

Reintegration of Ex-Combatants through Micro-Enterprise:

An Operational Framework

Tom Body



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**Reintegration of Ex-Combatants through
Micro-Enterprise:
An Operational Framework**

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This framework has been prepared as part of a collaborative effort of the Conflict Prevention and Post-Conflict Reconstruction (CPR) Network which is an informal network of bilateral donor countries and multilateral (UN) agencies involved in responding to complex emergencies and conflict situations. (<http://www.cprnet.net>). The CPR Network has established a working group as a focal point for the assembly of analytical frameworks and operational tools developed by donors for responding to conflict situations before, during and after conflict. All frameworks and tools respond to various peacebuilding themes and sectors, and aim to guide programming activity through the lens of lessons learned and good practice.

In 1998, the CPR working group conducted the first round of surveys of the international peacebuilding community regarding useful peacebuilding analytical tools. This survey resulted in the *Compendium of Operational Frameworks for Peacebuilding and Donor Co-ordination*. The Compendium is a work in progress, and has been revised by subsequent rounds of surveys. (Available at <http://www.cprnet.net/compendium>).

This paper is written by Tom. E. Body, recipient of the Canadian Peacekeeping Service Medal, and edited by Susan Brown at the Pearson Peacekeeping Centre. It aims to provide an overview of best principles and practices, as they have emerged from actual experience. In this overview, key challenges are examined, and the paper also tries to anchor the issue within the wider peacebuilding spectrum. Consequently, it provides guidance to donors and practitioners on how development co-operation can be used to support work in this area.

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Table of Contents

1.0 Introduction.....	1
2.0 Disarmament, Demobilization, and Reintegration.....	1
2.1 Rationale	1
2.2 The Typical DDR Process	2
2.3 Reintegration Phase	3
3.0 Economic Reintegration	4
3.1 Options	4
4.0 The Micro-Enterprise Option.....	11
4.1 Rationale for Supporting Micro-Enterprise Programs.....	11
4.2 A Micro-Enterprise Program Model	11
4.3 Micro-Enterprise Program Design Considerations.....	15
References.....	25

1.0 Introduction

This document is designed to serve as a programming tool to help organizations in the planning, implementation, monitoring, and evaluation of programs for the reintegration of former combatants into the economy through micro-enterprise or small and medium size enterprise (SME) development. It is based on documented good practice and lessons learned of various organizations active in this field, as drawn from a review of published sources and field visits to operational projects.

The framework provides a general overview of the Disarmament, Demobilization, and Reintegration (DDR) process, key lessons learned re: the economic reintegration of ex-combatants, and an in-depth coverage of **micro-enterprise as a viable reintegration option**, including a micro-enterprise program model and related design considerations.

2.0 Disarmament, Demobilization, and Reintegration

2.1 Rationale

A country or region without peace and security is doomed to a marginal existence, where neither its inhabitants nor its neighbours will risk an investment in its development. Typically, hostilities will decrease and demobilization of combatants will take place when a country's crisis has reached such depths that even war has become unprofitable and unsustainable; often after external support is withdrawn or lucrative war-profiteering is stymied. In a country or region emerging from violent conflict, special attention must be paid to the long-term prospects of the military and the warlords (where applicable), who are about to lose their livelihoods. Ex-combatants can be a special threat to their communities, and unless exceptional efforts are made to control them, and get their guns off the scene, they can destabilize any peace effort.

A successful DDR program for ex-combatants is, therefore, the key to an effective transition from war to peace. The success of this first step following the signing of a peace accord signals the end to organized conflict, and thereby provides the security necessary for people affected by war to reinvest in their lives and their country. Undertaken in a peace-time context as a planned force reduction, a DDR program enables a government to restructure its public expenditure in favour of poverty-oriented programs, and to consolidate peace efforts.

For the purpose of this Operational Framework, ex-combatants are defined as demobilized men and women who were active as soldiers (i.e. voluntary or involuntary members of a regular government army), and members of armed groups (i.e. paramilitary sections of opposition groups, or armed gangs).

Donors, both multilateral (e.g. World Bank, UNDP, ILO, IOM) and bilateral (e.g. USAID, GTZ, DFID, CIDA), as well as numerous NGOs have recognized the need for DDR and have supported successful DDR programs in Central America, Africa, Asia and

Eastern Europe since the late 1980s. Most of the donor funding for DDR to date appears to have been allocated to disarmament and demobilization rather than reintegration. Most of the funding for economic reintegration to date seems to have been allocated to vocational training.

