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Social Impact Assessment

Challenges and developments in SIA at the project level

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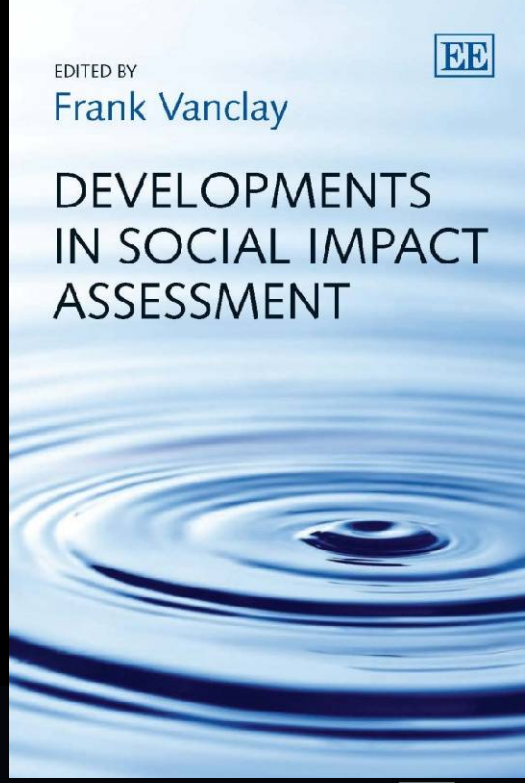
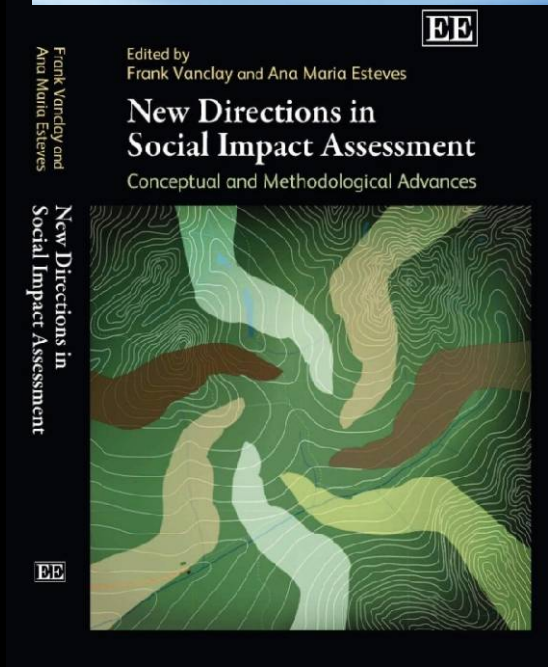


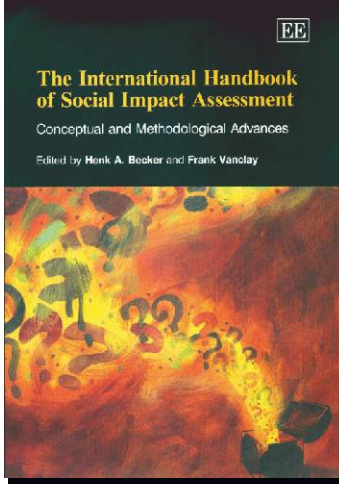


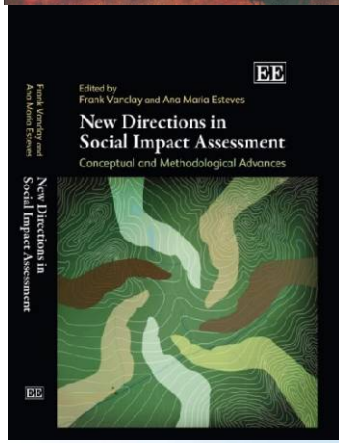
Multiple discourses of SIA

- In European Union circles, SIA is assessing the extent to which a policy delivers outcomes consistent with the current social policy objectives – an ex ante policy assessment tool.
- In philanthropy, SIA is the process of analysing the social changes, both positive and negative, which arise from an organisation's work – an organisational effectiveness tool.
- In impact assessment circles (and industry), SIA as the social equivalent of environmental impact assessment, both a regulatory tool for determining project acceptability and an industry tool for managing the social impacts of projects.

SIA is well established around the world

- an international concept, originating in the USA in the 1970s, required by law in many countries and by many international agencies;
- a strong professional community – a professional association, journals, conferences;
- a ‘paradigm’ – a body of theory and practice, value system;
- It is a ‘field of practice’ and a community of scholars.





Codifying SIA

International Association for Impact Assessment

www.iaia.org

Impact Assessment and Project Appraisal, volume 21, number 1, March 2003, pages 5–11, Beech Tree Publishing, 10 Watford Close, Guildford, Surrey GU1 2EP, UK

SIA principles

International Principles For Social Impact Assessment

Frank Vanclay

The "International Principles for Social Impact Assessment" is a statement of the core values of the SIA community together with a set of principles to guide SIA practice and the consideration of 'the social' in environmental impact assessment generally. It is a discussion document for the impact assessment community to be used as the basis for developing sector and national guidelines. In the process of being developed explicitly for an international context, increasing pressure was placed on the conventional understanding of SIA and a new definition, with official imprimatur of an international professional body, has been formalised. "Social Impact Assessment includes the processes of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment."

