ARIA

Africa Resilience
Investment Accelerator

CONFLICT
SENSITIVITY
IN PROJECTS

Practical Measures for Private Sector Clients

What is conflict sensitivity?

Worldwide we see various conflicts and violence at the local, sub-national, cross-border and regional level. These are becoming increasingly fractured with multiple actors and groups, particularly in Africa such as in the Sahel region, with long term impacts on populations, economies, and governance. For private sector operating in these complex environments, it is critical to understand how their activities may influence or are influenced by the conflict context. This helps projects to avoid exacerbating further conflict and violence and apply a "do no harm" approach, as well as identify opportunities to reduce conflict risks and have a positive impact.

KEY COMPONENTS OF CONFLICT SENSITIVITY INCLUDE:

Impact of the project on broader context/conflict dynamics

Risks of the context/ conflict dynamics on project success

Opportunities for project to maximize positive footprint and help address underlying fragility drivers

Why is conflict sensitivity important for the private sector?

HELPS IDENTIFY AND MANAGE PROJECT RISKS

The risks of doing business in fragile and conflicted affected contexts are higher, with situations often escalating or changing quickly. By better understanding the project context and conflict issues and how they may intersect with operations, companies can be better prepared to manage these risks and avoid unintended consequences. For example, leveraging security forces for protection that are involved in conflict, implicating the company in broader conflict dynamics, and exposing them to reputational risks.

A large-scale company is operating in a country where civil war breaks out. As the conflict escalates, there is a proliferation of armed groups. These groups seize control of key supply routes and suppliers that are needed for the company, and occupy territory around the project. In order to keep operations going and enable safe passage, the company facilitates arrangements with these groups. This inadvertently funds armed group operations and feeds into the country conflict. The company evacuates the site, which is overtaken by the armed groups who are able to profit further from the project. The company faces international scrutiny and litigation.

HELPS PROMOTE SOCIAL LICENSE TO OPERATE

By managing or mitigating risks through understanding more about the context and forging stronger relationships with local communities, this can help promote social license to operate for the project. This is critical in conflict-affected project areas with different local stakeholders and dynamics. Without it, the business may risk stoking tensions between communities over jobs, project benefits or shared resources that can lead to conflict and jeopardize the project.

A company is undertaking early exploration for a major extractives project. Their focus is on delivering within the budget and on time at this initial stage. The project is located in an area of a country that has complex local dynamics. These include issues around communal land ownership, increased competition for natural resources due to drought, and inter-ethnic violence between pastoralist and sedentary communities. The company's social performance team suggest undertaking a socio-economic baseline assessment first to better understand the issues and plan for strategic stakeholder engagement. This suggestion is not taken forward, due to the anticipated delays and additional costs the study would entail for the company. Instead, the company opts to provide basic monetary compensation to local communities to obtain access to the sites. After only two days of exploration, multiple communities organize violent protests bringing activities to a halt for weeks. The work stoppages cost the company millions of dollars, set the timeline back and undermine credibility with local communities; far outweighing the costs and time of the original proposed baseline assessment.

