

CHAPTER 8 / PART B / SECTOR OVERVIEW

INCOME GENERATION THROUGH GRANT AND MICRO-FINANCE PROGRAMMES

1. Introduction

Because conflicts tend to have a very negative impact on the economy of a country/region, the economic situation in both displacement-producing and neighbouring recipient areas is in many cases relatively poor as well. Displacement frequently results in the loss of key livelihood assets, such as land, production materials, infrastructure or financial capital. Without access to their regular asset base, including the means for income generation, refugees and IDPs become dependent on the passive reception of relief aid and support from the host community.

In such a situation, income generation is a key programmatic strategy to address the need to find alternative means to make a living in a dignified way: it aims at creating opportunities for the use of resources among displaced people in a meaningful way and with the objective of becoming less dependent, more self-reliant and able to care for the family. Furthermore, providing support to income generation activities among people of concern, including host communities, can support local economic development in a broader sense: income generation programmes frequently provide new skills, services and opportunities for host communities and can stimulate the local economy, thereby linking relief with development. Similarly, this is the case when displaced people avail themselves of a durable solution.

In situations of conflict-induced displacement and the associated search for durable solutions, income generation is an essential tool to translate into practice both rights-based and livelihood-approaches to humanitarian interventions: through income generation, rights-holders strengthen their coping mechanisms and capacities for self-protection in a dignified manner. In that sense, grant and microfinance programmes are ways to empower refugees, IDPs and returnees to generate their own income.

Income generating activities are frequently based upon livelihood-oriented data-collection and analysis prior to the intervention. During displacement, people of concern tend to become engaged in new ways to make ends meet. For DRC, it is critical to map existing skills and understand the livelihood pathways that emerge in such a situation in order to identify the ideal entry point for humanitarian action. Because the capacity to generate an income is embedded in – and depends on – a host of other skills and assets, income generating activities rarely stand alone in DRC's programmes.

1.1. Definitions

DRC defines *income generating activities* as ‘small-scale projects that create an income source to individual beneficiaries or beneficiary groups whilst promoting a) the principal right to self-determination and b) the objectives of integration, repatriation and (re-)integration’. DRC uses the notion of income generation relatively broadly and as a cover term for a wide variety of activities such as micro-credit, grants, skills- and vocational training, business training, cash/food for work (asset creation) schemes, local economic development initiatives and even small- and medium enterprise development.

In the strict sense of the term, income generation aims at creating a financial income. Income generation projects, however, may also aim at positive effects in terms of empowerment, self-reliance and community development. Also, the boundary between e.g. food security and income generation can be relatively blurred. Agricultural projects in rural settings often have several objectives such as food security, income generation and empowerment at the same time.

Microfinance refers to the provision of financial services to people of concern to DRC. These may include individual micro-entrepreneurs as well as groups of entrepreneurs in need of financial capital. Most humanitarian agencies differentiate between ‘micro-credit’ - the provision of credit, and ‘microfinance’, which includes savings, business advice and other financial services, often within a wider framework that also includes training. Microfinance targets predominantly poor people, who are not eligible to ordinary banking services. However, credit and saving services are predominantly provided to economic active persons that need assistance to build up a sustainable source of income.

Traditionally, Microfinance is a development tool aiming at poverty reduction. It requires a number of contextual conditions, e.g. a certain degree of economic, political and population stability. Due to this fact, Microfinance institutions are rarely present in a conflict-affected situation and/or available for the target group of concern to DRC. However, DRC and other relief/rehabilitation organisations have tested and obtained positive results by introducing grant and microfinance schemes in conflict-affected communities. Although there is a considerable risk, it has proved viable if certain rules and policies are followed properly.

While the ideal ‘style’ of microfinance is to establish a sustainable interest-bearing scheme that is able to cover both running costs, including non-repayment losses, and inflation, DRC has successfully implemented various forms of ‘soft’ loans. In these cases and depending on a thorough assessment of skills and opportunities involved in the activity, interests can be lower or non-existing, grace periods can be negotiated, or loans can even be given in combination with start-up grants.

Grants do not fall under microfinance and are defined as in-kind assistance (rarely cash lump-sums) that is provided under circumstances where the extension of credit is not feasible. Grants are provided to persons or groups who are not capable of managing a loan, either because of limited human resources or because of the particular situation they are in at the moment.