Keywords: social impact assessment; human rights; core values; principles; guidelines; international conventions; development; environmental impact assessment

This document was prepared over a five-year period for the IAIA by Frank Vanclay to whom feedback should be provided. Workshops were held at several IAIA and other conferences across six continents. Several hundred people were consulted and some 50 made substantial contributions. Rabel Burdge initiated the project, and James Baines and Richard Morgan supported it along the way. The International Principles is a living document that will continue to be modified. Revised versions will be available on the IAIA website (www.iaia.org).

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Why have Principles for SIA?

There has been considerable interest in producing "International Guidelines and Principles for Social Impact Assessment". An international document produced under the auspices of a major organisation such as the International Association for Impact Assessment (IAIA) could:

- Assist in the development of legislation and policy at the national level;
- Provide standards for SIA practice in international contexts (transboundary projects, development cooperation, foreign investments, international banking);
- Increase the appeal of SIA to a wider range of audiences, through increasing its legitimacy/ standing;
- Establish minimum standards for SIA practice;
- Provide an articulation of best practice in SIA as a model to aspire to;
- Remove confusion over terminology by establishing a definitive glossary;
- Establish the appropriate scope of the social component of impact assessments;
- Promote the integration of SIA in all impact assessments (especially environmental impact assessment and strategic environmental assessment).

The process of developing international guidelines and principles however has been difficult. In a truly international context, there are many issues to consider and little can be taken for granted. The regulatory context varies, the cultural/religious context varies, and social and economic priorities for development vary. As the process of developing international guidelines and principles progressed, increasing pressure was placed on the conventional

 © IAIA 2003

Current definition

"SIA includes the processes of analysing, monitoring and managing the intended and unintended **social** consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions."

Source: Vanclay 2003 International Principles for SIA

Social impact assessment (SIA) is the process of managing the social issues associated with projects.

SIA is the discourse/discipline that assists projects and companies gain their social licence to operate.

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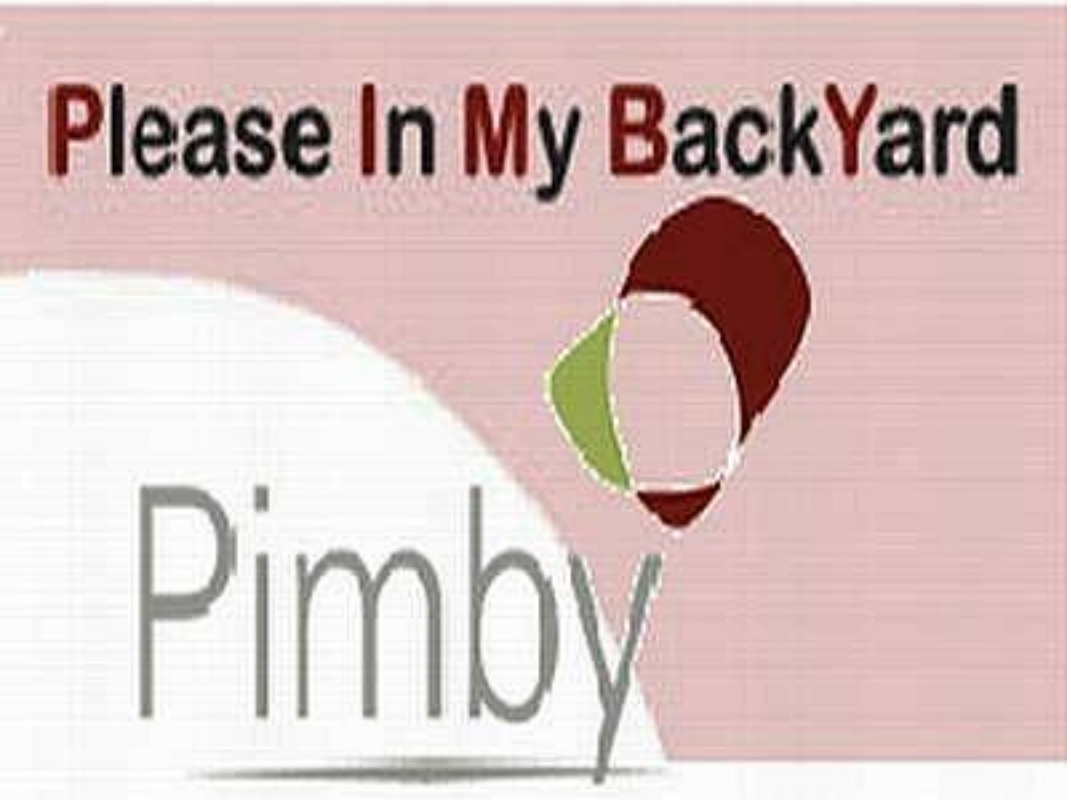
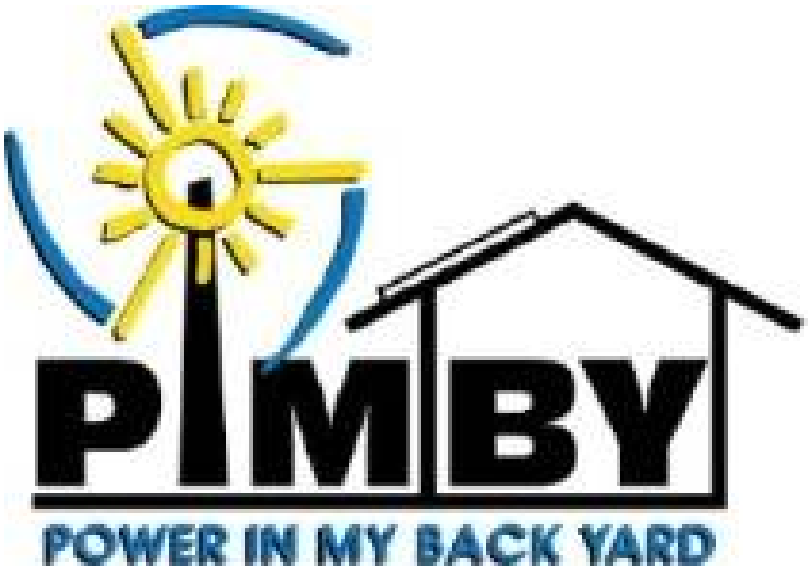
- *Labelling the opposition of local peoples as 'NIMBY' is not helpful*