HELPS INCREASE THE RESILIENCE OF THE INVESTMENT

Operating in complex and conflict-affected markets can be fraught with unforeseen challenges, delays and higher costs. By better understanding the conflict risk landscape, this can help sure up the project to be more resilient to possible shocks and deepen the value and longevity of the investment. It can also provide an opportunity to see how the business may be able influence the context positively, for example providing economic opportunities that may lead to greater inclusion and incentivize peace and stability.
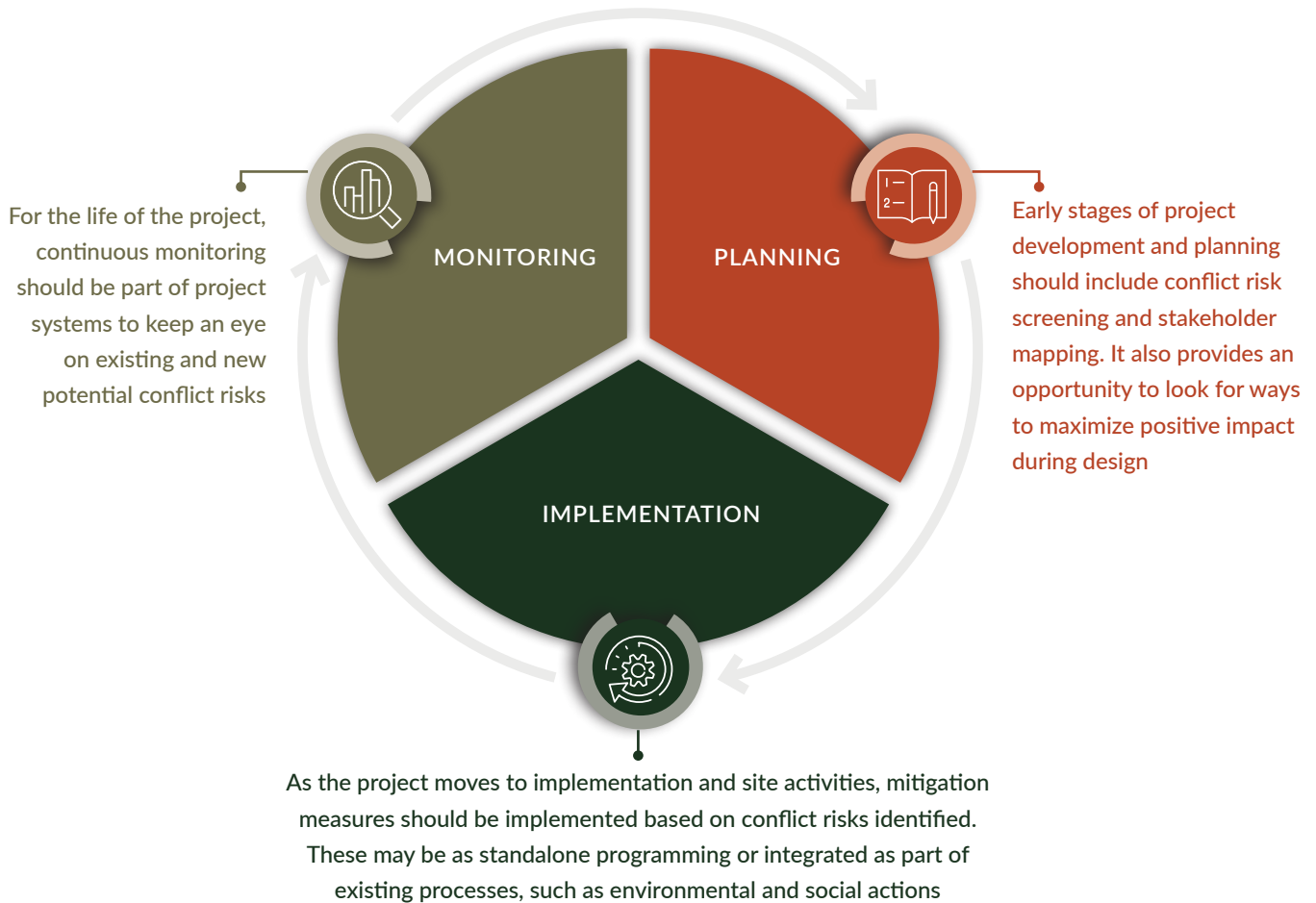
An agricultural and water irrigation project plans to develop a river that is used by multiple communities for their livelihoods. Changing climate patterns and economic development in the area have contributed to heightened tensions over water resources among the upstream and downstream communities. Cognizant of this context, the company seeks to adopt a conflict sensitive approach in its project design. This includes 1) adjusting the project specifications to provide accessible water for irrigation to both upstream and downstream communities; 2) setting up an inclusive cross-sectoral engagement mechanism for the ancillary infrastructure planning; 3) helping strengthen local governance over water resources and promoting peace structures at the community level. The project is able to not only mitigate potential conflict risks between communities, but positively influence the underlying issues around natural resource governance.

