



UN JPLG

Approach to Local Economic Development (LED) for newly liberated areas in South Central Somalia

1. *Rationale for LED*

Lasting peace and (post) crisis recovery in Somalia depends on a number of measures - social, economic and political. Critical among them is access to decent work. It helps to improve people's material welfare and to reduce poverty, social exclusion and disintegration, which are often among the structural root causes, as well as the adverse impacts, of conflict. Such productive activities also contribute to human and family security and dignity. Additionally, they provide a means for social healing and for reducing the plight of vulnerable groups including jobless youth, demobilized combatants, disabled people, refugees, returnees, the internally displaced and the female-headed households whose numbers soar during conflict.

Jobs also constitute an integral part of the enabling environment for socio-economic revival and stability of post-conflict communities. The (post)-conflict context in Somalia is characterized by high levels of unemployment and under-employment, deterioration of employment conditions and erosion of incomes, which all reflect the absence of decent work opportunities for the bulk of the labour force. This situation is closely linked to the fact that conflict erodes productive assets of both rural and urban informal sector workers, destroy informal and formal work places, weaken the labour market, training and other labour-related institutions. Conflict reduces employment opportunities. There is also considerable damage to physical infrastructure (such as roads, bridges and transport) and social and economic infrastructure (such as markets) which hampers productive employment and income-generation activities. Trading networks are interrupted and public and private sector investment (which can contribute to generate jobs) declines.

2. *Local economic revival and development*

Conflict jeopardizes the foundation of local economies. The challenge is not only to rehabilitate and re-launch critical economic and social services but also to revive local markets, without which all efforts to revive the economy will be blocked. The Local Economic Development (LED) approach plays a catalytic role here through: development of a culture of participation and partnerships (including between different factions of the conflict) by promoting a common definition of priorities; raising public awareness; strengthening local oriented capacities and searching for synergies through networking practices; reinforcing forward and backward linkages in the most relevant economic chains; rebuilding the community fabric and providing the local community groups with a voice and an opportunity to rebuild trust and community assets. It focuses on an area-based approach, permitting the coverage and involvement of all the diverse groups based there. It also provides an approach to planning and implementing employment promotion through micro- and small-enterprise development promotion which focuses on social dialogue and reconciliation throughout the programme.

3. *Local public-private dialogue*

Promoting social dialogue is crucial for reconciliation, a peaceful environment and employment promotion. In the response to crises, social dialogue could play a significant role by helping to restore confidence in institutions, facilitating dialogue between opposing factions, re-orienting the social dynamics towards constructive purposes and reinforcing a sense of ownership and of social inclusion of the different groups and the communities affected by the conflict. Such dialogue should involve a wide range of civil society bodies including central and local authorities, private sector organisations, and other representative bodies such youth groups and women associations, especially those at the grassroots level. Dialogue is especially important at the local level to promote consensus around the priorities of the reconstruction and recovery process.

