International Alert.

STRENGTHENING THE ECONOMIC DIMENSIONS OF PEACEBUILDING

PRACTICE NOTE SERIES

'Peacebuilding essentials for economic development practitioners'

Practice note 1: Market development in conflict-affected contexts

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1: Introduction to series

1.1. About this note

This guidance note explains why market development in countries affected by conflict is important and relevant for economic development planners and practitioners. It presents some of the main issues, risks and opportunities that economic development professionals may typically face. It also introduces the key stakeholders and processes, questions to be considered and main lessons learned. The final section points the reader to additional resources on the topic.

1.2. Who should read this series?

Policy-makers and practitioners, specifically those that are working in conflict-prone and conflict-affected states.

1.3. The series will help you to:

- Better understand key economic recovery challenges and opportunities in conflict and post-conflict contexts;
- Draw on existing good practice for your own economic development planning and programming in this area;
- Maximise the positive contribution your strategy and programme can make to economic recovery and peacebuilding; and
- Ensure that your intervention is conflict-sensitive.

Understanding conflict. Building peace.

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Section 2: Key issues, risks and opportunities

2: Key issues, risks and opportunities

2.1 Key issues: What is market development? Can it be leveraged to build peace?

Market development is a sub-field of enterprise and private-sector development, in which the goal is to stimulate inclusive economic growth that reduces poverty. Market development initiatives often target industries in which large numbers of poor people are concentrated, either as business owners/operators or employees. The objective of market development is to ensure that the poor participate in, and benefit more from, the existing and potential markets in which they do business. These markets include the inputs (i.e. supplies) and services that enable poor producers to be productive, as well as the final consumers that buy those products or services.

What is a market?

A *market* is any systematic process for market actors (people, businesses) to buy and sell products and services. This includes not just the way that those goods and services are produced, transported, bought and sold, but also the formal and informal rules that govern those interactions, including regulations, policies and quality standards, as well as culture and other relationships that influence trade, individuals' reputations, etc.

***Market* can also refer to a group of buyers that demand a particular product or service (such as "the market for organic cashews"). Market development does not refer to the physical markets that are common in many developing countries.**

Market development programmes seek to identify leverage points within market systems, addressing gaps or problems in the way that markets function – and the power imbalances that often result. For example, imagine a vegetable market where rural farmers sell their produce to transporters and never interact directly with end buyers in the city. The farmers do not know what price their produce ultimately commands, what quality level or type of produce the end buyers really want, or how much of their produce spoils or is damaged during transport. The farmers do not understand the true nature of demand and the requirements and risks to meet it and, therefore, have no power to improve their production or raise their income.

This often requires that market development programmes work not only at the level of individual small enterprises or households, but also with larger enterprises, associations, or government institutions that engage in, and influence, markets.[1] By taking these institutions and market forces into account, market development professionals hope to achieve greater scale and sustainability in their efforts as compared to other efforts that focus more on direct interventions at just the level of individual enterprises or households. This is because market development programmes can leverage commercial incentives and investment by the private sector – it is literally in the business interests of the private sector to invest in improving products and services that benefit poor households and small enterprises as both consumers and producers. Critically, market development programmes also seek to ensure markets are more productive and therefore competitive. This results in increased incomes for all market players – small and large.

1 Adapted from T. Nourse, T. Gerstle, A Snelgrove, D. Rinck, and M. McVay (2007). *Market development in crisis-affected environments: Emerging lessons for achieving pro-poor economic reconstruction*. Market Development Working Group Paper. Washington, DC: The SEEP Network.

Market development programmes can be used successfully to target a variety of population groups, including vulnerable populations. Indeed, the more vulnerable a group, the more important it is to understand and incorporate considerations of market dynamics in promoting livelihoods. As noted in the 2008–2009 Chronic Poverty Report, the more vulnerable an individual, the more likely they are to rely upon markets for their livelihoods.[2] Programmes that incorporate a market lens and seek to work with market actors and institutions to make local and regional markets in which poor people engage more competitive, also have greater potential for sustainability by empowering local actors to be more resilient in light of future market trends.