How can conflict sensitivity be applied at the project level?

EMBEDDING CONFLICT SENSITIVITY THROUGHOUT THE PROJECT LIFECYCLE

For the life of the project, continuous monitoring should be part of project systems to keep an eye on existing and new potential conflict risks

MONITORING

PLANNING

IMPLEMENTATION

Early stages of project development and planning should include conflict risk screening and stakeholder mapping. It also provides an opportunity to look for ways to maximize positive impact during design

As the project moves to implementation and site activities, mitigation measures should be implemented based on conflict risks identified. These may be as standalone programming or integrated as part of existing processes, such as environmental and social actions

EARLY RISK SCREENING - ENSURE SOLID UNDERSTANDING OF THE CONTEXT AND RISK ENVIRONMENT

- **From early stages of project planning, consider security and conflict risks within the country and how this may feed into the local project area.** For example, a country may have pockets of insecurity not in proximity to where the project is located – but is there any spillover effects the project should be mindful of? This could be population displacement, stoking of broader group-based divisions (such as along ethnic or political lines), or rotation of security forces to the project area.
- **Scope community dynamics, any group-based affiliations, and grievances.** As part of early project engagements and screening, grounding the project in the local context and communities is critical. For example, even if a project is located in an area that is not affected by other conflicts within the country, these may manifest in divisions or grievances within the local community. Where a project is located in an area with conflict or post-conflict issues, this is even more important to understand the community structures (such as how they deal with grievances), representation (such as role of youth and women), communal dynamics (such as how socially cohesive they are) and share of land and resources (such as shared water resources). This helps better situate how the company may intersect with these local dynamics and what might exacerbate or trigger tensions or conflict.

HOW TO APPROACH A PROJECT IN A CONFLICT-AFFECTED COUNTRY?

Example:

A potential project site is being scoped in a country affected by a protracted civil conflict. The project has immense potential to provide critical frontline needs to the population, and strong business viability that would encourage further private sector development in the area. The project is located in a region of the country that has less violence and is not being actively contested by the warring parties, but dynamics are fluid on the ground.

Action:

The company undertakes a screening at the country, sub-national and local level to better understand 1) the root causes of the conflict, whether violence is escalating, and the main hotspots of violence 2) how the region, where the project site would be located, feeds into the civil war dynamics 3) who the sub-national and local security actors are relative to the project site.

Outcome:

The team validates through the scoping that the resilience of this region to the broader civil conflict is due to the strong sub-national governance, harmony of the local tribes, and more professional local security forces supported by communities. Despite fluctuations in the broader conflict, this region is able to function with greater peace and stability without significant interference by the warring parties competing for territory elsewhere. The project is able to progress, with further mapping of communities, security actors and key stakeholders to inform company engagements, risk monitoring systems and mitigation.

DEVELOPMENT OF MITIGATION MEASURES, AND EMPHASIZING POSITIVE IMPACT – LEVERAGING EXISTING SYSTEMS, BUILDING PARTNERSHIPS, AND ENHANCING STAKEHOLDER ENGAGEMENT

- **Integrate conflict risk considerations into your existing company systems and project plans.** Conflict senstivity measures do not mean having to 'reinvent the wheel'. Companies have many existing processes and procedures, such as Environmental and Social Management Systems, that can be leveraged for integrating conflict senstivity measures. For example, how a company plans engagements and information sharing with communities and workers, how they collect grievances, how they manage security risks, and how they engage with other stakeholders such as government. Where a company identifies potential conflict risks from their early screening, such as tensions between community groups over resources and benefit sharing, it can target its stakeholder engagement activities towards bringing these groups together to constructively engage, share information to provide more transparency on decision making around benefits, and include other actors such as respected community leaders to help mediate and find solutions. This type of proactive approach can make a big difference in avoiding conflicts escalating within project communities, and feeding into broader conflict dynamics in that area.

