

UNITED NATIONS DEVELOPMENT PROGRAMME



UNDP GUIDANCE NOTE

Building resilience through livelihoods and economic recovery



UNDP GUIDANCE NOTES FOR RECOVERY SOLUTIONS

Building resilience
through livelihoods and
economic recovery

Women's economic
empowerment
in crisis settings

Community infrastructure
works in crisis settings

Private sector recovery
and development in crisis
and post-crisis settings

Photographs

Cover (left), page 14: A project to rehabilitate an historic seafront in El Mina, Lebanon, creating new job opportunities during and after the project, including providing livelihoods for the fishing community and reviving tourism. *UNDP Lebanon*

Cover (centre), page 27: As part of its Joint Programme on Local Governance and Service Delivery, UNDP has supported the renovation of Gabiley's market including constructing toilets, expanding the size of the site, and putting in a concrete floor. It is now cleaner and busier. *UNDP Somalia*

Cover (right), page 32: Vulnerable people take part in a socio-economic reintegration project in the Democratic Republic of Congo. The project provides employment, helps generate savings and restores soil fertility by fighting erosion. *UNDP DRC/Aude Rossignol*

Page 7: In Tajikistan, UNDP works on the border with Afghanistan to rehabilitate rural infrastructure to help more than 170,000 vulnerable people access basic services and deliver skill trainings so people can have an easier time finding jobs. *UNDP Tajikistan*

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This guide was developed by the United Nations Development Programme Global Policy Network through extensive consultations with internal and external experts and colleagues between 2020 and 2021. The Recovery Solutions and Human Mobility team at UNDP Crisis Bureau wishes to thank all contributors who engaged throughout the drafting process with their expert feedback and technical advice.

Acronyms and abbreviations

BDS	Business Development Services	LER	Livelihoods and Economic Recovery
CBOs	Community-based Organizations	M4P	Making Markets Work for the Poor
COs	Country Offices	MSMEs	Micro, Small and Medium-sized Enterprises
CSOs	Civil Society Organizations	NbS	Nature-based Solutions
FACTS	Fragile and (post)Crisis/Transition Settings	PEP	Partnership for Economic Policy
GESI	Gender and Social Inclusion	SDGs	Sustainable Development Goals
HDP	Humanitarian Development Peace (nexus)	SLF	Sustainable Livelihoods Framework
IDP	Internally Displaced Persons	TVET	Technical and Vocational Education and Skills Training

Introduction

Crises are affecting the livelihoods of millions of people around the globe, posing enormous challenges for reaching the 2030 Agenda and the Sustainable Development Goals (SDGs). Poverty and lack of opportunities lead to anti-state narratives, and are among the main reasons for young people joining armed groups and/or criminal networks, and pursuing dangerous migration journeys. Livelihood crises feature among the top hazards for 2021 (WEF 2021) and require urgent short and longer interventions at micro, meso, and macro levels.

The United Nations Development Programme (UNDP) has been at the forefront of efforts to foster sustainable human development across the world. In particular, UNDP plays a leadership role in facilitating policy dialogue, providing technical advice, and translating these into concrete initiatives on the ground. UNDP engages and works with national and local governments, donors, UN agencies, the private sector, non-governmental organizations (NGOs) and civil society organizations (CSOs) to develop the capacities of communities and systems to prevent and cope with crises and promote transformative change. In crisis settings, UNDP mobilizes support by conducting rapid needs assessments in order to articulate crisis response priorities, develop response strategies and mobilize immediate backstopping capacities.

Emerging trends however emphasize the need for crisis prevention and response mechanisms¹ that accelerate the journey towards resilience, ownership, sustainability, and localization. More focus is needed on fostering systemic and transformational change after a crisis instead of aiming to return to the pre-crisis situation. Catalytic interventions to improve governance, strengthen relationships, address inequalities and sustainable natural resource management are called for, especially in protracted crisis settings. Providing appropriate responses to crises through LER programming that “do no harm”,² maximize conflict sensitivity and “leave no one behind” (UNSDG 2016) requires a thorough understanding of the changes caused by the crisis on the local economy, the livelihoods, the available capital and assets and changes in the labor force.

This guidance note presents UNDP’s updated approach to LER programming in Fragile and (post)Crisis/Transition Settings (FACTS). Over the past years, UNDP has played a leadership role—along with governments, the private sector, civil society, other UN agencies, funds and programmes and multilateral organizations—strengthening the livelihoods of millions of people affected by conflict and natural disasters, as well as catalyze structural transformation towards more inclusive and greener economies. This adapted approach to

¹ And aligned with the Sendai Priorities for disaster risk reduction: <https://www.un-spider.org/risks-and-disasters/sendai-framework-drr#no-back>

² Resolutions 58/114 and 46/182.

LER-FACTS systematically incorporates the lessons learned from the work of several actors, including UNDP country offices, operating in FACTS settings. It also builds on the Minimum Economic Recovery Standards, which represent the internationally recognized consensus on best practices for building economic resilience for crisis-affected communities.

This guidance note is divided into 4 sections as follows:

- Section 1 provides insight into trends influencing the LER-FACTS landscape.
- Section 2 explains UNDP's conceptual frameworks relevant for LER-FACTS.
- Section 3 provides guidance on how to implement and monitor the approach.
- Section 4 explores important partnerships in LER programming.
- In Annexes, more detailed guidance per type of capital or asset is provided.



1 Emerging trends, opportunities and lessons learned

This section provides insights into some of the important trends influencing the LER landscape. All of these present both challenges and opportunities to address the root causes of livelihood vulnerability, local economic development, and structural economic inequality. UNDP’s approach aims to provide appropriate responses to this changing livelihood landscape, characterized by the occurrence of crises, as listed below.

1.1 Important trends influencing local economies and livelihoods

Climate change

Climate change acts as a “threat and risk multiplier” (UN 2009) of the existing political, socioeconomic, and environmental stressors that threaten livelihoods and local economies. Many crisis-affected regions face an increased risk of climate change (Stites and Bushby 2017) due to their limited capacities to cope with cascading shocks, which are likely to emerge if bold actions are not taken. Climate change has already been associated with mass migration, displacement and protracted conflicts. The sustainability of several forms of livelihoods are at risk, and adaptation and diversification are required, which provides new opportunities. As recently highlighted in the conflict analysis on the borders of Mauritania and Mali (Lafreniere and Specht 2020), the drought, combined

with refugee movements with their herds, is challenging pastoralist livelihoods and increases tensions, unless the value chain of producing animal feed is developed. Further, scarcity of natural resources increases competition and tensions among populations and groups, challenging social cohesion.

Armed conflict

Conflict is on the rise, according to the Global Peace Index (Vision of Humanity 2020). The Uppsala Conflict Data Program (UCDP 2019) found that the past decade witnessed a surge in the number of armed conflicts while the number of signed peace agreements stalled (Pettersson, Högladh and Öberg 2019). In 2019, the global economic impact of violence represented 10.6 percent of global GDP. Armed conflicts have a direct impact on livelihoods and local economies, and negatively affect the business enabling environment. The

cost of doing business increases due to insecurity, value chain breaks, market access being obstructed, key infrastructure often destroyed, and assets lost. Further, armed conflict negatively impacts the labor markets, losing high numbers of youth, leaving behind single-headed households and leading to massive population movement. Further, armed conflict often leads to negative coping mechanisms, and the lack of decent economic opportunities drives youth into the arms of armed groups and illegal economies.

Displacement and migration

The UN's refugee agency UNHCR said that in 2020 alone, 82.4 million people were forcibly displaced worldwide as a result of persecution, violent conflict, human rights violations and events seriously disturbing public order. Forced displacement stresses the social and health systems of host communities which, in many cases, are not in a position to provide services to a rapidly increasing number of individuals. Consequently, social tensions are on the rise as is violence between refugees and host communities. The upward trend shows no sign of abating as projections indicate that climate change alone could uproot over 143 million people by 2050, [according to the World Bank](#). This may accelerate global urbanization even further as the displaced flee within, to and between cities, increasing the need to respond in urban settings. According to a ODI-UNDP Report (2017), internal displacement associated with sudden-onset climate hazards is more common where vulnerability is high and capacity to cope in-situ is difficult.

Politicization of identity and political economies

The political economy, mostly characterized by power struggles over control of natural resources is a major conflict driver in the countries where the LER programmes are implemented, challenging results and change. Programmes that challenge these dynamics often face serious push-back from the elites, sometimes including the government, with incidents of life-threatening situations. In addition, in many contexts, features of politicization of identity (for example, ethnic, religious, etc.) further complicate the conflict dynamics and the opportunities to foster change towards LER and greater inclusivity in the sharing of wealth, including those of extractive industries, forestry and other natural resources.

Epidemics and pandemics

While not a new feature, epidemics and pandemics continue to spread, challenging livelihoods and the local economies, especially its labor force. The two most recent examples are Ebola and COVID-19, but also the continuous health crisis around malaria, AIDS and tuberculosis has severe impacts on local economies and household incomes. For example, the COVID-19 pandemic has had a profound impact on millions of people, reaching far beyond health and sanitary implications, and tipping millions of people into poverty. Estimates reveal that the pandemic has pushed around 120 million people into extreme poverty (World Bank, 2021) and UNDP estimates that COVID-19 could push the number of people living in extreme poverty to over 1 billion by 2030.³ The

³ For more information, refer to: <https://www.undp.org/press-releases/covid-19-could-push-number-people-living-extreme-poverty-over-1-billion-2030-says>

overreaching effects of pandemics and epidemics are the disrupted local, national and global value and supply chains, impacting negatively on those most at risk of being left behind. In response to the COVID-19 crisis, several governments installed safety nets for companies, to avoid companies collapsing and related job losses. However, many countries did not have the funds to do so, or government aid did not benefit people working in the informal economy. With FACTS, informal work constitutes the livelihood of a larger number of the population. Further, the mobility restrictions enforced around the world to control the transmission of COVID-19, deprived many households and migrants of their livelihoods and left thousands stranded or in precarious situations, triggering serious concerns for the preservation of their rights and wellbeing. Women were often disproportionately affected by epidemics and pandemics: they are over-represented in the health sector and jobs (hence are at higher risk of contagion) and face challenges to compensate for declining family incomes and social services, often combined with deteriorated infrastructure and limited mobility. Women are also more likely to lose their jobs compared to men, potentially leading to an early exit from the labor market (Azevedo et al. 2020).

Digitalization

While digitalization is shaping the future of work and holds a great promise for new ways of working and enhanced productivity, inequities in access to IT infrastructure, lack of regulations and limited human capital with digital literacy can further widen the digital divide between people, particularly for those in protracted crises. While the private sector is expected to change in terms of the nature of work due to digitalization, with improved processes and

growth in service provision, the benefits are expected to be heterogeneous between developed and developing economies, and between urban and rural populations within countries. Those that need to reskill and upskill their workforce but lack the resources may lose out on the opportunities brought by digitization and fall further behind. In digital transformations, digital skills and their corresponding legal frameworks and capacitated institutions are crucial in order to reap the benefits of these innovations and leave no one behind.

1.2 Opportunities related to emerging trends

Along with these challenges, emerging opportunities can positively impact livelihoods and foster economic recovery. Systemic threats require innovative approaches that rethink solutions for fragile and conflict-affected areas, ranging from risk-informed policies, resilience, and the HDP nexus.

