

Social Impact Assessment: Guidance for assessing and managing the social impacts of projects

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Purpose and intended readership

The purpose of this Guidance Note is to provide advice to various stakeholders about what is expected in good practice social impact assessment (SIA) and social impact management processes, especially in relation to project development. Project development refers to dams, mines, oil and gas drilling, factories, ports, airports, pipelines, electricity transmission corridors, roads, railway lines and other infrastructure including large-scale agriculture, forestry and aquaculture projects. This Guidance Note builds on IAIA's (2003) *International Principles for Social Impact Assessment*. While the International Principles outline the overarching understandings of the SIA field, including the expected values of the profession, this document seeks to provide advice on good practice in the undertaking and appraisal of SIAs and the adaptive management of projects to address the social issues. As a statement of good and sometimes leading practice, not all the information in this document will necessarily be applicable in every situation – people utilising this information will need to establish for themselves what is appropriate in each particular context.

The intended users of this document include:

- SIA Practitioners/Consultants who want to know how their practice compares with international best practice;
- Project Developers/Proponents (private sector or government) to assist them in evaluating SIA consultants and in knowing what to expect from consultants;
- Regulatory agencies in terms of judging the quality and acceptability of SIA reports and in determining what procedures and expectations will be;
- Social specialists in the Multilateral Development Banks (MDBs), such as the World Bank, the International Finance Corporation (IFC), the Asian Development Bank (ADB), the African Development Bank (AfDB), European Bank of Reconstruction and Development (EBRD), the European Investment Bank (EIB), and the Inter-American Development Bank (IDB);
- Social staff in other financial institutions, especially Equator Principles banks;
- Development cooperation agencies;
- Government planning agencies;
- Communities and local peoples;
- Civil society organizations;
- People responsible for SIA regulatory frameworks.

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Disclaimer

This document provides general guidance about what the International Association for Impact Assessment (IAIA) considers to be current good practice in social impact assessment at the time of publication. It is provided only as a general public service to the professional community and does not constitute the provision of legal or technical advice. Since jurisdictions vary greatly in their laws and requirements, practitioners will always need to confirm the expectations in any context in which they work. Reference to any company or corporation in this document does not necessarily constitute endorsement or support. IAIA accepts no liability for errors or omissions, or for any consequences that may come from following this advice.

About the cover photo



Reindeer herding brigade number 4, Yar Sale municipal farm, South Yamal Peninsula, April 2012, Photo taken by Florian Stammler, Arctic Centre, University of Lapland. Used with permission

Several times a week, before the journey to the next campsite, the families in each brigade of nomadic herders round up their reindeer and choose the ones they will use to pull the sledges with their household items. It is each sledge driver's responsibility to choose the animals they want.

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Key points of this guidance document

Social Impact Assessment (SIA) is now conceived as being the process of identifying and managing the social issues of project development, and includes the effective engagement of affected communities in participatory processes of identification, assessment and management of social impacts. Although SIA is still used as an impact prediction mechanism and decision-making tool in regulatory processes to consider the social impacts in advance of a permitting or licensing decision, equally important is the role of SIA in contributing to the ongoing management of social issues throughout the whole project development cycle, from conception to post-closure. Like all other fields of practice (discourses), SIA is a community of practice with its own paradigm of theories, methods, case histories, expected understandings and values. What is meant and implied by 'social impact assessment' is the understanding of it within the SIA paradigm rather than any dictionary interpretation of the words, social, impact, or assessment. This paradigm is embodied and articulated in the *International Principles for Social Impact Assessment* and in this guidance document.

SIA arose in the 1970s alongside environmental impact assessment (EIA) and originally attempted to emulate EIA as much as possible. Often SIA was done as part of EIA, usually badly. Over time, however, the practice of SIA has diverged from EIA because of the growing realisation that social issues fundamentally differ from biophysical issues; that the primary task of SIA should be to improve the management of social issues (rather than to only influence go/no go decisions); and that the effectiveness of SIA in terms of achieving better outcomes for affected communities will be maximised by being relevant to the proponents (commercial and public sector developers) who initiate and implement projects. Because of the interconnectedness of environmental, social and health issues, it is worthwhile to conduct integrated assessments, and ESHIA (environmental, social and health impact assessment) has become standard practice in the private sector. However, social impacts start long before project approval is required – they start with rumours of a possible project. Managing the social issues (and thus SIA), therefore, needs to start as soon as possible after projects are conceived.

A key difference between SIA and EIA is the increasing focus in SIA on enhancing the benefits of projects to impacted communities. Although the need to ensure that the negative impacts are identified and effectively mitigated remains, also of value is revising projects and ancillary activities to ensure greater benefits to communities. This is necessary for the project to earn its 'social licence to operate'; and also because attempting to minimise harm (the traditional approach in SIA) does not ensure that the project will be considered acceptable by local stakeholders, or that a project does not actually cause significant harm. Enhancing benefits covers a range of issues, including: modifying project infrastructure to ensure it can also service local community needs; providing social investment funding to support local social sustainable development and community visioning processes to establish strategic community development plans; a genuine commitment to maximising opportunities for local content (i.e. jobs for local people and local procurement) by removing barriers to entry to make it possible for local enterprises to supply goods and services; and by providing training and support to local people. Where people are resettled to enable a project to proceed, it is essential to ensure that their post-resettlement livelihoods are restored and enhanced.

Important to earning a social licence to operate is to treat communities with respect. Meaningful, transparent and ongoing community engagement practices from the earliest stages of any intervention are essential to build trust and respect. The key values and principles of SIA are specified in the *International Principles for Social Impact Assessment*. The established principles of SIA include: the objective of SIA and the project should be to contribute to the empowerment of vulnerable groups in the community; a gender lens should be applied in all assessments; and that respect for human rights should underpin all actions. The rise of the Business and Human Rights discourse, especially with the adoption of the *United Nations Guiding Principles on Business and Human Rights*, means that respect for human rights is now a fundamental responsibility of private sector developments. With many social and environmental impacts interpretable in terms of human rights, SIA will have increasing traction. Impacted peoples are rights-holders with legal entitlements, and SIA can demonstrate its value to companies as a way of reducing their risk exposure and assist them in being compliant with international standards and/or good practice as they evolve over time. Ideally, SIA and comprehensive ESHIA should address all significant human rights issues associated with a project.

Some key background concepts relevant to SIA

Although an extensive glossary is provided at the end of this document, here some key concepts that are central to understanding the issues involved in the management of social impacts are introduced and described.

Social Licence to Operate refers to the level of acceptance or approval of the activities of an organization by its stakeholders, especially local impacted communities. Leading corporations now realize that they need to meet more than just the regulatory requirements, they also need to consider, if not meet, the expectations of a wide range of stakeholders, including international NGOs and local communities. If they don't, they risk not only reputational harm and the reduced opportunities that might bring, they also risk being subject to strikes, protests, blockades, sabotage, legal action and the financial consequences of those actions. In some countries, 'social licence' has become an established element of the language of business, actively influencing, if not driving, the business strategy of many companies, and is part of the governance landscape. **For more information**, refer to: Boutilier, R.G. 2014 Frequently asked questions about the social licence to operate. *Impact Assessment & Project Appraisal* 32(4), 263-272. <http://dx.doi.org/10.1080/14615517.2014.941141>

Free, Prior and Informed Consent (FPIC) is a procedural mechanism developed to assist in ensuring the right of Indigenous peoples to self-determination. It is a concept that gained status by its inclusion in the 2007 *United Nations Declaration on the Rights of Indigenous Peoples* and the 1989 International Labour Organization's Convention 169. Its legal status varies depending on whether a country has signed one or the other of these instruments and has effectively incorporated it into domestic law. 'Free' means that there must be no coercion, harassment, intimidation or manipulation by companies or governments in order to obtain stakeholder consent, and should a community say 'no' there must be no retaliation. 'Prior' means that 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' means that there is full disclosure by project developers of their plans in a language and format that is acceptable to the affected communities, and that each community has enough information and capacity to have a reasonable understanding of what those plans will likely mean for them, including of the social impacts they will experience. Although 'consent' would normally imply that communities should 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, and that there is a workable mechanism for determining whether there is broad-based support in the community as a whole, in reality the implementation of FPIC often remains flawed. FPIC, to varying extents, has been adopted as a requirement by the IFC and many other international organisations. There is an increasing discussion about whether the spirit of FPIC should be used to demonstrate respect for all communities and to earn a social licence to operate. **For more information**, refer to: Buxton, A. & Wilson, E. 2013 *FPIC and the Extractive Industries: A Guide to applying the Spirit of Free, Prior and Informed Consent in Industrial Projects*, London: IIED. <http://pubs.iied.org/pdfs/16530IIED.pdf>

A human rights-based approach refers to a conceptual and procedural framework directed towards ensuring the promotion and protection of human rights in policies, programs, plans and projects. It is the basis of all human rights relevant instruments and actions and has been applied in a wide range of contexts (notably in health and development cooperation). It seeks to: (1) position human rights and its principles as the core element of actions; (2) demand accountability and transparency by duty-bearers towards rights-holders; (3) foster empowerment and capacity building of rights-holders to, inter alia, hold duty-bearers to account; (4) ensure that the meaningful participation of rights-holders in development processes and planned interventions is recognised as an intrinsic right, not simply as best practice; and (5) ensure the non-discriminatory engagement of rights-holders and the prioritization of especially-vulnerable or marginalized individuals or groups (e.g. women, elderly, children and youth, minorities and Indigenous peoples). **For more information**, refer to: <http://hrbportal.org/>

Human rights due diligence refers to the expectation in the *United Nations Guiding Principles on Business and Human Rights* that companies must carry out a due diligence process in order to ensure that a proposed business action, transaction or acquisition has no hidden human rights risks (in other words, risks to people and communities, not only risks to the company). Since many social impacts are also human rights impacts, affected stakeholders are rights-holders with legal rights. This increases the significance of social impacts and the importance of social impact assessment. Social impacts are therefore serious matters that companies must address. **For more information**, refer to: ICMM 2012 *Integrating Human Rights Due Diligence into Corporate Risk Management Processes*. <http://www.icmm.com/document/3308>

Non-technical risks relate to the managerial, legal, social and political issues faced by a project, in contrast to the technical risks (i.e. the physical, structural, engineering and environmental risks). The technical and technocratic focus of many project staff (and their societal mentality) means that the technical risks are usually fully considered whereas the non-technical risks are under-considered or ignored altogether. Nevertheless, because of the protest actions local communities can take, non-technical risks are potentially serious financial risks to a project and therefore should be fully considered and addressed. **For more information**, refer to: Davis, R. & Franks, D. 2014 *Costs of Company-Community Conflict in the Extractive Sector*.

http://www.hks.harvard.edu/m-rcbg/CSRI/research/Costs%20of%20Conflict_Davis%20%20Franks.pdf

Social risk has different meanings in different discourses. In the SIA/corporate project discourse, 'social risk' is a largely similar concept to 'non-technical risk' and is the preferred term. The World Bank defines social risk as "the possibility that the intervention would create, reinforce or deepen inequity and/or social conflict, or that the attitudes and actions of key stakeholders may subvert the achievement of the development objective, or that the development objective, or means to achieve it, lack ownership among key stakeholders". For the Bank, social risk is considered to be both risk (threats) to the success of the project, but also risk (social issues) created by the project, which in turn become threats to the project. In a corporate setting, social risk can be regarded as the business risks (e.g. extra costs) to the company that arise from any social impacts or social issues created by the project, such as through unforeseen costs of mitigation, future litigation and/or compensation payouts, worker strikes, retaliatory acts of sabotage, and reputational harm. **For more information**, refer to: Kytte, B. & Ruggie, J. 2005 *Corporate Social Responsibility as Risk Management: A Model for Multinationals*.

http://www.ksg.harvard.edu/m-rcbg/CSRI/publications/workingpaper_10_kytte_ruggie.pdf

Impacts & Benefits Agreements (or Community Development Agreements) are negotiated agreements between project developers and affected peoples. Although sometimes including governments, these agreements typically are between a project developer and the impacted stakeholders, although the impetus and content may be influenced by government policy. Agreements normally include statements about the likely residual impacts, provisions about how these impacts are to be addressed, the benefits that have been promised, and the governance processes that will be used to manage the relationship between the parties.

For more information, refer to: Gibson, G. & O'Faircheallaigh, C. 2010 *IBA Community Toolkit: Negotiation and Implementation of Impact and Benefit Agreements*. Toronto: Walter & Duncan Gordon Foundation.

<http://www.ibacommunitytoolkit.ca>

Sustainable Livelihoods refers to a way of thinking about communities and people in terms of their capabilities, and the livelihood resources (assets, capitals) and the livelihood strategies (activities) they undertake to make their living and conduct their way of life. A livelihood refers to the way of life of a person or household and how they make a living, in particular, how they secure the basic necessities of life, e.g. their food, water, shelter and clothing, and live in the community. Livelihoods are interdependent on each other and on the biophysical environment. A livelihood is sustainable when it can cope with and recover from stresses and shocks (i.e. is resilient) and maintain or enhance its capabilities and assets both now and into the future while not undermining the natural resource base. People need a sustainable livelihood in order to survive, and therefore all interventions need to consider the impacts on people's livelihoods. **For more information**, refer to: Scoones, I. 1998 *Sustainable Rural Livelihoods: A Framework for Analysis*, IDS Working Paper 72.

<http://mobile.opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/3390/Wp72.pdf>

Shared value is a way of thinking about the role of a company that recognizes that societal needs, not just conventional economic needs, define markets, and that the purpose of the corporation must be redefined as creating shared value, rather than just profit for its shareholders, so society benefits as well as the company. This view also acknowledges that social harms frequently create costs for firms in the form of social risks and therefore need to be carefully managed. **For more information**, refer to: Porter, M. & Kramer, M. 2011 Creating shared value. *Harvard Business Review* 89(1-2), 62-77.

http://www.fsg.org/Portals/0/Uploads/Documents/PDF/Creating_Shared_Value.pdf; Hidalgo, C. et al. 2014 *Extracting with Purpose*. FSG.

<http://www.fsg.org/tabid/191/ArticleId/1184/Default.aspx?srpush=true>

The **Equator Principles** (EP) is a corporate social responsibility and sustainability framework for the global finance industry. More specifically, it is a risk management framework adopted by financial institutions (i.e. banks) for determining, assessing and managing environmental and social risk in projects anywhere in the world and for all industry sectors. It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. Banks that adopt the EP commit to implementing the principles in their internal environmental and social policies, procedures, and standards for financing projects and agree to "not provide Project Finance or Project-Related Corporate Loans to projects where the client will not, or is unable to, comply with the EP". The banks that subscribe to the EP provide a substantial majority of the international project finance in developing countries. Essentially the EP are a set of high level principles; for operational guidelines the EP requires compliance with the **IFC Performance Standards**. **For more information**, refer to: <http://www.equator-principles.com> and <http://www.ifc.org/performancestandards>

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Social Impact Assessment is a process of management not a product

The *International Principles for Social Impact Assessment* defines SIA as being “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”. Although SIA can and has been applied in many different settings, this guidance document addresses the application of SIA at the project level, e.g. the planned construction of new infrastructure such as airports, bridges, bypasses, dams, highways, mines, pipelines, ports, transmission corridors, windfarms, as well as commercial agriculture and agroforestry developments and the creation of nature conservation areas. The planning and construction of these projects can cause many social impacts. From early stages, there typically is speculation about the project that can affect property prices, and can lead either to an exodus of people, or conversely to the influx of people (known as the ‘honeypot effect’).

Projects can create opportunities and benefits for people, but at the same time they can also create harmful effects. Typically, projects are never uniformly good or bad, there is a differential distribution of costs and benefits within nearby communities. It is too simplistic to talk in terms of winners and losers, because people can be benefitted and harmed at the same time. Good management is needed to ensure that the benefits of projects are maximised and the negative impacts are avoided or minimised on an ongoing basis during the life of the project. SIA is a process that can greatly assist in ensuring the achievement of benefits and the avoidance of harm.

Because SIA involves the processes of managing the social impacts of development and contributes to shared value by improving outcomes for local communities as well as for the developer (corporate or government), it should be undertaken by the project whether it is legally required or not. The amount of effort invested in the SIA to adequately identify and manage social impacts should be commensurate with the likely project impacts and risks. Early scoping activities should help the practitioner identify the relative scale of effort likely to be required.

Rather than the conventional statement of social impacts somewhat akin to an Environmental Impact Statement, a more appropriate document to be produced is a Social Impact Management Plan (SIMP) and related management documents, e.g. Community Health & Safety Plan, Resettlement Action Plan, Stakeholder Engagement Plan, Local Procurement Plan, which collectively provide an integrated set of actions and procedures to manage the social issues created by the project. A SIMP outlines the strategies to be undertaken during each of the phases of a project (including post-closure) to monitor, report, evaluate, review and proactively respond to change. Adaptive management is an important part of managing social impacts. SIMPs are increasingly being required by governments and investors in projects. They are usually developed as an outcome of the preparation of impact statements for project approvals and then periodically updated. Ideally, SIMPs should correspond with and/or feed into the company’s internal management systems; alternatively, companies could implement a social impact management system as part of their overall planning process.

For more information on Social Impact Assessment as a process of management, refer to:

Esteves, A.M., Franks, D. & Vanclay, F. 2012 Social impact assessment: The state of the art. *Impact Assessment & Project Appraisal* 30(1), 35-44. <http://dx.doi.org/10.1080/14615517.2012.660356>

Franks, D., Fidler, C., Brereton, D., Vanclay, F. & Clark, P. 2009 *Leading Practice Strategies for addressing the Social Impacts of Resource Developments*. St Lucia: Centre for Social Responsibility in Mining, Sustainable Minerals Institute, The University of Queensland. http://www.csr.uq.edu.au/docs/Franks_etal_LeadingPracticeSocialImpacts_2009.pdf

Franks, D. & Vanclay, F. 2013 Social Impact Management Plans: Innovation in corporate and public policy. *Environmental Impact Assessment Review* 43, 40-48. <http://dx.doi.org/10.1016/j.eiar.2013.05.004>

Vanclay, F. 2003 International Principles for Social Impact Assessment. *Impact Assessment & Project Appraisal* 21(1), 5-11. <http://dx.doi.org/10.3152/147154603781766491>

Social impacts are everything that affect people

The *International Principles for Social Impact Assessment* considers that social impacts include all the issues associated with a planned intervention (i.e. a project) that affect or concern people, whether directly or indirectly. Specifically, a social impact is considered to be something that is experienced or felt in either a perceptual (cognitive) or a corporeal (bodily, physical) sense, at any level, for example at the level of an individual person, an economic unit (family/household), a social group (circle of friends), a workplace (a company or government agency), or by community/society generally. These different levels are affected in different ways by an impact or impact-causing action.

Because 'social impact' is conceived as being anything linked to a project that affects or concerns any impacted stakeholder group, almost anything can potentially be a social impact so long as it is valued by or important to a specific group of people. Environmental impacts, for example, can also be social impacts because people depend on the environment for their livelihoods and because people may have place attachment to the places where projects are being sited. Impacts on people's health and wellbeing are social impacts. The loss of cultural heritage, important habitats or biodiversity can also be social impacts because these are valued by people. SIA therefore should address everything that is relevant to people and how they live. This means that SIA cannot start with a checklist of potential impacts, but must identify the social impacts from an awareness of the project and an understanding of how the project will affect what is important to the project's stakeholders. Nevertheless, Box 1 gives some sense of what social impacts are.

BOX 1: What are social impacts?

Social impacts are changes to one or more of the following:

- people's way of life – that is, how they live, work, play and interact with one another on a day-to-day basis;
- their culture – that is, their shared beliefs, customs, values and language or dialect;
- their community – its cohesion, stability, character, services and facilities;
- their political systems – the extent to which people are able to participate in decisions that affect their lives, the level of democratisation that is taking place, and the resources provided for this purpose;
- their environment – the quality of the air and water people use; the availability and quality of the food they eat; the level of hazard or risk, dust and noise they are exposed to; the adequacy of sanitation, their physical safety, and their access to and control over resources;
- their health and wellbeing – health is a state of complete physical, mental, social and spiritual wellbeing and not merely the absence of disease or infirmity;
- their personal and property rights – particularly whether people are economically affected, or experience personal disadvantage which may include a violation of their civil liberties;
- their fears and aspirations – their perceptions about their safety, their fears about the future of their community, and their aspirations for their future and the future of their children.

Source: Vanclay, F. 2003 *International Principles for Social Impact Assessment. Impact Assessment & Project Appraisal* 21(1), 5-11. <http://dx.doi.org/10.3152/147154603781766491>

An important conceptual point is the differentiation between a social change process and a social impact. Not all change-inducing processes in a community necessarily cause social impacts. For example, a modest increase in population is not necessarily a negative social impact. In many circumstances, it may be a benefit leading to economic growth and social development. On the other hand, an unplanned, rapid, large increase in population associated with a project (influx) can create many social impacts. The issue for SIA is how to ensure that the process of in-migration is anticipated, prepared for, and managed adequately to minimize negative impacts and maximize potential benefits.

While SIA is sometimes described as being a social form of environmental impact assessment, there are many differences. For example, the environmental impacts tend only to occur when the first sod of soil is turned, whereas social impacts can happen the moment there is a rumour that something might happen. Rumour leads to speculation and speculative behaviour. In some situations, e.g. a socially-undesirable factory or other locally-unwanted land use, rumour may also promulgate and amplify people's fears and anxieties, whether or not the rumour has any foundation, and whether or not the project actually eventuates. Fear and anxiety, like all perceived impacts, are real social impacts that people experience, and they should not be dismissed, but should be managed effectively.

The extent and effectiveness of the project's community engagement has a huge bearing on the amount of fear and anxiety generated. The extent of social impacts experienced is largely contingent on contextual factors such as the genuineness of the engagement mechanisms used, and the extent to which the views of all stakeholders were considered and reflected in the various reports and mitigation actions.

Social impacts can also be created by projects that raise false expectations in a community, either by project staff inappropriately knowingly promising things that will not eventuate, or inadvertently through the poor management of expectations and allowing rumours to escalate expectations. For example, it is important for project developers to be realistic about the number and type of jobs likely to be available to local people. Communities can feel 'ripped-off' when the benefits they anticipated receiving from a project do not eventuate. This contributes to a lack of trust in the company and a loss of social licence.

As discussed later in this document (in Task 10), social impacts are rarely singular cause-effect relationships. There are complex patterns of intersecting impact pathways. Health, wellbeing and social outcomes are always multi-factorial. For example, physical changes to habitats created by the project can change the ecology of disease organisms, and changes to living arrangements and lifestyles can change exposure patterns to vector organisms (such as mosquitoes), thus increasing morbidity and perhaps mortality. Changing work patterns (especially with rotating shiftwork and/or long rosters) can lead to health effects not only to the worker, but also on the worker's spouse and children. Sleep disorders, depression, alcohol and substance abuse and family violence are all associated with shiftwork.

Another important understanding is that projects tend to always cause local inflation. This can cause serious ruptures between people who work for the project and those who don't. While project workers are paid wages which typically account for the rate of inflation (and contribute to it), other people experience the rising costs without the benefit of additional income. Thus, projects invariably increase inequality in a community, which is one reason why it is really important for projects to contribute to local social investment initiatives. In boomtown communities, the pull of the project may mean that no workers are available for the low paid service jobs. Poaching of staff from other sectors, including government, is also a major problem creating a high turnover in staff and a lack of capacity.

For more information on different types of social impacts, refer to:

Fehr, R., Viliani, F., Nowacki, J. & Martuzzi, M. (eds) 2014 *Health in Impact Assessments: Opportunities not to be missed*, Copenhagen: World Health Organisation Regional Office for Europe. <http://www.euro.who.int/health-in-IA>

Harris-Roxas, B. et al. 2012 Health Impact Assessment: The state of the art. *Impact Assessment and Project Appraisal* 30(1), 43-52, 2012. <http://dx.doi.org/10.1080/14615517.2012.666035>

ICMM 2010 *Good Practice Guidance on Health Impact Assessment*. <http://www.icmm.com/document/792>

IFC 2009 *Introduction to Health Impact Assessment*. Washington, DC: International Finance Corporation. <http://commdev.org/introduction-health-impact-assessment>

IFC 2009 *Projects and People: A Handbook for Addressing Project-Induced In-migration*. Washington, DC: International Finance Corporation. http://commdev.org/files/2545_file_influx.pdf

Petkova, V. et al. 2009 Mining developments and social impacts on communities: Bowen Basin case studies. *Rural Society* 19(3), 211-228. <http://dx.doi.org/10.5172/rsj.19.3.211>

Vanclay, F. 2002 Conceptualising social impacts. *Environmental Impact Assessment Review* 22(3), 183-211. [http://dx.doi.org/10.1016/S0195-9255\(01\)00105-6](http://dx.doi.org/10.1016/S0195-9255(01)00105-6)

Vanclay, F. 2012 The potential application of Social Impact Assessment in integrated coastal zone management. *Ocean & Coastal Management* 68, 149-156. <http://dx.doi.org/10.1016/j.ocecoaman.2012.05.016>

Vanclay, F. (ed.) 2014 *Developments in Social Impact Assessment*. Cheltenham: Edward Elgar.

Social Impact Assessment & Management and Social Performance

Social Impact Assessment (SIA) arose alongside Environmental Impact Assessment (EIA) in the early 1970s primarily as a regulatory tool. Over time, there has been a steady evolution in how SIA is practiced. As interest in SIA grew, a professional community of SIA practitioners developed, forming a discourse around SIA. Like all professional fields of practice, the understanding of the topic has evolved within that discourse. The most important change that has occurred is increasing awareness that addressing the social impacts requires the active management of social issues from the very beginning of a project long before regulatory approval is needed. Another important change is the increasing realisation all round that communities don't want to have project impacts thrust on them, they want to be active partners in co-development and they want to benefit from private sector projects. Shared value is therefore an important consideration. A further realisation is that the regulators and monitoring authorities of today are not just government agencies, but include local and global NGOs (especially watchdog NGOs), international industry associations, the finance and insurance industries, and project-affected communities themselves. While national legislation remains important, it is the international industry associations (e.g. ICMM, IPIECA, International Hydropower Association) and financial institutions (IFC, Equator Principles banks) that now take the lead role in setting standards. Projects that do not meet these international standards may not be successful in gaining project financing or insurance. Projects that do not meet international expectations may be subjected to protest actions, and may face legal challenges and other activist pressure. All this means that projects have to gain and maintain their (social) licence to operate from many stakeholders, each with differing and not necessarily complementary interests, rather than from a singular government regulatory agency.

This change in the discourse and practice of SIA has meant that SIA is now seen in much broader terms than just being the identification of a set of social impacts and the submission of a document to gain regulatory approval. SIA now covers a wide variety of tasks (see below) associated with the interaction between a company/project and its local communities. In the corporate world, this full set of activities is often called social performance, to separate it from the specific task of gaining regulatory approval.

The management of the social issues of projects and therefore the full span of work of SIA practitioners potentially includes the following activities. Note, however, that these tasks are not all done at the same time and what a specific SIA practitioner should do in a specific case will depend on the particular context.

- Undertake an ex-ante assessment of likely social impacts
- Liaise with the EIA team (and any other assessment teams) to ensure that the social aspects of environmental and biodiversity impacts and the environmental and biodiversity impacts of social changes are considered in the impact assessments and management plans
- Compile a community profile (i.e. a description of the local social context)
- Construct a social baseline relevant for decision-making and documenting social changes (i.e. collect data for key social variables to document the pre-impact state)
- Identify and implement changes to the project and undertake other actions to mitigate social impacts
- Plan the resettlement and/or compensation for people who will experience economic displacement in instances where there is no alternative
- Prepare a Resettlement Policy Framework, Resettlement Action Plan, Livelihood Restoration and Enhancement Plan and ensure that these are integrated into the project development plans and timeframes
- Undertake human rights due diligence and human rights impact assessments, involving human rights experts as necessary
- Identify ways of enhancing the benefits of the project
- Identify stakeholders, and map their interests, relationships, and potential two-way project-stakeholder impacts
- Facilitate genuine community engagement processes consistent with the spirit of free, prior and informed consent
- Where Indigenous communities are involved, assist in processes to comply with formal Free, Prior and Informed Consent requirements
- Assist affected communities in understanding what the likely social impacts of a proposed project might mean for them
- Enhance local content and local procurement arrangements
- Monitor social issues
- Design and implement social investment actions

- Establish appropriate compensation mechanisms
- Design and implement grievance mechanisms
- Negotiate Impacts & Benefits Agreements
- Develop Social Impact Management Plans
- Prepare documentation for a regulatory authority
- Identify issues and/or obligations for addressing the management of social impacts to be included in contracts with project subcontractors
- Prepare performance standard compliance documentation for a financial institution (World Bank, IFC, another multilateral development bank, or an Equator Principles bank)
- Undertake a due diligence assessment or audit of social performance for a community, NGO or for a financial institution
- Assist in closure planning.

SIA (or at least social performance), in the form of the management of social issues, thus covers a very wide-ranging set of activities and is applicable to the whole of project life. In actual practice, the tasks of managing the social issues are undertaken by a wide range of people. Therefore, responsibility for thinking about and managing social issues needs to be a core part of the corporate culture and the workplace culture of projects, and just like safety, should be everyone's business. Nevertheless, there needs to be a project person with responsibility for social performance. Many of the social performance tasks are outsourced to consultants, such as SIA practitioners. Each particular consultancy contract is unlikely to require addressing all the tasks implied above or that are addressed in this document. However, this document does provide guidance on addressing the social issues at all phases of the project. Different parts of the document will be relevant to different people at different times.

For more information on the components of SIA, see the rest of this document and also refer to:

Esteves, A.M., Franks, D. & Vanclay, F. 2012 Social impact assessment: The state of the art. *Impact Assessment & Project Appraisal* 30(1), 35-44. <http://dx.doi.org/10.1080/14615517.2012.660356>

Esteves, A.M. & Vanclay, F. 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. <http://dx.doi.org/10.1016/j.eiar.2008.08.004>

Franks, D. & Vanclay, F. 2013 Social Impact Management Plans: Innovation in corporate and public policy. *Environmental Impact Assessment Review* 43, 40-48. <http://dx.doi.org/10.1016/j.eiar.2013.05.004>

Social Impact Assessment is relevant to all project phases

SIA is the process of managing the social issues of projects. It adjusts to the varying social concerns and issues at different points in the project cycle. Figure 1 depicts a typical project cycle and identifies the potential role for SIA at each phase. The important point is that at each project phase, there is a role for SIA. While the project cycle is usually depicted as a linear process, the reality is not so straight forward. Projects do not necessarily transition smoothly from phase to phase, and may become stalled at a certain phase, or may be sent back to earlier stage.

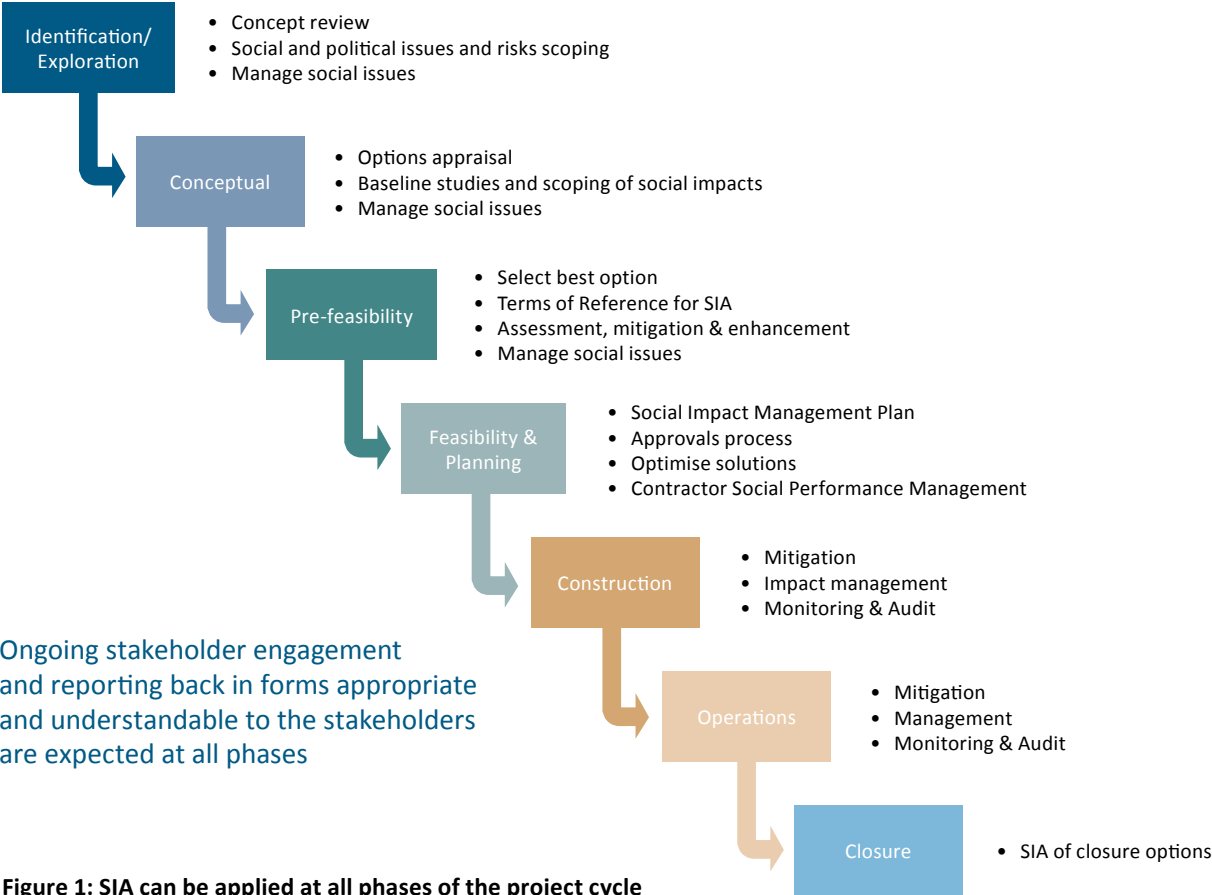


Figure 1: SIA can be applied at all phases of the project cycle

Who commissions, who uses, and who does Social Impact Assessments?

SIA can be used by a wide range of stakeholders for a wide range of purposes. In the conventional (EIA) model, although the exact procedure varied by jurisdictional setting, typically regulatory agencies required proponents to commission private consultancy firms to produce an SIA/EIA report which had to meet regulatory agency stipulations, and sometimes a formal peer review process. Typically there would be a public comment period, with the consultant having to respond to the public comments. Various NGOs might take legal action if there was a view that the report was substandard. This regulatory model was not very effective because it was resented by proponents and often not taken seriously, was too late in the project planning process to influence the project, and because of the lack of follow-up by regulatory agencies in relation to any permitting conditions. SIA has been far more effective in influencing project design and enhancing outcomes for communities when it has been a key part of the proponent’s planning and risk management processes. Even though most SIA consultants are advocates for communities, there is still an evident power imbalance between the proponent and the community. One model that can be applied in contexts with low trust between the proponent and the community is for the proponent to provide funding to the host communities so that they can commission their own impact assessment consultants. The community-based SIA would assist in informing the community. Arguably this model would support a negotiation process that was meant to be consistent with the spirit of free, prior and informed consent.

The phases and tasks of Social Impact Assessment

There are many different ways of depicting the tasks involved in an SIA process. Some show SIA as being closely related to EIA, others depict SIA as being similar to a social version of an environmental management system by highlighting the iterative nature of the process and seeing it as a process of continuous improvement. Here, the SIA process is depicted as comprising four phases (see Figure 2) that are somewhat sequential, but which also overlap. Through data collection and analysis, SIA is a learning process, and consequently initial assumptions and preliminary understandings may need to be modified in the light of new information, so there needs to be an iterative process of validation and update informed by an on-going process of consultation with project proponents and other stakeholders, especially from impacted communities.