In the field of peacebuilding, there is increasing interest in market development approaches as a means to both promote economic growth and to further peacebuilding efforts by making market development conflict-sensitive – e.g. by working with those actors or societal factors that instigated the conflict. This is based upon the recognition that the lack of economic growth and therefore economic opportunity is often one of the underlying causes of conflict. Paul Collier, in his highly influential research on conflict traps,[3] found that of the 61 countries that experienced civil conflict from 1955–1999, the countries most prone to conflict were either "slow developers", e.g. those whose economies were stagnant and likely reliant on primary commodities, or those that had recently experienced conflict. Slow developers had an 11% likelihood of returning to conflict in any given year, and post-conflict countries had a 44% possibility. Collier noted that post-conflict countries are particularly vulnerable in large part, since efforts by the international community to promote economic recovery and growth are not very effective. For every 1% of GNP added via aid, growth increased by only 0.1%, and as the flow of aid dollars declined in the post-conflict period, many countries' economies shrank, making them even more vulnerable.[4] Strikingly, countries that managed to break out of the conflict trap were those that grew: a 3 percentage-point growth in GNP in conflict-prone countries halved the incidence of conflict from 11% to 6%.[5]
This research brought into focus the need to revisit the "when and how" of economic reconstruction. Previously economic recovery was viewed as a later-stage activity. "Phased" approaches dominated, with relief/emergency assistance first, followed by rehabilitation of ex-combatants, the displaced, etc., and only then were activities to promote the economy and enterprises introduced. As a result, many conflicts become "stuck" in the relief phase, transitioning too slowly to recovery and indeed hindering it, due to higher aid dependency on the part of beneficiaries, false incentives for business investment, and a lack of investments in market institutions and building capacity of market actors. Research by Lewarne and Snelbecker in 2004 confirmed Collier's findings and the ineffectiveness of phased efforts. They emphasised that a focus on economic recovery should start in the earliest days of a response, in tandem with humanitarian interventions to meet basic human needs and promote peace.[6]

2 Chronic Poverty Research Centre (2008). *The Chronic Poverty Report – 2008–2009: Escaping poverty traps*. Manchester, United Kingdom.

3 Collier's work has been influential, selected readings are P. Collier (2007). *The bottom billion*; Collier and Hoeffler (1998). 'On economic causes of civil war', *Oxford Economic Papers*, Vol. 50 iss 4 , pp 563–73; Collier and Hoeffler (2004), 'Greed and grievance in civil war'. *Oxford Economic Papers*, Vol. 56 iss 4, pp. 563-595.

4 P. Collier, A. Hoeffler, and M. Söderbom (2007). *Post-conflict risks*. Oxford: University of Oxford, Department of Economics, Center for the Study of African Economies; T. Nourse (September 2007). Presentation for the Economic Recovery Standards Launch Workshop.

5 P. Collier (2007). *The bottom billion*. Oxford, United Kingdom.

6 S. Lewarne and D. Snelbecker (2004). *Economic governance in war-torn economies: Lessons learned from the Marshall Plan to the reconstruction of Iraq – Long report*, prepared for USAID Bureau for Policy and Program Coordination. Washington, DC: USAID.

What, however, is still not clear is if it is possible to consistently mitigate conflict, while at the same time promoting economic recovery and growth. There is increasing interest in using economic programming to address other root causes of conflict, such as ethnic tensions, black markets for illicit products, and elite capture of natural resources.[7] Programmes will for example seek to bring together warring groups for trade; target conflict instigators such as ex-combatants for job training (see also the briefing note on socio-economic reintegration for ex-combatants); or seek to promote alternative economic activities to the production of coca or opium.

Often these initiatives are not based upon economic opportunities or real demand. For example, ex-combatants may be engaged in cash for work, for jobs they would not find on the open market. Or a programme may bring together different ethnicities in a group of villages to form an agricultural processing cooperative, as a means of rebuilding relationships and trust. The long-term sustainability and ultimate contribution of these efforts to economic recovery is often questionable. This is due in part to poor programming practices, but also because many of these activities may never be competitive – although their potential in the short to medium term for conflict mitigation is significant. It is often not known what happens once the economic intervention ends. When a cash-for-work programme ends for ex-combatants, for example, their long-term economic outlook and disincentives for violence may be no different than before the programme. Is there a risk that conflict and violence will resurface?

This is not to say that economic interventions should never be used as a tool for conflict mitigation, even when it is clear from the start that the activities promoted will not be sustainable in the long run. However, practitioners and donors in developing these types of programmes should have a clear understanding of the objective of the intervention, be that economic recovery, conflict mitigation, or a combination of both.

Additionally when undertaking these types of programmes, it is important to understand what effect they may have on long-term economic recovery. Is there the potential for the intervention to push the private sector out of the market, e.g. could a cash-for-work programme undertake work that the private sector would otherwise hire labourers to do? Or would the individuals active in a cooperative have invested their time and resources in another business? Staying mindful of these issues will help to ensure that efforts to mitigate conflict are not ultimately undermined due to a delay in the recovery of the economy.