4. *LED Approach*

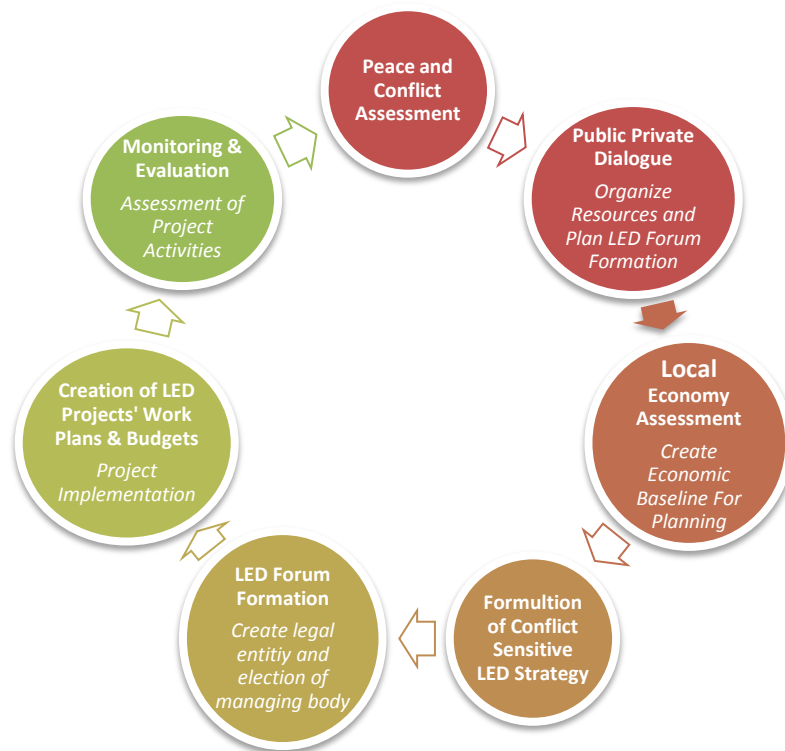
The LED approach aimed at employment creation and income generation through an optimal use of human and other resources in a determined geographical economic catchment area. Groups traditionally excluded from economic development processes are given the opportunity participate in the planning and the design of interventions. This involves the establishment of Local Economic Forums as bottom-up participatory instruments to build consensus, tackle threats and exploit economic opportunities. Particular emphasis is placed on strengthening the capacity of local stakeholders to articulate their interests, plan and organize initiatives. The overall approach places equal weighting on the process and output. In other words, broad participation is considered as essential for sustainable social and economic reintegration and reconstruction. What would a more conflict sensitive approach to engagement look like? At a minimum it would require careful analysis of local and national conflict dynamics and to base engagement on careful consultation with authorities, local communities and civil society. It would also involve taking steps to assess and mitigate potential negative impacts on localities – and investing in measures that respond to local development needs, as defined by communities themselves.

Furthermore, the impact of peace and conflict has to be assessed. This is considered important with respect to dialogue and collaboration that is part and parcel of the LED process. The conflict context requires sensitivity to latent and active conflicts between various communities.

Steps in the LED Process

- 1) **Conduct Peace and Conflict Assessment** to be integrated in LED planning process. This will assess economic causes and escalating factors of the conflict, and identify important economic actors with regard to conflict and peace ('connectors' and 'dividers') and potential intermediaries);
- 2) **Respected and committed local leadership facilitate public private dialogue** to initiate the LED process;
- 3) **Conduct local economy assessment** to create a baseline for state of the local economy, including enterprise and labour market data to feed into development of LED strategy;
- 4) **Draft conflict sensitive LED Strategy**, with defined interventions aimed at either doing-no-harm or addressing root causes of local conflict.

- 5) **Formation of the LED Forum** through establishing a legal entity, election of LED Forum's management, and setting up LED Forum office.
- 6) **Developing LED Projects' work plans and budgets** to create actionable steps towards community driven economic activities.
- 7) **Monitoring and evaluation** to assess project performance and integrating best practices and lessons learnt into future activities.



5. District-level Peace and Conflict Analysis and Peacebuilding Needs Assessment

Purpose: to gain a more in-depth understanding of the conflict situation at district level (Element 1a) and to identify points of entry for development cooperation to support peacebuilding (Element 1b).

Element 1a) Peace and Conflict Analysis

- To identify and better understand the conflict situation in all its complexity.
- Analyses the conflict, inter alia, by describing the causes, actors, trends and scenarios, and relates these to development cooperation.
- Focuses on the social and political tensions and conflicts that impact negatively on a country's development.

Tools for Peace and Conflict Analysis

- a conflict profile, which combines the basic data on the conflict
- an actor analysis, which identifies the stakeholders and their interests in the conflict
- an identification of 'connectors' and 'dividers'
- scenarios which explain current dynamics and possible developments.

Peace and Conflict Analysis for LED

It is also possible to carry out a Peace and Conflict Analysis which focuses on the economy. Such a sectoral analysis looks at the relationship between the conflict and the economy and its actors. It can supplement and deepen the general analysis at the district and national level.

The reason for analysing this relationship is to find out:

- the economic root causes of the conflict, and its escalating and de-escalating factors.
- the economic dynamics of the conflict.
- what economic resources and actors play a role in the conflict.