Please In My BackYard
Pimby


PIMBY
POWER IN MY BACK YARD

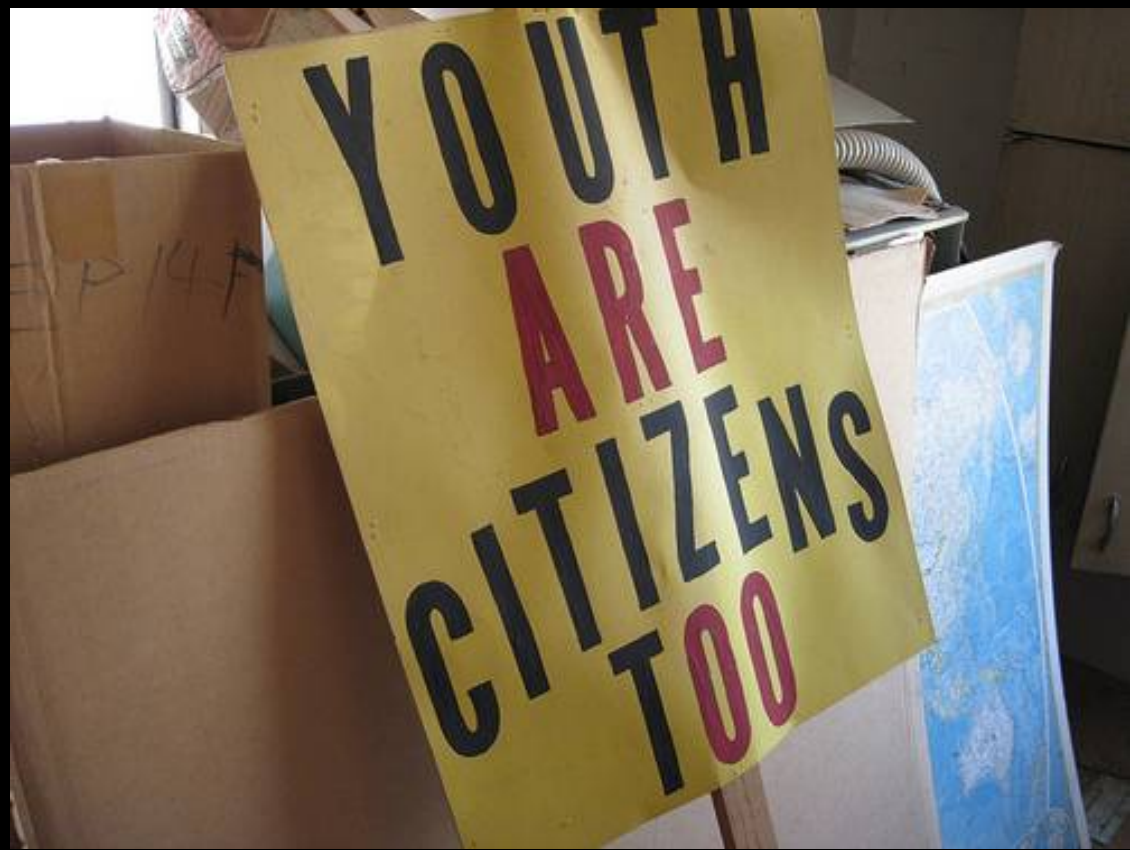
YIMBY
YES IN MY BACKYARD

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;
- They need to earn their 'social licence to operate'.

