### **bicc** \ FRAMEWORK

## Conflict-Sensitive Employment Framework (CSEF) for construction and transport companies<sup>1</sup>

### A JOINT BICC / TLO PUBLICATION

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<sup>1</sup> The framework is a result of a common research project on employment strategies of construction and transport companies in Afghanistan and companies involved in cross-border trade with Pakistan and Iran conducted by three partner organizations (BICC, TLO, International Alert). The qualitative study was mainly based on interviews with owners and employees of nearly 80 companies and detailed exchanges of experiences with six pilot companies between 2015 and 2017 (Grawert et al., 2017; Grawert & Shirzad, 2017; Grawert et al., 2017a; Nusrat & Shirzad, 2017).

### Introduction

When companies operate in fragile and conflict-affected settings (FCAS), they encounter a range of particular problems. Corrupt state officers, tax departments, or police create obstacles such as demanding bribes and complicating bureaucratic procedures, or setting up checkpoints on roads and demanding payments for passing. Non-state armed groups attack company facilities, staff, or vehicles. Community inhabitants commit acts of sabotage or destroy facilities during construction projects or as soon as the company has left the site. Truck drivers and managers are kidnapped and released only after paying a ransom. Armed organizations demand protection money—as a kind of 'tax' payment—from companies operating in areas under their control or when trucks pass on their regular transport routes through these areas.

Many companies try to protect staff, premises and machinery by hiring security guards. Armed guards escort convoys of trucks. Expenditures for security measures can be quite high. Moreover, security guards and secured transports often become targets of attacks.

A few construction and transport companies in Afghanistan have developed strategies to mitigate these risks by negotiating with local elders, district development assemblies and local power holders about the planned construction projects or regularly passing trucks. Agreements involve fulfilment of certain conditions that create tangible benefits for the local population, such as jobs in construction, use of local workshops and restaurants by drivers, sometimes erecting a building needed in a community with local labour. In return, the local leaders guarantee the protection of construction projects and safety on routes passing the community from attacks and sabotage.

These experiences are worth spreading among construction and transport companies operating in Afghanistan and other FCAS. They are not only in the self-interest of construction and transport companies but also conflict-sensitive. They can be developed further, based on the collection of approaches applied by different companies that have resulted in successful and sustainable project implementation in construction and transportation. However, each conflict-sensitive business and employment measure must be tailored to the particular local context and cannot simply be used as a blueprint.

# Context of company operations in fragile and conflict-affected settings (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, and where conflicts frequently turn violent. FCAS are characterized by "low social cohesion and a lack of consensus on what organising principles should determine the contest for state power and how that power should be implemented" (NIMD, 2016). Social relations, political and social institutions and procedures that had been in place before the armed conflict began have significant effects on the origin, form and trajectory of the conflict. Protracted armed conflict re-shapes social relations and institutions and facilitates a war economy. Labour relations vary in different conflicts, are further differentiated according to the specific conflict dynamics and consequently differ in particular FCAS. They can be shaped by kinship relations, patron-client relations, forced labour, exclusion of some and inclusion of other groups and much more (Cramer, 2008).

All this has a lasting impact on the economy, the labour relations and the process of restructuring institutions when fighting subsides. The political, social and economic conditions remain precarious and insecure, forming FCAS that tend to prevail. 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. In this setting, violent conflict, its aftermath and fragility are closely interconnected and mutually reinforcing. One example: A highly militarized society continues using arms in local conflicts, groups are easily recruited into armed organizations or criminal gangs; commanders of armed groups act as local power holders or national politicians and obstruct efforts to establish a rule of law. In the context of FCAS, foreign and domestic companies are, or become, inherently part of the "political marketplace" (Hoffmann, 2014). Entrepreneurs and their employees have to be aware that the communities where they operate will never perceive them as neutral. The assumption that businesses can operate as non-political agents in highly political contexts has been proven wrong (Ganson & Wennmann, 2016).