HDP nexus and partnerships

The increased focus on the role of peace in humanitarian and development interventions has been consolidated in the work towards the HDP nexus. A consensus was reached among organizations to work together and develop interventions that integrate the short-term needs of humanitarian interventions, the long-term needs of development work and the needs of peace and stability. Through locally established common goals involving participatory approaches, there is great potential to improve the coherence and impact of interventions to enhance livelihoods in difficult environments. The HDP nexus

applied to LER provides opportunities for new or intensified partnerships with government institutions and economic service providers, and with other UN and CSO partners and donors. This is relevant as more humanitarian NGOs move to market-based programming⁴ which has a longer term, transformational impact. When other actors implement market-based approaches that use or support markets, UNDP is well placed to link into such efforts, applying systemic thinking to achieve transformation.

New economic opportunities

Every crisis is an opportunity to achieve transformational change and thrive forward. For example, the current momentum towards environmental sustainability means that green jobs can be created and clean energies introduced to help reduce the impacts of climate change, provide means of living to individuals in the short-term and a better environment in the long-term. Further, the changed realities in the local economy, and possibly the governance structures, provide opportunities to promote diversification of livelihoods, for example in response to climate change, moving to higher-value crops, exploring new markets, etc. This provides opportunities for creating expanded livelihood, business and possibly even job opportunities.

The advent of information technology, the Internet and social media, such as tele-education, online and tele-banking, online marketing, and online service

delivery, have the potential to create enormous job opportunities. Lessons learned have proven that these new forms of livelihood strategies have a high potential for groups that otherwise had fewer opportunities due to their age, gender and cultural restrictive norms, or, for example, the lack of access to land.

There are enormous opportunities at the local and national levels to develop markets, value chains, and chains of production linked to the provision of environmentally friendly technologies and services, as well as renewable energy. UNDP works with key partners, local governments, the private sector, and civil society to continuously push the green transition, climate adaptation, and nature-based solutions. Green recovery should be part of the transformative approach.

Gender and social inclusion (GESI)

Work towards GESI provides an opportunity to create a world where all (social groups of) people can choose where and how they want to live their lives, without structural barriers to their development, which in its own right is an opportunity to build a better society. Additionally, gender equality presents the opportunity for greater and faster economic development through the inclusion of more women and girls in the workforce and less violence against women, further contributing towards a more just society.

⁴ The definition for market-based programming can be found in the glossary.

CSO and social entrepreneurship

The private sector has progressively incorporated corporate social responsibility and is moving to more impact-driven business models which help to standardize good practices and foster decent work. Historically, during periods of crisis, values such as cooperation and solidarity experience an increase in popularity (ILO 2020c), opening the space for social and solidarity entrepreneurship to gain international traction. However, businesses are often heavily affected by crisis and are more in a survival mood, which limits their ability to apply social entrepreneurship.

1.3 Lessons learned

The above-mentioned evolutions in socio-economic and political landscapes point to the need to further support LER in FACTS, also to help ease tensions, foster peace and accelerate the transition towards greener, more equal and resilient societies. However, various challenges are impeding the delivery of well-tailored interventions, suggesting the need for new approaches. To inform this, a review of UNDP's interventions guided by practitioners was conducted to draw lessons from past experiences in the field of LER.⁵ A summary of the main lessons from this review, but also from partners, is summarized below.

⁵ In October and November 2020, UNDP undertook internal consultations among staff members to gather inputs on lessons learned and needs of COs. It also surveyed other partners in the area of LER in crisis and post-crisis settings.

Lessons learned

National ownership and accountability are crucial to ensure alignment with national policies and the sustainability of LER interventions. Empowerment of individuals, communities, and institutions should be at the heart of the new approaches to ensure that programmes increase lasting capabilities. A systemic capacity development approach at macro, meso, and micro levels helps to ensure efficiently the sustainability of interventions.

Integrated programming which focuses on livelihoods, economic recovery, social cohesion, rule of law, good governance, private sector participation and is viewed through environmental and inclusion lenses yields better effects.

Partnerships and multi-stakeholder approaches are a stepping stone to LER's success and to ensure synergies and avoid duplication of efforts. In this, the new HDP nexus approach should be applied to LER to ensure an effective bridge between long and short-term needs.

The need to design **locally driven interventions**, based on a thorough assessment of the manner in which the crisis has changed the local economy, and to identify opportunities and the most promising value chains. One-size-fits-all and “prepackaged” solutions have limited

effectiveness, while area-based, tailor-made participatory and inclusive approaches to ensure buy-in from local communities tend to foster trust and effectiveness of LER interventions.

Maintaining market function and jobs as much as possible during crises through targeted support to the private sector and strengthening value chains are key. Maintaining market function during and after a crisis is crucial for economic recovery. There is a need to support inclusive market integration.

Moving to **transformation of local economies** should include diversification, including through innovation and the initiation, strengthening of digitally-enabled livelihoods and to build more inclusive, greener and resilient local economies.

Data gaps, especially on gender, age, and ethnicity, tend to actively reinforce exclusion and hinder the delivery of evidence-based interventions that address the needs of disadvantaged groups. There is also a need for better analysis of market systems, value chains, institutional capacities, and disaster risks to ensure evidence-based design of interventions.



2 UNDP's LER approach in fragile, crisis and post-crisis settings

2.1 The LER approach

The rationale behind UNDP's approach

Whilst we cannot prevent disasters from occurring, we can develop the capacities of communities and nations to manage crises, reduce their impact on livelihoods and economies, enabling them to recover efficiently and foster local economic development. To become more effective in achieving impactful and sustainable outcomes for LER, UNDP focuses on the root causes of crises and structural inequalities that hinder livelihood development, with a view to strengthening resilience. To achieve this, the LER-FACTS approach aims to foster systemic change and to trigger catalytic effects.

Viewing crises and conflicts as systems failures rather than stand-alone shocks decreases the incentives to work in silos. Resilience approaches, coupled with systems thinking, present a promising way forward for advancing human development and leaving no one behind. Systems can learn from previous shocks, enabling people, communities, and institutions to cope better (reductions in the size of loops) and reboot faster. It is expected that the deployment of appropriate portfolios and holistic interventions will increase resilience and setback loops will decrease in magnitude over time. This in turn should reduce the negative impact on both performance and progress towards livelihood outcomes, giving the graph in figure 4 its upward and right-leaning trajectory, leading to further empowerment of communities and institutions. Throughout all programmes, UNDP seeks to foster development

aligned with national priorities, particularly through the empowerment of those who are most at risk of being left behind.

Women's empowerment is central to livelihood frameworks, given the asymmetries in access to—and control over—resources and assets. Disparities in the level of participation of women in decision-making and the exercise of power over resources, information, and markets also affect livelihood outcomes for women and girls. A transformative approach that reshapes unequal power relationships is of paramount importance to change gender stereotypes and promote empowerment. Programming should be gender sensitive, help reduce discrimination and improve access to social and economic rights.⁶

UNDP's ambition is to support governments and communities to prepare for, absorb and recover better from crises, and to sustain transformative growth. When crises hit, households absorb the shocks by using their assets (for example, using savings, borrowing from family and friends and selling assets) and count on the actions made by respondents, governments, NGOs, the private sector, civil society, multilateral organizations, among others, to mitigate crises and support them to transform.

The relevant frameworks

Lessons learned point to the challenges of the different existing frameworks. Area-based approaches tend to enable multi-sectoral interventions at the local level. Focusing on communities within a defined geographical area, it uses

⁶ Refer to UNDP's [Gender and Recovery Toolkit](#) for more information.

a bottom-up approach in defining tailored responses that reflect and fulfill the recovery needs of the communities. However, many times local actions do not translate into regional and international markets or national agendas, affecting their continuity and sustainability over time. By contrast, in sectoral approaches—which tend to be nationally led—cross-sectoral considerations are neglected. Thus, these interventions can fail to address the multidimensional nature of challenges at the local level. Finally, national and local interventions tend to neglect regional dynamics and consequently country level efforts can be disrupted by conflict in neighboring countries.

UNDP’s approach to LER builds on the **Sustainable Livelihoods Framework (SLF)**⁷ to ensure a systemic understanding of livelihoods and local economies with a specific focus on FACTS, with the objective to help individuals reach their desired livelihood outcomes in challenging contexts. Through the SLF, livelihoods are considered part of a complex system where individuals and institutions interact and adopt strategies to cope with crises, based on the levels of household assets⁸ and the functioning of markets, communities, and governments.

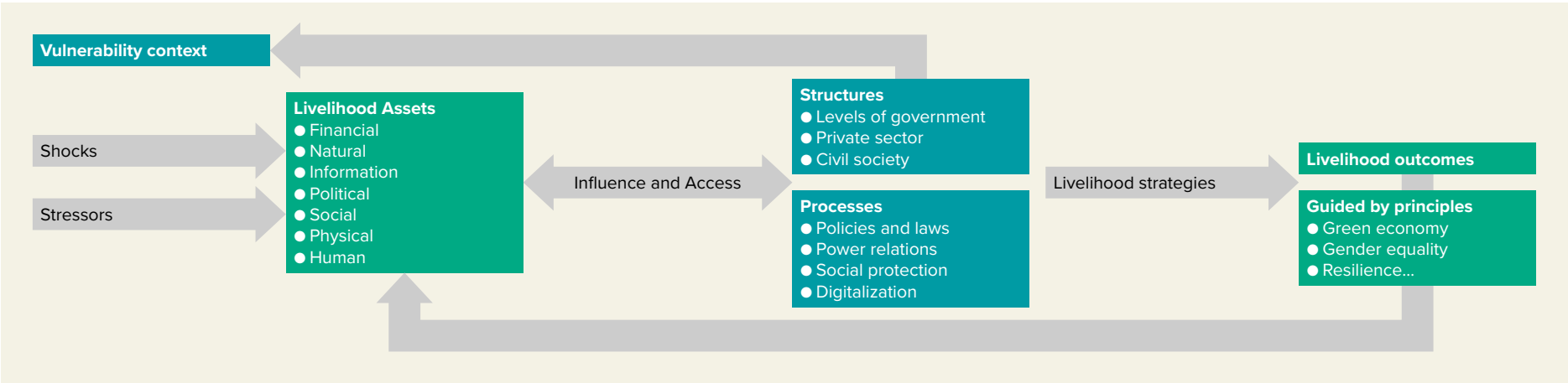


Figure 1. UNDP on the Sustainable Livelihoods Framework. Adapted from DFID Sustainable Livelihoods Framework.⁹

7 The framework is adapted to LER-FACTS.
 8 Definitions of each asset (financial, human, physical, natural, information, social and political capital) are presented in the Glossary.
 9 The examples of structures and processes are not an exhaustive list, rather an indication of some key structures and processes.

Through systems thinking in livelihoods, UNDP aims to recover and strengthen the asset base of individuals as well as transform the structures and processes that shape their lives, with the objective of increasing the number of positive coping strategies that lead to the livelihood outcomes that individuals desire. These interventions also aim to improve market mechanisms and advocate for policies, legal frameworks, and institutional arrangements that are key for inclusive social and economic development.¹⁰

Further, UNDP applies a resilience-based approach,¹¹ which applied to LER aims to increase the capacities of economic actors, communities, markets systems, institutions and local economies to deal with uncertainty and cope with shocks, stressors and crises in a manner that enables them to recover efficiently and grow much stronger. It goes beyond disaster and risk reduction: it not only focuses on mitigating the risks of specific threats but adopts resilience-based approaches to boost the capacity of system components to absorb, adapt, or transform when faced with any shock in order to carry on functioning (OECD 2019). This means focusing on diversification and protection of assets and capitals from the damaging effects of natural hazards, conflicts, and other shocks and stresses.

