

**STRENGTHENING THE  
ECONOMIC DIMENSIONS  
OF PEACEBUILDING**

**PROJECT OVERVIEW,  
KEY ISSUES AND  
RECOMMENDATIONS**

# About the project

This series of four country case studies explores the ways in which the economic causes, drivers and impacts of conflict have been tackled in different ways in a number of conflict-affected countries where Alert works. The aim is to encourage cross-country learning, and inform what has become a vibrant international debate in the last few years on how to adapt economic development interventions to conflict contexts, to make them conflict-sensitive, and able to support longer-term peacebuilding.

## Objectives

The objectives of the project are three-fold:

- **Identify lessons in order to generate evidence-based resources and guidance** for policy-makers and practitioners on conflict-sensitivity and peacebuilding impacts of economic development and recovery interventions;
- **Promote the uptake of such good practice** by economic development practitioners and policy-makers; and
- **Put the links between economic recovery and peacebuilding on the agenda** of relevant in-country and international actors through advocacy, outreach and networking.

Each case study focuses on a particular aspect of economic recovery, and presents a specific angle on different economic dimensions of peacebuilding:

- **Uganda:** Enabling peace economies through early recovery
- **Nepal:** What role for business in post-conflict economic recovery?
- **Sri Lanka:** Rethinking the nexus between youth, unemployment and conflict
- **Colombia:** The challenges of supporting “alternative” livelihoods opportunities for peacebuilding

In addition to the country case studies, the project will be producing a series of thematic resource guides, as well as training resources, in the course of 2009.

## Background

The project forms part of International Alert’s wider work, ongoing since 1999, on improving business conduct and promoting a peacebuilding approach to economic undertakings in conflict contexts. Our firm belief is that just and lasting peace requires broadly shared economic opportunities, including decent work, to redress economic issues and grievances that fuelled violent conflict in the first place, and to address the economic impacts of conflict on the livelihoods and lives of conflict-affected populations. Indeed strengthening the private sector and market-based economies has become a key concern for development assistance in recent years, including in countries affected by conflict.

But while the links between peace and the economy may be obvious, it is less clear how economic interventions can be made conflict-sensitive, and what a peacebuilding approach may look like in practice. Understanding how these interventions can interact with conflict dynamics is crucial, given that the allocation of resources and economic opportunities feature prominently as root causes in many conflicts. In fact, external efforts aimed at economic recovery are bound to interact with core conflict issues and the economic legacies left by violent conflict. This can be to the detriment of the local conflict context, and programmes, alike.

For more information, please visit [www.international-alert.org/peace\\_and\\_economy](http://www.international-alert.org/peace_and_economy).

# 7 key issues and recommendations for economic development planners and practitioners

**1** **Contributing to peace through economic interventions requires context-specific analysis and planning, at all levels.** Whether it is microfinance, youth vocational training, business environment reforms or infrastructure rehabilitation, it is not guaranteed that these will in and of themselves contribute to peace. They may indeed pose conflict risks to the programme *and* its stakeholders and context. These risks need to be assessed.

**Recommendation:** Ensure focused analysis and preparation that can help identify conflict risks and opportunities for promoting peace in all aspects of economic policy and programming. Be explicit about how you envision peace, and be realistic about what your contribution to it can be.

➤ See Colombia and Sri Lanka studies.

**2** **Take account of peace processes, and be clear on their likely impacts on economic development efforts.** The challenges associated with peace processes will continue well beyond the signing of a peace agreement, representing a major factor for economic development planning. Different peace processes tackle economic issues to varying extents. Economic development efforts, even at the micro-level, will be affected by this macro-level political context, and can affect it in turn.

**Recommendation:** Economic development planners and practitioners need to analyse peace process dynamics and factor them into planning. This can include preparing for different scenarios ranging from robust implementation of an agreement, to a weak or stalled process.

➤ See Nepal and Uganda studies.

**3** **Understand economic causes, drivers and impacts of conflict to improve programme design and implementation.** Much research in recent years has highlighted different economic factors fuelling conflict, and valuable lessons have been learnt on how to tackle these through targeted programmes. Template programming needs to be avoided however, as each country displays its own unique set of characteristics and challenges.

**Recommendation:** Agencies should invest into further developing and using programme design tools that capture and combine economic *and* conflict perspectives.

➤ See Nepal study.

**4** **The potential of large-scale aid and peace efforts to distort and disrupt local markets needs to be mitigated.** Private-sector development and economic recovery experts rightly worry about the possible negative, market-distorting impacts of large-scale aid, stabilisation, and peace interventions on local economies. There are for instance plenty of examples where economic assistance targeting vulnerable groups has not been based on sound market and economic analysis, making it unsustainable. While conflict-sensitivity is

increasingly seen as a must for economic recovery, less attention gets paid to such “market-sensitivity”.

**Recommendation:** Economic development practitioners can begin to address such risk of harm to local economies by reaching out to aid, stabilisation and peacebuilding counterparts where possible, through awareness-raising and advocacy.

