



# SUPPORTING JOBS IN FRAGILITY, CONFLICT, AND VIOLENCE (FCV) SITUATIONS

## KEY MESSAGES

- Better jobs outcomes in situations of fragility, conflict, and violence (FCV) are critical to ending poverty.
- Because jobs and stability are linked, public investment in jobs support is particularly justified in FCV.
- Jobs support must start with a realistic view of the nature of jobs and businesses in low-income, FCV contexts: most workers make a living from a basket of low-productivity activities rather than a single full-time job, casual business activities tend to account for far more jobs than traditional firms, and job seekers face considerable market and societal hurdles.
- Policy makers in FCV countries should apply a “jobs lens” in designing macro-fiscal policy and infrastructure investments.
- Cash grants to individuals have a strong track record in raising incomes in FCV and beyond.
- In post-conflict recovery, business support must include doing more to revive markets.
- Labor-intensive public works (LIPW) deliver important emergency support in FCV situations, but expectations must be reasonable.
- Traditional “skills only” training is not very successful and faces higher barriers in FCV contexts. Combining skills-only training with other support may help trainees establish themselves, but projects must be wary of cost effectiveness.
- Psycho-social support for jobs outcomes, shown to be successful in small-scale FCV contexts, should be tested at larger scale.
- Evidence provides useful guidance to jobs support in FCV contexts. But large knowledge gaps remain on how to adapt project designs for FCV situations and how and if jobs support promotes stability.

This Jobs Solutions Note identifies practical solutions for development practitioners and policymakers to design and implement policies and programs that improve jobs outcomes for in FCV contexts. Based on curated knowledge and evidence for a specific topic and relevant to jobs, the Jobs Solutions Notes are not intended to be exhaustive; they provide key lessons, solutions and approaches synthesized from the experiences of the World Bank Group and partners. This Note draws in part on the [Integrated Framework for Jobs in Fragile and Conflict Situations](#) and [Generating employment in poor and fragile states: Evidence from labor market and entrepreneurship programs](#).

## MOTIVATION: WHAT IS THE PROBLEM?

**An increasing number of the world's poor live in countries affected by fragility, conflict, and violence (FCV).** By 2030, at least 46 percent of the extreme poor will live in areas affected by FCV. Providing support in FCV environments is thus crucial to ending poverty and spreading prosperity.

**Conflict tends to persist and spread instability beyond national borders.** FCV can mute growth prospects often for many years, causing FCV countries to spiral downward in a cycle of conflict that is hard to break. Nor does instability stop at national borders: FCV-caused displacement is at its highest level since the 2nd World War. Non-traditional combatant groups cross borders to elude adversaries, and pandemic health risks often begin in FCV countries, which lack resources to prevent or contain them.<sup>1</sup>

**Policy makers worldwide view job opportunities as key for stability.** Better economic opportunity is strongly linked to country and regional stability. Studies have also linked better jobs with stronger community involvement, higher tolerance toward other ethnic groups, and greater willingness to pay for public goods, while absence of opportunities has sometimes been associated with radicalization of young people. Because of these linkages, support to jobs in FCV contexts benefits not only the workers who receive support, but also society at large; such “social externalities”<sup>2</sup> make a clear case for use of public resources to promote jobs in FCV-affected countries.

**The scale of the jobs challenge in FCV-affected countries is imposing.** Poor jobs outcomes in FCV situations coincide with high population growth. The labor force in Mali, for instance, is growing at an estimated 230,000 per year, nearly as many as the entire number of current total formal sector jobs (278,000). Over four years, the Malian workforce will grow by equal the number of total wage workers currently in the economy (941,000).<sup>3</sup> In Iraq, the labor force is growing by 344,000 workers yearly, while 2.5 million workers (16 percent) were unemployed in 2016, including 36 percent of workers under 25 years of age.<sup>4</sup>

**Most workers in FCV-affected, low-income countries perform a set of part-time, low-productivity activities.** Most violence remains



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entrenched in low-income countries,<sup>5</sup> which account for five of every six people living under FCV.<sup>6</sup> Here, there is little outright unemployment, given the dire consequences of not working. It follows that—rather than increasing the total number of jobs—the key challenge is improving productivity and earnings through better jobs. Most people work a “portfolio” or “basket” of income-generating activities rather than single, full-time, year-round jobs.<sup>7</sup> Activities are largely in agriculture and the food system, commerce, or personal services, and few are very productive. Only a lucky few are in wage employment, and formal jobs are largely limited to the public sector.