Although grants and microfinance appear to be closely related to one another, they relate to relatively different approaches to humanitarian work: grants target vulnerable beneficiaries, microfinance is meant for capable and productive beneficiary groups; whereas DRC's expectations to the long-term sustainability of grant-financed activities are relatively limited, microfinance is ideally and practically meant to have a lasting impact on the household economy of the beneficiary; while grants are social welfare, microfinance is development.

Unless DRC targets groups of very vulnerable beneficiaries in poor economic environments, grants are more suitable as transitory tools and should ideally be replaced by more sustainable means of income generation. Contrary to what is frequently put forward as 'best practice' in microfinance, DRC has successfully implemented both grants and microfinance under the same programme. In that case, clear criteria for grants versus credits are critical, if grants are not to affect negatively clients' repayment attitudes.

1.2. Objectives

DRC's overall objective for income generation as a distinct programming component is to a) provide support to sustainable livelihoods and b) to facilitate access to the right to self-determination and self-protection among refugees, IDPs and host population in conflict-affected communities. In that sense, income generation is a relevant and important tool to be implemented in situations of acute crisis, displacement as well as durable solution.

At the level of the individual project and its direct beneficiaries, income generation should have a sound, measurable and sustainable impact on a beneficiaries' livelihood portfolio and, as a direct consequence, the socio-economic situation of the beneficiary's household. When assessing 'impact' on such a micro-level, the particular 'life situation' in a specific conflict-affected context has to be taken into account. In an institutional perspective, success depends on whether a sustainable and flexible mechanism or institution is supported, which can provide continued access to income generation services with the objective of strengthening socio-economic resilience among refugees, IDPs and host communities.

Table 1.1: Examples of Income Generation Activities in Different Scenarios

	Acute crisis	Displacement	Durable solution
<i>Relief</i>	<ul style="list-style-type: none"> • Establishment of Cash for Work schemes • Direct payment of cash or voucher systems 	<ul style="list-style-type: none"> • Delivery of equipment/tools for income generation • Provision of small grants • Establishment of Cash for Work Schemes 	<ul style="list-style-type: none"> • Delivery of services such as small grants, tools and equipment or raw materials for income generation to vulnerable beneficiaries
<i>Livelihood support</i>	<ul style="list-style-type: none"> • Direct delivery of basic tools and equipment for income generation and/or small-scale production 	<ul style="list-style-type: none"> • Delivery of grants to vulnerable beneficiaries • Delivery of Micro Credit services • Conduct of vocational and business training • Establishment of job creation schemes • Rehabilitation of economic infrastructure • Community mobilisation 	<ul style="list-style-type: none"> • Delivery of Micro Credit services • Establishment of group loan schemes and revolving loan funds • Provision of vocational and business training to entrepreneurs • Establishment of job creation schemes • Support to Small and Medium Enterprise Development (SME)
<i>Institutional and organisational change</i>	<ul style="list-style-type: none"> • Training of responsible authorities • Addressing economic problems among host populations • Mobilisation of other relief actors • Information dissemination to Refugees and IDPs (rights of access to services) 	<ul style="list-style-type: none"> • Authority sensitisation of MF issues • Addressing economic problems among host populations • Mobilisation of other relief actors • Information dissemination to Refugees and IDPs (rights of access to services) 	<ul style="list-style-type: none"> • Support to re-establishment of market linkages • Private sector support strategies • Advocacy and capacity development activities within MF management, legislation, co-ordination

1.3. Relationship to the DRC Assistance Framework

The DRC Assistance Framework operates with three dimensions that guide the concrete planning and implementation within the six core sectors and three support sectors that DRC has specialised in. The first dimension encompasses three distinct scenarios that people affected by conflict typically move through, acute crisis, displacement and durable solution. The second dimension consists of three strategic objectives, a) saving lives and alleviating immediate suffering, b) protect,

restore and develop livelihoods, c) promote values policies and capacities for protection. The third dimension are the distinct forms of assistance resulting from the strategic objectives, Relief, Livelihood Support and Institution Building.

Income Generation spans over a relatively wide range of different activities, and is thus relevant to all three scenarios and different types of strategic objectives / types of assistance: they can vary from short-term and relief-oriented cash-for-work schemes to the establishment of fully-fledged micro-credit services including saving schemes and revolving funds. Table 1.1. above attempts to illustrate the various forms of income generation activities under different conditions and with different objectives.