2.2 The Typical DDR Process

Disarmament Phase
<ul style="list-style-type: none"> • Weapon collection or buy-back programs (a successful UNDP program for Albania offers development incentives to communities in return for the voluntary surrender of weapons)
<ul style="list-style-type: none"> • Collection, and storage or destruction of weapons
Demobilization Phase
<ul style="list-style-type: none"> • Verification of individuals' combatant status
<ul style="list-style-type: none"> • Separation of child-combatants from adult combatants • Separation of coerced partners from combatant spouse
<ul style="list-style-type: none"> • Registration and issue of ID cards • Data collection (socio-economic survey to establish needs & resources profiles of ex-combatants)
<ul style="list-style-type: none"> • Cantonment or housing during transition stage • Pre-discharge orientation for combatant and dependents, which may include rights and benefits, life skills, literacy courses, and civic education
<ul style="list-style-type: none"> • Medical check-up (for Tuberculosis, sexually-transmitted diseases, malaria, HIV, mental health) • Counselling, referral to other health-care facilities if required • Psychological counselling to adjust attitudes and expectations
<ul style="list-style-type: none"> • Sensitization of receiving communities
<ul style="list-style-type: none"> • Issue of Skills Verification Certificate to correlate military experience to civilian occupational counterparts
<ul style="list-style-type: none"> • Discharge (provision of documents, transport to home region, information on local communities)
<ul style="list-style-type: none"> • Settling-in package / Transitional Safety Net Allowance to bridge the difficult period of several months between demobilization and reintegration (monetized or in-kind, e.g. food, clothing, household goods, tools, seeds, fertilizer, livestock)
<ul style="list-style-type: none"> • Post-discharge orientation in the community of settlement, on available social support and economic opportunities

2.3 Reintegration Phase

Reintegration consists of both **reinsertion** and long-term **reintegration**. **Reinsertion** is short-term and comprises the initial period when an ex-combatant arrives in their former home or to a new community. Frequently they are provided with basic household goods, land, food supplements and housing materials at this stage. **Reintegration** is a much longer process. The objective of reintegration is to incorporate the ex-combatant and his/her family into civilian society, and to attain financial independence through involvement in productive activities. Reintegration can, thus, be categorized into two inter-related elements: **social** and **economic**. In order for reintegration to be effective, the social and economic elements should proceed in parallel.¹

Reintegration Phase	
	Performance Indicators
Social Reintegration	<ul style="list-style-type: none"> • Acceptance of the ex-combatants and their families into the receiving communities; • The degree of the ex-combatants' participation in community social life, frequency of interaction.
Economic Reintegration	<ul style="list-style-type: none"> • The incidence of crime/illegal activities attributable to ex-combatants; • The level of poverty/financial autonomy among ex-combatant households as compared to the community average.

The indicators specific to **micro-enterprise**, one of the means of economic reintegration and the main focus of this Operational Framework, are further elaborated in Section 4.3 below.

There are two equally valid approaches to reintegration in current practice, differing in how narrowly or broadly the chosen objective is defined:

The first approach, motivated by the desire to eliminate potential threats to **public security**, deals directly with its target group of ex-combatants and their family members,

¹ Recently, there have been references to a fourth “R” in DDR which represents **rehabilitation**. This includes issues such as the psychological and emotional aspects of returning home, as well as problems related to acceptance in the wider community.

and may include other vulnerable groups such as unemployed youth, internally displaced persons and others who may constitute a destabilizing influence in the community.

The second, a **community development approach**, deals with the issue as part of an integrated area-development program of reconstruction and reintegration. Examples include UNDP's PRODERE in Central America, CARERE/SEILA in Cambodia, and the Tajikistan Rehabilitation, Reconstruction and Development Program, which focus on communities with a large percentage of target beneficiaries, rather than on the beneficiaries themselves. Their activities usually combine labour-intensive public works to rehabilitate war-damaged infrastructure, on-the-job vocational training, revolving credit schemes for micro/small businesses, and capacity-building of community-based and civil society organizations.