**In FCV countries, business is not a world of firms distinct from self-employment but rather a continuum of activities from very casual to more permanent.** Few businesses in fragility grow into large employers. The high-risk, high-cost, low-demand FCV environment poses steep barriers to investment and expansion. Businesses that “show up on the radar” of predatory groups face extortion. It is therefore worth paying attention to the full range of business activities, from casual market-linked activities—such as processing fruit, tea shops, or mechanical repairs—to informal household businesses, all of which contribute significantly to employment. For instance, in Mali, household business activities employ 260,000 outside owners’ households, compared to 29,000 employees in formal firms covered in the 2016 Enterprise Survey.<sup>8</sup>

**Creating better jobs is particularly challenging in FCV contexts.** Job challenges in FCV-situations are distinct from those elsewhere due to:

- **Government and market failures:** Government and market failures are both more pronounced—for instance, poor access to infrastructure and to finance.
- **Direct impact of conflict:** Conflict causes suffering and loss of lives, damages human capital, assets and infrastructure, and depletes institutional capacity. FCV displaces people, causes trauma, makes workers avoid roads and fields for fear for their lives, and upends trusted personal networks that connect market participants.
- **Distortions:** Economies in FCV are distorted due to the war economy, predatory state practices, or even a large humanitarian presence. Distortions affect prices and incentives, and can reduce investment and put domestic producers at a disadvantage in competing with imports.
- **Perceptions and attitudes:** People are shaped by the experience of conflict, and altered views and behaviors can affect jobs outcomes as well as stability.

## WHAT ARE WE DOING?

**The World Bank has committed an estimated US\$6.6bn in lending to 70 projects specifically supporting job creation in 23 fragile environments.**

To end poverty, the World Bank must help improve lives in FCV-affected countries. Roughly one in four World Bank jobs projects officially focus on FCV, but this understates the WBG's support in important ways:

- a. The data relate only to official “fragile and conflict situations” and do not include support under forced displacement and FCV risk-mitigation initiatives.
- b. The data include only International Development Association ([IDA](#)), International Bank for Reconstruction and Development (IBRD), and trust fund support, and do not count International Finance Corporation ([IFC](#)) investments.
- c. The data is based on projects that explicitly aim to support jobs, but many other initiatives also affect jobs outcomes.

**Jobs-related lending per capita in FCV countries remains below more stable environments, but the gap has shrunk.** In 2016, jobs lending per capita in FCV was 75 percent lower in the average FCV situation than in more stable environments. However,

the [18th IDA replenishment](#), the World Bank’s fund for its poorest members (IDA 18, active from 2017 to 2020) has reduced the gap: WB lending per capita in the average FCV country is today only 19 percent lower than in the average stable country.<sup>9</sup>

**In FCV, jobs-related projects supported by the World Bank Group (WBG) often focus on emergency response.** In FCV-affected states, the WBG’s jobs support lending emphasizes emergency responses. Three-fifths of all FCV jobs support comes through WBG-supported projects such as social safety nets and youth employment support; disarmament, demobilization, and reintegration (DDR) and community-driven development (CDD); agriculture productivity and food security; and access to training.<sup>10</sup> In contrast, the share of jobs lending led by teams that manage budget support projects is much lower in FCV (seven percent) than in more stable environments, where these groups account for 20 percent of all jobs lending.<sup>11</sup>

**Since 2016, the WBG is providing additional lending support to mitigate fragility risk and to countries hosting forcibly-displaced populations.**

Under [IDA 18](#), the WBG increased lending specifically to support jobs in FCV-affected countries. IDA’s Private Sector Window has provided additional support to private firms in fragile countries to catalyze investment. Countries affected by forced displacement can draw upon the IDA [Regional Sub-Window](#) for Refugees and Host Communities in Sub-Saharan Africa (SSA). Finally, an IDA Exceptional FCV Risk Mitigation Regime made additional resources available to Guinea, Nepal, Niger, and Tajikistan.

**The WBG’s [Jobs Multi-Donor Trust Fund \(MDTF\)](#) supports knowledge creation for jobs in FCV.** The MDTF has invested to advance knowledge through a dedicated FCV lending window, focusing on four priorities:

- a. Jobs Strategy Notes seek to outline options for supporting jobs at scale. Notes are available for [Iraq](#), [Niger](#), and the [West Bank and Gaza](#), with more underway.
- b. Impact evaluations identify ways to modify projects to give short-term jobs support and lay the groundwork for more lasting benefits.
- c. Project support focuses on working with the private sector to deliver better jobs results.

- d. New data collection initiatives seek to understand jobs challenges in FCV, including through cell phone data on firms in Afghanistan and surveys of informal business activities in Niger.

**Partnerships with the United Nations (UN) and civil society organizations (CSOs) help deliver jobs support in the most challenging FCV environments.**

The WBG works directly with borrower governments to implement Bank-supported projects. This approach is designed to build client government capacity, which is very important in FCV contexts. But the approach also makes it hard for the WBG to stay engaged in the most difficult FCV environments, where civil servants cannot easily access certain regions or manage funds transparently. Therefore, the WBG has explored new ways to deliver projects through third parties. For instance, in South Sudan, the Food and Agricultural Organization ([FAO](#)) has implemented WBG-funded project activities to help farmers resume production under an emergency food and nutrition project. In Mali, the United Nations Office for Project Services ([UNOPS](#)) rehabilitates infrastructure in contested areas through public works.

## WHAT WORKS?

**This section summarizes insights from research and experience on effective ways to support jobs in FCV-affected contexts by:**

- a. Laying out key ways macro-fiscal policy and infrastructure can support jobs in FCV.
- b. Summarizing what we know about supporting jobs outcomes through initiatives with individuals, communities, or firms.
- c. Reviewing evidence on how jobs support stability.

