social exclusion generally suffer deficit in several areas: employment, education, training, housing, income, health, etc. The integration of persons in risk of exclusion or who are already excluded requires different actions over and above mere labour-related initiatives, although the latter should be considered as a basic element of integration. Through these interventions we should be able to provide participants with the economic stability they need to develop their lives as persons integrated in society.

## Methodologies

### *Job counselling and monitoring actions*

The aim of job counselling is to accompany participants in the labour market with a view to helping them find a job by counselling and teaching them how to actively seek employment.

We conduct the following actions:

#### A. Counselling session (individual or group)

- Vocational interview
- Information regarding labour market characteristics
- Identification of professional objectives and the drafting of a personal integration project
- Identification of training needs and referrals, if relevant, to training actions
- Counselling to plan the active job search for subsequent labour market integration
- Individualized monitoring

#### B. Workshops on job seeking techniques

- Pathways to employment
- Presentation techniques
- Selection processes
- Planning of the active job search
- Incorporation into the workplace: workers' rights and duties



### C. Active job search fora

- This refers to the places where programme participants can go to find employment information. They are given access to websites, press and labour information in general.

### *Pre-labour Training*

The objective here is to develop personal aptitudes to bolster self-esteem, acquire the skills needed to cope with social and labour situations, to develop work habits and to acquire the linguistic competencies needed to meet with success in the labour market and the general social environment.

We conduct the following actions:

#### A. Basic training in linguistic and social competencies

- Communication
- Group pressure and decision-taking
- Settlement of disputes and problem solving
- The work environment

#### B. Pre-labour workshops

- Initiation to a profession
- Reinforcement of basic knowledge
- Complementary activities
- Familiarity with the labour environment
- Introduction to new technologies

### *Professional and vocational training*

Here, the aim is to acquire the professional competencies associated with specific vocational training, develop habits and skills enabling participants to participate more effectively in work projects and acquire work experience.

We conduct the following actions:

- Training courses for employment
- Scholarships to attend training courses and internships
- Training and the acquisition of work experience at a company



### *Labour market intermediation*

The aim here is to help participants find work through labour market mediation, to bridge the gap between potential workers and the labour market using individualized strategies, optimise selection processes matching candidates with the best offer, help enterprises to define posts and job descriptions.

#### A. Work with participants

- Analysis of professional objectives of participants
- Pre-selection of candidates based on competency analysis
- Management of job offers with participants
- Personalised monitoring

#### B. Work with enterprises

- Identification and segmentation of potential market
- Recruitment of collaborating companies and job offers
- Definition of professional profiles
- Management of job offers with enterprises
- Monitoring of results
- Business consulting



### *Self-employment Service*

The aim here is create companies through:

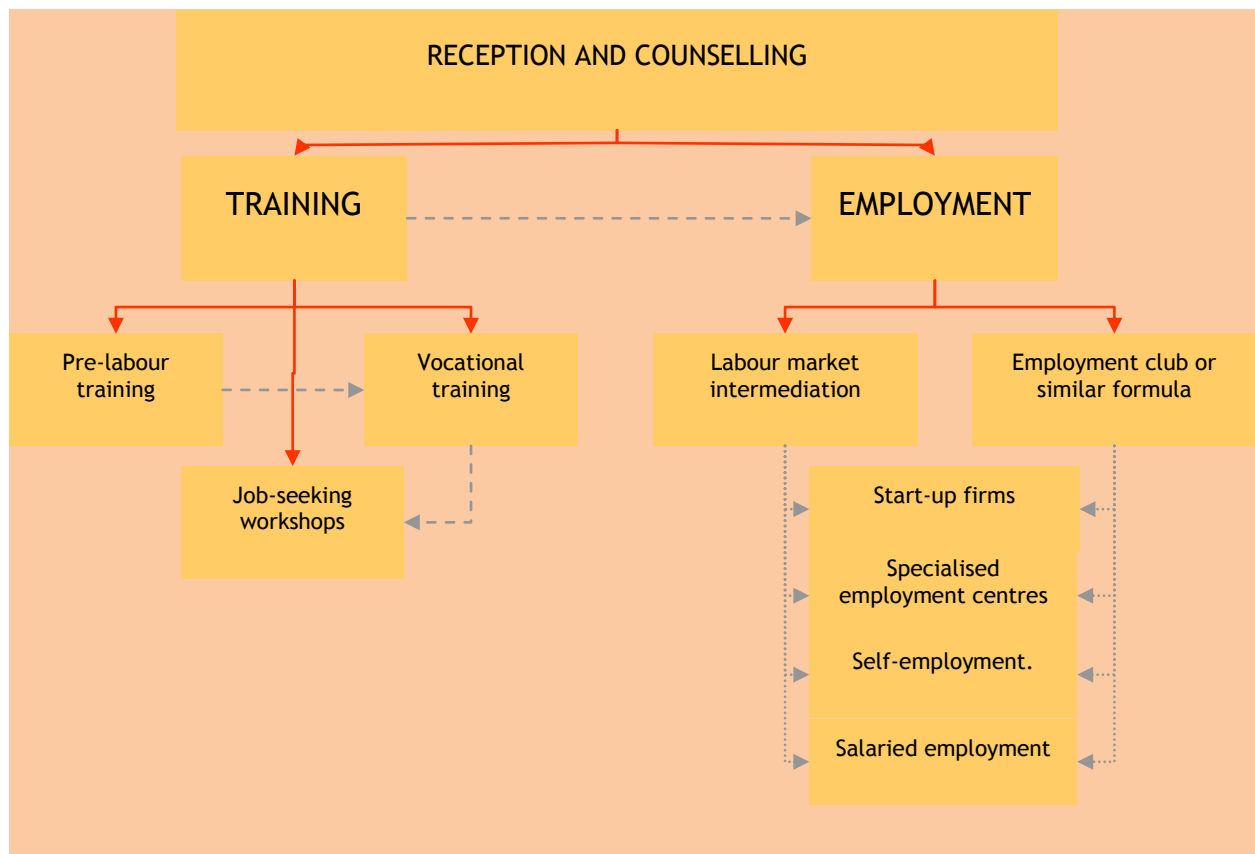
- Micro-credits through agreements signed with financial institutions
- Aid for the launching of business projects
- Business training
- Information and consulting for the creation of businesses



### *Accompaniment measures*

Encourage the incorporation of the most disadvantaged persons into the comprehensive labour market integration pathways using measures which foster equal opportunity.

- Economic assistance for transport needed to take part in the pathway
- Economic assistance to attend courses and internships in companies
- Economic assistance for incorporation into the labour market
- Assistance for child-care or similar



Source: Best Practices from the Operational Programme to Combat Discrimination



## Conceptual Model

### Planning Matrix

	Rationale behind the Intervention	Objectively verifiable indicators	Sources of verification	Hypotheses or external factors
<b>Overall Objective</b>	Contribute to the social-labour market integration of vulnerable persons targeted by the programme			
<b>Specific Objective</b>	Enhance employability processes of the project's target population starting with the latter's own needs and interests	<p>At least 95% of beneficiaries enrolled complete training</p> <p>At least 80% of beneficiaries trained are engaged in a remunerated activity either as self-employed or salaried workers</p> <p>At least 75% of beneficiaries trained at the centre are engaged in some activity related to their training providing them with an income of over 50 USD/month.</p>	<p>Project evaluation report</p> <p>Follow-up forms</p>	
<b>Results</b>	R.1. The personal and social skills and resources needed to make it in the world of work have been acquired	<p>40% of participants take a pre-labour training course</p> <p>70% complete training initiatives</p> <p>Training monitored through individualized tutoring in 100% of the cases</p> <p>At least 6 hours per course or workshop</p>		<p>Training courses remain stable</p> <p>The country's economic development continues along its expected course</p>