Element 1b) Peacebuilding Needs Assessment

- Develop a vision for a peaceful future, free of violence - the so-called 'ideal situation'.
- The peacebuilding needs are formulated in general at the country level. They can be identified by comparing and contrasting the 'vision for peace and stability' with the results from the Peace and Conflict Analysis (= the present reality).
- The peacebuilding needs are those areas that require action to move from the deficient to the ideal situation.

6. Risk Management

Risk Management seeks to identify the potential or evident (negative) effects that a conflict may have on the intervention personnel, investments and activities, and proposes ways of managing them professionally with a security strategy.

Risk management consists of: *security and conflict analysis, continuous monitoring of the environment, assessment of risks, and steering and adjustment of measures.*

7. LED - Doing-no-Harm (DNH) or Contributing to Peacebuilding?

The aim of LED is to enable the stakeholders of a specific location (such as a municipality or district) to undertake (joint) initiatives for economic development. LED interventions try to mobilise development potentials in the local private sector by establishing linkages between key individuals, selected organisations in the private and public sectors, and important interest groups from civil society. These actors then pool their efforts to identify and enhance existing local economic potentials in order to increase the *competitiveness of selected locations*.

Public-private mechanisms that harmonise strategies for economic development at local level ensure their effective and sustainable implementation and strengthen the capacity of local governance. This generates new employment and income opportunities for the population in these locations, leading also to more revenue for the respective local administrations.

In a (post-) conflict situation, LED emphasises a participatory and dialogue-oriented process, engaging the different stakeholders in joint problem analysis, planning and implementation. Tact and detailed local knowledge are necessary to ensure the dialogue takes place between the right people and in the right atmosphere.

Each step of a LED process must be DNH-checked. The *selection of locations* must be fair and transparent in order to avoid grievances arising in areas that cannot be targeted. The selection criteria and process should be communicated to the public.

Depending on the local situation, there are two options for how to proceed after the analytical work. If the overall atmosphere is peaceful and open for dialogue, it is advisable to conduct a large ***kick-off***

LED workshop for all relevant local stakeholders to inform them about the LED initiative and to select a local core team for the process (i.e. in the form of an **LED Forum**). If the atmosphere is still tense, it may be better to delay the public workshop; in this case, ILO may directly select people for the local team, consisting of impartial actors who are accepted by the community.

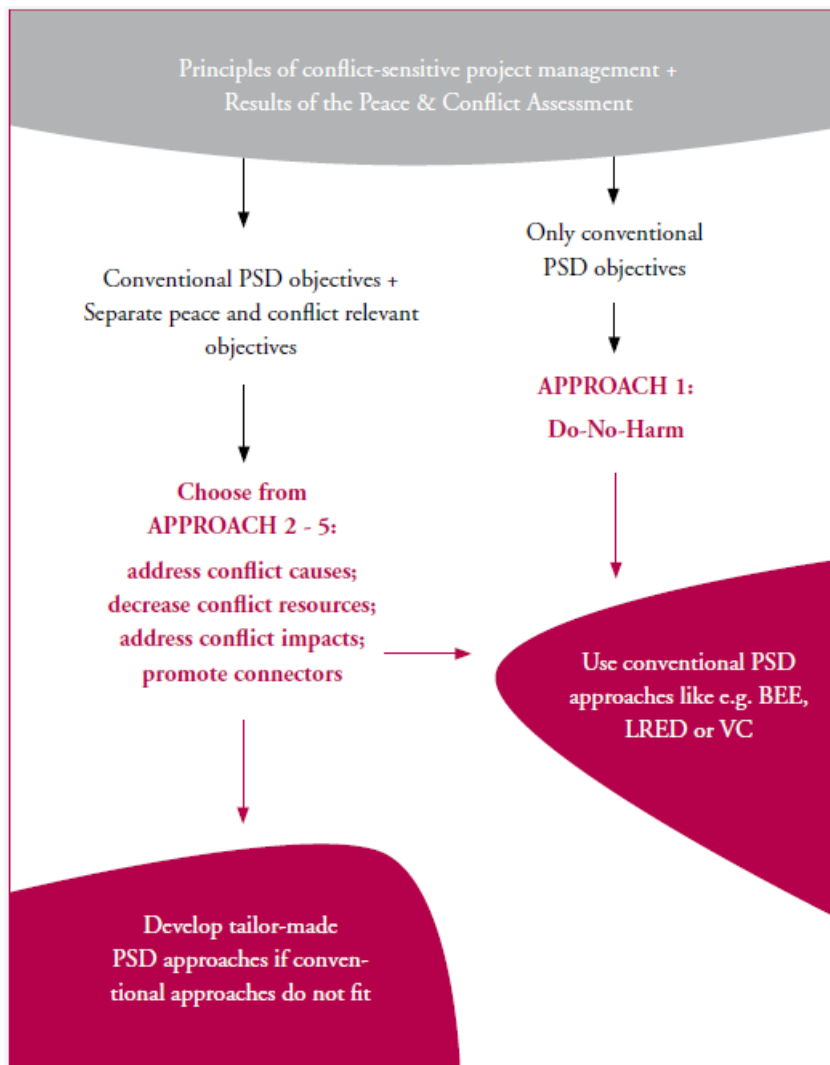
With regard to the *public workshop* every detail is important. There must be the right mix of participants from different communities and from different social and economic levels, and there should be gender balance. During the kick-off workshop the concept of conflict-sensitive development can be a topic, alongside the economic issues. The impact of peace and conflict on local business activities can also be discussed, whereas political discussions should be avoided. This requires a *skilled moderator* who needs to create an atmosphere of dialogue and local ownership.