**While it is worth learning from the success and failure of different jobs programs in FCV, context always matters.**

Economies affected by FCV have shared characteristics, and there are useful lessons on what has worked to support jobs. However, choosing support modalities must always begin with an assessment of the specific jobs challenge at hand. For instance, this Note argues that jobs support in early reconstruction must pay more attention to reviving market demand for goods and services. In choosing how to tackle this problem, it will be crucial

to understand the drivers of low demand: if low urban households' purchasing power is the cause, the best kind of support differs then when the main challenge is that villagers are unable to travel to markets because of the cost of transport and danger on the road.

## Macro-fiscal policy and investments in infrastructure

**This Solutions Note briefly summarizes macro-economic management issues important to jobs and stability.** There is a large body of work on macro-economic management in FCV. This Note only briefly addresses considerations relevant to supporting jobs.<sup>12</sup> Macro-economic policy makers in FCV-affected countries face hard challenges with little capacity, and they must tread a fine line between changes that promote job recovery and stability in the short run, and setting sustainable policies for medium to long-term growth.

**Policy makers in FCV contexts need to apply a “jobs lens” to understand trade-offs in macro-fiscal policy.** In FCV environments, job-constraining policies—for instance, misuse of resource revenue or trade restrictions—can be entrenched because they are part of the balance of power between political actors. Therefore, technical policy advice alone can seldom move such obstacles. Candid analysis of the cost the status quo imposes on jobs—and hence, stability—can help inform policy reforms and build consensus among competing political actors. Conversely, knee-jerk macro-fiscal reforms can also have destabilizing consequences. For instance, cuts in public or state-owned enterprise (SOE) jobs may help balance the budget and reduce patronage and crowding-out of private businesses; but public and SOE jobs, even in armed services, can shore up jobs and stability in the short run. A gradual approach may make reforms more sustainable, and avoid destabilization that could outweigh gains.

**Avoid known costly mistakes in macro-fiscal policy.** Policy makers should be wary of some known traps that cause significant consequences for jobs, including currency overvaluation, monetization of fiscal deficits, overprotection of non-traded input sectors, and poorly targeted trade restrictions. Even when the most efficient kinds of reforms cannot be tackled, there may be ways for gradual policy improvements to promote jobs; for instance, by



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opening small public procurement contracts to SMEs, even if larger contracts go to SOEs, or by allocating at least some resource revenue toward job-supporting investments.

**Look for a “peace dividend” to tackle big constraints to jobs.** It is always hard to make progress on key job-limiting policies such as land rights, natural resource revenue management, and energy sector reform. Success is rare. That said, the end of conflict can represent a window of opportunity when an important change can be attempted. Despite low capacity, political actors may be more willing and able to address deeply entrenched problems, particularly when bold action can deliver a “[peace dividend](#)” in the form of meaningful progress on jobs.<sup>13</sup>

**Focus on growing businesses rather than adding business and labor regulations, which are unlikely to be enforced effectively and fairly.** Regulations can promote private sector investment and hiring, ensure property rights, and reduce “rent seeking” behavior that allows elites to exploit economic distortions. But in FCV contexts, very few workers have formal jobs affected by regulation, and enforcement of regulations is weak and fraught with power relations. It is important for governments to gradually build capacity to mobilize domestic finance, but attempts to expand the tax base must not stifle informal self-employed and micro business activity essential to many jobs. Governments must carefully consider whether the potential use of funding raised through such fees justify their impact on jobs. A more appropriate approach may be to simplify regulations, where possible, and change regulations that codify rents.

**Consider the jobs intensity of infrastructure investments.** With the right choices, investment in infrastructure can create construction jobs and induce job creation beyond the project itself. In construction, jobs outcomes differ depending on how capital-intensive the process is, and whether it uses foreign labor. Creation of induced jobs depends on what kind of economic activity the infrastructure supports. A project that builds rural roads can hope for a broad and rapid impact on productivity of traditional job activities. [Infrastructure investments](#) can also support capital-intensive industries; for instance, through power, railways, or ports serving mining operations or a special economic zone (SEZ).<sup>14</sup> Such investments may in principle generate foreign exchange and foster new industries. However, in FCV, they must carefully examine whether they are likely to reach their goals—for instance, whether mining revenue is likely to be used for development spending, or whether comparative advantage and the business environment will allow manufacturers to thrive. The right choices for jobs and stability are not always obvious, but policy makers must take jobs impacts into account in decision making.

## **Working with individuals, communities, and businesses to support jobs**

This section [summarizes knowledge](#) about the effectiveness of different types of jobs support for communities (“meso-level”) or individuals and single businesses (“micro-level”).<sup>15</sup> Few households in FCV contexts have highly productive activities, and very few workers hold wage jobs. Projects can make a meaningful difference to job quality even if they make modest improvements that help households increase their productivity or add a new market-linked activity to their “[jobs portfolio](#).<sup>16</sup>

This Note evaluates the evidence on five different types of support:<sup>17</sup>

- a. Cash and other capital-based support to individuals and households (cash transfers, larger grants, in-kind support, and microcredit).
- b. Support, capital-based and other, to small businesses.
- c. Labor-Intensive Public Works (LIPW).
- d. Skills training.
- e. Psycho-social support.

