

# **Providing Project Employment & Sharing Project Benefits: Issues & Opportunities for Affected People's Livelihoods**

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**Resettlement is about moving houses,  
isn't it?**



# NOT Necessarily

“If ...livelihoods [are] affected, Bank policy counts this as a resettlement effect,  
for which there should be a Resettlement Plan”. – *ADB Handbook on Resettlement 1998*

## Livelihoods: The “Ultimate Resettlement Challenge”

IAIA Symposium Kruger National Park 2014



## **IFC GN56. A Livelihood Restoration Plan**

Identify the full range of impacts to livelihoods as a result of project land acquisition or restrictions to land use, identify affected persons and provide a detailed plan for compensation and livelihood restoration:

- (i) introduction to the project;
- (ii) summary of project impacts;
- (iii) summary of the social baseline;
- (iv) regulatory framework;
- (v) results of stakeholder engagement;
- (vi) eligibility criteria;
- (vii) entitlement matrix;
- (viii) timeframe for implementation;
- (ix) organizational capacity;
- (x) monitoring, evaluation, and reporting;
- (xi) budget and resources.

### **In this session: We address these questions....**

- 1. Livelihoods:** so important, but how should they be supported?
- 2. Benefit Sharing** between Projects and Affected People (APs): Should it be promoted?
- 3. Conceptual underpinnings:** Why support project-related employment as benefit sharing?
- 4. Examples** – what can we learn from research, evaluation of process & outcomes?
- 5. Management of work risks** – positive engagement or an increased tension with people affected?

## Understanding Livelihoods

- **Decades of research** have shown that it takes more than just financial capital to make a livelihood – it also demands human, social, natural and physical capital.
- **Livelihoods are profoundly affected** by the prevailing social and political organisation, social relations, governance, services, policy and institutions.

## Defining Livelihood...

- *A **livelihood** comprises the capabilities, assets (including both material and social resources) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stress and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base. (Chambers & Conway, 1991)*

## A Typology of Project Benefit Sharing

- **Government regulation:**
  - E.g. Reservoirs: Share of revenues % of electricity generated to support affected people (China, etc).
- **Project Initiatives:**
  - Power supplies & infrastructure to new settlements
  - Housing construction
  - Sharing project transport; providing vehicles
  - Fishing and tourism rights in newly constructed reservoirs
  - Extending project health services
  - Project related employment

## Conceptual Basis of Project-Related Employment

1. Compensation alone is rarely sufficient for sustainable livelihood reconstruction – compensation vs livelihood approaches
2. Reconstructing livelihoods depends on re-establishing income flows, understanding social perspectives & supportive policies / frameworks
3. Project-related employment is a key way to share benefits with people displaced.
4. Benefit sharing can top up income flows & promote positive policies & protocols
5. And create assets in the form of skills and work experience

## Project-related Employment: What do case studies reveal?

- “The benefit generally valued most by resettlers is wage employment, which yields a steady income flow and a sense of control over their lives.
- “Even temporary employment by the project can provide much-needed income during the transition period as well as skills, experience and other benefits”
  - Warren van Wicklin, 1999, in *The Economics of Involuntary Resettlement*, World Bank.

## Why is Project-related Employment “most valued” by APs?

- **Project related Employment:**
  - **Generates additional resources** for livelihood reconstruction; builds skills and know-how
  - **So making resettlement** more effective and sustainable
  - **Often makes the difference between pass & fail in resettlement**
  - **Translates adversarial relationships** arising from displacement into positive relationships, through vested interest of those affected.
    - Warren van Wicklin Ibid 1999.

## Project Employment: a key way to share benefits and to re-construct livelihoods



### Types of Project-Related Employment

- **Direct:**
  - Labour in project construction phase (unskilled primarily?)
  - Labour for project operation phase
  - Restricted access parks, etc: paid employees for management, maintenance, eco-tourism.
- **Indirect:**
  - Contracts providing raw materials, supplies and services (maintenance, food supplies, etc) for project construction and/or operation
  - Labour for building resettlement facilities
  - Security contracts
  - Restricted access: mgt/eco-tourism roles exaggerated?

## Examples: Direct Project Employment

- **Prioritising people affected in offering unskilled and semiskilled jobs in project work**
  - **India:** coal mining and thermal power projects; construction of irrigation canals;
  - **Pakistan:** transport, mines, reservoirs
  - **China:** temporary construction workers and permanent maintenance workers; agro-processing work
  - **Indonesia:** oil and gas sector – construction phase

## Examples: Resettlement Site Construction

- **Double benefit:**
  - Paying wages to the displaced during transition
  - Helps to ensure the new resettlement site reflects preferences of the resettlers themselves.
    - **India Power Project:** Resettlers paid a daily wage for land preparation
    - **China Reservoir projects:** paid work in construction
    - **Indonesia:** Unskilled labour drawn from people affected, paid a wage.