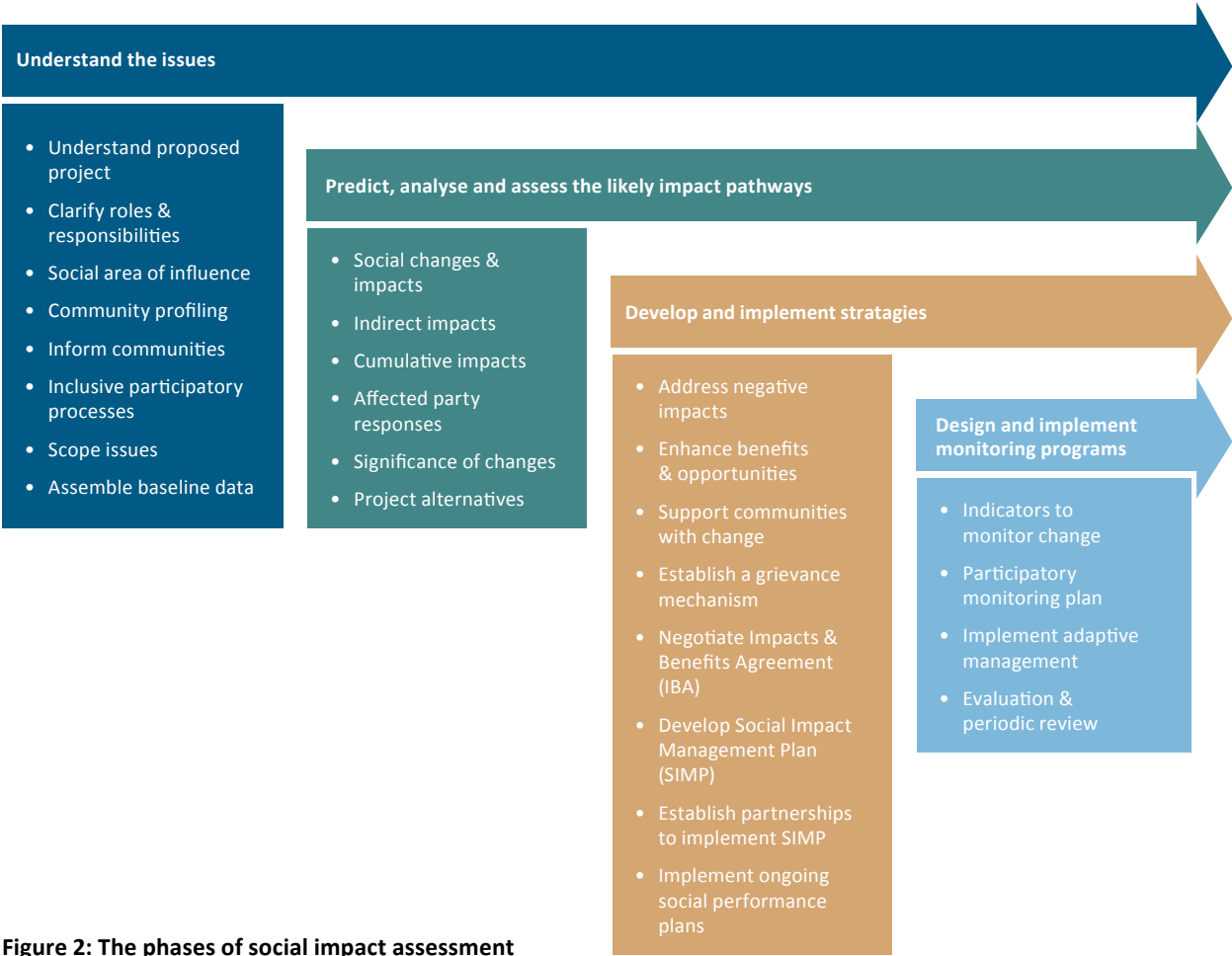


Figure 2: The phases of social impact assessment

Good practice SIA essentially involves undertaking all the tasks listed in Box 2. These tasks are presented in approximately chronological order, but it should be noted that they inform each other, and as information is accumulated in the SIA, decisions made earlier in the process about the scope, area or influence, and stakeholders may need to be re-assessed as new information becomes discovered. It is thus an iterative process. The list of tasks comprising SIA are presented here, and are discussed in detail later in this document.

BOX 2: The 26 tasks that comprise social impact assessment

Phase 1: Understand the issues

1. Gain a good understanding of the proposed project, including all ancillary activities necessary to support the project's development and operation.
2. Clarify the responsibilities and roles of all involved in or associated with the SIA, including relationships to the other specialist studies being undertaken, and establish what national laws and/or international guidelines and standards are to be observed.
3. Identify the preliminary 'social area of influence' of the project, likely impacted and beneficiary communities (nearby and distant), and stakeholders.
4. Gain a good understanding of the communities likely to be affected by the project by preparing a Community Profile which includes: (a) a thorough stakeholder analysis; (b) a discussion of the socio-political setting; (c) an assessment of the differing needs, interests, values and aspirations of the various subgroups of the affected communities including a gender analysis; (d) an assessment of their impact history, i.e. their experience of past projects and other historical events; (e) a discussion of trends happening in those communities; (f) a discussion of the assets, strengths and weaknesses of the communities; and (g) optionally the results of an opinion survey. This task is typically called profiling.
5. Fully inform community members about: (a) the project; (b) similar projects elsewhere to give them a sense of how they are likely to be affected; (c) how they can be involved in the SIA; (d) their procedural rights in the regulatory and social performance framework for the project; and (e) their access to grievance and feedback mechanisms.
6. Devise inclusive participatory processes and deliberative spaces to help community members: (a) understand how they will be impacted; (b) determine the acceptability of likely impacts and proposed benefits; (c) make informed decisions about the project; (d) facilitate community visioning about desired futures; (e) contribute to mitigation and monitoring plans; and (f) prepare for change.
7. Identify the social and human rights issues that have potential to be of concern (i.e. scoping).
8. Collate relevant baseline data for key social issues.

Phase 2: Predict, analyse and assess the likely impact pathways

9. Through analysis, determine the social changes and impacts that will likely result from the project and its various alternatives.

10. Carefully consider the indirect (or second and higher order) impacts.
11. Consider how the project will contribute to the cumulative impacts being experienced by the host communities.
12. Determine how the various affected groups and communities will likely respond.
13. Establish the significance of the predicted changes (i.e. prioritise them).
14. Actively contribute to the design and evaluation of project alternatives, including no go and other options.

Phase 3: Develop and implement strategies

15. Identify ways of addressing potential negative impacts (by using the mitigation hierarchy).
16. Develop and implement ways of enhancing benefits and project-related opportunities.
17. Develop strategies to support communities in coping with change.
18. Develop and implement appropriate feedback and grievance mechanisms.
19. Facilitate an agreement-making process between the communities and the developer leading to the drafting of an Impacts & Benefits Agreement (IBA).
20. Assist the proponent in facilitating stakeholder input and drafting a Social Impact Management Plan (SIMP) which puts into operation the benefits, mitigation measures, monitoring arrangements and governance arrangements that were agreed to in the IBA, as well as plans for dealing with any ongoing unanticipated issues as they may arise.
21. Put processes in place to enable proponents, government authorities and civil society stakeholders to implement the arrangements implied in the SIMP and IBA, and develop and embed their own respective management action plans in their own organizations, establish respective roles and responsibilities throughout the implementation of those action plans, and maintain an ongoing role in monitoring.
22. Assist the proponent in developing and implementing ongoing social performance plans that address contractor obligations implied in the SIMP.

Phase 4: Design and implement monitoring programs

23. Develop indicators to monitor change over time.
24. Develop a participatory monitoring plan.
25. Consider how adaptive management will be implemented and consider implementing a social management system.
26. Undertake evaluation and periodic review (audit).

Doing Social Impact Assessment is good business and good for business

While the goal of SIA is to ensure better development outcomes for people and communities, this will be best achieved when companies and other actors see the benefits to themselves of embracing SIA. Thus, to achieve the objectives of SIA, both of minimising harm and maximising benefits to the affected communities, whether SIA is legally required or not, SIA will need to be aligned with (and influence) corporate processes and time scheduling, and companies will need to see the value of SIA if they are to be fully committed to doing SIA properly and implement recommended mitigation and enhancement strategies in good faith.

Even though in certain jurisdictions SIA may be a legal requirement, the moral or normative argument is that communities expect companies to do proper SIA and therefore SIA is part of the social responsibility obligations of companies – doing SIA is the right thing to do! However, while this argument has certain altruistic justification, it does not necessarily convince those corporates who believe their duty is to maximise returns to their shareholders while remaining within the law. Similarly, the more self-interested argument that doing SIA properly is necessary for companies to earn their social licence to operate does not necessarily fully convince corporate executives either, because in this way of thinking, SIA is seen only as cost/outlay that is needed to obtain social approval and permission. As a cost, attempts will always be made to reduce expenditure especially because there is no perceived or easily-substantiable direct connection between the cost of SIA and its return in the form of social approval. In contrast, we argue that doing SIA properly should not be seen as a cost but an investment in risk management. It will reduce a company's likely future expenditures by identifying potential issues and thereby reduce likely future costs in the form of litigation, delays to approval, costs in the form of managing protest actions or addressing violence against staff and/or property, and business losses from reputational harm. Reducing risk also leads to reduced costs of capital and hence increases shareholder value.

SIA has the potential to identify local knowledge that could guide project siting decisions and reduce cost to companies that comes from poor siting decisions. While much information can be gained from technical surveys and model predictions, they are no substitutes for the lived experiences of local people. Having the positive support of local communities can greatly assist project development.

SIA can assist in the establishment of a local employment and supply base. Having capable employees and suppliers close to projects reduces the costs of transport, logistics, and inventory and reduces supply chain inefficiencies. Supporting the development of thriving and healthy communities that are attractive places to live and work increases the attraction and retention of quality employees. In addition, demands for increased social investment and higher taxes on the sector might be reduced if communities and governments believe that companies are making a valuable contribution to their communities. Thus there are many reasons why doing SIA properly makes good business sense. SIA adds value to all business drivers (see Figure 3).

For more information on the benefits to business of doing social impact assessment, refer to:

Davis, R. & Franks, D.M. 2014 *Costs of Company-Community Conflict in the Extractive Sector*. Corporate Social Responsibility Initiative Report, John F. Kennedy School of Government, Harvard University, Cambridge, MA. http://www.hks.harvard.edu/m-rcbg/CSRI/research/Costs%20of%20Conflict_Davis%20%20Franks.pdf

Franks, D.M., Davis, R., Bebbington, A.J., Ali, S.H., Kemp, D., Scurrah, M. 2014 Conflict translates environmental and social risk into business costs, *Proceedings of the National Academy of Sciences* 111(21), 7576-7581. <http://www.pnas.org/cgi/doi/10.1073/pnas.1405135111>

IFC 2010 Strategic Community Investment: *A Good Practice Handbook for Companies Doing Business in Emerging Markets*. Washington, DC: International Finance Corporation. <http://www.ifc.org/wps/wcm/connect/f1c0538048865842b50ef76a6515bb18/12014complete-web.pdf?MOD=AJPERES>

Sohn, J. (ed.) 2007 *Development without Conflict: The Business Case for Community Consent*. Washington, DC: World Resources Institute. <http://www.wri.org/publication/development-without-conflict>

SocialLicense.com 2014 website <http://www.sociallicense.com>

Guidance for assessing and managing the social impacts of projects

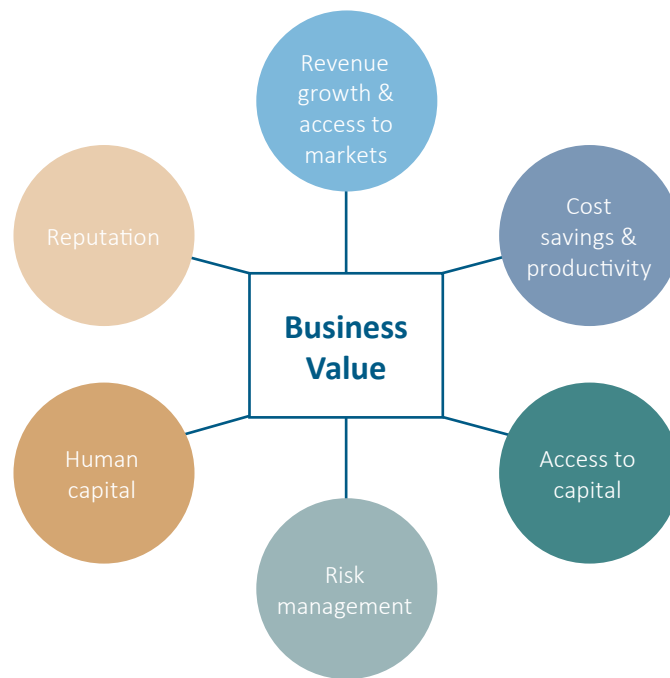


Figure 3: Schematic representation of the business value drivers to which SIA adds value

Community Capitals

Natural Capital
Air, soils, water (quality and quantity), landscape, biodiversity with multiple uses

Financial Capital
Income, wealth, security, credit, investment

Built Capital
Water systems, sewers, utilities, health systems

Cultural Capital
Cosmivision, language, rituals, traditional crops, dress

Outcomes
Healthy ecosystems
Vibrant regional economies
Social equity and empowerment

Political Capital
Inclusion, voice, power

Human Capital
Self-esteem, education, skills, health

Social Capital
Leadership, groups, bridging networks, bonding networks, trust, reciprocity



NCRCRD
North Central Regional
for Rural Development

Figure 4: Community Capitals

Source: Cornelia Butler, North Central Regional Center for Rural Development (used with permission).

The goal of all projects should be sustainable social development

Where companies, especially foreign multi-national corporations, are granted a legal permit to operate within a country, they also need to seek and maintain a social licence to operate. To gain a social licence they need to make a positive contribution to the country and, more importantly, to the local communities in which they operate above and beyond any taxes and royalties they might be required to pay. Their entitlement to access profit-making opportunities comes from the opportunities companies provide and the investments they make that contribute to social development in the host country and in their local communities. In return, they are seen as trusted, socially-responsible companies, and as 'developer of choice', which brings reputational benefits and access to markets elsewhere – very much part of the shared value proposition.

To gain and maintain a genuine social licence requires that the project think about its contribution to social development. Social development means more than just providing a few jobs and providing funding for a new school building or swimming pool, it requires that the project partner with the local communities in being a force for positive social change and beneficial social development. Social development should be a participatory process of planned social change designed to improve the wellbeing of the community as a whole and especially of the vulnerable, disadvantaged or marginalised groups within a region. Rather than being about benefits to individuals per se, social development is more about facilitating change in institutions and society to reduce social exclusion and fragmentation, to promote social inclusion and democratisation, and to build capacity in institutions and governance. Social development looks beyond problems and deficiencies to focus on increasing the capabilities of people and institutions and how they can be strengthened. However, companies should be clear and targeted in their interventions to ensure that they do not absorb or usurp the role and responsibilities of local authorities.

Social investment refers to the financial and in-kind contributions a project makes to the local community for social development. Ideally these resources should not be wasted on non-sustainable, impractical wishlist items, but should contribute to the achievement of social development outcomes. This implies that there should be an assessment process used to select and prioritise social investment options. The term, strategic social investment, is used when, in addition to supporting social development outcomes for the local community, there is a clear business case to the company in making the funds available. Contributing to training programs that build the skills of the local workforce so that they can supply labour or services to the project is a clear example of shared value.

The social development goals that will be appropriate will vary with the particular context of application. Identifying these goals should be a participatory process led by the community. In general terms, the United Nations Sustainable Development Goals (see Figure 5) would be worthwhile matters to consider. Identifying and assessing possible options for social investment also requires thinking about the strengths and weaknesses within local communities. A commonly-used framework to assist is the 'community capitals approach' (sometimes known as the pyramid model), which underpins the Sustainable Livelihoods Approach (and its variants) (see Box 3 and Figure 4). The Sustainable Livelihoods Approach considers the capabilities, livelihood resources (assets, capitals) and livelihood strategies (activities) people undertake to make their living and conduct their way of life. At the heart of the model is the notion that all community resources or assets can be represented as a set of capitals. The assessment of social investment strategies can consider these capitals and how strengthening one or more of these capitals might increase the overall wellbeing in the community.

Sustainable Development Goals



Figure 5: Sustainable Development Goals

Source: United Nations Sustainable Development Goals website, <https://sustainabledevelopment.un.org/>

BOX 3: Types of capital or asset

Note: There are multiple forms of capital (assets, resources) and many different ways of grouping and defining them. What is included should depend on the context of application. The individual capitals are meant to be metaphors and used generically rather than being strictly defined and interpreted narrowly. The concept of the capitals can be applied at different levels of analysis – it can be used to apply to an individual, to a household, a local community, or region. The capitals approach was originally developed in terms of understanding the livelihood strategies of individuals living in impoverished rural communities in developing countries. It has now been applied in a wide range of situations.

Natural capital: includes the stocks and flows of environmentally-provided assets (i.e. ecosystem services) such as food and agricultural resources, forest resources, mineral reserves, soil, water, wetlands and fish stocks.

Physical capital (also known as produced, manufactured or built capital): comprises the stock of equipment, physical plant (e.g. factories), infrastructure (e.g. roads, airports, hospitals, schools), and other productive resources owned by individuals, the business sector, or the country itself, as well as the management systems needed to make them work.

Financial capital: the financial resources available to people, such as their savings and access to credit. It also notes any debts or mortgage they may have.

Human capital: includes the levels of knowledge and skill, formal education, health and nutrition of individuals, as well as their motivation and aptitude.

Social capital: sometimes simply defined as only social networks and trust, it also includes the social rules, norms, obligations, and reciprocity arrangements embedded in social relations, social structures, and the society's institutional arrangements.

Political or Institutional capital: refers to the existence and effective functioning (i.e. capacity) of the society's governance mechanisms – to the governance institutions themselves and to the standards, rules, regulations they apply and their enforcement.

Cultural and Spiritual capital: includes the way people know the world and their place within the world, as well as how they act within it. It also refers to the extent to which the local culture, traditions and language, etc promote or hinder wellbeing, social inclusion and social development. Spiritual capital assists in maintaining a balance across the different capitals and in remaining in touch with deeply-held values and the things that give meaning to life. Cultural capital influences what voices are heard and listened to, which voices have influence in what areas, and how creativity, innovation and influence emerge and are nurtured.

For more information on social development and social investments, refer to:

Community Toolbox online resource: <http://ctb.ku.edu/en/table-of-contents>

Emery, M. & Flora, C.B. 2006 Spiraling-up: Mapping community transformation with community capitals framework, *Community Development: Journal of the Community Development Society* 37(1), 19-35.

<http://dx.doi.org/10.1080/15575330609490152>

Esteves, A.M. & Vanclay, F. 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.

<http://dx.doi.org/10.1016/j.eiar.2008.08.004>

Flora, C.B. et al. (no date) *Community Capitals: A Tool for Evaluating Strategic Interventions and Projects*. Ames: North Central Regional Center for Rural Development, University of Iowa.

<http://wp.aae.wisc.edu/ced/wp-content/uploads/sites/3/2014/01/204.2-Handout-Community-Capitals.pdf>

Hallam, A. 2012 *Scottish Government Investment in Rural Community Development: A Community Capitals Approach*. Edinburgh: Scottish Government. <http://www.scotland.gov.uk/Resource/0038/00389818.pdf>

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<http://www.ifc.org/wps/wcm/connect/f1c0538048865842b50ef76a6515bb18/12014complete-web.pdf?MOD=AJPERES>

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Owen, J. & Kemp, K. Community development in mining assets, capitals, and resources: Frameworks for corporate community development in mining. *Business & Society* 51(3), 382-408. <http://dx.doi.org/10.1177/0007650312446803>

Owen, J. & Kemp, K. 2012 Community development in mining assets, capitals, and resources: Frameworks for corporate community development in mining. *Business & Society* 51(3), 382-408. <http://dx.doi.org/10.1177/0007650312446803>

Pawar, M. & Cox, D. (eds) 2010 *Social Development: Critical Themes and Perspectives*. New York: Routledge.

Porritt, J. 2005 *Capitalism as if the World Matters*. London: Earthscan.

Scoones, I. 1998 *Sustainable Rural Livelihoods: A Framework for Analysis*, IDS Working Paper 72. <http://mobile.opendocs.ids.ac.uk/opendocs/bitstream/handle/123456789/3390/Wp72.pdf>

Wang, C. 2012 *A Guide for Local Benefit Sharing in Hydropower Projects*. Washington, DC: World Bank. <https://openknowledge.worldbank.org/handle/10986/18366>

World Bank 2010 *Mining Foundations, Trusts and Funds: A Sourcebook*. Washington, DC: World Bank. http://siteresources.worldbank.org/EXTOGMC/Resources/Sourcebook_Full_Report.pdf

Human rights need to be considered

Human rights are defined by the United Nations as being “universal legal guarantees protecting individuals and groups against actions which interfere with fundamental freedoms and human dignity”. They seek to guarantee people’s basic needs. The universality principle means that they apply to all people by virtue of being human. Non-discrimination is a central theme in the human rights discourse. This includes recognising that specific groups of rights-holders, especially vulnerable people, women, children, Indigenous peoples, and other marginalised groups, require special attention to be able to enjoy their human rights. Human rights are regarded as being interrelated, inalienable and indivisible, and all human rights are regarded as being equal in status, and all must be observed.

With the adoption of the *United Nations Guiding Principles on Business and Human Rights* (UNGP) in 2011, the corporate responsibility to respect human rights was confirmed. This responsibility requires that companies exercise due diligence to identify and address any adverse human rights impacts with which they are involved. Due diligence is a process by which companies can ‘know and show’ their respect for human rights. It includes: (1) having a human rights policy commitment in place; (2) assessing impacts on human rights; (3) integrating the findings of the assessment process into corporate management systems, monitoring and tracking performance; and (4) reporting and communicating about the due diligence measures implemented and their effectiveness in identifying and addressing impacts. Importantly, the adverse impacts that companies are expected to identify and address include not only impacts that the company causes or contributes to, but also impacts that are directly linked to a project’s operations, products or services through its business relationships. This means that companies must not be complicit in human rights abuses by business-related third parties, and where they become aware of human rights impacts of these third parties, they must exercise leverage or influence to prevent or minimize those impacts. This should be considered as being part of the corporate risk identification and management process. Companies are also expected, as part of human rights due diligence, to put in place or collaborate in appropriate avenues for access to remedy for any human rights abuses with which they are involved. At the project level, this includes having in place a community grievance mechanism that can effectively address any grievances that are raised by community members. A process of continuous improvement in the way companies manage their human rights impacts is also expected.

Principle 12 of the UNGP outlines the minimum standard for human rights observance: “The responsibility of business enterprises to respect human rights refers to internationally recognized human rights – understood, at a minimum, as those expressed in the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work”. The four principles in the International Labor Organization’s (ILO) Declaration of Fundamental Principles and Rights at Work (ILO 1998, online) are: (a) freedom of association and the effective recognition of the right to collective bargaining; (b) the elimination of all forms of forced or compulsory labour; (c) the effective abolition of child labour; and (d) the elimination of discrimination in respect of employment and occupation. The UNGP states that businesses may need to consider additional standards, depending on host and home state circumstances.

Many social impacts can be understood in human rights terms. This includes recognising project-affected individuals and communities as human rights-holders with legal entitlements, including the right of legal redress for impacts on their human rights. Thus when a project creates social impacts, it may also be in breach of its responsibility to respect human rights. This gives extra importance to social impacts, and increases the importance of social impact assessment.

The UNGP emphasise the need for companies to provide effective remedy to victims of human rights impacts connected to the company's activities or operations. Access to remedy is a right in itself guaranteed in the International Covenant on Civil and Political Rights. While potential and actual victims should always be able to have access to legal proceedings, project-level grievance mechanisms can also have an important role to play in the early identification of grievances, avoiding escalation and providing effective solutions.

It is important to realise that rights-holders are supposed to be able to claim their rights. This means that they must be informed about their rights, and know what avenues of redress are available to them. Ensuring that human rights are upheld and that people know and can claim their rights are primarily the duties of government. However, companies can have a role to play in contributing to rights-awareness of their neighbouring communities.

There are differences between a human rights-based approach (HRBA), human rights impact assessment (HRIA), and social impact assessment; and it is the case that in the past, SIA tended not to consider human rights issues in a systematic way. However, with the adoption of the UNGP in 2011, human rights are now part of the suite of international standards applicable to business, therefore best practice SIA should now fully consider human rights issues in all circumstances except where a separate HRIA is being undertaken. To accommodate this inclusion, the skillset of SIA practitioners will need to be expanded to cover all areas relevant to human rights, including labour rights, child labour, forced labour and freedom of association.

For more information on human rights, refer to:

United Nations 2011 *Guiding Principles on Business and Human Rights*.

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United Nations 2012 *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*.

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DIHR & IPIECA 2013 *Integrating human rights into environmental, social and health impact assessments: A practical guide for the oil and gas industry*.

http://www.ipeca.org/sites/default/files/publications/Integrating_HR_into_environmental_social_and_HIS_0.pdf

European Commission 2013 *Oil and Gas Sector Guide on Implementing the UN Guiding Principles on Business and Human Rights*. http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr-sme/csr-oag-hr-business_en.pdf

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International Business Leaders Forum & IFC 2011 *Guide to Human Rights Impact Assessment and Management (HRIAM)*. <http://www.ifc.org/hriam>

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Indigenous, Traditional, Tribal and other land-connected peoples should be acknowledged and given specific attention

The term 'Indigenous peoples' is widely used as a generic term around the world, even though it is difficult to define and even though some Indigenous groups and other stakeholders (especially in certain regional contexts) prefer a range of largely equivalent terms such as: tribal groups, first peoples, first nations, Aboriginal peoples, ethnic minorities, *adivasi*, traditional peoples; **or** occupational and geographical terms such as hunter-gatherers, fishing communities, reindeer herders, nomads, peasants, hill people; **or** official designations such as scheduled tribes. In some countries, notably many African nations, there is strong opposition to the concept of 'Indigenous' because of its colonial implications. In other countries, especially in Central and South America, definitional issues are made more complex by the existence of Maroons, the descendants of slaves who have established separate communities and over time have developed a unique culture and identity. Further complexities are added by ethnogenesis – a concept that refers to the emergence of groups of people who claim a separate sociocultural heritage differentiated from the broader society in situations where they were not previously recognized. These and other complexities make it difficult to settle on a singular term and define it precisely in a way that makes it universally applicable. Nevertheless, regardless of the specific term used, in around 90 countries of the world there are peoples who have a cultural identity separate to the dominant culture in those countries and who typically have a strong attachment to the land. The United Nations estimates that there are over 370 million such individuals around the world, speaking over 4,000 languages. For the sake of convenience, in this document (and as in most international documents) they are generically called 'Indigenous peoples', although more specific terms are used in particular situations.

Although grouped under one overarching term, there is considerable diversity amongst Indigenous peoples, not only in language and culture, but also in fundamental beliefs, governance structures, cosmologies, ways of living, and livelihoods. Nevertheless, Indigenous peoples typically have several (but not necessarily all) of the following characteristics:

- an individual self-identification as an Indigenous person (or at least as a member of a specific cultural grouping) and acceptance of this claim by other people who also so identify;
- a strong link to land, territories and related natural resources;
- distinctive social, economic and/or political systems;
- a distinct culture (or at least a set of values and beliefs), and possibly a unique language;
- comprise a social grouping that is not part of the dominant groups within the society in which they live;
- a resolve to maintain and reproduce their ancestral environments and systems as distinctive peoples and communities.

Because of their special ties to the land, Indigenous peoples are typically very vulnerable to activities that impact the lands and natural resources on which they depend and/or to which they are culturally attached. Indigenous peoples are over-represented amongst the world's poor and have lower positions on most health and wellbeing indicators. There are two key international agreements pertaining to Indigenous peoples: the International Labour Organization's 1989 Convention concerning Indigenous and Tribal Peoples in Independent Countries (C169); and the 2007 United Nations Declaration on the Rights of Indigenous Peoples. These documents emphasise that Indigenous peoples are entitled to the same basic human rights as all other peoples of the world, however, because of Indigenous peoples' special connection to the land and their vulnerability, they deserve special consideration to ensure their rights are respected. These documents also refer to the notion of collective rights. While most human rights accrue to individuals by virtue of their being human, collective rights are intended to protect those characteristics of Indigenous peoples that can only arise from being a member of a group. These collective rights typically ensure that Indigenous peoples can maintain their cultures, exercise their right of self-determination, and survive as distinct social and cultural groups. The collective right of self-determination provides that Indigenous peoples can freely determine their political status and freely pursue their economic, social and cultural development. A related right is that they have the right to live in freedom, peace and security as a distinct group and not be subjected to any action that seeks to, or could, obliterate their identity as a distinct cultural group.

An important concept in these two documents is that of 'free, prior and informed consent' (FPIC). FPIC is a principle that embodies respect for the right to self-determination of Indigenous peoples and provides a process to ensure effective recognition, respect and protection of that right. In essence, it is a principle about respectful engagement with communities. Although FPIC first arose in the Indigenous rights discourse, some commentators suggest it is an appropriate principle to apply to engagement with all communities, especially if projects are to gain a social licence to operate. **Free** means that there must be no coercion, intimidation, harassment or manipulation by companies or governments, and that should a community say 'no' there must be no retaliation or threat of retaliation.

Prior means that 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** means that there must be full disclosure by project developers of their plans in a language and format acceptable to the affected communities, and that each community is able to 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. Capacity building, and the time taken for such capacity building may be necessary to ensure that the informed criterion is met. **Consent** means that communities 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, and that there is a workable mechanism for determining whether there is widespread consent in the community as a whole and not just a small elite group within the community.

While the spirit of FPIC is a worthy philosophy of respect, its implementation in law and practice raises challenges for projects, communities and government stakeholders alike, specifically in terms of how consent can be established. The IFC emphasises that unanimous consent is not required, only that there needs to be “broad community support”. Also, perhaps in contradiction to common sense understandings, consent tends not to be interpreted as having the power of veto. Some international organisations consider that consent is an objective of FPIC rather than an absolute requirement. Despite the legal semantics of FPIC, treating communities with respect should entail according communities (Indigenous and otherwise) the ability to exercise the spirit of FPIC and to have the ability to say no to a proposed project. It can hardly be regarded as a fair and balanced discussion if one party enters negotiation having no intention of respecting the other party’s right to say no, and in most cases having a legal right of compulsory acquisition.

Treating Indigenous peoples with respect would imply observance of the following points:

- Acknowledging their existence and recognising their rights as Indigenous persons, even where this is not recognised in national law;
- Fully observing the spirit of free, prior and informed consent, including respecting their ability to say no;
- Appointing an Indigenous Liaison Officer and creating an ongoing engagement mechanism for interacting with Indigenous peoples that is appropriate in the particular cultural context;
- Ensuring equal opportunities and non-discrimination in the workplace;
- Promoting cultural sensitivity amongst all company and contractor staff and embedding a culture of cultural sensitivity;
- Accommodating cultural needs by, for example, being flexible in how staffing arrangements are implemented to ensure that all staff and local peoples can maintain their cultural and religious traditions;
- Promoting the acceptance of, and celebrating the different cultures of local peoples and amongst company staff and contractors;
- Respecting traditional livelihoods and enabling co-existence;
- Respecting the tangible and intangible cultural heritage of Indigenous peoples, including sacred sites, and having a proactive approach to identifying and protecting them;
- Respecting and championing the legal and customary land-rights of Indigenous peoples (see Box 4);
- Acknowledging the existence of customary law and recognizing and incorporating traditional justice into community grievance mechanisms and elsewhere, as appropriate;
- Developing local content arrangements in such a way that local Indigenous peoples are able to have a chance at being a supplier of workforce, goods and services to the project, and assisting them in doing so;
- Accepting traditional knowledge and cosmologies alongside western science and including traditional knowledge considerations in impact assessments and other scientific reports;
- Protecting and respecting Indigenous Intellectual Property;
- Paying appropriate royalties and/or rent to Indigenous traditional owners of lands and resources that are being utilised by the project;
- Developing or selecting indicators of health and wellbeing that represent the values, interests and worldviews of the particular Indigenous group(s) affected by the project when designing baselines and monitoring programs;
- Treating Indigenous peoples as true partners rather than as mere stakeholders, and informing and involving them in all decisions and processes that may affect their rights or interests, just as one would treat any other business partner.

Respect for Indigenous peoples means doing things with them, not for them. There is no place for patronising behaviour or attitudes. An engagement based on a philosophy of co-learning and co-management is appropriate to ensure their rights and interests are fully considered in the assessment of impacts, development of mitigation and enhancement measures and social investment programs, and that their free, prior and informed consent is gained before any action is undertaken whether for the project, for their benefit, or at their behest. Indigenous decision making is often on a consensual basis, or at least on the basis of providing an opportunity for all people to contribute. Therefore, sufficient time must be provided to allow such processes to take place in their own time without duress or unreasonable time pressure. While a notion of empowerment of vulnerable groups is widely prevalent in development circles and in SIA (e.g. in the *International Principles for Social Impact Assessment*), the way this is actually effected needs to be done cautiously, so as not to be patronising. In addition, care must be taken to ensure that empowerment processes do not exacerbate or lead to inequality within a group, or to other divisions or conflict.

One dimension of respect for Indigenous peoples is acknowledgement of the past harm they have experienced from colonialism, recent history, and even from previous projects. Saying sorry for that harm is not necessarily an admission of guilt or culpability, and can go a long way to demonstrating respect and understanding (see Box 5).

BOX 4: Example of benefit creation for Indigenous Peoples

A major pipeline project in South America was committed to the recognition of Indigenous peoples, respect for their rights, and in making them beneficiaries of the project even though they would be only temporarily impacted by the project. As a voluntary action, the project developers established a land titling program that enabled the local Indigenous peoples along the pipeline route to secure formal legal title to their lands (something they did not have before). In addition, funds were provided at the national level to facilitate the consolidation of native territories, and to support land claims.

BOX 5: Example of demonstrating respect towards Indigenous peoples: a 'Welcome to Country' ritual

In Australia, most public meetings begin with an acknowledgement of Indigenous rights in the form of a 'Welcome to Country' ceremony. In this ceremony, a local Aboriginal elder (or Traditional Owner) or their representative is asked to officiate at the opening of the meeting and to welcome the visitors (i.e. any person that is not a local Indigenous person) to their land. This may be done with ceremonial activities such as didgeridoo playing, singing and dancing (corroboree), and sometimes with a smoking ceremony to expel the evil spirits. Protocol demands that the official visitors who speak after the initial welcome to country would each respond to the welcome by acknowledging Indigenous rights and sometimes past harm by saying words such as:

I begin by paying my respects to the traditional owners of this land on which we are meeting, both past and present, and especially to any elders present here today; by acknowledging the struggle that occurred for us to now share this land, by saying sorry for that struggle, and by appreciating the contribution that Aboriginal Australians can make to our society and culture.

When circumstances are such that no Indigenous persons can be present to give the welcome, protocol requires that this acknowledgement be stated as a form of request to enter the country and thus is also a form of Welcome to Country. The exact wording used can vary depending on the purpose of the meeting, and it is considered polite to use the Aboriginal placename and/or the name of the tribal group in the statement of acknowledgement.