## Cash and other capital-based support to individuals and households

**Cash and other capital-based support has an encouraging track record in FCV.** Given constrained access to credit and high risk in FCV contexts, jobs support that provides capital to households through cash grants or in-kind—for instance, tools, agriculture inputs, livestock, or community infrastructure—has shown success. Households in low-income settings have [high returns to capital](#),<sup>18</sup> but their own savings and family support are virtually the only funding source. Many young workers in FCV contexts face a frustrating wait to start even modest market-linked activities.<sup>19</sup> Projects in LICs provide grants ranging between US\$200 and US\$1,000, often contingent on a simple business plan for a new income-generating activity. Cash may be accompanied by other support (which raises program cost). Providing capital in cash or in-kind can help raise revenue from existing job activities or facilitate entry into new activities, and evidence shows that such support raises revenues, achieves benefits at relatively low cost, and mitigates the risk and low take-up besetting microfinance loans.<sup>20</sup>

**Cash transfer programs show similar jobs outcome benefits in FCV contexts as in more stable environments.** Cash transfer programs have been widely studied in [stable environments](#).<sup>21</sup> In FCV environments, there have been high-quality evaluations in [Afghanistan](#), [DRC](#), Liberia, Niger, post-war [Uganda](#), and [Yemen](#).<sup>22</sup> Evaluations showed that productivity outcomes improved in line with improvements observed in more stable environments. For instance, in the DRC, transfer recipients accrued savings; in [Niger](#), a cash-transfer safety net program increased participation in savings groups and ownership of livestock and productive assets, raising agricultural output by some 30 percent for beneficiary compared to non-beneficiary households—an increase akin to benefits of programs directly targeting agricultural productivity.<sup>23</sup>

**Larger cash grants for income-generating activities also have a good track record, including in the few evaluations in FCV contexts.** High-quality impact evaluations have shown that cash grants can provide [meaningful job support](#) in more stable environments.<sup>24</sup> In the limited FCV-context evidence available, grant programs demonstrate similar success. The most

convincing evidence comes from war-affected areas in northern [Uganda](#), where the Women's Income Generating Support (WINGS) program experimented with US\$150 cash grants to individuals in acutely-affected villages, along with some business training and help in articulating a business plan. The WINGS program nearly doubled incomes and increased micro business activities.<sup>25</sup> Capital transfers also proved critical to success in a program to re-integrate former fighters into the workforce in [Liberia](#).<sup>26</sup>

## Cash grants have a strong record, but it is advisable to keep an eye on possible limitations.

As is the case with all types of support reviewed here, jobs effects may be temporary or permanent.<sup>27</sup> To our knowledge, the [Youth Opportunities Program](#) (YOP) in moderately war-affected areas of Uganda provides the only solid evidence of the long-term impact of any type of jobs support in FCV. It gave larger cash grants of about US\$400 to groups of young beneficiaries to help them start business activities; the program increased incomes, ownership of productive assets, and hours worked.<sup>28</sup> Incomes of beneficiaries were higher for at least four years; however, after nine years, those who had not received support had caught up in earnings, although their assets remained lower.<sup>29</sup> Secondly,<sup>30</sup> capital-based job support must monitor the possibility that programs could improve [labor demand](#) for those who do not receive support,<sup>31</sup> but also expose them to more [competition](#) from grantees. Thirdly, distributing cash in conflict zones can be dangerous for program staff as well as beneficiaries, especially women. (Similar concerns can arise for participants in training programs or public works.) Programs are evolving solutions, such as asking beneficiaries to travel to safer urban areas or relying on mobile payments. But such work-arounds are not perfect, and may be costly.<sup>32</sup>

**Providing in-kind capital is useful in FCV environments where agriculture-linked jobs are key.** Jobs linked to the food system play an outsized role in many low-income FCV countries. Agriculture projects have long provided capital support, but usually not in cash but rather “in-kind.” In non-fragile environments, providing agricultural inputs has a solid track record in [raising farm yields and incomes](#),<sup>33</sup> and [rural road construction](#) campaigns have increased employment and incomes.<sup>34</sup>

**Microcredit programs may not work well in high-risk, high-cost FCV contexts.** Even in non-fragile environments, [microcredit](#) has a modest track record in improving jobs outcomes.<sup>35</sup> Solid evaluations from FCV environments are not available; however, it stands to reason that FCV contexts pose greater obstacles. In particular, borrowing costs, which always impede microcredit uptake, likely present a particular problem in FCV environments because lenders find it difficult to operate and potential borrowers resist taking debt under uncertainty.

### Support to small businesses

**Subsidized funding and grants have successfully supported businesses.** Projects have used capital-based support in stable environments to support business activities outside of agriculture and simple rural non-farm activities. Often used modalities include grant-based business plan competitions, or programs that offer subsidized funding, such as matching grants, guarantees, or interest-free loans. The best evidence comes from [Nigeria's YouWin!](#) program, which has been highly successful and cost-efficient in creating jobs with large grants of about US\$50,000 on average per beneficiary.<sup>36</sup> YouWin! grantees hired over five workers, on average, more than comparator businesses.

