



# ***ENHANCING SOCIAL IMPACT ASSESSMENT***

## **MINUTES OF TIAS WEBINAR**

**MAY 15, 2014**

**Organized and hosted by The Integrated Assessment Society (TIAS)**  
[www.tias-web.info](http://www.tias-web.info)

**Webinar Chair:**  
**Jan Bakkes, Netherlands Environmental Assessment Agency**



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**Organizing committee:** Jan Bakkes, Leen Hordijk, Claudia Pahl-Wostl, Caroline van Bers, Joanne Vinke-de Kruijf, Johannes Halbe, Katharina Butke

**Acknowledgements:**

TIAS extends a special word of thanks to our presenters, Klaus Jacob, Kithrona Cerri and Frank Vanclay, for sharing with us their expertise and insights and to all of the participants in the webinar for sharing your time and your questions and comments. We look forward to collaborating with you in the future.

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## 1. Introduction to SIA and seminar objectives

The Integrated Assessment Society ([TIAS](#)) has adopted Social Impact Assessment (SIA) as one of its themes this year in order to support those practitioners, decision-makers and academics who work with SIA. Through the efforts of a newly-formed working group, our focus is on an improvement in the assessment methods, tools and indicators used. For example, how can we advance methods for generating quantitative and therefore comparable data, how can the distributional implications (income, employment, etc) of a project or policy be assessed or anticipated, and what new developments in governance studies, particularly in the context of social transformation, may have significant implications for the way in which SIA is undertaken? The basis for and breadth of TIAS' interest in promoting an improved SIA process is described in more detail in the feature article of the March issue of our newsletter downloadable from the [TIAS homepage](#).

As a vehicle for launching the working group and TIAS efforts in the SIA arena, this webinar will address the state of the art including good practices and those areas in SIA requiring strengthening and improved guidance, as well as experiences in the application of SIA to assess distributional impacts. The results will help shape the goals and objectives of the SIA working group.

### *Jan Bakkes, Netherlands Environmental Assessment Agency, and vice-president of TIAS*

Jan Bakkes welcomed the participants and introduced TIAS as a small, international organization that supports and promotes practitioners and decision-makers in the application of Integrated Assessment (IA) approaches and methods. IA topics that have been addressed more recently include backcasting, global change science and adaptive management.

A new theme this year is social impact assessment (SIA). Jan personally came across SIA when he was member of a high-level panel for the China Council. He expressed his hope that the webinar will provide participants with an overview of the diversity of SIA goals and objectives, and that we obtain insights into what happens with the results of SIA's (see agenda below).

### **Webinar Agenda**

**Welcome** and Introduction Round, *Caroline van Bers, Programme Manager, TIAS*

**Introduction** to SIA and seminar objectives, *Jan Bakkes, Netherlands Environmental Assessment Agency*

#### **Feature Presentations**

Distributional impacts of environmental policies in Germany

*Dr. Klaus Jacob, Research Director, Environmental Policy Research Centre, Freie Universität Berlin*

Measuring the social impact of business: Current practices and challenges

*Kitrhona Cerri, Manager, Redefining Value, World Business Council for Sustainable Development*

Challenges and developments in SIA at the project level

*Prof. Frank Vanclay, Professor of Cultural Geography, University of Groningen*

**Discussion** (Chaired by *Jan Bakkes*)

Identification of needs related to SIA

Establishment of a working group and its purpose/objectives

Next Steps

## 2. Feature Presentations

([link to all presentations](#))

### 2.1 Distributional impacts of environmental policies in Germany

*Dr. Klaus Jacob, Research Director, Environmental Policy Research Centre, Freie Universität Berlin*

Link to Klaus Jacob's [presentation](#)

#### *Summary of presentation*

In Klaus Jacob's opinion, SIA requires simplification, not to reduce complexity but to make the assessment doable, and therefore, the proposed working group on SIA is both timely and necessary. He introduced the relevance of distributional issues to environmental policies and described a project being undertaken by Environmental Policy Research Centre, to simplify assessment of distributional impacts so that they can be incorporated into EU Impact Assessments.