For more information on Indigenous peoples and FPIC, refer to:

African Commission on Human and Peoples' Rights, and the International Work Group for Indigenous Affairs 2006 *Indigenous Peoples in Africa: The Forgotten Peoples?*

http://www.achpr.org/files/special-mechanisms/indigenous-populations/achpr_wgip_report_summary_version_eng.pdf

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United Nations 2009 *Declaration on the Rights of Indigenous Peoples*.

http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf

United Nations Department of Economic and Social Affairs 2009 *State of the World's Indigenous Peoples*. UN Document ST/ESA/328. http://www.un.org/esa/socdev/unpfii/documents/SOWIP_web.pdf

United Nations Global Compact 2013 *A Business Reference Guide United Nations Declaration on the Rights of Indigenous Peoples*. http://www.unglobalcompact.org/Issues/human_rights/indigenous_peoples_rights.html

United Nations Office of the High Commissioner for Human Rights 2013 *Indigenous People and the United Nations Human Rights System*, Fact Sheet No.9 (rev 2) <http://www.ohchr.org/Documents/Publications/fs9Rev.2.pdf>

Whitmore, A. 2012 *Pitfalls and Pipelines: Indigenous Peoples and Extractive Industries*. Baguio City Philippines: Tebtebba Foundation. http://www.iwgia.org/iwgia_files_publications_files/0596_Pitfalls_and_Pipelines_-_Indigenous_Peoples_and_Extractive_Industries.pdf

Social Impact Assessment is not the same as Public Participation

Involving affected peoples and other stakeholders in the analysis of impacts and in the planning of mitigation and benefit strategies is essential. It is also highly desirable for the project to gain a social licence to operate. Traditional top-down approaches to decision making – often known as DAD (‘decide, announce, defend’) or even DEAD (‘decide, educate, announce and defend’) – are no longer acceptable in most societies and were seldom effective or sustainable. Instead, new participatory philosophies are heralded, sometimes called MUM (‘meet, understand, modify’) or POP (‘public owns project’). In many jurisdictions, being able to participate is a legal entitlement, and there is a widely regarded ‘right to participation’ that is established in many international agreements (e.g. the 1998 Aarhus Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters). That “people have a right to be involved in the decision making about the planned interventions that will affect their lives” is a core value of the SIA profession as outlined in the *International Principles for Social Impact Assessment*.

SIA and public participation are not synonymous. SIA is a research and analytical process which intends to influence decision making and the management of the social issues. In order to do this effectively, it necessarily requires genuine community engagement – i.e. meaningful interaction and good faith dialogue, with interested parties having a real ability to influence the management of social issues. On the other hand, statutory public participation procedures are typically requirements to inform the public and allow them to have a say about a planned intervention. Unfortunately, in most mandated procedures, too often this say is disregarded by decision-makers, the process itself is seldom satisfying to most participants, and the so-called participatory process rarely does more than attempt to legitimate pre-determined outcomes or conform with regulatory requirements in a perfunctory, box-ticking manner. Such misappropriation of ‘participation’ is not only deceitful, it could have repercussions for current and future interventions as local peoples are likely to become disillusioned and cynical about the process and the project. In situations where it is perceived that decisions have already been made and the project is being pushed through, local people may consider that their participation is pointless and their energy will be better invested in protest actions against the project rather than in participating in a seemingly flawed and/or unjust assessment process. Therefore, project managers need to have a genuine commitment to meaningful engagement, not so much to meet any legal requirements, but to respect local communities and provide co-learning opportunities that arrive at useful outcomes and deliver shared value.

Effective participatory methods and participatory approaches provide many benefits, including:

- (1) they provide a better understanding of the local values, knowledges and experiences of the different stakeholder groups;
- (2) they provide an opportunity to validate data;
- (3) they help the impacted communities understand the planned intervention and its implications, and thus assist them in planning for the change and to more easily adapt to and cope with the likely changes;
- (4) they can help resolve conflicts over resource use;
- (5) they help enhance the design of the project;
- (6) they help win community support for project objectives and for implementation (i.e. a social licence to operate) thus avoiding protest action against the project.

The terms, public involvement, public participation, and community engagement, are essentially synonyms. Much more than simple consultation, informing the public, or extracting information from them, these concepts – public involvement, public participation and community engagement (hereafter collectively called ‘community engagement’) – refer to approaches that encompass a democratic philosophy about the rights of people in a community to be involved in decision making about matters that will likely affect their lives, as well as to a range of practices, methods and tools about how to effectively engage the public. There is also an underlying philosophy about empowerment and social inclusion, particularly of vulnerable and/or minority groups.

An important aspect of community engagement is the potential for deliberation and deliberative outcomes, and for collaborative learning and collaborative governance. Deliberation and deliberativeness are multidimensional concepts that can be defined as dialogue intended to induce deep reflection (i.e. serious consideration) of options and possibilities in an open and inclusive way (i.e. without the intrusion of power or politics), and that considers the concerns of all stakeholders. Deliberative methods are important because they enable people to think through the issues and thereby come to a more robust and potentially different conclusion than they would have otherwise.

There are many reasons for using deliberative and empowering techniques, primarily that they lead to decisions that have greater legitimacy. However, there is also a downside: they can be more costly (at least in the short term) and more time consuming, and if not deemed necessary by the intended participants will be avoided by them. Respondent burden (the amount of ask of a community to participate) and respondent fatigue (when participants become over-consulted and lose interest) are issues that need to be recognised and managed. These issues are more likely to occur when people feel there is little value being accorded to their contribution, or when they feel there is little prospect their contributions will make a difference. It is therefore necessary to carefully design the engagement process to align with the expectations of stakeholders and with the significance of the issue. It will also be necessary to be flexible to cater for the changing interests of the various stakeholders. Interests and willingness to be engaged frequently vary over time depending on the way events unfold.

Participation and community engagement practices are frequently presented as a spectrum or continuum organized according to an increasing amount of public say and/or deliberativeness (see Box 6). Because of respondent burden and respondent fatigue, the idea is to use the techniques appropriate to the situation. The more intensive deliberation techniques are good to use when appropriate, but should not be used all the time. In cases where a project has a strong social licence to operate, informing and consulting techniques may be adequate in some situations.

BOX 6: Example of a community engagement continuum

IAP2’s Public Participation Spectrum

The IAP2 Federation has developed the Spectrum to help groups define the public’s role in any public participation process. The IAP2 Spectrum is quickly becoming an international standard.



	Inform	Consult	Involve	Collaborate	Empower
Public Participation Goal	To provide the public with balance and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
Promise to the Public	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision. We will seek your feedback on drafts and proposals.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will work together with you to formulate solutions and incorporate your advice and recommendations into the decisions to maximum extent possible.	We will implement what you decide.

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Source: International Association for Public Participation (<http://www.iap2.org>) (reproduced with permission)

It is sometimes argued that there should be payments made to participants (sitting fees) both to demonstrate that their contributions are valued, but also to ensure that a wider range of people can participate than would otherwise be the case. While sitting fees are sometimes a good idea, this can create perverse incentives. It is perhaps more important to ensure that people 'can hear that they have been heard' by having good feedback mechanisms that fully report and respectfully respond to the comments collected.

Encouraging people to participate can nevertheless be difficult. In many countries there is not a culture of participation, either because it is not part of the social culture, and sometimes because it has not been part of the political culture. In some regions which have had, or currently have, repressive regimes, promoting effective and meaningful participation may be particularly difficult. In these situations, no matter how good the intentions of the SIA practitioner, it may be hard to convince local people that there will not be ramifications to them as a result of the things they say about a proposed or actual project. This would be especially true if it was thought that the project was endorsed by the government, and/or if they thought that the SIA practitioner was a representative of the government.

Where serious divisions exist in a community, group-based processes may be required in the collection of information so that there is no suspicion that secrets were being told. In other situations, the unstructured interviewing of local residents may be best as a way of developing a full awareness of the experience of life in the community.

In some countries and for some planned interventions, difficulties relating to participation include the possible lack of familiarity affected peoples may have with the proposed activity. For example, what do high voltage transmission corridors mean to people who do not know what electricity is? What would a nuclear reactor mean? This is not an insurmountable difficulty, however, and there are ways of conveying some impression of the nature of the impacts that might be anticipated. However, it does imply that the participation process will take time, and may call for creative thinking. In all cases, it is essential to ensure that the form of participation used is relevant to local cultural values. Participation means more than soliciting the views of a few select people, and then ignoring them. In good SIA practice, participation means actively involving interested and affected peoples in decision-making processes that are meaningful to them.

For more information on community engagement, refer to:

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Australian Government 2006 *Community Engagement and Development: Leading Practice Sustainable Development Program for the Mining Industry*, Canberra: Department of Industry, Tourism and Resources. http://www.minerals.org.au/file_upload/files/resources/enduring_value/CED.pdf

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Displacement and resettlement are a major cause of harm to impacted communities and a major risk to projects

Large projects typically displace people and disrupt their livelihoods. The large areas of land needed for the project site as well as for ancillary services – including land for worker accommodation, offices and for roads, pipelines, railway lines, electricity transmission corridors, water supply dams, etc – can lead to the need to resettle hundreds if not thousands of people. Being displaced and/or resettled can be a very traumatic experience for people, disrupting their sense of place, their livelihoods, their social networks and community connectedness. Resettlement is a major cause of human rights risks for companies. However, where projects are genuinely committed to a shared value proposition, the emotional distress from physical and economic displacement can be minimised and many livelihood benefits can be created when resettlement processes are effectively implemented.

Because displacement/resettlement is such a major social impact and human rights risk and is typically very costly for projects, it should be avoided wherever possible. Project alternatives that reduce the number of people who need to be resettled should be fully explored. Unfortunately, the costs and time taken to do resettlement are typically underestimated, leading to project delays and cost over-runs. Because resettlement is a major task in itself and such an impact, resettlement can be regarded as being a project within a project. Just like the project itself, the act of resettlement is a planned intervention that creates social impacts and therefore is a process that needs to be managed carefully and planned and conducted in a participatory way. Resettlement should be regarded both as an impoverishment risk, as well as an opportunity for development especially when all feasible opportunities for livelihoods enhancement and local content are fully explored.

Resettlement is the planned process of relocating people and communities from one location to another as part of the project-induced land acquisition necessary to allow a project to proceed. The resettlement process is intended to fully re-establish people in well-functioning communities and with appropriate sustainable livelihoods. There should be full and fair compensation for lost assets and any distress or inconvenience caused. Resettlement is regarded as being involuntary when the project site is fixed and the company has recourse to the power of eminent domain, and local communities have, in effect, no choice but to be resettled. Resettlement is regarded as voluntary when no state power of eminent domain is used, threatened, or perceived to be threatened, and local people do have a legal right to refuse to sell their land, but instead actively choose to be resettled in return for fair compensation and other livelihood benefits.

Physical displacement refers to the loss of housing resulting from project-related acquisition of land and/or restrictions on land use that require the affected persons to move to another location. Economic displacement refers to situations where people's houses are not directly affected but where there is a loss of other assets or access to assets (e.g. agricultural land) that will result in a disruption of livelihoods and associated loss of income.

Any project that will cause physical or economic displacement must provide appropriate compensation, meaning that they must provide adequate solutions aimed at ensuring the improvement, or at least re-establishment, of living conditions and livelihoods. Where physical displacement occurs, there must be a formal resettlement process. With economic displacement, a formal resettlement process might not be necessary so long as there is a fair process of compensation and livelihood replacement and enhancement. In addition to the obligation to provide compensation and support for livelihood restoration and enhancement, projects are expected to provide benefits to affected communities. The social impacts on host communities (the communities which will host the people being resettled) also need to be considered, and there needs to be risk management and benefits to host communities as well as to the relocated peoples. Compensation should be understood not only cash compensation, but as the set of interventions, including social assistance, training, etc, which are aimed at ensuring that the project-affected person improves, or at least, restores his or her living conditions and livelihood.

Large projects, when approved by the national regulatory agencies, tend to be regarded as being in the national interest and the government's power of eminent domain (expropriation or compulsory acquisition) is frequently invoked or at least available to be used to bring the project to fruition. Consequently, most countries have national legislation regarding the use of expropriation and the entitlements of people who have to be resettled. In addition to these national requirements, there are international standards that should also be met, and may be required if there is funding from the World Bank, the IFC, or another MDB or aid agency, or an Equator Principles financial institution. Complying with these international standards and doing resettlement effectively may well reduce overall costs and risks to the project. They include:

- World Bank: OP 4.12 Involuntary Resettlement, <http://go.worldbank.org/96LQB2JT50>
- IFC: Performance Standard 5 Land Acquisition and Involuntary Resettlement, http://www.ifc.org/wps/wcm/connect/3d82c70049a79073b82cfaa8c6a8312a/PS5_English_2012.pdf?MOD=AJPERES

- Equator Principles: <http://www.equator-principles.com/> (in effect, the Equator Principles require observance of IFC PSS).
- Other multilateral or bilateral development banks and bilateral aid agencies may have their own requirements.

These international standards tend to have similar procedures and expectations. Very early in the life of a project, a **Resettlement Policy Framework** (RPF) should be developed that outlines the project's policy and general procedures about how land acquisition, resettlement, compensation and livelihood restoration and enhancement will be undertaken. This needs to be done early so that no false promises are made or implied to people in the early stages of the project, such as in land surveying or geological exploration, or even by the SIA consultants. Later, a **Resettlement Action Plan** (RAP) needs to be developed that fully details the operational process of enacting the resettlement. To avoid speculative or opportunistic behaviour by local people and to manage in-migration, an inventory of houses, other buildings and all assets should be undertaken as soon as practical. There should be a firm **Cut-off Date** after which no additional structures or other assets become eligible for compensation. By having good communication with affected communities and a fair resettlement and compensation process, there will likely be widespread approval of the cut-off deadline. Because resettlement is a project within a project, there needs to be a high level of coordination between resettlement activities and the rest of the project. Activities in the resettlement process need to cross-link with the project-level Social Impact Management Plan and other project plans such as the Community Health & Safety Plan, the Community Development Plan, the Stakeholder Engagement Plan, the Local Employment and Procurement Plan, and any Health Plan. In a large-scale resettlement, potentially there might be separate plans for the resettlement process as distinct from the project as a whole. In any event, a **Livelihood Restoration & Enhancement Plan** (LRP or LREP) will be required, usually as part of the RAP. The resettlement process should not be considered to be complete until all adverse impacts of resettlement have been addressed. A Completion Audit should be undertaken by an independent external party to assess whether all impacts have been addressed, how the standard of living of resettled individuals compares to their previous situation, whether they have remaining grievances, whether international standards and national legislation has been observed, and whether all provisions within the RAP and LRP have been met. The **Completion Audit** should only be undertaken once all mitigation measures have been substantially completed and once displaced persons are deemed to have been provided adequate opportunity and assistance to sustainably restore their livelihoods. This will necessarily be several years after being resettled, and not straight after the relocation. For resettlement to be sustainable, the company must be able to responsibly exit at some point in time. It is very important, therefore, to plan for exit during the development of the RAP in the same way that preparation for closure is done at the commencement of the project. The **Exit Plan** should be agreed with the community and approved by the regulatory authority. In addition, the capacity (in human and financial terms) of local governments to take over the management of resettlement towns is critical to the long-term improvement of livelihoods. Building this capacity within government should therefore be part of exit planning.

In general terms, the international standards expect that, wherever possible, each project will:

- avoid or minimise displacement by exploring alternative project designs;
- avoid forced eviction by using negotiated agreements;
- anticipate and minimize adverse social, economic and human rights impacts;
- provide appropriate disclosure of information, and allow for the informed participation of those affected (arguably to the level expected by free, prior and informed consent);
- ensure that women's perspectives are obtained and that their interests are factored into all aspects of resettlement planning and implementation;
- apply compensation procedures in a transparent and consistent way to all communities and persons;
- provide compensation for loss of assets at replacement cost;
- avoid paying compensation in cash, at least to vulnerable people, i.e. pay compensation in kind to avoid that the compensation will be squandered;
- observe the principle of 'land for land' – where the livelihoods of displaced persons are land-based or where land is collectively owned, the project is to provide compensation in the form of replacement land;
- improve the livelihoods and standards of living of displaced persons;
- identify individuals and groups who might be disproportionately impacted due to their disadvantaged or vulnerable status, and put measures in place to ensure they have access to development benefits and opportunities;
- improve the living conditions of physically displaced persons by providing adequate and improved housing with security of tenure at resettlement sites;

- provide a choice of options to affected individuals and consult with communities over community assets and resources;
- provide opportunities to displaced communities and persons to derive development benefits from the project;
- provide transitional support for a reasonable period of the time to enable people to restore their income-earning capacity, production levels, and standards of living;
- take every effort to ensure that people will not be double-resettled;
- establish effective grievance mechanisms as early as possible in the project development;
- establish procedures to monitor and evaluate the implementation of a Resettlement Action Plan and Livelihood Restoration Plan and take corrective action as necessary.

One of the most controversial and complex aspects of resettlement relates to compensation. Where people are physically displaced, project proponents are required to resettle them by providing replacement housing and assist them in restoring and enhancing their livelihoods. Where people are economically displaced, they are entitled to compensation for lost assets and to assistance to restore and enhance their livelihoods. A requirement of the international standards is that compensation should be calculated on the replacement value of any assets lost. Such determination should factor in any likely inflation that will occur between the time at which the assessment is made and when compensation is actually paid. Where the value of the lost assets exceeds amounts that would normally be managed by people, compensation should be paid in kind rather than in cash. Paying out large amounts of cash can increase the harm from a project. It will immediately lead to local inflation. It will likely lead to unwise or inappropriate spending on consumer goods rather than being invested in restoring or enhancing sustainable livelihoods. Past experience has time and again revealed that cash compensation is a major cause of impoverishment. Part of livelihood restoration and enhancement should involve capacity building, which perhaps should include training in managing finances. Finding opportunities for how individuals to be resettled might be involved in the resettlement process should be explored.

With millions of people being resettled every year, there is much experience of the consequences of resettlement. Unfortunately, the practice of conducting resettlement is still poorly done and there is much that can be improved. There are several key lessons. First, as resettlement has largely been forced on people and is something done to them, finding opportunities to empower people in the process, giving them choices and autonomy, is important. Second, the actual experience of resettlement tends to be traumatic for the people being resettled, and therefore it is important that resettlement practitioners give attention to the emotional and health needs of people to be resettled. Thinking through and discussing the process with the affected peoples may identify many ways in which the process can lead to a strengthening of the community. For example, certain key people might be resettled first and then they can act as a welcoming committee for the people being resettled. Creating ceremonies for saying goodbye to the old settlement and celebrations for the new settlement are important. Allowing people to have nostalgia about the old, but also to have excitement, anticipation and adventure about the new is necessary. Being receptive to concerns and responding quickly to them is important in ensuring that there is a positive attitude rather than an aggrieved mentality that might otherwise develop. Some other key lessons are:

1. The cost of resettlement and the time taken are always under-estimated.
2. Starting early is essential, and the resettlement planning needs to be built into the project planning process.
3. There should be planning for project expansion. People should not be resettled into places where they will later need to be resettled again. Land needed for future expansion should be protected from in-migration.
4. The time between the development and approval of the RAP and its implementation should be minimised. The wider this time period is, the more difficult the implementation becomes.
5. The specifics of the location of the resettlement site are critical in achieving a successful resettlement outcome, especially livelihood restoration and enhancement. Resettlement site selection should be driven by a range of criteria including distance from origin and compatibility of the characteristics of the site (e.g. land quality, water supply, agricultural productivity) with the livelihoods of the people to be resettled.
6. Resettlement is an expensive process, however the overall, long-term cost to the project will be much less when it is done properly. Furthermore, the costs of getting it wrong far exceed the costs of doing it right.
7. Expropriation must only be a last resort. Expropriation takes much longer than is usually considered, it attracts negative attention from interested stakeholders, and it can create opposition to the project. It will never lead to a social licence to operate. Negotiating with people in such a way that they voluntarily participate in a resettlement process is much more likely to be effective than relying on the power of eminent domain.

8. Involve resettled people in the design of replacement accommodation.
9. Be careful that unrealistic expectations are not created during consultation meetings, or by project staff in early project activities. All promises or offers should be recorded in a Commitments Register.
10. Professional planning and proper community negotiation are keys to success. Taking shortcuts will only lead to problems later on.

Michael Cernea identified eight major impoverishment risks to people that commonly arise from project-induced displacement and resettlement: landlessness; joblessness; homelessness; marginalisation; increased morbidity and mortality; food insecurity; loss of access to common property; and social disarticulation. Thinking about these risks and enacting strategies to counter them are key to successful resettlement and successful projects that deliver shared value. Resettlement processes and activities that provide land-based resettlement, identify employment and other alternative livelihood opportunities, construct houses for people to live in and implement processes for people to become reconnected as communities, consider inclusivity and options for people to be engaged, provide primary health care and preventative care, ensure adequate nutrition and food and water security, minimise loss of access to or restore or replace community assets, and build social and community capital, are likely to lead to effective resettlement.

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Local Content helps create shared value

In its simplest formulation, local content refers to the requirement, expectation or commitment of a company to ensure that value is retained within a host country, region or community through its workforce and/or procurement opportunities. More than this, however, local content is a philosophy about shared value that considers the strategies a business can enact to increase local content to maximise benefits to the local community and company alike. For example, a company can work with its potential local suppliers to consider how their capacity can be built to meet its procurement requirements and/or how company requirements might be able to be adjusted so that local businesses are not artificially excluded from consideration. Some governments mandate a certain level of local content. While there is much variation in definitions of 'local' and 'content' across countries, and even within the same country, the SIA practitioner needs to be aware of the policies, regulations, contractual stipulations and stakeholder expectations as they relate to the project. Local content presents one of the best opportunities for companies to achieve social license. For many projects, however, training local people for employment with the project and supporting local businesses to supply the project is not done early or effectively, and thus a development opportunity is missed.

The growth in local content policies and practice has brought to light competing objectives and other challenges for private sector proponents and governments, who are faced with designing local content in a way that contributes to sustainable regional development, enhanced wellbeing and quality of life for local communities, as well as national development priorities and industrial policies. Governments seek to achieve a range of objectives with these policies, such as employment creation, development of specific sectors or industries, capacity building, knowledge generation, skills and technology transfer, and addressing trade imbalances. Corporate attitudes towards local content have evolved in recent years. In many instances, the initial motivation was a need to comply with formalised commitments, either to a host government, an investment partner, or an Indigenous community. Compliance was deemed necessary in order to secure access to resources. Over time, however, leading practice companies had become increasingly motivated by the desire to establish and maintain enduring partnerships with local stakeholders for mutual benefit and shared value. They have also realised the value of reducing their dependency on expensive expat workforces.

SIA can be a valuable tool to inform strategies that approach local content from a regional development perspective, based on an assumption that it is possible for resource developers and local governments to design collaborative local content strategies so as ensure foreign companies contribute to regional development by sourcing from local businesses and recruiting local people. Acting through the regional multiplier effect, local content can stimulate economic activity and encourage additional investment and higher employment in the local economy. A more prosperous local economy will also attract new suppliers to the area and lead to a more competitive supply base as well as reduce the community's dependence on any one industry.

An important step is to start off with a basic socio-economic analysis to determine the baseline conditions in the host economy: the existing level of economic dependency on the sector; the specific industries that should be encouraged to operate in the region due to their linkages and multiplier effects; and the presence or absence of enabling conditions for local content development related to the project. This analysis draws on a variety of indicators such as ease of doing business, service amenities, local infrastructure, the health of local businesses, and the diversity and adaptability of local communities to lead their own capacity-building efforts.

An important indicator of the health of the local economy is the level of economic dependency on one or several sectors in the region. The market share of the industry can be estimated by using the concentration of employment in a given industry in the area. Economic diversification, which can be achieved through project enhancement/ social investment programs, can be a solution to the problem of dependency in one or several industries. The goal of sustainable regional development, however, requires consideration of a broader set of issues beyond the traditional indicators of economic health. It is also important to consider other factors contributing to the strength of human capital, economic capital and institutional capital.

Potential suppliers can be identified through a comprehensive supplier capability study. This involves a number of activities: (i) engaging the individuals who manage the contracts to get an in-depth understanding of the current providers of goods and services, the contracting strategy, end-user requirements and 'suitability' for local content based on various criteria; (ii) identifying/mapping the businesses across the full spectrum of sectors present in the operator's supply chain; (iii) a high level analysis of sectors, based on their attractiveness for local content; (iv) prioritising; (v) an in-depth analysis of the value chain in shortlisted sectors and of the capability/capacity gaps of potential suppliers; (vi) developing a competitiveness strategy for targeted sectors; (vii) designing an implementation plan; and (viii) monitoring progress.

Developing a local workforce requires starting with a demand analysis of direct and indirect labour by project phase. A second step involves mapping the existing workforce skills against demand. An important input into the demand vs supply gap analysis is an analysis of the quality gaps in academic institutions and training centres, particularly in engineering, technical and vocational education. Such an analysis may involve assessing infrastructure, equipment, curricula, teaching, and capacity. The final step involves the design and implementation of training interventions, typically using a partnership approach. In this way, a project can build the workforce it needs locally.

Local content strategies, like other project interventions, should be assessed for potential adverse social impacts. For instance, at a local level, the resources may be drawn (poached) from other businesses and services in the area leading to reduced capacity in those sectors (for example from government and other fixed income earners). Local businesses can become vulnerable to the project's cycles by becoming dependent on them. Another potential issue is awarding only small value contracts to local people, which may trigger community dissatisfaction because they expected more. The preferential contracting/recruiting of particular groups (which can happen inadvertently if inadequate social profiling is done) could negatively affect social cohesion and reinforce 'elite capture'. These issues should be systematically considered as part of the baseline analysis, as well as in the risk assessment prior to implementing local workforce or local supplier development programs.

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Plan for closure at commencement of the project

Projects are, by definition, only for a fixed term. Some projects have a designated life of many decades, others have a relatively short life expectancy of a few years or even less. For some projects, closure is a planned event that occurs when originally intended as per the original plan and licensing approval. However in some sectors, notably the extractive industries, the volatility of commodity prices means that projects can have an uncertain lifespan and may unexpectedly go from full production and a long-term horizon to reduced operations, temporary closure ('put on ice'), or permanent closure within a short timeframe. The lack of a social licence to operate can also lead to protest and other actions that may bring about the premature closure of a project. To some extent, projects that have a large construction workforce but a small operations workforce (e.g. a dam) need to manage the shift from construction to operation (i.e. workforce demobilisation) in a somewhat similar way to a closure process, at least from a social perspective. It is therefore being increasingly realised that all projects need to plan for closure early in the life of the project and to update their closure plans regularly, especially if there are major changes to the project or its operating environment. Closure planning is necessary for new projects and also for existing projects that have not yet considered their closure planning strategy. Even where there is a closure plan, having a dedicated SIA for closure would be appropriate.

Closure can have major social impacts especially when communities are economically dependent on the project. However, project closure can also have indirect social impacts when environmental impacts are not properly addressed and rehabilitation not properly done. For example, acid mine drainage and other forms of environmental pollution can continue long after actual operations have ceased, and can significantly affect the livelihoods and health of people living in the vicinity of mines.

A closure strategy should exist from commencement of the project. Closure is not a simple act, but is a process comprising several phases including closure planning, decommissioning, cessation, and post-closure. Decommissioning involves a number of activities undertaken to prepare for cessation of operations and the consideration of different options for the post-closure period. Decommissioning should normally commence well before the end of operations (i.e. cessation) so that the preferred options can be adequately considered and negotiated with stakeholders before they need to be implemented. Post-closure is the phase after cessation which comprises the ongoing remaining activities of monitoring and maintenance to ensure that all ongoing environmental, health and safety risks are controlled and minimized, and that all promised social benefits were delivered.

Closure planning must be a process negotiated with local communities and other stakeholders. Many key decisions will have ongoing long-term effects on surrounding communities and therefore these communities need to be involved in decisions around closure planning. First and foremost is the impact of job loss. Much can be done in identifying economic opportunities post-closure and in providing retraining. The future use of the site is usually a key concern for surrounding communities. Identifying potential future uses by the community of project buildings and other infrastructure, and the site itself, can enhance the benefits of the overall project to the community. Electricity generation and water treatment plants and other infrastructure may be able to be made available to the local government or other operator on behalf of the local communities (although this also entails a transfer of liability that also needs to be considered). The ongoing life of the company's social investment activities and any corporate philanthropic actions need to be considered.

To ensure an ongoing social licence to operate and good reputation, it is in the company's interest to have a high level of transparency and engagement with the local communities. Local people will be potentially greatly affected and they also need to make their own plans. Their intentions for the post-closure period need to be thought through, and their decisions may change as they process the information available to them and consider their options. They need to consider whether they should stay, go, sell, buy, etc. When people's intentions are known, the potential impacts of closure can be determined. It is also possible to align closure actions with people's preferences.

The closure process cannot be finalised until all of the following issues have been addressed:

1. all resettlement processes and associated livelihood restoration and enhancement activities have been completed and/or a realistic plan has been made for their continued operation;
2. all compensation that is due has been provided;
3. all items in the Commitments Register and all items in any Impacts & Benefits Agreement (or similar community development agreement) have been delivered or addressed;
4. all grievances that have been submitted have been addressed;
5. a plan for all facilities and infrastructure has been made in consultation with all stakeholders, and each item will either be re-utilised by the local community or has been removed;
6. all appropriate steps have been taken to ensure the area is safe and stable, for example capping all shafts, and removing all chemicals;
7. all site rehabilitation (restoration or remediation) works have been undertaken consistent with regulatory requirement and any commitments made;

8. all social and environmental mitigation activities have been fully implemented and, where they continue to be necessary, there is an appropriate mechanism for their continuation;
9. there is a process for the ongoing monitoring of key environmental and social indicators and an adaptive responsive procedure should there be an exceedance;
10. there is a sustainable management strategy for all social investment programs; and,
11. there is a contingency fund or mechanism to address any unexpected issues related to the project that may emerge in the future.

It is important for companies to be aware that their project approval (environmental licensing consent) and acceptance by the local community was on the basis that there would be no residual harm and that certain benefits would be provided. The company has an obligation to abide by those undertakings irrespective of any changed circumstances it might experience.

Closure is an expensive process. A challenge is the fact that most expenses related to closure are incurred after production (and therefore income generation) ends. Therefore financial provision for closure must be made by the company during the operational phase of the project. This requires careful estimation of the likely costs of closure and the creation of a reserve fund so that the money needed for closure will exist when it is needed. Unfortunately, the estimation of the costs of closure is usually poorly done, and many companies fail to fulfil their obligations when it comes to closure. For this reason, many countries impose an environmental bond at project approval stage to ensure that there are funds to cover expenses related to closure. Unfortunately, these environmental bonds are typically only for a fraction of the true costs of rehabilitation, and they fail to keep pace with inflation. Because of this, an improved system of providing surety to cover the costs of closure is needed. A closure audit is needed to determine whether the closure process has been properly conducted, and that all the issues/conditions mentioned above have been fulfilled. Only then should any environmental bond be released.

To ensure that a positive legacy eventuates, a project should contribute to sustainable development in such a way that the local communities will continue to develop after the project ends. To this end, the strategic long-term corporate goals should be aligned with current and future development plans of the community and the region. The company should engage stakeholders and pursue initiatives aimed at strengthening the capacity of the local community. Ideally, these principles should be in place from the early stages of a project, be present in the strategic social investments and local content strategies of the project, and they should be carefully considered during the decommissioning stage. The ongoing social licence to operate and grow (i.e. operate at other sites) of a company depends on how effectively it undertakes its closure processes.

For more information on closure, refer to the following (but note that in most of these guidelines on closure there is still a lack of consideration of social issues):

Anglo American 2013 Mine Closure Toolbox <http://www.angloamerican.com/~media/Files/A/Anglo-American-PLC-V2/documents/approach-and-policies/environment/toolbox-main-brochure-lr.PDF>

Australian Government 2006 *Mine Closure and Completion*. Canberra: Department of Industry, Tourism and Resources <http://www.industry.gov.au/resource/Documents/LPSDP/LPSDP-MineClosureCompletionHandbook.pdf>

Evans, R. 2011 "Closure planning", in Vanclay, F. & Esteves, A.M. (eds) *New Directions in Social Impact Assessment: Conceptual and Methodological Advances*, Cheltenham: Edward Elgar, 221-232.

Sánchez, L.E., Silva-Sánchez, S.S. & Neri, A.C. 2014 *Guide for Mine Closure Planning*. Brasília: IBRAM (Brazilian Mining Association). <http://www.ibram.org.br/sites/1300/1382/00004552.pdf>

Sheldon, C.G., Strongman, J.E. & Weber-Fahr, M. 2002 *It's Not Over When It's Over: Mine Closure around the World*, Washington: World Bank and International Finance Corporation. <http://siteresources.worldbank.org/INTOGMC/Resources/notoverwhenover.pdf>

Stacey, J. et al. 2010 *The Socio Economic Aspects of Mine Closure and Sustainable Development* (2 volumes). Johannesburg: Centre for Sustainability in Mining and Industry, University of Witwatersrand.
Vol 1: [http://www.coaltech.co.za/chamber%20databases%5Ccoaltech%5CCom_DocMan.nsf/0/13C0E50053B60B8788257AF4003392EC/\\$File/Coaltech%20Mine%20Closure%20Report%201%202010.pdf](http://www.coaltech.co.za/chamber%20databases%5Ccoaltech%5CCom_DocMan.nsf/0/13C0E50053B60B8788257AF4003392EC/$File/Coaltech%20Mine%20Closure%20Report%201%202010.pdf)
Vol 2: [http://www.coaltech.co.za/chamber%20databases%5Ccoaltech%5CCom_DocMan.nsf/0/F6430BA4F25ADE3A88257AF4003321AA/\\$File/Coaltech%20Mine%20Closure%20Report%202%202010.pdf](http://www.coaltech.co.za/chamber%20databases%5Ccoaltech%5CCom_DocMan.nsf/0/F6430BA4F25ADE3A88257AF4003321AA/$File/Coaltech%20Mine%20Closure%20Report%202%202010.pdf)

World Bank 2010 *Towards Sustainable Decommissioning and Closure of Oil Fields and Mines: A Toolkit to Assist Government Agencies* (version 3.0). Washington: World Bank. http://siteresources.worldbank.org/EXTOGMC/Resources/336929-1258667423902/decommission_toolkit3_full.pdf

Ethics for SIA practitioners

Ethical issues and dilemmas arise in all professional practice. A hallmark of professionalism is an ongoing discussion of ethical issues and an active, reflexive awareness by practitioners and the profession as a whole of the ethical issues likely to be encountered. Vanclay et al. (2013, modified) identified 18 general principles relating to ethical research involving humans that arguably should also be observed by SIA practitioners. These principles are:

1. Respect for participants – An SIA practitioner should demonstrate respect in terms of all their interactions with participants including not judging them, not discrediting them, in ensuring that their views are faithfully recorded and given due consideration in the assessment process. Part of this respect is implied by the terminology of ‘participant’ (rather than ‘respondent’ or ‘subject’). An important dimension of this respect relates to ensuring the protection of persons with diminished autonomy and those who are marginalised or vulnerable. Special recognition and procedures may also be required in the case of Indigenous peoples.
2. Informed consent – Participation should be the voluntary choice of the participants and should be based on sufficient information and an adequate understanding of the SIA research and the consequences of their participation. This implies that the practitioner must disclose all relevant information and any possible risks of participation, especially any issues around what will happen to the data obtained. Where culturally appropriate, informed consent could be documented by having signed consent forms.
3. Specific permission required for recording – If the practitioner intends to audio-record, video-record or photograph any participant, specific approval for this must be given in advance (and may be a legal requirement under the privacy legislation of most countries).
4. Voluntary participation and no coercion – As implied by the principle of informed consent, participation must be voluntary and not subject to any coercion or threat of harm for non-participation. Non-coercion is not taken to mean that there should not be payments for participation, however, any such payment should be commensurate with the amount of time and normal income expectations of the participants, and should not be excessive such that it would constitute a bribe or inappropriate inducement.
5. Right to withdraw – Consistent with the principle of voluntary participation, participants must know that they can withdraw at any time and have any of their data already recorded removed from the analysis where this is possible.
6. Full disclosure of funding sources – An implication of the principle of informed consent is that there must be full disclosure of the sources of funding of the research.
7. No harm to participants – It is fundamental that no harm must foreseeably come to participants as a result of their participation in the research. This means not only that participants must not be exposed to pain or danger in the course of the research (such as in medical research), but also that there must be no adverse consequences to a person as a result of their participation. At the very least, the practitioner must do their utmost to protect participants from any harm, and ensure under the principle of informed consent that the participant is fully apprised of all possible risks of participation. Sometimes, participation in social research will cause a participant to reflect on personal issues bringing about emotional distress. Here the practitioner’s obligation is to ensure that the immediate interaction does not finish until there is some resolution to the distress that has arisen and that access to follow-up assistance or counselling is available if needed.
8. Avoidance of undue intrusion – Respect for participants means that there will be discussion only of those matters that are relevant to the issues under research and that enquiries should be confined to those issues. It implies a respect for the personal lives of participants and that practitioners should be cognizant of what is personal and private.
9. No use of deception – The principle of respect for participants and professional integrity implies that the use of deception or covert methods should only be used under certain circumstances and only when approved by a duly-appointed ethics committee.
10. Presumption and preservation of anonymity – There is an assumption of anonymity, that is, people participate in research on the presumption that they will be anonymous and that their anonymity will be protected, unless they have given permission to be named. Thus, there is a requirement for the express permission of participants for any use of the real names of people or where a person’s identity would be evident from the context (for example, the mayor or other public figure identified by the public role).
11. Right to check and modify a transcript – Where people are named or identifiable, those participants have the right to check how they are quoted and to make changes to a transcript and any draft publication that may be prepared to ensure they agree with the way they are recorded. Best practice in social research would accord this right to all participants.