**But there is little evidence on the usefulness of business support in FCV contexts.** Workers in FCV contexts rely on own funds to [start and expand business](#) activities,<sup>37</sup> making capital support a plausible strategy. But there is [little evidence on the usefulness of capital-based programs](#) in fragile environments; existing efforts have been difficult to evaluate<sup>38</sup> and show mixed results. A program giving startup grants of US\$1,000 in [South Sudan](#) reported increased grantee business ownership and welfare;<sup>39</sup> while a program in [Yemen](#) improved business performance, but not employment—perhaps due to conflict resurgence.<sup>40</sup>

**The FCV environment challenges implementation of business support programs and competitions, making it important to consider the practicality of grants and subsidies.** It is difficult to select beneficiaries for large subsidies fairly and transparently in places that struggle with elite capture and corruption. Further, preparation and evaluation of business plans requires significant applicant as well as implementing agency capacity. Some FCV



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environments may prove too unstable for complex support programs. The South Sudan program mentioned above discontinued disbursements mid-way as fighting reemerged; evaluation showed that welfare worsened for those who did not receive expected support. Finally, in many FCV environments, modern, market-oriented businesses are rare. Recall that in FCV contexts, most businesses are small and informal, and boundaries between income-generating activities, household enterprises, and SMEs are fluid. In such cases, business grant projects must carefully examine whether they can create employment for more than a lucky few.

**Amid market disruption, opportunities to stoke demand for goods and services deserve more attention.** Business support tends to come in the form of funding or skills training, but lack of demand is also a problem. While there is little evidence on their effectiveness, FCV environments may present openings for strategies to stoke aggregate demand and revive markets. For instance, humanitarian actors can locally source goods for distribution, and where there is a large peacekeeping presence, so can procurement and demand from employees. At the same time, the potential for inflationary pressure from such purchases needs monitoring, in particular when humanitarian demand is volatile. DDR initiatives can [contribute to local demand](#) for things like tools and inputs,<sup>41</sup> and cash grant programs may also help [raise labor income](#) for community members who did not receive grants.<sup>42</sup> Support for agriculture recovery can look to re-engage traders in post-conflict environments by, for instance, temporarily guaranteeing markets for aggregators or sponsoring input fairs, such as in the World Bank's

South Sudan Emergency Food and Nutrition Security project. Local businesses can also benefit from inclusion in public procurement bidding, if processes can avoid elite-capture.

## Labor-Intensive Public Works [LIPW]

**LIPW are widely used to boost short-run employment in fragile situations, but expectations for LIPW benefits are typically too high.** LIPW usually offer about 60–80 days of work at just below market wages. With low-income country wages of US\$3 to US\$5 per day, LIPW thus provide about US\$200 to US\$400 overall, close to common cash transfers or small cash grant programs. The primary policy objective of LIPW is to support vulnerable incomes while building or maintaining useful public infrastructure, such as land and environmental management, rural roads, schools, health centers, and sanitation. However, implementers may also hope that LIPW build lasting skills, and help beneficiaries find permanent employment or start businesses. Some may also hope that LIPW directly support stability by “giving potential fighters something to do,” demonstrating the presence of the state, empowering communities through CDD, or bringing different groups together around a work project.

**In FCV, LIPW support incomes and can encourage savings, but often they do not live up to other expectations.** LIPW are part of social safety nets in stable environments (Subbarao et al 2013). Recent and ongoing evaluations of LIPW in FCV in the Central African Republic (CAR), Comoros, Côte d'Ivoire, DRC, and Sierra Leone show that LIPW can achieve modest, short-term income raising goals.<sup>43</sup> In Côte d'Ivoire and Sierra Leone, beneficiaries saved and re-invested wages in other income-generating activities, and were able to cope with shocks without depleting savings or selling assets.<sup>44</sup> But other evaluations do not find such effects. Evaluations also find only few improvements on attitudes and behaviors linked to stability.<sup>45</sup>

**LIPW are useful for emergency responses and perhaps also where government seeks to make a fresh start.** LIPW are popular to support jobs where a quick response is called for, or where markets have been severely disrupted. In such settings, LIPW can provide important short-term stability, even if their longer-term effect is modest. Because of their speed and relative simplicity, LIPW are important for DDR

and responses to natural disasters. Where markets are not functioning, and therefore capital-based support is less warranted, the WBG uses LIPW to support jobs in some of the most difficult conflict and post-conflict environments, including the CAR, South Sudan, and Yemen. In post-war situations, emergency LIPW may offer the government a way to show that it is working and providing tangible support. For instance, the Londo program in CAR put great effort to reach all parts of the country to communicate the beginning of country-wide recovery.<sup>46</sup>

**Nonetheless, expectations for what LIPW can achieve are often too high and must be managed.** It is crucial not to expect more of LIPW than they can deliver. Other tools may be needed to revitalize markets, improve access to income-generating activities, and encourage attitudes conducive to stability.

## Skills Training

**It is natural to think of training programs for FCV environments with a low skills base, but trainees rarely succeed without additional support.** Skill levels are low in most FCV-affected countries. In dangerous and volatile environments, investment in skills could lead to more robust results than capital investment: skills outlast conflict disruptions where investment in assets may go to waste; and where workers are displaced, skills travel with them. However, the jobs environment in FCV is particularly hostile to skills-only programs. Young trainees face harsh circumstances, with little demand for wage workers, goods, and services, and with steep barriers to obtaining capital. Even internships and apprenticeships programs may not overcome these problems.

