

### Towards conflict-sensitive employment in large-scale infrastructure projects in fragile and conflict-affected settings: recommendations for donor agencies

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# Towards conflict-sensitive employment in large-scale infrastructure projects in fragile and conflict-affected settings

## Recommendations for donor agencies

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### Recommendations

#### \ Extend social impact assessments in feasibility studies to cover CSE strategies in areas that are not (fully) under government control

In fragile and conflict-affected settings (FCAS), large-scale infrastructure projects often connect areas under various forms of rule. Donor agencies and development banks should demand from contractors conducting feasibility studies to include conflict-sensitive employment (CSE) strategies for those parts of the infrastructure project that are affected by violent conflict.

#### \ Request a CSE strategy and a comparative calculation of security and CSE costs in invitations for bids

In addition to available international procurement guidelines, donor agencies and development banks should require bidders to outline a CSE strategy. They should demand from bidders a convincing calculation of the costs of CSE, especially in comparison to the costs of anticipated security measures for the duration of the project, its maintenance and protection for a specified period (at least five years) after completion. The CSE framework (Grawert et al., 2017) should be attached to the tender as a guideline.

#### \ Allow for budget changes during the project duration if they are related to CSE

As changes in control over areas and settings of armed conflict are common in FCAS, conditions for company operations in large-scale infrastructure building will change, too. While bidders' contingency plans should include such potential changes, donor agencies or development banks should allow for budget adjustments if these changes exceed the anticipated volume of the project

#### \ Request that units of large-scale infrastructure projects be subcontracted to local companies

Local companies often are familiar with local power relations and able to assess project risks in local areas realistically. Donor agencies and development banks should require from bidders an initial outline of units that will have to be constructed by local companies, and bidders should detail the envisaged CSE strategies.

#### \ Flank large-scale infrastructure projects with skills upgrading schemes

Donor-funded skills upgrading measures could enable local companies to carry out part of the operations required for the large-scale infrastructure project. Such projects will thus become development corridors that enhance mobility and communication as well as professional qualification of the local inhabitants.

# Towards conflict-sensitive employment in large-scale infrastructure projects in fragile and conflict-affected settings

Three years of research on conflict-sensitive business and employment of Afghan construction and transport companies under conditions of mounting violent conflict between 2015 and 2017 provided relevant findings on infrastructure-building in fragile and conflict-affected settings (FCAS).<sup>1</sup> Detailed field research in construction sites that were controlled by the Taliban and partly contested between the Government of the Islamic Republic of Afghanistan and the Taliban, intensive discussions with owners, managers of construction and transport companies as well as employees and workers, stakeholder workshops with donor and development agencies, development banks and chambers of commerce as well as academic experts on Afghanistan in Kabul, London, Brussels and Bonn provided the insights leading to this *Policy Brief*.

Based on construction and transport companies' experiences in the FCAS in Afghanistan and close cooperation with selected companies, the research team developed a conflict-sensitive employment (CSE) framework for local construction and transport companies (Grawert, Isikozlu, Haqeeqat, & Shirzad, 2017). It was tested and amended following results from practical implementation and feedback from local stakeholders in four Afghan conflict sites and is available in English, Dari and Pashto. It is currently being disseminated in Afghanistan.

## The prominent role of large-scale infrastructure projects in FCAS

FCAS are defined as settings in which the political environment is extremely polarized and divided due to a lack of trust among political actors. FCAS thus are characterized by "low social cohesion and a lack of consensus on what organizing principles should determine the contest for state power and how that

power should be implemented" (NIMD, 2016). The background for such settings is that social relations and institutions emerging during violent conflict and the establishment of a war economy have a lasting impact on the economy, labour relations and the restructuring of institutions when violence subsides. Moreover, relations, institutions and processes that had been in place before violent conflicts occurred have profound effects on the origin, form and trajectory of the conflict. More often than not, the conditions remain precarious and insecure, and FCAS emerge and prevail. Hence, violent conflict or its aftermath and fragility are closely interconnected and are mutually reinforcing. As FCAS most often have regional and international links and dimensions, distrust and social divisions, as well as war economies, usually extend beyond local or national levels.

According to academic research, infrastructure-building, if systematically planned, has the potential to contribute to peace. It requires long-term funding and should start as early as possible to make use of the opportunity to provide a peace dividend for the population that has been suffering from protracted armed conflict. It can encourage the perception of a return to normalcy within the population and move popular support away from pre-war or during-conflict loyalties. Building infrastructure is an effort to facilitate movement, communication, delivery of (social) services, market access, and hence, opportunities for entrepreneurs to contribute to reconstruction and development.

On the other hand, infrastructure-building can exacerbate conflict, if it perpetuates fragmented power structures and related 'war economies' as well as corrupt state institutions. Renegotiations of contract terms between project partners and privatization of services can spark protests of consumers and even cause violent conflicts leading to mounting cost or failure of infrastructure investment.<sup>2</sup> Infrastructure projects can become a source of corruption of state authorities and private sector companies, as these projects involve many stakeholders, take a long time

1 \ The cooperative research project "Conflict-sensitive employment under construction: peace and stability strategies for the private sector in Afghanistan" was conducted by BICC, The Liaison Office TLO in Kabul, Afghanistan and International Alert in Islamabad, Pakistan and London. It was sponsored by the Netherlands Organization for Scientific Research NWO / WOTRO Science for Global Development, Section „Security & Rule of Law in Fragile and Conflict-affected Settings“ SROL. Details and project publications are available at <https://www.bicc.de/research-clusters/project/project/conflict-sensitive-employment-under-construction-peace-and-stability-strategies-for-the-private-sec/>.

