

## HELP DESK LIVELIHOODS

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## TARGETING (VULNERABLE) ENTREPRENEURS

There are some targeting methods, in this case we could set **socio-economic based criteria**, where households are targeted according to their **socio-economic vulnerability**, the **impact** of the crisis and also to their **capacity** to restart their income generation activity. It requires a good analysis around the different wealth groups characteristics in a given context.

Also, if available in country, targeting could be aligned with (or based on) **Integrated Social Registries**.

This document provides with some guidance to define **targeting criteria** and to identify **complementary activities** to cash grants support. For further support do not hesitate to contact le LIVELIHOOD HELPDESK ([covid19-livelihoods@cruzroja.es](mailto:covid19-livelihoods@cruzroja.es)).

## FIRST STEP

Vulnerability criteria depends on the context. First check vulnerability criteria from your NS, in case there is something already set.

### When addressing entrepreneurs with previous experience

Selection criteria could be:

- Impact / vulnerability criteria, related to the business / income generation activity (IGA)
  - Business / IGA affected by the Covid crisis
    - Activities linked to the economic sectors most affected by Covid19 according to the context (tourism, daily labour, restaurants, etc.)
    - Impact on the economic activity (level: reduced 50%, 100% stopped)
    - Loss of assets, loss of stocks
    - Loss of clients due to Covid19 restrictions measures (level: reduced 50%, stopped)
    - Loss of jobs (other employees depending on the business / IGA), etc.
  - Entrepreneurs' capacity to recover by themselves (level: not able)
  - Are using (or have used) negative coping strategies (at business level)
    - Increase the level of debts
    - Have sold their assets, etc.
- Impact / vulnerability criteria, related to the entrepreneur
  - Directly affected by covid crisis (case of death of a family member, death of the breadwinner, confined, etc.)
  - Ability to reach the survival and / or the economic security threshold
  - Use of negative coping strategies (individually or at HH level)
  - Entrepreneur profile: women Head of households, young people, disable, other vulnerable groups (according with the context): migrants, etc.
- Capacity (entrepreneur's capacity and context capacity):
  - Skills & experience level
  - Business assets
  - Own investment, access to credit

- Space to set up a business and/or are able to pay rent
- Business licence (context specific)
- Job creation opportunities
- Context feasibility to restart the business, similar business in the area,

Note: in case of high number of applicants you will need to use a scoring system for final selection of target population.

### When addressing people with no entrepreneurship experience

Selection criteria could be:

- Impact / vulnerability criteria, related to the entrepreneur
  - Household directly affected by covid crisis (case of death of a family member, death of the breadwinner, confined, etc.)
  - Ability to reach the survival and / or the economic security threshold
  - Loss of their main source of income
  - Lack of savings or access to credit
  - Use of negative coping strategies
  - Entrepreneur profile: women Head of households, young people, disable, other vulnerable groups (according with the context): migrants, etc.
- Capacity (people capacity and context capacity):
  - Skills & other experiences
  - Own investment, access to credit, etc.
  - Space to set up a business
  - Job creation opportunities
  - Context feasibility to restart the business, similar business in the area, etc.

**Key is the level of their motivation to start/restart a business**

## GROUP PROJECTS

**Group projects**<sup>1</sup> are one of the alternatives that are often proposed when there are budget constraints or difficulties in selecting beneficiaries. They should, however, be avoided. Most attempts to encourage beneficiaries to apply as a group have failed, which is why group projects should only be implemented under very specific circumstances.

The common determinants for **successful group projects** are as follows:

- The group is a **genuine and voluntary coming-together** of people who were either related or knew each other long before the group was formed. Group members should preferably have prior experience of managing shared assets.
- All group members **participate actively** in the project
- A group project is implemented because the project needed more start-up funds than the individual grant value, because members wished to pool the risk associated with the project, or because members had complementary skills or assets.
- Successful group projects have **fewer than five members**.

<sup>1</sup> Ref: "Micro-economic Initiatives Handbook", ICRC, <https://www.icrc.org/en/publication/0968-micro-economic-initiatives-handbook>

Priority is to provide Technical skills prior to the Cash and Voucher Assistance to start a business.

## SECOND STEP

We would then need to define the basic entrepreneurial profile, starting point the identification of the determining factors and entrepreneurial competences.

- Entrepreneurial conditioning factors/constrains
- Entrepreneurial skills
- Technical skills

### Entrepreneurial conditioning factors/constrains

Characteristics of each person that cannot be improved through literacy but are related to personal aspects that are not considered easy or quickly solvable. Constraints in no way make it impossible to incorporate them into the entrepreneurial itineraries proposed by the organizations, but they do greatly hinder the development of the undertaking and additional parallel social action is necessary to solve them. These barriers are:

- Basic needs coverage (please consider if the HH hasn't got covered their basic needs these needs to be covered as long as the business is not profitable).
- Mental health, level of self-esteem (also additions), consider doing some kind of PSS interventions to complement the intervention.
- Administrative situation (legal status) to have legal access to work, establish their own business.
- Knowledge of local official language (consider if the applicant would need soft skills like upgrade language)

### Entrepreneurial skills

The skills that define the basic profile are those minimum skills that any entrepreneur must possess, regardless of the activity to be carried out. Basic such as: self-confidence, communication abilities, compliance with standards and tasks, and transversal, relationship capacity, flexibility, frustration tolerance, etc

### Technical skills

The entrepreneur needs to possess own skills to manage any type of business. These technical skills can be acquired and / or optimized through training, advice, mentoring and networking.

Importance of individual interviews to assess the capacities of the target persons. Its time consuming but the community also validate the list of people targeted.

### ILO participant selection criteria<sup>2</sup>

The selection for training of entrepreneurs (ToE) participants:

General criteria	Business-related criteria	
All candidates	Potential entrepreneurs	Existing entrepreneurs
<ul style="list-style-type: none"> <li>• Literacy</li> <li>• Age</li> <li>• Gender</li> </ul>	<ul style="list-style-type: none"> <li>• Motivation and availability to start business</li> <li>• Have a concrete business idea</li> <li>• Have technical skills to start the business</li> </ul>	<ul style="list-style-type: none"> <li>• Have viable business</li> <li>• Experience in business</li> <li>• Position in business</li> </ul>

<sup>2</sup> Ref: "Start and Improve Your Business Implementation Guide", ILO. [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---ifp\\_seed/documents/publication/wcms\\_315262.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---ifp_seed/documents/publication/wcms_315262.pdf)