**Traditional “skills only” training programs do not have a strong record, and tend to be costly.** Skills training programs take many forms—from basic literacy and numeracy to informal training in farmer field schools, to short business skills courses, formal technical and vocational training, and apprenticeships. Successful examples exist, such as a project funded by the WBG’s Adolescent Girls Initiative in Liberia, which helped participants substantially improve employment and raise incomes.<sup>47</sup> Regrettably, however, evaluations<sup>48</sup> of a wide swath of traditional training programs show that they often fail.<sup>49</sup> A typical problem is that these programs focus solely



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on improving skills while paying little attention to enabling beneficiaries to apply them.

**Results may be better when training aligns with labor demand or combines with other support; but such programs must demonstrate cost effectiveness.** Training programs in FCV contexts can try to focus on activities that beneficiaries can realistically undertake. For instance, in rural low-income contexts, farmer field schools or technical training to support new income-generating activities may make sense. Combine training with grants or other support might lead to better outcomes. However, such efforts should very closely scrutinize cost efficiency. For instance, a review of aid projects in Niger found that the median training project budgeted an expensive US\$2,500 per beneficiary, a multiple higher than what other types of jobs support cost.<sup>50</sup>

## Psycho-social support

**Early evidence suggests that psycho-social support is useful and should be tested at scale.** The mental burden of living in FCV affects jobs outcomes. People living in situations of FCV face many stressors for prolonged periods, from exposure to violence and displacement, to fear and constant worry about making ends meet. Such stressors negatively affect how people perceive their lives, prospects, and community, and how they think, plan, interact, and make decisions. Attitudes and mental health, in turn, affect ability to work and make a living.

**Psychosocial support can improve economic outcomes, stabilization, and well-being.** Psycho-social

support can foster pro-social attitudes to help stabilization and reduce mental suffering in a variety of contexts. Psychosocial interventions have long been used in high and middle-income countries. In the low-income case of [Liberia](#), cognitive behavioral group therapy programs alongside a small cash grant reduced criminal behavior among high-risk men, encouraged self-control, and improved the self-image of participants.<sup>51</sup> Recent studies look at whether brief curricula of psycho-social support in FCV contexts could also improve work outcomes.<sup>52</sup> In Togo, psycho-social support [training for microenterprise owners](#) increased medium-term profits by nearly one-third, while a traditional business skills training did not show significant benefits.<sup>53</sup> Yet, providing psycho-social support does not always succeed: a program in rural [Kenya](#) found that providing psycho-social support in combination with a cash transfer did not improve benefits compared to the transfer alone.<sup>54</sup>

**Psycho-social support programs have shown promise with limited investment, but further evidence is needed.** Curricula often include only five to twelve sessions, typically delivered by lay counselors (for instance, [WHO 2016](#)). Costs per beneficiary were US\$189 and US\$756 in the Liberia and Togo projects—both relatively small, INGO-implemented projects—and US\$90 to US\$300 in a World Bank project in [Pakistan](#).<sup>55</sup> This is very cost-effective: even in the relatively expensive Togo program, beneficiaries' gains exceeded program cost after one year. However, while there is much experience with mental health support in FCV contexts, their use as jobs support remains at pilot scale. Thus, much remains to be learned about results sustainability, what level of support is effective, whether psychosocial support is best combined with other types of assistance, and how to adapt support for specific environments.

## Jobs support effects on stability

**Jobs and stability are linked.** Policy makers have long pointed to the importance of jobs for peace and stability. Theorists have posed [three main hypotheses](#) of how they relate.<sup>56</sup>

- a. Better jobs raise the opportunity cost of fighting; they provide immediate benefits and improve expectations about the future.
- b. The way people feel about their place in society, and whether they experience grievances, depends

in part on jobs outcomes; in addition to material benefits, “good” jobs also affect social standing and one’s self-image.

- c. Finally, jobs bring groups into contact with each other that would otherwise interact little.

**There is less violence and conflict in countries and regions with economic opportunity, including jobs.** A large literature comparing countries and regions shows that better economic opportunities are no panacea, but they do make conflict less likely (for instance, [Dube and Vargas 2013](#); [Miguel et al. 2004](#); [Fetzer 2013](#)).<sup>57</sup> Studies have carefully sought to establish that opportunity causes stability rather than going “hand in hand.”<sup>58</sup>

**Little is known about how economic prospects link to insurgent and terrorist violence.** A study of Afghanistan, Iraq, and the Philippines found [no relationship between local unemployment and insurgent violence](#).<sup>59</sup> Studies of reconstruction and CDD projects show a complicated picture: projects can both mitigate and stoke [violence](#)—perhaps because they reduce grievances but also raise incentives for violent groups to exert dominance.<sup>60</sup> Evidence on [terrorist recruitment](#) is limited and mixed: Hamas and Hezbollah may recruit the better-off, for instance,<sup>61</sup> but [Boko Haram](#) and Al Shabab prey on economic hardship for recruitment.<sup>62</sup>

**Some encouraging evidence suggests that supporting jobs can help stability.** Recently, researchers have asked whether individuals may be less likely to turn to violence when they have a chance to work better jobs. Research in Liberia shows that ex-combatants able to [raise incomes through agricultural training](#) and capital support were less likely to consider joining mercenaries.<sup>63</sup> Another [Liberian](#) project demonstrated temporary decreases in crime among high-risk men participating in a cash transfer and counseling program.<sup>64</sup> In the [Philippines](#), a cash transfer program lowered conflict-related incidents and insurgent influence.<sup>65</sup> However, some evaluations of LIPW have found limited or no evidence for [shifts in attitudes or behaviors](#) associated with stability.<sup>66</sup> More evidence is needed.