Similarly, in promoting economic recovery, practitioners need to be aware of how efforts to promote the economy interact with the dynamics of the conflict. For example in Afghanistan, the Afghan Research and Evaluation Unit (AREU) recently published a study that warned against efforts to promote "collapsed markets", driven by the private sector via "free" markets. The AREU's critique warned that these policies risked reinforcing the interests of economic elites that held power during the reign of the Taliban regime. These elites can control a wide range of trade at the community and import/export level, with no interest in long-term investments in strategic positioning or their business partners. They are often connected to powerful political stakeholders at the regional level – and peacebuilding efforts that overlook these current trade patterns do so at their peril.[8]

7 See for example: J. Banfield, C. Gündüz, N. Killick (Eds.) (2006). *Local business, local peace: The peacebuilding potential of the domestic private sector*. London: International Alert.

8 S. Lister and A. Paine (2004). *Trading in power: The "politics of "free" market in Afghanistan*. Kabul: Afghanistan Research and Evaluation Unit.

2.2 Key opportunities to employ market development to promote peace

Promoting economic recovery is highly contextual. As noted previously, practitioners and donors previously attempted to simplify guidance by promoting phasing. However, economic recovery cannot be simplified to a sequence or even one list of interventions, due to the broad array of environments and factors affected by conflict. Rather, in selecting appropriate strategies, a number of criteria, including factor conditions in the economy (i.e. endowments of land, labour and capital), need to be considered:

- The state of existing institutions;
- The severity and duration of the conflict; and
- Its root causes and effects.

Currently, there is no consensus on a definitive framework for developing economic recovery programmes in conflict environments. There will likely always be a variety of frameworks used, since economic development programmes boast a wide array of assessment methodologies, goals, target populations, and available means. For example, economic programming seeking to develop markets in such environments may include channeling basic relief though local businesses, using local procurement and cash-based assistance. It can also include activities that support the more rapid recovery of affected enterprises and preserve formal jobs by providing cash grants, SMEs loans and/or business consulting to enable these businesses to re-establish viable economic activities and operate more efficiently. Such programming may also seek to work on policy issues, addressing registration and taxation policies that affect industry competitiveness. Or it can target smallholder farmers by promoting the re-establishment of sustainable seed systems. The following table depicts the impact at different levels of an economy, during different types of crises.

In the absence of a definitive framework, there is an effort among practitioners, led by The Small Enterprise Education and Promotion (SEEP) Network, to develop consensus instead around minimum standards for economic recovery practices. The first edition of the Standards was published in 2009. The Standards cover the elements critical to developing an economic recovery programme:

- Assessment,
- Programme design,
- Monitoring and evaluation,
- Coordination, and
- Technical best practice.

The Standards can be downloaded at http://communities.seepnetwork.org/econrecovery.

Taken together, the Standards provide a checklist in terms of the processes that should be followed in identifying, designing and implementing appropriate interventions when seeking to promote economic recovery. When the goal is to instead promote peacebuilding, the Standards provide guidance to determine if peacebuilding efforts risk hampering economic recovery – ultimately hampering the benefits of any peacebuilding efforts.

Less understood is how to ensure that market development programmes do no harm in terms of aggravating the causes of the conflict. There is a need for more

Figure 1 Impacts of crises at the household, market and macro levels

Levels

Crisis Type (determines types of impacts at each level)	**Household**	**Market**	**Macro**	**Level of Development** (determines coping ability and speed of recovery)
Slow onset disasters	• Loss of assets • Loss of skills due to migration • Declines in productivity	• Weak marketing networks due to migration • Damage to or loss of natural resources	• Localised reduction in capacity to enforce laws and provide basic services	Least developed countries/ regions
Rapid onset disasters	• Loss of assets • Disrupted markets • Trauma	• Infrastructure damaged or devastated		Medium developed countries/ regions
Conflict	• Loss of assets • Loss of skills due to migration of ineffective education • Instability or loss of networks • Increased operating costs limiting market scope • Trauma	• Infrastructure damaged or devastated • Legitimate networks disrupted; illicit networks strengthened	• Reduced national capacity to enforce laws and provide basic services	Highly developed countries/ regions

Limited	**Moderate**	**Extreme**
Limited region affected with low level of impact	Limited region affected with high level of destruction, or a large region affected with low level of impact	Large area affected with high level of destruction