- **Build partnerships with other stakeholders that can help your company understand the risks and be part of solutions.** Whether this is with government agencies, civil society groups or other key local actors, proactive outreach and engagement with stakeholders can help companies to 1) better understand the issues; and 2) be part of addressing the issues that may affect the project. For example, when a project is operating in a highly complex environment, being able to triangulate information with other stakeholders such as a local Non-Governmental Organization (NGO), can provide fresh perspectives on risks that may intersect with the project. Similarly, this NGO may be better positioned as a convenor to build trust and help facilitate engagements with communities and the company that can avoid tensions escalating.

- **Look for opportunities to maximize positive impact of the project.** Companies have well established approaches for corporate social responsibility (CSR) and other forms of benefit sharing with communities. These existing approaches can be leveraged when considering how to maximize positive impact of a project not only in that particular community area, but more broadly for the region or country. This relies on the company developing an understanding of the key challenges and underlying fragility issues that may stoke grievances in the area, and as part of its project footprint look at ways it can contribute to reducing those and maximizing positive impact. For example, in conflict-affected areas where youth unemployment is high, this can incentivize people to join armed groups. Where economic opportunities exist – such as a trainee program to integrate local youth into project activities and secure income for their families – this may contribute to greater peace and stability in the area while also building a sustainable local workforce for the company over time.

HOW TO MITIGATE PROJECT RISKS ONCE IDENTIFIED?

Example:

A project is located in a border region of a country with escalating violence. Early screening has identified that community discontent over project benefit sharing, project impacts, and gaps in provision of frontline services in the area could lead to increased tensions and feed into the broader conflict in the region (which relates to marginalization, lack of economic opportunities and services by the population).

Action:

The company undertakes a detailed assessment of the impacts and concerns raised by communities. They boost their stakeholder engagement team with more community liaison officers to build better two-way information flow and trust between the company and communities, including with youth and women and input from local civil society. They conduct an assessment that includes looking at the security risks that the violence in the broader region may pose to the company and communities, and integrate these findings into their security management planning. Finally, they convene engagements with the local government authorities to scale up coordination on issues such as responsible security conduct and provision of services in the area.

Outcome:

By better understanding the local community grievances and concerns, as well as the broader conflict context in which the project is operating, the company is able to leverage its existing systems and plans to mitigate risks of community tensions escalating. Even though the company may not be able to control broader conflict issues in the region, it can mitigate project level risks that reduce the likelihood that community tensions may feed into this conflict, and build trust with communities to enhance social cohesion in the project area. Additionally, forming stronger engagements with other actors such as local government that may be able to address some of the challenges such as service provision and security can help the company avoid inadvertently becoming drawn into or contributing to the conflict dynamics in the region.

MONITOR CHANGES IN THE CONTEXT, AND ANTICIPATE TRIGGER EVENTS THAT MAY IMPACT THE PROJECT

- **Set up monitoring related to security and conflict risks in the broader project area.** Conflict situations can change and escalate rapidly. They can also be triggered by key events such as elections, coup d'états, natural disasters or climatic events, population influxes, among others. Where projects are located in countries where there is a history of or ongoing conflict, as part of the company's assessment of security risks, they should monitor broader trends and how that may intersect with the project. This should include checking in regularly with project communities and partners to identify new issues/risks. For example, having the company security officer monitor changes in local security dynamics (such as increased military presence after political events). Though outside company control, it may affect the project and local communities. This may necessitate a change in how the company engages with local security authorities and its stakeholder engagement planning with communities.

HOW TO MONITOR CHANGES IN THE CONFLICT LANDSCAPE?

Example:

Elections are coming up in the region where the project is located. This has historically been a source of violence in the area and caused project delays due to violent protests and roadblocks. Project community members and workers are also affiliated with different political parties closely vying in the election, with concerns of increasing tensions.