1.4. Types of Income Generation in DRC

Grants and Microfinance programmes include a wide range of products. The most common in DRC's income generation programmes are briefly presented below.

Table 1.2: Types of Grants and Microfinance Programmes

In-kind Grant Schemes	Grants provided in-kind and with a tailored approach to especially vulnerable beneficiaries without repayment capacity and/or as a start up activity until conditions allow for credits schemes. Grants are provided on the basis of an economic assessment but vulnerability criteria remain relatively central for targeting.
Microcredit	Credits are provided in cash and normally paid back to a revolving fund that ensures future access to credit. Technically, this implies that DRC does not claim back the money once it is dispersed. However, DRC is usually actively involved in managing and monitoring the revolving loan fund. Clients should be selected on the basis of an economic assessment that includes the capability to deal with the financial risk related to managing a loan. Credits can be provided to individuals or through groups.
Savings	As an integral part of credit schemes, DRC can encourage saving schemes amongst individuals or groups. The objective is to provide a safe place to save as well as to build a credit culture amongst people. Local saving habits and the level of trust should be carefully assessed before introducing saving schemes
Business Development Services	Business training is offered in situations where market structures are new to the clients or where changing roles of gender and generation have resulted in inexperienced breadwinners (women and/or children) that have not been responsible for income generation before. Business training should be provided prior to granting a credit and followed up during the course of a project.

Job Creation Schemes	Support to local companies in terms of grants or credits can be offered with the scope of assisting the companies in creating sustainable job positions. This type of assistance could be organised in situations where conditions for self-employment are scarce or people, as part of their reintegration strategy, wish to return to their original job position.
Cash for Work Schemes	Cash for work schemes may also be classified under income generation. Such schemes can be useful to inject cash into local economies and address pressing infrastructure improvements such as road repairs. Cash for work is popular among men and has been used successfully among ex-combatants.

2. Principles for Income Generating Activities

This section introduces the reader to the principles of income generation within DRC. Given that income generation is a substantial and complex subject, the points listed below are by no means meant to be exhaustive. They aim at providing DRC managers with a relatively general background for how income generation should be managed and what principles should be applied.

2.1. Principles and Best Practice in Management of Income Generation Activities

2.1.1. Assessment & Planning

- » Appropriate timing and thorough assessment is essential for determining if and when to intervene with a grant or loan programme. It is not advisable to start a credit programme at a very early stage when minimal external conditions are not yet in place. However, the transition from grant to credit programmes should be done as soon as possible.
- » A thorough socio-economic assessment and profile of the target group should be made before deciding on - and designing - a programme. Income generation should preferably be built on existing skills, raw materials/inputs that are readily available and well-known products. Beneficiaries need skills, resources and have to be motivated. Be conservative when developing overall strategies and when assessing business ideas.
- » Any income generating activity can only be as good as the economic environment in which it is embedded. A proper market analysis should be done prior to setting up income generation components. Methods to conduct such an analysis are referred to at the end of this income generation tool.

- » DRC participates in several international and regional networks and projects regarding microfinance in post-conflict areas. Experiences from some of these projects show that there is a certain risk of relief and rehabilitation organisations confusing the strictly economic orientation of microfinance programmes with direct assistance through grants or with social services schemes. Microfinance programmes, so it is argued, are solely built on economic objectives and not on social objectives. It is thus advisable to clearly separate this programme sector from relief and hand out assistance (e.g. food distribution, seeds and tools, etc) as well as from social services programmes. Since DRC always maintains a relatively strong vulnerability focus, a more moderate position on that matter is taken, i.e. DRC allows social concerns to enter microfinance programmes to a certain extent.

