



Economic development and peace

Practice note 1: Exploring the link between economic development and peacebuilding

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Introduction

Economic development covers a wide range of processes and interventions that aim to improve the functioning of an economy at a global, regional, national or local level. These interventions have multiple, often interconnecting, goals ranging from increasing economic growth or promoting equity to boosting entrepreneurship or employment, or tackling barriers to doing business.

In fragile and conflict-affected settings (FCAS), economic development has become part of the 'toolbox' for actors working in development and peacebuilding. Adapting economic development approaches and methodologies to the specificities of FCAS has generated considerable research and raised questions ranging from the role of the private sector in rebuilding the infrastructure of the state to how to increase human capital in post-conflict situations. These questions highlight some of the challenges of promoting economic development where the state is absent or has limited legitimacy, capacity or reach.

Initiating economic interventions and investments into a conflict-affected context can contribute to the processes of building peace as well as risk exacerbating conflict dynamics. Conflict and economic factors interact and impact each other in both positive and negative ways. It is therefore critical for project designers, implementers and donors to understand how this happens in order to design, implement, monitor and evaluate economic development interventions that are relevant, effective and sustainable in their economic outcomes and in their contribution to peace.

What is the purpose of this practice note series?

This practice note is part of a resource series to address the design, monitoring, evaluation and learning (DMEL) challenges for peace-conducive economic development interventions in FCAS. These are interventions that are conflict-sensitive and explicitly integrate a peace objective. These practice notes are intended for project designers and implementers as well as policy-makers working in/on FCAS who wish to see peace impacts from economic development interventions or who want to integrate economic elements into peacebuilding projects. They are not intended as a step-by-step 'how-to-guide' but rather as a tool to spark greater analysis and critical engagement with the potential for more peace-conducive economic development in FCAS. They consolidate key good practices – 'what works well' – based on emerging evidence and analysis of key gaps and challenges, from a peacebuilding perspective, observed among diverse economic development programmes in FCAS. The practice notes ground the considerations and good practices in case studies and examples from the Horn of Africa region, including Kenya, Somalia and Uganda.

This practice note examines some of the conceptual challenges in designing peacebuilding and economic development programming. It underpins the other notes in the series, which explore ways of integrating conflict analysis into peace-conducive economic development programming (**practice note 2**), provide guidance on developing robust theories of change (**practice note 3**) and embedding good practices on monitoring, evaluation and learning in FCAS to promote, measure and assess the impact of programming on both peace and economic factors (**practice note 4**).







What are the challenges facing practitioners?

The complexities and heterogeneity of FCAS make it difficult to design and implement effective economic development projects in these contexts. The fluidity of conditions in FCAS necessitates flexibility in design and implementation, which might hamper efficiency. Further to this, owing to the complexity of economic development and lack of sufficient evidence on approaches that might lead to peace, project designers, implementers and donors face the following conceptual challenges critical to designing programmes that deliver both economic and peace outcomes:

Having a clear understanding of
economic developmentObtaining clarity on the nexus
between economic development
and peaceIntegrating peacebuilding objectives
in economic development
programming in FCASClearly defining the outcomes
that economic development
programming in FCAS should yieldGender mainstreamingIdentification of economic
development interventions that
could lead to lasting peace

Taking a 'peace-conducive economic development' approach

Long-term peace is only possible when people have fair opportunities for sustainable livelihoods and the accumulation of assets, combined with general wellbeing, justice and security, in a context of good governance.¹ These elements, or peace

factors,² are interconnected and play out differently in different contexts, with potentially differing levels of priority.

For example, electoral justice is a key priority in addressing longstanding ethnic conflicts arising from years of ethnic politics and electoral malpractices in

Kenya. In Somalia, on the other hand, security and economic recovery geared

There is no single definition of economic development. The concept depends on geography, history and the world view of those defining it.

towards facilitating fair opportunities for sustainable livelihoods might be key priorities in the peacebuilding process.

As such, any economic development approach needs to be deeply anchored in research on the context and sound assessment of approaches.

Example of economic development approaches

The following figure illustrates examples of economic development approaches and the indicators that they use to measure economic development.



Economic development interventions risk exacerbating conflict dynamics through creating winners and losers. This happens in situations where some sections of society seemingly benefit and others are disenfranchised because of, among other things, exclusion in project design and implementation; skewed targeting of beneficiaries; unjust distribution of benefits; and rolling out of interventions that are perceived by some as largely ineffective or beyond reach. This can lead to cascading risks, for example, further fuelling intra- or intergroup grievances or promoting elite capture, corruption, theft of diversion as a result of failure to address the political economy of conflict, among other risks specific to the conflict contexts and to this type of programming. Thus, special considerations must be made when designing and implementing economic development programmes in FCAS. This topic is elaborated on in **practice note 3**.