3.0 Economic Reintegration

3.1 Options

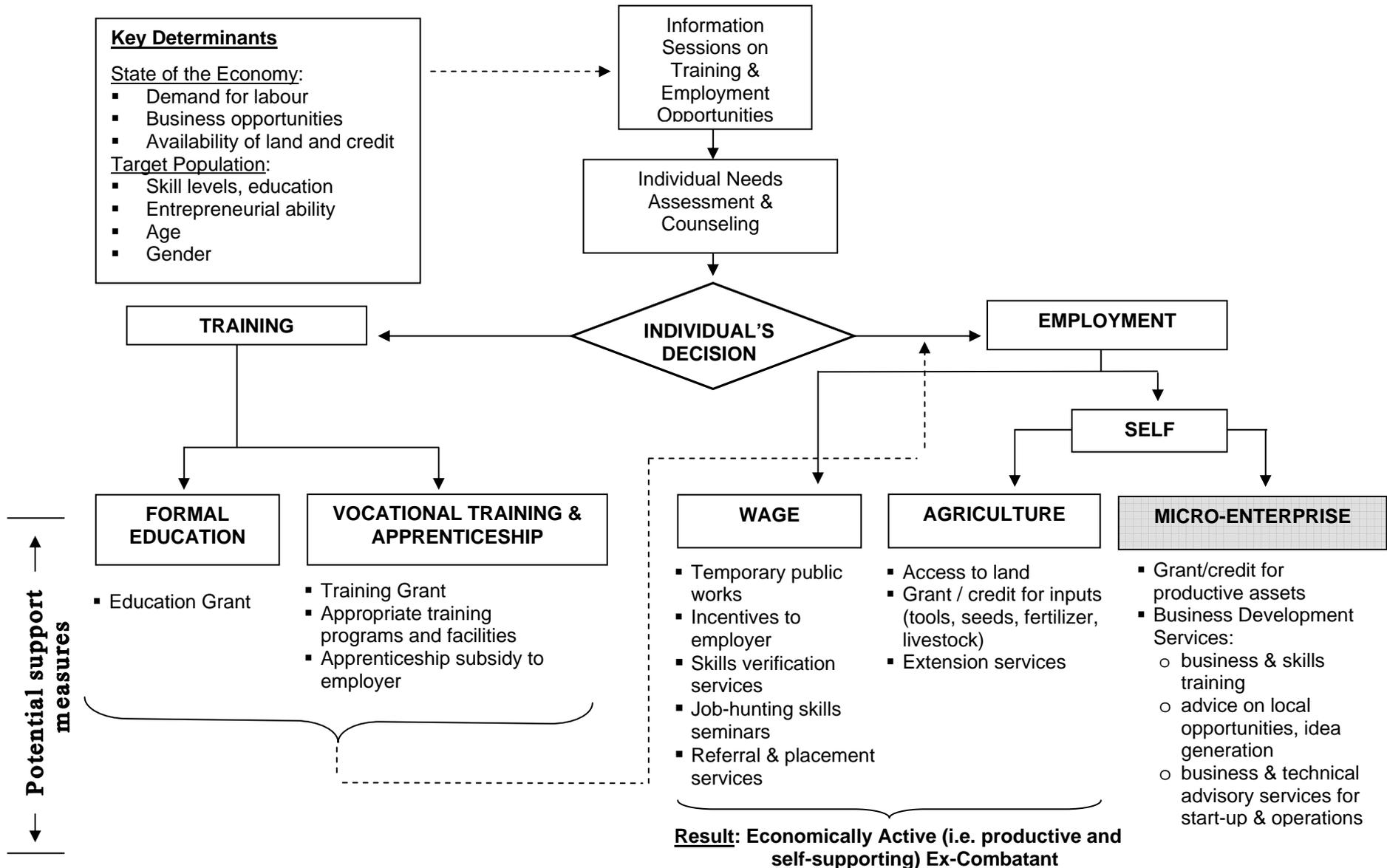
The key determinants for the various economic reintegration options are:

- The state of the economy in terms of demand for labour, business opportunities, and the availability of land and credit; and
- The characteristics of the target population of ex-combatants in terms of education, skill levels, age, gender, entrepreneurial ability, and aspirations.

The main economic reintegration options are either training followed by wage-or self-employment, or proceeding directly to the employment stage. Self-employment could be in agriculture, or operating a micro/small business. The potential means of supporting each of these options by aid organizations or host governments are shown under each option in Exhibit 1 below. The ultimate reintegration option will be chosen by the ex-combatant, based on his/her skill level, entrepreneurial ability, age, needs and aspirations; available information on training and employment opportunities; and the level of income that each employment option is perceived to generate.

The alternatives to these options are often the pursuit of illegal activities and banditry in order for the ex-combatants to support themselves and their families, or unemployment / idleness which may result in increased domestic violence and political unrest. Both of these alternatives imply increased cost of internal security forces for the government.

Exhibit 1: Economic Reintegration Options for Ex-Combatants



Observations and Lessons Learned from Economic Reintegration show that:

Observations	Lessons and Strategies for Action
Ex-combatants are an economically-vulnerable group	<ul style="list-style-type: none"> • Economic vulnerability is particularly prevalent in the first two years after demobilization. • Ex-combatants lack marketable skills, material assets and social networks. • In addition, they are often a high-risk group due to their familiarity with weapons and violence, thus constituting a potential security threat. • Where this is the case, targeted support, tailored to their socio-economic profile, and adjusted to the economic environment is advisable to help them establish sustainable livelihoods.
Most ex-combatants find their own individual solutions to integrate into civilian life.	<ul style="list-style-type: none"> • The majority of combatants see demobilization as a chance to return to a productive trade, and to reunite with their families. • These ex-combatants are usually not in need of long-term support, as they make good use of their discharge payments and settling-in packages. • Reintegration programs should, therefore, offer targeted support in disadvantaged regions, or to groups in need of special support who have difficulties reintegrating.
Reintegration of ex-combatants in urban areas is complex	<ul style="list-style-type: none"> • Reintegration of ex-combatants in urban areas is more complex than in rural areas. • Urban resettlement of former combatants requires a more diversified approach. • Support measures should be, to the extent possible, demand-driven.
Reintegration assistance can create dependency	<ul style="list-style-type: none"> • Support programs to ex-combatants should be time-limited in order to avoid the creation of a dependency syndrome.
Access to land is important	<ul style="list-style-type: none"> • A strategy for sustainable rural reintegration must identify suitable areas for resettlement including ex-combatants. • Ex-combatants who have no place to go are difficult to reintegrate. • The upheaval of conflict may have altered people's title and access to land. • Ex-combatants will often need assistance to obtain clear title or secure rights to the land, either individually, or as part of a resettlement program.

Observations	Lessons and Strategies for Action
Ex-combatants lack information about economic opportunities	<ul style="list-style-type: none"> • Combatants commonly lack knowledge about opportunities available to them on their return to civilian life. • Information, counselling, and job referral services can assist them in crucial ways, and increase the success of reintegration
Support programs to ex-combatants can create hostility	<ul style="list-style-type: none"> • Ex-combatants should receive no more support than is necessary to help them attain the standard of living of the communities into which they integrate. • Ex-combatants should be treated in a fashion which is commensurate with local community standards in order to avoid the perception that they are a privileged group. • Broadening the eligibility criteria to include all members of the receiving community may also alleviate this situation.
Lending programs for ex-combatants are important	<ul style="list-style-type: none"> • Loans made to ex-combatants for micro-enterprise could be provided on a Poverty Lending basis. • The availability of micro-finance is important for re-starting economic activity, and loans should be based on the development rationale and the situation at hand. • Loans may be subsidized during an initial period.
Training is needed for successful reintegration	<ul style="list-style-type: none"> • Reintegration packages (monetized or in-kind, e.g. motorcycle, sewing machine, etc), if provided, should be preceded by training. • Training for ex-combatants could be in basic bookkeeping and other skills that would help them use the packages to improve their incomes. • Ex-combatant status should be verified, to eliminate fraudulent claims. (This became a serious problem in a number of cases, including GTZ's Pilot Demobilization Project and the World Bank's Demobilization and Reintegration Project in Cambodia).
It is often difficult to motivate ex-combatants (particularly paramilitaries) to undergo training	<ul style="list-style-type: none"> • Training can be a long-term process with uncertain benefits. • In a poor job market, training in the absence of job-creation incentives may only raise expectations and produce an educated group of unemployed. • The supply of skilled labour does not create its own demand: it should be linked to employment referral or self-employment.

Observations	Lessons and Strategies for Action
Special Group – Female Ex-Combatants	
Females combatants have limited access to benefits	<ul style="list-style-type: none"> • While the roles of female ex-combatants vary widely, the women seem to share one unfortunate characteristic: limited access to benefits when peace and demobilization come. • This is also true for girls abducted for sexual services.
Women combatants have few opportunities to generate an income	<ul style="list-style-type: none"> • Lacking skills, credit, and childcare facilities, women have few opportunities to generate an income. • Reintegration programs could combine educational programs with access to credit projects, and adapt them to the needs of female ex-combatants. • In addition, because of low levels of education – or male hiring prejudices – female ex-combatants usually have poor access to employment. • Sensitization campaigns, as well as incentives, could be directed at the private sector to encourage employers to hire women. • In conjunction, women should be given access to labour-intensive programs. • If ex-combatants are to receive land, it should be ensured that female and male ex-combatants are treated equally. • Training and transfer of skills should be adapted to market needs and female opportunities. • Childcare facilities and outreach programs would boost their participation.
Female ex-combatants are affected differently in resettlement schemes	<ul style="list-style-type: none"> • Communities of settlement may reject female ex-combatants. • Abducted girls can also be rejected because they are seen as impure and therefore ineligible for marriage. • Women involved in the war effort are less likely to accept a return to traditional domestic roles. During war they may have developed new skills, and decision-making roles. • Reintegration programs could include sensitization for families and communities to reduce the risk that they add further trauma to the returning girl. • Traditional purification rites have good results to giving girls a new start.
Female ex-combatants have special educational needs	<ul style="list-style-type: none"> • Because their schooling was interrupted, the educational level of many abducted girls is low. This group needs a combination of remedial education, skills training, and apprenticeship.