This is why it is important for businesses to consider what impact their operations have on a particular FCAS. It is in the interest of companies to operate in a manner that does not exacerbate and at best, reduce conflict so that they can save security expenditures and payment of bribes or irregular 'taxes'. Such an approach is called a **conflict-sensitive approach**. It implies that a company

- \ Understands the context in which it is operating:
- \ Understands how its operations influence that context:
- \ Acts upon this understanding by way of new policies or strategies to minimize any negative impact and maximizes any positive impact (Conflict Sensitivity Consortium, 2012).

**Employment** is one factor by which businesses can reduce—or exacerbate—tensions in an FCAS. If an employment strategy is conflict-sensitive, it helps to reduce local tensions and conflict. Conflict-sensitive employment is one aspect of conflict-sensitive business strategies and means that businesses seek to:

- 1. Create jobs where unemployment is a problem;
- 2. Ensure that these jobs allow employees to build a future (for example, by gaining skills on the job) and avoid a 'hire and fire' approach;
- 3. Be inclusive so that no group or community is favoured or discriminated against;
- Avoid any preference of employing foreign employees over local employees, where unemployment is a problem, and local people can be trained;
- 5. Comply with the International Labour Organization's (ILO) standards for decent work. Decent work is defined as:
  - \ Work that is productive and delivers a fair income;
  - \ Work that provides security in the work-place;
  - \ Work where there are prospects for personal development and social integration;

- \ Work where people are free to express their concerns and to organize and participate in the decisions that affect their lives:
- \ Work where men and women are treated equally and have equal opportunities (ILO, 2016).

To successfully apply conflict-sensitive business and employment approaches, ideally, the approaches must be accounted for and agreed upon by all relevant parties: Local and/or regional donors or investors who will be financing the business; state or non-state power holders implementing construction projects or in control of routes used by transport companies; district development assemblies or other representative local bodies, local community leaders or elders and, finally, the implementing companies themselves. Otherwise, the companies' projects risk becoming too costly or failing. Hence, the implementation of a conflict-sensitive employment strategy is in the own interest of construction and transport companies operating in FCAS and does not require enforcement by outsiders.

Experiences made by construction and transport companies in Afghanistan suggest that companies operating in FCAS consider the following **good practices**:

- \ Be in constant touch with the local or tribal elders or the local power holders before and during the implementation of the construction project in insecure areas or when conducting regular transports through insecure areas. Experienced companies consider this the safest way to implement the project successfully and sustainably.
- \ Sub-contract local construction and transport companies. Local companies can more easily negotiate agreements with representative local bodies and / or local power holders to ensure that the project is implemented safely, sustainably and without high costs for security.
- \ Cooperate with other companies in implementing units of a larger project or providing transport / logistics for parts of routes. Choose them with regard to their familiarity and good relations

- with local communities, representative local bodies and relevant power holders.
- \ Upgrade the skills of the local labour force by investing in on-the-job training or, if possible, in the establishment of specialized local training centres.
- \ Consider subcontracting local small and medium companies (for example, for parts of road construction, truck repair, painting, catering) so that local people can profit from this. The small or medium companies have better access to dangerous areas, are familiar with the local situations and how to work in insecure areas.
- \ Make use of local raw materials and resources where available to promote local business and employment (e.g. sand, crushed rock for asphalting)
- \ Communicate the benefits of the project. Make every effort to convince local stakeholders of the benefit of the company operations (during the process) or projects (after completion) to them and to the local communities, for instance by increasing skilled labour, establishing solid infrastructure that can be used by everybody, boosting regional trade and thus, creating a win-win situation for a larger part of society. Convincing the stakeholders about the companies' projects can minimize corruption and irregular demands for payment to local state officers and police in areas under government control or powerholders and commanders in contested areas or areas under control of organizations or leaders fighting the government.
- \ Follow the suggestions in the Table below. It highlights what companies should consider when using a conflict-sensitive employment approach in FCAS. It is strongly recommended to adjust these suggestions to each particular local context and to include locally specific cultural, tribal, religious or other considerations in the employment approach the company will apply.