	R.2. The professional skills called for by the labour market have been acquired	<p>20% of participants take a vocational training course</p> <p>70% complete training initiatives</p> <p>Training monitored through individualized tutoring in 100% of the cases</p> <p>An average of 80 h theory-practice</p> <p>20% of trained students do non-labour internships in companies</p> <p>80% rate training higher than the average on the survey's quantitative scale</p>	<p>Follow-up forms</p> <p>Course proceedings</p> <p>Photographs</p> <p>Agreements with companies and training institutions</p>	
	R.3. Participants have been instructed in the definition of their professional objective based on the labour market situation and their own interests and skills	<p>100% of programme participants</p> <p>95% of programme participants</p> <p>30% of programme participants (in group counselling sessions or technical job seeking workshops).</p> <p>Average of 6 hours of counselling per participant (including both individual and group counselling).</p> <p>80% of the participants rate counselling higher than the average score on the survey's quantitative scale.</p>	<p>Follow-up forms</p> <p>Workshop proceedings</p>	

	R.4. Bridges built between participants' demand for work and the offers from companies by means of proper definition of professional profiles	<p>35% of participants pre-selected</p> <p>20% integration through labour market mediation</p> <p>80% of the job referrals are covered by programme candidates</p> <p>100% of participants monitored after the selection and hiring process</p> <p>100% of companies monitored after the selection and hiring process</p> <p>80% of the employers consulted give a rating above the scale average</p>	<p>Business follow-up forms</p> <p>Agreements with companies</p>	Financial institutions keep their commitment to micro-credits
	R.5. Information, consulting and counselling services provided regarding different aspects related to the creation, financing, management and development of self-employment and micro-enterprise initiatives	<p>At least 100 individuals seen annually by the service</p> <p>Counsel and advise 80% of those who visit the service</p> <p>Help manage micro-credits and/or subsidies in 10% of those receiving counselling</p> <p>At least 30% of those coming in for advice launch a business initiative</p>	<p>Micro-credit contracts</p> <p>Photographs</p> <p>Follow-up forms</p>	

Basis for the Matrix taken from the Framework Programme interlabor@ Phase II 2004 - 2006. 2004. Spanish Red Cross / Social Intervention Dept / Employment Plan. Employment Plan Team.





Study Documents

- Formulation documents, monitoring reports and final report of projects executed by the Spanish Red Cross together with national services in: Angola, Bolivia, Brazil, Burkina Faso, Ecuador, El Salvador, Guatemala, Honduras, Indonesia, Kosovo, Mali, Nicaragua, Niger, Paraguay, Peru, RD Congo, Rwanda, Sri Lanka, Senegal, Sierra Leona, Togo and Vietnam.
- Documentation from the Spanish Red Cross Employment Plan.
- Documentation from the SINGRA Project. Cruz Vermella Galicia (Galician Red Cross)
- Standardisation of the project entitled “Cajas de Ahorro y Crédito y Fortalecimiento para la Gestión Comunitaria en las Comunidades Campesinas de Columbe y Gatazo”-Macro I Chimborazo-Ecuador. Equatorian Red Cross - Spanish Red Cross



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## The Fundamental Principles of the International Red Cross and Red Crescent Movement

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### **Humanity**

The International Red Cross and Red Crescent Movement, born of a desire to bring assistance without discrimination to the wounded on the battlefield, endeavours, in its international and national capacity, to prevent and alleviate human suffering wherever it may be found. Its purpose is to protect life and health and to ensure respect for the human being. It promotes mutual understanding, friendship, cooperation and lasting peace amongst all peoples.

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### **Impartiality**

It makes no discrimination as to nationality, race, religious beliefs, class or political opinions. It endeavours to relieve the suffering of individuals, being guided solely by their needs, and to give priority to the most urgent cases of distress.

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### **Neutrality**

In order to enjoy the confidence of all, the Movement may not take sides in hostilities or engage at any time in controversies of a political, racial, religious or ideological nature.

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### **Independence**

The Movement is independent. The National Societies, while auxiliaries in the humanitarian services of their governments and subject to the laws of their respective countries, must always maintain their autonomy so that they may be able at all times to act in accordance with the principles of the Movement.

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### **Voluntary service**

It is a voluntary relief movement not prompted in any manner by desire for gain.

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### **Unity**

There can be only one Red Cross or Red Crescent Society in any one country. It must be open to all. It must carry on its humanitarian work throughout its territory.

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### **Universality**

The International Red Cross and Red Crescent Movement, in which all societies have equal status and share equal responsibilities and duties in helping each other, is worldwide.



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**Humanity Impartiality Neutrality Independence Voluntary service Unity Universality**