Observations	Lessons and Strategies for Action
Special Group – Female Non-Combatants	
Female non-combatants are overlooked	<ul style="list-style-type: none"> • Women and girls are often co-opted into supporting roles during war, (i.e. cooks, forced ‘wives’, porters, medical care), and are overlooked after the war when DDR programs are initiated. • DDR programs usually focus solely on the ex-combatant as the beneficiary, and not on his family; thus, the needs of families are neglected, and combatants are reluctant to participate. • Flexible selection criteria for DDR benefits is necessary to ensure maximum participation, and special care should be taken to ensure that women who have been co-opted into combat are not overlooked.
Special Group – Child Soldiers	
Children are often more impoverished than adults	<ul style="list-style-type: none"> • The economic and social impoverishment of child/young ex-combatants is often similar if not worse than what they experienced prior to recruitment. • Due to the loss of schooling while in the military, they may also be prone to remaining poor and marginalized in their communities. • The reintegration of child soldiers should ensure that they are reunited with their families or placed in foster care, have access to education and health services, and receive psycho-social trauma treatment and counselling, as they have been socialized in a war environment. • For older children and adolescents, reintegration should include vocational skills training and job placements, to be carried out with private-sector partners to increase the trainees’ chances of finding a job.
Special Group – Disabled Ex-Combatants	
Disabled combatants have special needs	<ul style="list-style-type: none"> • Disabled ex-combatants, in addition to medical treatment and possibly prosthetic/orthopaedic devices, commonly require tailored training and employment assistance. • Disabled combatants should have access to specialized training (often in medical rehabilitation institutions). • Disabled combatants should have access to capital for micro projects on a preferential basis. • Family members may have access to the reintegration program opportunities as demobilized soldiers, in order to promote household economic self-sufficiency.

Reintegration of Ex-Combatants through Micro-Enterprise:
An Operational Framework

4.0 The Micro-Enterprise Option

4.1 Rationale for Supporting Micro-Enterprise Programs

Micro-enterprise provides an opportunity for income generation (a) to those who cannot find wage-employment which would provide a livelihood, and are thus forced into self-employment, and (b) to those with genuine entrepreneurial aspirations to run their own businesses.

In addition, as micro-enterprises grow and expand, they generate additional jobs for others in the community, thus multiplying the benefits of the initial donor investment.

Micro-enterprises also contribute to private sector development in a post-conflict national economy.

4.2 A Micro-Enterprise Program Model

The traditional two-pronged micro-enterprise development model consisting of capital (grant or loan) for the purchase of productive assets, and Business Development Services (BDS) to assist the entrepreneur with the start-up and operation of his/her business, is shown in Exhibit 2 below.

Exhibit 2: A Micro-Enterprise Program Model for the Economic Reintegration of Ex-Combatants

- Assessment of conditions in country and selected area, needs profile of target group
- Survey of potential business opportunities and referral alternatives in the area
- Selection of local NGO or government partners (to provide local knowledge, background check on applicants for loan/grant approval, and monitoring assistance)
- Program design and approval, public announcement of program
- Initial screening of applications, background checks with partner NGOs and cross checking with the military, to identify fraudulent applicants (care should be taken to eliminate personal bias in this screening process)
- Interview of screened candidates, preliminary evaluation together with local community advisors, to check for reliability and to produce a first applicant profile
- Conduct of aptitude tests, assessment of results re: business skills, attitude to risk, and business experience. If insufficient score, refer applicant to skills training, temporary public works projects, local employment offices or local NGOs, using the inventory of referral alternatives developed above
- Development of small business training curriculum (e.g. entrepreneurship, functions of management, types of businesses, accounting and taxation, marketing and business planning); training of a pool of small business advisors/trainers
- Business Planning for screened applicants:
 - Information sessions on local business opportunities
 - Business idea generation workshops, market research by applicants
 - Business training sessions
 - Preparation of business plans by applicants, assisted by business advisors
- Assessment and Approval of Business Plan by a Selection Committee comprised of the Executing Agency, a Microfinance Institution or bank (if one is involved), the local NGO partner, and a representative of the community business advisory panel. Selection criteria will include business viability, number of jobs created, guarantees available (if loan) and applicant's reliability
- Business Start-up and Operation
 - Monitoring and on-going business counselling/technical assistance
 - Loan repayment (if applicable)

The application of this model should be situation-driven, and may need to be modified to suit different circumstances, as no “one-size-fits-all” solution exists. For example, the intensity of screening applicants and applications (i.e. the level of due diligence) may vary, depending on the amount of grant/credit requested and the urgency of the situation.

Equally, the extent of BDS required will be determined, inter alia, by the technical complexity of the businesses started, and the literacy and education of the target population. BDS may include basic business training (e.g. business literacy, business numeracy, and basic business skills), information on markets and technologies, assessment of specific skills required to implement business plans, and on-going counselling, mentoring and advice. Lack of BDS and specific skills training has been cited as a factor for business failures.