Action:

In anticipation of the upcoming local and state elections, the company brings together its team members responsible for security, community, and human resources to discuss the possible risks and implications for the project, and social cohesion within the community and workforce. They also consult with local non-partisan civil society to better understand the conflict risks associated with the election period. The company develops a plan that focuses on outreach to its workforce and local community via its leaders to encourage peace during the period, and reinforce the company's position of inclusivity of different groups and perspectives. The company engages with local security forces to better understand the plan for security in the local project area during elections, and use of force protocols to avoid escalation to violent protests.

Outcome:

By understanding the broader context the project is located in and potential trigger events for violence and conflict, the company can better anticipate and manage risks that may affect the project.

What is the role of Investors?

Investors have many existing requirements as part of their agreements with clients, related to areas such as business integrity, environmental, social and governance. In addition, they may offer additional support or capacity building to clients such as advisory services.[1] These can be leveraged to support clients in early risk identification, development of mitigation measures, and ongoing monitoring that will enhance the resilience of the investment and enable a 'do no harm' approach in fragile and conflict affected contexts. For example, this can be mainstreamed as part of environmental and social actions agreed with the client,[2] or as part of dedicated additional support to clients to assess and manage conflict risks at the project level by supporting staff capacity building and community engagement.

Another area where investors can provide support to their clients is through their networks and information sharing. Often investors are tapped into country and regional networks where they invest, ranging from government actors to international donor agencies, civil society organizations and individual experts. Where clients may have capacity constraints, support or partnerships could be leveraged through such networks. Additionally, clients may find it challenging to access high quality conflict analysis or information. Investors can play a role in information sharing or making connections with others who have these insights, to help clients better situate their operations within a given conflict risk landscape.

HOW CAN INVESTORS IDENTIFY RISKS EARLY IN DUE DILIGENCE AND SUPERVISION?

Investors undertake due diligence to identify risks and opportunities associated with their proposed investments. By engaging and supporting clients early during business development and appraisal, and continuing to monitor changes in risk landscapes during supervision, this can help enhance the long-term resilience of investments and avoid adverse impacts. Good practice steps for investors may include:

- Desktop screening of country, sector and project level context that can inform client discussions on risk management, including identification of indicators that help understand and identify possible increases in conflict risk

- Mainstreaming conflict analysis into environmental and social, and integrity due diligence processes in high conflict risk environments

- Developing measures with clients that address risks identified and can be monitored throughout the project lifecycle, such as through client management systems

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[1]   Institutions may have different names for advisory services, such as capacity development or technical assistance.

[2]   For example, as part of an Environmental and Social Action Plan (ESAP) agreed between a client and investor, there may be specific activities that can be leveraged with a conflict sensitive lens. These could include the company's stakeholder engagement plan, development and dissemination of worker and community grievance mechanism, undertaking of a security risk assessment and security management plan, or as part of a resettlement and livelihood restoration process.

HOW CAN WE MAXIMIZE POSITIVE IMPACT OF INVESTMENTS?

Private sector can have a transformative impact on populations and economies, particularly in fragile and conflict-affected environments; with many development finance institutions committed to upscaling their focus in these markets. A key consideration of applying conflict senstivity is not only avoiding harm, but also identifying opportunities to build resilience in these contexts and maximizing positive impact. For investors, this can include looking for opportunities to target their investment pipeline towards transactions that can make a difference in addressing underlying fragility factors in a country or region that can drive tensions and conflict. For example, agribusiness value chains where the country may be experiencing significant food insecurity, or financial intermediary investments for small and medium enterprises targeted towards women and vulnerable populations displaced from natural disasters or conflict. Geographical focus on investments within countries and regions can also play a transformative role in maximizing positive impact, for example targeting opportunities in marginalized or conflict-affected areas of a country to connect markets and enhance economic and social inclusivity for populations. This proactive approach to identifying opportunities may be considered by investors through early-stage sectoral diagnostics, business development planning and country strategies.