Table:
Conflict-sensitive employment framework for companies

Action	Questions to ask	Questions to ask if yes
Assess the impact of the company operations on the relationship between different community groups	► Are there any tensions between different community groups in the area?	<ul> <li>Between which groups?</li> <li>Why? What are the tensions about?</li> <li>What does each group want?</li> </ul>
in the area.	➤ Would company operations exacerbate or create new tensions between these groups?	<ul> <li>Which existing tensions would be exacerbated?</li> <li>How?</li> <li>Which new tensions would be created?</li> <li>How?</li> <li>Which groups are at risk?</li> <li>What is the cost of security measures, e.g. security guards, to protect the investment from risk of sabotage by these groups?</li> <li>Once the project is completed, could the investment be sustained without any permanent security costs?</li> </ul>
	➤ Would the operations of the company help to reduce any existing tensions?	➤ Which ones? ➤ How?
	➤ Would company operations have little to no negative or positive impact on these groups?	▶ Why is it the case?
Assess the impact of company operations on land ownership.	► Who are the local powerholders that own land in the area of project implementation?	
	► Can access to land be negotiated with the powerholders (through a representative local body or directly)?	<ul> <li>What are the interests of the power holders?</li> <li>What can the company offer to them?</li> </ul>
	▶ Is the land contested? Are there irregular land acquisitions?	<ul> <li>Who are the contesting parties?</li> <li>What are the types of irregular land acquisitions?</li> <li>Who stands to benefit most from the use of the land by the company?</li> </ul>
	➤ Would company operations favour certain local groups over others?	➤ Which ones? ➤ How?

Conflict-sensitive	Not conflict-sensitive	Notices
The assessment finds that company operations help reduce existing tensions OR do not have any impact (positive/negative) on community groups. It is up to company managers to examine whether and which preventive or remedial strategies can be put in place. If this is the case, company managers should follow-up with another assessment within 6 months.	Company operations are likely to exacerbate or create new tensions.	
Access to the land is negotiated without exacerbating any existing contestations.	Access to the land is negotiated with local power holders resulting in marginalization or displacement of local groups Fair alternatives or compensation are not provided.	

Action	Questions to ask	Questions to ask if yes
Analyze the cost / benefit of company operations to show how conflict-sensitive business strategies and employment would lead to financial returns.	▶ What are the financial costs of securing/protecting company operations, staff, and facilities from sabotage or attack (through security guards, technical devices, other measures)?	
	➤ Does the company provide any sustainable benefits to the local population (e.g. skills development, secure jobs, access to training centre, any corporate social responsibility (CSR) measure, etc.)?	<ul> <li>Which benefits?</li> <li>What are the costs for provision of these benefits in financial terms?</li> <li>Is it likely that these benefits will prevent acts of sabotage or attacks against the company, its staff, or facilities, making security costs unnecessary?</li> </ul>
	➤ Can the benefits for the local population be negotiated with power holders (through a representative local body or directly) and be part of a MoU between implementing construction company / transport company and power holder (with the MoU as a guaranty that the facilities, trucks, vehicles, or staff will not be attacked by groups under the command of the power holders)?	<ul> <li>What are the conditions to reach a MoU?</li> <li>Does it involve extra costs beyond the costs for the provision of sustainable local benefits?</li> </ul>
	▶ When comparing both calculations (payment for security guards and measures, or providing sustainable benefits to local communities): Which approach is more profitable over the long run?	
Apply for tenders based on a realistic cost calculation including conflict-sensitive employment strategies to be implemented to enhance project safety.	➤ Does the company have convincing arguments to incorporate a conflict-sensitive employment strategy in its operations?	➤ State the arguments in the application, if possible as a comparative calculation between costs for security guards, convoys, etc. and conflict-sensitive employment measures.

Conflict-sensitive	Not conflict-sensitive	Notices
Employment to protect company operations, staff, and facilities has sustainable effects (such as skills-upgrading, access to training for local people regardless of political, ethnic, cultural, religious, or any other background, bridging social divisions, providing the basis for self-employment, etc.).  Indicators are  \the facilities erected, logistics, infrastructure built are accepted by local communities, representative local bodies and power holders, \the establishments and staff are not attacked, and no acts of sabotage occur, \the facilities provided stay after completion of the project without being destroyed or damaged deliberately by local groups; trucks of transport companies pass without being blocked, forced to make irregular payments or being attacked.	Employment to protect company operations, staff, and facilities, gives jobs to outsiders that local people could do. Outsiders get jobs for which local people lack the skills without offering training opportunities for local people so that they are enabled to take over at least some of these jobs. People are encouraged to carry arms (e.g. as security guards). Indicators are  \ security guards are attacked, get involved in armed fighting, \ constructed facilities, vehicles, machines, workers or staff are attacked; facilities, vehicles, or machines are destroyed, acts of sabotage occur, \ as soon as the company moves out, the facilities are destroyed.	