**Jobs support projects must “reality-check” their ambition to promote stability.** To assess whether project benefits will meaningfully promote stability, projects teams must consider:



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- **Will creating more and better jobs address the nature of discontent sufficiently to promote stability?** Is discontent related to wanting higher incomes or less precarity? Social standing? A reduced sense of grievance? And will a successful project likely change attitudes? For instance, modest benefits from an LIPW program may build support for a fresh start in a new, low-income, post-conflict situation, or they may bide demobilized fighters over a difficult period. But they may do little to affect attitudes in a fragile middle-income country with long-standing job market grievances.
- **Will the project reach enough beneficiaries to promote stability?** Successful DDR programs, for instance, can hope to improve stability by giving a substantial share of former fighters a better option. In contrast, programs that aim to discourage armed group recruitment or decrease destabilizing discontent must work hard to assess whether they can reach enough beneficiaries to make a significant difference. They must also consider whether helping too small a beneficiary group might create new exclusions and resentments.
- **Does project support target the right beneficiaries?** Workers whose job outcomes matter most for stability may be neither the poorest nor those that communities view as most deserving of support; fighters are usually young, able men, and urban rioters are usually better educated and better off than the rural poor. If helping these workers promotes stability, the poor may benefit more than they would from direct support; but this represents opportunity costs in terms of not supporting the poorest directly.

## WHAT'S NEXT?

**A knowledge base exists on what works for jobs support in FCV, but large knowledge gaps remain.** This Solutions Note summarized knowledge about supporting jobs in FCV contexts, highlighting some clear policy implications. The note has pointed to many important knowledge gaps that limit effectiveness of support in FCV contexts. The priorities for future study are highlighted below.

**Confirm whether gains from capital-based support can be sustained in FCV, study how best to balance breadth and depth of support, and consider unintended consequences.** While difficult and costly to study, it is vital to learn whether jobs benefits can be sustained in volatile FCV contexts. A better understanding is also needed of the right balance between small cash grants to a large number of beneficiaries compared to larger business grants to a smaller number of beneficiaries. Finally, while there is little evidence of unintended consequences on those who do not receive support, or on price levels, projects must perform due diligence to exclude these risks.

**Explore more ways to stoke demand for goods and services.** More experimentation is needed on ways to revive demand in FCV-disrupted markets. Road construction, value chain development, and other tools that work in more stable settings take time to implement and require a modicum of stability and market activity. More tools are needed for early recovery after conflict. Approaches worth investigating include leveraging humanitarian purchases or DDR programs, creating incentives for aggregators and input traders to re-engage, and providing procurement access for small businesses. Use of such tools must be based on an understanding of what causes low demand; gaining such insights requires better measuring disruptions in market activity and effects on the chain of business activities.

**Test at greater scale the use of psycho-social curricula to complement other jobs programs.**

The mental burden of living in FCV environments can constrain job performance. Psycho-social support, shown to improve outcomes at small scale, should be tested at larger scale.

**Study whether better jobs outcomes change attitudes.** We need to better understand whether successful jobs support in FCV contexts shifts attitudes related to stability, and whether young beneficiaries view their economic and life prospects as being "good enough."

**Assess how FCV itself determines which support modalities are feasible and effective.** More study is needed on whether and where FCV interferes with jobs support mechanisms. For instance: What is the minimum level of market activity that allows capital-based support to succeed? Does a short-term LIPW stand a greater chance to change attitudes after a newly-ended conflict than in a long-term fragile situation?

**Investigate avenues to achieve greater cost effectiveness.** With limited resources and immense need for jobs support in FCV contexts, projects need to pay attention to cost effectiveness. It is especially important to understand which components—cash, training, mentoring, infrastructure, among others—produce lasting effects in the many multi-dimensional jobs support projects with high cost per beneficiary.

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## ENDNOTES

<sup>1</sup> United Nations and World Bank 2018

<sup>2</sup> World Bank 2019b

<sup>3</sup> World Bank 2019

<sup>4</sup> World Bank 2018

<sup>5</sup> United Nations and World Bank 2018

<sup>6</sup> Based on population of countries on the [World Bank's Harmonized List of Fragile and Conflict Situations](#). Four of every five of the countries on the list are low-income.