While his presentation focused on environmental policies, Dr. Jacob noted that distributional issues are relevant for other policies as well and therefore a cross-cutting issue. In his opinion, distributional issues are both a normative concept (social justice) and an analytical concept. In OECD countries, the inclusion of such issues in impact assessments has become common practice by now.

Any kind of policy Impact Assessment, including analysis of distributional impacts, follows a very simple causal chain analysis. Policies cause changes in activities or behavioral changes within governments, and among the target group they have impacts that may, in turn, cause more indirect impacts. Furthermore, those distributional impacts may vary across different societal groups.

Dr. Jacob provided an overview of aspects or sectors of society that may be impacted by a policy and the range of affected groups e.g., and societal sectors, e.g., households, cultural groups. Aspects of a society that may be impacted are, for example, employment, health and quality of life, while sectors include households, cultural groups and gender and so forth. The resulting changes or impacts may be ecological, economic, spatial, demographic, institutional and emancipatory. For these reasons, analysis of distributional impacts is a complex process. In order to reduce the complexity, Dr. Jacob suggests three steps. First, scoping based on causal chain analysis. Second, a review of stakeholder perspectives to identify the relevant causal chains and third an in-depth analysis to identify unknown causal chains. He stresses that any assessment of distributional issues should combine a participatory process with an analytical process (e.g., literature review, modelling exercise) as some relevant stakeholders may otherwise be overlooked.

The Environmental Policy Research Centre used a simulation model at the micro level (IZAPMOD) to explore distributional effects. This model is designed to explore taxation (i.e., fiscal impacts) and it has required further development to represent the impacts of environmental policies.

Dr. Jacob concluded that the integration of distributional impacts in impact assessments is possible and needed. The analysis can demonstrate positive distributional impacts, explore counter measures and help reduce distributional impacts on societal groups with little access to political processes. In order to reduce complexity there is a need to combine policy analysis, consultation and in-depth analysis, including modeling.

The work that Dr. Jacob presented is similar to what has been undertaken in the European network of excellence, LIAISE - 'Linking Impact Assessment Instruments to Sustainability Expertise' which was funded by the European Commission from 2009 to 2014. The ambition of LIAISE has been to generate excellent scientific knowledge on impact assessment which is relevant for societal decision making. More information

on the project results can be found on the LIAISE website: <http://www.liaise-noe.eu/>. The LIAISE Kit for Impact Assessment provides a library of models, methods, good practices, and experts as well as a community platform for Impact Assessment collaboration.

### ***Discussion and questions***

**Question** (Jan Bakkes): Are there any methodological needs you see in analysis of distributional impacts?

**Answer** (Klaus Jacob): The question is difficult to answer for all types of policies since we only looked at environmental policies. What I can say is that we used a fine-grained micro-simulation model for the household level, but you may also want to consider looking at other groups/levels. You need to complement this type of research and look at other groups as well.

**Question** (Leen Hordijk): What kind of data is needed for such an analysis?

**Answer** (Klaus Jacob): The model being used was IZAΨMOD. We used data from a socio-economic panel and from surveys from the federal statistical office. For broader analysis, you may need to rely more on secondary analysis of survey data and other data sources. Generally speaking, socio-economic data is available for Germany, but it may become more difficult when going beyond socio-economic aspects.

**Question** (Gillian Harrison): Are you using system dynamic modeling in your studies as this captures causal loops not just causal chains, so you could highlight anticipated impacts and allow for a better system understanding? (for context this is something I have attempted to do myself in the case of Electric Vehicle Policy).

**Answer** (Klaus Jacob): No. We are using System Dynamic Modeling. We are using it as a tool for facilitating the scoping of possible causal chains. The model is inspired by system dynamic modelling, but it is not formalized in the software. We also used system dynamic modelling in scoping the assessment and when analyzing causal chains, which we asked stakeholders to develop further.

