

**USAID ECONOMIC GROWTH OFFICERS CONFERENCE
OCTOBER 15-19, 2007
WASHINGTON, D.C.**

Session Title: Employment generation and community development in post conflict recovery, Liberia and Colombia

Date and Time: October 16, 2007, 2:45 p.m.

Type of Session:

Speaker(s): Heather McHugh, Paul Davis

Moderator: Leah Wechick

Overview of Session:

- Heather McHugh of DAI described the experience of the Liberia Community Infrastructure Project, which uses an integrated employment generation approach to address Liberia’s post-conflict needs. The LCIP approach seeks to employ as many people as possible, as quickly as possible, with less concern for whether these jobs are sustainable in the long-term, and more focus on infusing money into the local economy, and reintegrating ex-combatants.
- Paul Davis of USAID presented an “alternative” of alternative development strategies. Drawing on his experience in Colombia, he advocated for a **focus on the local/regional polity as the unit of intervention rather than the individual farm unit**. This approach would do more to strengthen the social contract between farmers growing illicit crops and the state (local/regional/national)—and lead to a better provision of public services, and greater farmer interest in shifting to a licit crop.



Heather McHugh addresses workshop attendees. Photo by Paul Goodman.

Speaker’s Remarks:

Heather McHugh:

Liberia Community Infrastructure Project (LCIP)

Project context: began with 14 years of war. The economic coping capacities were totally eroded; most people lost access to their property and land. Most internally displaced persons (IDPs) retained their tools, so if they moved back, they could restart in agriculture. Many craftsmen and women did survive, especially in rural areas. Some banking, some construction firms survived. Some refugees got training outside the country, and so they brought skills back. There is a well-connected diaspora, especially through the AME church and the World Bank.

The whole project was covered by a Memoranda of Understanding (MoU) between USAID and the UN for the Disarmament, Demobilization, Rehabilitation and Reintegration. LCIP’s targets

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were set in the MoU. Revised targets were to reach 18,500 ex-combatants and 7,500 other affected people.

LCIP operated like an OTI project but was funded by the Mission. The target population: young, undereducated, not a lot of job experience. LCIP was trying to pull people back to rural areas or peri-urban areas.

LCIP took an integrated employment generation approach by providing temporary work to ex-combatants and demonstrate that ex-combatants were trying to rebuild the country. This lasted eight months where efforts focused on keeping the spoilers of the peace process from returning to banditry. USAID subsidized wages and provided the Liberian minimum wage of \$2/day. The project provided free lunches and gave training on how to be a civilian, manage conflict, basic therapy, and basic numeracy and literacy training. The focus was not on sustainability: just keep as many people as busy as possible. We worked mostly through international NGOs like CARE and others.

In the next phase, LCIP sponsored integrated work activities for ex-combatants and civilians. Ex-combatants were labeled as “poo poo brigades”; they were put down by the civilian population. However, once they integrated civilians with them, this condescension faded.

Specific reconciliation activities were designed to allow ex-combatants to return to their villages with input from communities.

In general, LCIP would encourage community-led recovery and community mobilization. People would say what their top priorities are, and we would try to do those through the works activities.

Skills enhancement – through schools and education facilities in conjunction with the Ministries of Education & Labor. Everybody who graduated received a certificate to aid in getting a job: hairdressing, baking, soap making, cobbling, tailoring; not necessarily those things the market wanted, but things that people could get a start with.

Next, entrepreneurship: apprentices would build the shops, and we would provide the land lease. That was the incentive for the mastercraft people. In return, they had to accept up to 25 people (often ex-combatants). (This was probably stretching it...it is probably better to have around 10 apprentices / mastercraftsperson). After graduation, about 40% of the apprentices were retained. About 25% formed their own businesses with other apprentices. They got toolkits that would allow them to start their own businesses.

LCIP worked right away with the Government of Liberia, especially the Ministry of Public Works and the Ministry of Education and Ministry of Labor. Urgent v. legitimate – in our case, we worked with GoL from the start, so we could meet the urgent needs and build legitimacy of the employment process and the GoL itself.

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The project did not focus much on reintegration of child ex-combatants. We could not work with a 14-year old, though there were many of these younger children around. But there was no schooling really available to them. This is an issue when dealing with long-running civil wars.

LCIP used the Liberian definition of youth: 15-35 years old. (The Head of Ministry of Youth is 65.)

Lessons learned: in partnering with the private sector, we increased the pace of work. But NGOs are more focused on process so when that is especially important (e.g. therapy), then they are good partners. However, the private sector did have weak capacity and required more mentoring from our project staff. Another benefit of partnering with the private sector: it inserts more dollars into the local economy.