- <sup>7</sup> Blattman and Ralston 2015
- <sup>8</sup> World Bank 2019
- <sup>9</sup> Based on a regression adjustment to account for different country sizes among FCV-affected countries and others. FCV-affected countries are not large; the most populous country on the list of “[fragile and conflict situations](#)” is the Democratic Republic of Congo [DRC] with 84 million inhabitants. There are many small FCV island states.
- <sup>10</sup> Based on lending shares through projects overseen by the following Global Practices: Social Protection and Jobs; Urban, Resilience, and Land; Agriculture and Food; and Education.
- <sup>11</sup> Lending share of the Macroeconomics, Trade, and Investment group.
- <sup>12</sup> The summary is based on World Bank, 2016. For a full discussion, see Mueller et al, 2017.
- <sup>13</sup> Collier 2009
- <sup>14</sup> Robosio and Wam 2011
- <sup>15</sup> The review by Blattman and Ralston [2015] remains an excellent summary of the evidence, and is an important source for the following discussion. We focus on evidence that has been, or is likely to be, published in peer-reviewed journals and working paper series. Most but not all of the evidence comes from randomized controlled trials.
- <sup>16</sup> World Bank 2018b
- <sup>17</sup> While we try to state clearly what is known about each of these ways of supporting jobs, it is important to keep in mind that, in practice, many projects combine these different elements. For example, LIPW are often combined with skills training.
- <sup>18</sup> de Mel et al. 2008
- <sup>19</sup> World Bank 2019; World Bank 2018b
- <sup>20</sup> Blattman and Ralston 2015; [Fox and Kaul 2018](#)
- <sup>21</sup> For instance, [Ralston et al. 2017](#)
- <sup>22</sup> Aker 2017; Beath et al.,forthcoming; Bertrand et al. 2017; Blattman et al. 2013; Kurdi et al. 2019
- <sup>23</sup> Calculation based on Mills et al. [2016], detailed in World Bank [2018b].
- <sup>24</sup> Banerjee et al. 2015
- <sup>25</sup> Blattman et al. 2013
- <sup>26</sup> Blattman and Annan 2015
- <sup>27</sup> Blattman et al. 2013
- <sup>28</sup> Blattman et al. 2013
- <sup>29</sup> Blattman et al. 2020
- <sup>30</sup> Blattman et al. 2013
- <sup>31</sup> Egger et al. 2019
- <sup>32</sup> Haushofer and Shapiro 2016 and 2018
- <sup>33</sup> Hemming et al. 2018
- <sup>34</sup> Hine et al. 2016
- <sup>35</sup> Banerjee et al. 2015; Banerjee 2013; Blattman and Ralston 2015
- <sup>36</sup> McKenzie 2017
- <sup>37</sup> Weedon and Heaner 2016
- <sup>38</sup> Campos et al. 2014
- <sup>39</sup> Muller et al. 2019
- <sup>40</sup> McKenzie et al. 2017
- <sup>41</sup> D'Aoust et al. 2018
- <sup>42</sup> Egger et al. 2019
- <sup>43</sup> Bertrand et al. 2016; Gazeaud et al. 2019; Mvukiyehe 2018; Rosas and Sabarwal 2016
- <sup>44</sup> Bertrand et al. 2016; Rosas and Sabarwal 2016
- <sup>45</sup> Mvukiyehe 2018

- <sup>46</sup> Bance et al. 2014
- <sup>47</sup> Adoho et al. 2014
- <sup>48</sup> Blattman and Ralston 2015; Card et al. 2018; Fox and Kaul 2018; Kluge et al. 2019; McKenzie 2017b
- <sup>49</sup> This is not meant to diminish the intrinsic value of basic or remedial education, for instance in economies such as Iraq or South Sudan, where war and forced displacement have led to widespread loss of schooling.
- <sup>50</sup> World Bank 2018b; Blattman and Ralston 2015
- <sup>51</sup> Blattman et al. 2017
- <sup>52</sup> Blattman and Annan 2015; Betancourt et al. 2014; Kumar and Willman 2016; Saraf et al. 2019
- <sup>53</sup> Campos et al. 2017
- <sup>54</sup> Haushofer et al. 2019
- <sup>55</sup> Saraf et al. 2018
- <sup>56</sup> Bruck et al. 2016
- <sup>57</sup> These studies do not usually consider employment, instead looking to more general measures of opportunity, such as economic growth. However, this proxies for job productivity in low-income FCV countries.
- <sup>58</sup> Cutting-edge work uses either quasi-experiments in which policies changed economic opportunities in different regions as if the impact were due to chance, or an instrumental variables approach built on random shocks in the weather or in terms of trade.
- <sup>59</sup> Berman et al. 2011
- <sup>60</sup> Beath et al., forthcoming; Sexton 2016
- <sup>61</sup> Krueger 2008
- <sup>62</sup> Mercy Corps 2016; UNDP 2017
- <sup>63</sup> Blattman and Annan 2015
- <sup>64</sup> Blattman et al. 2017
- <sup>65</sup> Crost et al. 2015
- <sup>66</sup> Mvukiyehe 2018

This Jobs Note was written by Jan von der Goltz [Jobs Group] and Dimitris Mavridis [Social Protection]. It draws in part upon the **Integrated Framework for Jobs in Fragile and Conflict Situations** [World Bank, 2016] and an important earlier review study by Chris Blattman and Laura Ralston [2015]. The authors thank Arden Finn, Alvaro Gonzalez, Bernard Harborne, Mattias Lundberg, Joseph Mawejje, Dino Merotto, Nadia Piffaretti, Mira Saidi, Ian Walker, and Melissa Williams for useful discussions.

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