**Ex-soldiers go Into Business:
Business Development Services at Work**

In Uganda, CARE International ran a training course on how to select, plan and manage income generation activities. The course was geared towards illiterate and semi-literate demobilized soldiers, as well as people from the host community. The learning methodology was highly participatory and conducted in local languages.

The course took the form of one four-hour session per week over a period of five weeks. Participants analyzed their household and local economies, and selected appropriate business activities. Their choice was based on careful consideration of technical skills, funding required, availability of markets, and profitability prospects. They identified implementation phases, determined the resources required, and budgeted costs for the activity they selected. Financial management, risk management, and loan repayment instalments were also addressed.

Almost three-quarters of the participants were able to start up or expand businesses with the skills acquired on the course. No seed money was provided, but participants were linked to other technical or financial resources for additional support of their enterprises.

Ref. Introduction to Microfinance in Conflict-Affected Communities: A Training Manual (ILO/UNHCR/DFID, 2002)

Reintegration of Ex-Combatants through Micro-Enterprise:
An Operational Framework

4.3 Micro-Enterprise Program Design Considerations

ISSUES	KEY QUESTIONS	STRATEGIES / OPTIONS	POSSIBLE INDICATORS
Essential Preconditions for Program Start-up (Go – No Go)	<ul style="list-style-type: none"> ▪ Relative political stability (i.e. security and safety)? 	<ul style="list-style-type: none"> ▪ If not, consider another area/ country 	<ul style="list-style-type: none"> ▪ Outbreaks of fighting ▪ Civil disobedience or violence ▪ Absence of law and order
	<ul style="list-style-type: none"> ▪ Re-emergence of some market / economic activity? 	<ul style="list-style-type: none"> ▪ If not, consider supporting economic stimulation (investment and job creation incentives) programs first 	<ul style="list-style-type: none"> ▪ Active local markets ▪ Availability of business opportunities ▪ Entrepreneurial spirit in the community
Preferred Preconditions for Program Start-up	<ul style="list-style-type: none"> ▪ A non-barter economy? 	<ul style="list-style-type: none"> ▪ If not, consider grants instead of loans 	<ul style="list-style-type: none"> ▪ Use of cash for transactions
	<ul style="list-style-type: none"> ▪ No hyperinflation or high foreign exchange fluctuation? 	<ul style="list-style-type: none"> ▪ If yes, consider grants instead of loans 	<ul style="list-style-type: none"> ▪ High inflation rate and FX swings
	<ul style="list-style-type: none"> ▪ Ease of moving funds into and within the country? 	<ul style="list-style-type: none"> ▪ If not, cash must be physically brought in and distributed 	<ul style="list-style-type: none"> ▪ Existence of a functioning commercial bank
	<ul style="list-style-type: none"> ▪ Trust for group lending? 	<ul style="list-style-type: none"> ▪ If not, consider individual loans, or grants 	<ul style="list-style-type: none"> ▪ Willingness to work together as a group, social capital
	<ul style="list-style-type: none"> ▪ Enabling legislation for micro-credit in place, or contemplated? 	<ul style="list-style-type: none"> ▪ If not, consider grants instead of loans, or operate the loan program in-house 	<ul style="list-style-type: none"> ▪ Local microfinance institution tax-exempt

ISSUES	KEY QUESTIONS	STRATEGIES / OPTIONS	POSSIBLE INDICATORS
Demand for Labour	<ul style="list-style-type: none"> ▪ Poor job prospects forcing people into self-employment? 	<ul style="list-style-type: none"> ▪ If yes, indicates potential demand for micro-enterprise programs (as does evidence of entrepreneurial spirit) 	<ul style="list-style-type: none"> ▪ High unemployment
Selection of Project Area	<ul style="list-style-type: none"> ▪ Urban vs. Rural? 	<ul style="list-style-type: none"> ▪ Urban implies higher population density, with lower transaction costs and good breadth of outreach ▪ Rural implies lower density, with a more coherent social fabric, and may reduce urban migration 	<ul style="list-style-type: none"> ▪ % unemployment ▪ Target group concentration, as % of the population in the area
	<ul style="list-style-type: none"> ▪ Is the area accessible year-around? 	<ul style="list-style-type: none"> ▪ If not, it may require either full-time residence, or periodic visits by project staff and service providers 	<ul style="list-style-type: none"> ▪ Existence of all-season roads or other means of transportation
	<ul style="list-style-type: none"> ▪ Existence of parallel vocational training programs in the area, for referral? 	<ul style="list-style-type: none"> ▪ If yes, it is a bonus ▪ If not, there should be at least in-country capacity, or capacity-building will be required 	<ul style="list-style-type: none"> ▪ Vocational training programs
	<ul style="list-style-type: none"> ▪ Local or in-country availability of Business Development Service providers for business training and advisory services for start-up and operation? 	<ul style="list-style-type: none"> ▪ If none in-country, will require capacity-building by training the trainers 	<ul style="list-style-type: none"> ▪ BDS providers/trainers