2.1.2. *Implementation*

- » A sustainable exit strategy should be planned from the very beginning both on an operational as well as institutional level. Operationally, the microfinance programmes should apply ‘best practices’ when deciding on interest rates, repayment systems, grace periods and non-repayment sanctions. Institutionally, the programmes should plan and build operational and financial capacity for a sustainable, long-term solution that can ensure access to credit and thereby continuous support to durable solutions after the exit of DRC. Such a solution may be to localise the programme into a Microfinance Institution (MFI), merge with another MFI or establish a partnership with a local bank.
- » Short-term funding perspectives are often a major constraint to the long-term planning of a microfinance programme and realistic funding terms should be lobbied to the extent this is possible. As a rule of thumb, starting a loan programme requires a perspective of at least 12 to 18 months.
- » It is preferable to utilise existing financial facilities and service providers. If possible, all financial transactions should be done via a local bank. This greatly reduces the risk of fraud.
- » It is critical to investigate the legal context of the income generation programme component as well as the specific activities beneficiaries engage in. In addition, (the legality of) possible sanctions against non-repayment has to be determined.
- » Make sure that DRC’s support to income generation does not create unfair competition within the local economic context.
- » Carefully design what sort of services/support DRC can and should provide. There has to be a good match between the needs of the target group, the capacity of DRC to meet these (management, field assessments, support, guidance, etc.) and alternative service providers in the given situation.

- » Group lending tends to be more feasible for refugees and IDPs as they often do not have collateral as required for individual lending. It should be avoided to apply standardised approaches to such programmes. These should be replaced with an individual and tailored approach. A strong group organisation, including clear roles and responsibilities among members is critical for success
- » The selection of clients should be based on business viability, entrepreneurial ideas and repayment capacity. Microfinance is for people who are economically active and in need for support to move to self-reliance. It is not suitable for extremely vulnerable individuals who instead should be assisted with other schemes. Providing microfinance in communities can, however, have an indirect positive impact on vulnerable individuals.
- » Business plans should be conservative in terms of the choice of activities, expected turnover and profits, the need for re-investments, production cycles, etc. Never sacrifice business viability to vulnerability criteria.
- » Grants should be designed to prepare the capacity of people to become 'loanable'. It is important to design flexible products that meet the demand and capacity of people and take into consideration a development flow, i.e. that people move from e.g. 'grantable' to 'loanable', from small to larger loans or to saving-and-loan or from group to individual lending.
- » DRC's human resource development strategies must comply with the technical requirements and best practices of microfinance programmes.
- » Programmes should develop well articulated policies and procedures and include performance standards to reinforce efficiency, effectiveness, sustainability and impact.
- » It is equally important that the programmes are demand driven and that the chosen methods and strategies are flexible and appropriate to the situational context. Chances of success are enhanced if there is some similarity to existing credit and savings systems of the country, including informal and traditional ones, which often prove to be viable entry points for intervention. Conflict-affected communities are different from a stable economic and political environment, and require innovative and individually adjusted strategies - not standard models.

2.1.3. Monitoring and Evaluation

- » There is no shortcut to the process of learning from mistakes in income generation. Achieving positive impacts with income generation depends on an extraordinary good knowledge of the economic environment as well as the group DRC want to support. Both dimensions can and should be explored by means of a robust monitoring and evaluation (M & E) system.

- » M & E teaches us what can be expected from income generation activities within a given context. It thus helps to establish realistic programme objectives in terms of business performance and household impact.
- » It is critical to monitor possible reactions within host communities or among local authorities in order to be able to address these in a timely and appropriate manner.
- » A proper repayment-monitoring system (including a Monitoring Information System between field staff and management) is imperative to ensure repayment enforcement and to manage the overall financial portfolio.
- » Indicators for monitoring outputs and impacts should be developed with participation of all stakeholders and be revised as necessary during the programme period.

2.2. Principles Relating to DRC's Operational Approaches

2.2.1. *Partnership and Capacity Development*

The rationale for DRC to start its own grant and microfinance programme normally stems from a lack of existing institutions and organisations that cover the need for such a service. In most cases, institutions exist but may lack certain capacities and/or willingness to take on this task. It is thus important to undertake a thorough capacity assessment of stakeholders and potential partners before and during programme implementation, and revise the strategy if the situation changes.

In principle, DRC is not an institution-building organisation and prefers to support operational and financial capacities within existing local institutions in order to make them capable of managing grant and microfinance programmes in a sustainable manner and for the benefit of DRC's beneficiaries. In relation to this, it should be carefully considered whether to engage local NGOs to do microfinance if their mission and capacity is different. DRC has, however, successful examples of exit strategies where spin-off NGOs developed into sustainable microfinance institutions.

In many places, local banks and/or microfinance institutions play an important role in implementing the programme in terms of cash disbursement and collection of repayment. Building partnership with an existing financial institution in order to extend microfinance services can be a sound exit strategy.