Agricultural rehabilitation – rehabilitation of rural roads – led to a lot of people returning to the rural areas. People began moving to rural area, but because service delivery lagged so far behind, many of them have probably returned to Monrovia. The Government of Liberia did not have the capacity to do anything.

Paul Davis:

Sustainable Economic Development / Employment Generation Strategies in Post-Conflict Environments

There has been civil conflict in Colombia for the last 4 decades. There is a large swatch of the country controlled by paramilitary groups. There has been limited state involvement in large parts of the country. Drug-related income became the main source of money. That process culminated in the late 90s to effectively cede large tracts of land to illegal groups, as part of an attempt to implement a peace process. That has been disastrous. It led to a skyrocketing of drug production, and increasing encroachment into other parts of the country, including urban areas.

The Uribe administration adopted a harder line militarily and a more comprehensive policy of displacing those groups. These culminated about a year and a half ago with the peace agreement with the paramilitaries.

Paul Davis went to Colombia in 2003 and began looking around at what to do. He decided to focus on the strategic context of what USAID was doing (and had been doing for decades): a basic alternative development program on a large scale.

- Sub-focus of AID work that from time to time gets funded at very high levels.
- Could not point to a single success where we tried to eliminate drug production and succeeded.
- Balloon affect – decrease it one area, pops up in another area.
- It has been difficult to find a formula that works.



Paul Davis addresses workshop attendees. Photo by Paul Goodman.

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- Tough to ignore basic laws of supply and demand. Illegal activities generate higher income than licit ones. So, it counters everything we know about incentives.
- There is a lack of a basic social contract between the community and the state – this is at the core of what drives community participation in illicit activities. Between the lack of negative incentives, (coercive capacity on the part of the state), and the lack of civilian state presence (deliver basic social services), it makes sense for an individual farm family to do these calculations.

Traditional approaches are short-run. They focus on enhanced, short-term coercive action that raises the cost of these activities. Most resources are focused on forced eradication, interdiction, asset seizure, harsher criminal sanctions. Programs included crop substitution; providing transitional non-farm employment options; and focusing on community infrastructure projects to improve basic services and rebuild a civic spirit.

Government surveys found that in spite of the fact that activities were more remunerative, that the negative social costs associated with involvement, individuals and families were ready to move out at a level of remuneration at a level of remuneration that was 50-75% of what they would otherwise gain. Key: some sense of stability in terms of state presence and capacity to provide basic services.

Main benefits:

Rapid initial impact

Provides direct counter-incentives to industry participants

Highly visible

Easy to galvanize initial support

Plan Colombia Alternative Development Results (2002-6)

- 115,000 hectares planted
- 23,000 hectares manually eradicated
- 240,000 jobs generated.

Downside:

Employment generation activities tend to be short-term in nature: what can donors most easily and rapidly get out to these communities? Tends to be basic technology.

Not focused on integrating local economy into the regional and national economy.

Not focused on enabling environment constraints. Traditionally, these programs do not have a policy focus. It is seen as being terribly complicated, requiring inter-ministerial coordination, etc. The end result? Limited sustainability.

A new approach – Sustainable Alternative Development (SAD)

This approach changes the focus to long-term sustainability of interventions. It integrates value chains and basic competitiveness concepts. It is linked to trade capacity building programs, which accelerated with initiation of the Free Trade Agreement with the US. It is linked to discussion in a tangible way with government making a long-term commitment towards allocating fiscal resources towards previously isolated parts of the country.

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Benefits: This approach is critically focused on attracting private investment into vulnerable regions. It is focused on improving capacity of local government to effectively carry out core political and economic governance functions. This kind of approach gets the government focused on systemic solutions. And it focuses on the local/regional polity as the unit of intervention rather than the individual farm unit as the critical target of intervention.

Potential risks

- Requires patience – there will not be near-term results.
- Requires a bold public sector commitment to expanded state presence (including fiscal commitment).
- Requires innovative strategies for improving financial sector linkages.
- Requires strong commitment to key enabling environment reforms.
- Requires a realistic / cost-effective strategy towards economic reintegration of ex-combatants & IDPS.
- Requires a skillful coordination between program elements and USAID offices.

End-Game

Where does this lead? To a discussion between donors and government on how to measure the impact and sustainability of the program.

One key consideration: will the government stay the course? Will they be able to maintain the strategy discipline required to promote effective coordination between government entities? Will the policy environment be conducive to a private investment-led AD approach?

- trade/investment climate
- infrastructure reform
- land market legal / regulatory reform (inegalitarian distribution of wealth needs to be addressed through market-driven reform processes)

Will rural financial market outreach efforts succeed?

Will the global economic environment remain conducive to implementation of a SAD-oriented strategy?