ISSUES	KEY QUESTIONS	STRATEGIES / OPTIONS	POSSIBLE INDICATORS	
Selection of Project Area (continued)	<ul style="list-style-type: none"> ▪ Local availability of a financial intermediary/ microfinance institution? 	<ul style="list-style-type: none"> ▪ If none, either: <ul style="list-style-type: none"> ▪ Conduct the loan program in-house (if so, select staff with appropriate qualifications and experience) ▪ Consider grants instead of loans ▪ Consider capacity-building of an existing institution 	<ul style="list-style-type: none"> ▪ Financial intermediary with good track-record, outreach, and appraisal capabilities 	
	<ul style="list-style-type: none"> ▪ Local NGOs, government officials, and community leaders interested in collaborating by providing information, local knowledge, monitoring assistance, and participating in the loan/grant approval process? 	<ul style="list-style-type: none"> ▪ If not, consider another location 	<ul style="list-style-type: none"> ▪ NGOs, government officials and community leaders willing to partner/collaborate 	
Target Group Composition	<ul style="list-style-type: none"> ▪ What is the target group's socio-economic and needs profile? 	<ul style="list-style-type: none"> ▪ Establish in early planning stages, by conducting a survey or using existing data, to ensure program design fit with needs profile 	<ul style="list-style-type: none"> ▪ Age ▪ Gender ▪ Education 	<ul style="list-style-type: none"> ▪ Skills ▪ Entrepreneurship ▪ Aspirations

ISSUES	KEY QUESTIONS	STRATEGIES / OPTIONS	POSSIBLE INDICATORS
<p>Target Group Eligibility</p>	<ul style="list-style-type: none"> ▪ Who should be eligible to participate in the program? 	<ul style="list-style-type: none"> ▪ Bona fide ex-combatants only; also: ▪ Include family members, to promote household economic self-sufficiency, or ▪ Open up to other vulnerable groups (e.g. unemployed youth, internally-displaced persons, ex-detainees and family members) as these categories could become a destabilizing force in the community, or ▪ Open to all community residents if at least 50% of the clients are members of designated vulnerable groups. 	<ul style="list-style-type: none"> ▪ Vulnerable groups as % of community population
<p>Gender Equality</p>	<ul style="list-style-type: none"> ▪ What measures should be considered to ensure equal support to female ex-combatants (especially those who are single heads of households) for establishing sustainable livelihoods? 	<ul style="list-style-type: none"> ▪ Sensitization of receiving community ▪ Childcare facilities and outreach programs ▪ Equal and preferential access to skills training and credit ▪ Incentives to private sector employers 	<ul style="list-style-type: none"> ▪ % of female ex-combatants economically active

ISSUES	KEY QUESTIONS	STRATEGIES / OPTIONS	POSSIBLE INDICATORS
Child Soldiers	<ul style="list-style-type: none"> ▪ What measures should be considered for the reintegration of child soldiers? 	<ul style="list-style-type: none"> ▪ Reunification with family, or foster care ▪ Access to education and health services ▪ Psycho-social trauma treatment and counselling ▪ As older children and adolescents would not be of legal age, or have the life-experience to qualify for microfinance, they should have equal or preferential access to vocational training and job placements. 	<ul style="list-style-type: none"> ▪ Age ▪ % receiving training, and assisted in job placement
Grants vs. Loans	<ul style="list-style-type: none"> ▪ Does the target group have an entitlement mentality (e.g. the Government owes them for risking their lives)? 	<ul style="list-style-type: none"> ▪ If yes, consider grants, as collection may become problematic (although ex-combatants who are held to the same standards as any other borrower group are observed to react well) 	<ul style="list-style-type: none"> ▪ Attitude to loan repayment
	<ul style="list-style-type: none"> ▪ Is sustainability of the micro-enterprise program a concern? 	<ul style="list-style-type: none"> ▪ Loan programs are more sustainable than grants in that they revolve and thus ultimately benefit more people ▪ Loans require monitoring & collection, thus, are more costly to administer 	<ul style="list-style-type: none"> ▪ Loan program interest income should cover operating costs by Year 5