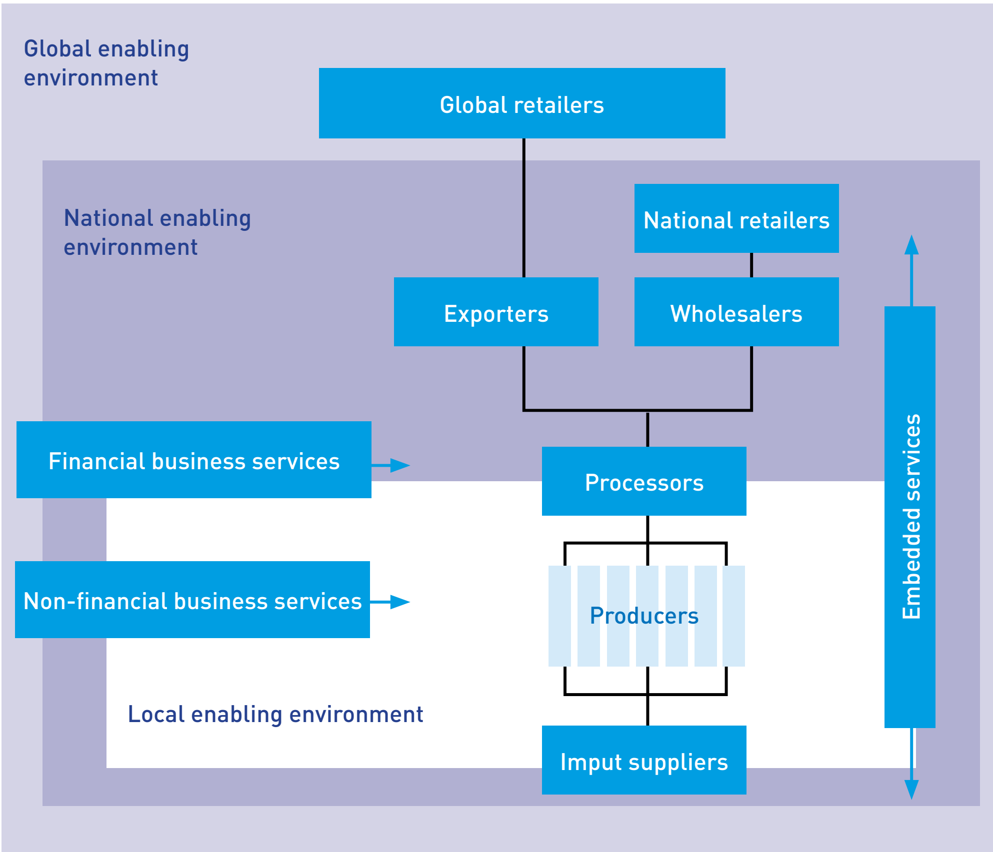
Level of severity (Determines depth of impact at every level)

Adapted from T. Nourse, T. Gerstle, A. Snelgrove, D. Rinck, and M. McVay (2007). *Market development in crisis environments: Emerging lessons for achieving pro-poor economic reconstruction*. Washington, DC: The SEEP Network.

multi-disciplinary teams to engage in the design and implementation of market development programmes in conflict environments to understand these dimensions. This would also allow for more opportunistic identification of when there is the potential to bring economic recovery and conflict mitigation together. For example, within market development programmes, there is often a need to understand governance and power relationships within the market. Often market development programmes seek to shape these dynamics by bringing more balance to these relationships through enhancing competition in terms of access to different buyers and end markets, critical products and services, information, and the identification of win-win opportunities, etc. Addressing these issues can mitigate conflict, while legitimate economic opportunities to bring warring factions together can offer opportunities to re-establish relationships and trust.

3: Major actors, institutions and processes

Market development in any context, including conflict-affected environments, involves first and foremost understanding how a given market functions, and who the major actors and institutions are that shape it. This is different for every country and product or service; however, there are some established frameworks that provide a template for how most markets function. The following diagram provides a general map of the market system:



Source: USAID and SDC. Taken from A. Miehlbradt and M. McVay (2006). *Implementing sustainable private sector development: Striving for tangible results for the poor*. The 2006 Reader. Turin, Italy: International Training Center of International Labour Organization. Originally from S. Becker, S. Jansen, E. Roaring and L. Zveglich (2005). *Small and Medium Enterprise Development and Sustainable Employment Promotion (SMEDSEP) Program Progress Review*. Report (October). Eschborn, Germany: GTZ.

There are a number of major approaches to market development. All essentially focus on using market research to identify key leverage points whereby markets can be made more inclusive of poor people, in terms of their vocation. Some of these frameworks are also scoped more broadly to look beyond increasing poor people's incomes and quality of employment to look at making other market-based productions and services they require, e.g. health, education, sanitation, and electricity, more accessible. include the following:

Value Chain Framework: Most extensively discussed by the Institute for Development Studies at the University of Sussex, GTZ, SNV, and USAID, this approach is premised by a focus on individual value chains. As noted in Figure 1, a value chain encompasses the suppliers of raw materials to the final buyers of a product or service, including service providers and the wider enabling environment. Value chain analysis seeks to understand how the demands of the final buyer(s) drive this chain, with a particular emphasis on the relationships between different actors along the chain and on the governance of the value chain – the rules and norms that dictate firms' behavior and how revenue (value) is distributed. For more information, see www.microlinks.org/vcwiki; for a specific exploration on the use of the value chain methodology in conflict environments, see www.microlinks.org/vcdinconflict.