Once an overall **LED Strategy** has been decided, field work usually commences with *interviews and mini-workshops* for specific strategy objectives. Again, a balanced selection of persons from all backgrounds is essential, and all aspects must be DNH-checked. Transparency of the strategy objectives has to be ensured during interviews and workshops. The conflict should only be addressed from a business angle, since it is often easier to talk about how the conflict affects business than about the conflict *per se*.

This concludes with an **LED Action Plan** and discussion of project proposals for implementation. Again, DNH principles should be used to select and prioritise suitable activities. In immediate post-conflict recovery situations, emphasis should be laid on activities that promise a **quick and visible impact**.

For each of the agreed LED project activities a *planning workshop* is conducted with the stakeholders concerned. The LED Forum should ensure that planning is conflict-sensitive, especially in terms of who will benefit from the activity. The Forum should also regularly **monitor the implementation of activities** with the help of a DNH-checklist.

Annex 1: Selection of Suitable PSD Approaches in a (Post) Conflict Situation



Annex 2: DNH – Checklist

Identifying Negative Impacts of Interventions²⁴

Negative Impact Areas	Examples	Guiding Questions
I. Acceptance of or support for conflict-aggravating structures ("structural violence")	Does the government use the project for its own ends (in the conflict context) e.g. • to "reward" political groups/areas close to it, or its allies in the conflict; • to enforce state presence and control in isolated regions; • to adopt a "stick and carrot" strategy vis à vis insurgent areas.	What interests does the government hope to pursue through the project? How was the project region selected? What part does it play in the current conflict context? Is the timing of the project linked to developments in the course of the conflict (e.g. peace negotiations)?
	Does the project cooperate with illegitimate or corrupt structures or individuals? e.g. • Partner organisation staff use project materials for their own ends, which widens the local gap between the privileged and the disadvantaged. • The selection of candidates for training measures by the partner is not based on transparent criteria.	How were the executing organisations selected? What is their internal structure and how do they work? Who are the partners and mediating organisations? Are we sufficiently familiar with their interests, their internal organisation and their relationship to the target groups? Are the criteria for selection and the financial inputs of the project transparent to all participants, especially the target groups?
	Are the topics and values represented by the project disputed by parties to the conflict? e.g. • Family planning in extremely religious contexts. • Liberalisation of land ownership in a situation where conflict exists between small farmers and large-scale land owners. • Decentralisation when tensions exist between central government and traditional local authorities.	Where does the mandate of the project to work on a certain topic come from? With what motivation and objectives is the project being implemented? Does the project represent the values and interests of a certain party to the conflict?
	Does the project legitimate or strengthen power structures and social disparities considered problematic by local people in its daily work?	Does the project accept the parameters set by authorities without reservations (e.g. use of national symbols, languages used, restrictions placed on holding seminars, etc.)? Is the working language of the project spoken well by only one (ethnic or social) group? Do the criteria used to select staff (e.g. level of education, linguistic skills, mobility) indirectly favour a certain group? Do members of project staff have private contacts to only certain social, political, etc. groups?