**Question** (Sarah Cook): I am working mostly on the social development side in developing countries. In relation to this, my question is: how do we prevent social issues from becoming some kind of afterthought? How can we bring them in as co-design aspects?

**Answer** (Klaus Jacob): This is difficult to answer, but social impacts – next to economic and environmental impacts – are certainly important and need to be analyzed for different groups. What should come first in any case is the question: how are different groups affected in different ways? Comprehensive integrated Assessment comes first, then analysis of how the different groups are affected. It could also be used to identify counter measures and unwanted impacts and how policies can be improved.

## **2.2 Measuring the social impact of business: Current practices and challenges**

*Kitrhona Cerri, Manager, Redefining Value, World Business Council for Sustainable Development (WBCSD)*

Link to Kitrhona Cerri's [presentation](#).

### ***Summary of presentation***

Kitrhona Cerri represents a business perspective. She looks at the business journey and how they measure their social impacts. Moreover she identifies the current practices and challenges.

Ms. Cerri explained that the WBCSD is a membership-based organization with about 180-200 members, primarily large multinational companies. The measurement of social impacts has become increasingly

important – next to the measurement of environmental impacts – in the past 7 to 8 years.

The business case for measuring socio-economic impacts of companies has evolved. It starts with the reduction of costs and risks. Companies begin by obtaining or maintaining their license to operate, and then improve the business-enabling environment. Integrated Assessment is used to capture opportunities to strengthen value chains and to fuel product and service innovation. With this development the network of stakeholders becomes increasingly complex.

SIA has received special attention from the WBCSD and its members since 2008. Before that SIA was mostly discussed in the development sector and academia. The WBCSD work on SIA has in fact evolved from 1) a focus on compliance to 2) finding the way through a very busy landscape crowded with approaches and tools to (3) a proactive stance. A lot of work has been done on the development of standardized tools. In doing so, one of the main challenges has been to merge the business perspective (which activities have direct and indirect impacts) and the societal perspective (where a contribution can be made to broader development issues). A key to that is stakeholder engagement processes (e.g., working with the IFC performance standard). Furthermore a lot of different terminology is used, so work needs to be done in order to ensure everyone means the same thing.

An overview of the ten main tools that are designed for SIA and have been used successfully by WBCSD members was presented. For a broader perspective of tools available for businesses please see the TRASI Foundation Center website with its tools and resources for assessing social impact (<http://trasi.foundationcenter.org/>). This overview has been broken down further into four approaches: local livelihood (popular with Anglo-American businesses), poverty footprint (developed by Oxfam, used by Coke and SAB Miller), tracking indicators (IRIS, Global Impact Investment Network) and economic contributions. They are now in the process of simplifying these approaches further in the ‘Redefining Value’ project, the overall goal of which is to replicate systems/tool that work well for businesses.

Kitrhona Cerri concluded with the main challenges for SIA in a business context: defining scope and materiality (related to business activities), defining influence (of impacts), ensuring objectivity, comparing data, summing-up diverse indicators and monetizing (which is a particularly sensitive issue). Further information is available at [www.wbcsd.org/impact.aspx](http://www.wbcsd.org/impact.aspx).

### ***Discussion and questions***

**Question** (Laszlo Pinter): In terms of contribution to public policy goals, the international community has started discussing a new set of sustainable development goals that in contrast with the MDGs will have universal applicability (i.e., apply to all countries). How do you think the existence of a broader set of macro scale SD goals, targets and indicators would change the way business views its contribution to public goods?

**Answer** (Kitrhona Cerri): This is very much welcomed by businesses since it helps them to define what is important. The macro-scale goals are indicators that help to drive business activities. It also implies that they can contribute to concrete goals and that more data becomes available. SD goals, targets and indicators help to steer and direct how businesses use these contributions.

## **2.3 Challenges and developments in SIA at the project level**

*Prof. Frank Vanclay, Professor of Cultural Geography, University of Groningen*

Link to Frank Vanclay's [presentation](#).