Making Markets Work for the Poor (M4P): This approach is broader than value chains, since it focuses more broadly on markets. The framework is used both to look at how to increase the incomes of poor people, as well as promoting the accessibility of other products and services they require. It is concerned with enabling systemic change rather than creating benefits for individual actors and, like the value chain approach, focuses on facilitation – that is, affecting a market without becoming directly involved in it. It focuses primarily on questions of market systems, scale, and sustainability, and recommends facilitative interventions. For more information, see www.m4pnetwork.org.

Bottom of the Pyramid (BoP):[9] The "bottom of the pyramid" refers to the immense number of people living on less than $2 a day – approximately 4 billion people. This approach is most notable for its focus on poor people as consumers and entrepreneurs, rather than as the beneficiaries or clients of a development intervention. The BoP framework includes four main categories: poor consumers and entrepreneurs; government and civil society organisations; development and aid agencies; and private enterprises working together. The BoP approach focuses on developing products and services that work for the poor (using various technologies, in different environments, reaching remote populations) and that are scalable and replicable across contexts.[10]

Social Enterprise: This approach, as opposed to value chain development, which emphasises indirect, hands-off methodologies, involves inserting oneself into the market as a full market actor, usually a business with a social as well as economic mission. The intent is to do good, while doing business. Sometimes these social enterprises are formed to fill what are seen as critical gaps in a market, e.g. a marketing service for small farmers, as well as attempting to establish new economic models such as fair trade – a classic "double bottom line". For more information, see www.se-alliance.org.

9 Available at http://www.12manage.com/methods_prahalad_bottom_of_the_pyramid.html.

10 For more information, see C.K. Prahalad (2004). *The fortune at the bottom of the pyramid: Eradicating poverty through profits*. Philadelphia: Wharton School Publishing, available at http://www.whartonsp.com/store/product.aspx?isbn=0137042051.

Regardless of the approach taken, a market development intervention involves an analysis of the market itself – its strengths, opportunities, and challenges – and of the potential interventions to help alleviate challenges, with the general aim of creating value and a profitable opportunity for poor market players.

4

Section 4: Key questions to consider

4: Key questions to consider

It is clear that most markets will be directly affected when there is a conflict and that some market conditions may even contribute to the conflict, or that conflict actors are deeply integrated into the market. (The box below suggests how to combine market- and conflict-analyses). Development practitioners studying a market in a conflict-affected environment will naturally gravitate towards two key questions:

The first question is: How can I ensure that my market development intervention does not perpetuate or exacerbate the conflict? This can be called the "do no harm" approach.

The second, and far more perplexing question is: Is there anything my market development programme can do to actually mitigate conflict and promote peace? The critical issue here is that *the economic aim of the market programme must remain paramount* if the programme is to succeed. Canan Gündüz and Diana Klein, in their report "Conflict-Sensitive Approaches to Value Chain Development", write that 'conflict-sensitive planning and implementation requires a value chain intervention to achieve its objectives… in a way that also maximises peaceful outcomes and mitigates identified conflict issues or risks'.[11]

Given the relationship between failed economic development interventions and the recurrence of conflict noted earlier in this paper, one can make the case that any successful market development intervention is, by definition, helping to mitigate conflict – if it ensures that it does not inadvertently fuel other conflict factors. Furthermore, value chain interventions, with their particular focus on building constructive relationships between market actors, often include a component of conflict mitigation. However, it is not at all clear that market development can be used as a tool to promote peace "writ large" – that is, at a societal or structural level. Even if this is possible, to do so successfully requires a high degree of skill and consideration of the evolving dynamics of two systems – the market(s), and the conflict.

If a project wishes to achieve dual goals of economic development and conflict mitigation/peacebuilding using a market development intervention, it should be prepared to address the following issues:

- Does the programme have a clear causal model as to how a market intervention will lead to a peacebuilding outcome?
- Has it considered other interventions to achieve a peacebuilding outcome, and determined that a market development intervention is the most effective means of mitigating conflict?
- Does it have clear and logically selected indicators to measure progress towards both goals – economic and peacebuilding?

11 C. Gündüz and D. Klein (2008). 'Conflict-Sensitive Approaches to Value Chain Development', *microREPORT 101*. Washington, DC: International Alert for USAID. p.21

- Does it have the time and resources to conduct a thorough conflict analysis at the beginning of the project, and to monitor conflict drivers during the project, to account for fluidity and dynamics in the conflict?
- Is it designed and run by market development specialists, with a conflict specialist on staff or otherwise available for strategic input and advice?
- Does it have a plan of action in case it is determined that the market development intervention is not achieving its peacebuilding aim? Or, if a proposed programme activity would be highly beneficial to one goal (economic or peacebuilding) but detrimental to the other?
- Has it assessed if the potential intervention will "do no harm" in both the short and long term in terms of promoting economic recovery?