Action	Questions to ask	Questions to ask if yes
Agree with local leaders on benefits to the community of the company's operations.	▶ What are some potential benefits to the community of the company's operations (e.g. employment of local people, training on-the-job, establishing a local training centre, using local materials for construction to create employment and diversify supplies, etc.)?	
	➤ Do local leaders agree on these benefits?	<ul> <li>Can this agreement be formalized?</li> <li>Will this agreement ensure that local leaders facilitate company operations?</li> </ul>
	➤ Do these benefits require an investment by the company?	► How much? ► For what?
	► If local leaders do not agree, are they open to negotiation?	<ul> <li>What are the points of disagreement?</li> <li>Can the company rectify any of these points?</li> </ul>
Communicate with community members about the agreed benefits of the company's operations. Make	What are the best ways for companies to communicate with members of the community?	
clear and transparent presentations of the project before implementation and whenever any changes and adjustments to create realistic expectations of local inhabitants.	➤ Are there community leaders (e.g. elders) with whom a company can work to communicate with local inhabitants?	<ul> <li>Which ones?</li> <li>How can relationships be established?</li> <li>Which groups can these leaders reach?</li> </ul>
	➤ Are there community centres or traditional institutions that a company can access to communicate with local members?	<ul> <li>Which ones/where?</li> <li>How?</li> <li>Which groups can these centres or traditional institutions reach?</li> </ul>
Communicate with a representative local body / district development assembly, community leaders and power holders about supporting a safe and viable environment of the company's project/transport route.	▶ Which stakeholders influence the construction or transport environment in the project areas or along transport routes, and in which ways do they cause insecurity?	► Can stakeholders causing insecurity be addressed directly or indirectly by company managers? If not, which other persons can negotiate about the safety of the environment of company operations?

Conflict-sensitive	Not conflict-sensitive	Notices
The company consults local leaders before operations begin, and a formal agreement is reached on some of the tangible benefits to the community. Local employment is one such benefit that is part of the company's budget.	The company begins its operation before or without consulting local leaders. No agreement is reached or can be negotiated. The company does not budget for any costs for hiring and training local employees.	
Local community members are informed about the company's operations by a representative local body, local leaders or powerholders. Community members should know what to expect from the company's presence before operations begin, meaning that any agreed benefits between the company and local leaders should be made known and transparent to all (for example, during Friday prayers in mosques or similar means).	The community is unaware of any benefits, agreed or otherwise, that may come from the company's operations in the community. Nontransparent agreements between local leaders and the company breed corruption.	
The company uses all possible means to gain assurances for a safe environment for its operations, as a condition for workers' and employees' safety.	The company ignores insecurity and risks stemming from a hostile environment or potential armed clashes, putting workers' and employees' lives at risk.	