### ***Summary of presentation***

Frank Vanclay has worked on SIA for most of his career. Over the years, multiple discourses have emerged

and the concept is now well established around the world. In 2003, he formulated international SIA principles together with IAIA. These principles are an attempt to establish a good understanding of SIA. They were recently reviewed and still appear to be valid.

The current – agreed upon - definition of SIA is a very long one and therefore hard to remember, but in short SIA can be defined as a process of managing the social issues associated with projects. Social issues are different to environmental issues. SIA is essentially intended to ‘win people for your project’. It is about making your project acceptable and gaining a ‘social license to operate’ (PIMBY – Please in my backyard). Going from NIMBY to PIMBY requires that businesses/projects rethink how they engage with communities. They need to treat communities with respect, they need to demonstrate the social value of the project, they need to provide local benefits and they need to earn their ‘social license to operate’. As society is heterogeneous, so multiple licenses are needed. In development processes of a project, SIA is usually in the middle. However, social issues already arise when rumours start, because rumours easily lead to opposition, fear or migration. That is why managing social impacts from the beginning is important and SIA plays a role in all phases of the project.

SIA is not about getting regulatory approval, but about managing social issues. In recent years, companies have become much more aware of social issues. Soft regulation has been developed by the industry itself and by the financial industry, in particular, through funding requirements. When it comes to monitoring, governments hardly play a role, but there are many watchdog organizations who do watch companies (e.g. Greenpeace, WWF, Amnesty International, Sea Sheppard’s). In terms of SIA, there was much promotion of the idea that managing social impacts is the same as managing risks. So SIA and managing social issues represents business value.

The process of SIA is about understanding the issues, predicting and assessing likely impacts, developing strategies and developing monitoring programs. SIA has effect by working with: regulatory agencies and financial institutions, the proponent to improve projects, and communities. As a process, SIA affects and benefits a wide range of actors, including: government agencies, financial institutions, communities and proponents (private sector).

Further resources are available at SIA hub ([www.socialimpactassessment.com](http://www.socialimpactassessment.com)), International Association for Impact Assessment ([www.iaia.org](http://www.iaia.org)) and the practitioners platform (<http://managesocialperformance.com/>)

### ***Discussion and questions***

**Question** (Joanne Vinke-de Kruif): Could you elaborate a bit on the role of SIA in climate adaptation processes?

**Answer** (Frank Vanclay): Climate adaptation is a rather different discourse.

**Question** (Tuyeni Mwampamba): How do you make sure that projects are pushing the idea of getting a social license to operate?

**Answer** (Frank Vanclay): By using the concept of Free Prior & Informed Consent (FPIC). Embedded in FLO and in UN rights of Indigenous peoples. The concept represents the requirements that a company/government needs to consider when working in an indigenous community. FPIC is putting the 'social license to operate' into practice. *Free* means that the company must not coerce or harass a community. *Prior* means giving them ample time to consider the issue. *Informed* means company must disclose everything that is relevant about the project and that the community is able to comprehend everything that is relevant about the project. *Consent* means that the community can indicate that a project is good for them or they power to say no to the project. At a legal level the company has to consider how it can prove it has

FPIC. So it changes the way of thinking about this. Looking at human rights more generally – since adoption of the UN Guiding Principles on Business on Human Rights, social impacts can be interpreted in human rights terms, so businesses must implement this duty accordingly.

A still open question from Tuyeni Mwampamba: Who should pay for the FPIC process?

### **3. Discussion**

*(Chaired by Jan Bakkes)*

To wrap up the presentations, Mr. Bakkes summarized some of the webinar highlights as follows:

#### Simplification

- Klaus Jacob cites the need for simplification in order to integrate distribution effects into Impact Assessments in the style of the European Commission.
- Klaus Jacob told us that scoping/focusing on the relevant elements was difficult because there were so many threads.
- Kithrona Cerri recounted the journey of guiding progressive businesses through a very busy field, featuring many approaches and tools.
- In contrast, Sarah Cook tabled the question of how we can avoid the oversimplification of social impact to income/employment distribution only. (the question emerges from a concern that social development in the global discourse is limited to poverty reduction).