In short, sustainable economic development (which market development can accomplish) is an important part of the transition from conflict to stability. However, the extent to which any market intervention can contribute directly to peacebuilding is unclear.

Combining Market and Conflict Analyses

Both market analysis and conflict analysis look at the systems and institutions that together make up the market or conflict.

When designing a market development programme in a conflict-affected setting, practitioners have several sets of questions that must be answered as to: the goal of the programme; how the market functions; how the intervention will improve the market by making it more competitive; and the nature and dynamics of the conflict. These are summarised briefly below.

Goal and Purpose:[12]

- What is the goal and purpose for this project? The goal should include the overall desired impact (e.g. reduced poverty) as well as the target population (e.g. small-scale farmers). The purpose should include the target market as well as the general programme strategy (e.g. stabilising businesses).

Market Analysis:[13]

- What strengths/opportunities exist currently in the market and for the businesses in it?
- What constraints prevent firms from reaching existing and/or higher value markets, or gaining more benefits from trade within it? What are these constraints within the different key elements of the market, (e.g. the end market, the enabling environment, supporting services, horizontal linkages between small/microenterprises)?
- What are the underlying causes of these constraints? Some root causes (such as ongoing conflict) may be beyond the influence of the programme. If these root causes are so great that they would block the programme's success, then the programme should consider another market or means of intervening.

12 Adapted from McVay, Mary and Alexandra Snelgrove, eds. Linda Jones and Ben Fowler, Program Design for Value Chain Initiatives: Information to Action: A Toolkit Series for Market Development Practitioners. Lancaster, PA and Waterloo, ON, CA: MEDA, 2007. pp. 18- 21.

13 Adapted from McVay, Mary and Alexandra Snelgrove, eds. Linda Jones and Ben Fowler, Program Design for Value Chain Initiatives: Information to Action: A Toolkit Series for Market Development Practitioners. Lancaster, PA and Waterloo, ON, CA: MEDA, 2007. pp. 27-34.

Intervention:[14]

- How might these constraints be solved? This might be linkages, technology, or other solutions. What can the programme do to support this?
- How can this be done sustainably (on a commercial basis without long-term subsidy)?
- What will have a significant impact on a large number of poor people/ businesses?
- What risks might we need to address?

Conflict Analysis:[15]

- What is the profile of the conflict? What is the political, economic, and socio-cultural context and issues? What is the history of the conflict, and which areas are specifically affected?
- Who are the main actors in the conflict? Who are the main actors in the political, security, economic and socio-cultural spheres, and what are their goals and interests? How do they relate to one another? How can they support peace or further the conflict?
- What are the major causes of the conflict? What underlying factors in the society create the preconditions for violence, and what other factors contribute to violence?
- What are the dynamics of the conflict? What have been the stages and patterns, and what are the current and past trends? How are these evolving over time? Are there windows of opportunity for peace or improvements (e.g. a cease-fire or accord)? What scenarios can be developed to determine the possible future of the conflict?

Market-Conflict Interaction:

The overlay of these two types of analysis – analysing the market, and analysing the conflict – produces questions that determine the interplay between the conflict and the specific market. These include:[16]

- Are there any overlaps between main market actors and conflict actors?
- Does the market encourage links between groups separated by conflict, or reinforce divisions?
- Can specific groups affected by the conflict (such as ex-combatants) participate effectively in this market?
- How is the market affected by, and how does it affect, the conflict? Does it reinforce existing inequalities? Do trends in the market affect the dynamics of the conflict (positively or negatively)? How do changes in the conflict affect this market?

14 Adapted from McVay, Mary and Alexandra Snelgrove, ed. Linda Jones and Ben Fowler. *"Program Design for Value Chain Initiatives: Information to Action: A Toolkit Series for Market Development Practitioners."* Lancaster, PA and Waterloo, ON, CA: MEDA, 2007. pp. 40-71.

15 Summarized from Gündüz, Canan and Diana Klein, "Conflict-Sensitive Approaches to Value Chain Development" (*microREPORT 101*). Washington, DC: International Alert for USAID, 2008. pp. 4-5.

16 Adapted and summarized from Gündüz, Canan and Diana Klein, "Conflict-Sensitive Approaches to Value Chain Development" (*microREPORT 101*). Washington, DC: International Alert for USAID, 2008. pp. 6-8.

5

Section 5: Existing good practice and guidance

5: Existing good practice and guidance

The frameworks and associated references highlighted in Section 3 are among the most useful resources on existing good practice for market development. For programming specifically in conflict-affected environments, there are no comprehensive resources available on how to undertake market development. Section 6 lists the best that currently exist.