In any case, it is imperative from the outset of a programme to plan for an exit strategy such as localising the programme into an MFI, merging with an existing MFI or handing-over the programme to a local bank or MFI. A first step to realise such a strategy, is to apply 'best practices' as outlined above.

2.2.2. Sustainability

In DRC's income generation programmes, sustainability is a central planning principle at the level of the individual project as well as at the entire programme. While sustainability is relative and has to be understood against context, especially in situations of protracted conflict and displacement, it remains paramount to aim at lasting impacts at both institutional and household levels. At the level of beneficiaries, DRC frequently faces a situation where a short term planning horizon and erosive livelihood strategies dominate the lives of refugees and/or IDPs during displacement. Together with a relatively strong vulnerability focus in DRC's targeting criteria, absolute sustainability can thus not become an overriding principle in DRC's programmes.

The dominating principle for DRC's grant and microfinance programmes is to integrate best practices from development practice, and adjusting these to a specific situational context and a defined target group. The objective is that programmes are capable of bridging and connecting opportunities to a later economic reconstruction and development stage where sustainability criteria can be applied more strictly.

Sustainability in income generation can be looked at from three perspectives:

- » The first level focuses on the extent to which loans or grants create a sustainable impact on the livelihood of DRC's beneficiaries whilst not exposing their household to higher risks by e.g. being obliged to take on unrealistic repayments. This implies that grants or credits are not a one-off intervention but a facility in the community that people can access, built trust to and thus reduce their social and economical vulnerability over time.
- » The second level is the financial sustainability of the programme itself, i.e. the extent to which it can recover costs of operation, inflation and non-repayment. In practice, financial sustainability is a principle that can be counterproductive to vulnerability criteria and the aim is to strike a sound balance: criteria of financial sustainability should not lead to DRC avoiding 'risky' or 'vulnerable' clients; at the same time, DRC should pay attention to 'best practices' and be careful not to spoil the climate for microfinance for itself and others.
- » The third level refers to the extent to which local capacities have been built and local institutions have been supported to take over the task of providing income generation services in the long run.

2.2.3. Advocacy

Advocacy is normally an integrated part of DRC's grant and microfinance programmes, closely related to principles of protection of refugees and IDPs, as well as to securing sound and co-ordinated standards for the programmes as such. Deliverance of grants or credits is rarely successful or feasible at all, without strong

lobbying and influencing of the environment. Frequently, DRC operates in legal grey zones when it comes to providing grants and/or microfinance, simply because the legal framework is weak or non-existent. In such cases, advocacy is about supporting the development of a legal framework as well as navigating DRC's programme under the given condition.

In many of the situations where DRC operates, it is furthermore critical to ensure that the voice of the target group is raised in terms of their right to employment, property, their inclusion in self-reliance and poverty reduction strategies, etc. In addition, DRC may have to investigate, and lobby for, the legal foundation of the activities supported by DRC, be it trade, crafts, running a small shop or service provision.

Taking an active role in establishing and lobbying for common standards and a co-ordinated approach for this type of programmes is extremely important as regulations often are absent in conflict-affected countries. Networking or the establishment of NGO-consortia has proven to bring positive results, not least in cases where existing MFIs are reluctant to include DRC's target group within its portfolio.

2.2.4. Participation

If managed well, grant and microfinance programmes can positively affect and empower the self-esteem and business capacity of poor people. The product design should reflect what people need and demand, and how their own ideas and traditions for business can be assisted. DRC believes that a key to success of this sector is to invest resources in developing specific and tailored products, being grant, credit or saving schemes, that reflects the context and target group in question. It is advisable to avoid the direct application of standard schemes or the duplication of programmes from elsewhere.

It is DRC's experience that a high level of credibility and accountability, built through emergency or short-term rehabilitation assistance, better facilitates a participatory planning process, which frequently is the key to a successful programme. Similarly, DRC can facilitate a high level of trust and participation through continued presence and communication with the target group.

A group lending methodology, building on principles of peer pressure, is a way to ensure a high level of participation in the selection of clients. Furthermore, group lending and saving schemes can be instrumental to building trust and confidence in the local communities.

2.2.5. Environment

Although DRC is not directly engaged in activities aiming at protecting the natural environment, it is of course critical to consider whether the activities supported by DRC's income generation programmes may do any harm to the physical and natural environment. In situations of displacement and protracted conflict, 'erosive'

livelihood strategies that may undermine the natural asset base are unfortunately relatively common. This is understandable, given the extreme hardships faced by refugees and IDPs in most countries where DRC operates. To them, a concern for their natural environment may appear as a luxury they cannot afford.