A resilience-based approach takes a longer-term perspective at reinforcing the HDP nexus approach. From the outset, the LER-FACTS approach focuses

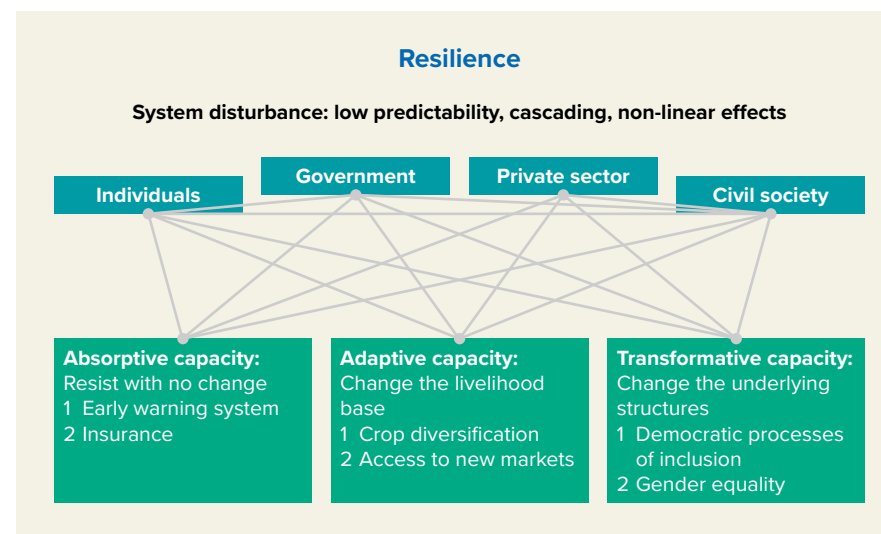


Figure 2. Characterization of resilience in crises. Source: UNDP, 2021

on strengthening the capacity of communities to cope with the crisis through immediate emergency interventions (protecting livelihoods and assets) and recovery from it through local economic recovery and development, with peacebuilding and social cohesion lenses. A good example of this approach in action is UNDP's work with UNHCR on the Syrian crisis.¹²

¹⁰ More information on systems analysis for risk and resilience in: UN/CEB, https://unsceb.org/sites/default/files/imported_files/RnR_0.pdf, p. 25.

¹¹ The definition on resilience is presented in the Glossary.

¹² In 2015, the Sub-Regional Response Facility for the Syria Crisis, in partnership with UNHCR, was successful in bringing about a major strategic shift in the aid architecture for the Syria crisis with the 2015-2016 Regional Refugee and Resilience Plan (3RP), by integrating a resilience component with the humanitarian component: <https://www.arabstates.undp.org/content/rbas/en/home/about-us/regional-hub/our-regional-programme0/the-sub-regional-response-facility-for-the-syria-crisis.html>.

UNDP applies an **area-based approach** to LER which targets a specific geographical area with identified development problems and encompasses an integrated (multi-sector), inclusive (the community), participatory and flexible (responsive to changes) approach in FACTS. This course of action aims to empower local communities and institutions, and ensure their buy-in, which promotes the sustainability of UNDP's interventions. An area-based approach focuses on an area rather than a sector or target group as a primary entry point. It can be particularly relevant if communities in an affected area face interrelated and multi-sectoral challenges.

Further, many LER interventions are part of a **stabilization approach** which has emerged as one of the key offers in conflict/post-conflict situations.¹³ In this framework, it is crucial to explicitly aim for stabilization outcomes through LER programming, such as empowerment of young people with skills and economic opportunities to become resilient against (re)recruitment of armed groups or to extremist anti-state narratives, bringing opposing groups together through economic activities and value chains, etc.

The market systems and value chain development approach,¹⁴ which uses the Making Markets Work for the Poor (M4P) as an underlying approach, seeks to develop solutions that will maximize the forward and backward integration of market systems. This approach seeks to identify key value chains and economic sectors that would be most successful in enhancing livelihoods and creating jobs by assessing, in each context, markets and value chains to more

effectively match both downstream and upstream supply capacities to market needs (market linkage function). In the market systems,¹⁵ there are two key components in addition to the core of the market:

- 1 Supporting functions such as skills and capacity, infrastructure, technology, information, access to finance, coordination, and related services.
- 2 Rules and regulations, which comprise the laws, policies, regulations, and standards and norms underlying the market system and its inclusivity.

Both components influence the core of the market system and its function, which is the interaction of supply and demand. Figure 3 below presents the market system and its elements.

As presented in figure 4 below, loops form when crises hit, and how both livelihoods and development progress are set back.

In the LER-FACTS approach, UNDP aims to assist individuals and communities to reduce the size of these loops and to maintain an upward right trend towards better livelihood outcomes. The key elements guiding this approach are systemic thinking, which enables actors to understand and map the multidimensional nature of crises, design responses with a focus on resilience, and to transformative change.

The LER-FACTS build on the **three-track approach**, an existing framework for UN agencies, which enables the flexible integration, layering and sequencing

¹³ Examples of this approach are implemented in Chad, Iraq, Libya, Nigeria, and Yemen. More accounts of this approach can be found here: <https://stories.undp.org/stabilizing-countries-in-crisis>.

¹⁴ See guidance for implementation in: <https://www.ilo.org/empent/Projects/the-lab/lang--en/index.htm> (ILO 2020b).

¹⁵ See guidance for implementation in: <https://www.ilo.org/empent/Projects/the-lab/lang--en/index.htm> (ILO 2020b).

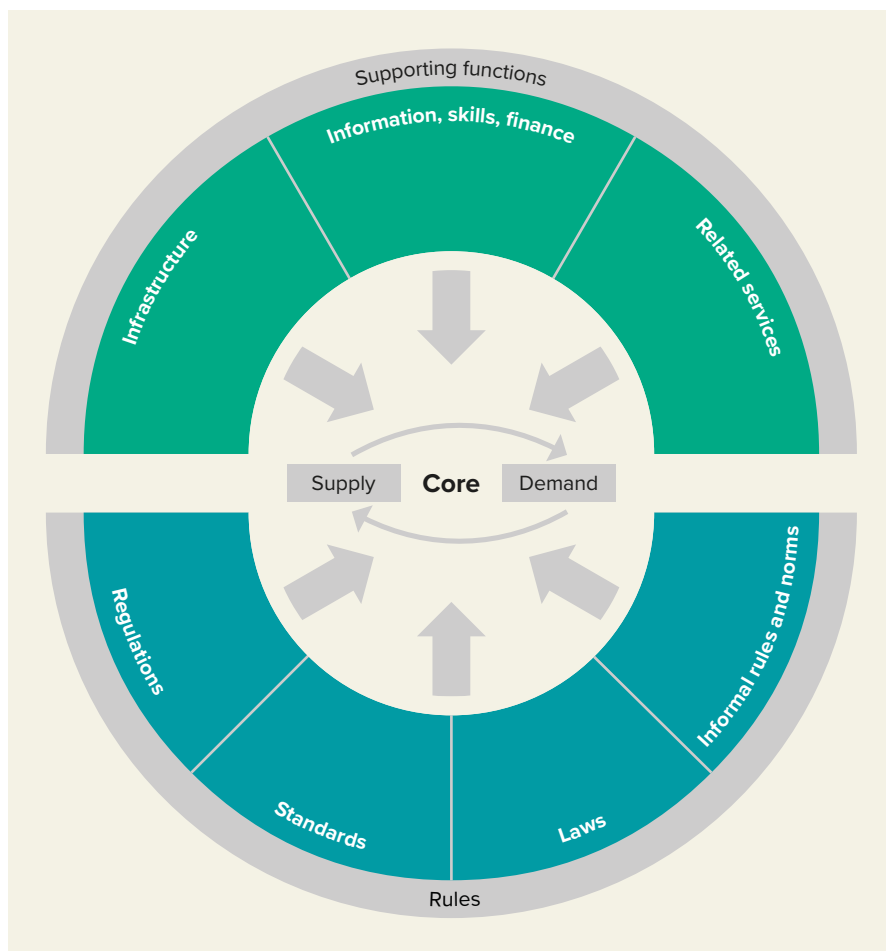


Figure 3. Market System Approach.

of multi-sectoral recovery interventions. It aims to enhance triple resilience dividends, through three tracks of actions. **Track A** entails actions meant to stabilize livelihoods, with a higher intensity at the onset of a crisis which decreases in the medium to long-term. **Track B** targets local economic recovery for medium and long-term employment, income generation and reintegration, with medium intensity at the onset of a crisis, higher intensity in the medium-term, and decreasing intensity in the long-term. **Track C** aims for sustainable employment and inclusive economic growth: its intensity is low when the crisis starts and increases gradually to achieve its maximum in the long-term.

Greater focus is further given to transformative actions aimed at addressing the root causes of crises and constantly building risk-informed preparedness, including early warning and learning systems. The combination of preparedness and transformative actions seeks to cement consensus between long-term goals for local livelihood development and the immediate humanitarian needs of crisis response, following the HDP nexus. When a crisis hits, the aim is to first develop capacities to assess the impact of the crisis on the population and the local economy, and for planning and implementing response actions to help livelihoods and local economies to absorb the shocks, building on existing preparedness work. Once the crisis shocks have been absorbed, the focus shifts to transformative change.

Increasing learning and knowledge sharing in crisis contexts and fragile settings is of paramount importance for learning, implying that knowledge, innovative practices and lessons learned are used to better adapt the response

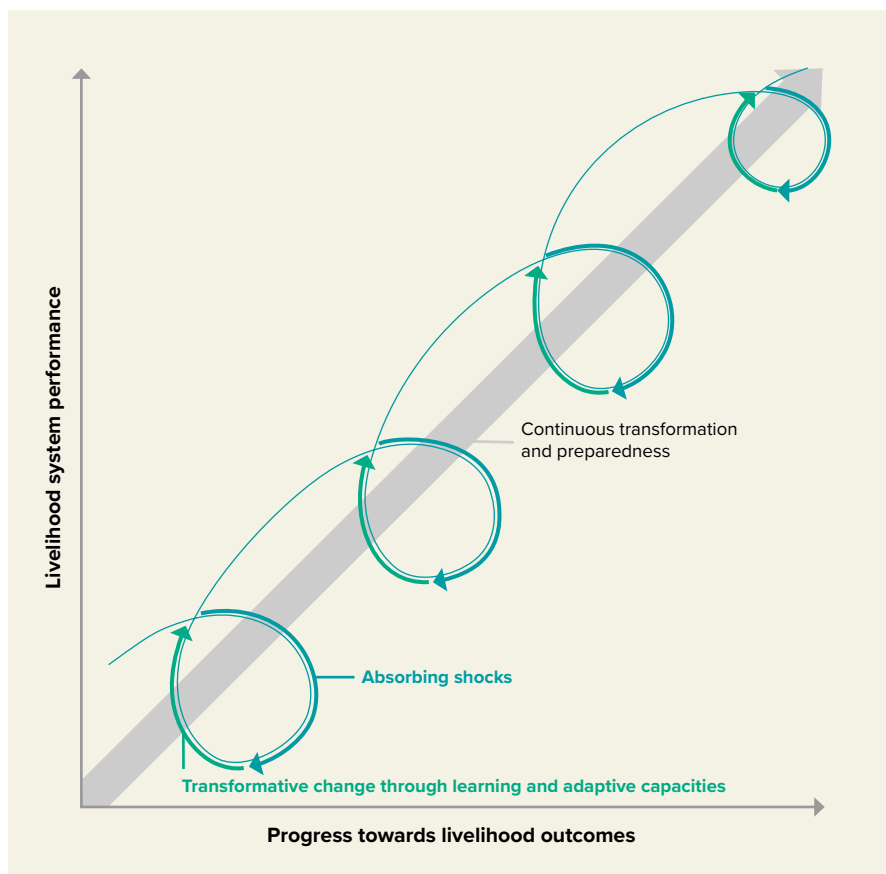


Figure 4. UNDP LER-FACTS approach. Source: Emmanuel Letouze

strategy, thus reducing the effects of crises over time. In order to better understand and integrate learnings and innovations, special attention should be given to sharing across actors and communities of practice. Systematic learning and sharing mechanisms need to include the development of capacities of institutions and communities alike. The establishment of early warning systems is critical in providing information that enables communities to anticipate and prepare for disasters. As well, it will generate data and information necessary for learning. The focus of learning evolves according to the crisis cycle. For example, in the pre-crisis phase learning signifies preparing; during crises, learning focuses on monitoring actions and expanding positive coping mechanisms; after crises, learning focuses on understanding what could be built back better. In the SLF, information is therefore included as a new central asset and is understood in terms of quantity¹⁶ and quality of information (including exposure to misinformation). Overall, the ability to use information impacts access to jobs, learning, social relationships, physical/digital assets and democratic participation. It can also improve the effective and sustainable use of natural capital. The creation of platforms and spaces dedicated to knowledge sharing, innovative analytical tools used to anticipate and monitor crises (for example, big data and artificial intelligence) as well as frameworks for data governance and ethical use of information is important as these elements facilitate continuous learning.