2 \ Grawert, Hansohm, & Nusrat, 2017.

and utilize large amounts of money. Whereas in state-held areas, authorities, politicians and law enforcing agencies and actors often demand bribes, in areas under the control of non-state armed groups (NSAGs), protection rackets, extortions, destruction of already built facilities and machinery, among other risks, fundamentally affect companies operating in FCAS (Nusrat & Shirzad, 2018; Grawert & Shirzad, 2017b).

## Role of donor agencies and development banks

Donor agencies and development banks can assume a double role in FCAS, as investors and as promoters of economic and social development. By fostering large-scale infrastructure projects, they can combine both roles and provide grants or loans to construction and transport companies as well as specialized contractors according to the type of infrastructure envisaged and flank the project with suitable training and qualification schemes. Donor-funded upgrading measures can address local companies and enable them to carry out part of the operations required for the large-scale infrastructure project. Setting up vocational training centres and colleges along the infrastructure project can prepare the local population so that they meet the standards needed for employment in the different professional areas infrastructure-building demands. Whereas development agencies should initiate the training centres as early as possible when armed conflict subsides and run them for the first one or two courses, the (local) government should take over gradually, employ teachers or trainers and fund subsequent courses increasingly through its own budget.

In the context of FCAS, investors or donors, as well as foreign and domestic companies implementing their projects, are, or become, inherently part of the “political marketplace” (Hoffmann, 2014). Investors and donors, entrepreneurs and employees have to be aware that they will never be perceived as neutral. Labour relations vary in different conflicts and are subject to specific conflict dynamics. The assumption that businesses can operate as non-political agents in highly political contexts has been proven wrong (Ganson &

Wennmann, 2016). Nevertheless, promoting infrastructure-building in FCAS has the unique potential to connect areas that are held by non-state (armed) groups and ruled by opponents of the government (commanders, ‘warlords’) and areas that are controlled by the government. Feasibility studies should map the political setting of the area envisaged for a large-scale infrastructure project and identify which areas are conflict-affected and / or ruled by leaders ‘outside government’. For those areas, the involvement of local companies that are familiar with the local power structure and can implement a CSE strategy is crucial.

## Conflict-sensitive employment strategies

CSE is part of a conflict-sensitive investment strategy, which is widely considered in international procurement guidelines. A conflict-sensitive approach entails the ability of a donor agency to 1) understand the context in which it is planning and implementing investment, 2) understand how its investment influences that context, 3) act upon this understanding by using new policies or strategies that minimize any further violent conflict and maximize any impact that enhances peaceful interaction.

Employment is one aspect of conflict-sensitivity by which investors or donors can reduce—or exacerbate—tensions in a fragile or conflict-affected setting. If an employment policy is conflict-sensitive, it will help to reduce local tensions and armed conflict. Conflict-sensitive employment means that investments are made to create civilian jobs and to ensure that these jobs allow employees to build a future. The planned investment will be inclusive so that no group or community will be favoured or discriminated against, and it avoids any preference of employing foreign employees over local employees provided that equal skills are available. Ideally, employment will also comply with the International Labour Organization’s (ILO) standards for decent work.<sup>3</sup> To successfully

3 \ The standards include: employment for work that is productive and delivers a fair income, provides security in the workplace, offers prospects for personal development and social integration, freedom for workers to express their concerns and to organize and participate in the decisions that affect their lives, and equal treatment and equal opportunities for men and women.

implement conflict-sensitive employment, donors and investors should use a conflict-sensitive employment framework (as suggested in Grawert, Isikozlu, Haqeeqat, & Shirzad, 2017) and attach it to tenders for infrastructure and construction projects.

Donor agencies and development banks should insist that companies that receive contracts or sub-contracts and implement construction or infrastructure projects inform all relevant parties, including state or non-state power holders in the areas of implementation of projects or routes used by transport companies as well as district development assemblies, local community leaders or elders and further implementing companies, of how conflict-sensitive employment will benefit the local population. For this purpose, donor agencies and development banks should encourage bidders to sub-contract local companies. They can more easily make agreements with local power holders to ensure that the project will be implemented safely, sustainably and without high costs for security.

In large-scale infrastructure projects, donor agencies and development banks should request bidders to sub-contract different local companies that could implement units of a larger project or provide transport / logistics on parts of routes as they are familiar with the region and have good relations with local communities and relevant power holders. Small or medium-sized companies have better access to most dangerous areas, they can assess the local situations better and know how to work in insecure areas.

Sub-contracting local small and medium companies will also enhance local employment opportunities. Bidders operating in infrastructure-building in FCAS should also be requested to make use of local raw materials and resources where available to promote local business and employment (e.g. sand, crushed rock for asphaltting).

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