#### Diversity, Multiplicity

- Klaus Jacob mentioned, primarily as an analytical challenge, the variety of groups and causalities involved.
- Frank Vanclay stated that in practice everything is plural. In particular, an enterprise must seek multiple licenses to operate.

#### Maturing of the private sector stance

- Kithrona Cerri described the evolution in the business sector over the past decades, from emphasis on measuring to navigating a complex environment to redefining value.
- Frank Vanclay referred to 40 years of collective experience and to an evolution from regulatory compliance to entrepreneurial action to win positive support. (At the LIAISE conference, Frank stated that only in Europe do we have the impression that governments are in control of assessing and regulating social impacts. In the rest of the world, governments have stepped back and what happens depends by and large on business.)
- At the same time, Mr. Bakkes was thinking of the extremely government-centric and public-order focused perceptions of his Chinese colleagues last year.

### The need to escape from (move beyond) formal limitations and regulations

- Kithrona Cerri mentioned two practical objectives of SIA for enterprises, namely to provide a basis for (i) statements about the impact of the enterprise's initiatives; and (ii) internal decision making.

### The importance of principles, such as FPIC, which connects well to practice in the China Council (as experienced by Sarah Cook and Jan Bakkes)

- Frank Vanclay made the connection to principles. He mentioned Free Prior Informed Consent. His 2003 paper has a few more principles. Stepping up to this level opens up a creative space for enterprises. (Interestingly, Laszlo Pinter and Jan Bakkes experienced the potential of moving up from attempted guidelines to principles during work for BellagioSTAMP.)
- Frank Vanclay's approach of promoting principles such as FPIC and private sector initiatives to earn positive support provide the core of an answer to the second point tabled by Sarah Cook, namely: how to escape from the notion of social impacts as a residual that needs to be managed and move towards co-design.

### Monetization

- Kithrona Cerri seemed positive about monetization of social impacts, in principle, as this is convincing shorthand in the boardroom and for shareholders. Jan Bakkes did not comment during the webinar but was reminded of the response that her WBCSD colleagues gave when Chinese colleagues asked about this in the context of water issues. The response was more or less: monetization is a possible technique but as WBCSD let's not promote this as the primary approach. We advise that you start asking yourself the truly strategic questions, such as: how important to our enterprise are good relations with our neighbours? Once you have answered that sort of question, you move to specific plans and then monetization may have a role – probably not a key role.

## **4. A Working Group on SIA**

### Data and measurement

The theme of data and measurement raised by Leen Hordijk in the very first question; suggested by Tuneni Mwampamba as a potential topic for TIAS work: measurement of social impacts (positive and negative) and how to demonstrate positive and negative impacts, as well as guidelines for how to do SIA at the community level.

Caroline van Bers questioned if further work is needed on guidelines for SIA and passed the question to Frank Vanclay who pointed out that lots of work has been done by the IAIA, which implies that there is a risk of doing the same things.

Klaus Jacob's response to Leen Hordijk's question made Jan Bakkes think of Dutch <koopkrachtplaatjes>: once relevant and innovative but gradually associated with a technocratic, participation-poor style of government. Perhaps the challenge to SIA here is to provide good underpinning to initiatives in the spirit of FPIC rather than shrinking the operational concept of social impacts to that which can be quantified a relatively good level of detail.

## Causal Loop Diagramming

Jan Bakkes knows of CLD techniques as part of the FLIS project sponsored by the European Environment Agency. He assumes they could be appropriate in disentangling the multiple viewpoints and interests that Klaus and colleagues were struggling with, even for the somewhat limited issue of distribution effects of environmental policies. In theory, causal loop diagramming could help you to identify key variables. But based on FLIS, I am somewhat skeptical about the direct usability of the results as part of an assessment. Perhaps it would help to produce a well-documented scoping step.