¹⁶ The sum of relevant information and knowledge that can help better decision making. Smith and Frankenberger (2018), suggests that exposure to information was one of the determinants of increased resilience.

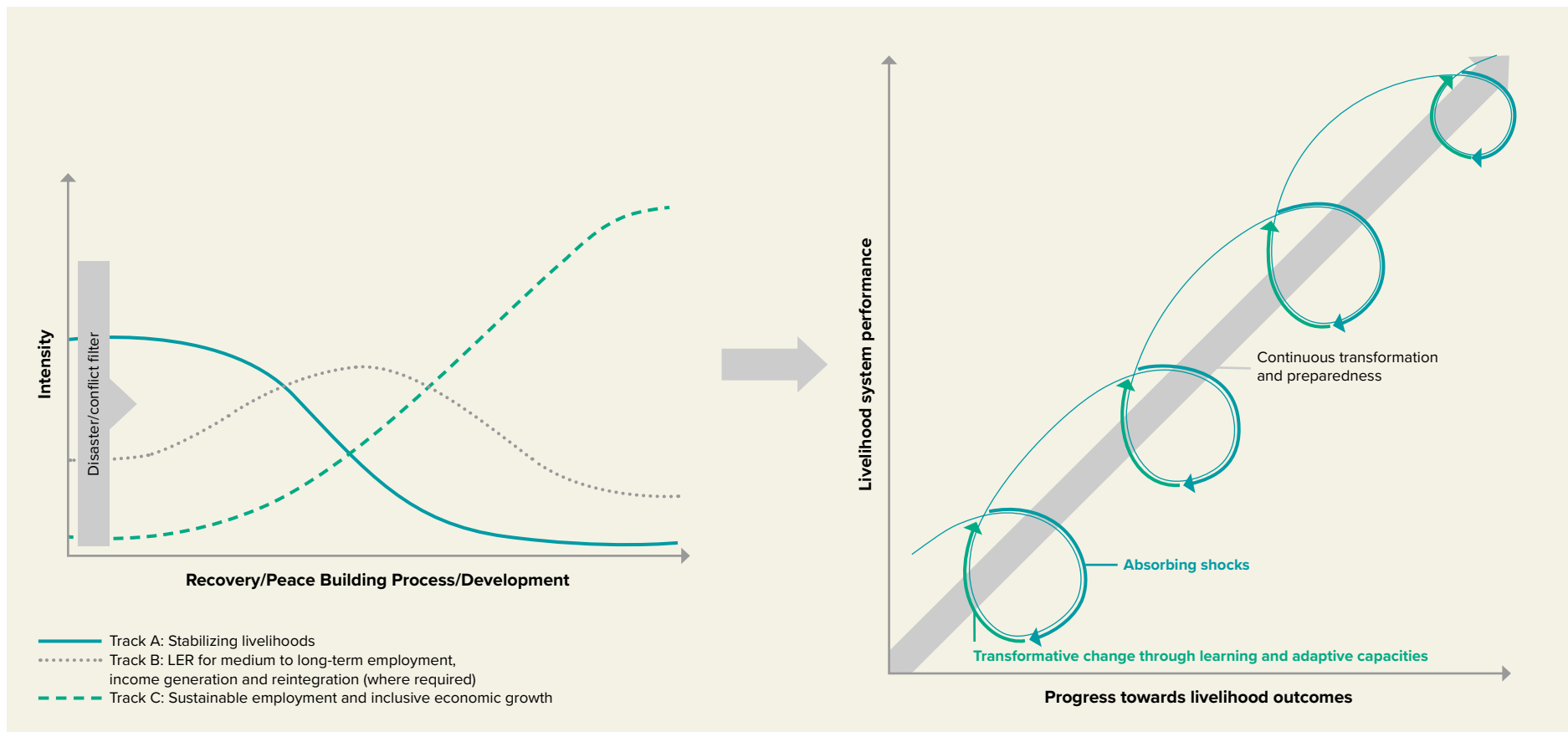


Figure 5. Track approach to resilience.

2.2 Guiding principles

UNDP's approach to LER has emerged from UNDP's years of work on livelihoods in crisis-affected settings. The guiding principles presented below should be operationalized nationally, and especially locally, adapted to local contexts and opportunities. The guiding principles aim to adapt UNDP's approaches to respond more effectively to current and future crises and post-crisis needs and opportunities in a **non-linear pattern**.

1 Systems thinking. Crises are often not stand-alone events, but compounded with other shocks and stressors, affecting local economies and livelihoods from different angles. Systems thinking is required to first understand what has changed in the local economies with regards to capital, assets labor and relations. Consequently, interventions can be designed to minimize impact, maximize recovery, in response to the changed realities and with a view to fostering systemic change.

2 Strengthening resilience. Strengthening the resilience of local economies and livelihoods is a way to ensure that the local economy has the capacity to withstand shocks and stressors and to recover with minimum external support. Further, strengthening the resilience of economic actors, such as existing local businesses and the related institutions, will reduce the negative impact on the local economy and foster a more rapid recovery after a crisis. Before, during and after crisis, supporting the resilience of assets and capital in form of investments in strengthening the access, stability and growth of the different forms of capital and assets is essential for economic

recovery and for increasing the resilience of livelihoods. The most pertinent interventions are determined through assessments that systematically identify which assets/forms of capital are less resilient and need protection and strengthening.

3 Transformative change. The terms recovery, rehabilitation, and reintegration suggest that the aim would be to assist stakeholders to return to their pre-crisis stage. However, based on thorough analyses, desired change paths should be discussed and developed, in which LER can play a major role. Learning from crises helps to identify systemic vulnerabilities to crises, and how to transform local economies and livelihoods to be more resilient, inclusive, sustainable, green and diverse.

4 Empowerment. Empowerment is a fundamental enabler to transformative change. Empowered institutions, communities and individuals are key to address the systemic vulnerabilities and increase ownership of their development paths. In the framework of LER economic empowerment is the focus, which requires serious investments in increasing employability of populations, with a strong focus on male and female youth, to maximize lasting effects. Access to skills, expertise and information are particularly important because they are critical sources of empowerment that go beyond monetary measures.

5 Context-driven and inclusive planning. An inclusive and participatory approach is a key step to identifying and developing locally driven solutions. Ideal outcomes from LER programmes aim to expand people's choices by

enhancing their capabilities and opportunities for decision making, as well as the control they have over assets and information to solve their economic, social and environmental needs. In LER programming, it is crucial to ensure that all ages, gender and cultural groups have a voice, to identify possible socio-economic exclusion mechanisms, and to address these from the beginning.

6 Conflict sensitivity. All LER interventions should take into account the conflict drivers, actors and exclusion mechanisms to inform interventions. Conflict sensitivity needs to be guaranteed in terms of minimizing negative impact and maximizing positive impact on the conflict dynamics. The selection of value chains should be conflict sensitive, ensuring that the choice does not exacerbate conflict (such as only involving farmers in a conflict context between herder and farmers). Choose value chains that can promote gender equality and economic relations between conflicting groups. Conflict sensitivity indicators should be developed and monitored.

2.3 Enabling approaches to local economic recovery

1 Private sector development.¹⁷ Private sector development is fundamental to withstand and recover from crises and to stimulate sustainable growth. Also, the private sector can support relief efforts through innovations, donations, in-kind support and their expertise as part of their corporate social responsibility or social entrepreneurship. UNDP focuses its actions

on creating an enabling environment for businesses and local markets to continue and to thrive in times of crisis while working to adapt the labor force to the needs of the future. UNDP advocates for the implementation of market system and value chain development approaches. LER-FACTS programmes should also aim to create the enabling environment for the private sector to thrive and prepare it for crises. UNDP helps develop inclusiveness in markets and in the financial sector, supports the establishment of business development services (BDS) and advocates for the adoption of market systems and value chain development approaches.

2 Support and capacitate economic services. Effective quality and quantity of financial and non-financial economic services are a prerequisite for LER. Crisis often negatively affects service delivery and LER-FACTS projects and programmes should invest in rebuilding or building the services. Also, the services need to be transformed, especially in terms of its market responsiveness and sustainability.

3 Value chain development. Based on local sub-sector analyses and market assessments, identify the most promising value chains, key bottlenecks and identify how the crisis has impacted these. Value chains are often broken and investments to repair these cracks might have strong catalytic effects on restoring livelihoods and creating new opportunities. Value chain development might require interventions at micro, meso, and macro levels, upstream or downstream. Focusing on one or two value chains (and side chains) reduces the risks of too great a disparity and limiting the

¹⁷ UNDP's Guidance on Private Sector Recovery and Development in Crisis and Post-Crisis Settings provides more detailed information on private sector development as part of LER in FACTS.

sustainable effects. Focusing investments in employability and the economic environment on a specific value chain or chain of production maximizes effects. In promising value chains, support entrepreneurship through joint venturing, private sector partnerships and risk-sharing with the aim to create social enterprises, associations, cooperatives and other shared MSMEs. The development and use of multi-stakeholder platforms, which are identified through a thorough mapping exercise of the selected value chains is an effective way of building inclusive and sustainable value chains. The platforms further strengthen the peace dividends that value chains bring due to the integration and mutual benefits that are identified in these value chains. To ensure that value chains are not merely fixed after a crisis but transformed to benefit the poor, systemic thinking is required to address the root causes of market failures in the entire market system of value chains including support functions and rules and regulations (see figure 3 on the market systems approach).

4 Supporting the informal economy. The economies of FACTS are typically characterized by a high degree of informality. In order to achieve transformation and to increase resilience, addressing the specific needs of the informal economy is critical. Their voices will need to be amplified through adequate representation in order to ensure that their needs are considered when planning for LER. LER should also include steps to foster formalization of the economy. This requires holistic approaches including interventions to improve the business enabling environment by making registration and licensing easier and by reducing the compliance costs (taxes, social security and labor protection), develop specific financial products with

the view of connecting informal businesses to formal financial institutions, support business associations of informal enterprises or address a potential negative bias towards formalization.