The following examples illustrate the impact of economic activities on conflict:

Positive impact

- Employment opportunities arising from a mining project
- Increase in social cohesion
- Growth of small enterprises at the local level

Negative impact

- Violent protests arising from grievances emanating from an exclusive process of land acquisition for a large infrastructural project
- Loss of trust and hostility among communities resulting from failure to engage them in development processes

Economic development, however defined or measured, is relatively low in the Horn of Africa. From its narrow measurement of Gross Domestic Product (GDP) through to the Human Development Index, Multi-dimensional Poverty Index and other indices, there has been relatively low progress across the board.³ The twin problem of high levels of poverty and instability in the region necessitates an in-depth look into the interdependence between peacebuilding and economic development programming in this context in order to shed light on conceptual and methodological gaps that may militate against achievement of sustainable development and peace outcomes.

This practice series takes a *peace-conducive economic development* approach. This approach recognises the nexus between economic development, conflict and the enormous potential that economic actors (such as businesses, banks, traders, investors) have in contributing to peace. It is premised on the understanding that "economic activities can take place – and even thrive – across conflict divides".⁴

International Alert's work on economic development for peace is hinged on several frameworks, among them, *Peace through Prosperity, Conflict-Sensitive Business Practice (CSBP)* as well as International Alert Programming Framework.

What do you need to consider?

In designing any economic development intervention in FCAS and post-conflict situations, regardless of the type, sector or objective:

- 1. Interventions must be customised to the specific needs and local context of the affected areas. Factor in the specificities of working in FCAS in order to do no harm and be conflict-sensitive. These include the extent of economic and geographic isolation and levels of vulnerability to shocks as well as the propensity for repeated cycles of conflict.
- 2. Aim to contribute to peace as a primary or secondary objective.

Practice note 3 in this series delves deeper into the subject of designing peace-conducive economic development interventions, including sequencing interventions/activities, identifying stakeholders and undertaking community engagement in a peace-conducive manner.

Taking an integrated approach to programming in FCAS

An integrated approach⁵ to programming is one that "intentionally embeds a peacebuilding focus in the design and objectives of interventions and strategies containing development objectives or vice versa".⁶ This is illustrated in the following figure.



Source: DFID (2013) Integrated Development and Peace Programming

The conflict sensitivity spectrum: From conflict-blind to addressing conflict drivers

Any type of economic development programming – whether or not integrated with peacebuilding objectives– should be implemented, monitored and evaluated in a conflict-sensitive way. In the strict sense of the term, this means that any economic development intervention in FCAS as a minimum should avoid further exacerbating conflict dynamics and should contribute to peace where possible. A 'maximalist' approach to conflict sensitivity, on the other hand, considers that any intervention in FCAS should strive to contribute to addressing conflict drivers and promoting peace. This approach therefore overlaps/aligns with the integrated peacebuilding/economic development programming aiming to both promote economic development and address conflict drivers.

Integrating conflict sensitivity in economic development programming in FCAS

Common conflict sensitivity tensions in economic development programming in FCAS

International Alert has identified five common conflict sensitivity tensions or gaps in economic development programming in FCAS. Some are not unique to economic development programming and may be inherent in broader development or peacebuilding interventions in FCAS. These tensions include:

- 1. Conceptual and practical confusion between conflict sensitivity and peacebuilding.
- 2. Targeting that is not informed by conflict analysis.
- 3. Little evidence on whether different types of approaches to employment promotion and creation mean different levels of conduciveness for integrating conflict sensitivity.
- 4. Challenge between managing short-term and long-term tensions, including managing expectations within and beyond the project.
- 5. Gap between conflict-sensitive rhetoric and practice.

Source: G. Grayson and F. Bertouille, Can more jobs bring peace? Understanding peace impact in employment programme design in Kenya and Somalia, International Alert, 2020

The subsequent practice notes in this series provide guidance and considerations to factor in during the design, implementation, monitoring and evaluation of any economic development intervention in FCAS to ensure it does not do harm, as a minimum standard, but also contributes to addressing conflict drivers and to building on peace opportunities.



The importance of integrating gender

Fragility and conflict affect women and men, girls and boys, and people with other gender identities differently. While this is the case, it has been observed that fragility and conflict affect diverse women and children and other vulnerable groups disproportionately.⁷ In situations of violent conflicts, women and girls are targets for sexual violence. They also suffer displacement, loss of livelihoods, limited access to food and essential services, among other challenges. However, women are not only victims. They can be actively involved in violent conflicts as combatants or play other conflict-facilitating roles.