12. Confidentiality of personal matters – Respect for participants means that confidentiality (i.e. non-disclosure of information) should be accorded to all private or personal matters or views, or when any such undertaking is given. This means that there is a responsibility on the practitioner to make judgements about what should be reported and what should not be publicly disclosed. The fact that something was revealed to the practitioner does not automatically entitle the practitioner to make it public. When information is entrusted to a practitioner in confidence, such confidentiality must be protected.
13. Data protection – Because of the confidentiality of personal data and the identities of who was included in the research, care must be taken to ensure that all data are stored securely and safe from unauthorised access. It is also expected that there be a stated timeline after which the data would be destroyed. Because of institutional requirements that practitioners should be able to produce raw data in the event of an audit or complaint and to safeguard against fraud, typically this would be a number of years after completion of the project.
14. Enabling participation – Practitioners have an ethical responsibility to ensure that all relevant individuals and groups are included in the research, and where they might ordinarily be excluded – e.g. by reasons of language, gender inequalities, cultural protocols, physical accessibility, cost to participate, or other factors contributing to social exclusion in the particular project context – there must be a genuine attempt to enable participation by providing appropriate means of access such as translation, transportation, or payments to offset the cost of attendance.
15. Ethical governance – For the proper functioning of ethical procedures, it is necessary that there be an ethical governance mechanism. Typically this implies that there should be a committee or other facility that can – especially in the case of ethically-sensitive research issues or methods (such as use of deception, interviewing of vulnerable groups) – review research protocols prior to the research taking place, oversee and/or monitor research activities, provide advice to practitioners and participants, and make judgements in relation to complaints. A professional association such as IAIA may be able to provide such a mechanism, alternatively this could be negotiated in conjunction with the impacted community or with a local authority (local, regional or national government), or a local university, etc.
16. Grievance procedure – Good ethical governance requires that research participants have access to a grievance procedure and recourse to corrective action in relation to their concerns about the way the SIA research was conducted. The grievance procedure must be procedurally fair, and disclosed to participants.
17. Appropriateness of research methodology – Respect for participants as well as professional probity means that the research procedure must have reliability and validity. Participants give their time (whether free or paid) on the presumption that the research is legitimate, worthwhile and valid.
18. Full reporting of methods – Research methods and analytical procedures must be fully disclosed to: enable replication of the research by another practitioner; enable peer review of the adequacy and ethicality of the methodology; and to encourage critical self-reflection on the limitations of the methodology and any implications for the results and conclusions.

For more information on research ethics, refer to:

Israel, M. & Hay, I. 2006. *Research Ethics for Social Scientists: Between Ethical Conduct and Regulatory Compliance*. London: Sage.

Vanclay, F., Baines, J. & Taylor, C.N. 2013 Principles for ethical research involving humans: Ethical professional practice in impact assessment Part I. *Impact Assessment & Project Appraisal* 31(4), 243-253.

<http://dx.doi.org/10.1080/14615517.2013.850307>

Baines, J., Taylor, C.N. & Vanclay, F. 2013 Social impact assessment and ethical social research principles: Ethical professional practice in impact assessment Part II. *Impact Assessment & Project Appraisal* 31(4), 254-260.

<http://dx.doi.org/10.1080/14615517.2013.850306>

Good practice guidance for the 26 tasks comprising SIA

Box 2 near the beginning of this document presented the 26 tasks that comprise SIA. Here, each of those tasks is considered in turn with comments made about the key issues that deserve specific attention in terms of establishing good and sometimes best practice. This is not a how-to-do-it instruction manual. Not all the information here will necessarily be applicable in every situation – people utilising this information will need to establish for themselves what is appropriate in each particular context. It is also important to realise that while the tasks are presented in roughly chronological order, they frequently overlap in timing, and they inform each other. Sometimes the outcomes from a later step provide information that can lead to a need to revisit information and/or decisions arising from an earlier step.

Phase 1: Understand The Issues

Task 1: Gain a good understanding of the proposed project, including all ancillary activities necessary to support the project's development and operation.

To understand the social impacts of a project, it is vitally important to understand the project and all its various dimensions. Projects generally involve multiple ancillary activities and different components. Impacts are usually created by each of the component activities of the project as well as along the whole value chain. Thus, a thorough impact assessment needs to consider all of the impacts created by each of the activities that make up the overall project. For example, a project may entail the resettlement of people, which will also have impacts in the locality where they are resettled. Worker accommodation complexes have impacts on local communities. Dams may require quarrying activities at sites distant to the proposed dam, with the transportation of rockfill to the dam site. All projects require the transport of goods in and out of the project site. These transport routes are also sources of negative (and potentially positive) impacts. To fully understand a project and the context in which it is in, a scoping visit to the project site is necessary – this is not something that can be done as a desktop planning exercise.

Task 2: Clarify the responsibilities and roles of all involved in or associated with the SIA, including relationships to the other specialist studies being undertaken, and establish what national laws and/or international guidelines and standards are to be observed.

Environmental impacts invariably lead to social impacts, and health impacts and human rights impacts can also be understood as social impacts. Therefore, having a good understanding of the other studies being conducted and ensuring integration and complementarity with them is necessary to ensure efficiency, effectiveness and to reduce the burden on local communities. A key step, therefore, is coming to agreement on the scope of the SIA to be conducted. It is worth noting that, like all professional practitioners, an SIA practitioner has a duty of care to ensure certain things are considered by the client. In the case of SIA, this would include ensuring that a wide range of issues were considered by the project, either in the SIA or in other studies. Furthermore, since SIA is necessarily an iterative learning and participatory process, it is impossible to determine at the outset everything that will need to be considered. Therefore, those commissioning and conducting SIAs should allow flexibility in contracting budgets in order that the SIA can respond to new issues that may arise and need to be assessed. It is self-evident that the budget must be adequate for the task of assessing all the relevant issues. Also important, however, is that the time schedule for the SIA should ideally correspond to the proponent's development plans to maximise the ability of the SIA to feed into the planning process without causing delays. Awareness of this and planning for this is a joint responsibility of the proponent and the SIA consultant.

Large projects always occur in a multi-governance setting. The various layers of governance that potentially can have bearing on a project and therefore on SIA activities include the content of international agreements (such as the United Nations *Guiding Principles on Business and Human Rights*), international norms (such as might be specified in industry association guidelines), matters prescribed in the national constitution, the national policy environment, national legislation and regulation and the way it is enacted, environmental licensing and permitting conditions, and matters stipulated in any other contractual agreements between government and the proponent. Where the proponent has a contractual Impacts & Benefits Agreement or similar with the local community, this too will impose specific conditions that need to be considered. Sometimes, especially in countries that are federations, there may be differences between national, state or province, and local or municipal government requirements and expectations. In addition to this, large projects are frequently undertaken by consortia involving several corporations, each with their own policies and procedures. Finally, large projects may have financial backing from many sources. Unfortunately, while the approaches of the various multilateral development banks (e.g. World Bank, IFC, ADB, AfDB, EBRD, EIB, IDB, etc) are similar, they are not identical, and each often requires their own procedures to be followed and documentation to be produced.

Even where there is no MDB financing, commercial financial institutions around the world are increasingly signing up to the Equator Principles and observance of the Equator Principles may be a requirement of project financing. For operational guidance, the Equator Principles require compliance with the IFC's Performance Standards making them something of an international standard whether or not IFC funding is part of the project. Many companies set the IFC Performance Standards as their practice benchmarks. It is therefore important that all SIA practitioners are aware of the IFC Performance Standards.

This multi-governance setting creates many issues for projects. While there are sometimes contradictory guidelines, there may also be issues where there is a lack of guidance. It may be desirable for the SIA practitioner to develop a gap analysis to consider the differences between national and international standards. It will also be important for the SIA practitioner to negotiate with their client (typically the proponent) about which standards are to be observed. Where there are conflicts between national regulation and international standards, these will need to be spelled out and negotiated. Ensuring that all parties understand the ramifications of any non-compliance will also be important.

Task 3: Identify the preliminary 'social area of influence' of the project, likely impacted and beneficiary communities (nearby and distant), and stakeholders.

The concept of a primary area of influence or zone of impact is standard in EIA practice, however, it is not directly transferable to SIA. A 'social area of influence' consists of the people potentially impacted by a project. Affected peoples include both 'communities of place' and 'communities of interest'. The location of affected people frequently does not neatly align with the geographic boundaries or the area of influence determined by the environmental impact of a project. In fact, often the buffer zones determined by technical experts are inadequate. Furthermore, downstream water users are often not considered in assessment of impacted peoples. It is worth noting that social impacts do not necessarily decrease in intensity with distance from the project site. People are connected by a vast array of linkages and networks. Projects also can often have a wide logistics corridor and complex value chains (with backwards and forwards linkages). Defining a 'social area of influence' does not necessarily require the articulation of a geographic boundary. Instead, the social extent of the project can be determined through a combination of stakeholder analysis and social mapping, and through an iterative process of understanding the social, economic, political and environmental changes induced by the project and the livelihoods and networks of potentially impacted people.

Task 4: Gain a good understanding of the communities likely to be affected by the project by preparing a Community Profile which includes: (a) a thorough stakeholder analysis; (b) a discussion of the socio-political setting; (c) an assessment of the differing needs, interests, values and aspirations of the various subgroups of the affected communities including a gender analysis; (d) an assessment of their impact history, i.e. their experience of past projects and other historical events; (e) a discussion of trends happening in those communities; (f) a discussion of the assets, strengths and weaknesses of the communities; and (g) optionally the results of an opinion survey. This task is typically called profiling.

Understanding the local cultural context is essential for the success of the SIA and the project. It is important to appreciate that different societies have different cultural values, with different understandings about how things should be done. These differences can pose many challenges for project development and for the conduct of SIAs. A common occurrence is that outsiders (i.e. project managerial staff and sometimes SIA consultants) tend to presume that local people value the same things they (the outsiders) do. They also often presume that all local people have common concerns. This mismatch can be exacerbated by the use of economic models and other conceptual frameworks with their implicit and sometimes explicit ideological and cultural positionings. This misrepresentation can lead to problems in the conduct of the SIA and the development of the project. It can also lead to poor analysis of the impacts and poor assessment of appropriate mitigation and benefit enhancement strategies. Thus, gaining a good understanding of the local context – by, in addition to other methods, having effective participation processes (see Task 6) – will greatly assist in the conduct of the SIA and in project implementation.

The subheadings below discuss different aspects that need to be considered in order to gain a good understanding of the local context. The analysis of the local context is usually written up as a 'Community Profile'. The first step is a thorough stakeholder analysis. While normally one document is produced, if it is discovered that there are more than one disparate affected communities, the Community Profile document may need to have subsections describing the different communities.

(a) a thorough stakeholder analysis

One of the failings of many impact assessments is the inadequate identification and participation of all the potential stakeholders (also called interested and affected parties or IAPs). This is a problem because without adequate awareness of all the stakeholders (and rights-holders), some of the social impacts may not be properly considered. The types of people who are likely to be stakeholders in most projects typically include:

- Residents in the immediate impact zone, the affected area, especially those who will be physically or economically displaced as a result of the project;
- People in the host communities where displaced persons relocate to (either as a result of a planned resettlement or through their own migration);
- Nearby communities as well as more distant residents whose livelihoods may be threatened/affected as a result of the project;
- People who will be affected by associated works, such as irrigation channels, quarries, roads, railways, and transmission line corridors;
- Construction workers and their families;
- People who migrate to construction areas in search of work or other benefits they perceive may arise due to the project (a process known as project-induced in-migration or the honeypot effect);
- People in communities near where construction workers or other in-migrants will be located;
- Non-resident Indigenous and other land-connected peoples who may have spiritual attachment to the land/river and/or native title to land in or near to the construction site;
- Local, national and international NGOs (for example, conservationists) who may be interested in the ecological or heritage values that may be threatened by the project;
- Other stakeholders such as the developer and associated contractors, regulatory agencies, local regional and national governments, funding or development agencies, as well as the intended beneficiaries.

No generic listing will ever be adequate in all cases because there will always be locally-specific groups and locally-specific circumstances of the local cultural context. It is also important to realise that these stakeholder groupings contain considerable variation within them, including gender differences, and differences based on age and vulnerability, etc (discussed further below). To give one example of how local context can be important, in one resettlement process, there was a government-mandated process of compensation for impaired means of earning income and/or lost assets for resettled people that involved payments into the bank accounts of the male heads of households. It was thought that this procedure would be appropriate. However, in that country polygamy is common, and a significantly-affected group of people were the second, third, and other wives of these men. These women were also negatively affected by the project, but were much disadvantaged by this compensation procedure. They had not been considered in the assessment of social impacts and compensation procedures. A better understanding of the local cultural context would have led to an awareness of this aspect of local life and would have suggested a different process of compensation.

For more information, refer to:

IFC 2007 *Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets*. Washington, DC: International Finance Corporation. http://www.ifc.org/wps/wcm/connect/938f1a0048855805beacfe6a6515bb18/IFC_StakeholderEngagement.pdf?MOD=AJPERES

(b) a discussion of the socio-political setting

An important aspect to understanding local communities is understanding their socio-political context. The attitudes, values, social development goals of people, as well as how they are likely to respond to the project and to likely impacts, as well as their level of trust in government, the project developer and the SIA process itself are very much influenced by the socio-political setting. The recent political history of a place, the extent of open or latent conflict that might exist, whether it is a post-conflict society are all important considerations. Knowing the cultural characteristics that influence whether people will be prepared to talk openly or not will have a bearing on how community engagement processes should be designed. The functioning of the legal system and people's awareness of their rights and access to legal remedy are also relevant considerations.

For more information, refer to:

Kemp, D. 2011 "Understanding the organizational context", in Vanclay, F. & Esteves, A.M. (eds) *New Directions in Social Impact Assessment: Conceptual and Methodological Advances*. Cheltenham: Edward Elgar, pp.20-37.

(c) an assessment of the differing needs, interests, values and aspirations of the various subgroups of the affected communities including a gender analysis

It should be noted that not only are there different stakeholder groups with differing interests (such as those listed above), there will likely be differences between individuals in the same stakeholder group. An affected community might be segmented into people (perhaps working age men) who may be notionally in favour of the project because they consider that jobs might materialise, whereas other people (perhaps some older women) may be concerned about the social and cultural impacts. Young people in general often have different views than older people, especially in relation to traditional cultural values and appropriate ways of doing things. Establishing the views of each subgroup can be complex. Sometimes, multiple different organisations or individuals may seek to represent a constituency, and it may be difficult for an SIA practitioner to determine which organisation has greater legitimacy for each constituency. In fact, it is always desirable for the SIA process to do its own primary data collection amongst each social group and not rely on the statements of political representatives or group leaders who may engage in strategic tactical action rather than faithfully present the views and concerns of the constituency.

The notion of 'residents' must be deconstructed. Residents are rarely an homogenous group, and may include long-term residents (oldtimers or locals), recent arrivals (newcomers), and people who use the location as a dormitory suburb (that is, they work elsewhere) and may not have strong ties to where they live. It may also include second home owners, including people who are 'weekenders' and/or those who regularly holiday there. Depending on the locational context, there may be informal settlements, including illegal immigrants. While project managers may not consider these groups as being legitimate stakeholders, it is important that the SIA practitioner be aware that from a human rights perspective, these people are still rights-holders, and therefore the impacts they experience must still be considered. There can also be different types of people who don't actually live near the project site, but nonetheless will potentially be affected by changes at the site. These may include workers, especially FIFO (fly in, fly out) and DIDO (drive in, drive out) workers, visitors, daytrippers, commuters and shoppers. Consulting them about changes and actively taking their concerns into account may well lead to improved relations with these stakeholders and better decisions.

Village (or community) and household are often used as the units of analysis because impacts occur at different levels – at an individual level, household level, and at the group or community level. Some impacts affect individuals as individuals. Other impacts affect households (or similar family or domestic units) because they affect family structure and functioning. Other impacts affect society as a whole, and/or the adequacy of social institutions. Ultimately, however, all impacts are experienced by individuals, although individuals experience impacts in different ways depending on their social situation. A gender analysis is essential to understand how women and men are differentially affected, however, it is also vital to appreciate that women are not homogeneous, and therefore care must be taken to appreciate the diversity in situation and experience of different types of women, as well as the different types of men. When it is predicted that the level of work effort required to survive will increase because of changes to the environment brought about by a particular project, it is the women who will often bear the brunt of

increased workloads. If men leave their homes and villages for work at a distant workplace (a mine or a factory, or even to go to the city in search of work), women face increased workloads. Even when men earn money, cash is often expended on consumer goods and may not lead to a reduction in women's workload. If entrepreneurial activities are promoted to allow villagers to earn additional cash income, it is usually the women who experience an increased workload producing that income. It can be argued that many planned interventions have worsened the position of women. In fact, even enhancement activities designed to improve community wellbeing can worsen the position of women because of the gendered distribution of workload.

Understanding why people are opposed to a project is useful. People will at least appreciate that their concerns have been listened to, even if nothing can be done in relation to their concerns. However, many times things can be done to address people's concerns and opposition. Perhaps their opposition is based on misinformation or an incorrect assumption. Correcting this information and/or dispelling the incorrect assumptions can greatly reduce people's concerns. Sometimes opposition to a project occurs because of concerns about matters somewhat unrelated to the project itself. For example, in one situation, some people were indirectly opposed to a particular project because they feared it would increase surveillance which would detect their illegal fishing activities and/or limit their access to a favourite fishing location.

For more information, refer to:

Eftimie, A., Heller, K., & Strongman, J.. 2009 *Mainstreaming Gender into Extractive Industries Projects: Guidance Note for Task Team Leaders*. (Extractive Industries and Development Series #9). Washington, DC: World Bank.

http://siteresources.worldbank.org/EXTOGMC/Resources/eifd9_gender_guidance.pdf

(d) an assessment of their impact history, i.e. their experience of past projects and other historical events

Although project staff and companies may believe they are not responsible for the past actions of other projects in a region (what are often called legacy issues), from the perspective of local communities unresolved past issues will very often need to be addressed before they are willing to consider a new project. In the case of an acquisition, the purchasing company might think it is not responsible for the actions of the previous operating company, but to the community it is all the same project and they will certainly hold the current operator responsible for the issues they currently experience even if they arise from the actions of the previous operator or the exploration company. Where a community has a legal basis to approve or reject a project (i.e. FPIC), it will be essential for a company to address legacy issues to order to obtain its social licence (i.e. consent from the community). However, even in other situations, if a company is genuine about its respect for community, addressing past social issues will go a long way to building trust and good relations, and provide a firm basis for a social licence to operate. Saying sorry for past harm that has been experienced is part of demonstrating respect (see Box 7). An awareness of past issues is also essential to be able to fully understand the likely reaction of a community to the new project, and in planning mitigation and enhancement measures.

(e) a discussion of trends happening in those communities

It is really important for the SIA to have a good understanding of all the things that are happening in a community. This is important for two primary reasons. Firstly, cumulative impacts can only be understood by knowing what else is happening in the region. Secondly, part of SIA is the establishment of a baseline and the construction of a forward scenario about what is likely to happen to the community without the project. This is needed because the measurement of change due to the project is not necessarily the absolute difference in the values of the baseline variables between commencement of monitoring and the present time, but between what has happened versus what would have happened without the project (i.e. the counterfactual). Thus, a good understanding of the trends (social change processes) that are happening regardless of the current project is necessary.

BOX 7: Example of good practice in saying sorry

A mine in Australia, which commenced production in the 1980s, involved exploiting a cultural heritage site of significance to Aboriginal women. Although an agreement with some male Traditional Owners had been reached allegedly consenting to the destruction of the site, that agreement was inadequate in terms of the process by which it was developed and the benefits it provided to the local Aboriginal community. Despite ongoing concerns by the local community, the operating company did little to address the issues. It took a change in mine ownership and in senior site staff before a new attitude of respect came into company culture, primarily because the approval of the Traditional Owners was needed for a proposed expansion. A new community-based agreement making process was initiated which empowered the Traditional Owners by supporting their ownership of the process. The process enabled a thorough consideration of the distress caused by the past conduct of the mine and the various state and federal governments. Traditional Owners articulated that legacy issues needed to be addressed and demanded that a formal apology from the mine be made before they would agree to any future relationship. The company complied with these demands and an appropriate traditional (smoking/cleansing) ceremony was performed. Eventually the Traditional Owners agreed to the proposed expansion. The company has heralded the process as a learning experience for them and has widely championed the story of their epiphany. Other key aspects of the new agreement included:

- Aboriginal control over all land use to enable protection of sacred sites and heritage areas;
- a compulsory program of cross-cultural training for all mine employees and contractors;
- recognition of local customary practices and their integration into mine activities and procedures;
- employment and training programs to increase Aboriginal participation in the mine workforce;
- unlimited access of Traditional Owners to non-operational areas of the mine lease;
- adoption of a regime of environmental co-management;
- commitment to Traditional Owner participation in eventual closure planning and decommissioning; and
- a revenue sharing model providing a substantial contribution to the local community.

(f) a discussion of the assets, strengths and weaknesses of the local communities

Understanding a community means knowing what the various elements of the community want, how they see their community, and their vision for the future of their community. It is also about knowing their values and spiritual beliefs, which is essential for understanding how impacts will be experienced. A full understanding of a particular community also requires a knowledge of community assets, resources, strengths and weaknesses. This will assist in predicting impacts and the experience of those impacts by the community, as well as in conceiving appropriate strategic social investments and other community development initiatives. Undertaking a SWOT analysis as part of a community forum can be a useful precursor to a discussion about what contributions a project might make to a community.

For more information, refer to:

Chambers, R. 1997 *Whose Reality Counts: Putting the First Last*. London: Intermediate Technology Publications.

Kretzmann, J. & McKnight, J. 2005 *Discovering Community Power: A Guide to Mobilizing Local Assets and your Organization's Capacity*. Evanston, IL: ABCD Institute. <http://www.abcdinstitute.org/docs/kelloggabcd.pdf>

Oxfam 2013 *The Sustainable Livelihoods Approach: Toolkit for Wales*. <http://oxfamilibrary.openrepository.com/oxfam/bitstream/10546/297233/8/sustainable-livelihoods-approach-toolkit-wales-010713-en.pdf>

g) optionally the results of an opinion survey

There are a range of social research methods that can be used to get a sense of community concerns and opinions about the project. These methods have their various pros and cons, and varying accuracy (reliability and validity). While key informants sometimes do have a good awareness of community concerns, there are times when they are completely out of touch. While focus groups are frequently used, there are always concerns about the extent to which focus group participants are representative. Thus, in societies where surveys are culturally appropriate, commissioning an opinion survey with a sample of sufficient size to have reasonable statistical power can be a good way to assess feelings about a project of people in a defined region. These surveys can be repeated at regular intervals to track changes in perceptions, issues and the perceived social license of the project.

Task 5: Fully inform community members about: (a) the project; (b) similar projects elsewhere to give them a sense of how they are likely to be affected; (c) how they can be involved in the SIA; (d) their procedural rights in the regulatory and social performance framework for the project; and (e) their access to grievance and feedback mechanisms.

To be consistent with expected transparency, to treat communities with respect, and to gain a social licence to operate – especially in situations where SIA is part of an FPIC process – it is necessary to ensure that the affected communities are fully informed about the project and understand how it will affect them. Furthermore, for community input to be useful to assist in project design, it is also desirable that the affected communities be fully informed about the project. In societies with experience with similar projects, it is likely that sufficient capacity to understand the likely consequences of the proposed project will exist within the host community. However, where the project is conceptually new to the intended host communities, in order to assist their full understanding it may be necessary to provide information about how similar projects affected host communities elsewhere. A failure to do this could be considered to be a breach of FPIC, and in any case, such anticipation will assist in planning for and coping with the changes that will arise. Thus, arranging site visits to other projects could be useful to ensure that the host communities are fully informed and capable of understanding the likely impacts of the planned project.

Discussing and negotiating how the host communities will be involved in the SIA and the project generally is necessary. Disclosing the statutory and procedural rights participants have is essential, but ideally the proponent and SIA practitioner will go beyond the minimum requirements to enable a greater degree of participation (and preferably deliberation) by the affected community members.

Another component of full disclosure relates to the possibilities for redress and complaint (in other words, grievance mechanisms) that are available to affected peoples. While the design and implementation of grievance mechanisms is discussed under Task 18, participants in an SIA and people affected by a project need to be informed from the beginning of project discussions about the mechanisms available to them to raise any grievances they may have and/or provide feedback. Principle 31 of the UNGP, which lists effectiveness criteria for non-judicial grievance mechanisms, indicates that such mechanisms must be accessible to all stakeholders, which in the first place means that the mechanism must be known to them and accessible to them. Good practice in all organisations includes ensuring that all stakeholders are knowledgeable of their ability to, and about how to actually access such mechanisms.

Task 6: Devise inclusive participatory processes and deliberative spaces to help community members: (a) understand how they will be impacted; (b) determine the acceptability of likely impacts and proposed benefits; (c) make informed decisions about the project; (d) facilitate community visioning about desired futures; (e) contribute to mitigation and monitoring plans; and (f) prepare for change.

Effective participatory processes are essential for SIA. Even though SIA consultants will likely have extensive experience and can reasonably determine what many social impacts of a given project may be, they will never be able to know precisely what the meanings and/or consequences of certain activities will be to local people. For example, sacred sites or other sites of local historical or cultural significance may not be known or be self-evident to outsiders. In many other ways, too, it will be impossible for the SIA consultants to know what the local impacts will be without input from local people about how they use the environment, what is important and meaningful to them, and what they think about the various changes in the landscape, their livelihoods and social structures.

The acceptability of likely impacts and of proposed enhancement measures must be determined by local people themselves, otherwise such decisions would have no legitimacy. It is essential that local communities have sufficient time and resources to be able to deliberate about the likely social impacts that will be experienced. This necessitates the time and resources to identify, to learn about, and consider or reflect upon the likely changes. Since first reactions are likely to be different to considered responses, time is needed to ensure that the learning process and deliberation can take place. Since individuals in a given location will rarely be unanimous on their view on things, time is also needed to allow a community to consider its aggregated response in its own culturally-appropriate way.

Such deliberativeness is necessary for community approval to qualify as being free, prior and informed consent (FPIC). According all communities (non-Indigenous as well as Indigenous) with the power to provide or withhold broad-based consent (i.e. akin to FPIC) is international best practice and demonstrates respect to local communities. Without participatory and deliberative processes, it would be impossible for a project to claim it had such support or a social licence to operate.

A future vision for local communities needs to be made by local people themselves in a deliberative way. It is important that there be a future vision because the acceptability of projects and of the impacts and benefits they create is linked to perceptions about the future and whether a project is consistent with that image or not. Where there is no articulated future vision, people will in any case have a self-image (sometimes consciously held and sometimes sub-conscious) of their desired future. Without negotiation of the future vision and a discussion of strategies to plan to achieve that vision, it will be extremely unlikely that it will be reached. Also, individuals in a location will hold different conceptions of the future, thus a process for negotiating the various ideas will be needed to arrive at a broadly-endorsed vision.

Participatory processes are also needed to assist people in preparing for and coping with change. When change is imposed it will often be resisted and may be regarded negatively. Conversely, when change is negotiated and considered acceptable, it will be tolerated and maybe viewed positively. Thus, whether a change is considered as a negative impact or not, often has to do with the legitimacy of the process that brought about the change. However, even changes that are accepted can still create negative impacts and harm. A participatory process will assist in identifying coping strategies, in correcting misinformation and prejudices, and in identifying acceptable mitigation strategies.

Participatory processes can also be important in terms of creating positive situations in which local people are willing to contribute information that might be of use to project developers. This information can include local knowledge that may be profoundly useful (and valuable) to project staff in terms of understanding the local environment and site characteristics. This is especially the case in developing countries where official data sources may be limited. Having local knowledge about the likelihood, frequency and severity of flooding, hail, storm events, and flood peaks, as well as the locations of frequent lightning strikes, etc, could lead to considerable cost-savings to the project where this information is taken into consideration. However, without a positive, respectful situation, why would local people make the effort to offer this information?

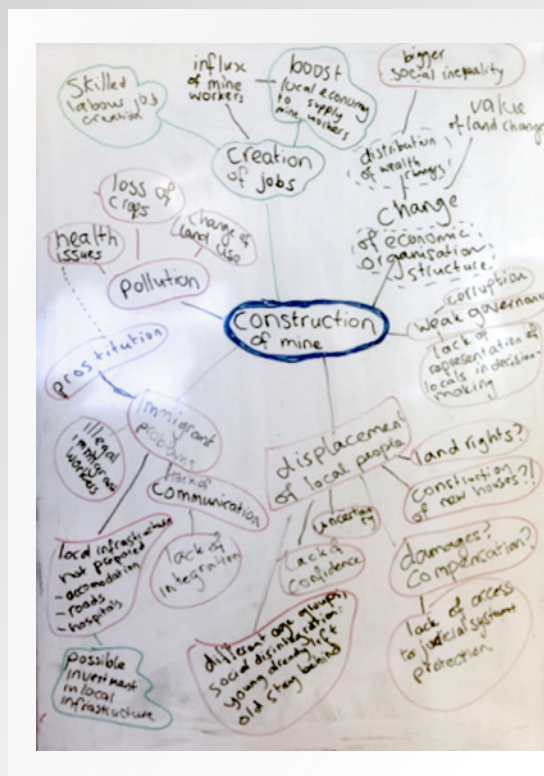
During the SIA consultation processes, SIA consultants have the opportunity to start engaging with communities regarding their expectations about ongoing community relations, grievance mechanisms, mitigation measures, and their potential contribution to the monitoring of social impacts. Recommendations made by the SIA practitioners based on this community input should be considered when these aspects are further developed. Process is just as important as outcome, and an inclusive, participatory process can be key to successful implementation.

While evaluations of planned interventions around the world reveal that successful interventions are ones in which there has been considerable participation, it should be noted that participation is not a universal panacea and cannot guarantee success of the SIA or of the project. There may well be unresolvable conflict due to the way in which a planned intervention divides a community into winners and losers, or because of background tensions that preceded the current intervention. An understanding of the local history is essential, especially in relation to latent conflict. It can also not be assumed that, even if a participatory process is made available, local people will choose to participate. Whatever the intention of the project staff, local people may not think it is not a sincere or genuine process, they may not feel that their views will be taken seriously and thus not worth their effort, or they may not feel it is worthwhile or necessary. In societies without a culture of participation, special efforts may be needed to encourage people to participate and facilitation in how to participate could also be required, especially for vulnerable groups in disadvantaged positions. Participatory processes must be available to all. To ensure inclusivity, it is necessary to devise ways to include vulnerable groups and the worst-off members of society.

Task 7: Identify the social and human rights issues that have potential to be of concern (i.e. scoping).

Scoping can be defined as the process of identifying the main issues of concern as well as determining the interested and affected parties (refer to Task 4) for a particular planned intervention. It is a preliminary process that produces an interim list of issues to be considered that are later properly assessed (Task 9). The reason for the two stage process is to ensure transparency and inclusivity, especially because it is usually not immediately obvious what the social impacts might be. This two stage process also allows for modification to the timeframe and costing of the SIA, especially if anything unexpected might arise during the scoping process. Scoping is an open, ongoing process that responds to information. Inputs to scoping (i.e. suggestions of impacts to consider) should come from a range of sources including a desktop review of similar cases elsewhere, expert judgement, and most importantly suggestions from local people. The initial interviews done as part of the profiling process can provide ideas which can be a good starting point. However, undertaking community-based workshops to generate input for the scoping process is a good idea. The scale and location of these workshops should, of course, be responsive to the context. For example, in communities where it is not considered appropriate for women to speak publicly, separate meetings with women may be necessary to ensure that any issues or potential impacts they have are able to be recorded and included in the scoping process.

It is essential to be very open in the scoping process to ensure that all possible impacts are considered. The assessment that comes later (Task 9) is where the actual determination of the likely impacts is undertaken. To ensure that all likely impacts are identified, it is necessary that all possible impacts are included in the scoping process. It is important that the scoping process is undertaken for each of the major activities comprising the overall project (see Task 1). For example, the impacts of a mine may include the impacts on people living in communities along the railway line to the port hundreds of kilometres away from the pit. In many developing countries, the railway lines go right through the middle of villages, with people frequently crossing the tracks, and often children playing on the tracks (see Box 8).



Undertaking a mindmapping process is useful in the scoping process.

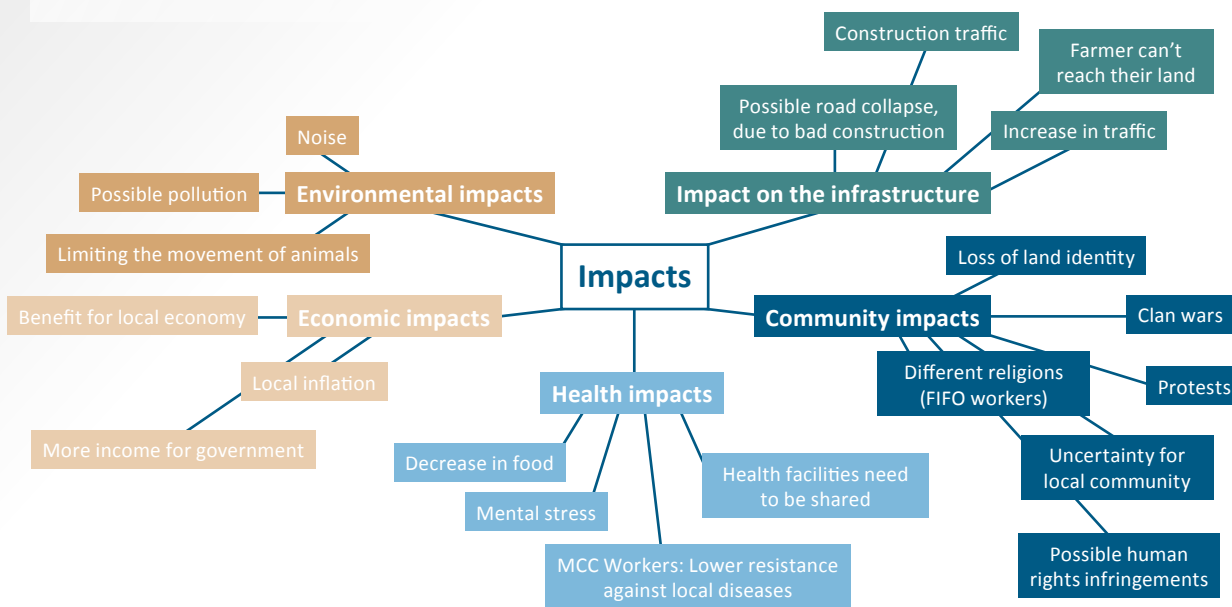


Figure 6: Examples of mindmaps

Source: University of Groningen students (used with permission)

BOX 8: A Case Study for Reflection

A mining company planning on constructing a new mine in a certain developing country plans to build a railway line to transport ore to the nearest port several hundred kilometres away. The railway line will be part new construction (greenfield) and will also utilise an existing railway line that traverses a densely populated area and many townships. Partly in response to government control to ensure rationalisation of infrastructure development and partly as result of the company's commitment to benefit enhancement, large sections of the railway line will not be used exclusively by ore trains – other trains with general freight, fuel, and passengers will also utilise the railway line. While this is a benefit, it also means that the total volume of train traffic will be perhaps twice the number of ore trains. Should this be included in the impact assessment for the mine?