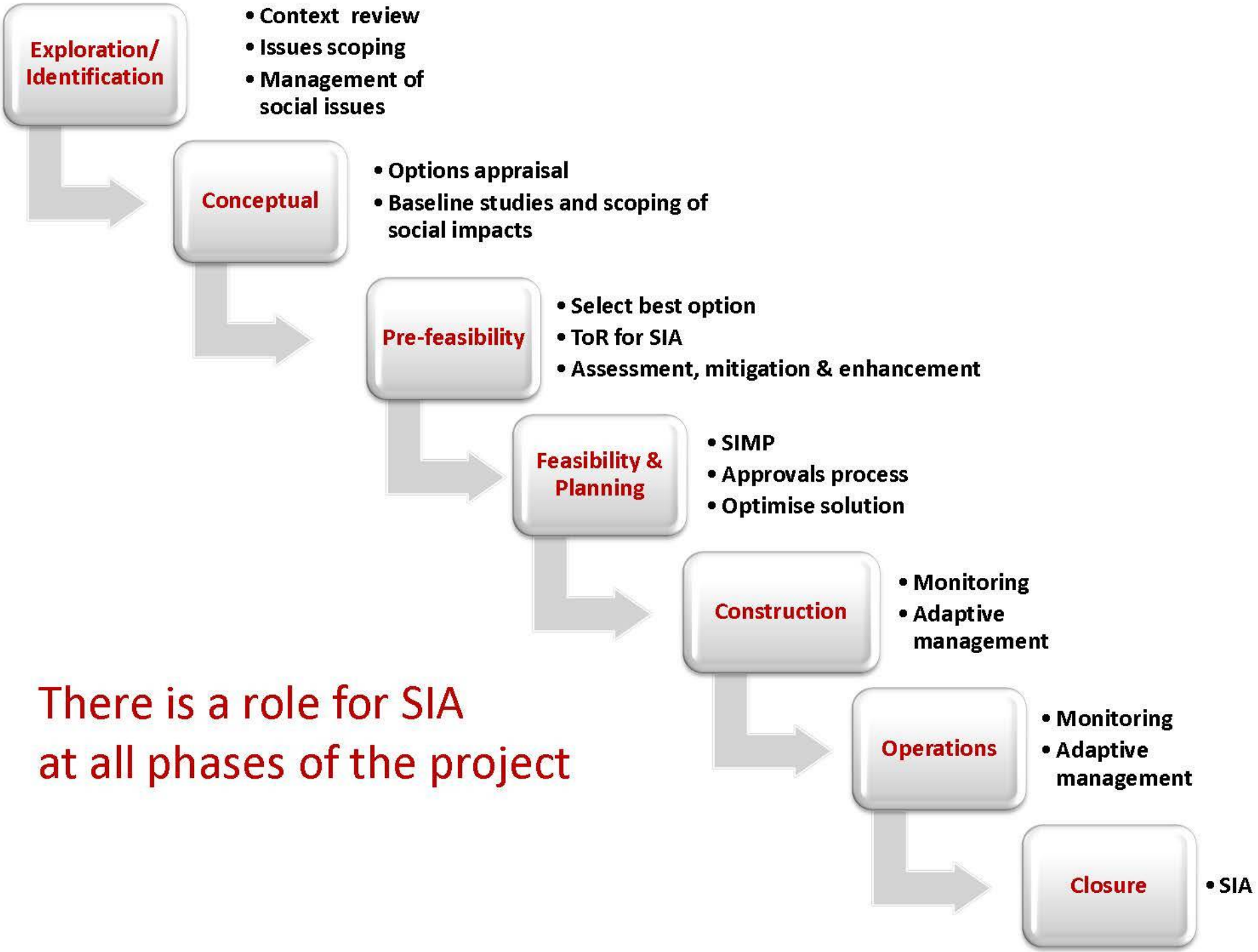
Multiple social licences are needed

The community is never homogenous or singular. Always say ‘communities’ or ‘publics’ in the plural.



Social performance and SIA

- Ex ante assessment of social impacts
- Mitigation of social impacts
- Due diligence and human rights assessments
- Enhancement of benefits from projects
- Community engagement and FPIC
- Local procurement arrangements
- Monitoring of social issues
- Social investment (design, delivery, governance)
- Compensation mechanisms
- Grievance procedures
- Negotiating Impacts and Benefits Agreements
- Social Impact Management Plans


Exploration/ Identification
• Context review
• Issues scoping
• Management of social issues
Conceptual
• Options appraisal
• Baseline studies and scoping of social impacts
Pre-feasibility
• Select best option
• ToR for SIA
• Assessment, mitigation & enhancement
Feasibility & Planning
• SIMP
• Approvals process
• Optimise solution
Construction
• Monitoring
• Adaptive management
Operations
• Monitoring
• Adaptive management
Closure
• SIA
There is a role for SIA at all phases of the project

Not just regulatory approval

- It's about managing the social issues
- The social issues start early (long before regulatory approval is required)
- Corporate social responsibility and company awareness of the concept of 'social licence to operate' means that companies are willing to do more
- Soft regulation is more important that hard regulation
- The new regulators are the watchdog NGOs

Industry body guidelines (soft regulation)

ICMM

International Council on Mining & Metals

financial industry guidelines (soft regulation)