There is, however, emerging consensus among practitioners as to what is good practice in promoting economic recovery, particularly in terms of promoting incomes and employment for marginalised people. Developed by The SEEP Network, The Minimum Standards for Economic Recovery After Crisis provides guidance in six areas:

- Standards Common to all Economic Recovery Programmes
- Assessment and Analysis for Economic Recovery Programmes
- Financial Services
- Access to Assets
- Employment Creation
- Enterprise Development

The Standards for these six areas are included below. The Standards Common to all ER Programmes and the Assessment and Analysis Standards are applicable to all economic recovery programmes, whereas the four Standards that follow for the four key technical areas are dependent on the programmatic goal and intervention chosen. Further information on the Minimum Standards can be found here: http://communities.seepnetwork.org/econrecovery/node/821

Standards common to all economic recovery interventions

- **Common Standard 1: Response to Market Failure**
  Economic recovery is a response to evidence that market failures are significantly undermining the enterprises from which affected households earn their livelihoods.

- **Common Standard 2: Market-based Programming**
  Programme design and implementation decisions reflect market realities. There is a thorough understanding of the supply of, and demand for, goods and services, and how the organisation of markets determines power and governance among different market actors. Programmes are flexible, allowing managers to revisit programmatic assumptions and operations given changing market conditions.

- **Common Standard 3: Support Long-term Recovery**
  Economic recovery programmes, even those that are short to medium term, contribute to long-term recovery by working to strengthen local markets, institutions and enterprises, and ensuring that all programme activities include up-front exit strategies for outside actors.

- **Common Standard 4: Inclusive and Transparent Programme Design and Implementation**
  Programme design considers working with all market actors as a means to improve vulnerable households' livelihoods. Programmes effectively communicate the programme objectives, means of selection and outcomes to all stakeholders.

- **Common Standard 5: Use Both Direct and Indirect Mechanisms to Achieve Impact on Target Populations**
  Programmes analyse the impact and cost-effectiveness of directly providing services to target groups, as compared to indirect activities that improve market conditions for all populations.

- **Common Standard 6: Coordinate Efforts for Greater Impact**
  Recognising that economic recovery involves many stakeholders, capacities and resources, programmes coordinate their activities with other initiatives led by the private sector, government or non-governmental actors.

- **Common Standard 7: Build Technically Competent Teams**
  Programmes are staffed by individuals well versed in economic recovery principles and/or that have access to technical advisers; they also include capacity-building components to improve skills of field staff.

- **Common Standard 8: Collect and Apply Learning**
  Programmes compensate for the rapidly changing context and often-rapid turnover endemic to emergency environments by instituting systems that collect, disseminate and apply learning in order to assess and improve performance.

Standards for assessment and analysis for crisis environments

- **Assessments and Analysis Standard 1: Timing**
  Assessments begin as soon as possible, incorporating ongoing processes that contribute to programme monitoring.

- **Assessments and Analysis Standard 2: Scope**
  Assessments synthesise relevant information about affected households' livelihoods, market systems and sociopolitical factors.

- **Assessments and Analysis Standard 3: Data and Methods**
  Assessment data is gathered using methods that ensure data quality and participants' security.

- **Assessments and Analysis Standard 4: Analysis**
  Analysis of assessment data is timely, transparent and relevant to monitoring and programme decision needs.

- **Assessments and Analysis Standard 5: Dissemination**
  Assessment results are disseminated to provide comprehensible guidance to appropriate decision-makers.

Standards for financial services

- **Financial Service Standard 1: Intervention Timing**
  Financial services are initiated or reinstated as soon as possible, and align with the objectives and time horizon of the implementing organisation.

- **Financial Service Standard 2: Appropriate Financial Services**
  Financial service interventions are based on the capacity of the financial organisation and the needs of the target population.

- **Financial Service Standard 3: Client Protection**
  Financial service providers adhere to accepted norms for client protection.

- **Financial Service Standard 4: Good Financial Services Practice**
  All financial service providers adhere to accepted, good financial services practices.

- **Financial Service Standard 5: Coordination and Transparency**
  Financial service providers communicate proactively with relevant stakeholders and commit to transparency.

- **Financial Service Standard 6: Crisis Risk Mitigation**
  Financial service providers have policies in place to protect the organisation and clients from effects caused by crisis.

Standards for access to assets

- **Access to Assets Standard 1: Asset Programming**
  Asset programming is conducted in a manner that facilitates long-term economic recovery, while taking into account issues of targeting, equity, transparency and security.

- **Access to Assets Standard 2: Short-term and Long-term Asset Programming**
  Short-term asset programmes achieve basic replacement and preservation of existing productive assets; whereas long-term asset programming results in asset growth as a result of beneficiaries' improved economic capacity.