Negative Impact Areas	Examples	Guiding Questions
	Are the (peace) initiatives supported by the project really relevant from the point of view of the population or do they divert their energy from tackling the central problems?	Has a situation and conflict analysis been conducted jointly with partners and target groups, and promotion priorities identified on this basis?
IV. Promoting an Economy of violence	Do transfers of resources and advisory inputs directly or indirectly benefit the economy of violence? (The term “economy of violence” is used to mean illegal or illegitimate economic activities based on the use of violence and often used to help finance (political) actors in violence, e.g. drugs, human trafficking)	Does the project promote economic activities, which also play a part in the economy of violence? Have parties to the conflict repeatedly appropriated project resources (e.g. vehicles, computers, communication equipment) with the use of violence? Is the project forced to pay unofficial duties, levies, road tolls etc. to armed groups (thus helping to finance these groups)? Does the project use security companies, whose relations to the parties to the conflict are unclear?
	Does the project subsidise lengthy “reconciliation” meetings between the parties to the conflict (e.g. tribal leaders, elders)?	Do these meetings actually generate tangible progress? Or does the financial support (e.g. per diems, board and lodgings) encourage the parties to the conflict to extend the meetings?
	Does the project help peacebuilding become a new “market” for local NGOs?	Is there an emergent financial interest on the part of local NGOs in working for peace? Are these initiatives sustainable? Does this mean that these NGOs have an interest in prolonging the conflict at a low-intensity level?
V. Threat to the individual	Does the project expose its staff and partners to security risks in their daily work?	Is there a detailed security concept? Is this systematically put into practice? Does the project communicate its decisions clearly to all parties to the conflict? Does the project support staff members and partners suffering from burn-out syndrome or trauma as a result of their conflict-related work?
	Can the project provide adequate protection for staff, partners and target groups, who become a target for retaliatory measures because of project-assisted activities?	Are activities adequately coordinated in advance with all those involved – including those who are critical of the project? Are there clear guidelines for dealing with such events as arrests or threats?

Negative Impact Areas	Examples	Guiding Questions
	Does the project generate new dependence? e.g. • on local NGOs • on food aid	What approach is followed by the project? What importance is given to the empowerment of the target groups? What sort of measures are supported?
II. Worsening inter-group tensions	Do individual interest groups use the project for their own ends? e.g. • Local powers channel development funds to personal networks and thus strengthen their own position. • Political or other groups present the work of the project in public as a confirmation of their own position. • Local NGOs appropriate more land with the support of the project.	Who benefits primarily from project outputs? • Flows of resources • Advice/consultancy/extension • Training How do beneficiaries use project outputs? e.g. • Private appropriation of rehabilitated common land. • Use of managerial competencies to organise radical political groups. • Use of marketing knowledge within the framework of the war economy. Do the procedures of the project (unintentionally) strengthen rivalry between groups for control over and access to development funds?
	Does the project widen existing gaps? • Between elite groups and the rest of the population? • Between social, religious or political groups? • Between religions?	What role is played by executing organisations, partners and mediators at present in the overall conflict? How were the target groups identified? What role do they play in the conflict context? Are the target groups really the main beneficiaries of the project?
	Does the project identify (unconsciously) with a certain party to the conflict (often the “underdog”)?	Is the project seen to be neutral? Does the project take a clear stance on human rights violations?
	Does the project have the necessary competence to support meetings and dialogue between parties to the conflict in a professional way?	Does the project have staff with training and experience in the field of conflict transformation or does it have access to expertise of this sort?
III. Weakening local (peace) initiatives	Does the project build parallel structures (social, economic, political) which weaken existing structures?	What approach does the project pursue in the field of Capacity Development?
	Does the project promote new (peace) initiatives rather than building on existing ones?	Has a detailed analysis been conducted of the local institutional landscape? Are applications for support examined in detail?