➤ See Uganda study.

**5** **Building and sustaining constructive relations between different actors is central to economic development *and* peacebuilding.** A multitude of groups, including political, economic, security and civil society actors need to work together effectively to tackle urgent economic and peacebuilding priorities in conflict and post-conflict contexts. However trust has often been undermined by years of conflict.

**Recommendation:** Treat relationship-building as a key component of economic development interventions. This requires purposeful design and adequate time and resources.

➤ See Colombia and Nepal studies.

**6** **Evaluation of conflict and peacebuilding impacts of economic interventions remains underdeveloped.** The research highlights various initiatives that combine peacebuilding and economic development in innovative ways. However there is little evidence of the depth, breadth, and sustainability of their impacts. As a result, important lessons they may hold for interventions elsewhere cannot be harvested.

**Recommendation:** Develop and pilot monitoring and evaluation approaches that combine economic development, conflict-sensitivity, and peacebuilding criteria and indicators.

➤ See Colombia study.

**7** **More funding may be needed for economic recovery and peacebuilding, but it needs to be supplied *and* spent in a way that does not fuel conflict.** Current efforts to better enable different international funding mechanisms to release more funding, more quickly and more flexibly in post-conflict and early recovery contexts are welcome. However challenges remain for accountability, peacebuilding-oriented prioritisation, effectiveness and equity in the use of such funds. There are no easy or quick-fix answers to funding and spending bottlenecks in conflict-affected and conflict-prone contexts.

**Recommendation:** The international community should continue to strengthen oversight and accountability mechanisms. However this needs to be combined with a realistic assessment of the often political and conflict-related barriers to accountable and conflict-sensitive spending.

➤ See Uganda study.

## Overview of case studies

The case studies highlight a range of economic development challenges in different conflict contexts. They aim to illustrate how economic development interventions can respond to the presence, or legacies, of armed conflict. Short of providing a comprehensive picture, each case study provides a specific “snapshot”, focusing on particular economic peacebuilding priorities.

### Nepal

The report on Nepal discusses the complex links between political and economic causes, as well as legacies, of conflict. These significantly shape chances of success, both for economic recovery and peacebuilding during war-to-peace transitions. Effective partnerships need to be forged between different actors, including government, development agencies and civil society. In particular, the report highlights that reaching out to the business community is key, bearing in mind however the huge diversity of the Nepali private sector, and the numerous challenges it currently faces. The study reviews the potentials and obstacles for such collaboration, drawing on opinions and perceptions at the district level, and reviewing plans being developed in Kathmandu. It highlights major combined economic recovery and peacebuilding challenges, including weak law and order; a fragile political peace process; controversy over the fate of ex-combatants; and an undiversified and highly unequal economy. Throughout the report, conflict-sensitive approaches are presented that can help analysis and planning by economic and private sector development practitioners, as well as peacebuilders.

### Uganda

The case of Northern Uganda illustrates the pitfalls that exist for those who seek to ‘move early’ to lay the foundations for economic recovery following the signing of a peace agreement, or even in the absence of one. Centrally-driven plans and policies vis-à-vis the North have fed decades of conflict and exacerbated regional inequalities and the political and economic disenfranchisement of the North. Current plans and programmes will risk fuelling these historical divisions further, if they are not cognizant of these extremely complex conflict legacies. While some of the aspects of international early recovery thinking can be observed in Northern Uganda (e.g. working through central and local government to increase ownership), this is still a long way away from the holistic approaches for which international guidance is beginning to call. Several elements and priorities are identified for enabling a peace economy in the region. These are: facilitating peaceful return of IDPs and mitigating land conflicts; providing livelihoods support; strengthening financial services; offering opportunities for youth; rebuilding infrastructure; enhancing agricultural productivity; promoting conflict-sensitive investment; and strengthening Northern Uganda as a regional trade hub.

### Sri Lanka

In Sri Lanka several policy initiatives in the past have not led to significant reforms or changes in dynamics that exclude young people from both political and economic spheres in society. Although there have been governmental and donor community efforts to tackle the issue of youth unemployment, these have for the most part not had much impact, given weak analysis of the different drivers of youth exclusion, lack of coherent policy-making, and weak implementation of policy recommendations. The case study argues that more nuance is needed in the frequently made argument that ‘youth unemployment causes armed conflict’. This needs to reflect both the multiple factors feeding young people’s frustrations and grievances in conflict contexts; and the multiple barriers young people face in entering the job market. More emphasis is needed on country-specific exploration of the links between youth unemployment and other socio-economic and political factors that can contribute to marginalisation and discrimination that engender conflict and violence at a more structural level. It would be problematic to develop policy responses across different countries without such an understanding.