Action	Questions to ask	Questions to ask if yes
Assess the impact of the company's labour recruitment practices on local tensions or conflict and recruit local labour in a conflict-sensitive way.	➤ Does the (composition of the) company's current staff have any impact on the local community?	<ul> <li>What impact?</li> <li>Is there any impact on ethnic, religious or political relationships with the local community?</li> <li>Is there any impact on the culture, practices and/or behaviour of the local community?</li> <li>Is there any impact on existing local tensions?         Do companies and employees respect local norms and cultures (e.g. dress, local customs and rules, etc.)     </li> <li>What do representative local bodies (e.g. the district development assembly), local elders and/or power holders say about the company's employment and recruitment practices?</li> </ul>
	▶ Does the company's current recruitment practice create any tensions with the local community?	<ul> <li>Why?</li> <li>What tensions?</li> <li>What is the perspective of local leaders?</li> <li>How can the perspective of local leaders be continuously considered?</li> </ul>
	➤ Does the company's current recruitment practice favour foreign employment over local employment?	<ul> <li>Why?</li> <li>What is the profile of those being employed?</li> <li>Does this practice impact the local labour force? In what way(s)?</li> <li>How can the local labour force become more attractive?</li> <li>How can their skills be advanced? How can local entrepreneurs benefit?</li> </ul>
	► Can a recruitment strategy for local workers be developed in cooperation with a representative local body / elders / local leaders that balances the needs of the community and the requirements of the company?	➤ Can transparent criteria for probation periods, skills acquisition or upgrading through on-the-job training, payment according to output fulfilling an agreed standard, reasons for dismissals, and others be agreed upon in locally accepted terms (contract, oral agreement with witnesses, etc.)?

Conflict-sensitive	Not conflict-sensitive	Notices
The company has assessed the potential impact its staff can have on the local context before beginning operations and develops a conflict-neutral or decreasing strategy. In the context of high unemployment, a conflict-sensitive approach favours local employment over foreign and uses employment to bridge local divisions (e.g. hiring local labourers in construction; using local facilities for truck maintenance, food, shopping, accommodation, etc. for drivers of transport companies). Recruitment procedures are made transparent to the communities where companies operate. In particular, they make clear that the company devotes effort to an inclusive, non-divisive recruitment strategy that does not favour one group over the other. Moreover, it tries to avoid triggering or enhancing violent conflict, sabotage or attacks when 'lazy workers' have to be dismissed, by winning the consent of the local inhabitants' majority for the company's transparent criteria for employment and dismissals.	No such assessment is done prior to or during company operations. Foreign employees are continuously favoured over local employees in the context of high unemployment.  Recruitment procedures are not transparent to communities where companies operate.  Recruitment favours one local group over the other.	

Action	Questions to ask	Questions to ask if yes
Take steps towards compliance with the ILO's standards for decent work.	▶ Does the work deliver a fair income?	<ul> <li>If not, what would be a fair income in the local context?</li> <li>What is needed for the company to comply?</li> </ul>
	➤ Does the company provide a secure workplace?	<ul> <li>If not, what is needed to make the workplace more secure?</li> <li>What is needed for the company to comply?</li> </ul>
	➤ Does the company provide prospects for personal development and social integration?	<ul> <li>If not, what is missing?</li> <li>What is needed for the company to comply?</li> </ul>
	➤ Does the company provide an environment where employees are free to express their concerns?	<ul> <li>If not, describe how the company deals with employees' concerns.</li> <li>What is needed for the company to comply?</li> </ul>
	➤ Does the company provide a workplace where men and women are treated equally and have equal opportunities?	<ul> <li>If not, why not?</li> <li>What are some conditions that may explain any discrepancies/imbalances?</li> <li>What is needed to improve more equal participation in the company?</li> </ul>
Improve enforcement of the framework.	<ul> <li>Is the company a member of the Chamber of Commerce and Industries or an association representing the interests of construction or transport companies?</li> <li>Are employees members of a trade union or any other union representing their interests in improved work conditions?</li> <li>Are workers members of any union representing their interests in improved work conditions?</li> </ul>	▶ If yes, present the company experience with implementing the CSEF and spread successful and beneficial practices to other companies through the Chamber.

Conflict-sensitive	Not conflict-sensitive	Notices
Ideally compliance with ILO's standards for decent work. Taking steps towards implementing the ILO standards for decent work where this has a conflict-reducing effect in a particular local context may be sufficient in the context of FCAS. Besides the measures suggested above, safety training for employees and workers can improve workplace security. Moreover, it could be a matter of negotiation with the client to cover insurance for company staff operating in insecure areas for the project duration. Wherever it is culturally accepted, women and men should be employed on an equal footing.	Non-compliance with one or more of these standards means that the company's approach is not fully conflict-sensitive according to the above definition. The relevance depends on the local conflict context. If neglect of one or several standards for decent work has the potential to enhance conflict, the approach will not be conflict-sensitive.	

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### **NOTICES**

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