INTERNATIONAL RIVERS
people • water • life

Vereniging Groninger Bodem Beweging

SEA SHEPHERD

AMAZON WATCH

HUMAN RIGHTS WATCH

GREENPEACE

AMNESTY INTERNATIONAL

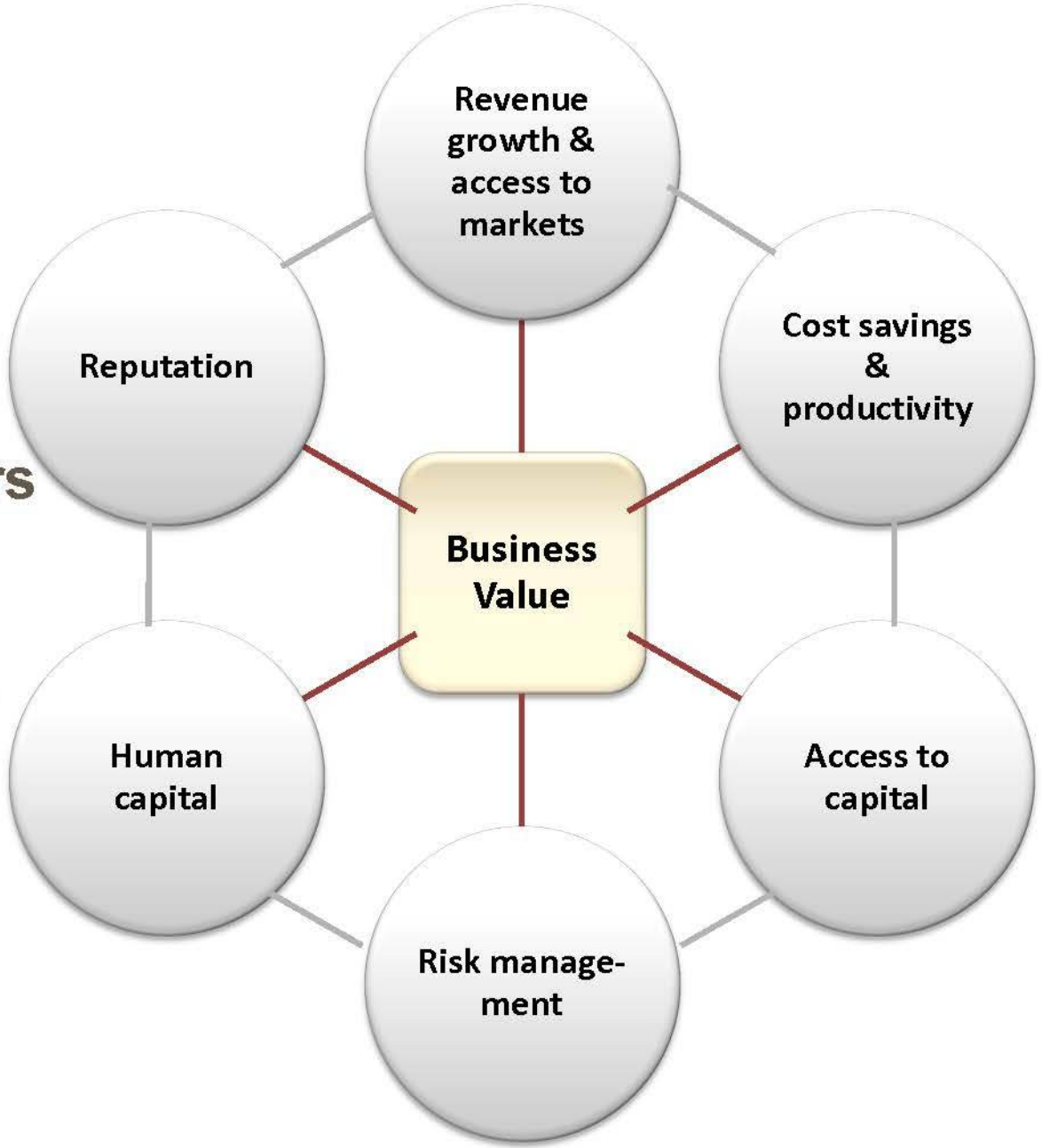
Friends of the Earth Europe

WWF

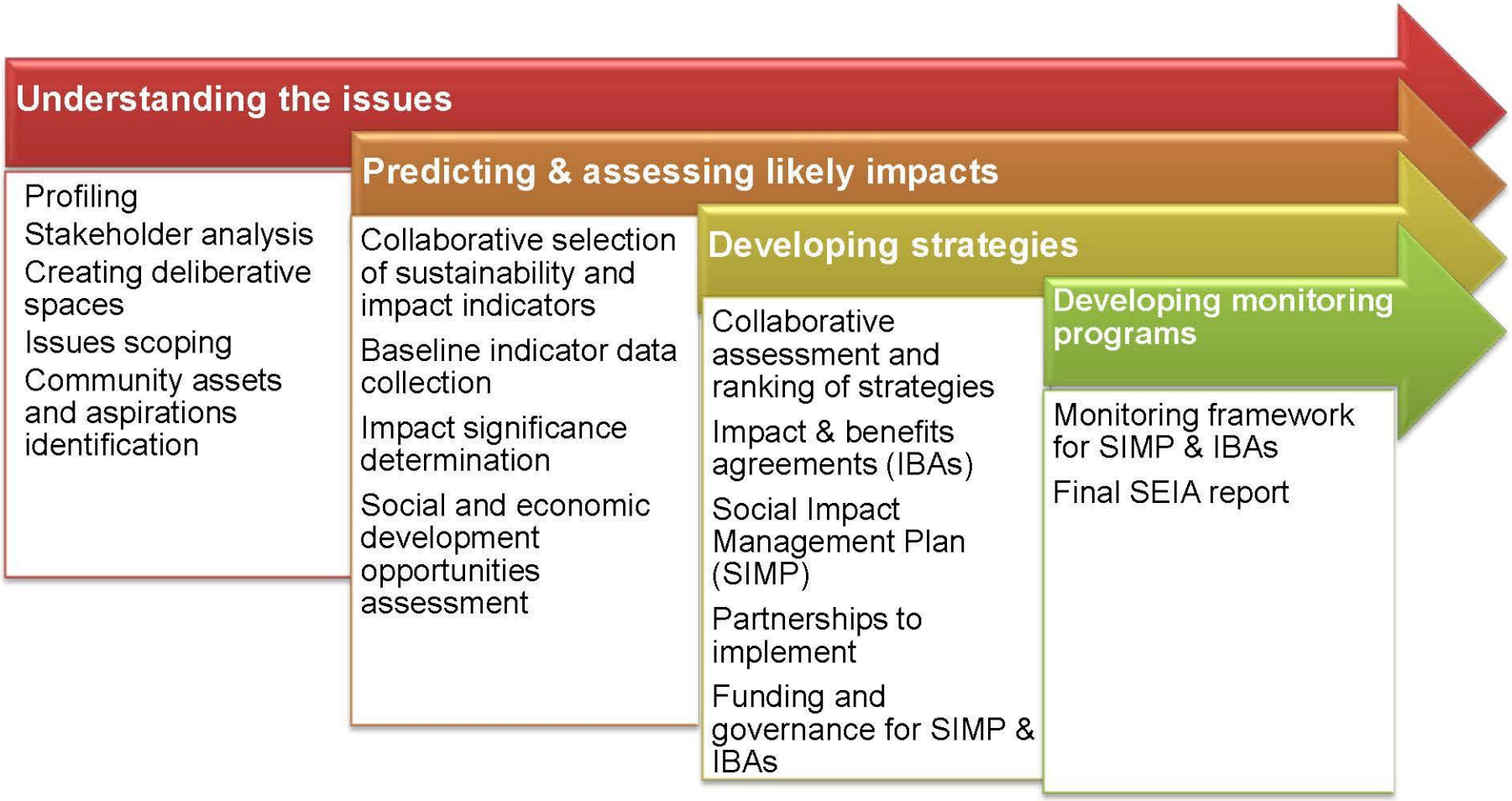
Business case for SIA

- Effective risk identification and management
- Access to land and resources
- Access to local workforce and suppliers
- Early identification of issues
- Reduction of costs
- Full cost consideration
- Greater certainty for investors, government, and society
- Attain a legal and social license to operate
- Improve stakeholder relations
- Maintain company and product reputation
- Increase long-term success and avoid delays, shutdowns, and potentially the closure of projects

Business drivers for doing SIA and gaining a social licence to operate



SIA process


Understanding the issues
Profiling
Stakeholder analysis
Creating deliberative spaces
Issues scoping
Community assets and aspirations identification
Predicting & assessing likely impacts
Collaborative selection of sustainability and impact indicators
Baseline indicator data collection
Impact significance determination
Social and economic development opportunities assessment
Developing strategies
Collaborative assessment and ranking of strategies
Impact & benefits agreements (IBAs)