Some people in trackside communities are worried about dust coming off the ore wagons. This is a legitimate concern. The ore wagons are uncovered, however a dust suppressant will be applied. They are unsure whether the dust suppressant will be properly applied, and whether it will last the distance especially in the harsh conditions with high temperatures and heavy downpours. Investigative research suggests that dust emissions are less of a health risk than the diesel fumes from the locomotives, and negligible in relation to the myriad of other sources of hazard and dust people in the trackside communities are exposed to. Nevertheless, despite the expert evidence, the local people are not convinced, and it remains one of their concerns. Is it a social impact?

There is also concern about the fact that some trains will carry dynamite for the mine and fuel wagons for the mine and communities along the railway line. While this presents a risk, the risk is much lower when these goods are carried as railway freight than when they are carried by road on semi-trailers or trucks. The biggest risk posed is to the people in the communities with the existing railway line, which will see track usage increase from one train per day with an average wait time to cross of 5 minutes or less to more than one train per hour with an average wait time of 15 minutes or so. This will create disruption to daily living, noise nuisance, and the risk of accidents.



Figure 7: In many developing countries, houses can be very close to train tracks

Source: Wikipedia, creative commons license

Task 8: Collate relevant baseline data for key social issues.

The community profile (see Task 4) and baseline data are related but different concepts. The profile is a rich, qualitative description of the affected communities including a discussion of trends and issues. The baseline is a carefully-selected set of social indicators (social variables) with accompanying quantitative data for the specified communities. The baseline refers to a point of comparison – in other words, to the data (social indicators) about the affected communities that will be used as the reference data against which to measure the impacts of the project as it develops, and/or to determine the adequacy or otherwise of existing facilities. Ideally the data should be from the pre-impact state, but this is not always possible. The baseline data needs to cover all the relevant issues, not just things for which data are easily available. Thus, careful determination of the social issues that will be included in the baseline is necessary. For each of the key social issues, an appropriate variable will need to be determined and data collected.

While for some variables baseline data might be able to be extracted from pre-existing data (e.g. secondary data such as census data, etc), for most variables existing data will not be available or will be at the wrong scale, or will be too dated to be of much use. Thus adequate baseline reports require considerable effort in identifying critical issues, determining appropriate variables, and data collection.

The baseline data is an indication of the pre-existing state. In addition to baseline data, for each indicator of a social impact identified as potentially significant, an appropriate benchmark and target value will need to be determined. The benchmark value refers to an external point of comparison, such as an international standard (such as a World Health Organisation recommendation), industry norm, or a similar situation elsewhere such as a partner site or competitor. Once a benchmark is determined, a target value can be set. The target refers to what is hoped to be achieved at the project site. Sometimes the target might be equivalent to the benchmark value, however a different target can also be set depending on the context. For example, a company that wants to be a world leader might set a more stringent value for the target. Alternatively, when it is known that it is likely to be impossible to achieve the benchmark, a lower target might be set. An example of this might be the number of medical doctors (physicians) per 10,000 head of population. In many rural areas, it may not be realistic to expect the same number as the average in urban areas.

PHASE 2: PREDICT, ANALYSE AND ASSESS THE LIKELY IMPACT PATHWAYS

Task 9: Through analysis, determine the social changes and impacts that will likely result from the project and its various alternatives.

The scoping process (Task 7) provides an initial list of issues for the SIA practitioner to investigate. This is where the actual studies are undertaken to determine what is really likely to happen and whether a perceived impact will actually eventuate. It needs to be an open process allowing new issues to be added to the list of matters to be considered. It also needs to cross-reference with the other impact studies being undertaken. For example, the EIA might reveal changes to the physical environment or to the provision of ecosystem services that did not arise in the scoping process. A key issue is that many projects apply for initial regulatory approval for a small operation even though there may be expansion plans being prepared. The assessment of impacts needs to consider reasonably foreseeable expansion of the proposed project, as well as other projects and support industries that may also develop.

Some potential impacts may be genuine concerns of local people (perceived impacts). On investigation, it may turn out that some of these concerns are not likely to eventuate. While these issues are concerns of local people, they will still affect the way these people relate to the project and will affect their feelings and behaviour. Thus careful engagement needs to occur to ensure that the people who hold these concerns feel that their concerns have been seriously considered. The important concept is that their concerns are legitimate social impacts even if not supported by technical analysis. Where SIA is seen as the process of managing social issues, the SIA team can identify concerns and work with local people to address these concerns.

Task 10: Carefully consider the indirect (or second and higher order) impacts.

In addition to the direct impacts, the indirect, second and higher order impacts also need to be considered and analysed. Careful attention needs to be given to thinking what these may be, especially because they may at first not be obvious. The mindmapping process (see Task 7) can help in thinking about the impact pathways, but in the analysis component of the SIA (Tasks 9, 10, 11), these impact pathways need to be substantiated through analysis. As the analysis is ex-ante, i.e. a prospective assessment of what might happen, analysis does not necessarily comprise collecting and analysing data; instead it requires a comparison with experiences elsewhere, having experts input into scenario analyses and the use of reasoned thinking. Figure 8 is a good model to assist in reasoned thinking about indirect impacts and impact pathways.

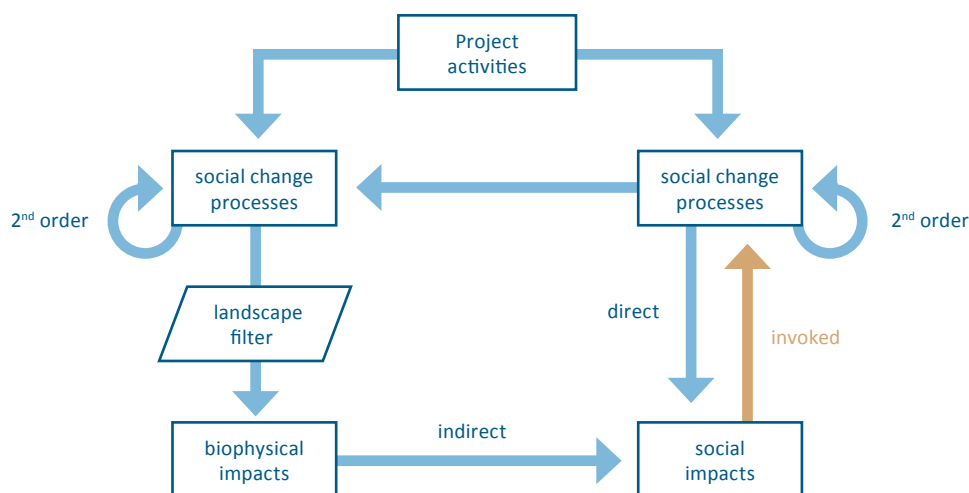


Figure 8: Model for thinking about indirect impacts and impact pathways

Source: modified from Sloodweg, R., Vanclay, F. & van Schooten, M. 2001 Function evaluation as a framework for the integration of social and environmental impact assessment. *Impact Assessment & Project Appraisal* 19(1), 19-28. <http://dx.doi.org/10.3152/147154601781767186>

In Figure 8, each major activity comprising the project is considered in turn. The path to the experience of social impacts may be directly via a social change process, or it might be through a change to the biophysical environment, such as environmental pollution. The invoked arrow refers to the way people will likely respond to the experience of an impact and to what social changes processes will then occur, thus causing further impacts. A social change process can also lead to environmental changes which then cause more social impacts. And so it goes on.

One important issue to consider is project-induced in-migration, sometimes called the 'honeypot effect' or influx. In addition to those workers directly recruited by project staff and brought to the project site, large projects tend to attract many other people seeking economic opportunities such as jobs with the project or to provide a range of goods and services to the project and its employees. Depending on the situation, this can considerably increase the number of people who actually move into an area and the extent of impacts experienced by the host community.

For more information, refer to:

IFC 2009 *Projects and People: A Handbook for Addressing Project-Induced In-migration*. Washington, DC: International Finance Corporation. http://commdev.org/files/2545_file_influx.pdf

Vanclay, F. 2002 Conceptualising social impacts. *Environmental Impact Assessment Review* 22(3), 183-211. [http://dx.doi.org/10.1016/S0195-9255\(01\)00105-6](http://dx.doi.org/10.1016/S0195-9255(01)00105-6)

Task 11: Consider how the project will contribute to the cumulative impacts being experienced by the host communities.

It is important to consider not only the direct and indirect impacts of the current project, but also to consider how the project will contribute to other impacts being experienced by the host community. All impacts have a cumulative dimension. Every impact will be experienced differently depending on the current state of the socio-environmental system; impacts may aggregate (or disaggregate) over time or space and interact to produce new impacts. Impacts may aggregate and interact as a result of actions within and between projects, and from past and future activities. Socio-environmental systems respond to impacts through feedback or governance processes (see Figure 9).

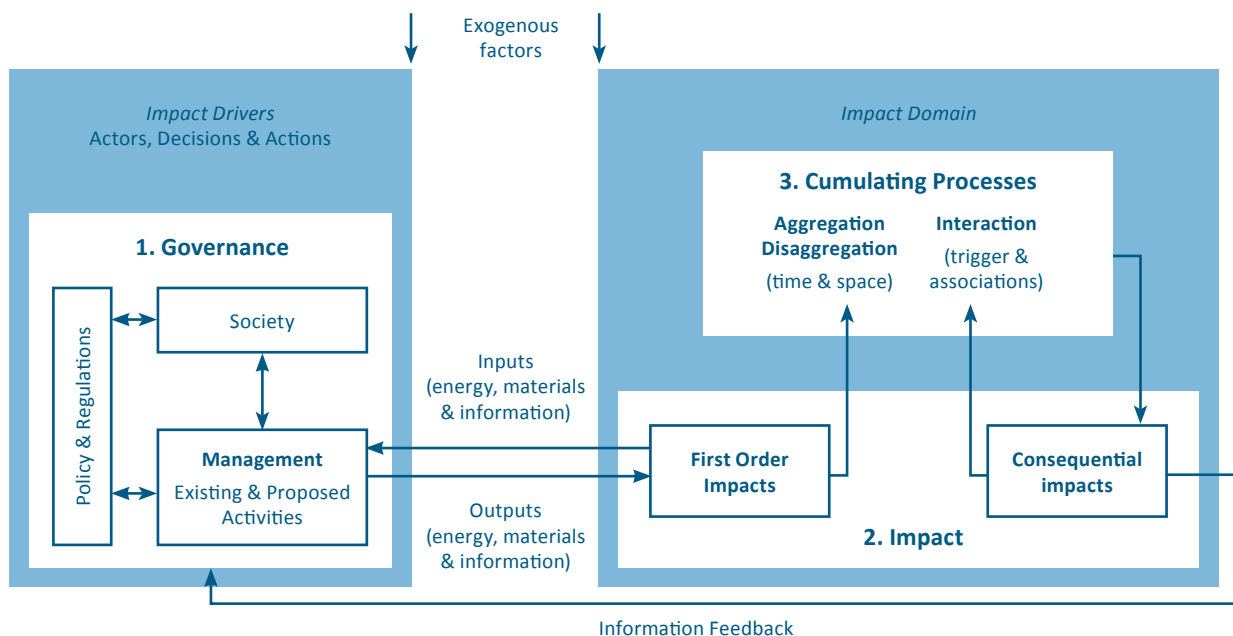


Figure 9: Cumulative impacts

Source: Franks, D., Brereton, D. & Moran, C.J. 2013 The cumulative dimensions of impact in resource regions. *Resources Policy* 38(4), 640-647. <http://dx.doi.org/10.1016/j.resourpol.2013.07.002> (used with permission)

The cumulative dimensions of an impact cannot be properly understood or managed by solely focusing on the activities of an individual project or development. An understanding of the socio-environmental system is needed, which will necessarily require some form of prioritisation to consider those issues of most significance. Integrative concepts such as sustainable livelihoods, ecosystem services, and social development can help to uncover the links and interactions between impacts.

The assessment and management of cumulative impacts can be aided by:

- understanding the processes of impact causation (through methods such as impact pathway analysis) from the perspective of the people and environments experiencing impact;
- understanding trends, particularly in baseline studies to capture the cumulative impacts of past activities;
- consideration of associated facilities, and past, present and foreseeable future activities;
- forecasting and scenario analysis.

Any proposed management strategies will need to respond to the scale of the system in which the impacts are occurring. Coordination and collaboration with other contributors of impact can assist in addressing priority impacts. Examples of collaboration include multi-stakeholder monitoring, information exchange, networking, strategic planning or collective management of data.

For more information, refer to:

IFC 2013 *Good Practice Handbook on Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets*. Washington, DC: International Finance Corporation. http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/learning+and+adapting/knowledge+products/publications/publications_handbook_cumulativeimpactassessment

Franks, D.M. et al. 2010 *Cumulative Impacts: A Good Practice Guide for the Australian Coal Mining Industry*. Brisbane: Centre for Social Responsibility in Mining. <http://www.csr.uq.edu.au/docs/CSRM%20SMI%20Good%20Practice%20Guide%20document%20LR.PDF>

Task 12: Determine how the various affected groups and communities will likely respond.

Whereas Task 9 was about identifying the likely social impacts that will be experienced, here consideration is given to how the various stakeholder groups will likely respond to those impacts. Because the different groups of people will be affected in different ways, they will likely respond in differing ways to those impacts. For example, for a proposed new mine in an area of southern Africa dominated by game farming and tourism, it would be quite likely that the local general population would be largely in favour of the mine because of new job opportunities created in an area where unemployment is high. However, the (rich) landowners may well be opposed to the mine because they will experience visual and landscape impacts, and consequent changes in the regional identity and their sense of place. The mine is also likely to have a negative impact on tourism in the area, which may affect the income of the game farm operators. Therefore, unless effort is made to engage the game farm operators, they may use their social and political capital to obstruct the project.

Another example concerns a rural electrification scheme. Even if it was being done with good intent to supply power to households that currently do not have access to electricity, organised local opposition to the project could occur if, for example, there was a feeling that local people should be employed on the project. This example shows that a development project can't always assume it will automatically have a social licence to operate just because it ostensibly is bringing benefits.

Understanding the social response is necessary partly to determine the risk to the project, but also to consider what the indirect (second and higher order) impacts might be. For example, in one case a development was planned which would destroy land of high cultural significance to the local Indigenous group. It was therefore expected that there would be some local opposition, however the project developers thought they could provide sufficient benefits to compensate for this and win approval. What they did not count on was the fact that the local traditional healers (shamans, sangomas) were strongly opposed to the destruction of the site, and they forbade anybody from the local tribal group to work on the project, and they cursed the project suggesting that it would be very prone to fatal accidents. This meant that no local people went to work for the project, resulting in few benefits to the local community. The project had to import workers from outside the region, which led to considerable tension between the workers and the local people. The presence of the imported workforce led to a range of other impacts on the local community making them much more worse-off than they were before. Continued protests by the local tribe eventually drew international attention and condemnation of the company for alleged human rights abuse.

There are many possible responses individuals and communities might take in reaction to a particular impact, depending on the way they experience the impact and whether or not they consider it to be fair and reasonable. Responses can range from acceptance and/or adaptation of their life to accommodate the changed situation to vigorous objection and protest. Sometimes, people's daily activities might change in ways that lead to more impacts.

BOX 9: Social impacts of a major dam project in the mountains

In the case of a major water project comprising several large dams, although initially there were positive perceptions of the project by local people, in the project's later stages much opposition arose due to the negative impacts they began to experience. Local people considered that many of the promised benefits had not eventuated. Some training programs were so poorly managed that, even though they were intended to help local people get jobs on the project, they were provided far too late in the life of the project and/or did not teach the skills that the project needed. Another complaint was that too much compensation was in the form of replacement food and cash, and consequently many people did not have meaningful things to do with their lives. Thus, even though they had been financially compensated for lost income and disrupted livelihoods, to maintain some sense of normality, some people tried to continue their normal day-to-day activities, but these were now negatively affected by the water bodies and access roads, etc. The alpine livestock herders complained that their work was harder now. The dams had drowned the valley floors which were used by them as winter pastures (when they could not be high up on the mountains). The loss of these winter grazing lands as well as the submerging of caves they used for shelter during particularly cold weather meant that their livestock did not gain as much weight and their work was less pleasant. They also experienced a sense of sadness because of the changing landscape. The loss of land and associated vegetation also led to an unconsidered social impact – traditional healers complained that they had lost access to their medicinal plants making it harder for them to practice. Another issue emerged. Although anticipated, people did not fully comprehend the implications of the inundation. Previously neighbouring villages now became divided by the reservoirs, resulting in villagers no longer being able to see their relatives, attend to their fields, or conduct business across the valley as they had done before.



Figure 10: Mountain livestock herder

Source: Michael Williams, Flickr creative commons copyright

Task 13: Establish the significance of the predicted changes (i.e. prioritise them).

After all the impacts have been assessed, it is then necessary to prioritise them for action. In impact assessment speak, this is called ‘establishing significance’, ‘significance assessment’ or ‘significance determination’. In effect, criteria for establishing significance need to be determined and each impact rated (or ranked) on the basis of those criteria. There are several methods that can be used to do this. While Multi-Criteria Analysis is frequently used, it is also possible to use a risk assessment methodology. This has the advantage of being in a language that companies are used to. Typically this involves assigning a consequence score and a likelihood score for each risk (or potential impact) (see Figure 11). In industry usage, the risks are commonly assessed from the perspective of risk to the business (business risk), but there is no reason why the approach cannot be used as a way of assessing the potential impacts to the community (social and environmental risk). In fact, several risk assessments can be made, for example from the perspective of each of the stakeholder groups. The assignment of risk can also be done in a workshop environment with the stakeholders themselves making the assessment.

		Consequence Level				
		1	2	3	4	5
Likelihood Level	Descriptor	Insignificant	Minor	Moderate	Major	Catastrophic
A	Almost certain	A1	A2	A3	A4	A5
B	Likely	B1	B2	B3	B4	B5
C	Possible	C1	C2	C3	C4	C5
D	Unlikely	D1	D2	D3	D4	D5
E	Rare	E1	E2	E3	E4	E5

Figure 11: Risk assessment framework.

Risk Rating ■ Low ■ Moderate ■ High ■ Extreme

In formal risk assessment, empirical (quantitative) measures are usually used to determine the actual assignment of likelihood and consequence. However, this can also be done subjectively by a group of people considering each issue, and seeking more information when there is high uncertainty.

While risk rating is a way of determining significance and establishing priorities for action, it should be noted that even small things can affect the way some people in the local communities feel about a project. Sometimes the small things that are insignificant in risk analysis terms can be easily addressed, so the risk rating (significance determination) should not be the only determination of whether action is taken.

For more information, refer to:

Mahmoudi, H. et al. 2013 A framework for combining Social Impact Assessment and Risk Assessment. *Environmental Impact Assessment Review* 43, 1-8. <http://dx.doi.org/10.1016/j.eiar.2013.05.003>

Maxwell, S. et al. 2012 *Social Impacts and Wellbeing: Multi-criteria analysis techniques for integrating nonmonetary evidence in valuation and appraisal*. London: Defra https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/69481/pb13695-paper5-socialimpacts-wellbeing.pdf

Rowan, M. 2009 Refining the attribution of significance in social impact assessment. *Impact Assessment & Project Appraisal* 27(3), 185-191. <http://dx.doi.org/10.3152/146155109X467588>

UK Department for Communities and Local Government 2009 Multi-Criteria Analysis: A Manual. <http://www.communities.gov.uk/publications/corporate/multicriteriaanalysismanual>

Task 14: Actively contribute to the design and evaluation of project alternatives including no go and other options.

The SIA practitioner should discuss all potential project alternatives with the affected communities, including the 'no go' option. To ensure that the positive and negative impacts of each alternative are discussed and understood by communities, the SIA practitioner may need to provide some guidance. Ideally, communities should be encouraged to contribute their own project alternatives and suggestions. Communities may not always understand the technicalities of a project, and the SIA practitioner or other project staff may need to explain this in a non-technical manner to ensure communities can make informed decisions. Visual aids such as maps, pictures and models can be used to explain different alternatives.

Where the SIA has identified that the project will cause serious harm to a community which cannot be mitigated or will lead to community conflict, they have a duty of care to inform the project proponent and request that the project's feasibility be re-assessed and/or the project be redesigned or cancelled.

PHASE 3: DEVELOP AND IMPLEMENT STRATEGIES

Task 15: Identify ways of addressing potential negative impacts (by using the mitigation hierarchy).

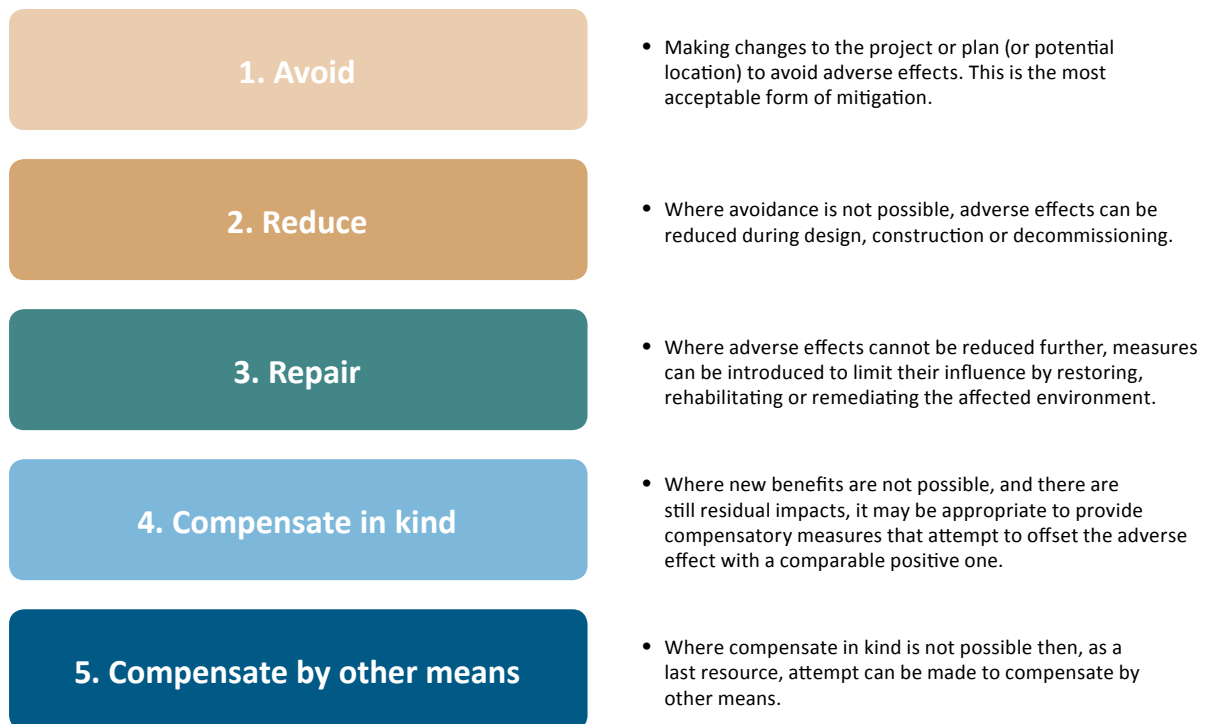


Figure 12: Mountain livestock herder

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

<http://dx.doi.org/10.3152/146155111X12959673796326>

There are different forms mitigation can take (see Figure 12). Many social impacts can be mitigated by design. Reducing the height of a dam wall, for example, will reduce the area flooded which may mean that the number of people displaced will be reduced. Relocation and displacement are perhaps the cause of the most severe social impacts. Deciding to proceed with a series of small dams, rather than a single large dam, can considerably reduce impacts. The precise location of the siting of a dam, a bridge, or the routing of a road, railway line, pipeline or power lines can be very important in terms of the extent of social impacts created or mitigated. A few hundred metres can result in a huge difference to vibration and noise levels, as well as to aesthetics. Changing the height of the dam wall by ten or so metres can make a huge difference to the area inundated.

Participation can also be conceived as a mitigation strategy that can prevent or reduce negative social impacts. It leads to an awareness of a planned intervention, and therefore a loss of fear or uncertainty. When people feel that they have been involved, they are likely to accept some of the social impacts because they accept that the intervention is necessary for the common good. But not to consult them about issues that will affect their lives will cause anger and resentment. Sometimes, when there has been a history of change or uncertainty, people may be angry. Participatory processes will then tap into this hostility while people vent their anger. In these circumstances, the participatory process needs to allow this anger to be vented, and then to rebuild the relationship with the community to go beyond the expression of anger. This, of course, takes time. Not to go through that process potentially increases the social impacts because of the realisation of this anger. Impacts can be avoided by anticipation of potential conflict, and by preparedness for dispute management. Sometimes a degree of negotiation and trade-off is necessary. When successful participation processes are in place, these negotiated outcomes will be adhered to. Obviously, it is important that companies and project staff do not renege on agreements. This requires a degree of monitoring of project staff to ensure compliance with set standards for practice, such as hours of operation, noise levels, and non-interaction with locals where applicable.

Good processes reduce impacts, both participatory processes and also institutional processes. Clear lines of responsibility and good information flows facilitate the process. Most important to the success of the SIA process, however, is guaranteed independence of the SIA team so that they can report without fear of repercussions. Only then will all impacts be identified, and potentially mitigated.

There are many design features of a project that can be considered that might reduce impacts. Normally, maximising the employment of local people reduces impacts and maximises benefits. This should be facilitated by providing training programs so that local people can be employed even where they might not otherwise have the required skills. In some cases, the best mitigation strategy may differ depending on the context. For example, when there is an imported workforce that will be substantially culturally different than the local community, it might be better to maintain separation between locals and newcomers, while in other cases, integration is usually preferable.

Task 16: Develop and implement ways of enhancing benefits and project-related opportunities.

Communities don't want only harm minimisation, they want to benefit from projects. No matter how well-designed projects are, there will nearly always be residual impacts on people, who will also experience changes in their lives and in their communities, especially in terms of their sense of place. Therefore, for companies to earn their social licence to operate, as well as ensuring that the livelihoods of any economically or physically displaced persons will be fully restored and preferably enhanced, they will need to provide a range of additional benefits to local communities. There are six types of ways by which a company can contribute to local communities: social investment funding; local content (local employment and local procurement opportunities); shared infrastructure; capacity building; facilitating or supporting community initiatives; and in certain circumstances the payment of royalties or levies to local authorities and/or local landowners. Note that taxes are not included here because they are usually paid to the national government and they are a normal requirement of company operation rather than being an additional benefit. Ideally all projects should undertake a mix of activities across these six types.

In many industries (notably mining), there is an industry convention that there should be a percentage of profit made available to local communities in the form of strategic social investment and as part of the project contributing to shared value and maintaining a social licence to operate. One mine in an African country, for example, has pledged \$1 per ounce of gold produced plus 1% of pre-tax profit. To be regarded as social investment, this money must be in addition to any royalties or compensation to which the local community may be entitled. Social investment contributions can be in the form of: contributions to a community-managed social investment fund; investment in community infrastructure such as schools, hospitals, etc; and/or in the provision of credit (especially microfinance) to enable local people to borrow money, perhaps to establish businesses so that they can be suppliers to the project. Of the monies paid to a social investment fund, the managing committee of that fund may decide to spend those funds immediately (e.g. on community infrastructure), or may decide to invest it for the future. There are many issues with social investment funding, including: who are the beneficiaries; who decides what the money is used for; how investments decisions are made; and what the governance arrangements are. Care needs to be taken to ensure that the social investment funding does not exacerbate existing inequalities, is not a source of conflict in the community, and that the money is spent wisely and sustainably rather than on short-term ingratiation.

Local content refers to a company taking specific measures to enhance the amount of economic benefit that is experienced locally. It includes ensuring that jobs are available to people from the local community as well as making arrangements to ensure that local businesses (SMEs) can be suppliers of goods and services to the project. Thus, local procurement refers to ensuring that local firms are not artificially excluded from supplying the project by lack of visibility on opportunities and onerous tendering specifications, and to the project having capacity building arrangements to assist local firms to meet any necessary requirements.

Shared infrastructure refers to any actions that can be taken at the project site and with ancillary activities to enhance the benefits experienced by the local population. Whereas a project modification to reduce a negative impact is a mitigation measure, projects can also be modified to enhance benefits. Enhancement can take on many forms but typically is about how infrastructure used for the project might also be made available to assist nearby affected communities. There are many ways in which project infrastructure can also benefit local communities. Water treatment plants, electricity generation plants and other utilities that are built to supply the project can also be used to supply nearby local communities. Roads and bridges that are built for the project can also be used by local communities. Project enhancement may imply that some additional spend is required.

Capacity building refers to establishing training programs and facilitation processes that can build the skills of local people. This can help them get jobs in the project or to supply goods and services to the project. However it can also be to enhance the capacity of people generally and to supply goods and services for the whole community. It might be to train staff so that they have a range of skills which they can use when the project finishes. Sometimes workers employed on short-term contracts for the construction phase of a project are disappointed and annoyed when their employment is terminated at the end of the construction phase, especially when they may see other people keep their jobs. Their concern is legitimate, especially if their previous livelihoods are no longer possible. In such a situation, the company should assist the affected individuals to develop skills to assist in their post-construction employment options. Where the communities have been victims of conflict or a natural disaster, facilitating post-traumatic stress disorder counselling or post conflict management courses will be desirable. The actions of the company need to be done in close discussion with the local community so that they are wanted by the local community and that the company is not seen as patronising or parochial.

For more information, refer to:

ICMM 2012 *Community Development Toolkit* <http://www.icmm.com/community-development-toolkit>

Rowan, M. & Streater, T. 2011 Converting project risks to development opportunities through SIA enhancement measures: A practitioner perspective. *Impact Assessment & Project Appraisal* 29(3), 217-230.

<http://dx.doi.org/10.3152/14615511X12959673796164>

Task 17: Develop strategies to support communities in coping with change.

At all times, an awareness of the significance of social issues, and a sensitivity to them is required. This is necessary not only by SIA staff, but also by the EIA team and project staff. It goes without saying that the SIA should only be undertaken by appropriately qualified social specialists (anthropologists, community psychologists, geographers, sociologists, social workers, health practitioners, etc) who have training in SIA. Sometimes spiritual or religious impacts may be severe, but such topics may be taboo or sensitive matters to talk about, especially with strangers. Here, developing the confidence of community leaders (the village priest, medical practitioner or other local professional or dignitary) can be important. In dam projects, for example, while resettlement of people has many social impacts, greater concern can exist about deceased ancestors and their graves. If cemeteries are to be relocated and bodies re-interred, considerable distress can be caused to villagers during this process. This situation needs to be dealt with sensitively and in negotiation with local people. The active creation of rituals or festivals to remember the past, and to celebrate the new, is desirable. Rituals and festivals are important social processes that allow people to deal with issues that affect their lives. Supporting the creation and holding of such festivals by local communities is one of the coping strategies that can be developed to assist in the change management process.

For more information, refer to:

Magis, K. 2010 Community resilience: An indicator of social sustainability. *Society & Natural Resources* 23(5), 401-416. <http://dx.doi.org/10.1080/08941920903305674>

Maclean, K., Cuthill, M. & Ross, H. 2013 Six attributes of social resilience. *Journal of Environmental Planning and Management* 57(1), 144-156. <http://dx.doi.org/10.1080/09640568.2013.763774>

Task 18: Develop and implement appropriate feedback and grievance mechanisms.

Good practice in social performance and SIA always required the implementation of feedback mechanisms to enable stakeholders to provide input to the SIA and raise their concerns about the project. Participatory processes are critical to effective SIA and are used in almost all SIA steps (see Task 6 and earlier sections of this document). However, having a formal grievance mechanism provides an additional back-up procedure to ensure that rights-holders have access to remedy. Apart from signalling that the project is compliant with its human rights responsibilities, a genuine commitment to the proper functioning of grievance mechanisms will build trust, maintain and grow the project's social licence to operate, reduce harm in the community, and reduce business risk.

Ideally, projects should have a culture of openness and accessibility. Community liaison staff should have a good relationship with project-affected communities, and people should be able to easily raise their concerns. However, no matter how accessible a liaison officer might think they are, there can always be some members of local communities who feel that they do not have access, or that they were not being taken seriously. For this reason, it is important that there be a variety of feedback mechanisms in place, and that formal grievance mechanisms are established from early in the life of the project. Different grievance mechanisms may be needed for different stakeholder groups, particularly for workers and for impacted communities.

Although a good idea and arguably should have been a stronger part of social performance practice in the past, grievance mechanisms have attracted considerable attention particularly since the passing of the United Nations Guiding Principles on Business and Human Rights in 2011. The third pillar in the 'protect, respect and remedy' framework is that people must have adequate access to remedy. In fact, access to remedy is considered to be a human right in itself. The UNGP encourages the use of non-judicial means of dispute resolution, but also requires that judicial means are available.

A community grievance mechanism (CGM) can be considered to be a locally-based, formalized way to accept, assess, and address complaints from members of nearby communities concerning the performance or behaviour of the project/company, its contractors and employees. A 'grievance' is defined by the UNGP as "a perceived injustice evoking an individual's or a group's sense of entitlement, which may be based on law, contract, explicit or implicit promises, customary practice, or general notions of fairness of aggrieved communities". In effect, a grievance is any perceived or actual issue, concern, problem, or claim that an individual or community group wants a company or contractor to resolve.

Sometimes a distinction is made between concerns or issues, and grievances. Concerns or issues are less significant matters such as questions, requests for information, or general perceptions that may or may not be related to a specific impact or incident. If not addressed to the satisfaction of the person or group lodging it, concerns may well become complaints, and will lead to a loss in the project's social licence to operate. Concerns do not have to be registered as formal complaints, however they should be noted in an appropriate management system so that emerging trends can be identified and addressed through community engagement before they escalate. Complaints or grievances refer to allegations of specific incidents and of any damage, impact or dissatisfaction resulting from company or contractor actions, whether perceived or actual.

Grievance mechanisms typically follow the steps indicated in Figure 13. For the mechanism to work effectively, the procedure must be known to the potential complainants, and the process must be regarded as being legitimate to them. Principle 31 of the UNGP identified several criteria that apply to grievance mechanisms (see Box 10).

Over time, there should be some assessment of how effective the grievance procedure was. Not having any grievances is generally a bad sign because it is more likely to mean that the community had no faith that lodging a grievance would lead to any action, or that they did not know such a procedure existed, than meaning that the project was free of any concerns. All projects will generally create some concerns and it would be better to see how a project dealt with concerns than pretend it did not have any. Looking at the clear-up rate and the how satisfied complainants were with the procedure would be a better indicator of the effectiveness of the mechanism.

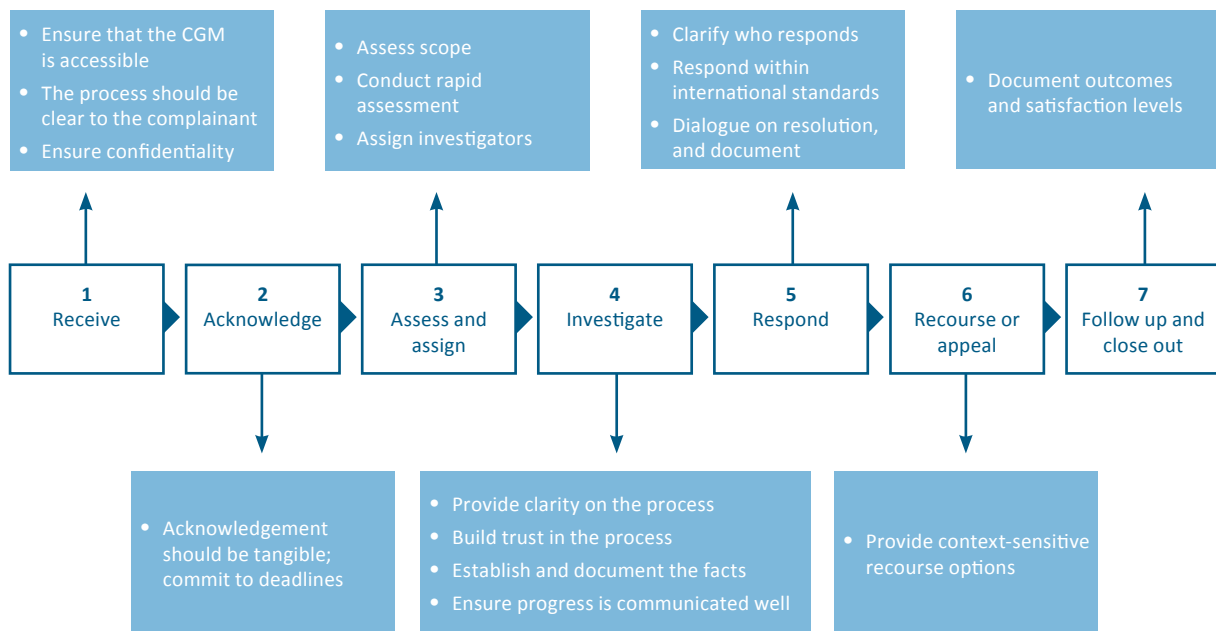


Figure 13: Steps in processing a grievance

Source: IPIECA 2015 *Community Grievance Mechanisms in the Oil and Gas Industry. A Manual for implementing operational-level Grievance Mechanisms and designing Corporate Frameworks*
http://www.ipieca.org/sites/default/files/publications/Community_grievance_mechanisms_manual_2015.pdf
 (used with permission).