ISSUES	KEY QUESTIONS	STRATEGIES / OPTIONS	POSSIBLE INDICATORS
Grants vs. Loans (continued)	<ul style="list-style-type: none"> ▪ What is the geographic concentration of the target group? 	<ul style="list-style-type: none"> ▪ Grants may be more appropriate as a temporary safety-net or a quick, one-time fix ▪ Also for sparsely-dispersed target populations where a microfinance program would be too costly and inefficient 	<ul style="list-style-type: none"> ▪ Target group density
Loan Program Parameters	<ul style="list-style-type: none"> ▪ What types of subprojects should be eligible? 	<ul style="list-style-type: none"> ▪ Lawful activities in general ▪ Trading-type subprojects may suffer from too much competition 	
	<ul style="list-style-type: none"> ▪ What should be the maximum loan amount? 	<ul style="list-style-type: none"> ▪ For individuals, keep small initially ▪ Increase for subsequent loans to the same client 	
	<ul style="list-style-type: none"> ▪ What interest rate should be charged? 	<ul style="list-style-type: none"> ▪ Could be 0% or subsidized initially, if humanitarian considerations are deemed more important than cost-recovery 	

ISSUES	KEY QUESTIONS	STRATEGIES / OPTIONS	POSSIBLE INDICATORS
Loan Program Parameters (continued)	<ul style="list-style-type: none"> ▪ What type of collateral should be required? 	<ul style="list-style-type: none"> ▪ May be none as most ex-combatants lack assets ▪ Solidarity group lending, or a personal guarantor or pledging of the property acquired from the loan is advisable as an alternative, to encourage principal repayment 	
	<ul style="list-style-type: none"> ▪ How long should the repayment period be? 	<ul style="list-style-type: none"> ▪ Generally shorter (less than one year) for subsistence working capital; longer for business development capital (i.e. fixed assets) 	
	<ul style="list-style-type: none"> ▪ What should the post-completion exit strategy be? 	<ul style="list-style-type: none"> ▪ Vesting of the loan portfolio with a local MFI or NGO, or government, for specified end-uses 	
Micro-Enterprise Program Performance Indicators	<ul style="list-style-type: none"> ▪ What should the performance indicators be, for monitoring and evaluation purposes? 	<ul style="list-style-type: none"> ▪ Outreach programs 	<ul style="list-style-type: none"> ▪ # and % of target group trained in small business management ▪ # and % of target group starting up legitimate businesses ▪ # of jobs created
		<ul style="list-style-type: none"> ▪ Efficiency 	<ul style="list-style-type: none"> ▪ Program disbursements per job created

ISSUES	KEY QUESTIONS	STRATEGIES / OPTIONS	POSSIBLE INDICATORS
Micro-Enterprise Program Performance Indicators (continued)		<ul style="list-style-type: none"> ▪ Effectiveness 	<ul style="list-style-type: none"> ▪ Incidence of illegal activities by program participants vs. community norm ▪ Continuity of economic activities after sub-project completion ▪ Participant income level increased and at par with community averages ▪ Client satisfaction with credit services and the relevance of business training by BDS providers
		<ul style="list-style-type: none"> ▪ Loan Portfolio 	<ul style="list-style-type: none"> ▪ Default rates ▪ Cost recovery/ sustainability ▪ Portfolio at Risk indicator (ratio of unpaid principal balance of all loans with late payments over 30 days / outstanding portfolio)

Reintegration of Ex-Combatants and Their Families in Tajikistan (2001-02): Another Micro-Enterprise Success Story

The project goal was to contribute to the post-conflict reconciliation process and the overall stability of the country by assisting the Government of Tajikistan in the timely reintegration of ex-combatants into civilian life. The International Organization for Migration (IOM, the project's executing agency) in cooperation with local authorities profiled a caseload of over **600** persons and organized training in small business management for **411** selected individuals.

Cross-checking and profiling of the ex-combatants was important: cross-checking by negotiating access to military personnel files helped to eliminate fraudulent participation by non-ex-combatants, and appraisable information from the profiles ensured appropriate responses to needs.

It was also important to check with local NGOs and community leaders whether the identified ex-combatants are really potentially destabilizing in their communities, or already have a sustainable livelihood and no longer need assistance.

In addition, there was an inherent risk that some ex-combatants with a record of unstable activities may be too unreliable to entrust with micro-loans. IOM encouraged all ex-combatants to go through the **benchmarked screening process** of aptitude tests, counselling, and training before the micro-loans were approved. This allowed the individuals to **build self-confidence**, and also provided IOM more reliable data on its clients.

In close cooperation with community advisory panels, loans and business advisory services were thus provided to **227** selected ex-combatants (representing **55%** of the 411 who received training), giving them an **income-generation alternative** to illegal armed activities at a critical point in their lives. Of these, **216** (or **95%**) are making sustainable livelihoods from their micro-enterprises. Others were referred to further training opportunities, or encouraged to participate in the businesses of their colleagues.

Ref. IOM Final Project Report, 10-01-2003.

Reintegration of Ex-Combatants through Micro-Enterprise:
An Operational Framework

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