- **Access to Assets Standard 3: Group Assets**
  Interventions to preserve, replace and grow assets through group mechanisms have clear governance and management structures and are based on appropriate cost-benefit analysis and assessment of local market implications.

- **Access to Assets Standard 4: Land Assets**
  Individuals and communities know about and have access to information, services and products to protect and preserve their land tenure in an equitable manner in times of crisis.

Standards for employment creation

- **Employment Creation Standard 1: Decent Employment**
  People have equitable access to decent employment with fair remuneration that does not jeopardise the resources they need for their livelihoods.

Standards for enterprise development

- **Enterprise Development Standard 1: Promotion of Activities and Markets, Based on Understanding Potential Returns and Risks**
  New and existing sources of income and livelihoods are promoted with an understanding of the environment, households and enterprises, and that consider potential returns, risk and the business environment.

- **Enterprise Development Standard 2: Ensuring Viability and Growth**
  Programmes promoting enterprises and self-employment address the range of critical needs required for enterprise viability and growth and ensure that enterprises can be economically viable within the existing enabling environment, in both the short and long term.

- **Enterprise Development Standard 3: Long-term Sustainability**
  Enterprise development programmes are designed with long-term sustainability in mind.

- **Enterprise Development Standard 4: Protecting Individuals and the Environment – "Do No Harm"**
  Operations, products and waste produced by supported enterprises minimise or address potential harm to the environment or individuals, and do not encourage exclusion, entrench poverty, create conflict or increase economic disparity.

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Section 6: Where to find out more

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About the Practice Note Series

This practice note forms part of a series of Peacebuilding Essentials for Economic Development Practitioners that Alert is producing, in partnership with leading experts and practitioners from relevant fields, in the course of 2009-2010. The aims of the series are to:

- Introduce economic development practitioners to key economic recovery and peacebuilding challenges in conflict-affected and post-conflict contexts;
- Share lessons and good practice on how to strengthen the economic dimensions of peacebuilding;
- Provide practitioners and planners with the knowledge and tools to ensure that their interventions are conflict-sensitive;
- Promote experience-sharing between economic development and peacebuilding practitioners, to enhance synergies between the two.

Topics covered in the series to date include:

- Market Development in Conflict-Affected Contexts
- Socio-Economic Reintegration of Ex-Combatants
- Foreign Direct Investment in Conflict-Affected Contexts
- Business Environment Reforms in Conflict-Affected Contexts
- Supporting the Economic Dimensions of Peace Processes
- Economic Legacies of War
- Natural Resource Governance in Conflict-Affected Contexts

About the Project

'Strengthening the Economic Dimensions of Peacebuilding' forms part of International Alert's wider work, ongoing since 1999, on improving business conduct and promoting a peacebuilding approach to economic interventions in conflict-prone and conflict-affected 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 peacebuilding and the economy may be obvious, it is less clear how a peacebuilding approach to such economic interventions can be achieved in practice, and how they can be made conflict-sensitive. Understanding the ways in which these interventions can interact with pre-existing conflict dynamics is crucial given that the allocation of resources and economic opportunities feature prominently as root causes in many conflicts; therefore any external intervention targeting the economic sphere is bound to interact with core conflict issues and the economic legacies left by violent conflict. This will be to the detriment of the local conflict context, and programmes, alike.

The objectives of the overall project are three-fold:

1. To identify lessons in order to generate evidence-based resources and guidance for policymakers and practitioners to improve the conflict-sensitivity and peacebuilding impacts of economic interventions
2. To promote uptake of such good practice
3. To put the links between economic recovery and peacebuilding on the agenda of relevant national and international actors through advocacy, outreach and networking

Previous phases of the project received funding from the German Federal Ministry for Economic Cooperation and Development (BMZ), the Norwegian Ministry of Foreign Affairs, and the United States Institute for Peace. This practice note series was funded by the Norwegian Ministry of Foreign Affairs.

To find out more, visit
http://www.international-alert.org/peace_and_economy/index.php?t=3

About International Alert

International Alert is an independent peacebuilding organisation that has worked for over 20 years to lay the foundations for lasting peace and security in communities affected by violent conflict. Our multifaceted approach focuses both in and across various regions; aiming to shape policies and practices that affect peacebuilding; and helping build skills and capacity through training.

Our field work is based in Africa, South Asia, the South Caucasus, Latin America, Lebanon and the Philippines. Our thematic projects work at local, regional and international levels, focusing on cross-cutting issues critical to building sustainable peace. These include business and economy, gender, governance, aid, security and justice. We are one of the world's leading peacebuilding NGOs with more than 120 staff based in London and our 11 field offices. For more information, please visit www.international-alert.org

ISBN 978-1-906677-52-7

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