Corporate social responsibility and social impact assessment: from community opposition to earning a social licence to operate

Prof Frank Vanclay
Department of Cultural Geography
University of Groningen
Nimby

Nimby is a product of tofu and love beads. A tireless advocate of the downtrodden, she believes in truth, no matter how it's defined and justice so long as there's no judgment. Her favorite philosopher would be Camus because of the trail of positive thinking he blazed for all.

NOT IN MY BACK YARD!
Put it in someone else’s without any political power

thanks from the nimby
LULU
locally unwanted land uses

• NIMBY not in my backyard
• NUMBY not under my backyard
• NIABY not in anyone’s backyard
• BANANA build absolutely nothing anywhere near anything
Going from NIMBY to PIMBY requires that businesses/projects rethink how they engage with communities.

- They need to treat communities with respect;
- They need to demonstrate the social value of the project;
- They need to earn their ‘social licence to operate’.

Business has a responsibility to give back to the community.
Social licence to operate

• “when a project has the ongoing approval within the local community and other stakeholders”

• “demands on and expectations for a business enterprise that emerge from neighbourhoods, environmental groups, community members, and other elements of the surrounding civil society”
A key concept is trust. If the past experience of a community with projects (their impact history) is bad, new projects will be regarded very sceptically, even if they are in fact beneficial and best practice.

Once bitten, twice shy.
Multiple social licences are needed

The community is never homogenous or singular. Always say ‘communities’ or ‘publics’ in the plural.
Social impact assessment is the process of managing the social issues associated with projects.

SIA is impact assessment that focuses specifically on the social considerations, rather than on biophysical (environmental) issues.
Not just regulatory approval

• It’s about managing the social issues
• The social issues start early (long before regulatory approval is required)
• Corporate social responsibility and company awareness of the concept of ‘social licence to operate’ means that companies are willing to do more
• NGOs (especially watchdog NGOs) are the new regulators.
• Ethical investment is also influential
Industry body and financial industry guidelines (soft regulation)
Social Impact Assessment

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

Source: Vanclay 2003 International Principles for SIA
Social performance

• “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” (Wood 1991, p.693)

• The interface between a firm or project and society
Social performance and SIA

- Ex ante assessment of social impacts
- Mitigation of social impacts
- Due diligence and human rights assessments
- Enhancement of benefits from projects
- Community engagement and FPIC
- Local procurement arrangements
- Monitoring of social issues
- Social investment (design, delivery, governance)
- Compensation mechanisms
- Grievance procedures
- Negotiating Impacts and Benefits Agreements
- Social Impact Management Plans
Environmental (biophysical) impacts only happen when the first sod of soil is turned; social impacts start the moment there is speculation – even a rumour that something might happen.
There is a story in Brazil, that wherever the geosurvey aircraft flies low, the land values double immediately.
• Environmental impacts tend to be only negative; Social impacts can be positive as well as negative.

• Environmental impacts may be temporal as well as long term, and are fairly stable; Social impacts change with the perceptions and feelings of people.
Often the biggest social impact is the fear and anxiety associated with the project.
process is everything
Business drivers for doing SIA

- Revenue growth & access to markets
- Cost savings & productivity
- Access to capital
- Risk management
- Human capital
- Reputation

Business Value
Business case for SIA

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

Understanding the issues
- Profiling
- Stakeholder analysis
- Creating deliberative spaces
- Issues scoping
- Community assets and aspirations identification

Predicting & assessing likely impacts
- Collaborative selection of sustainability and impact indicators
- Baseline indicator data collection
- Impact significance determination
- Social and economic development opportunities assessment

Developing strategies
- Collaborative assessment and ranking of strategies
- Impact & benefits agreements (IBAs)
- Social Impact Management Plan (SIMP)
- Partnerships to implement
- Funding and governance for SIMP & IBAs

Developing monitoring programs
- Monitoring framework for SIMP & IBAs
- Final SEIA report
New developments
Free Prior & Informed Consent

- **Free** – no coercion, intimidation or manipulation by companies or governments, and should a community say ‘no’ there must be no retaliation.

- **Prior** – consent should be sought and received before any activity on community land is commenced and that sufficient time is provided for adequate consideration by any affected communities.

- **Informed** – there must be full disclosure by project developers of their plans in the language acceptable to the affected communities, and each community must have a reasonable understanding of what those plans will likely mean for them, including of the social impacts they will experience if the project proceeds.

- **Consent** – communities must have a real choice, that they can say ‘yes’ if there is a good flow of benefits and development opportunities to them, or they can say ‘no’ if they are not satisfied with the deal.
International conventions

• 1989 ILO Convention 169 (article 16) (20 countries only)
• 2007 United Nations Declaration on the Rights of Indigenous Peoples (article 10) (now 192 countries)
Not just for Indigenous

• FPIC is an appropriate philosophy to apply to all communities.
• It demonstrates respect for communities
• It is consistent with the social licence to operate
Pro-active commitment to local procurement

• Not just purchasing goods and services from local suppliers
• But adapting procurement processes to ensure local suppliers can supply
• Working with local suppliers to assist them in meeting specifications
• Potentially having a preferential policy that might even allow a price consideration
Social Performance Management in Complex Supply Chains

• Not just the proponent, but all the contractors as well!
IMPACT BENEFIT AGREEMENTS:

A TOOL FOR HEALTHY INUIT COMMUNITIES?

Executive Summary

Cathleen Knotsch
Jacek Warda

March 2009
Respecting the land and the locals
Making positive contributions in the communities where we work

Santos GLNG
Social Impact Management Plan
Community Handbook
June 2012
Making sense of it all

• FPIC is the overarching philosophy
• SIA is the process
• IBA, SIMP and organisational action plans are the outputs
• Sustainable communities and more prosperous companies is the outcome
Some useful resources

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

• SIAhub
  www.socialimpactassessment.com

• International Association for Impact Assessment
  www.iaia.org
Follow-up readings
