

**Livelihood
And
Employment Creation**

Food-for-work

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“ILO Guides on Livelihood and Employment Creation ILO's recommended management and policy options for employment friendly reconstruction in Sri Lanka”

Food-for-work

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PREFACE

Proposal of short Operational Guidelines¹

This collection of short guides describes a number of activities (based upon labour, enterprise and business development, training and local area development,) that will contribute to the promotion of both social and economic recovery and livelihoods. Each activity is explained, and 'why', 'how', and 'when' (or when not) to implement them is outlined in a brief guide.

A. Why these guides

These guides provide a practical introduction to employment and business-related interventions. They are written for humanitarian and development field workers working on the promotion of self-reliance and livelihoods of displaced populations and other conflict-affected communities. They highlight opportunities and limitations of different relevant ILO approaches and methodologies for socio-economic empowerment through employment-oriented strategies. They should help field staff decide the suitability and feasibility of adopting these approaches in their particular operations; and will also help identify any need for specific ILO expertise to support relevant UNHCR operations.

These guides will not substitute technical expertise in the field; rather they are programming and decision-making guidelines that will help programme and technical staff oversee the design and implementation of relevant activities. Further technical training or partnerships should be developed as appropriate.

The subjects can be divided into three major categories:

'Cash for work', 'Food for work', 'Labour-based infrastructure reconstruction' and 'Community contracting' belong to the first. These three areas concentrate on the creation of temporary jobs that can inject cash into a community rapidly. These jobs are not meant to provide sustainable livelihoods, but are designed to revive the local economy, provide a boost to household economies, either in refugee hosting areas or in the reconstruction phase of a post-conflict situation, in order to create the means for further development.

¹ These short guides were elaborated by Maria Lazarte G. to be include in the UNHCR Self reliance Manual and have been derived from consultations with ILO technical departments and based on their relevant publications.

The second category includes micro- and small-enterprise development and its subsections: 'Microfinance', 'Business development services', 'Start and improve your business' and 'Women entrepreneurship development'. This group concentrates on building sustainable self-employment, and on micro- and small-enterprise support and development.

The last group contains general strategies that can be used in combination with strategies above in order to promote individual and communal economic development. These include 'Emergency public employment services', 'Skills-training', and 'Local economic development'.

A. Who should use them

These guides are written for middle managers, national and international field experts and associated partners.

B. How should they be used

The guides comprise of a combination of briefings and a compilation of major relevant ILO tools on each subject.

The guides provide decision-oriented information on each area, and expansive methodological guidelines as well as a reference to an additional online bibliography and contact information for further resources and technical help.

The guides are divided into the following sections:

A brief summary of each strategy ('what is').

Its main advantages ('why implement')

Information on when to implement each strategy ('when to')

Warnings ('when not to implement').

Problems and challenges to consider before and during implementation ('problems/challenges').

Basic steps or different forms of each particular strategy, and some recommendations to consider during the implementation of each strategy ('how to').

C. Contents

There are twelve guides

Building a basis for employment and enterprise development

1. Vocational and skills-training
2. Local economic development
3. Public employment services

Short-term employment options

4. Cash-for-work
5. Food-for-work
6. Labour-based infrastructure projects
7. Community contracting

Business development options

8. Micro and small enterprise promotion
9. Microfinance
10. Business development services
11. Start and improve your own business
12. Women entrepreneurship development

Food-for-work

What is food-for-work

Food-for-work (FFW) refers to short temporary employment, where workers receive up to 50% of their remuneration in kind.

FFW can also be provided in the form of *self help activities*, where workers are offered an incentive that can be entirely in kind.

A. Why implement food-for-work

In some situations workers might prefer to receive part of their remuneration in kind, for example, in circumstances where food is scarce and wages low or market mechanisms are not operating. Payment in kind however will only motivate labourers for as long as these circumstances persist.

Food-for-work can be introduced as an incentive for self-help community activities that directly benefit labourers (e.g. irrigation works undertaken by the farmers who will later utilize them).

B. When to implement food-for-work

Administrative obstacles impede or delay cash payments

Food is scarce and wages low, or market mechanisms are inappropriate

Emergency drought or famine situations exist

The emergency state is not completely critical and there is a lack of self-sufficiency in food production. (In such situations FFW can be used as the delivery mechanism of food aid particularly for infrastructure rehabilitation, or support linked to food production and market access.)

When there is no interest in receiving food as payment, food resources can be used as an incentive to encourage workers to undertake self-help projects.

Problems

The value of food can vary significantly and therefore constitutes an unstable form of payment.

Payment in kind might result in lower productivity and quality, especially if there is no desire for this form of payment.

There can be logistical and storage difficulties and high delivery costs.