Social Impact Management Plan (SIMP)
Partnerships to implement
Funding and governance for SIMP & IBAs
Developing monitoring programs
Monitoring framework for SIMP & IBAs
Final SEIA report

SIA has an effect through:

- working with regulatory agencies and financial institutions to contribute to decision-making and approval processes (including determining consent conditions)
- working with the proponent to improve projects through project (re)design, site selection, and design and implementation of mitigation measures and monitoring programs etc
- working with communities to assist in coping with change and planning for positive futures

SIA benefits

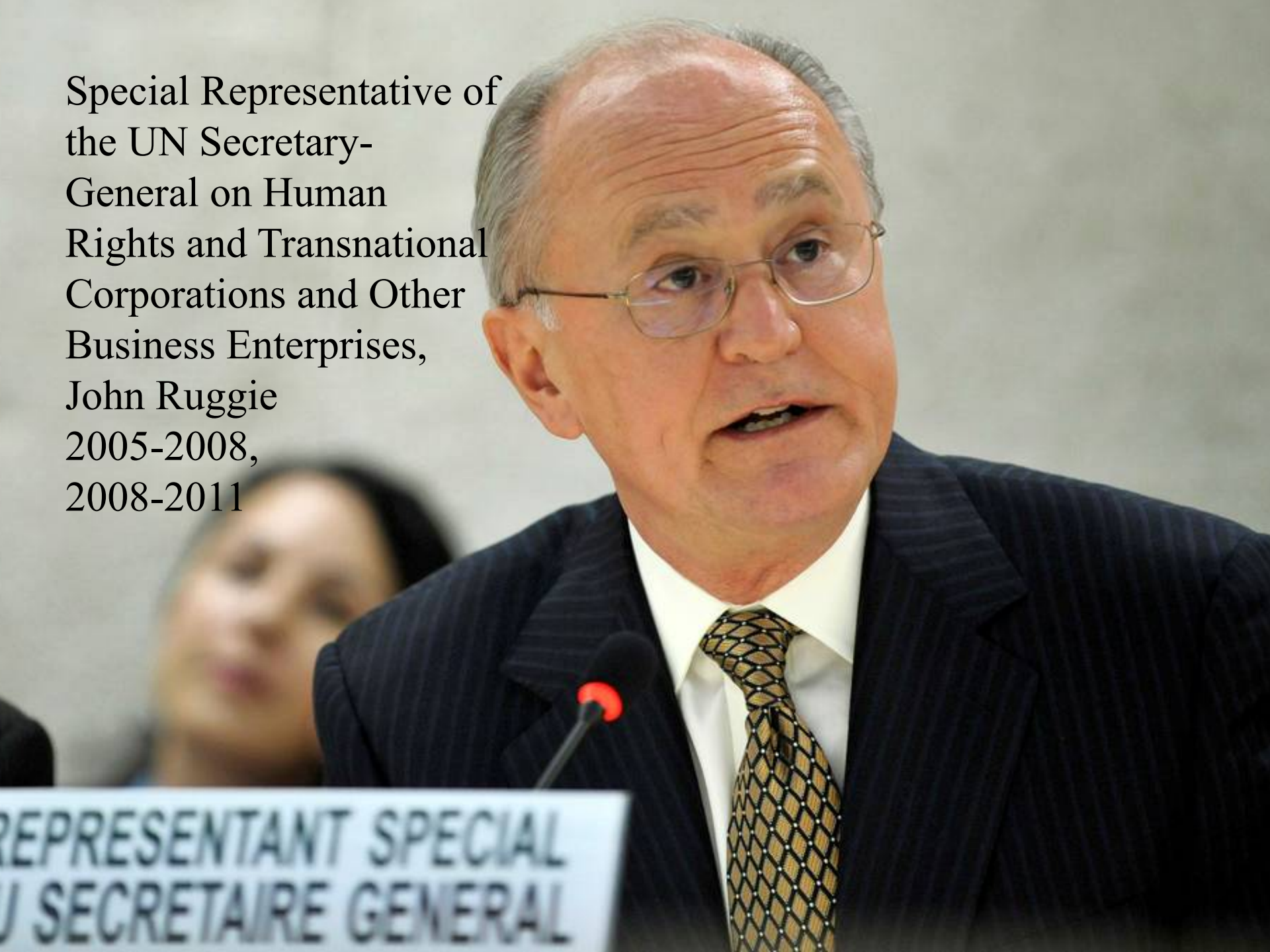
- Communities: more say in decisions, they become revitalised, social capital is built, harmful impacts are avoided, and project benefits are maximised.
- Private sector (proponent): improved relations with local communities, workforces, and important stakeholders; social license to operate; costly mistakes avoided; risk of future compensation payouts reduced; improved siting decisions.
- Government agencies (competent authorities): better information on which to make decisions
- Financial Institutions: better information on which to assess risks; compliance with Equator Principles; potential role in mentoring clients.