### Colombia

Maintaining and strengthening the livelihoods of conflict-affected populations during and after violent conflict is high on the agenda of governments and development agencies the world over. Much has been tried and learned in Colombia over the last decade in this regard, including building and maintaining multi-stakeholder partnerships between the private, public, and civil society sectors to address challenges. This case study seeks to present some of the experiences of the Colombian government and the international community’s efforts to generate economic opportunities for conflict-affected populations in Colombia, and reflect on lessons for policy and practice elsewhere. At present, Colombia is one of the wealthiest and most developed countries experiencing sustained levels of armed conflict, though this should not mask severe geographic, rural and ethnic inequalities. Different analyses and interpretations of the conflict, and responses to it, make up a fragmented picture including a range of economic, security and social challenges.

# Sample economy and peacebuilding resources by inter-governmental, governmental, and non-governmental agencies

In alphabetical order, accessible online:

Donor Committee on Enterprise Development (DCED):  
**Private-Sector Development in Conflict-Affected Environments**  
<http://www.enterprise-development.org/page/psd-in-conflict-affected-environments>

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ):  
**Promotion of Economic Development and Employment in Conflict and Post-Conflict Environments (PEECE)**  
<http://www.gtz.de/en/themen/wirtschaft-beschaeftigung/privatwirtschaft/21860.htm>

Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ):  
**Private Sector Development in (Post-) Conflict Situations**  
<http://www.gtz.de/de/dokumente/gtz2008-en-private-sector-conflict.pdf>

Hosted by International Alert:  
**Conflict-Sensitivity Resource Site**  
<http://www.conflictsensitivity.org>

International Labour Organisation (ILO):  
**Operational Guide: Local Economic Development in Post-Crisis Situations**  
<http://www.ilo.org/public/english/employment/recon/crisis/download/lec.pdf>

Microenterprise Learning, Information and Knowledge Sharing (microLINKS):  
**Microenterprise Development and Conflict**  
[http://www.microlinks.org/ev\\_en.php?ID=19747\\_201&ID2=DO\\_TOPIC](http://www.microlinks.org/ev_en.php?ID=19747_201&ID2=DO_TOPIC)

Small Enterprise Education and Promotion (SEEP) Network:  
**Economic Recovery Standards**  
<http://communities.seepnetwork.org/econrecovery/node/821>

UK Stabilisation Unit:  
**Stabilisation through Economic Initiatives: Private Sector Development**  
<http://www.stabilisationunit.gov.uk/resources/PrivSecSINJan09.pdf>

United Nations:  
**UN System-wide Policy Paper for “Employment Creation, Income Generation and Reintegration in Post-Conflict Settings”**  
<http://www.enterprise-development.org/page/library-item?id=1246>

United Nations Development Programme (UNDP):  
**Post-Conflict Economic Recovery – Enabling Local Ingenuity**  
[http://www.undp.org/cpr/we\\_do/eco\\_recovery.shtml](http://www.undp.org/cpr/we_do/eco_recovery.shtml)

USAID Conflict Management and Mitigation (CMM):  
**Thematic Conflict Toolkits: Land, Youth, Livelihoods, Forests and Minerals**  
[http://www.usaid.gov/our\\_work/cross-cutting\\_programs/conflict/](http://www.usaid.gov/our_work/cross-cutting_programs/conflict/)

United States Agency for International Development (USAID):  
**A Guide to Economic Growth in Post-Conflict Countries**  
<http://www.value-chains.org/dyn/bds/docs/556/USAIDPostConflictGuide.pdf>

United States Agency for International Development (USAID):  
**Value Chain Development in Conflict-Affected Environments**  
[http://www.microlinks.org/ev02.php?ID=23261\\_201&ID2=DO\\_TOPIC](http://www.microlinks.org/ev02.php?ID=23261_201&ID2=DO_TOPIC)

United States Institute for Peace:  
**Employment Generation and Economic Development in Stabilization and Reconstruction Operations**  
<http://www.usip.org/pubs/specialreports/srs/srs6.pdf>

UN Cluster-Wide Working Group on Early Recovery:  
**Guidance Note on Early Recovery**  
[http://www.humanitarianreform.org/humanitarianreform/Portals/1/cluster\\_approach\\_page/clusters\\_pages/Early\\_R/ER\\_Internet.pdf](http://www.humanitarianreform.org/humanitarianreform/Portals/1/cluster_approach_page/clusters_pages/Early_R/ER_Internet.pdf)

This series of four country case studies explores the ways in which the economic causes, drivers and impacts of conflict have been tackled in different ways in a number of conflict-affected countries where Alert works. The aim is to encourage cross-country learning, and inform what has become a vibrant international debate in the last few years on how to adapt economic development interventions to conflict contexts, to make them conflict-sensitive, and able to support longer-term peacebuilding.

**International Alert.**

346 Clapham Road, London SW9 9AP, United Kingdom

Tel +44 (0)20 7627 6800, Fax +44 (0)20 7627 6900, Email [general@international-alert.org](mailto:general@international-alert.org)

[www.international-alert.org](http://www.international-alert.org)