5 Economic initiatives for peace and stabilization. LER support is essential in the post-crisis period for transformative change and lay the ground for sustainable development. However, during a crisis or to prevent a crisis occurring, support to livelihood resilience, minimizing job losses and tailored investment in local economic infrastructure and institutions have proven to be essential. In conflict contexts specifically, poverty, lack of economic opportunities and related frustrations are among the drivers of escalation of conflict into violence. LER support can play a major role in reducing tensions and even transforming conflicts.

6 Technical support for the business environment, policy and regulatory reform. As part of fostering transformative change, and linking micro, meso, and macro levels, invest in improving the business enabling environment, as well as changing formal and informal norms that may hamper private sector development and the formalization of the informal sector. Particularly for vulnerable or marginalized groups. Such reforms could involve: business simplification, implementing conducive tax and administrative systems, trade facilitation, financial markets and financial regulations that encourage access to finance and financial inclusion for the most marginalized and for MSMEs, labor laws and regulations which promote decent working conditions and fair wages and, lastly, ensuring conducive land and property rights, among others.

2.4 Gender and social inclusion

UNDP seeks to address the social, political, economic and cultural processes underlying vulnerabilities. Transforming these processes can generate more equitable access to livelihood capitals and resources necessary to enhance livelihood outcomes and resilience. Further, in the framework of UNDPs commitment to leave no one behind, LER interventions need to be designed as such. Applying a GESI approach to LER means understanding the existing socio-economic exclusion tendencies and practices in the area of intervention, as well as to assess how the crisis has affected these. It is often found that marginalized groups become more marginalized due to a crisis. Also, in certain conflict situations, the better off in society may be targeted and become more vulnerable to violent attacks, leading to a more than proportionate loss of assets and jobs. However, many examples also exist where new openings and opportunities actually are created due to the crisis. In the latter case, LER interventions should identify and build upon these. Also in order to foster gender and social inclusion, systemic thinking is required to address the underlying barriers to inclusion in order to achieve transformation, such as

engaging men to achieve gender equality or improving child care to facilitate women's entry into the labor force.

For LER-FACTS programming, five criteria of exclusion/inclusion are most important to identify: age, gender, disability, type of livelihoods and exclusion on the basis of ethnicity, caste or political affiliation. As part of the assessment phase, also map the climate change risks related to climate-dependent livelihoods, and assess the (potential) impact of a crisis on the different land users (farming, fishing, pastoralism, forestry, mining, commercial etc.).

The youth, peace and security agenda is important. Guidance includes: simultaneously concentrate on both increasing employability and creating employment opportunities in sectors and value chains with high demand for youth labor.¹⁸ The box below guides LER-FACTS programmes to maximize gender transformative impact. Similar context specific actions can be developed to counter exclusion and maximize transformative action related to age, disability and exclusion on the basis of ethnicity, caste or political affiliation.

¹⁸ Youth for Peace. 2016. "Young People's Participation in Peacebuilding: A Practice Note". 2016.

Creating gender transformative impact in LER programming¹⁹

- Strengthening the capacity of disaster-response bodies (UNDP and its stakeholders), to address the gender dimension of crises via training, research, and capitalization of experience. Collecting sex-disaggregated data during all phases of a project is a priority.
- Challenging occupational segregation can also yield better outcomes. Women are stuck in feminized and low-paid jobs. UNDP should encourage women to grasp job opportunities in all fields through relevant training and capacity building activities.
- Supporting community-based organizations (women's cooperatives, female-led social and solidarity enterprises, self-help groups, etc.) in FACTS can boost women's empowerment, ensure that their voices are heard and further improve their participation in decision-making processes to challenge gender-blind policies.
- Cash transfers that target women can increase gender-based violence. A combination of cash transfers and psychosocial services (counseling and gender discussion groups) can overcome this challenge. The use of mobile channels for delivery has also had positive effects.
- Bolstering e-learning infrastructure to promote lifelong learning with the option of stacking credentials. This would help to keep learning at play for all during COVID-19 lockdowns and reduce human capital losses.
- UNDP is encouraged to use multi-stakeholder consultative processes to address the above issues through coordinated action between governments, the private sector, international organizations and civil society.
- Narratives conveyed by traditional and new media are one way to challenge gender bias and raise awareness about the importance of women's empowerment. In this regard, working in close collaboration with the local media can be useful.
- Invest in sectors and value chains controlled by women and girls.

¹⁹ For more information, refer to UNDP's Gender and Recovery Toolkit: <https://www.undp.org/content/undp/en/home/librarypage/womens-empowerment/undp-gender-and-recovery-toolkit.html>.



3 LER-FACTS in practice

The sections below provide further guidance on designing, implementing, monitoring and adaptive management in LER-FACTS programming. Annex A provides detailed technical programming ideas per capital/asset for further inspiration. Annex B outlines the main steps in assessing, designing, and implementing the LER-FACTS approach.

3.1 Steps for LER-FACTS programme design

LER-FACTS interventions should be designed, implemented, and monitored according to the [UNDP Programming cycle](#), as per [Programme and Operations Policies and Procedures](#). For LER-FACTS programming, the following steps are essential, in order to design and implement context driven interventions that are flexible, and constantly adapted to the rapidly changing local economies during and after a crisis. Therefore, adaptive management approaches and flexible procedures are required.

3.2 Monitoring, learning and adapting LER

Crisis response requires effective and regular monitoring and on the basis of adaptive management. Real-time problem solving and adaptation of programmes is required to respond to the complex, rapidly changing

circumstances. Donors need to be brought on board in this approach from the start, allowing for maximum flexibility and reporting on change at the outcome level, rather than on pre-set outputs.

In LER-FACTS programming, it is crucial to constantly monitor and measure the performance of the system, understand connections (such as market behavior and changes in assets, drops in sales due to failures along the value chain or shortage of cash, market prices, etc.) and adjust and refine interventions based on this. Further, monitoring against indicators in terms of inclusivity and leaving no one behind is crucial, so that timely corrective measures can be taken. Importantly, there is a need to constantly monitor and measure livelihoods performance in order to find catalytic actions that can help absorb, recover and transform livelihoods. It is crucial to ensure that the Theory of Change is aspirational and reflect appropriate indicators that enable the programme to measure the above. Continuous monitoring and learning is critical to systemic thinking. Systemic change requires understanding the root causes of problems

or market failures, which very often are not visible during the first assessment phase. The root causes often become visible through continued learning and monitoring of what works and what does not.

The constant need for adaptation makes learning-by-doing and the systematic application of lessons learned fundamental to improving the efficacy of responses. COs should implement measures to learn about the strengths and weaknesses of livelihood systems and local economies when faced with different shocks and stressors. Consider that learning and adaptation are dynamic and nonlinear processes and during implementation, new solutions and/or opportunities will emerge.

Part of developing lessons learned is to understand when and why programme objectives are not met. For instance, there may have been wrong assumptions, the root causes were not addressed, risks were under-estimated, there was low buy-in, or an attempt to solve the wrong problem. Similarly, the programme might have unintended positive results that might be scaled up. Therefore, spaces to collect lessons learned should be implemented throughout the duration of the crises and projects, not only when projects end. Most importantly, the lessons learned need to be communicated regularly to management, to inform rapid corrective measures, in other words, adaptive management.

While each intervention needs to have its own theory of change and indicators to monitor change, LER-FACTS programming is generally regarded as successful when local economies and livelihood systems become more resilient

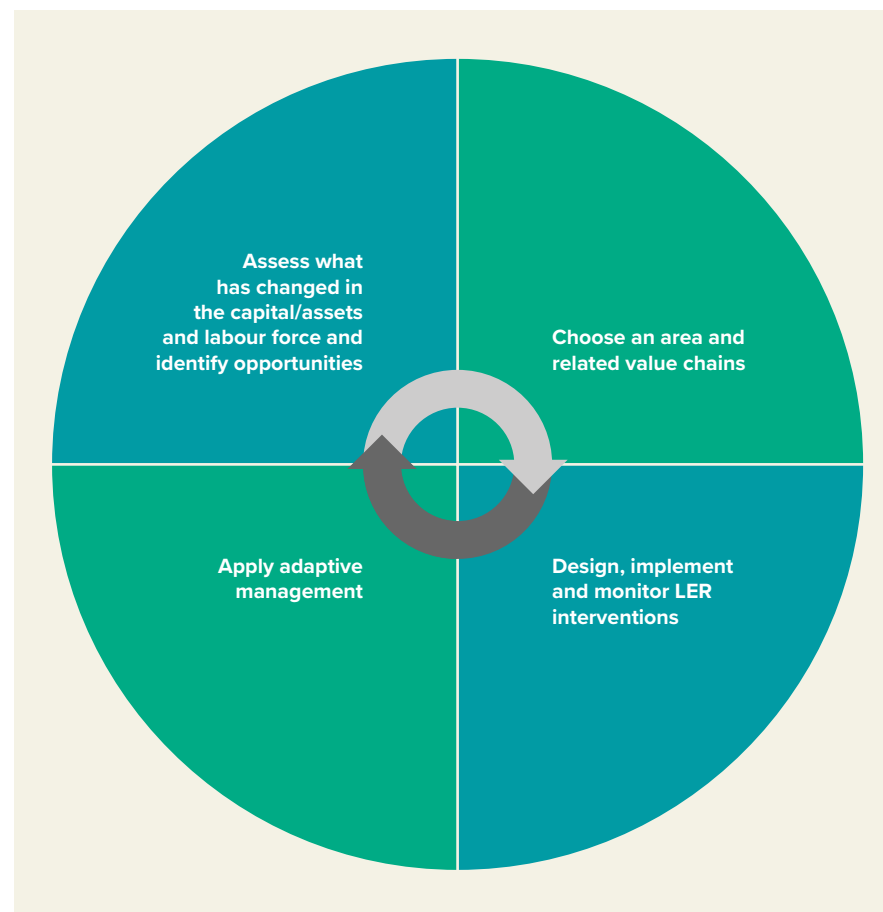


Figure 6. Towards adaptive LER-FACTS.

when interventions make the system perform better, and when progress is made towards transformative change. However, the intended change and outcome areas will differ per context, programme and project. As pointed out in figure 1 on page 20, the Sustainable Livelihoods Framework, outcome areas might include transformative change in terms of a greener economy, increased resilience, increased participation and gender and social inclusion, etc. Examples of possible LER-FACTS outcome areas are listed below, but caution is required as global outcomes or indicators tends to lead to non-adapted approaches and interventions. LER-FACTS outcome areas need to derive from solid local assessments. As outlined in section 3.1 above.