Food quality might vary.

Payment in kind can have a negative effect on local food production and markets.

C. When not to implement food-for-work

When prices are stable and workers can buy their food.

Once emergency situations requiring FFW cease or food is no longer scarce. (Workers are likely to be unhappy to receive their remuneration in-kind.)

If the project cannot sustain the logistical and administrative capabilities required for FFW.

When the project requires continuous community involvement e.g. use FFW for road-building (short-term activity) but for not road-maintenance (long-term commitment).

Food as an incentive might be unsuccessful in areas with a highly developed labour culture.

D. Partners & Targets

Targets

Target interventions where food is scarce and market mechanisms are not working.

Members of a community engaged in self-help activities.

Partners

WFP, NGOs, ILO, UNDP, local and national authorities.

E. How to implement food-for-work

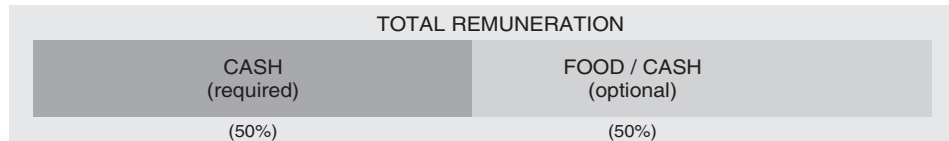
Public benefit activities

Carry out an impact assessment on the introduction of the target food (current market supply, local production etc.) prior to using it as payment, in order to examine how this form of remuneration will influence local markets.

Select the programme's size according to available resources, likely maintenance, strategic importance (e.g. how it contributes to improving access to markets, etc.), community needs and capacities, and other similar considerations.

Remuneration should always include a cash component which must constitute at least 50% of the minimum wage or where there is none, of the market wage for similar types of work. See Figure 13.2.

Figure



Calculating payments for food-for-work

In order to calculate the maximum amount of food that can be provided:

1. Determine the current wage or market wage for related types of activity, and calculate the daily rate
2. Pay half the daily rate in cash
3. Establish the value of the food that will be used as partial payment. Ensure that this food is given an adequate and fair value
4. Using this information calculate the amount of food that will cover the remaining half of the daily wage. When the value of food fluctuates the amount of cash remuneration can be adjusted accordingly, as long as it remains at least 50% of the total wage.

If a set ration is to be used it must not surpass the ILO/WFP guideline>

1. Determine the amount of the food ration and calculate its cash value
2. Using the methods outlined above, calculate the amount to be paid in cash (50% of the daily minimum daily wage) and the in-kind (the remaining 50%)
3. If the value of the food ration is lower than the amount in-kind calculated in step 2, pay the difference in cash

If the value of the food ration is higher than the amount in-kind calculated in step 2, the ration could be reduced, but the amount to be paid in cash must remain the same.

In situations where food is scarce and wages low, and where many but not all labourers would prefer to have part of their wages given in kind, workers can be motivated and attracted with a system that entitles them to buy food at government-fixed prices with up to 50% of their wages (given fully in cash). The profits of such a system can be used to purchase tools and other materials to continue the programme (as with Mozambique's Feeder Roads Programme).

Field experience: Food-for-work for feeder roads

In Mozambique, workers could use up to 50% of their wages to buy food at government-fixed prices (lower than market value). The maximum entitlement was a five-person family ration defined by WFP. This attracted and retained the workforce in a food scarce area. The local funds generated were placed in a revolving fund enabling the National Directorate of Roads and Bridges to purchase tools for the Feeder Roads programme².


Self-help activities


Food can be given as an incentive, and not as a wage, to encourage workers to engage in self-help activities - food is only a bonus. The actual work is voluntary and therefore the limitations concerning food as payment do not apply.

A self-help activity must be of direct interest to the worker and be regarded as such e.g. building a school that his/her children can attend. It must be seen as a community benefit (and therefore agreed with community participation) and not a general benefit e.g. small sections of road that improve access to the area, but not larger stretches of roads, or highways that may be considered of wider interest.

If self-help policies are not applied correctly they can result in low quality infrastructure.

For more information on FFW regulations and guidelines see:

 *Good labour policies and practices in employment intensive programmes Quick overviews from the guide* (section on Remuneration in Kind). ILO Employment-Intensive Investment Branch, International Labor Office, Recovery and Reconstruction Department. Geneva: ILO.

 *A guide on: Food as an incentive to support vulnerable households and communities in securing and improving their assets*, International Labour Office-

World Food Programme, 2002

Links:

<http://www.ilo.org/eiip>

ILO contacts:

Employment-Intensive Infrastructure Programmes: Labour policies and practices. EMP/INVEST, ILO p81

The Employment-Intensive Investment Programme

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