Examples of such 'erosive' income generating activities can be charcoal burning in Sudan, leading to deforestation, or the melting of old car batteries in order to extract metals in Kosovo, resulting in air pollution and health hazards.

If at all possible and keeping the humanitarian imperative in mind, DRC should refrain from supporting such activities. On the other hand, grants and credits can be used to promote organic and environmentally friendly forms of production, as the experience of DRC's Farmer Field Schools in Northern Uganda and South Sudan has demonstrated.

2.2.6. Integrated Approach

Income generation components are normally embedded in broader assistance packages aiming at providing support to different sectors / livelihood dimensions. Time and space are two principles of organising income generation alongside other interventions:

- » As indicated above, income generation should be implemented at the right time during the life span of a programme. During situations of acute crisis, most refugees/IDPs may not yet be ready to receive a grant or a small credit. Many beneficiaries are not yet familiar with income generating activities or revolving funds. Neither may they have a strategy for improving self-reliance as an individual family. Through community building and social mobilisation, beneficiaries can become more aware of how to recover as well as reconcile with the local community. Groups can be formed and prepared to become responsible for a solidarity loan and activities can be supported that integrate refugees / IDPs with the local population as well as with local government structures.
- » A multi-sectoral approach as implemented by DRC, ensures that the assistance is simultaneously complemented in terms of meeting other related needs of the target group such as housing and social rehabilitation. It also ensures the provision of alternative and adequate assistance such as livelihood or social rehabilitation schemes for those who are not eligible for grants or loans. Information sharing, joint tools and co-ordination is critical to achieve synergies between programme components, and thus to further support the effect of income generation activities.

It is important to keep in mind that grant and microfinance programmes cannot do it alone and are not a solution to everyone. These kinds of programmes play an important role in rehabilitation, reconciliation and trust-building with the local

community. Together with other assistance components, they offer a proactive and dignifying way out of dependency.

2.2.7. Gender

Income generation activities are thoroughly embedded in gender roles in general and the sexual division of labour in particular. Therefore, some basic considerations regarding gender are important during both planning and implementation phases of income generation activities. In discussions on income generation, and microfinance in specific, it is often argued that women are better loan-takers, more committed workers and more serious clients in terms of repaying credit instalments. There are various explanations for this such as that a) women are responsible for caring for the household and its unproductive members, b) women are confined to the domestic sphere and less inclined to use resources on alcohol and cigarettes and c) women are said to be better in solving group differences that may arise during a group-based income generating activity. While there might certainly be some truth to the above, DRC does not explicitly target women in income generation. Rather, DRC should pay attention to factors of local difference as well as cultural appropriateness.

On a more general level, gender is of critical relevance in relation to income generation within DRC's programmes in at least two ways: first, the structural position of (especially married) women versus men in local communities and, second, the household as the outcome of processes of co-operation and conflict.

» In many of the societies where DRC operates, there exists a rule that women move to their husband upon marriage (the opposite rule exists as well but is far less common). This is especially the case in DRC's programmes in Africa, Asia and the Middle East, and less so in the more modernised, urbanised and post-socialist societies in the Balkans and the North- and South-Caucasus. This tradition, called patrilocality, implies that women frequently live away from their kin, while men are normally living close to their kin. In a situation of scarcity, where the 'moral economy' (mutual help) becomes critical for people's coping strategies, men are obliged to assist a much larger group of relatives than women are, simply because kinship is the dominating principle behind the 'moral economy'. At the same time, men may also be entitled to support from many members of his kin-group. Women, on the other hand, can, and have to, concentrate their efforts in making ends meet within their own nuclear family, possibly including parents-in-law. For DRC, this means that a grant/credit given to a man, including the income generated from it, enters different cash-flows within the local economy, and may thus benefit different people than if given to a woman. While such rules tend to become less important during displacement, where many families are fractured and women often take on a more active role in income generation, it remains important for DRC to consider where the income is likely to go in the end.