Possible outcome areas²⁰

- Greener livelihoods and sustainable use of natural resources
- Increased economic participation of men and women of different age and cultural groups
- Improved food security and increase in incomes
- Reductions in violence and social tensions
- Increase in investments by the private sector
- Improvements in the business enabling environment
- Enhanced (access to) economic infrastructure and services
- Increased resilience of assets and capitals

- Increase in quality, quantity and access to economic services
- Reduction of negative coping mechanisms

Measuring performance requires a holistic appreciation of the local economy and its livelihoods, and the interaction of these with the crisis. Using the components of the SLF can help actors to understand the key factors in livelihoods and how they relate to each other. In terms of resilience, the analysis focuses on grasping the absorptive, adaptive and transformative capacity of each factor and how they can influence each other. Livelihood performance can be constructed as an index.²¹ While the exact indicators and thematic areas to be measured need to be context specific, the Committee on Sustainability Assessment (COSA)²² for livelihood resilience proposes a classification. This was further adapted to the components of the SLF. [The list of 72 indicators is available here.](#)

Following the guidelines in the UN's Office for the Coordination of Humanitarian Affairs (OCHA) policy paper *New Way of Working*, the way to align humanitarian and development efforts (and in conflict-affected settings the HDP nexus) is to start by having a common set of objectives to which all organizations can contribute to. Each country is supposed to develop 'collective outcomes' reflecting the nexus. These are high level outcomes, and specific interventions should develop outputs that contribute to the (collective) outcomes. LER

²⁰ Approaches like the blue economy, use of renewable energy, smart farming and others, can be linked with vertical funding windows, but are highly context driven and depend on, for example, access to technology. Programmes need to develop innovative livelihoods approaches and such approaches vary depending on the context and geography. A recovery process is an opportunity to design a portfolio of LER-FACTS interventions, focusing on fostering change in different areas (governance, environment, gender, conflict transformation etc.).

²¹ See (Serfilippi, De los Rios, and D'Errico 2020) for ways to create the resilience indicator. See (OECD 2019) for quality-quantity and network-based methods to measure resilience as a system.

²² [Simpler Resilience Measurement](#): the classification is based on Serfilippi and Ramnath 2018.

(and food security) could be one outcome area, such as in the case of the Kasai provinces of the Democratic Republic of Congo. Further, the intended LER-FACTS outcomes are linked to the SDGs and the 2030 Agenda. Continuous measurement against the indicators will give an understanding of the impact of crises over time. In HDP, monitoring systems across agencies will need to be developed.

In LER-FACTS settings, data is often unavailable or outdated. Primary data collection is therefore the main source and it is encouraged to experiment with more participatory monitoring techniques. Also, assessing the usefulness of non-traditional data sources in relation to providing information on indicators

of interest. For example, the information collected from cell phone usage (call detail records) can help map mobility patterns²³ and satellite imagery can help understand changes in infrastructure, landscape and agricultural development²⁴ as well as damage caused by conflicts or natural disasters. Increasingly, the use of digital assessments is gaining popularity and has been used successfully for assessments, monitoring and evaluation purposes in insecure locations with difficult access.

Finally, monitoring and evaluation in LER-FACTS needs to take place in line with UNDP's general guidelines, including those related to privacy and the ethical use of data.

23 For examples of call detail records use in Haiti and New Zealand after earthquakes, see: https://reliefweb.int/sites/reliefweb.int/files/resources/call_detail_records_the_use_of_mobile_phone_data_to_track_and_predict_population_displacement_in_disasters.pdf.

24 WFP's AIMS pilot project using satellite imagery: see <https://docs.wfp.org/api/documents/WFP-0000099680/download/>.



4 Key actors, partnership and collaboration

LER-FACTS further requires a strong partnership collaboration between UNDP, government, private sector and other UN agencies. Development interventions have been put to the test, and their configurations need to make an effective connection between humanitarian and development interventions, and to ensure integration of humanitarian, development, and peace interventions: the so-called HDP nexus.

Humanitarian, peace and development work should intersect to foster lasting change, and the humanitarian phase should be shortened with more emphasis needed on development. In order to ensure smooth and effective integration between humanitarian assistance, peace, and recovery/development interventions, UNDP needs to be there from the beginning, to support humanitarian organizations to provide emergency support in such a manner that it lays the ground for LER interventions of development actors. UNDP needs to be ready to start LER activities as soon as possible and sequentially move into interventions that foster real systemic and transformational change, and maximize the effects of the economic opportunities available, such as through systemic market intervention and value chain development. The effective coordination and sharing of information within UNDP and among partners are essential, also fostering learning.

UNDP's mandate allows it to play an enabling and integrating role across sectors and stakeholders. UNDP is therefore uniquely positioned to engage with a number of different stakeholders across the HDP nexus and strengthen the structures and processes that support LER by putting a strong emphasis on good governance and bridging the gap between short and long-term interventions. UNDP's added value lies in its multidisciplinary and long-lasting presence in developing countries, offering COs the opportunity to acquire a good contextual understanding of the situation before, during, and after crises. UNDP's role in integration furthermore provides a good entry point to building on initial market-based programming interventions of other actors in order to foster systemic change.

The most important collaboration remains with the government structures. For LER, this needs to include working with ministries of agriculture, mining, labor, commerce, infrastructure, and, most importantly, the ministry of planning. Capacity development of relevant government institutions such as economic service provision (TVET, agricultural extension, veterinary services, cadasters, etc.) is of crucial importance to maximize sustainability and the catalytic effects.

Further, efforts to support the private sector focus usefully on local livelihoods but could benefit from being linked to regional and international markets. Prerequisites for such linkages are market analyses, global value chain analyses, and exploring the potential for digital technologies to enable market development. This work should be conducted in coordination with COs, regional hubs and HQ. UNDP should further stimulate those investments made

by the private sector, so that jobs and an income, trading relationships, and a properly functioning market will contribute to LER. This might also contribute to social cohesion, build trust, and lead to stabilization if the benefits of these investments are inclusive. In addition to employment and household income, the private sector can also deliver innovation as businesses strive to work in a difficult environment. FACTS represent a challenge for businesses, and investing in a business-enabling environment is crucial, including in security which will lower business operating costs. During a crisis, supporting businesses to remain operational and to save jobs is essential. Local procurement helps.

While partnerships vary greatly per context, it is crucial for UNDP to establish partnerships to increase effectiveness, outcomes and value for money in LER-FACTS interventions. The table below lists some of the potential partners.

Government

Ministries and departments of: trade and commerce, labor, agriculture and animal resources, gender, natural resources, infrastructure, planning, rural/urban development, mines/extractive industries, youth, statistics, etc.

Local government: Provincial, municipality, district and village level government, local legislative bodies.

Economic services: Public economic services providers (TVET, BDS, veterinary and agricultural extension services, etc.), public employment services.

International organizations

ILO, FAO, UNICEF, UNHCR, WFP, UNHAS, UNEP, UNIDO, UNESCO, IOM, IFAD, UNCDF, etc.

International—regional financial institutions

ADB, AfDB, BADEA, CDC, EBRD, IFC, IADB, World Bank, CAF, Islamic Development Bank, etc.

Private sector

Chambers of commerce, employers' organizations, banks, business owners (large, medium, and small), mobile network operators, renewable energy providers, private economic services providers (TVET, BDS, job placement, etc.), manufacturers.

Civil society and community-based organizations

Microfinance institutions/groups, existing local dialogue structures, farmers and other trade and industry associations, cooperatives, informal savings and loan associations, NGOs providing economic services, local leaders, women's groups, CBOs, religious institutions providing economic services, etc.

International NGOs

Humanitarian and development NGOs, in particular those applying market-based programming.

Regional organizations

Regional development banks, regional economic and social commissions (ESCAP, ECA, ECE, ECLAC, ESCWA), etc.

Glossary

The glossary below defines key terms used in this guidance note and refers to broader definitions that have been adapted to livelihoods and economic recovery (LER) policy and programming in fragile and (post)crisis/transition settings (FACTS).

Area-based approach

Area-based approaches define a geographical area, rather than a sector or target group, as a primary entry point.²⁵ In LER, interventions are designed and implemented using this approach in addressing multi-sectoral problems, focusing on the local economy rather than individual beneficiaries. However, value chains interventions usually go beyond the targeted area and require interventions out of the specific area. The same applies to policy influence and capacity development initiatives in support of LER.

Economic recovery

Economic recovery is the process of stimulating the growth of an area's (local) economy during and after crisis. The focus is on 'transformative change', a more

resilient and inclusive local economy, taking advantage of opportunities through market systems development, strengthening new and existing enterprises, and job and livelihoods creation in the private sector. It is a dynamics improvement trend of multiple economic parameters through catalytic interventions, both on the ecosystem and the economic drivers (infrastructure, skills, opportunities, services, institutions, governance, rule of law, etc.).

Financial assets

The financial resources that households and communities have to achieve their economic and social objectives. It includes cash and other liquid resources (for example, savings, credit, remittances, pensions) and properties and items that have financial value (house, car, jewelry, animals, etc.).

²⁵ Adapted from: Elizabeth Parker and Victoria Maynard (2015). See: <https://www.alnap.org/help-library/area-based-approach-in-humanitarian-response-and-recovery>.

Human capital

Availability of a labor force that has the required skills, knowledge, competencies and ability (including good health) to work. Restrictions in mobility of the labor force due to epidemics or pandemics is part of this, as well as the loss of labor force capacity due to death and displacement.

Humanitarian, development and peace nexus

The humanitarian, development and peace (HDP) nexus is the interlinkage between humanitarian, development and peace actions. The nexus approach aims to strengthen collaboration, integration, coherence and complementarity among humanitarian, peacebuilding and development interventions. The approach seeks to capitalize on the comparative advantages of each pillar—to the extent of their relevance in the specific context—in order to reduce overall vulnerability and the number of unmet needs, strengthen risk management capacities and address root causes of conflict.

Information as a capital

Availability and access to (multiple) sources of information, including market information, disaster risk, services, etc.

Livelihoods

The skills, assets (both material and social) and the approaches which will be used by individuals and communities in order to survive and thrive. Sustainable livelihoods imply that these individuals or communities can manage (anticipate,

prepare, confront and overcome) moments of crisis, and are able to maintain and increase their sources of income, without over-exploiting the supply of natural resources.

Local economic absorptive capacity

In the framework of LER programming for fragile, crisis and post-crisis settings, the term refers to the ability of a local economy to absorb returnees and ex-combatants but also financial inputs and revenues generated. It points to opportunities but also limitations in terms of human, institutional, governance and natural resources.

Market-based programming

Among humanitarian organizations, market-based programming is understood to be projects that work through or support local markets. Market-based programming uses or supports markets or changes market systems. It therefore covers all types of engagement with market systems, ranging from actions that deliver immediate relief to those that proactively strengthen and catalyze local market systems or market hubs.²⁶

Market system development

Market system development, the most advanced spectrum of market-based programming, originates in an approach in aid and development known as 'Making Markets Work for the Poor'. It seeks to change the way that markets work, so that poor people (or other target groups) are included in the benefits

²⁶ Adapted from [SEEP Markets in Crisis](#), 2016.

of growth of the market system. Market systems development reduces poverty by enhancing the ways that the poor interact with markets, emphasizing a facilitative role by the implementing agency rather than direct service delivery.

Natural assets

Availability and access to natural resources that can be used for livelihoods (for example, water, land, fish, grazing grounds, forest, wildlife, minerals, sun, gas, etc.). It also includes factors affecting livelihoods and livelihood opportunities due to climate change and related variables.

Physical assets

Infrastructure, economic services, and productive assets that enable people to enhance productivity.

Political assets

Applied to LER, this relates to the political economy, power structures, and the rights and access that individuals or groups have over assets. It also includes the influence they may have over political processes related to the regulation and governance of natural resources.

Resilience

“The ability of individuals, households, communities, cities, institutions, systems, and societies to prevent, resist, absorb, adapt, respond, and recover positively, efficiently, and effectively when faced with a wide range of risks, while maintaining an acceptable level of functioning without compromising long-term

prospects for sustainable development, peace and security, human rights and well-being for all” (OECD 2020a). Applied to LER, a resilience-based approach aims to increase the capacity of the local economy and the related businesses and institutions to deal with uncertainty, cope with shocks and stressors, and to respond and recover positively in times of crises.

