

become a priority for the international development community.

To promote the growth of SMEs and entrepreneurship, donors are increasingly working with local governments to design and roll out incentives packages and strategies. However, most of these approaches are designed keeping economic incentives in mind, either through addressing business constraints or through the creation of an enabling business environment. **These interventions and strategies fail to take into account the wide range of complex political and social dimensions that the SMEs are an intrinsic part of and the impact that they can have on settings marked by conflict and fragility.** Furthermore, there is a need to appreciate that in these scenarios, formal reforms alone may not be sufficient to promote SME growth or for them to reap the benefits of an improved business environment. In short, as Paul Lange of Clingendael Institute concludes in his article [Beyond treating symptoms](#), there is a need for theories of change for inclusive SME development that do justice to the complexities in settings marked by conflict and fragility.

NWO-WOTRO's supported project on ["Conflict-Sensitive Employment under Construction: Peace and Stability Strategies for the Private Sector in Afghanistan"](#) focuses on understanding the drivers and challenges of conflict-sensitive employment (CSE) and investment in the labor intensive construction, infrastructure, and transport (CIT) sector in Afghanistan. Based on findings from the empirical research, the project will develop and pilot schemes on CSE, with the aim of understanding how to embed CSE in an investment-strategy. This proposed CSE scheme will be developed based on the premises that such a framework requires an understanding of the context in which a company operates and how this company interacts with the context. The long-term goal of this CSE framework is to help increase social capital, strengthen political voices, foster positive mobility and manage 'grey'/ shadow economies that often compete directly with formal private sector or donor-funded initiatives for employment of vulnerable groups. The research consortium includes three institutions with a strong track record in conflict-affected settings: [Bonn International Center for Conversion](#) brings in its research capacities, [The Liaison Office](#) is a leading NGO of grassroots research in Afghanistan and International Alert brings in its wide network of international stakeholders.

Her colleague Joe Whitaker also wrote a [blog](#) in response to the Annual Conference of the Platform.