Free Prior & Informed Consent

- **Free –** no coercion, intimidation or manipulation by companies or governments, and should a community say ‘no’ there must be no retaliation.
- **Prior –** consent should be sought and received before any activity on community land is commenced and that sufficient time is provided for adequate consideration by any affected communities.
- **Informed –** there must be full disclosure by project developers of their plans in the language acceptable to the affected communities, and each community must have a reasonable understanding of what those plans will likely mean for them, including of the social impacts they will experience if the project proceeds.
- **Consent –** communities must have a real choice, that they can say ‘yes’ if there is a good flow of benefits and development opportunities to them, or they can say ‘no’ if they are not satisfied with the deal.

Not just for Indigenous

- FPIC is an appropriate philosophy to apply to all communities.
- It demonstrates respect for communities
- It is consistent with the social licence to operate


Special Representative of the UN Secretary-General on Human Rights and Transnational Corporations and Other Business Enterprises, John Ruggie 2005-2008, 2008-2011
REPRESENTANT SPECIAL
U SECRETAIRE GENERAL

‘Protect, Respect and Remedy’ Framework

- the **state duty to protect** against human rights abuses by third parties, including business;
- the **corporate responsibility to respect** human rights;
- and **greater access by victims to effective remedy**, both judicial and non-judicial.
- Endorsed by the UN Human Rights Council in 2008

Not pillars, by interconnecting

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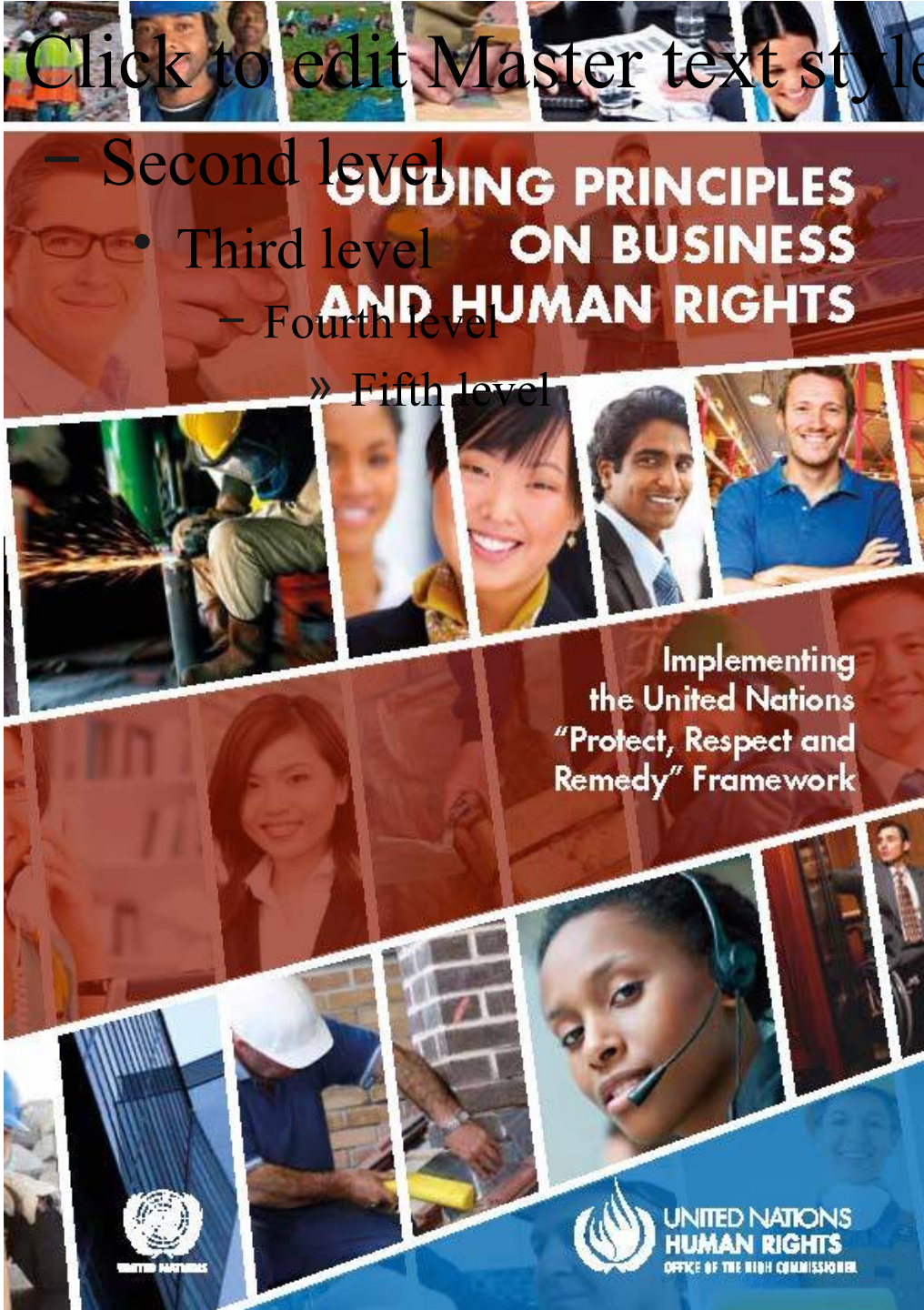
2011