Social capital

Quantity and quality of social resources (for example, networks, membership in groups, social relations) from which people draw in pursuit of their livelihoods. A distinction can be made between bonding and bridging social capital (Colletta and Cullen 2000), where bonding is especially effective for resilience, while bridging is needed for the growth of businesses.

Social protection

A set of nationally owned policies and instruments that provide income support and facilitate access to goods and services by households and individuals at least at minimally accepted levels, to protect them from deprivation and social exclusion, particularly during periods of insufficient income, incapacity or inability to work (UNDP 2016).

Stabilization

Approach used in situations of violent conflict designed to protect and promote legitimate political authority, using a combination of integrated civilian and military actions to reduce violence, re-establish security, and prepare for longer-term recovery.

Systems thinking

Systems thinking is a multidisciplinary approach used to understand complex relationships, where interactions between components are not analyzed linearly through cause and effect relationships. Instead, they are understood through multiple interactions that create cyclical non-linear effects (Mavhura 2017). Applied to LER, systems thinking refers to the understanding that local economies and livelihoods are part of a complex environment that has changed due to the crisis.

Transformative capacity

The ability to enhance governance and enable the conditions that make livelihoods and local economies more resilient, inclusive, and thriving. This term emphasizes the ability to make structural changes, reconfigure after disaster, and radically thrive. Applied to LER, improving transformative capacity refers to system-level changes that enable LER to be effective and maximize a business enabling environment.

Value chain development

A value chain describes the full range of activities that are required to bring a product or service from conception, through the intermediary phases of production and delivery to final consumers, and final disposal after use (Kaplinsky 2004). The main drivers of value chain development are system efficiency; product quality; product differentiation; social and environmental standards; human resources; access to markets; business development services and finance; and an enabling business environment. In LER programming, the focus is on changing market systems to ensure (higher) benefit to the poor (or other target groups), including by trying to have more steps in the value chain done locally, and in the aftermath of crisis or conflict, to determine where value chains are broken and need fixing, which can be beyond the intervention area.

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Annex A. Programming guidance per asset/capital

This section provides further inspiration on LER-FACTS programming entry points per asset or capital. This section is written with a note of caution. These are possible programming ideas or rationales, but the exact interventions should be fully based on the context, as outlined in section 3.1.

A. Human capital

General

One of the most devastating effects on the local economies in crisis and conflict affected contexts is the loss of productive members and skills through death, disabilities, illness, forced displacement, and brain drain. UNDP assists governments in their efforts to strengthen their social protection systems, which is crucial in furthering resilience. For LER-FACTS, especially the social safety nets have proven important, directly increasing or decreasing the ability of economic actors, and economies, to absorb shocks. To this end, LER-FACTS programmes could engage in:

- Providing guidance to scale up social protection interventions, reducing the need to resort to negative coping mechanism.
- Supporting technical and vocational education and skills training (TVET) as well as job placement programmes. These interventions must be based on sound market and value chain analyses that aim to match skills training to jobs, enterprise activities or livelihoods that are in demand or have potential.
- Linking TVET to industrial policies or sectors that have a comparative advantage or those that could bring about an effective green transition.
- Mainstreaming climate adaptation and sustainable practices (for example, diversification, savings and productive investments) in human capital development.

Absorbing shocks

- Collaborating with relevant partners to undertake a rapid social protection systems analysis and based on this scale-up assistance.
- Supporting the SME sector to avoid further collapse and to maintain jobs.
- Initiating on the job training during cash for work programmes.
- Rebuilding destroyed vocational training facilities.
- Undertaking rapid skill needs assessments in the (changed) local economy and provide training and scholarships, including to displaced populations.
- Ensuring coherence across programmes, such as workers trained to clear debris could be hired as small enterprises in construction work.

Transformative change

- Investing in vocational training systems, making them more market responsive and with capacities for diversification into the new skills areas such as those related to IT, green technology, etc.
- Planning with governments and stakeholders on ways to improve access, coverage and financing of social protection schemes, including innovative ways to improve eligibility for economic actors in the informal sector and the “missing middle”.²⁷
- Collaborating with private sector to train the youth for employment, including apprenticeships.

²⁷ This could involve categorically universal grants (such as universal child grants) which would indirectly target many informal households, or simplified contributory schemes (for example, through flat rates that could be subsidized) that can be extended to the self-employed.

B. Financial capital

General

UNDP supports the development of inclusive finance (access to finance, financial inclusion, insurance and financial sector development). UNDP has experience in building inclusive finance in FACTS and has a partnership with the UN Capital Development Fund (UNCDF). Access to finance remains a major obstacle to sustainable development and resilience of livelihoods, and private sector growth—especially in post-crisis settings. Appropriate interventions, policies and financial sector reform can lead to productive investments, lower barriers to credit, risk-mitigating and saving behaviors. These, in turn, can lead to consumption smoothing following shocks (IPA 2019; CGAP 2019, 2019; Demirguc-Kunt, Klapper, and Singer 2017). Insurance mechanisms, access to saving accounts, saving and credit mechanisms and digitization of payments are all promising tools that can build financial inclusion and resilience. Ultimately, broader and easier access to finance could encourage the development of MSMEs which are the backbone of livelihoods in most settings.

Absorbing shocks

- Initiate labor-intensive public works to increase cash flow in the communities.
- In cash-for-work programmes do payments through micro finance institutes, accompanied by capacity development of these.
- Provide interim grants to avoid small business collapse.

- Initiate micro-leasing of equipment.
- Provide funds for startup grants or startup packages that deliver either seed capital or a combination of seed capital, inputs, training and assistance to support the income-generating activities and stimulate entrepreneurship.
- Promote the use of digital technologies to foster financial inclusion. Digital financial services and payment mechanisms, such as mobile money instruments, can help alleviate common structural barriers to reach the most vulnerable and help promote savings, investments, efficiency, and reductions in costs and time, ease remittance procedures and create data traces that can then be leveraged to access credit.

Transformative change

- Work with local, developmental, and private sector partners to establish a diversity of financial institutions and innovative financial instruments and processes which can cater to different contextual and customer needs. This applies in particular to vulnerable groups and the informal sector as they face greater obstacles when it comes to accessing finance.²⁸
- Loan-type instruments should be complemented by targeted grants, equity instruments, loan guarantee and similar risk-tolerant capital instruments²⁹ to encourage more MSME investment and development.³⁰
- Implement micro-insurance schemes for small businesses and producers (farmers).

28 These include the development of commercial banks, postal banks, microfinance institutions, credit cooperatives, local community saving and credit groups amongst others. In terms of financial instruments and processes, it is important to develop micro insurance, cheap (or free/subsidized) savings accounts, simplified documentation/identification procedures, alternative collateral and risk-index based insurance, credit guarantees, amongst others.

29 Such as de-risking instruments, risk-transfer instruments and risk-compensating instruments.

30 Grants to MSMEs have been empirically shown to be much more effective than micro loans—and other loan-type instruments (Grover and Imbruno 2020) with varying levels of success. Firm growth is constrained by several factors, such as low firm capabilities (e.g. management).

C. Physical capital

General

UNDP has considerable experience in supporting public work programmes and infrastructure rehabilitation in FACTS. These areas include emergency employment creation, building for socio-economic development and resilience building. Under its revamped three-track approach, UNDP works towards systematizing crisis preparedness through preventive infrastructure development and capacity development of emergency respondents. This signifies responding to crises through community contracting and adaptive capacities by preparing infrastructures for future challenges. UNDP focuses on coordinating actors to prepare for eventual crises by making physical capital resilient to shocks and crises. To this end, LER-FACTS programmes could engage in:

- Use of analytical and digital tools to assess the vulnerability of infrastructures to known risks, including natural disasters.
- Coordination work with local actors to build infrastructure that can protect individuals' physical and natural assets, particularly in vulnerable communities susceptible to natural disasters.
- Community capacity building and contracting for infrastructure projects, either to prevent disasters or reinforce current infrastructure.

Absorbing shocks

In times of crises, UNDP deploys its labor-intensive public work programmes via the Partnership for Economic Policy (PEP) in coordination with other social protection interventions to promote resilience to shocks and help communities recover from them by:

- Providing income and allowing for consumption smoothing (protective).
- Contracting to rehabilitate and build essential local infrastructure and assets (productive).

- Promoting green jobs/green works, sustainable/environmental infrastructures, natural resource management; building social assets (schools, hospitals, etc.) and developing productive capacities or infrastructures for the future (promoting and transforming).
- Ensuring that the PEPs have synergies with other interventions, including those directed to hiring local actors. This can incentivize labor demand in the early stages following a shock when the private sector may be unable to do so at scale. By stimulating demand, PEPs have the potential to rekindle the private sector and economic activities and thus generate multiplier effects, for instance, by benefiting all interlinked supply chains related to the PEPs.

Transformative change

- Building infrastructure that enables transformative change requires identifying infrastructure vulnerability and fostering sustainable solutions. Therefore, in addition to rehabilitation works or services to tackle specific shocks, UNDP advocates for: forward-looking, climate-resilient infrastructure, fostering socioeconomic development and building resilience capacities to future shocks. A green public works approach could be encouraged and, where the context allows for it, a digital public works approach can also be leveraged. Digital technologies should equally be adopted where possible throughout the cycle to increase the efficiency of the programme(s).

D. Social capital

General

UNDP's LER-FACTS approach includes interventions that target social capital building directly. Restoring the social fabric in crisis contexts is key to create conditions needed for LER, but can also be a direct result of an LER approach that aims at building bridges and economic relations in the economy. To this end, LER-FACTS programmes could engage in:

- Identifying sources of bonding social capital and mobilizing these to strengthen resilience.
- Identifying sources of bridging capital, and mobilizing those for strengthening networks and economic relations.
- Identifying groups that are at risk of economic exclusion and designing measures to strengthen the capacities of these weaker economic actors.
- Supporting the government to design measures of affirmative action for people from groups that have fewer economic opportunities.

Absorbing shocks

- Identifying sources of bonding social capital and mobilizing these to strengthen resilience.
- Labor based reconstruction projects engaging youth from opposing groups, or those in need of reintegration with host/receiving communities.
- Strengthening skills and financial capacities of weaker economic actors.
- Initiate/strengthen local safe and loan groups.
- Support vulnerable businesses to avoid collapse and maintain their workers.
- Identify and replace negative coping mechanisms, including child labor and destructive use of natural resources.

Transformative change

- Initiate inclusive dialogue and the development of inclusive LER plans (or local development plans) – local government, local private sector and representation of civil society.
- Choose value chains for value chain development that have the potential to create economic relationships and interdependencies between opposing groups.
- Initiate affirmative action for the hiring of people from groups that have fewer economic opportunities.
- Adapt economic service provision and facilities to become accessible for people with disabilities.
- Establish solidarity groups with the participation of vulnerable groups.
- Facilitate diaspora programmes leveraging remittances, investment and skills/expertise.

E. Information

General

Information capital is important for LER programming, as market information is of crucial importance to economic actors. Including it explicitly in LER-FACTS programming allows actors to ensure that information reaches individuals in general, and vulnerable economic actors in particular, and to ensure that the understanding of information received leads to positive coping strategies. Further, digital technology can be a catalyzing factor leading to greater access, innovation, connectivity, efficiency, productivity and effectiveness in LER. Transformative actions are geared towards creating an enabling environment for digital transformation and open data. To this end, LER-FACTS programmes could engage in:

- Developing technologies with concrete uses for public, private and civil society sectors.
- Closing the digital divide through access to technologies, by supporting processes to increase access to digital technologies, IT infrastructure development and the inclusion of digital skills in student curricula.
- Participating in the development of digital technologies. These must be carefully planned and include participatory approaches that enable end-users to participate in the creation and adoption of technologies. Not doing so may result in increased barriers to livelihood development through unintended harmful uses, unequal access, adoption and discrimination.
- Sharing of market information and facilitating partnerships of communities with economic actors and information sources.