- » An income generation programme that assumes that the family/household functions as an economic unit is simplified. In numerous of DRC's programme areas, households are characterised by two interlinked processes: a) common efforts within the family to optimise resources for production and subsequent redistribution of resources among household members according to needs; b) domestic struggles over scarce resources with the outcome that the most vulnerable family members are left with little or nothing. For DRC, this implies that it cannot be taken for granted that an income generated by an activity controlled by the household head is redistributed within the domestic group according to humanitarian needs. The reorganisation of 'traditional' gender roles and 'malfunctioning' or fractured households is seen very frequently during humanitarian crisis. While there is no simple recipe to address this problem, DRC should as a minimum assess, discuss and monitor its impact on the effect of its income generation activities.

Selected Reference Material

The following list of supporting material can be used as guidance to various tools for introduction, implementation, evaluation and training of grant and microfinance programmes. Preference is given to material with particular relevance to conflict-affected communities.

Introduction to Grant and Microfinance

Introduction to Microfinance in Conflict-Affected Communities, ILO / UNHCR 2002 (General introduction to terms and strategies of MF with a particular view to adoption to conflict-affected context)

- » Håndbog vedr. indkomstskabende aktiviteter, by Projektrådgivningen, Århus 2000 (Also available in English – an introduction to how to design income generating activities)
- » Money Matters – Understanding Microfinance, Save the Children 1999 (Useful explanation of terminology and a strong focus on targeting of the very poor)
- » Business Planning for Micro-entrepreneurs, by Christian Sørensen, Africa Now 1999 (Tools for planning and design of business activities – particular in an Africa context)
- » Guidelines for Income generating Activities and Revolving Loan Fund, DRC Sri Lanka 2002 (A short technical guide developed and used by the DRC programme in Sri Lanka)
- » Southern Zone Savings and Credit Scheme, Eritrea, Christian Sørensen AC-CORD 1999 (Provides a good introduction to especially saving schemes)
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Microfinance and Post Conflict

- » Microfinance during and after Armed Conflict, Tamsin Wilson 2002 (Results from a larger research project about Microfinance and conflict)
- » Financing of Income Generating Activities in the wake of Conflict, Ton de Clerk networklearning.org 2002 (Includes experiences from an evaluation of DRC's programmes)
- » Microfinance and poverty reduction, by Susan Johnson and Ben Rogaly, OXFAM, 1997 (Discusses the poverty question and provides also a good overview of the sector)
- » Microfinance in the wake of conflict, by Karen Doyle, July 1998 (A paper that reflects various aspects and challenges of operating Microfinance in post conflict situations)
- » Microfinance in Post-conflict Countries: Towards a common framework for Action - workshop report, ILO Geneva 1999 (Report from an ILO/UNHCR symposium that DRC was invited to)
- » Handbook for Self Reliance, UNHCR Geneva 2004 (See Annex D15)
- » Handbook for DAR programmes, UNHCR Geneva 2004 (See Annex D14)
- » Employment for Peace – ILO tools to rebuild conflict-affected communities, 2003 (See Annex E6)

Reviews and Evaluations

- » Review of IGA Programmes of the Danish Refugee Council, Quest Consult / Ton de Klerk 2002 – Synthesis report + five Country Studies (Somaliland, Serbia, Montenegro, Georgia, Azerbaijan)
- » Evaluation of income generating projects – Kosovo, Prolog Consult France 2000 (Evaluation of an in-kind grant scheme that DRC took part in)
- » Final evaluation of Livelihood Rehabilitation and Capacity Building Programme for Internally Displaced People in Sri Lanka, 2005
- » Evaluation of the DRC Programme implemented through the Integrated Approach in Darbudhuq and Garadaq, Somaliland, 2005
- » DACAAR Consortium II, Final External Evaluation, December 2004

Training Material

- » Introduction to Microfinance in Conflict-Affected Communities – a training packet (DRC is a certified trainer to this introductory course)



- » Market research tools for design of Microfinance products in Post Conflict situations, Tamsin Wilson 2002 (Specific tools for doing market analysis in a post conflict context)
- » A Training Package on MF, DRC Sri Lanka 2001 (Training material used at DRC's programme in Sri Lanka)
- » Designing MFIs to reach the poor, Boulder Colorado 2001 (A training packet that includes various articles and introductions to MF schemes for very poor people, e.g. village banking)

Other links

- » www.cgap.org
 - » www.mfc.org.pl
 - » www.postconflictmicrofinance.org
 - » home.drc.dk
-