## Examples: Contract Work for People Affected

- **China:** regular contracting out of provision of raw material supplies for transport construction projects
- **Indonesia:** contracting out food production for project workforce;
- **Mexico:** Project helped people affected to purchase trucks, then contracted them to transfer displaced community to new sites. Project then hired these transport teams to do light hauling. When the project was over, the transport teams formed a trucking company which helped them set up new livelihoods.
- **Swaziland** Muguga – a similar story...?

## Examples: Contracting Security Services from people affected

- **Is this a good idea? Mixed views:**
    - **Anti:** Risk that a company may implement a military style security operation against local communities under the pretence of protecting company facilities and personnel – or, by hiring some local groups, threaten and divide local people.
    - **Pro:** Company seeks to avoid exploitation by army or other interests that might harm local people; locals gain a vested interest in company operations through employment.
- Managing Risk:** Adopt a human rights framework into the company's security activities or project's operational practices is essential, especially in conflict prone areas. Train company personnel in human rights and cultural sensitivity.

## Advantages of Project-related Employment for APs

- **Potential for targeting the APs in recruitment**, including poorer, more vulnerable APs
- **Potential for good labour relations & conditions:** (assuming labour policy, occupational health & safety procedures potential & standards eg. following IFC PS2)
- **Security of employment – longer contracts**
- **Regular, good income for APs**
- **On the job training & skills development** – create assets through skills & equip the worker for other jobs
- **Timing:** construction employment can tide affected people over the worst of displacement disruption
- **A way to engage positively:** project interface with affected people to build partnerships.

## What can go wrong?



## What can go Wrong?

- **Missed Targeting** – APs generally, or poorer & vulnerable APs lose out in “honey pot” syndrome
- **Social unrest as outsiders take project work** through lax recruitment procedures
- **Unsafe workplaces** – accidents lead to social backlash
- **Construction phase work** may be short term – then what?
- **Operations phase** may require only a few skilled workers
- **Too few jobs to cover all APs ready to work** leads to competition and grievances
- **Job requirements too high for APs** – they feel excluded
- **Social unrest as AP workers are sacked** for not meeting work requirements
- **Unfamiliar work practices** – use of hi-tech equipment and modern work systems vs low-tech/traditional systems

## Managing Project-related Employment



## Managing Project-Related Employment: WHY?

- **Managing expectations:** discount rumour with real information on job types, recruitment strategies, work conditions, grievance redress, etc.
- **Effectively manage recruitment,** occupational health & safety, training, grievance redress mechanism
- **Boost Prospect for achieving sustainable livelihoods & successful resettlement – permanent /long contracts**
- **Prepare the APs for wider work opportunities:** provide on the job training or pre-job training courses to build livelihood prospects
- **Timing is Critical - Positive community relations at the earliest stage** underpin continued operations & the social license to operate.

## Managing Project-related Employment HOW?

### 1. Conduct Social Impact Assessment

- Focus on income generation practices, local labour relations, production systems, work-related mobility patterns & practices in the impact zone
- Determine national/local policy & legal framework on labour standards, labour relations, safe work practice etc.

## **Managing Project-related Employment HOW? (cont)**

### **2. Document project workforce, conditions & employment terms :**

- Direct: no of workers, types of jobs /skills,
- Indirect: no of workers employed through contractors /other third parties & supply chain issues.
- Changes in workforce size & composition through key project stages such as a) feasibility/design; b) construction c) O&M.
- Proponent policies/ procedures covering labour relations, human resource management, bargaining agreements.
- Special recruitment policies e.g. project-related employment
- On-the-job training; and/or pre-work training
- Occupational health & safety measures/ risk management .

## **Managing Project-related Employment HOW? (cont)**

### **3. Prepare/ Approve a costed, time-bound monitorable Human Resources Policy and Procedures (HRP&P) with internal/external communication strategy:**

#### **i. Working Conditions and Management of Worker Relationship :**

- a. Human Resources Policy b. Working Relationship c. Working Conditions & Terms of Employment d. Workers' Organizations e. Non-Discrimination & Equal Opportunity f. Retrenchment
- g. Grievance Mechanism h. **Project-related employment**

#### **ii. Protecting the Workforce :**

- a. Child Labor b. Forced Labor c. Occupational Health & Safety
- d. Workers Engaged by Third Parties e. Supply Chain

## To Conclude...

1. **Livelihoods:** complex – but key to successful resettlement
2. **Project Employment:** a crucial way to share benefits and to improve livelihoods for Affected People:
  - Re-establish cash flows at a critical point after displacement
  - Create assets in the form of skills, know-how
  - Make the difference between satisfactory & failed resettlement
  - Translate adversarial relationships into positive relationships
3. **Examples confirm importance of good labour policy protocols.**
4. **Managing the relationship with people affected** at a delicate, early stage in project development:
  - positive engagement or increased tension?

Good News: Benefit Sharing through Project related Employment can **Improve** Livelihoods