Absorbing shocks

- Supporting governments' efforts to gather humanitarian, development and peace organizations as well as affected communities, to make up response teams.
- Helping response teams obtain information on crises through early warning systems and assessments.
- Advising on courses of action to be made in consultation with governments, the private sector, as well as humanitarian, development and peace organizations.
- Sharing accurate data on crisis development, as well as campaigns to reduce misinformation with the objective of promoting positive coping strategies.
- Collaborating with other agencies, frequently undertaking surveys on multidimensional livelihood indicators; human development indicators; micro, small and medium-sized enterprises (MSMEs) and market and value chain indicators, etc.
- Conducting and publishing disaster risk and resilience assessments.
- Informing all stakeholders, including economic actors, about possible risk reduction and coping strategies in the context of identified crises.

Transformative change

- Supporting information sharing among all relevant stakeholders to ensure that there is consensus and accountability of actions.
- Ensuring that exit strategies are established, communicated, concerted and acted upon, leaving the leadership and continuity of projects to local institutions and communities.

F. Natural assets

General

UNDP works with key partners, local governments, the private sector and civil society to continuously push the green transition, climate adaptation and nature-based solutions (NbS). Build Back Better from crises requires addressing the vulnerabilities that make certain regions more susceptible to damage from natural disasters and the environmental consequences or drivers of conflict. Furthermore, it requires addressing the stressors that gradually increase the risks of natural capital depletion and, consequently, severe livelihood deterioration such as climate change. To this end, LER-FACTS programmes could engage in:

- Identifying sources of financing and mobilizing investments to promote climate-smart and green jobs, livelihoods, and entrepreneurship.
- Assisting governments to establish strategies and policies for renewable energy transitions and decarbonization so as to close the energy gap; addressing biodiversity and natural capital losses by tackling the structural market, policy, and governance factors that drive natural degradation; reforming tenure, water and land rights to ensure more equitable access to these natural capital resources.
- Advocating for the systematic growth of the green economy and NbS to further create employment and new livelihood opportunities, which could further enhance the other livelihood capitals. An example of such action is UNDP's advocacy for payment for ecosystem services which seeks to promote NbS livelihoods and MSME activities.

Absorbing shocks

- Deploying emergency infrastructure recovery plans to prevent further damage from crises affecting natural resources and infrastructure.
- Implementing green job programmes that inform individuals about positive coping strategies they can engage in, without further damaging their natural capital base, particularly in agricultural practices.
- Addressing shortages or unequal access to natural resources (as a conflict driver).

Transformative change

- Providing training and information for greener agricultural and other income-generating activities; incorporating green practices and strengthening natural capital management capacities.
- Defining local and national strategies with all relevant stakeholders to mitigate the negative effects of identified factors that affect the world's natural capital. These strategies can be applied at the micro-level in terms of creating awareness and providing incentives to reduce negative coping strategies that harm an individual's natural capital. Strategies can also target the macro level, promoting regulation designed to reduce the effects on nature and climate change created by actors in all economic sectors.
- Creating green jobs that show the benefits of investing in a green and blue economy.

G. Political capital

General

UNDP provides continuous support for good, inclusive, and accountable governance to ensure that the exercise of political, economic, social, and administrative management of a country is conducive to the sustained development of livelihood systems. To this end, LER-FACTS programmes could engage in:

- Advocating for multi-stakeholder governance structures which encourage participatory, local level and bottom up approaches to decision making. Ensuring participation across sectors, geographic units, actors and institutions including, among others, central and local governments, the private sector, and civil society. This process is conducive to flexible decision making which is responsive to local and changing circumstances and creates the right conditions for tackling unpredictable, ever-changing shocks and stressors that challenge local economies and livelihoods.

Absorbing shocks

- Fostering continuous communication between all stakeholders as well as engagement and connection with the local community to ensure a steady flow of data and local ownership of projects. Strengthening community-based mechanisms for LER-FACTS and participation in the decision-making processes also enhances accountability at all levels of government.
- Strengthening risk governance systems, disaster risk reduction and resilient financing, both at national and local levels of government, by providing technical assistance. These tools should be developed alongside strong underlying laws, policies, institutions, and coordination mechanisms. International policy frameworks and funds (such as the Global Environment Facility and Adaptation Fund portfolio) should be leveraged to promote the effective implementation of resilience measures and activities.

Transformative change

- Advocating for, and providing support to, mainstreaming rights-based approaches, empowerment and inclusivity across all institutions. This includes continuous support to redress structural factors driving systemic inequalities (both vertical and horizontal).
- Promoting the political empowerment of local communities to enhance local accountability, ownership, and the establishment of short and long-term objectives that are coherent with local development plans. In this, promoting the participation of weaker economic actors is key.
- Strengthening the lobby and advocacy capacities of local CSOs and NGOs to demand their economic rights from the duty barriers.
- Co-financing municipalities in LER activities based on participatory budgeting with civil society.

Annex B. Steps for LER-FACTS programming

Step 1. Assess

Identify and establish partnerships with actors that have information, and those that have capacities to collect and analyze data, or can be trained to do so. UNDP has developed digital assessment tools³¹ ready to be deployed. In order to collect the information required to design LER-FACTS interventions:

- 1 Identify the impact of the crisis on the local economies and related livelihoods. See what has changed in terms of capital/assets and the labor force. Ensure GESI analysis is incorporated to assess differential impacts on diverse socio-cultural groups of women, men, girls, and boys.
- 2 Test assets resilience, measure livelihoods quality, and see where jobs/livelihoods can be maintained during the crisis.
- 3 Assess the impact of the crisis on the labor force, including the changes in available skills.
- 4 Assess the state of the previous functioning value chains/chains of production, and identify if and where chains are broken. Assess the state and functioning of markets and their integration (value chain analysis and market assessment).
- 5 Identify the political economy, the conflict dynamics, and the social-economic exclusion mechanism.
- 6 Measure the livelihood assets and livelihood system components and structures most impacted.
- 7 Ascertain the effects of the crisis across demographics (gender, age, cultural groups, etc.³²).
- 8 Identify coping mechanisms and local solutions that are emerging.
- 9 Identify opportunities in the local economies, especially demands for goods and services that could be interesting for business start-up.
- 10 Assess pre-crisis inequalities and identify opportunities for transformative change.
- 11 Identify opportunities to introduce new and appropriate technologies, diversification, and opportunities for a greener local economy.
- 12 Assess the quality and quantity of economic service providers and local governance.
- 13 Map the key economic actors,³³ other stakeholders, existing initiatives, and identify potential partnerships.

³¹ See <https://www.undp.org/content/integrateddigitalassessments/en/home.html>. (UNDP 2020b).

³² Data should be disaggregated by age, sex, types of livelihoods and cultural group (ethnicity, cast, etc.).

³³ A livelihoods system analysis involves being aware of all the relevant actors and understanding the structures and processes where they interact, their vulnerabilities and exposure to known risks. The actors are individuals, government actors, the private sector and civil society organizations, as well as the places where interactions happen, including markets (local, national and international), infrastructures, and value chains. Processes are the rules that regulate—or fail to regulate—these interactions. In fragile, crisis, and post-crisis settings, all these factors are subject to a context which is vulnerable to risks and shocks. The objective is to strengthen all the components to allow these systems to cope and recover better from crises.

Step 2. Design

The design phase is key to the implementation of successful LERs programme. Even though the focus of area-based programming implies taking an integrated approach, there may be the need to identify key sectors to provide niche entry points for the LER programme. For example, if the area in question is predominantly agricultural or livestock based, these sectors become the entry points and integrator of the area-based programming. The design phase should therefore include the identification of such sectors. In order to design LER-FACTS interventions, based on the data collected in step 1:

- 1 Identify catalytic opportunities to immediately boost local economies and livelihood systems. Use an area-based approach focused on a limited amount of value chains, and concentrate the LER activities around these. Choose value chains that have high economic potential, but also social potential in terms of creating economic interdependencies between opposing groups, furthering gender equality and/or value chains of interest to youth.
- 2 Define a geographical area, using an area-based approach—preferably targeting neighboring localities along the promising value chains across large regions. An area-based approach allows actors to identify not only gaps directly related to livelihoods, but also other critical system features such as local governance and social cohesion levels, which affect people's ability to build sustainable livelihoods.
- 3 Identify entry points and priority actions to improve the absorptive, adaptive and transformative capacities of the system components at risk of failure is key to maintaining system performance during the crisis. These participatory assessments with the local economic actors will enable stakeholders to identify the critical functions of the system that need to be maintained so as to avoid systemic collapse.
- 4 Define areas of change, and related interventions for the short, medium and long-term together with the local actors. The plans can go beyond the timeframe of the UNDP programme, as actions should be designed from the outset to foster sustainability and catalytic effects, to be taken further by other actors after the closure of a project.
- 5 Establish partnerships with local government, the private sector, civil society and other organizations.
- 6 Design a theory of change and indicators for monitoring and evaluation, and establish baselines data against these. Ensure indicators on conflict sensitivity/do no harm and on leaving no one behind in terms of gender, youth and cultural groups.
- 7 Ensure the intervention contributes to collective outcomes, national priorities and global goals (SDGs).
- 8 Design for scale. Think as if any of the projects you are designing will be implemented nationwide and ultimately, in other global regions. Think in terms of costing, economies of scale and effective and efficient implementation modalities so they can be easily “packaged” for use in other COs.

Step 3. Implement

In implementation, all general guidance on effective design and implementation applies.³⁴ For LER-FACT to be effective, ensuring strong linkages with appropriate local private sectors needs to be ensured.³⁵ Some specific guiding principles include ensuring that:

- 1 Actions are coordinated with identified stakeholders and are rooted in long-term domestic development and resilience-building strategies, rather than just focusing on short-term relief measures.
- 2 Partnerships are established with the government and private sector. This includes a governance structure for decision making to provide an avenue for government leadership and ownership of the intervention.
- 3 Spaces for sharing information, data and evaluations are available so that all actors can follow the evolution of the crisis and share lessons learned.
- 4 Gender and social inclusion are mainstreamed across programming cycles and the equal participation of women and men of the different age and cultural groups are ensured. The strategic interests of all groups should be voiced and measures should be taken to address structural barriers that hinder the economic participation of specific groups.
- 5 Projects are adjusted to available funding but designed for scale. This is key in order to engage in long-term resource mobilization and maximize partnerships and exit strategies geared at full handover and required capacities strengthened.
- 6 Cost effectiveness, by harmonizing and coordinating operations as much as possible among different actors and programmes. Co-financing by government and public-private partnerships with co-investments of the private sector should be ensured in LER-FACTS projects.
- 7 Constant feedback loops are provided to management and adaptive management is applied.

³⁴ For more information, refer to: <https://popp.undp.org/SitePages/POPPBSUnit.aspx?TermID=1c019435-9793-447e-8959-0b32d23bf3d5&Menu=BusinessUnit>.

³⁵ UNDP is in the process to develop a private sector development framework, focused on pull and push strategies regarding the private sector.

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