## Connecting the various discourses that deal with social impact assessment

Frank Vanclay proposed that there may be a role for TIAS in integrating or merge the separate discourses that have emerged (i.e., an ex ante policy

assessment tool in the EU, an organisational effectiveness tool, and a regulatory tool for determining project acceptability

and an industry tool for managing the social impacts of

projects). Jan Bakkes responded positively and there was not much time to put in nuances. Perhaps a useful approach would be to ‘shuttle’ experiences between social impact assessment, itself featuring multiple discourses, and other assessment processes related to sustainable development. From this the idea of a paper and a session during an IAIA conference has been proposed.

In addition, it would be very useful to convey the richness, confidence and pro-active stance as voiced by Frank Vanclay and, to some extent, Kithrona Cerri of WBCSD, to people in and around the China Council who Sarah Cook and Jan Bakkes collaborated with. They would benefit from some inspiration on how to move beyond government-centric and compliance-only practices. There are other countries or jurisdictions where more or less the same applies – not ‘just’ China.

Jan Bakkes indicates that TIAS will initiate a follow-up, which will be in the form of a working group or at least, an informal follow-up discussion(s), and thanks the presenters and participants for their time and valuable contributions

*Close of webinar.*

**Link to recording:** <http://breeze.serv.uni-osnabrueck.de/p73504439/>

**Link to presentations:** <http://cms.tias-web.de/index.php?page=webinars>

## Appendix I: List of participants

Jan <b>Bakkes</b>	Senior Project Leader, Netherlands Environmental Assessment Agency and TIAS Vice-president (Webinar Chair and presenter)
Katharina <b>Butke</b>	Research Assistant, TIAS
Kitrhona <b>Cerri</b>	Manager, Redefining Value, World Business Council for Sustainable Development (Presenter)
Unnada <b>Chewpreecha</b>	Manager, International Modeling, Cambridge Econometrics
Sarah <b>Cook</b>	Director, United Nations Research Institute for Social Development
Johannes <b>Halbe</b>	Researcher, Institute of Environmental Systems Research, University of Osnabrück and Assistant to the Executive Board, TIAS
Gillian <b>Harrison</b>	Scientific Project Officer, Institute for Energy and Transport, Joint Research Centre, European Commission-
Leen <b>Hordijk</b>	Adviser to the Director, Netherlands Environmental Assessment Agency and TIAS Vice-president
Klaus <b>Jacob</b>	Research Director, Environmental Policy Research Centre, Freie Universität Berlin (Presenter)
Jacques <b>Jansen</b>	Researcher, Team Earth Informatics at Alterra - Wageningen UR
Roberto <b>Lacal Arántegui</b>	Scientific officer, Institute for Energy and Transport, Joint Research Centre, European Commission
Tuyeni H. <b>Mwampamba</b>	Associate Researcher, Centre for Ecosystem Research, National Autonomous University of Mexico
Claudia <b>Pahl-Wostl</b>	Professor, Institute of Environmental Systems Research, University of Osnabrück and TIAS President
Laszlo <b>Pinter</b>	<b>Professor, Dept. of Environmental Sciences and Policay</b> , Central European University, and International Institute for Sustainable Development
Sabine <b>Stuart-Hill</b>	Lecturer, Centre for Water Resources Research (CWRR); School for Agricultural, Earth and Environmental Sciences
Andreas <b>Uihlein</b>	Scientific Project Officer , Institute for Energy and Transport, Joint Research Centre, European Commission
Caroline <b>van Bers</b>	Programme Manager, TIAS
Frank <b>Vanclay</b>	Professor of Cultural Geography, University of Groningen (Presenter)
Hector <b>Villaverde</b>	Consultor, Programa Mercosur Sustentable, Centro de Formación para la Integración Regional
Joanne <b>Vinke-de Kruijf</b>	Researcher, Institute of Environmental Systems Research, University of Osnabrück and Acting Secretary, TIAS
Owen <b>White</b>	Principal Consultant, Collingwood Environmental Planning Limited