BOX 10: Effectiveness criteria for non-judicial grievance mechanism

- (a) Legitimate: enabling trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;
- (b) Accessible: being known to all stakeholder groups for whose use they are intended, and providing adequate assistance for those who may face particular barriers to access;
- (c) Predictable: providing a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcome available and means of monitoring implementation;
- (d) Equitable: seeking to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;
- (e) Transparent: keeping parties to a grievance informed about its progress, and providing sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;
- (f) Rights-compatible: ensuring that outcomes and remedies accord with internationally recognized human rights;
- (g) A source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms;

Operational-level mechanisms should also be:

- (h) Based on engagement and dialogue: consulting the stakeholder groups for whose use they are intended on their design and performance, and focusing on dialogue as the means to address and resolve grievances.

Source: Principle 31 in United Nations 2011 *Guiding Principles on Business and Human Rights*.
http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

For more information, refer to:

IFC 2009 *Good Practice Note: Addressing Grievances from Project-Affected Communities*. Washington: IFC. <http://www.ifc.org/wps/wcm/connect/cbe7b18048855348ae6cfe6a6515bb18/IFC%2BGrievance%2BMechanisms.pdf?MOD=AJPERES&CACHEID=cbe7b18048855348ae6cfe6a6515bb18>

IPIECA 2015 *Community Grievance Mechanisms in the Oil and Gas Industry. A Manual for implementing operational-level Grievance Mechanisms and designing Corporate Frameworks* http://www.ipieca.org/sites/default/files/publications/Community_grievance_mechanisms_manual_2015.pdf

Office of the Compliance Advisor/Ombudsman 2008. *A Guide to Designing and Implementing Grievance Mechanisms for Development Projects*. Washington, DC: IFC. <http://www.cao-ombudsman.org/howwework/advisor/documents/implemgrieveng.pdf>

Rees, C. 2008 *Rights-Compatible Grievance Mechanisms: A Guidance Tool for Companies and Their Stakeholders*. Corporate Social Responsibility Initiative, John F. Kennedy School of Government, Harvard University, Cambridge, MA. <http://www.reports-and-materials.org/Grievance-mechanisms-principles-Jan-2008.pdf>

World Bank 2012 *Feedback Matters: Designing Effective Grievance Redress Mechanisms for Bank-Financed Projects, Part 1. The Theory of Grievance Redress*. <http://hdl.handle.net/10986/12524>

World Bank 2012 *Feedback Matters: Designing Effective Grievance Redress Mechanisms for Bank-Financed Projects, Part 2. The Practice of Grievance Redress*. <http://hdl.handle.net/10986/18364>

Task 19: Facilitate an agreement-making process between the communities and the developer leading to the drafting of an Impacts & Benefits Agreement (IBA).

Particularly in large projects with significant impacts, a good way to record understanding of what is promised by a project and for a community to hold the company to these promises into the future is by the drafting and eventually signing of an Impacts & Benefits Agreement (IBA). Depending on the specific context, these agreements go by a range of names, including: Community-Based Agreements, Community Development Agreements, Benefit Sharing Agreements, Partnering Agreements, Indigenous Land Use Agreements, Empowerment Agreements, Community Contracts, Shared Responsibility Agreements, and Good Neighbour Charters. However, Impacts & Benefits Agreements seems to be the most appropriate term as it is the most apt description of what it is. The SIA practitioner, in their role as a link between the communities and the developer, can play a key role in the development of an IBA to ensure that the IBA is not just something agreed to at the time of signing, but is something that remains a valued and valuable document for the life of the project. To do this, it needs to address the issues that are likely to be concerns into the future.

IBAs are negotiated agreements between communities and companies, and sometimes including governments. Historically IBAs tended to be used only with Indigenous communities and as a way of recording and evidencing the free, prior and informed consent (FPIC) of the impacted communities. An IBA is, in effect, a negotiated legal contract in which community representatives provide documented support of a project in exchange for specific benefits such as royalties and other direct payments, employment opportunities and promised social investment contributions. The IBA also records any specific conditions the local community may have (e.g. relating to protected areas, sacred sites, etc). IBAs are potentially a valuable tool for addressing issues between any project-affected community and the project/company, and arguably should be used for all projects.

IBAs should address all issues relevant to a community's determination of whether they would give their broad-based approval or informed consent (FPIC) to a project, including: all financial payments; employment and contracting requirements, including statements about the project's commitment to local content; environmental, social and cultural impact management plans and mitigation activities; capacity building plans; governance arrangements and grievance mechanisms; and any agreements related to specific things of concern to the local community. The process of negotiating the IBA is as important as the outcome, as it helps build effective relationships and establishes trust and respect.

There is an evident power imbalance between the company and affected communities. Irrespective of whether a community would sign the agreement or not, the company must ensure it is not causing unreasonable social impacts, and that it is not abusing the human rights of people in the group. To safeguard itself from future litigation or protest action (i.e. non-technical risk), the company must ensure that it fully discloses all relevant information and that the community has fully understood what the issues will be. It is therefore necessary that the community has sufficient time to consider the issues and is provided with appropriate financial resources to enable them to get independent professional advice and legal support. No agreement could be deemed to have been made in good faith if the local community did not have competent independent professional advice.

Although it is for each community to determine their own culturally-appropriate way of establishing the community's position, the project staff should ensure that the division of benefits within the community is fair, and that there is broad-based consent in the community. Situations in which there was a signed agreement but not broad support may be indicative of problems later on.

For more information, refer to:

Gibson, G. & O'Faircheallaigh, C. 2010 *IBA Community Toolkit: Negotiation and Implementation of Impact and Benefit Agreements*. Walter & Duncan Gordon Foundation: Ottawa <http://www.ibacommunitytoolkit.ca>

Keenan, J. & Kemp, D. 2014 *Mining and Local-Level Development: Examining the Gender Dimensions of Agreements between Companies and Communities*. Brisbane, Australia: Centre for Social Responsibility in Mining, The University of Queensland. https://www.csr.uq.edu.au/publications?task=download&file=pub_link&id=805

Nish, S. & Bice, S. 2011 "Community-based agreement making with land-connected peoples", in Vanclay, F. & Esteves, A.M. (eds) *New Directions in Social Impact Assessment: Conceptual and Methodological Advances*. Cheltenham: Edward Elgar, pp.59-77.

O'Faircheallaigh, C. 2011 "SIA and Indigenous social development", in Vanclay, F. & Esteves, A.M. (eds) *New Directions in Social Impact Assessment: Conceptual and Methodological Advances*. Cheltenham: Edward Elgar, pp.138-153.

Task 20: Assist the proponent in facilitating stakeholder input and drafting a Social Impact Management Plan (SIMP) which puts into operation the benefits, mitigation measures, monitoring arrangements and governance arrangements that were agreed to in the IBA, as well as plans for dealing with any ongoing unanticipated issues as they may arise.

Social Impact Management Plans (SIMPs) are intended to be a tool by which a regulator can assess the extent to which a proponent is competent at identifying and, more importantly, addressing social impacts. It therefore primarily considers how the company intends to implement social impact management actions into company operations. SIMPs are increasingly being requested by regulators in preference to conventional statements of impacts, thus demonstrating the shift in SIA to a focus on the management of social impacts (rather than simple prediction of impacts). SIMPs clarify the roles and responsibilities of proponents, governments, communities and other stakeholders in the mitigation, monitoring and ongoing management of social impacts and opportunities throughout the project lifecycle. SIMPs also provide an opportunity to link project activities with local and regional planning. The aspects related to impact management agreed in the IBA must be included in the SIMP.

A SIMP is usually translated in various operational management plans that guide company implementation (see Tasks 21 & 22). To develop a SIMP that is realistic and implementable, input and buy-in from a number of actors such as communities, the proponent, government and other stakeholders is needed. For example, conducting awareness campaigns for artisanal fishers to avoid an exclusion zone needs to be designed with the input of the local fisheries association. Ensuring enough time for the necessary negotiations to achieve agreement needs time. The SIA practitioner assists the respective actors in considering the elements to be included in the SIMP and how they will be addressed.

It is important to realise that no matter how good the SIA process might be, there will always be some unintended and unanticipated impacts that arise. An important aspect of the SIMP is to ensure that there will be an ongoing social monitoring and adaptive management program included in the project.

For more information, refer to:

Franks, D. et al. 2009 *Leading Practice Strategies for Addressing the Social Impacts of Resource Developments*. St Lucia: Centre for Social Responsibility in Mining, http://www.csr.uq.edu.au/docs/Franks_etal_LeadingPracticeSocialImpacts_2009.pdf

Franks, D. & Vanclay, F. 2013 Social Impact Management Plans: Innovation in corporate and public policy. *Environmental Impact Assessment Review* 43, 40-48. <http://dx.doi.org/10.1016/j.eiar.2013.05.004>

Queensland Government 2010 *Social Impact Assessment: Guideline to preparing a Social Impact Management Plan*. <http://www.dsdp.qld.gov.au/resources/guideline/simp-guideline.pdf>

Task 21: Put processes in place to enable proponents, government authorities and civil society stakeholders to implement the arrangements implied in the SIMP and IBA, and develop and embed their own respective management action plans in their own organizations, establish respective roles and responsibilities throughout the implementation of those action plans, and maintain an ongoing role in monitoring.

Although the SIMP potentially could be a company's plan for managing social impacts as well as a regulatory tool, most corporations have a range of other documents and procedures for recording and implementing their plans and actions. The internal version of the SIMP is sometimes called a Social Performance plan. It is essential that all the tasks and management actions outlined in the SIMP and IBA are registered and enacted by the appropriate actor for that task or management action. Each action needs to be clearly allocated to a responsible person/institution and implemented in their workplan. Many of the tasks will be allocated to the proponent, but some tasks may be assigned to a range of other stakeholders. It is essential that there be some monitoring of these tasks allocated to other institutions so that all social activities are undertaken as scheduled. Having a champion, especially at senior manager level, to promote the SIMP and social issues within the company is highly desirable. SIA practitioners would be well advised to identify and cultivate possible champions.

Task 22: Assist the proponent in developing and implementing ongoing social performance plans that address contractor obligations implied in the SIMP.

Projects are rarely fully self-contained. Most large projects use contractors for a wide range of tasks and contractors are an important part of a project's operations. It is essential therefore that all agreements made by the operator (the project) are then also binding on all contractors. Putting an SIA and SIMP into action within the project involves designing and implementing a Contractor Management Plan for medium-high risk activities, which covers the client's and contractor's respective roles and responsibilities within a range of social performance activities, including:

- identifying key stakeholders, and maintaining a stakeholder list for the project
- day-to-day consultation with stakeholders, including notification of project work by the proponent or its contractors
- maintaining records of engagement activities and commitments
- developing communications materials
- designing requirements of contracting partners based on an understanding of the social impacts, prior to going into the field and while they are in the field
- defining the role of community relations officers in managing contractor performance
- maintaining a risk register by identifying all social risks related to the project work and methods to eliminate, reduce or mitigate those risks
- advising contractor managers on issues relating to cultural sensitivity and worker behaviour
- working with contractors to notify affected persons of any nuisance or disturbance as a result of the contractor's work and to mitigate impacts
- conducting training for contractors on social performance matters
- building trust and accountability with external stakeholders, e.g. through public reporting, grievance mechanism, social monitoring by third-party organisations.

Contractor management for social performance requires designing Instructions to Tender with sufficient hooks to build social performance requirements into contracts. These can include: a Contractor Social Risks & Opportunities Assessment; conformance with a Code of Conduct; and prescribing guidelines to Contractors to develop their own social performance plans. It requires the evaluation of bids in terms of social performance, and the inclusion of key performance indicators for social performance in final bid discussions. The post-award phase is also important to inform what needs to be done before the contractor can go to the field; and to establish what actions will be taken in the event that the contractor is non-compliant. This requires setting up a social performance management system; and conducting induction and training on, for example, the code of conduct, camp rules, appropriate and inappropriate interactions with local communities, and grievance procedure. The management of issues in the field also needs defining to ensure a contractor proactively manages social issues. Some mechanisms to facilitate compliance include appointing a Contractor social performance liaison; having clearly-defined roles between the contractor and the proponent's social performance teams; and jointly agreeing on a social performance management plan. Tracking performance involves setting Key Performance Indicators (KPIs), selecting appropriate reporting mechanisms and frequency; and building incentives and punitive measures into contracts to ensure targets are met.

For more information, refer to:

Overseas Development Institute ca 2010 *Involving Large Contractors in enhancing Social Performance during Construction*. http://commdev.org/files/1334_file_Involving_Large_Contractors.pdf

Wilson, E. & Kuszewski, J. 2011 *Shared Value, Shared Responsibility: A New Approach to Managing Contracting Chains in the Oil and Gas Sector*. London: IIED. <http://pubs.iied.org/16026IIED.html>

PHASE 4: DESIGN AND IMPLEMENT MONITORING PROGRAMS

Task 23: Develop indicators to monitor change over time.

SIA is the process of managing the social issues that arise from the changes brought about by a project. While this is an adaptive management process, it builds on a thorough understanding of the context in which the project is being implemented, i.e. the community profile (see Task 4) and the social baseline (see Task 8). To monitor change over time, it is important to identify and track social indicators that measure all likely impacts and any issues that may be of concern to the various stakeholders. Also, it is necessary to ensure that there are appropriate indicators and monitoring processes to track groups of particular concern, such as the various vulnerable groups and other often under-considered groups including migrant workers, people living along transportation routes, those within close proximity of blasting and other significant point sources of impact generation. Having a mechanism to monitor for the unexpected is also needed. By monitoring, the effectiveness of mitigation measures can be assessed and corrective action taken if necessary. Also, where any unanticipated issues arise, they can be addressed quickly. Indicators also need to be considered to measure potential cumulative impacts.

To measure the residual impacts, the consequences of the impacts, and the success of mitigation over time, the first step is to decide what needs to be measured. Each potential impact or issue of concern needs to be operationalised by one or more indicators (variables). Indicators are usually described as having to be SMART – that is, specific to the issue under consideration, measurable and achievable in the sense that the data must be available, action-oriented in the sense that the indicator must be linked to a response mechanism if there is any exceedance, relevant to the issue and perhaps reliable in the statistical sense (i.e. accurate), and time-sensitive, that is being able to quickly track changes at a meaningful scale. In addition to having SMART indicators, it is also suggested that some indicators should be SPICED – subjective in that they are based on the stakeholders' own experiences; participatory in that they are developed together with the relevant stakeholders; interpretable and communicable to other people; cross-checked and compared with other data and other contexts; empowering to all stakeholders and a positive experience in their development and implementation; and diverse and disaggregated so that the different issues of different stakeholders (especially women and vulnerable groups) are considered.

All categories of project stakeholders need to be involved in the process. They can provide input in the development of the indicators, for example by considering the issues of: whether the indicators are relevant; do they measure what they are supposed to measure; is there a better way to measure the issue based on local knowledge; is anything missing that would be important to measure but is not covered in the monitoring plan. The frequency of measurement of each social indicator needs to be appropriate to each indicator and the severity (or significance in EIA terms) of the underlying issue. Continuous measurement is desirable where that is realistic, but where this is not possible, the frequency of measurement needs to be sufficient to enable corrective action to occur in a reasonable timeframe. For some impacts, there may already exist indicators and associated data collection mechanisms that can be adequately used, however most issues will require the delineation of new indicators and the implementation of new data collection processes. Allowing time and budget to properly develop and test these indicators is essential to ensure that they will be useful in the future. Cutting costs by having inadequate pre-testing or piloting of social indicators may well lead to a longer term wastage of funds by ultimately collecting unusable data and/or failing to detect serious impacts that may emerge, and thus to business risks. Careful indicator development and monitoring therefore is an effective risk management strategy.

For more information, refer to:

Lennie, J. et al. 2011 *Equal Access Participatory Monitoring and Evaluation Toolkit*
http://betterevaluation.org/toolkits/equal_access_participatory_monitoring

Roche, C. 1999 *Impact Assessment for Development Agencies: Learning to Value Change*. Oxford UK: Oxfam.
<http://policy-practice.oxfam.org.uk/publications/impact-assessment-for-development-agencies-learning-to-value-change-122808>

Vanclay, F. 2013 The potential application of qualitative evaluation methods in European regional development: Reflections on the use of Performance Story Reporting in Australian natural resource management. *Regional Studies*
<http://dx.doi.org/10.1080/00343404.2013.837998>

Task 24: Develop a participatory monitoring plan.

Once the indicators have been developed (Task 23), they need to be collated into a monitoring plan. Monitoring plans need to be developed in a participatory way, and there needs to be careful consideration given to the governance and oversight of the monitoring process if it is to have legitimacy. The monitoring plan should serve as a guide to show how the impacts will be monitored over time. There must be a clear indication of what the indicators are, how they relate to the identified social issues, how each indicator is defined and operationalised, how each indicator will be measured and at what frequency. The monitoring plan must also indicate who will be responsible for actioning the measurement, how the results will be communicated, and what the course of action will be if there is an exceedance from the agreed level (benchmark).

The key stakeholders need to agree on the key monitoring issues: the method by which measurement will happen, frequency of monitoring, responsible people, and most important, on the way that the results will be reported to all stakeholders.

The monitoring plan should be a dynamic, working document, and should be reviewed on a regular basis to determine whether all the indicators are still relevant, whether the methods of measurement remain appropriate (especially in the context of technological advances), and whether any new issues have emerged that should be included in the monitoring plan. Stakeholder participation is vital for the monitoring plan to be executed successfully and for it to have legitimacy with stakeholders. Not having stakeholder participation could result in the plan being viewed as part of a tick-box approach and would reduce the project's social licence to operate.

The monitoring plan should measure impacts in such a way that it is actionable. If the monitoring results indicate that action is required for the management of an impact, it must be known where and how an intervention can take place to address the issue. Being aware of what the stakeholders would require in order for them to be satisfied with the intervention is important if a company wants to maintain and grow its social licence to operate. The procedure to address negative results should be in place from the beginning of the project to ensure that action can be taken quickly and efficiently and that sufficient budget is available to allow this to happen. In order to maintain social license to operate and legitimacy with the stakeholders in the event of an incident, fast and efficient action is of the essence.

For more information, refer to:

Office of the Compliance Advisor/Ombudsman 2008 *Participatory Water Monitoring: A Guide for Preventing and Managing Conflict*. Advisory note, Washington, DC: IFC.

<http://www.cao-ombudsman.org/howwework/advisor/documents/watermoneng.pdf>

IFC 2010 *International Lessons of Experience and Best Practice in Participatory Monitoring in Extractive Industry Projects*.

<http://commdev.org/international-lessons-experience-and-best-practice-participatory-monitoring-extractive-industry>

World Bank 2013 *How-To Notes. Participatory and Third Party Monitoring in World Bank-Financed*

Projects: What can Non-State Actors do? <http://siteresources.worldbank.org/EXTSOCIALDEVELOPMENT/>

[Resources/244362-1193949504055/4348035-1352736698664/8931746-1364579999657/](http://siteresources.worldbank.org/EXTSOCIALDEVELOPMENT/Resources/244362-1193949504055/4348035-1352736698664/8931746-1364579999657/HowToNotesParticipatory&TPM.pdf)

[HowToNotesParticipatory&TPM.pdf](http://siteresources.worldbank.org/EXTSOCIALDEVELOPMENT/Resources/244362-1193949504055/4348035-1352736698664/8931746-1364579999657/HowToNotesParticipatory&TPM.pdf)

Task 25: Consider how adaptive management will be implemented and consider implementing a social management system.

The social environment is constantly changing and adapts to these changes. It is therefore important to be flexible when considering the management and monitoring of social impacts. Adaptive management is innate to social impact management. This underlines the importance of monitoring and regular feedback of the results. Information received from monitoring should be used to update the SIMP or social performance plan. These plans need to be living documents and should be reviewed and updated regularly (perhaps yearly). It is important to involve all stakeholders in the adaptive management process. Processes that were put in place to implement the SIMP or IBA can be used to inform the adaptive management process. This includes stakeholder meetings where one can reflect on positive and negative impacts and plan for better outcomes in the future based on lessons learned in current processes.

It is very evident that for each project there will be a vast amount of social performance/SIA activities that need to be completed, monitored, tracked, reported-on, etc. The extent of the activities discussed in this guidance note imply that keeping track of all these things will be difficult, especially if there should ever be change in social performance personnel. The implementation of a social management system (SMS) somewhat akin to an environmental management system (EMS), or perhaps integrated with it to form a Social and Environmental Management System (SEMS), should be considered.

For more information, refer to:

Endter-Wada, J. et al. 1998 A framework for understanding social science contributions to ecosystem management. *Ecological Applications* 8(3), 891-904. [http://dx.doi.org/10.1890/1051-0761\(1998\)008%5B0891%3A%5D2.0.CO%3B2](http://dx.doi.org/10.1890/1051-0761(1998)008%5B0891%3A%5D2.0.CO%3B2)

IFC 2014 *Environmental and Social Management System Implementation Handbook: Construction*. Washington DC: International Finance Corporation. <http://www.ifc.org/wps/wcm/connect/c03aa6804493c5bba71aafc66d9c728b/ESMS+Handbook+Construction.pdf>

Task 26: Undertake evaluation and periodic review (audit).

The monitoring of social impacts, the adaptive management of social issues, the addressing of grievances, and finding opportunities to create benefits for local communities must continue throughout the life of a project. In that sense, the social performance work of a project is ongoing. The generalist SIA practitioner, however, is likely to be involved only up until all initial issues have been addressed and most of the ongoing systems are in place – thus, typically sometime after the end of the construction phase and after commencement of the operational phase of the project. At this point, it is desirable to undertake an evaluation of how well the SIA was done. Lots can be learnt from assessing what worked and what did not work so well with the way each SIA task was undertaken. Although the monitoring and adaptive management processes deal with any issues or social impacts not considered in the SIA or that otherwise arise, the intention in this task is to have a review to reflect on and improve the overall SIA process for this project, as well as to consolidate learnings for the practitioner, the company and, where learnings are shared, to improve the SIA profession as a whole. This will help to improve the processes of predicting social impacts and in fine-tuning mitigation and enhancement measures.

In addition to an evaluation of the SIA at completion of the SIA, each project should be periodically reviewed. While the adaptive management process should continue to address any issues that arise, an audit is needed to establish that that is indeed the case – that the adaptive management process is working. An audit can also determine whether there are significant departures from any targets for residual impacts and/or whether any cumulative impacts are being experienced.

Because some large projects have a life expectancy of many years, a periodic audit is appropriate to ensure that the project remains up to current international good practice. Good and best practice changes over time, and unless a project continues to innovate, what was once good or best practice can very soon become dated. The experience in many of the examples in this document and elsewhere frequently reveal stories where despite best intention, negative outcomes resulted from poor planning and other inadequacies. Periodic audit (say every 3 to 5 years) is appropriate.

While projects or project owners (corporate headquarters) may require internal audits, other stakeholders can also demand audits, perhaps on a more frequent basis, or on an ad hoc basis. Many stakeholders can exert power over a project. For example, a grievance that was not satisfactorily dealt with through the community grievance mechanism (see Task 18) might escalate when the community brings their complaint to the financiers backing the project. Where the IFC is involved, complaints can be lodged with the Compliance Advisor Ombudsman (CAO) (<http://www.cao-ombudsman.org>). Each year, some 40 odd complaints are received, of which around 15 are deemed to be eligible for consideration by the CAO. Although it is the right of people to bring such action and many of the complaints reveal major problems with projects, a complaint does create a lot of additional work for the company staff and attracts much negative attention. Even if the complaint is not upheld, there can still be residual reputational harm to the company. Taking every effort to avoid complaints, for example by having regular internal audits, would be an appropriate precautionary measure.

Over the last decade or so, there has been a major rise in ethical investing, that is, investment decision making that considers environmental and social factors in the selection of investments. Increasingly, many of the large pension funds and institutional investors are shifting to ethical investment. While this typically affect new investment decisions, it can also lead to a review of existing investments and a demand that publicly-listed companies meet ethical investment standards. There are cases where this has led to audits (due diligence assessments) of projects to determine the extent to which they were consistent with human rights and social performance expectations, with the threat of the pension fund reconsidering its investment decisions if there would be an unfavourable verdict. Such a disinvestment would have had major ramifications for the company. Into the future, it is likely that there will be considerable work for SIA consultants conducting such audits and due diligence assessments.

Most companies subscribe to the notion of continuous improvement and the Plan, Do, Check, Act cycle. Regular audits therefore are a normal part of responsible business management. Environmental management system accreditation processes (e.g. ISO 14001), the standards of the Global Reporting Initiative, and many other corporate management philosophies and procedures all expect periodic audits.

For more information, refer to:

Aim for Human Rights 2009 *Guide to Human Rights Impact Assessment Tools*

http://www.humanrightsimpact.org/fileadmin/hria_resources/Business_centre/HRB_Booklet_2009.pdf

International Business Leaders Forum & IFC 2011 *Guide to Human Rights Impact Assessment and Management* (HRIAM). <http://www.ifc.org/hriam>

Kemp, D. & Vanclay, F. 2013 Human rights and impact assessment: clarifying the connections in practice. *Impact Assessment & Project Appraisal* 31(2), 86-96. <http://dx.doi.org/10.1080/14615517.2013.782978>

Morrison-Saunders, A., Marshall, R. & Arts, J. 2001 EIA follow-up: Best practice principles. <http://www.iaia.org/publicdocuments/special-publications/SP6.pdf>

Storey, K. & Jones, P. 2003 Social impact assessment, impact management and follow-up: A case study of the construction of the Hibernia offshore platform. *Impact Assessment & Project Appraisal* 21(2), 99-107. <http://dx.doi.org/10.3152/147154603781766400>

World Bank 2013 *Human Rights Impact Assessments: A Review of the Literature, Differences with other forms of Assessments and Relevance for Development*. http://siteresources.worldbank.org/PROJECTS/Resources/40940-1331068268558/HRIA_Web.pdf

Typical contents listing of a Social Impact Assessment report and/or a Social Impact Management Plan

A typical Social Impact Assessment report or Social Impact Management Plan document (intended for an external audience) is likely to include the items listed below. The precise listing of chapters and what order they appear will depend on the particular circumstances of each case and the expectations of the intended audience for the report. There may also be specific requirements in the particular jurisdiction of the case that need to be considered. The order of items is not fixed and some elements perhaps could be presented as separate reports or as appendices rather than being in the main report. Practitioners must make efforts to ensure that the SIA or SIMP report becomes an effective decision making and management tool, by being understandable to non-social practitioners and the public, includes only relevant information, and has clear mitigation measures.

Chapter Title	Description of contents of chapter
Cover	
Inside Front Cover	Publication statement indicating the authors (i.e. names of the individuals responsible for doing the work and writing the report), publisher, date of publication and other information to establish the nature and purpose of the document.
Executive Summary	A short statement of key issues and findings.
Expert Review Statement	A letter/report from any expert or peer reviewer (or perhaps a joint statement if there was a number of reviewers) to indicate how the review was conducted, what constraints applied to the reviewers, and any comments, concerns and recommendations of the reviewers. A response from the authors to the review might also be appropriate.
Introduction	A general introduction to the report making the purpose of the report clear, perhaps including a short general statement about how the document connects to SIA literature/philosophy.
Project Summary	A good description of the project and all ancillary activities so that readers can get a sense of the project. Where project alternatives or options exist, they could be explained here.
Methodology	A statement about the overall design of the SIA, what methods were used, what community engagement processes were used, and how ethical issues were considered and addressed. Perhaps definitions and/or a discussion of key concepts. Some link to the SIA and social research literature would be expected here. A discussion of the governance arrangements for the conduct of the SIA should be provided. Importantly, the limitations of the applied methodology would also be included, including decisions to narrow or expand the scope over the course of the SIA.
Applicable Legal Framework and Standards	A discussion of the legal framework(s) and applicable legislation, regulations and guidelines that apply to the particular case. This would include not only local legislation/regulation, relevant institutions and their responsibility towards the project, but also mention of international standards, such as the IFC Performance Standards, guidance from international industry organisations, and reference to this SIA guidance document.
Community Profile and Social Baseline	If an extended community profile and social baseline are to be included as appendices, then at least include a summary of key characteristics and key stakeholder groups here; alternatively include the community profile and baseline data here. Key historical issues should also be discussed. Key aspects of the physical environment that may be relevant to understanding the context should be included too.

Scoping Report	A statement of all potential social impacts considered in the assessment phase. The disposition of each impact considered should be made clear. Where this is presented as a separate report, a summary should be provided. Alternatively, this can be an appendix.
Prioritized Listing of Key Social Impacts	This is a listing of the residual impacts with a discussion of how different stakeholders are affected. There should be a particular focus on Indigenous peoples, women and vulnerable groups.
Resettlement (Summary)	If resettlement is required, or if physical or economic displacement will occur, a short description of how the resettlement process will be undertaken, what compensation will be provided and how it will be determined, and what measures will be taken to restore and enhance livelihoods. A fully-developed Resettlement Action Plan will be required as a separate document.
Summary of Mitigation and Management Measures	A list of mitigation and other management measures to address social issues should be provided. There should be a costing and timeframe for implementation for proposed mitigation measures.
Monitoring Plan and Contingency Plan (Adaptive Management)	A plan for how monitoring will be undertaken – what will be monitored, how monitored, how often and who is responsible, as well as how the company will respond should an allowance threshold be exceeded – needs to be provided.
Benefit Statement	This is a statement of the likely project benefits to the local communities, including of all proposed social investment actions, and local content and local procurement strategies.
Ongoing Community Engagement Strategy and Grievance Mechanisms	A description of the intended ongoing community engagement processes. Also a description of what grievance mechanisms will be provided and what processes will be used for managing grievances.
Governance Arrangements	A discussion of the governance arrangements that will apply to the ongoing community engagement processes, the grievance mechanisms, the monitoring process, and to ensure the ongoing acceptability of the social investment program.
References	A list of all references used in the report, and any key references that informed the design of the SIA research.
Appendices	The appendices that are to be included will vary from project to project and will be affected by what is included in the body of the report but may include: questionnaires, interview schedules, consent form templates, an extended community profile, baseline data; a scoping report (i.e. a listing of all issues considered as possible social impacts).

Review Criteria for checking Social Impact Assessment Reports and Social Impact Management Plans

SIA processes ideally involve continuous reporting back to the various stakeholders including the affected communities and the project management. Information arising through the SIA might be used long before the SIA is actually completed. Because of this continuous reporting, SIA should be seen as a process not as a product. Nevertheless, a final report will normally be required as a way of documenting methodology, procedures, and findings. Traditionally, a statement of social impacts equivalent to an Environmental Impact Statement was produced, and often an SIA would be a component of an EIA/EIS. Best practice in SIA, however, is to provide a Social Impact Management Plan (SIMP), which more than just lists likely impacts, it emphasises how the impacts will be managed, what mitigation will be provided, what enhancement measures will be provided, what ongoing monitoring shall be provided, and what governance arrangements will apply. Because of the continuous reporting back, there should be no surprises in a report. Good practice in SIA requires that these reports (and in fact the whole SIA process) be subject to professional peer review. Similar to the EIA process, there should also be a period of public comment on a report before it is accepted by regulatory authorities. Even where there is not a regulatory requirement, good practice would insist on a peer review process and acceptance of the final reports by the affected communities and the peer reviewers. Determining how to assess the acceptability of a report is complex. The following checklist provides a list of questions that should be considered by reviewers and/or community groups in their reading of an SIA report or SIMP.

Description of the project and alternatives

- Does the report provide a sufficient description of the project including adequate information about the site, project design, size of the development, required workforce, likely timeframe, etc?
- Does the report describe the purposes and objectives the proposed development is expected to address, especially as they pertain to the sustainable development of the local area?
- Did the report consider reasonable alternatives to the project, including a 'no-development alternative', and give an indication of the primary reasons for the preferred alternative, taking into account the social consequences and sustainable development objectives?
- Is there discussion of project options yet to be decided and for which input is needed?
- Does the report describe the likely future landuses on the site and surrounding areas?
- Does the report describe all additional service demands (water, electricity, sewage, etc) and ancillary activities (dredging, quarrying, etc) that may be required as a consequence of the project or necessary to support the project (or make it clear that there are no extra demands)?
- Does the report document and discuss the contextual setting of the project and provide information on similar projects that have happened, are currently happening, or likely to happen in the vicinity of the current project to enable an adequate consideration of cumulative effects in the region?

Description of methodology for the SIA

- Does the report adequately describe the overarching methodology for the SIA?
- Were the methods used for each of the component parts of the SIA satisfactorily described, appropriate, and properly undertaken?
- Was the stakeholder engagement strategy for the SIA adequately described?
- Were the methods used to predict the impacts adequately described and appropriate?
- Was the process to establish significance of the impacts described and was it reasonable?
- Was there a discussion of the limitations of the methodology and of the SIA in general?
- Was there evident adequate awareness of social research methods and appropriate reference to the literature on the methods of SIA and social research generally?
- Was there a discussion of the ethical implications (including informed consent) of the SIA and project?
- Was respect for Indigenous peoples clearly evident in the approach to social research methods and community engagement?
- Was there an attempt to utilise local knowledge in the design of 4
- Were traditional knowledge and Indigenous cosmologies and understandings included alongside western science and on equal terms in the impact assessments and other scientific reports?

Community profile and baseline data

- Is there a discussion of the extent of the area likely to be affected in social terms (the social zone of influence, or impacted zone)?
- Is there an adequate stakeholder analysis and reasonable identification and description of the different social groups within the region?
- Are vulnerable groups specifically identified and discussed?
- Are gender aspects and issues specifically considered?
- Are any Indigenous, tribal or other ethnic groups of special interest identified (or is it clearly stated that there are none in the region), and is this determination reasonable?
- Does the analysis identify and describe the various characteristics of the multiple affected stakeholder groups, especially aspects of their culture, economy, or livelihoods that may make them particularly susceptible to change?
- Does the analysis identify the local, national, and international organizations that are likely to have an interest in the project and especially those who have a link to affected stakeholders?
- Was local history discussed in sufficient detail to provide a reasonable understanding as to what current social concerns might be and what the potential for local conflict is?
- Was there identification of social indicators to be used for baseline data collection?
- Was there a justification provided for each social indicator?
- Is there a discussion about and use of existing (secondary) sources of baseline data?
- Was baseline data for the identified social indicators collected?
- Were appropriate targets and benchmarks established for each social indicator?
- Is there a discussion of data gaps and of the limitations of any data that exist or that may be collected?

Community participation and engagement

- Was there a genuine attempt to identify and engage with a wide range of stakeholders and to inform them about the project and its implications, and invite their input?
- Is there evidence of how stakeholder input was actually utilised in the SIA and in project planning and development?
- Were lists of the groups who were approached as part of the SIA provided?
- Is it evident that diverse engagement methods were used to ensure inclusivity, and especially to ensure the participation of women, vulnerable groups, and Indigenous peoples if present?
- Were participatory processes established early in the SIA and the project so that the input from these processes could be used to influence the SIA and the design of the project?
- Were adequate resources available to support the participation of all stakeholders?
- Was engagement continuous, with adequate reporting back and validating of information?
- Was FPIC obtained for the project and for the SIA? If FPIC was obtained:
 - Was the basis by which FPIC asserted clearly established?
 - Was the basis by which 'consent' was determined discussed?
 - Was it truly prior?
 - Can the condition of 'fully informed' be reasonably established?