A significant development

Led to the question:
Where was human rights in the environmental, social and health impact assessments (ESHIA) that were being done?



The corporate responsibility

- duty to respect human rights
- duty to avoid harm
- requirement to address impacts (even if not directly responsible)
- requirement not to be complicit in human rights abuse by third parties
- duty to apply leverage
- duty for a company to be prepared to deal with human rights issues

Human Rights is everything

- Human rights are being construed as being more than the democratic rights normally understood as human rights
- All international legal instruments are being scrutinized for reference to things that might be construed as human rights, including access to health care, water, clean environment
- Not stakeholders with social impacts,
  but rights-holders with legal standing whose human rights have been affected

Human rights and emerging rights

Labor	Environmental /Welfare	Civil / Political
Right to Work	Right to Life	Right to Property
Right to Favorable Working Conditions	Right to Adequate Standard of Living	Freedom from Degrading Treatment and Torture
Right to Just Remuneration	Right to Water	Freedom from arbitrary arrest
Freedom from Child Labor	Right to Health	Freedom of Thought
Freedom from Forced Labor	Right to a Clean Environment	Freedom of Expression
Equal Pay for Equal Work	Right to Food	Freedom of Assembly
Nondiscrimination	Right to Housing	Freedom of Religion
Right to Belong to a Union	Right to Security of Person	Right to Education
Right to Strike	Right to Privacy	Right to Public, Political Participation
Freedom of Association	Freedom of Residence	
Right to Holidays with Pay	Indigenous Rights	

Source: Nomogaia (2012) HRIA 3.0 Toolkit (available online: http://www.nomogaia.org/HRIA_Tools.html)

Some useful resources

- SIAhub
  www.socialimpactassessment.com

- International Association for Impact Assessment
  www.iaia.org

- The practitioners platform
  http://managesocialperformance.com/

Follow-up readings

Vanclay & Esteves (eds) 2011 *New Directions in Social Impact Assessment: Conceptual and Methodological Advances*, Cheltenham (UK): Edward Elgar

Franks & Vanclay 2013 Social Impact Management Plans: Innovation in corporate and public policy, *Environmental Impact Assessment Review*, 43, 40-48.

Kemp & Vanclay 2013 Human rights, and impact assessment: clarifying the connections, *Impact Assessment & Project Appraisal*, 31(2), 86-96.

Hanna & Vanclay 2013 Human rights, Indigenous peoples and the concept of Free, Prior and Informed Consent, *Impact Assessment & Project Appraisal*, 31(2), 146-157.

Vanclay 2012 The potential application of Social Impact Assessment in integrated coastal zone management, *Ocean & Coastal Management*, 68, 149-156.

Langbroek & Vanclay 2012 Learning from the social impacts associated with initiating a windfarm near the former island of Urk, The Netherlands, *Impact Assessment & Project Appraisal* 30(3), 167-178.

Esteves, Franks & Vanclay 2012 The state of the art of social impact assessment, *Impact Assessment & Project Appraisal* 30(1), 35-44.

João, Vanclay & den Broeder 2011 Emphasising enhancement in all forms of impact assessment, *Impact Assessment & Project Appraisal* 29(3), 170-180.

Esteves & Vanclay 2009 Social Development Needs Analysis as a tool for SIA to guide corporate-community investment: Applications in the minerals industry, *Environmental Impact Assessment Review* 29(2), 137-145.

Vanclay 2006 Principles for Social Impact Assessment: a critical comparison between the International and US documents, *Environmental Impact Assessment Review* 26(1), 3-14.

Vanclay 2003 International Principles for Social Impact Assessment, *Impact Assessment & Project Appraisal* 21(1), 5-11.

Vanclay 2002 Conceptualising social impacts, *Environmental Impact Assessment Review* 22(3), 183-211.

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