Integrating gender into conflict analysis can increase the inclusivity and effectiveness of peacebuilding interventions.⁸ It does this by enabling the unearthing of underlying gender and power relations and how these influence and are affected by armed conflict and peacebuilding interventions. It further clarifies the drivers of conflict, opportunities for peace, as well as practices fuelling discrimination and exclusion. Additionally, it enables the analysis of masculinities; the implications of attitudes, behaviours and qualities deemed appropriate for men, as well as paying attention to sexual and gender minorities. (See **practice note 2** of this series for further details on gendered analysis.)

In terms of peace-conducive economic development programming, integrating a gender lens provides a more granular and nuanced understanding of the peace and conflict dynamics and how they intersect with economic development. It helps understand intersectionality, namely, how social and political identities combine to create different modes of discrimination and privilege, as well as how gender norms perpetuate violence. This therefore informs the design of more relevant, effective and eventually impactful programmes.

Practical approaches to peace-conducive economic development

The interaction between economic development and peace and conflict dynamics has been at the core of some donor, and other actors', strategic responses in FCAS. However, the capacity of these responses to yield tangible and long-term peacebuilding outcomes is worth analysing owing to persistent, and in some cases worsening, conflict in FCAS despite significant investment. For example, Somalia received US\$1.9 billion in official development assistance (ODA) in 2019, US\$934 million in humanitarian assistance and US\$924 million in development aid.⁹ However, persistent barriers to collaboration in the multilateral system have been found to limit achievement of intended collective outcomes in Somalia.¹⁰

Recent efforts to increase collaboration between humanitarian, development and peacebuilding actors through the triple nexus approach unfortunately have often stalled in the face of different institutional approaches and capacities along with different normative frameworks. Despite this, the realisation that "in conflict contexts, humanitarian aid and development interventions can easily exacerbate the situation and disrupt power dynamics"¹¹ gives urgency to the continued efforts actors must make to find ways to overcome these barriers and act more cohesively.

This section explores a selection of the more common frameworks used by development actors in the Horn of Africa. First, the private sector development framework used by institutions such as the International Finance Corporations (IFC)¹² and Financial Sector Deepening (FSD). This is hinged on the rationale that "private firms can provide jobs and services needed to increase income and meet societal need; contribute to trust and stability by building functioning markets and trading relationships that are inclusive, sustainable and operate with integrity; and work with governments to enhance the investment climate".¹³

Private firms can provide the jobs and services needed to increase income levels and meet societal needs. They can also contribute to trust and stability by building functioning markets and trading relationships that are inclusive of different groups in society, sustainable and operate with integrity. In addition, firms often contribute directly to local social programmes, and work with governments to enhance the investment climate.

GIZ's Economic Development in Conflict-Affected Countries Practice Note (2008)¹⁴ focuses on the linkage between conflict and private sector development, acknowledging the need for conflict-sensitive planning and implementation of economic interventions during and after conflict. DFID's Building Stability Framework (2016), on the other hand, identifies inclusive economic development as one of five building blocks for peace and stability. This is to the extent that stability within a country and among communities is higher when the economy is growing and the benefits are felt across the board. The other four building blocks identified by DFID are fair power structures; conflict-resolution mechanisms; effective and legitimate institutions; and supportive regional/global environment.

There are similarities between DFID's and GIZ's private sector approach with regards to peace and stability. The peace and stability framework for both institutions recognises that targeted support to the private sector can help generate income, jobs and alternatives to violence. There is also a shared recognition of the pivotal role that the private sector can play in contributing to broad-based economic growth during and after violent conflict. This is an imperative to curtailing the probability of countries falling back into war and exiting from poverty, fragility and conflict.¹⁵

The International Labour Organization (ILO), on the other hand, through its human rights-based approach to development, supports an employment-centred recovery from crisis while promoting decent work and social justice as key drivers of

resilience and cohesion.¹⁶ It does this through collaboration with member states as well as its tripartite members, UN partners, and international and national agencies. The Jobs for Peace and Resilience flagship programme (JPR)¹⁷ of the ILO adopts a strategic approach that aims to contribute to more peaceful and resilient societies through employment, decent work and social dialogue. This work is based on the premise that decent work deficits and lack of access to livelihoods can be key contributing factors to conflict through three main drivers:

- 1. lack of contact and social cohesion
- 2. lack of economic opportunities
- 3. existence of grievances and a sense of injustice

Case study: Enabling good governance in Kenya's oil sector

Since October 2018, International Alert, CDA Collaborative, Centre for International Private Enterprise (CIPE) and Kaputir Resource Management Organisation (KARMO), a local partner in Kenya, have been implementing a project named *Enabling Good Governance in Kenya's Oil Sector.* This project was designed to address the governance challenges within the oil exploration project in Turkana county in Kenya operated by a multinational firm and its joint venture partners. Key among the governance challenges, which have also been the main drivers of ongoing conflicts in the area, have been failure by the oil operator/company and the Government of Kenya to effectively engage the community in the governance of oil resources as well as limited access to employment opportunities within the company and opportunities to supply goods and services to the company as anticipated by the community.