Scoping, assessment of impacts and significance determination

- Does the report indicate how scoping was done?
- Was there adequate stakeholder contribution to the scoping and assessment process?
- Does the report clearly identify all the various project activities and consider the impacts of these various activities on different stakeholders?
- Is there a description of impacts in terms of the nature and magnitude of the change and the nature, location, number, sensitivity and vulnerability of the affected stakeholders?
- Does the analysis consider how different groups are likely to respond to the impacts?
- Does the analysis consider the indirect (or second and higher order impacts) as well as the direct effects for all project phases (construction, operation and post-closure) on all groups?
- Were all reasonably likely impacts considered?
- Was there a comparison with other studies of similar projects elsewhere?
- Were the social and health implications of environmental impacts (changes of land use, emissions, changes in biodiversity or ecosystems, etc) considered and discussed?
- Were impacts discussed with reference to human rights?
- Is there an adequate discussion of how impacts were prioritised (significance determination)?
- Is there a discussion about the likelihood of and contingency plans for the management of abnormal events and operational accidents?
- Are the social consequences arising from abnormal events and accidents considered?

Mitigation and enhancement strategies

- Does the report provide a description of the mitigation measures envisaged to avoid, reduce and/or remedy the significant adverse effects created by the project?
- Does the report discuss the reasons for choosing the mitigation methods, and describe options available, especially where mitigation is not self-evident?
- Does the report consider the likely effectiveness of the mitigation? Where the effectiveness is uncertain or limited, are the implications of this adequately discussed?
- Does the report discuss the extent and significance of residual impacts?
- Does the report discuss coping strategies for dealing with residual and/or cumulative impacts?
- Has there been adequate consideration of enhancement measures (i.e. changes to the project designed to enhance benefits to affected communities)?
- Is the potential for local content (jobs for local people, local procurement) well considered?
- Are the proposed mitigation and enhancement measures practical and feasible?
- Is there a discussion of likely changes in the impacts experienced over time, and the need for corresponding changes to mitigation and/or enhancement measures in the future?
- Was a community visioning process undertaken and/or is there a discussion of preferred or intended community futures?
- Is there a social investment contribution planned, and have the proposed social investment initiatives been adequately negotiated with the community?
- Are any proposed social investment initiatives sustainable and/or have the full support of appropriate local partners and/or government?
- Where the proponent takes on the responsibility for providing services and infrastructure, is there an exit strategy to pass on the responsibility to government, and in a context with weak government capacity, does the exit strategy include provisions for government capacity-building?

Grievance mechanisms and monitoring procedures

- Does the report discuss the establishment of a grievance mechanism?
- Is there evidence that the grievance mechanism is taken seriously, that affected stakeholders are aware of its existence, and would be inclined to make use of it if they had a concern?
- Has a monitoring process been established for all significant impacts?
- Are the impacted communities involved in the monitoring process in any way?
- Has there been any discussion about 'adaptive management', especially in relation to the monitoring and management of social impacts?

Reporting, governance arrangements and overarching issues

- Is the report publicly available in appropriate languages – or at least have reasonable attempts been made to make information about the report accessible to local people?
- Is there a sense that the SIA and project development processes meet reasonable transparency expectations?
- Is information in the report logically arranged?
- Does the report describe how the community engagement undertaken has influenced the SIA, in terms of results, conclusions and/or approach taken?
- Were there adequate resources and time available to thoroughly investigate the social issues?
- Did the consultants seem professional, experienced, knowledgeable in social issues and SIA?
- Was there a peer review undertaken by a competent SIA professional?
- Did consideration of the social issues start early enough to enable effective management of social issues at early stages of the project?
- Is there evidence that project staff and senior company management have signed-off on the findings of the SIA and demonstrated their commitment to implement the recommendations and agreed strategies?
- Are all roles and responsibilities for future actions clearly identified and allocated to specific individuals or job designations? Do the Key Performance Indicators for their roles include these responsibilities?
- Have all other parties or agencies that are implicated in the report committed to the roles assigned to them in the report (e.g. local government, government agencies, third parties)?
- Have the roles of contractors and suppliers been adequately considered and is there evidence of a monitoring process to ensure that they comply with the intentions that arise from the SIA?
- Does the report give the impression that there has been adequate awareness of the project in a social sense?
- Was there cross-reference to any Environmental Impact Assessment, Health Impact Assessment and/or any other relevant documents/report that may have been commissioned by the proponent or other actor?
- Was there adequate connection to the SIA literature? (and specifically the International Principles for Social Impact Assessment and this Guidance document)?
- Does the report identify all appropriate local, regional, national and international policy and regulations responsible for protecting stakeholders?

Conclusion

Social Impact Assessment should be considered as being the process of managing the social issues of projects. To be effective, the management of social issues needs to start from the moment a project is first conceived right through to well after closure of the project. Although the original understanding of SIA was as a regulatory tool, contemporary usage sees it as having multiple uses. SIA can still be applied in the context of national environmental regulation or because of the requirements of international donor agencies, but it can also be undertaken by a community to assist them in deciding whether to approve a project in an FPIC process, or in learning how to cope with change. SIA can also be undertaken by corporations as part of their responsibility to address their social and human rights impacts and their desire to earn a social licence to operate. In the time since its origins in the 1970s, the focus of SIA has changed from being primarily concerned about the negative impacts of projects, to being much more concerned about how projects might be enhanced to improve the benefits to communities, and to deliver shared value so that both communities and companies can benefit from projects.

The corporate responsibility to address its social impacts has also developed over time. Although companies still have an obligation to meet the requirements of national regulations, they also need to meet the expectations of many other stakeholders, including project partners, financial backers, international industry organizations, trade-union organisations, watchdog NGOs, local civil society, and local communities. With the rise of the digital age, NGOs, civil society stakeholders and local communities are becoming more aware of their rights, more empowered, and have more potential influence, more resources, and more reach. Furthermore, with the rise of the business and human rights agenda, there is also an international legal requirement and a legitimate public expectation that companies comply with human rights standards. These various expectations may not always be clear, coherent or coordinated, and may, in fact, be contradictory. SIA can assist in addressing the concerns of all stakeholder groups, but especially in mitigating harm and enhancing benefits.

SIA will have increasing relevance into the future and the demand for SIA will continue to grow for several reasons, including the increasing investment in developing countries. The combination of weak institutions and increasing land scarcity creates potential for increasing conflict between companies and local communities, especially where the risks are not identified early and mitigation plans not implemented early enough or not undertaken in cooperation with the impacted peoples themselves.

The intention of this document is to assist in determining what should be done to address project-related social impacts. It provides the definitive standard on good practice in social impact assessment and as such should be the guidance used not only by SIA practitioners, but also company social performance staff, government regulatory staff, the international financing community, NGOs and affected community representatives to debate and set expectations and benchmark performance in relation to the management of social issues arising from projects. Important to note, however, is that individual SIA practitioners work in a variety of settings, and are commissioned to do a range of tasks, but usually only a subset of the wide set of tasks described in this document. Therefore, what is reasonable to expect in any one situation will greatly depend on the specific contractual arrangements. Irrespective of the individual contractual arrangement, an SIA always has a duty of care to the client and to the impacted community to ensure that all key social issues are addressed.

A key point underpinning everything in this document is that rather than seeing SIA as being a cost to business, SIA should be seen as an appropriate, useful management process that reduces risk and brings benefits to companies and to communities – in other words, that operationalises the concept of shared value. There is thus a rock-solid, strong business case for projects to do effective social impact assessment and management.

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Other key sources and links relevant to Social Impact Assessment & Management

International Association for Impact Assessment (IAIA), the professional association for all impact assessment practitioners, <http://www.iaia.org>

SIHub, a resource-base and network for people specifically interested in SIA
<http://www.socialimpactassessment.com>

The Practitioners Platform, a discussion forum for social performance practitioners in the extractives sector
<http://managesocialperformance.com>

International Association for Public Participation (IAP2), a professional association promoting participation
<http://www.iap2.org/>

The International Network on Displacement and Resettlement <http://indr.org/>

Anglo American SEAT <http://www.angloamerican.com/development/social/seat>

Equator Principles <http://www.equator-principles.com/>

IBA Community Toolkit: Negotiation and Implementation of Impact and Benefit Agreements.
<http://www.ibacommunitytoolkit.ca>

International Finance Corporation Performance Standards and Guidance Notes
<http://www.ifc.org/performancestandards>

International Council on Mining and Metals (ICMM), an industry association to address sustainable development issues <http://www.icmm.com/>

International Hydropower Association, <http://www.hydro sustainability.org>

IPIECA, the global oil and gas industry association for environmental and social issues <http://www.ipieca.org/>

Mining and Resettlement eLibrary, Centre for Social Responsibility in Mining, University of Queensland.
<https://www.csr.m.uq.edu.au/mining-resettlement/elibrary>

OECD Guidelines for Multinational Enterprises <http://mneguidelines.oecd.org/text/>

United Nations Guiding Principles on Business and Human Rights
http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

World Bank, *Social Analysis Sourcebook*, <http://go.worldbank.org/HRXPCILR30>

World Commission on Dams 2000 *Dams and Development: A New Framework for Decision-Making*. London: Earthscan.
http://www.internationalrivers.org/files/attached-files/world_commission_on_dams_final_report.pdf

Glossary of SIA terms and concepts

DISCLAIMER: Below is a subset of the vocabulary of the field of SIA practice. While an attempt has been made to focus on SIA-specific terms, SIA practitioners operate in multiple discourses and the language used in SIA comprises not only SIA-specific terms but also terms from environmental impact assessment (EIA) and other impact assessment fields as well as from the industries in which SIA practitioners operate. The descriptions given here are intended to be an aid to understanding rather than being definitional statements. While many descriptions are original to this document (perhaps drawing on multiple sources), others are fairly standard statements that could be common to a range of sources.

Actual impact	refers to the social impacts actually being experienced by communities, rather than to the impacts predicted to be experienced.
Affected publics	persons who live nearby; will hear, see, feel, or smell the proposed project; are forced to relocate either voluntarily or involuntarily; have an interest in the project or policy changes (whether or not they live in primary or secondary zones of influence); are interested in the potentially impacted resources; might normally use the land affected; or be affected by the influx of seasonal, temporary, or permanent residents associated with the project.
Alienation	a social science concept that refers to the social processes that alienate individuals (turn them into aliens or outsiders). The outcome of alienation is a lack of belongingness, and the experience of disconnectedness, meaninglessness and powerlessness, and a lack of agency. Thus it is a process that severely affects the mental wellbeing (and eventually physical health) of the individuals affected. It manifests itself in social isolation, despair, medical depression, and a range of other health-related behaviours.
Alternative livelihoods	(also called alternative economic opportunities) refers to the process of identifying, selecting and developing a range of income generating activities to replace or augment current livelihood activities of project-affected people. This is particularly important in the case of economic or physical displacement, but can also be a part of the benefits creation or social investment programs of the project.
Area of influence	in EIA, this refers to the physical area (and components such as air, water, soil) over which a project creates impacts (including abiotic, biotic and socioeconomic) caused by a project (and its associated activities). Thus it includes not only the land surface area but also the functioning of any marine and terrestrial ecosystems; airsheds and watersheds (surface or underground); and all social groupings including individuals, communities, companies (especially SMEs), organizations and governmental agencies. (also see Social area of influence)
Artisanal	‘artisanal’ means working with the hands, and an ‘artisan’ is a skilled craftsperson. It is often applied to small scale miners, or subsistence fisherfolk.
Asocietal mentality	an attitude that humans don’t count, or that social issues are not important and do not need to be considered.
Baseline	refers to the data for a set of selected indicators measured near the beginning of a project which are used to track change over time. The baseline data become a reference point, along with other benchmark values, against which future situations can be compared. Although the original baseline data refers to a specific point in time, the community profile should highlight trends in the project area so that a comparison can be made between what would likely have happened with and without the project.
Belongingness	the sense of belonging to a social group, which is an important human emotional need. A consequence of many projects is a reduction in the sense of belongingness, either because of the physical and social changes that takes place, the presence of newcomers, but also because of the alienation-inducing processes that take place.

Benchmark	a comparison norm or point of reference. For each social indicator selected for monitoring, a benchmark should also be identified to provide some standard or value that can be used as a reference point. For example, the benchmark might be the WHO acceptable levels for air pollution or noise exposure, or for the expected number of doctors per thousand population.
Beneficiaries	the individuals, communities and organizations expected to benefit from the project or program.
Best practice	the set of guidelines, ethics, ideas, procedures and methods that represent the best (most appropriate) way of acting in a particular area of practice. Although best practice might be prescribed by a professional association, in general it is a vague concept referring to an aspirational benchmark.
Boomtown	a community, town or city that experiences excessively-rapid growth.
Brownfield	refers to project development that takes place in a location that has had previous experience with projects and where there are legacy issues to be addressed.
Camp followers	this term generally refers to the civilians who follow armies, typically servicing the needs of encamped soldiers by providing goods and services not provided by the military authorities, e.g. certain foods, laundry, alcohol and drugs, nursing, and sexual services. The term is now used more widely to describe those entrepreneurs who ply services to workers in construction camps and project sites. (also see Honeypot effect)
Capacity building	a coordinated process of interventions such as training programs usually focussing on building human capital and improving institutional practices and governance arrangements.
the Capitals	refers to a framework for thinking about sustainability and the achievement of development outcomes in terms of assets (or capitals) such as natural capital, human capital, social capital, financial capital, manufactured capital, and sometimes political and institutional capital, and cultural and spiritual capital. There are several frameworks that use the capitals as a core element, including the Sustainable Livelihoods Approach.
Causal pathways	a concept that connects with evaluation and systems thinking. It refers to the causal relationships (at least to the correlations) between various elements in a system. In SIA, it refers the sequences of the experiences of primary and secondary impacts and between the social change processes and social impacts.
Citizens' jury	a deliberative technique where decision making (perhaps about selecting the best alternative) is given to a panel of lay people (around 12) selected from the public who are entrusted to deliberate on the relevant issues on behalf of the community. Although intended to be a lay rather than expert panel, it is nonetheless expected that they will learn about the relevant issues and ask questions from experts and call for information as needed. Decisions made by citizen's juries are like to have greater legitimacy among the local community than those made by expert-driven processes.
Civil society	the network of individuals and groups (both formal and informal) – and their connections, social norms and practices – that comprise the activities of a society and that are separate from its state and market institutions. It includes religious organizations, community groups, foundations, guilds, professional associations, labour unions, academic institutions, media, advocacy or pressure groups, political parties, etc.
Closure planning	the process of planning and managing a project site for the post-closure situation, in other words, after the mine or factory is closed. Good practice SIA ensures that post-closure planning is built into the planning process and considered at an early stage of construction. This is very important especially in a mining context where there is volatility of resource prices that affect the viability of the mine.

Commitments register	a formal public document that records any statement of promise made by the company to the community especially in relation to any promised mitigation or benefit.
Commodification	the processes by which local culture and local cultural artefacts are turned into commodities and thereby religious traditions, local customs and festivals are reduced to conform to expectations of those buying. It is a concept from the social impacts of tourism, but can happen in any situation where a local culture comes into contact with a wealthy group of outsiders.
Common law	Common law refers to laws and the interpretation of laws perceived to exist in a community and manifested by judges in court statements (precedents). Common law can be contrasted with statutory law, and has legal standing in countries that derive their legal systems from the English system. European continental systems (e.g. Roman law and French or Napoleonic law) do not recognise common law. In some ways, common law is like customary law.
Communitas	a social science term (from Latin) which means a strong sense of community, especially as built through participation in ritual or community celebration.
Community	a commonly-used, yet contested concept that can apply at different levels, although generally referring to a place-based grouping of people who are presumed to have some sense of shared identity, some shared interactions of everyday life, and some common social and political institutions. Although individuals experience some social impacts at a personal level, the general assumption in SIA is that people live, work and play in social groupings called communities, which are therefore a primary focus in SIA.
Community agreements	(see Impacts & Benefits Agreement)
Community assets	the resources in the community that can be used to improve development outcomes for the community. They include the people and organisations who can help achieve community goals, but it also refers to the places, attractions, and physical resources whether natural or artificial that are valued by the community.
Community cohesion	refers to the sense of harmony in a location (rural area, town or city), which can be established by the levels of: acceptance and valuing of social diversity; a shared sense of belonging across all groups; a broadly accepted vision and image of the location; reasonably similar life opportunities and access to services; and positive social relationships between people from different backgrounds.
Community development	The long-term process whereby people who are marginalized or living in poverty work together to identify their needs, create change, exert more influence in the decisions which affect their lives and work to improve the quality of their lives, the communities in which they live, and the society of which they are part.
Community Development Agreement	a concept very similar to an Impacts & Benefits Agreement (IBA), but an agreement that might be initiated by government rather than the bilateral agreement between company and community that an IBA tends to be.
Community engagement	Community engagement is a term used to describe the many ways by which people can interact with and be involved in decision-making processes. Community engagement is similar to 'public participation' and 'public involvement', with these terms often used interchangeably. However, community engagement is the current preferred term as it emphasise a greater depth of involvement or engagement in the decision-making process and more respect for people. It also connects to a different discourse, and represents the development of understanding in the continuum from consultation to empowerment.
Community grievance mechanism	a grievance mechanism specifically designed to enable access by members of project-affected communities.

Community infrastructure	Public and private services and facilities that contribute to the general quality of life (e.g., health, transportation, power, education, water and water quality, sanitation services).
Community mindedness	the extent to which individuals in a particular location have a notion of being part of a community, and of helping out in the community by participating in community activities, and being a good neighbour (i.e. having neighbourliness).
Community profile	a description of the communities likely to be affected by a planned intervention.
Community visioning	a process of developing consensus about what future the community wants, and then deciding what is necessary to achieve it. It is both the process of creating a vision, and the product of the vision.
Company town	a settlement where the vast majority of people work for the same company or at least one of the many companies servicing the same project.
Compensation	where impacts cannot be avoided compensation means making restitution to people either individually or collectively. Compensation can be in the form of cash payments, or it can be in the form of the provision of other development activities, such as the provision of a hospital or a school or a public library. While compensation can be in response to a legal requirement stemming from the property rights of the affected community, it can also be done by the proponent as a goodwill gesture or as a negotiated outcome.
Competent authority	any person or organization that has the legally-delegated or invested authority, capacity, or power to perform a designated function. In SIA/EIA terms, it usually refers to the authority that grants an environmental licence. (also see Regulatory agency)
Compliance	means complying with the law and any regulations governing the activity. In an impact assessment context, it refers to the extent to which project licencing conditionalities have been observed. Generally it is expected that there would be a periodic audit or follow-up to ensure compliance.
Compliance Advisor Ombudsman (CAO)	an independent office (reporting directly to the President of the IFC/World Bank Group) that responds to complaints from those affected by IFC-financed projects. It only considers whether the IFC has followed appropriate procedures.
Complicity	a word used in the human rights discourse. Companies must not be complicit in the human rights abuses of third parties. Complicity is regarded as comprising any of the following: caused or contributed to the human rights abuse by enabling, exacerbating or facilitating the abuse; knew or should have foreseen that human rights abuses would be likely to occur from its conduct; and was proximate to the human rights abuse either geographically or through the strength, duration or tone of its relationships.
Conditionalities	in development assistance, this refers to the use of conditions attached to a loan, debt relief or bilateral aid; in environmental licensing it refers to the conditions of the licence.
Conflict resolution/management	development interventions often change power relationships between groups in society. Some groups stand to lose while others gain from such interventions and as a result conflicts may emerge. Conflicts are a normal part of social interaction, but when they become dysfunctional they have a negative impact on all who are involved. Effective mechanisms and techniques for conflict prevention, management and resolution are thus necessary for resolving conflicts or keeping them within acceptable limits. Transparency and information-sharing can eliminate conflicts caused by incomplete or distorted knowledge. Acceptance and ample space for expressions of different viewpoints can prevent the development of more destructive forms of conflict.

Consent	another word for being in agreement with something. It can also mean having the power to be able to give or withhold approval for a project. Thus a regulatory agency has responsibility for determining consent conditions. In some circumstances, local people might also have the ability to give or withhold consent for a project (see FPIC). The concept of consent is highly associated with trust. An SIA practitioner can often build consent for the SIA process (if not the project) by showing that there is an issue that needs to be addressed, that a broad spectrum of groups are involved in addressing it, and that the process to solve the problem is fair.
Cosmology	the understanding of the origin, history, evolution and cultural laws pertaining to the cosmos or universe in a particular culture or mythological system.
Cost Benefit Analysis	(also called Benefit-Cost Analysis) is an economics approach to assess alternatives for a business usually by determining the ratio of benefits to costs. In past decades, it was widely used in impact assessment, but it has not been popular in SIA because it seeks to render all impacts in monetarised terms only.
Counterfactual	In psychology, a counterfactual refers to a mental representation or image of an alternative trajectory, past or future, as a way of conceiving other possibilities to what actually happened. This enables individuals to process their feelings about past events (such as in relation to blame, guilt, regret, and ‘why me?’ concerns, etc) and also as a way of learning from experiences. This learning can be formalised in scenario analysis. In evaluation circles, however, counterfactual has a different meaning, referring to a comparison between what actually happened and what would have happened in the absence of the intervention.
Cultural affrontage	a deliberate act that is insulting or deeply offensive, such as the violation or desecration of sacred sites, or the deliberate breaking of taboos or other significant cultural mores.
Cultural heritage	refers to the legacy of physical artefacts and the intangible qualities of a group or society that are inherited from past generations, maintained in the present, and bestowed for the benefit of future generations. Cultural heritage includes tangible culture (such as buildings, monuments, books, works of art, and artefacts), intangible culture (such as folklore, traditions, language and traditional knowledge), and natural heritage (including culturally-significant landscapes, important wildlife habitats, and biodiversity).
Cultural heritage impact assessment	the process of evaluating the likely impacts of a proposed development on the physical manifestations of a community’s cultural heritage including sites, structures, and remains of archaeological, architectural, historical, religious, spiritual, cultural, ecological or aesthetic value or significance. Impacts on intangible cultural heritage would be assessed in a cultural impact assessment.
Cultural impact assessment	a form of impact assessment that considers the impacts of a project specifically on the culture of a particular social group (such as an Indigenous or specific ethnic group). It would consider, amongst other things, the values, belief systems, customary laws, language(s), customs, economy, relationships with the local environment and particular species, social organization and traditions of the affected community. Given that cultural impacts should be part of SIA, cultural impact assessment is a subcomponent of SIA, but is closely tied to other social impacts making it a meaningless distinction, except insofar as it signifies the perspective and purpose of the impact assessment – i.e. SIA directed to understanding the social impacts of a project on the culture of the local community.
Cultural sensitivity	an individual quality of being aware of cultural differences and of knowing how to operate in cross-cultural situations. Many social impacts arise because of the lack of cultural sensitivity of many project staff.

Culture	the material and non-material aspects of a way of life that are shaped and transmitted among members of a community or a larger society. Sometimes referred to as the shared beliefs, values, norms, behaviours, language, and material objects that are passed from one generation to the next.
Cumulative impacts	the successive, incremental and combined impacts of one or more projects (existing, current and foreseeable future projects) on society, the economy or the environment. They can result from the aggregation and/or interaction of impacts within a social or environmental system and are defined from the perspective of the people or environment experiencing them.
Customary law	cultural practices and beliefs which are such a vital and intrinsic part of the social and economic system of a particular culture that they are treated as if they were laws and given (semi)legal standing – thus customs that are accepted as legal requirements or obligatory rules of conduct.
Customary rights	rights which apply because of custom or culture.
Cut-off date	a term used in resettlement processes to refer to the date after which people will not be included in the list of identified project-affected persons and therefore entitled to resettlement assistance and compensation.
Deliberation	(and deliberativeness) a multidimensional concept that can be defined as dialogue intended to induce deep reflection (i.e. serious consideration) of options and possibilities in an open and inclusive way (i.e. without the intrusion of power or politics), and that considers the concerns of all stakeholders.
Deliberative space	a physical setting that is conducive to deliberativeness.
Demonstration effect	the consequences on individuals that come from observing other people. In SIA this can include situations where members of a host community try to emulate the lifestyles, behaviours, attitudes and/or language of newcomers such as expat workers or tourists. This can lead to many negative social impacts, including increased costs of living, frustration, and problematic culture change. Potentially it can also lead to positive social impacts in the form of knowledge transfer between international contractors and SMEs.
Direct impact (or effect)	an impact which occurs as a direct result of the planned intervention. May also be called primary impact or first order impact. In SIA, it refers to social changes and social impacts caused directly by the project itself, such as the annoyance to people of noise generated by machinery associated with the project.
Disclosure	often stated as ‘full and frank disclosure’, a policy of ‘open disclosure’, or as a ‘duty of disclosure’, this is a term with legal and semi-legal connotations that refers to the obligation of parties in a negotiation to reveal everything that is considered relevant to the matter under consideration (i.e. materiality).
Discourse	‘discourse’ implies everything around language and conversation, including everything that language use entails, such as the active construction of thoughts, identities, and actions. It is a social construction that provides the set of possible statements about a given area, and organises and gives structure to the manner in which a particular topic, object, or process is to be talked about. Discourse provides descriptions, rules, permissions and prohibitions of social and individual action.
Displacement	whereas resettlement is the active process of relocating people because of a project, displacement is the personal and social experience of the upheaval of relocation, the process of losing one’s sense of place. In resettlement processes, physical displacement refers to the loss of housing resulting from project-related acquisition of land and/or restrictions on landuse that require the affected persons to move to another location. Economic displacement refers to situations where people’s houses are not affected but where there is a loss of other assets or access to assets (e.g. agricultural land) that will result in a disruption of livelihoods and associated loss of income.

Dispute resolution process	a concept relating to agreements and contracts (and often a clause within them) about what will happen if there is a disagreement about the interpretation of the contract/agreement or a disagreement between the parties to the agreement. It is different to a grievance mechanism.
Due diligence	in general terms, due diligence is an investigation a person or company would conduct before signing a contract or before making an acquisition, especially in situations where there may be some risks. In SIA, due diligence refers to much the same concept except with more reference to the UNGP Principle 17 which states that “In order to identify, prevent, mitigate and account for how they address their adverse human rights impacts, business enterprises should carry out human rights due diligence. The process should include assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how impacts are addressed.”
Duty-bearer	in the human rights-based approach, human rights entail both rights (and thus rights-holders) and obligations (and thus duty-bearer). In human rights law, duty-bearers tend to be primarily States, but arguably also include all individuals, but particularly companies, and their suppliers and contractors. Under international law, States assume obligations and duties to respect, to protect and to fulfil human rights. The obligation to respect means that States must refrain from interfering with or curtailing the enjoyment of human rights. The obligation to protect requires States to protect individuals and groups against human rights abuses. The obligation to fulfil means that States must take positive action to facilitate the enjoyment of basic human rights. At the individual level, while we are entitled our human rights, we should also respect the human rights of others.
Duty of care	An obligation to take reasonable care to avoid causing foreseeable harm to another person or their property. An SIA practitioner has a professional duty of care to the client and an ethical responsibility to the community to ensure that all appropriate issues have been raised.
Economic dependency	a situation where a local community or region depends heavily on one company or industry, in other words, when a high proportion of people in the region work for that company or industry.
Economic displacement	refers to the upheaval and social impacts (i.e. displacement) that are due not to relocation of the place of residence, but to the loss of economic livelihood, such as when farmers lose their farming land, or when water pollution destroys the livelihoods of fishers.
Ecosystem services	the idea that the environment (an ecosystem) provides a range of services (and products) on which humans depend. These are usually regarded as being: provisioning (e.g. the production of food and water); regulating (e.g. the control of climate and disease); supporting (e.g. nutrient cycles and crop pollination); and cultural (e.g. spiritual and recreational benefits). To help inform decision-makers, ecosystem services are often assigned economic value.
Elite capture	a situation in which resources that were intended for the benefit of the larger population are usurped (captured) by a small wealthy, powerful group within society, an economic, political, educational, or ethnic elite.
Emerging market	another way of referring to a developing country.
Eminent domain	refers to the power of the State to compulsorily acquire private property. This might be done to resume (expropriate) land for highways, airports, etc. Occasionally the State extends its power to enable private sector projects to proceed when they are deemed to be in the national interest.

Empowerment	is the enhancement of the assets and capabilities of diverse individuals and groups to engage and influence economic and social institutions, and to increase the accountability of public institutions. A participatory process which places or transfers decision-making responsibility and the resources to act into the hands of those who will benefit. This can include (i) capacity building for stakeholder organizations; (ii) strengthening legal status of stakeholder organizations; (iii) stakeholder authority to manage funds, hire and fire workers, supervise work, and procure materials; (iv) stakeholder authority to certify satisfactory completion of project and establish monitoring and evaluation indicators and (v) support for new and spontaneous initiatives by stakeholders.
Enhancement	deliberate attempts taken in the design and subsequent phases of projects to ensure the achievement of a wide range of direct and indirect development outcomes.
Environment	a very vague concept that is defined in different ways in different settings. In some jurisdictions, it includes ecosystems and their constituent parts, including people and communities; natural and physical resources; the qualities and characteristics of locations, places and areas; and the social, economic, cultural, aesthetic and heritage aspects of all these elements. In other jurisdictions, the environment refers only to the biophysical elements, such as water, air, soil, flora and fauna.
Environmental bond	a financial instrument (often in the form of an escrow account) that provides surety to ensuring that a project will meet its environmental rehabilitation requirements.
Environmental Impact Assessment (EIA)	a formal process used to predict the likely environmental consequences (positive or negative) of a plan, policy, program, or project prior to implementation, usually as part of the regulatory (environmental licensing) procedure.
Environmental Impact Statement (EIS)	the formal document produced by an EIA which is submitted to the competent authority.
Environmental licence	an administrative permit issued by a competent authority by which the operator of a productive activity or an infrastructure work is given permission to carry out the actions for which the license is requested, although perhaps on the basis that a number of operating conditions are fulfilled, certain use limitations are respected, and certain measures are implemented for containment, minimization and avoidance of any social or environmental impacts the activity or work may cause.
Environmental Management System (EMS)	an on-going and planned series of activities, based on the concept of continuous improvement, undertaken by a business to better manage its environmental impacts. It is prescribed by the ISO 14001 Standard.
Escrow account	refers to monies held in trust by a third party according to terms of an agreement and which are only released when the conditions of the agreement have been filled and/or with the consent of the contracting parties and/or by a court order or other legal action.
ESHIA	Environmental, Social and Health Impact Assessment.
Equality impact assessment	usually abbreviated EqIA to differentiate it from EIA, assesses the equity and discrimination considerations in all policies and strategies especially with respect to vulnerable groups.

Equator Principles	a corporate social responsibility and sustainability framework for the global finance industry. More specifically, it is a risk management framework adopted by financial institutions (i.e. banks) for determining, assessing and managing environmental and social risk in projects anywhere in the world and for all industry sectors. It is primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. Banks that adopt the Equator Principles commit to implementing the principles in their internal environmental and social policies, procedures, and standards for financing projects and agree to “not provide Project Finance or Project-Related Corporate Loans to projects where the client will not, or is unable to, comply with the EP”. Essentially the EP are a set of high level principles. For operational guidelines, the EP requires compliance with the IFC Performance Standards.
Ex-ante assessment	in advance. Most impact assessments are ex-ante, a prediction about the likely impacts of a planned intervention; in other words, about something that has not yet happened.
Ex-post assessment	after the event. Ex-post assessments are in effect evaluations of the impacts of a particular project or policy.
Exit strategy	in an SIA/project sense, this refers to the consideration that a company needs to give as to how they will extract themselves from long-term obligations that are not core business.
Expropriate/expropriation	refers to the ability of a public sector agency, or a corporation authorised by government, to acquire land and other resources, without the consent of existing users or residents. (also see Eminent domain)
Externality	an economics terms that refers to the costs (and thus impacts) that are considered to be external or irrelevant to the consideration being made, thus typically the environmental and social impacts. A principle of sustainability is to internalise the externalities.
Facilitation	the process of enabling groups and organizations to achieve their goals by assisting them in the processes they use to collaborate with each other. A facilitator is usually independent, trained and experienced in facilitation skills, and has a repertoire of techniques to use, selected according to the purpose and interests of the group being facilitated. In an SIA and/or community engagement process, it is a facilitator who normally manages the engagement processes. Key skills are impartiality, an ability to set people at ease, a good understanding of social process and a good knowledge of a wide variety of techniques and of when to use which technique.
Facipulation	a made-up word that combines the words facilitation and manipulation. It refers to the feeling that people have when they participated in an engagement process but were left feeling that they had been manipulated.
Fear of crime	refers to an abnormal fear people experience about being a victim of crime. Rapid change in a community can increase people’s fear of crime so that their fear is out of proportion in relation to the actual probability of crime. Fear of crime is a very debilitating condition because it changes people’s behaviour, affects how they feel about their community and it affects their general wellbeing.
Fenceline	an expression that refers to the boundary around a project site. It is intended to be a way of designating between internal issues and external issues. However, while this may be evident in a technical sense, it is not straightforward, and in terms of social and human rights issues is irrelevant.
Fenceline communities	refers to the communities that are the immediate neighbours of the project and that are particularly vulnerable to the direct impacts of a project, such as noise, dust and vibrations.

FIFO	fly in, fly out. An acronym that refers to the use of workers who are not normally resident in the vicinity of the project and who are brought in, usually for blocks of time, as workers.
First order impact	the impacts that are the immediate, direct consequences of a project.
Fixed income earners	refers to those people whose income (from jobs or pensions) is fixed, i.e. not adjusted for inflation or cost of living issues. Boomtowns usually experience local inflation. While people who are associated with the project are paid a sufficient amount to cope with the cost of living increases (and are usually the cause of the inflation), many people receive incomes that are not adjusted to local levels. These include not only pensioners, but in effect people on salaries that are set at a national level like nurses, teachers, police officers, and other people who work in government.
Footprint	is a vague term that can be shorthand for ecological footprint or a carbon footprint, but can also mean the immediate physical space occupied by a project.
Foreign direct investment	a business term referring to investments that relate to the gaining of a controlling ownership (typically regarded as being 10% or more shareholding) in a business enterprise in one country by an entity based in another country.
FPIC	free, prior and informed consent (see the discussion about this in this document).
Front end loading	a term from project management that implies spending more money upfront in order to have a better design and thus save money later on. Not to be confused with a 'front end loader', which is a vehicle (piece of equipment) that can scoop up dirt and other materials.
Gatekeeper	a person or institution that controls access to something. Gatekeepers can have formal or informal roles. In an SIA context, the concept often refers to the individuals who can the power to help or hinder the access of the consultants to a particular community. In other words, they have a key influential position.
Gender	refers to the socially-constructed roles ascribed to males and females. These roles are learned, change over time, and vary widely within and across cultures.
Gender analysis	a process used to consider and understand the gendered nature of the implications of a planned intervention on women, as well as of men, in the cultural context of the communities affected. A gender analysis should consider sex and gender differences.
Gentrification	the gradual process by which a location (typically an inner-city suburb or a village in an aesthetic location) transforms from being working class to middle or upper-middle class in character and composition. A consequence of this process is increasing property values and home rental cost leading to the displacement of former residents. When gentrification leads to touristification, it can also lead to conflict between established residents (old-timers) and tourists and/or the new residents (newcomers).
Good governance	a normative understanding about how governance (of any organisation) should occur, including a commitment to accountability, transparency, the rule of law, capacity building, inclusive and participatory process.
Good practice	what is currently considered to be appropriate and expected (i.e. conventional rather than cutting edge) in a field of practice. In contrast, best practice means cutting edge or leading, and thus good to advocate, but cannot be expected in all circumstances.