Through implementing a multi-stakeholder dialogue approach and other complementary activities, the project has fostered dialogue among the community, the company and the government in addressing drivers of conflict. This has reduced tension and animosity among these parties and conflicts overall.

https://www.international-alert.org/projects/enabling-good-governance-kenyas-oil-sector

Another paradigm for economic development for peace programming is the business for peace approach. This approach has been popularised and implemented by peacebuilding organisations, including CDA Collaborative Projects¹⁸ and International Alert, among others.¹⁹

It propounds the notion that businesses "can and indeed do act in ways that contribute to or foster peace".²⁰ "If properly equipped and motivated, the private sector can set the agenda for peace and establish a favourable environment, even facilitating contacts between opposed conflict parties."²¹ Since peace and stability is good for business, it would follow that businesses would be eager, or at least interested, to play a proactive peacebuilding role. However, most businesses appear sceptical about engaging in this undertaking while others seem unaware about what this would entail in practical terms.²² Conversely, just like other economic development actors, businesses may negatively impact conflict dynamics or even profit from conflict. The latter has been the thrust of the concept of 'war economies'.

The business for peace approach, just like other economic development for peace approaches, is not a one-size-fits-all phenomenon. "There is no one universal formula that a regulator, business or peace practitioner aiming to advance a business agenda for peace can employ for operational success."²³ Further, "there are three factors that determine what contributions a company can make, namely, (1) the nature of the conflict, (2) the nature of the company and (3) the desired change".²⁴

In addition to the foregoing, there have been too few business for peace programmes implemented in the Horn of Africa and elsewhere, further diminishing the chances of obtaining tangible generalisable evidence. Further, according to Mayer et al,²⁵ the causal link between business and investments, on the one hand, and peace, on the other, is defective as business as usual does not yield to peace, and more importantly, peace writ large. To create this change, coordinated and deliberate efforts by businesses to play a diplomatic role is paramount. This calls for collaboration between businesses, civil society organisations, government agencies and any other key actors.

Zoom in: Unpacking 'jobs for peace' programming in the Horn of Africa

The most common economic development for peace types of programming in the Horn of Africa are those related to employment and, more broadly, livelihoods-creation/promotion. These programmes typically range from providing technical and vocational training to promoting value chains for job creation.

Such programmes are often based on the analysis that low incomes, when combined with income inequality and lack of opportunities, particularly high unemployment, exacerbate instability and violence. Unemployment is seen as a trigger for conflict and a push factor for people to engage in violent crime, for example, joining violent gangs, participating in insurgencies or even engaging in extremism and domestic violence. However, as International Alert and others' experience in FCAS demonstrates, owing to the complexity of factors triggering and perpetuating violent conflict, a mere focus on unemployment in economic development programming will not address systemic issues of political and social exclusion. Besides, research demonstrates that these programmes tend to be built on untested assumptions, simplistic theories of change and, overall, defective programme design, all of which hamper the realisation of peace outcomes and the sustainability of such interventions.

The main assumption that informs this programming is that the implementation of livelihood interventions would result in peace. However, there is little evidence to support the analysis of the causal link between employment/jobs and peace.

Source: G. Grayson and F. Bertouille, Can more jobs bring peace? Understanding peace impact in employment programme design in Kenya and Somalia, International Alert, 2020

Further to this, employment and livelihoods programmes primarily target young people on the same limited, and limitative, assumption that youth unemployment fuels conflicts. This assumption is not only erroneous but also simplistic. It is blind to the multiple barriers young people face in getting into the job market and to the heterogeneity of the 'youth'. The distinction between young women and men or even young rural or urban women and men is rarely made. Besides, such programming is often ignorant of, and delegitimises, the complex and multiple frustrations of young people in conflict contexts as well as young women and men's aspirations and ambitions.

Job creation by itself cannot guarantee peace. Specific considerations must be integrated throughout the project cycle of such interventions for them to be conflict-sensitive and peace-conducive. Establishing clear and inclusive mechanisms for identification and selection of project beneficiaries and partners, as well as protecting project beneficiaries from probable risks and finding ways of contributing towards peace writ large are paramount. Additionally, adhering to the tenets of decent livelihoods and peace factors, as well as providing social protection are key imperatives for peace-conducive employment-promotion or creation programming.

To go further

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About the Peace Research Partnership

Saferworld, Conciliation Resources and International Alert are collaborating on a research programme that generates evidence and lessons for policy-makers and practitioners on how to support peaceful, inclusive change in conflict-affected areas. Funded by UK aid from the UK government, the research focuses on economic development, peace processes, institutions and gender drivers of conflict. The views expressed do not necessarily reflect the UK government's official policies.

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