Governance	refers to the ways organizations, institutions, businesses, and governments manage their affairs. It is the act of governing, involving the application of laws and regulations, but also customs, ethical standards and norms. (also see Good governance)
Governance gap	there are many governance gaps, but in general they refer to the difference between the ideal (or least what would normally be expected as proper) and the actual practice of governance. In the impact assessment and business & society discourses, the gap tends to refer to the lack of scrutiny over multinational companies in their activities in developing countries.
Greenfield	refers to project development that takes place somewhere with no previous development experience, in other words no legacy issues.
Grievance	any perceived concern evoking an individual or group's sense of entitlement or having been wronged, based on law, contract, explicit or implicit promises, customary practice or general notions of fairness.
Grievance mechanism	a formal, legal or non-legal (judicial/non-judicial) process to address complaints that can be accessed by individuals, workers, communities and/or civil society organisations who are or feel they are being negatively affected by the activities of a project or business.
Guiding Principles	tends to refer to the United Nations <i>Guiding Principles on Business and Human Rights</i> .
Higher order impact	the indirect social impacts that happen after the immediate first order impacts in the chain of impacts that arise from a project.
Homelessness	a personal situation of being without a home, of not having a regular place to stay. At one level it can refer to people of no fixed abode who depend on emergency housing services who otherwise would sleep on the streets (i.e. 'sleeping rough'); at another level it can mean the feeling of alienation such that even though there may be a physically adequate place of residence, other emotional elements about it mean that it does not feel like home.
Honeypot effect	or project-induced in-migration; people may move to the project site in an attempt to become regarded as an affected person and therefore eligible for compensation or in search of work or economic opportunities that arise from the project.
Host communities	refers to those communities that are near to project sites, that host the project and its workers, in other words the impacted communities. In resettlement planning, it refers to the existing communities that will absorb people who are being relocated.
Human capital	the education, skills, knowledge, ability to labour, and good health that together enable people to pursue their livelihood objectives. (also see Capitals)
Human rights	universal legal guarantees protecting individuals and groups against actions and omissions that interfere with fundamental freedoms, entitlements and human dignity. Human rights law obliges Governments (principally) and other duty-bearers to do certain things and prevents them from doing others.
Human rights-based approach (human rights lens)	refers to a conceptual framework that is normatively based on international human rights standards and operationally directed towards promoting and protecting human rights. It is an approach (to health, to development cooperation, etc) that: (1) positions human rights as a core element; (2) demands accountability and transparency among duty-bearers; (3) fosters empowerment and capacity development of rights-holders to, inter alia, hold duty-bearers to account; (4) views meaningful participation of rights-holders as a right, not simply as best practice; and (5) ensures non-discrimination as well as prioritises vulnerable groups.

Human rights due diligence	refers to the expectation under the United Nations <i>Guiding Principles on Business and Human Rights</i> that companies should fully satisfy themselves that a proposed business action, transaction or acquisition has no hidden human rights risks (in other words, not only risks to the company, but also risks to people and communities). Since many social impacts are also human rights issues, affected stakeholders may be rights-holders with legal rights.
IAIA	International Association for Impact Assessment, http://www.iaia.org
IAP2	International Association for Public Participation, http://www.iap2.org
ICMM	International Council on Mining and Metals, http://www.icmm.com
IFC	International Finance Corporation, the private sector lending arm of the World Bank Group. It is particularly significant because its performance standards have become an international benchmark, and are the basis of the Equator Principles.
Impact	an economic, social, environmental, and other consequence that can be reasonably foreseen and measured in advance if a proposed action is implemented.
Impact assessment	the process of identifying the future consequences of a current or proposed action.
Impact equity	the notion that the impacts in a society or of a project should be shared in an equitable manner, at least that there should be consideration given to the fair distribution of negative and positive impacts. For example, the flight paths for an airport might be adjusted to share the noise burden rather than the same people having all the noise.
Impact history	refers to the past experience a community has had with other projects. This affects the way they relate to new projects and how much trust they might have. It also means that there may be legacy issues that a new operator has to deal with.
Impact pathways or impact chains	refers to the links between primary impacts (first order impacts) and secondary impacts; as well as the links between social change process such as immigration.
Impacted communities	those communities (the host communities) that are impacted by a project.
Impacts & Benefits Agreement (IBA)	a legally-binding agreement between a company and a community (sometimes also involving government) that outlines the likely negative impacts a project will create, the mitigation efforts a company will undertake, and the extent of contributions the company will provide to the community in the form of jobs and other benefits such as social investment contributions.
Impoverishment	the process of becoming impoverished (resulting in poverty). The loss of livelihoods from the displacement caused by projects can lead to impoverishment.
Indicator	(see Social indicator)
Indigenous knowledge	(see Local knowledge)
Indigenous people	broadly defined as a distinct social and cultural group exhibiting the following characteristics to some extent: self-identification as a member of a distinct cultural group and recognition of this identity by others; collective attachment to a geographically-distinct habitat or ancestral territory and to the natural resources therein; customary cultural, economic, social, and/or political institutions that are separate from those of the dominant society or culture; a language which often different from the official language of the country or region.

Indirect impact (effect)	an impact which occurs as a result of another change which is caused by a planned intervention. In SIA, an indirect effect might be caused by a physical change to the environment. For example, a mine might increase river turbidity which might reduce the supply of fish which may reduce the economic livelihoods of fishing dependent villagers. These can also be secondary effects, second or higher order effects.
Influx management	the process of managing the large numbers of people who come to project sites in search of economic opportunities (see Honeypot effect).
Informal economy	refers to that part of the economy that avoids regulation, taxation or control by government, either because it operates illegally, or because it operates on a small-scale, cash basis.
Informal settlements	townships that develop informally, that is without proper planning and usually in violation of building codes and planning schemes, typically on land to which the inhabitants do not have proper entitlement, often using discarded materials to make temporary dwellings.
Informed consent	the most basic ethical principle in undertaking research with humans; basically that the intended research participant has the right to decide whether or not to participate, and that they should make this decision on the basis of full information about the research and the likely risks to them. Informed consent is often recorded by the participant signing an Informed Consent Form. SIA practitioners should practice informed consent with the participants in SIA data collection.
Intangible cultural heritage	(see Cultural heritage)
Interested and affected publics	groups, organisations, and/or individuals who believe that an action might affect them or who are otherwise involved in the decision process (also called stakeholders). (also see Affected parties)
Intrinsic value	a philosophical concept that an object or entity (such as nature, a specific location, a rare species) has an inherent value or quality beyond its instrumental or use value to humans.
Involuntary resettlement	the resettlement of people by a project in situations where the state power of eminent domain was exercised or threatened to be applied (also see Resettlement).
IPIECA	the global oil and gas industry association for environmental and social issues http://www.ipieca.org/
Irremediability	irreparable harm, negative impacts that can not be mitigated or redressed.
Irreparability	unable to be repaired.
Key Performance Indicators (KPIs)	refers to the indicators that are set to measure the performance of a company or person. Monitoring indicators are not usually regarded as KPIs, but the adequacy of monitoring should be a KPI for the manager responsible for monitoring; and the lack of exceedances should be a KPI for a company.
Knowing and showing	a phrase made popular by John Ruggie. Rather than companies be vulnerable and exposed by being named and shamed, instead they should demonstrate that they have internalized their respect for human rights by their commitment to due diligence processes.
Land tenure system	the legal arrangements by which the ownership of land and any process for the intergenerational transfer or sale of land ownership are formally established.
Landscape restoration	(see Rehabilitation)

Latent conflict	refers to conflict in a community that is latent, that is hidden or concealed. Project staff may not realise the presence of tension in a community.
Leading practice	in effect the same as best practice, but perhaps with the idea that what is leading always changes and therefore it is a relative concept. It tends to refer to an attitude of a company (to be a leading practice organisation) rather than being a property of practice.
Legacy issues	The general meaning of legacy is something that is left behind, such as when a person dies (what they leave to others in their will), or when they retire from their job (when they have created value or made a mess), but it can also refer to what a project or a company leaves behind. Although the word is arguably neutral/bidirectional and can mean the positive state of affairs and contribution to development outcomes, in SIA it typically refers to the mess left behind by past projects. In the extractive sector, it largely refers to the pollution and contamination left behind, such as acid mine drainage. It is important to appreciate that the legacy issues of other projects affect the trust of a community to accept a new project.
Legitimacy	a concept that means that the actions of one party are considered by an individual or group to be desirable, proper, appropriate, or at least acceptable from the normative perspective of the other party. Legitimacy can be interpreted in multiple ways, including as legal legitimacy, political legitimacy, moral legitimacy and social legitimacy. On its own, in an SIA context at least, 'legitimacy' is normally understood as being 'social legitimacy'; the extent to which an action is socially acceptable.
LGBT/LGBTIQ	lesbian, gay, bisexual, transgender, intersex and queer people. Some other variants of the acronym also include 'questioning'. LGBT, LGBT+ and LGBTIQ are the typical inclusive acronyms used in discussions of sexual orientation and gender identity (SOGI). LGBTIQ people are frequently discriminated against and therefore are amongst the marginalised and vulnerable groups in society.
Licensing process	the process by which an operator obtains an environmental licence or permit, and the process by which the regulatory agency determines whether it should be given.
Lifeworld	a social science concept that refers to the lived experiences of people and to their everyday lives. It implies taking their perspective in the analysis or narrative presented.
Linear projects	projects like pipelines, highways, railways, transmission lines and irrigation systems that affect a narrow strip of land but extend for many kilometres.
Liveability	the aspects of a place which make its inhabitants happy to live and work there, and which provides a high quality of life for all its inhabitants.
Livelihood	refers to the way of life of a person or household and how they make a living, in particular, how they secure the basic necessities of life, e.g. their food, water, shelter and clothing, and live in the community. (also see Sustainable livelihoods)
Livelihood Restoration and Enhancement Plan	a plan produced as part of a resettlement process to restore and enhance people's livelihoods after being resettled or economically displaced.
Local content	refers to the requirement, expectation or commitment of a company to ensure that value is retained locally through employment and/or procurement.
Local knowledge	the knowledge that people in a given locality or community have developed over time and which they continue to develop. It refers to the collection of facts and systems of concepts, beliefs and perceptions that people have about the world around them. It also includes the way people observe and measure their surroundings, how they solve problems and validate information. A wide range of terms is used: Indigenous Knowledge, Indigenous Technical Knowledge, Traditional Knowledge, Traditional Ecological Knowledge or Traditional Environmental Knowledge, and Aboriginal Knowledge.

Local procurement	refers to the deliberate company policies and enabling strategies to procure goods and services from local suppliers so as to enhance the benefits of the project to the local community.
Marginalised groups	(see Minority groups and Vulnerable groups)
Marginalisation	refers to the social and economic processes that make minority groups and/or vulnerable groups worse off.
Materiality	a legal concept that refers to whether something is relevant to the matter at hand. For example, it can refer to what should be disclosed as part of good faith negotiation. It can also refer to what should be considered in sustainability reporting.
Mental health	simply put is the level of psychological wellbeing and the absence of any mental disorder. Mental health includes an individual's ability to enjoy life, as well as their subjective wellbeing, perceived self-efficacy, autonomy, competence, and self-actualization of their intellectual and emotional potential.
Microfinance	a variety of banking services (typically the provision of small loans) to assist low income people (especially women) to establish small businesses. Microfinance arrangements are very important because they provide finance for people who otherwise are excluded from access to capital due to the small value of the requested loan, their low income, lack of collateral, and non-existent or poor loan history.
Mindmap	a mindmap is a diagram that is a way of presenting ideas and thoughts; mindmapping is a process of organising information and ideas.
Minority groups	a social science term used to refer to members of designated social groupings that are differentiated or differentiable from mainstream society. They typically: experience discrimination and subordination; have physical and/or cultural traits that set them apart, and for which they are marginalized by the dominant group; a shared sense of collective identity and common burdens; socially-shared rules about who belongs and who does not determine minority status; and tendency to marry within the group.
Mitigatability	able to be mitigated.
Mitigation	the process of devising and implementing processes, procedures and/or changes to a planned intervention in order to avoid, reduce or minimise, or to compensate (offset) for impacts likely to be experienced.
Mitigation hierarchy	a framework for planning mitigation actions. A short form of it is: Avoid, Reduce, Repair, Compensate. A longer form goes: avoid at source; minimise at source; abate on site; abate at receptor; repair; compensate in kind; compensate by other means.
Monitoring	can refer to a process of checking for compliance to conditions of consent for a planned intervention to go ahead, but typically refers to the process of ongoing testing to determine that there are no unanticipated impacts.
Moral outrage	anger provoked by the perception or belief that some moral standard, such as a standard of fairness or justice, has been violated.
Multiplier effect	(see Regional multiplier)
Naming and shaming	a strategy that attempts to build commitment or compliance to expected norms and/or good practice by publicising the names of wrong-doers or offenders. It is often contrasted with 'knowing and showing'.

Needs assessment	a systematic procedure for determining client or community issues and ranking of importance as a component of program development. Needs assessment is the forerunner of modern day public involvement programs.
Newcomers	new residents in a particular location.
NIMBY	an acronym that stands for 'Not In My BackYard'. It refers to the reaction often obtained when considering the siting of locally-unwanted landuses (LULUs) like airports, landfill sites, windfarms, etc.
Non-technical risks	relate to the managerial, legal, social and political aspects of a project. In industry thinking, they are sometimes regarded as being 'external' risks (or even 'above ground'), as they are considered to occur as a result of circumstances outside the control of the project managers.
Normalisation	the attempt to avoid the development of a company town or a boomtown ethos, or to convert a company town into a more normal community life.
Normative	a normative perspective or judgement means the making of claims about how things should or ought to be, how to value them, which things are good or bad, and which actions are right or wrong; usually by reference to an ethical principle, or arguably by reference to an international code or standard that is beyond the legal requirements (if it was legally-required, it would not be a normative requirement).
Oldtimers	a colloquial expression referring to the long-term residents of a location, used in contrast to the newcomers. The interests of oldtimers are often different to those of newcomers.
Outcomes	in evaluation, program logic and project management, outcomes are the higher-order goals and objectives of the program.
Outputs	in evaluation, program logic and project management, outputs refers to the products of the program. The important concept is that outputs are rarely the intended outcomes, they are merely a stepping stone to achieve the outcomes.
PAPs	(see Project affected people)
Paradigm	the set of practices, methods, theories and understandings that held by a scientific discipline (and thus define it) at a particular period of time. In other words, the worldview of a field of research, i.e. what the body of scholars and practitioners in a particular field of enquiry consider to be current good practice.
Participation	a process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them. It is a process which can improve the quality, effectiveness and sustainability of projects and strengthen ownership and commitment of government and stakeholders.
Participation Agreement	(see Impacts & Benefits Agreement)
Participatory monitoring	the involvement of stakeholders in monitoring activities and the verification of information to ensure the legitimacy of the monitoring process and the project as a whole.
Perceived impact	something that is believed to be a potential impact rather than something that has been established as being an actual impact. Note that perceived impacts affect how people feel about the project and how they feel and behave generally, thus perception is reality for them.

Performance standards	a performance standard is a generic concept that articulates the expected standard of practice or achievement. In an SIA context, it typically refers to the International Finance Corporation's Performance Standards for Environmental and Social Sustainability.
Permitting process	the regulatory process of assessing and approving a project. (also see Environmental licence)
Physical displacement	(see Displacement)
PIMBY	please in my backyard. The opposite of NIMBY, this is a way of thinking about gaining a social licence to operate so that people would be welcome to projects occurring nearby.
Place	geographical space that has been given meaning (negative as well as positive sentiment) because of the personal experiences and/or relationships to it by individuals or groups.
Place attachment	the extent to which an individual has positive feelings about their local environment and/or community.
Place dependency	similar to place attachment but used to emphasise the extent to which a person is dependent on, or tied to, a particular location, and therefore unable to move, and thus somewhat vulnerable to changes.
Placelessness	can refer either to locations that lack a 'spirit of place', are unauthentic or disconnected from their environmental setting; OR it can refer to the disconnectedness that individuals feel as a result of having been resettled or because of the rate of change in their community.
Plan	a strategy to achieve identified objectives and/or an implementation agenda.
Planned intervention	a project, plan, policy or program. Basically any considered action that seeks to achieve a defined outcome or goal.
Policy	a document prepared by an organisation that is a statement of principle, or an overarching statement of goals or procedural steps, about some matter of organisational significance.
Post-closure planning	(see Closure planning)
Potential impact	an impact that is predicted, rather than an actual impact that has already occurred.
Prediction	the task of identifying likely future impacts for a specific planned intervention.
Primary zone of influence	refers to the social impacts that occur in the primary zone of influence by the proposed action and occur in the same time and place.
Profanisation	the process by which sacred objects become ordinary (profane). Exposure to other cultures, and especially the sale of cultural artefacts, leads to them losing their sacred value.
Profiling	the process of collecting background information on the characteristics of a community and the local environment in the pre-development state.
Program	a coherent, organised agenda or schedule of commitments, proposals, instruments and/or activities that elaborates and implements policy, eventually comprising several projects.

Project	a proposed capital undertaking, typically involving the planning, design and implementation of specified activities.
Project affected person/ persons/people (PAPs)	a World Bank/IFC term that can sometimes mean anyone who is negatively affected by a project, but can sometimes refer primarily to people who need to be resettled or are otherwise displaced as a result of the project.
Project area of influence	includes: the primary project site(s) and related facilities that a proponent (or its contractors) develops or controls; associated facilities that are developed as a result of the project (even if not directly funded by the project but funded by a client or a third party including the government), and whose viability and existence depend exclusively on the project and whose goods or services are essential for the successful operation of the project; areas potentially impacted by cumulative impacts from further planned development of the project; and areas potentially affected by impacts from unplanned but predictable developments caused by the project that may occur later or at a different location.
Project-induced in-migration	(see Honey-pot effect)
Projection	in an SIA context, projections refer to the estimations/extrapolations/predictions/ forecasts about the future state of one or more social impact variables being considered.
Proponent	the organisation (government, commercial or NGO) or individual which seeks to commence a particular project. In regulatory terms, usually refers to the organisation or individual that submitted the Development Application or Notification of Intent.
Public comment period	in regulatory impact assessment processes, there is usually a requirement that the completed Impact Statement is available to the public for their comment for a designated period of time (e.g. 30, 45, 60 or 90 days).
Public Consultation, Public Involvement, Public Participation and Community Engagement	although often used interchangeably, there are important distinctions. Arguably ' <i>public involvement</i> ' is an over-arching concept relating to the processes of involving the public in decision-making processes. ' <i>Consultation</i> ' implies the seeking of the views of the community, whereas ' <i>participation</i> ' implies actually bringing the public into the decision-making process.
Quality of life	the general wellbeing of an individual, differing from standard of living in that it includes all the subjective, non-economic dimensions of life.
Regional multiplier	an economics term that refers to the ratio of the size of the final total economic effect on a regional economy of a specific initial stimulus (such a project) relative to the size of the direct impact; the extent to which local investment is amplified in a local economy.
Regulatory agency	(regulator, regulatory authority, regulatory body, competent authority) is a public authority or government agency responsible for exercising decision making and oversight over some area of human activity in a regulatory or supervisory capacity. In an SIA context, this may be the Department of Environment or the Department of Planning. The agency is responsible for determining the acceptability of an Environmental Impact Statement or Social Impact Assessment report and for issuing the licence to proceed with the project.
Rehabilitation	in impact assessment, this generally refers to restoring the landscape to how it was before the project (restoration), or where this is not possible at least to making the landscape acceptable to people (remediation). In mining, for example, it refers to replacing the soil layers and re-vegetating the land.

Replacement cost	an economics and insurance concept that refers to the full cost of replacing an asset. The valuation for compensation purposes of assets destroyed by a project can be controversial. Insurance assessors often use the depreciated value of an asset. In project-induced resettlement and displacement, full replacement cost should be provided to ensure that people are not made worse off.
Reputational risk	(or reputational harm) the potential risk to the reputation of an organisation by associating or being associated with a particular practice.
Resettlement	the planned process of relocating people and communities from one location to another as part of the project-induced land acquisition necessary to allow a project to proceed. Resettlement is regarded as involuntary when the location of the project is fixed and local communities have, in effect, no choice but to be resettled; whereas resettlement is regarded as voluntary when no state power of eminent domain is used, threatened, or perceived to be threatened, and the individuals affected do have a real choice about whether they will agree to be resettled or not.
Resettlement Action Plan (RAP)	developed in line with the project’s Resettlement Policy Framework, the RAP is a detailed strategy as to how a specific resettlement process will actually be conducted. The RAP details the processes of recording baseline conditions, consulting affected people, and provides a detailed strategy for: (i) minimizing or avoiding resettlement; (ii) compensating for losses; (iii) relocating and rebuilding as necessary; (iv) ensuring that affected people are afforded the opportunity to improve the incomes, income-producing activities, and standards of living that they had before the project affected them.
Resettlement Policy Framework (RPF)	a policy or operational guideline for the project about how issues of land acquisition, resettlement, compensation and livelihood restoration will be addressed throughout the project.
Residual impact	the predicted adverse impacts which remain even after mitigation measures have been implemented.
Resilience	capacity of a community to recover from impacts that threaten it.
Resistance	the capacity of a community to resist change, to be able to fight back against undue development.
Rights-based approach	(see Human rights-based approach)
Rights holder	individuals and groups whose rights have been impacted. Arguably they include all stakeholders. The term is in effect similar to stakeholder but the use of ‘rights holder’ implies a connection to the human rights-based approach and a pointed awareness that these people may have a legal standing.
Risk	can mean the probability of an event occurring; but the term can be used with a slightly different meaning to refer to an uncertain event (of unknown probability) that, if it occurs, will affect achievement of one or more objectives. Sub-categories of risk are often created. For example, non-technical risks (or social risks) relate to the managerial, legal, social and political issues of a project; whereas the technical risks are the physical, structural, engineering and environmental aspects.
Rite/ritual	a ceremonial act that is an expression of culture and community.
Rootedness	being strongly embedded in the local community – like a tree having roots. A component of place attachment, alongside sense of place, rootedness refers to a person’s social links (social capital) to others in the community, for example, having local relatives, having long-term friends, having close friends, etc.

Royalty	in general terms, a royalty is a payment made by one party (the licensee) to another (the licensor) for the right to the ongoing use of an asset. In an SIA context, royalties are payments made by resource extraction companies to governments and/or traditional owners of land for their access to the resources extracted.
Sabotage	a deliberate act intended to harm a corporation through obstruction, disruption, or destruction. Aggrieved stakeholders may take direct action against a project by blockading the project, or by destroying equipment either in an attempt to attract publicity, retard the project, or simply as an act of revenge.
Sacred	having spiritual or religious significance.
Sacred site	a site (location in a landscape) of special spiritual significance to the local people. Although usually associated with Indigenous peoples, arguably it can apply more broadly to refer to other spiritual and religious sites and shrines of high cultural heritage significance.
Safeguard policies	a suite of policies of the World Bank that stipulate environmental and social performance.
Scoping	the process of determining the main issues of concern and the interested affected parties for a particular planned intervention.
Screening	a selection process to determine whether an impact assessment is required and, if so, what type of impact assessment should be done. In a regulatory environment, this is specified in the applicable regulations. Although the term is not always used in this way, arguably 'screening' can apply more generally to refer to determining the requirements that need to be met, or procedures that need to be followed, that are implied in company procedures, national and international legislation, and/or the requirements of financial partners, especially when World Bank, IFC, or Equator Principles banks might be involved.
Self-determination	one of the designated human rights that pertains to groups (rather than individuals) and which establishes that all peoples should be able to freely determine their political status and freely pursue their economic, social and cultural development.
Sense of community	(see Community mindedness)
Sense of place	an individual's personal relationship with their local environment, both social and natural, which the individual experiences in their everyday daily life.
Shared infrastructure	refers to infrastructure built for the project but which is also made available to service local community needs. It can refer to electricity generation, water supply, sewerage treatment, as well as to bridges, roads, railway lines, ports and airports.
Shared value	a way of thinking about the role of a company that recognizes that societal needs, not just conventional economic needs, define markets, and that the purpose of the corporation must be defined as creating shared value not just profit, so society benefits as well as the company. This view also acknowledges that social harms frequently create costs for firms in the form of social risks and therefore need to be carefully managed.
Significance (assessment, determination)	the act of assigning some form of prioritisation to the issues to be considered for further analysis and/or mitigation. Following the scoping process, the impacts are assessed for their significance according to some predetermined criteria or in a deliberative process with a community liaison committee.
SIMP	Social Impact Management Plan

SME	small to medium enterprise, defined differently in different countries using number of employees and/or annual revenue criteria. When sole operator or very small enterprises are exclusively intended, 'micro enterprise' is the term used. SMEs are important in SIA because they are often disperse, unorganised, and very often affected by projects. With care, they can also be significantly positively involved by a commitment to local procurement.
Social area of influence	a term that means much the same as 'area of influence' but that emphasises the social impacts of the project. Because of the mobility of people and the extent of social impacts, the social area of influence is likely to be much larger in physical area than the physical area of influence.
Social baseline	(see Baseline)
Social carrying capacity	refers to the numbers of people a particular location can support. While (ecological) carrying capacity is a fairly establish term in ecology, the social carrying capacity is a term seldom used by social scientists. Park managers talk about social carrying capacity as the number of tourists they think their park can accommodate, and in the tourism field, there is a notion about social carrying capacity as the number of tourists that a particular tourism attraction (site, village, region, culture) can comfortably cope with.
Social capital	the social resources upon which people draw in pursuit of their livelihood objectives including their networks and connectedness, and their relationships of trust, reciprocity and exchanges that facilitate cooperation, reduce transaction costs, and provide the basis for informal safety nets. It includes the institutions, relationships, attitudes, values and shared values and rules for social conduct that govern interactions among people and contribute to economic and social development.
Social change process	an identifiable process of change in project-affected communities that is created, initiated, enabled, facilitated and/or exacerbated by a planned intervention. The social change process is not in itself a social impact, but may or may not result in the experience of social impacts depending on the local context. For example, in-migration and resettlement are social change processes that may or may not result social impacts.
Social determinants of health	the economic and social conditions, and their distribution in a population, that influence individual and group differences in health status. It refers to the social risk factors in a person's living and working conditions rather than to the individual factors (such as behavioural risk factors or genetics) that influence the risk of disease, or vulnerability to disease or injury. The distributions of social determinants are shaped by public health and other policies, poor governance, and unfair economic arrangements where the already well-off and healthy become even better off while the poor who are already more likely to be ill become even poorer.
Social development	in SIA, social development refers to the process of progressing towards the desired development goals for a particular society. It is a process of planned social change and goes hand-in-hand with economic development. The social development goals will vary between locations depending on the local context, but could be about enhancing wellbeing and/or economic prosperity, improving sustainable livelihoods, improving the provision of basic services in a society such as health and education, enhancing social inclusion, building capacity, enhancing good governance, etc. Social development is largely similar to community development but with a greater emphasis of achieving development outcomes.
Social development outcomes	refers to the results a particular development intervention is expected to achieve.

Social disarticulation	the process by which the social networks and support mechanisms within a social group are disrupted. It often happens as a result of the fragmentation that occurs through resettlement.
Social disintegration	the process of the breaking down of social order in a community.
Social diversity	refers to the localised mix of social groups and individuals based on characteristics such as gender, ethnicity, age, culture and economic background.
Social exclusion	the processes that retard the achievement of social inclusion and social integration, and/or that lead to the marginalisation of vulnerable groups.
Social footprint	a concept which attempts to be the social equivalent of 'ecological footprint', thus a metaphor referring to the extent of social harm created by a project or product. It is a concept not favoured by social scientists and thus not used in SIA, but some physical scientists promote this concept alongside the ecological footprint.
Social fund	the provision of funding (perhaps but not necessarily as compensation) from a project to be directed towards impacted peoples. Social funds are usually managed by the community and are intended to be for the furtherance of social projects the benefit the community as a whole. They are often calculated as percentage of something, such as dollar per Megawatt Hour of electricity produced, or kilotonne of ore extracted from a mine. A social fund is not a royalty payment, although royalty payments may also be paid into social funds.
Social impact	something that is experienced or felt, in a perceptual or corporeal sense at the level of an individual, social unit (family/household/collectivity) or community/society. (also see Social change process)
Social Impact Assessment (long form)	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.
Social Impact Assessment (short form)	analysing, monitoring and managing the social consequences of development.
Social Impact Management Plan (SIMP)	a formal document and associated management system that outlines the strategies to be undertaken during the various phases of a development (including closure) to monitor, report, evaluate, review and proactively respond to change. Somewhat similar to a Social Impact Statement, the idea behind a SIMP is to focus on the management strategies to address the impacts rather than just being a listing of potential impacts.
Social Impact Statement	the SIA version of an Environmental Impact Statement; a formal document submitted to a regulator.
Social inclusion	a social justice concept that refers to a policy commitment and the active strategies by government at all levels and civil society to enhance the access of diverse individuals and groups to development opportunities and to full participation in society through the removal of institutional constraints to participation and the provision of incentives and mechanisms for participation.
Social indicator	a statistical measure (variable) used to monitor change in social phenomenon. In SIA, social indicators are identified for all of the social issues identified as being important topics to monitor.

Social innovation	a discourse around new ways in meeting the social needs of, or delivering social benefits to, communities through the redesign of and/or creation of new, products, services, organizational structures, governance structures, policies, procedures and activities that are more effective than existing traditional public sector, philanthropic and market-reliant approaches in responding to social exclusion.
Social integration	the ability of different groups in society to live together in productive and cooperative harmony and to accommodate differences within a framework of common interest to the benefit of all. Social integration implies justice for the individual and harmony among different social groups and countries. It means integration of disadvantaged and vulnerable groups by making all institutions of society more accessible to them.
Social investment	in SIA, social investment refers to the idea that a project should make a contribution to local development by making funding available for projects that contribute to local development outcomes. Strategic social investment is used when there is a clear business case to the company making the funds available.
Social justice	refers to notions of fairness and equity across a society. It is a philosophy about respect for human rights, the notion that everyone should have the chance to improve themselves, and that they should have the opportunity to participate in decisions affecting their own life.
Social licence to operate	a popular expression to imply that the acceptance of the community is also necessary for a project to be successful.
Social licence to operate and grow	a variant on 'social licence to operate' which emphasizes that the acceptance of all stakeholders is also necessary for the business to expand.
Social management system	a management system that specifically addresses the management of social issues in a company/project.
Social performance	the interface between a project and society; a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships.
Social profile	(see Community profile)
Social return on investment (SROI)	is a method for measuring the additional benefit beyond immediate financial return of investments in projects or activities, for example of social investment funding. It is usually express as a ratio relative to resources invested.
Social risk	the World Bank defines social risk as "the possibility that the intervention would create, reinforce or deepen inequity and/or social conflict, or that the attitudes and actions of key stakeholders may subvert the achievement of the development objective, or that the development objective, or means to achieve it, lack ownership among key stakeholders. Such risks may arise out of the country's socio-cultural, political, operational or institutional context."
Socially-responsible security	an approach to security services around a project that pays attention to human rights and other social issues; and likely to be consistent with the Voluntary Principles on Security and Human Rights.
Soft regulation	(or 'soft law') refers to the informal processes of control over the activities of a company such as industry standards and guidelines. It also refers to global agreements, covenants, etc that influence the practices of companies and how they are judged or perceived.

Spirit of place	refers to the unique, distinctive and cherished aspects of a place. Whereas 'sense of place' is the personal feelings an individual has about a place, spirit of place refers to the inherent characteristics of the place.
Stakeholders	include all individuals and groups who are affected by, or can affect, a given operation. Stakeholders consist of individuals, interest groups, and organizations.
Stakeholder analysis	a deliberate process of identifying all stakeholders of a project (i.e. the individuals and groups that are likely to impact or be impacted by it) and understanding their concerns about the project and/or relationship with it.
Standard	a norm, convention or ruling that is used as a benchmark or target.
Standard of living	the physical, objective indicators of the wellbeing of an individual or group.
Strategic social investment	social investment that is specifically designed to meet both the strategic aims of the project/company and the needs and aspirations of the local communities.
Subjective wellbeing	the personal experience of one's life, the level of satisfaction with one's life; how happy people feel in general terms about their life as a whole.
Subsistence	an adjective applied to a range of words such as the subsistence economy, subsistence livelihoods, subsistence farming, subsistence fishing, and subsistence mining (i.e. artisanal mining). Subsistence refers to the informal or non-market economy (rather than to the cash economy) in which people produce their own goods and services, or exchange them in barter arrangements rather than for cash.
Sustainable development	the Brundtland Commission's report, <i>Our Common Future</i> , defines sustainable development as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
Sustainable livelihood	a livelihood comprises the capabilities, assets (see Capitals) and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.
Sustainable Livelihoods Approach (or framework)	is a way of analysing the effect of projects on the livelihoods of people and communities. It uses the capitals (livelihood assets) as the basis of the framework.
SWOT analysis	an analysis that considers the strengths, weaknesses, opportunities and threats of an organisation or community.
Taboo	something that is culturally forbidden. Projects often violate taboos in ignorance creating much offence.
Technocratic	a pejorative term that refers to people and institutions that have excellent technical skills but lack social awareness and social understanding; and in particular who make decisions on the basis of their technical knowledge without due consideration of the social and political context.
Traditional knowledge	(see Local knowledge)
Traditional owners	a term used in Australia to refer to Indigenous people who have a valid claim to be regarded as the land owner under native title.
Transboundary impacts	refers to the impacts, environmental and social, that transfer across boundaries, typically national boundaries, but arguably across any jurisdictional boundary.
Values	abstract and often subconscious assumptions held by individuals about what is right and/or important in their lives. Typically they are organised into a value system. Values and value systems can vary substantially between cultural groups.

Venting	the process of ‘letting off steam’. In SIA this refers to situations where people who are angry or emotional can express their feelings. Opportunities to vent are a necessary part of a good community engagement process.
Vernacular heritage	the word ‘vernacular’ typically refers to the everyday language of ordinary people in a specific location. Similarly, ‘vernacular heritage’ refers to the cultural heritage that pertains to ordinary people’s lives or that is specific to small groups of people with a common language and/or set of experiences.
Voluntary Principles	within SIA generally refers to the Voluntary Principles on Security and Human Rights.
Voluntary resettlement	(see Resettlement)
Vulnerability	a situation or condition characterized by low resilience and/or higher risk and reduced ability of an individual, group or community to cope with shock or negative impacts. Vulnerability is associated with having low socio-economic status, disability, ethnicity, or one or more of the many factors that influence people’s ability to access resources and development opportunities.
Vulnerable groups	groups which a characterised by having vulnerability. Although vulnerability is context-dependent and can include a very wide range of groups, typically the concept includes: Indigenous peoples, ethnic minorities, migrants, disabled people, the homeless, the poor, those struggling with substance abuse, and isolated elderly people.
Watchdog NGO	a non-government organisation (NGO) whose mission or objectives especially include a monitoring role to oversee the activities of companies or other organisations. Watchdog NGOs tend to ‘name and shame’ as their strategy to encourage better industry practice.
Weekenders	refers to people who live elsewhere who come to their second home for weekends and holidays. Sometimes the term is also used to refer to the houses. They are often an important element in SIAs, but are often hard to access. They are sometimes negatively affected by projects, and/or have different issues to other people in the affected community.
Wellbeing	the social, economic, psychological, spiritual or medical state of an individual or group.
White elephant	a commonly used expression that nowadays refers to a facility (building, etc) of high cost and limited usefulness. Historically, the word had a more precise meaning relating to a crippling maintenance cost (an asset that is a liability) but also to an inability to dispose of it. Unless care in taken in the selection of social investment expenditure, many projects can be white elephants.
World Bank safeguard policies	refers to the set of 10 Operational Policies that have been identified by the World Bank as being important in ensuring that their operations do not harm people or the environment: Environmental Assessment (OP 4.01); Disputed Areas (OP 7.60); Forests (OP 4.36); Indigenous Peoples (OP 4.10); International Waterways (OP 7.50); Involuntary Resettlement (OP 4.12); Natural Habitats (OP 4.04); Pest Management (OP 4.09); Physical Cultural Resources (OP 4.11); and Safety of Dams (OP 4.37).
World Bank social safeguard policies	refers to a subset of safeguard policies (see above) that are specifically about social issues (or that are managed by the Bank’s Social Development Department) including: Indigenous Peoples (OP 4.10) and Involuntary Resettlement (OP 4.12).
Worldview	the perspective by which a person (and sometimes a society or culture) views their world; in other words, a cognitive framework. It’s a term frequently used by social scientists and SIA practitioners.



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