Environmental Impact Assessment Review 43 (2013) 40–48

Contents lists available at ScienceDirect

Environmental Impact Assessment Review

journal homepage: www.elsevier.com/locate/eiar

Social Impact Management Plans: Innovation in corporate and public policy

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ARTICLE INFO

Article history:
Received 28 January 2013
Received in revised form 17 May 2013
Accepted 18 May 2013
Available online 23 June 2013

Keywords:
Adaptive management
Sustainable development
Community development
Corporate social responsibility
Greentape reduction
Community relations

ABSTRACT

Social Impact Assessment (SIA) has traditionally been practiced as a predictive study for the regulatory approval of major projects, however, in recent years the drivers and domain of focus for SIA have shifted. This paper details the emergence of Social Impact Management Plans (SIMPs) and undertakes an analysis of innovations in corporate and public policy that have put in place ongoing processes – assessment, management and monitoring – to better identify the nature and scope of the social impacts that might occur during implementation and to proactively respond to change across the lifecycle of developments. Four leading practice examples are analyzed. The International Finance Corporation (IFC) Performance Standards require the preparation of Environmental and Social Management Plans for all projects financed by the IFC identified as having significant environmental and social risks. Anglo American, a major resources company, has introduced a Socio-Economic Assessment Toolbox, which requires mine sites to undertake regular assessments and link these assessments with their internal management systems, monitoring activities and a Social Management Plan. In South Africa, Social and Labour Plans are submitted with an application for a mining or production right. In Queensland, Australia, Social Impact Management Plans were developed as part of an Environmental Impact Statement, which included assessment of social impacts. Collectively these initiatives, and others, are a practical realization of theoretical conceptions of SIA that include management and monitoring as core components of SIA. The paper concludes with an analysis of the implications for the practice of impact assessment including a summary of key criteria for the design and implementation of effective SIMPs.

1. Introduction

Impact assessment was conventionally approached as the predictive assessment of the environmental and social impacts of project proposals as part of project approval by government; the regulation of environmental impacts through environmental management plans; and the issuing of an environmental license during the operational phase of development. This process was designed to consider if, where, and how a development could be appropriate in a particular context, and to ensure that projects proceed without adversely disturbing ecosystems, communities and economies (Vanclay, 2006, 2012).

While this approach to sustainable development that is focused on prediction, harm minimization and the impacts of a single proposal has contributed to improvements in outcomes for communities and environments, the experience of developments in a number of jurisdictions has revealed that such an approach is insufficient (Esteves and Vanclay, 2009). Sustainable and equitable development requires that social and economic impacts, as well as environmental impacts, are managed across the life-cycle of developments, and that in addition to the avoidance and mitigation of impacts, there is a need to focus on the delivery of long-term positive outcomes (Esteves et al., 2012; Franks, 2011; João et al., 2011; Joyce and MacFarlane, 2001; Sairinen et al., 2011; Vanclay and Esteves, 2011). Further, the full range of impacts, beyond those of a single development, must be understood and managed in their environmental, economic and social context (Vanclay, 2002; Duinker and Greig, 2006; Franks et al., 2010a, 2010b, 2011).

The ongoing management of social impacts has not received the same attention as environment impacts, which are commonly regulated through environmental management plans and systems, and have associated standardization within the framework of the International Standardization Association (ISO), such as ISO 14001 which was implemented in 1996 (Carruthers and Vanclay, 2007; Vanclay, 2004). In contrast, it was only in December 2010 that ISO endorsed guidance on social responsibility (ISO 26000), and even then it was only a guidance document not a standard intended for certification. The historical absence of a governance framework for managing social and economic impacts has left many developments ill-prepared

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http://dx.doi.org/10.1016/j.eiar.2013.05.004

to meet community expectations (Esteves et al., 2012; Everingham, 2012; Ivanova et al., 2007; Kemp, 2011; Lockie et al., 2008; Rolfe et al., 2007; Solomon et al., 2008).

This paper reports on innovations in corporate and public policy that have attempted to: strengthen internal management systems; encourage the commitment of resources for engagement with communities and other external stakeholders, and for the development of processes for regularly reporting on social performance; and focus on the enhancement of positive outcomes with an eye to the legacy that will be left to communities and regions upon the cessation of developments. We specifically address the development of Social Impact Management Plans (SIMPs) and related strategies in various jurisdictions. We consider four cases: the International Finance Corporation (IFC) Performance Standards; Anglo American's Socio-Economic Assessment Toolbox and associated corporate management systems; the requirement for Social and Labour Plans in South Africa; and the Social Impact Management Plans which were developed as part of an Environmental Impact Statement in the State of Queensland, Australia.

2. Social impact assessment as a management process

The publication of the "International Principles for Social Impact Assessment" (Vanclay, 2003) codified a shift in social impact assessment (SIA) practice (Vanclay, 2006). The principles emphasized SIA as 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" (Vanclay, 2003, 5). Management and monitoring while identified as components of SIA in some theoretical literature (see for example Becker, 2001; Burdge and Vanclay, 1996; Wolf, 1983) have been underemphasized in SIA practice. SIA has historically been regulated as a once-off, single point-in-time, assessment document.

SIA can be considered as a number of distinct yet iterative phases within an adaptive management process with community engagement and participation fundamental to each of these phases. Franks (2011, 2012) summarized the phases of an adaptive management process for SIA (see Table 1 and Fig. 1).

The wider adoption of SIA as a management process complemented parallel shifts in the practice of community relations, whereby a dedicated corporate function with capability from social disciplines is responsible for understanding, and being more responsive to, local communities and their concerns (Kemp, 2009; Kemp et al., 2006). Notwithstanding these changes to corporate practice, many government jurisdictions with SIA requirements have continued to emphasize front-end assessment, and thus the potential for integrating SIA with community relations and corporate social responsibility has been largely unrealized. The emergence of SIMPs therefore could offer one means to bridge these fields and better address management and monitoring within SIA.

2.1. The case for social impact management plans

SIMPs are a management tool for addressing social impacts during the implementation of planned interventions (projects, plans, policies and programs). SIMPs have the potential to operationalize the findings of dedicated phases of predictive assessment, outline the priorities, resources, strategies, processes, activities, commitments and staffing employed to avoid and mitigate negative impacts, and enhance the positive impacts of development. They may detail monitoring, reporting and community engagement processes and may be developed with the participation of impacted parties. They have the potential to be integrated with environmental management plans and/or consist of a collection of more specific plans, including plans for community engagement and participation, community development, complaints and grievance handling, procurement and local business development, local and Indigenous employment, traffic, housing, resettlement, community health, and cultural heritage.

For governments, SIMPs offer a means to use the lever of project approval to influence the social outcomes of development. They can encourage preparedness within companies, organizations and other development institutions to address impacts during implementation. For companies (and other development institutions), the promise of SIMPs is that they offer an organizing tool to achieve social performance goals and can assist in meeting the expectations of, and maintaining amicable relations with impacted communities. For financiers, SIMPs are a means to better align investments with any adopted performance standards. For communities, SIMPs offer an opportunity to have an ongoing influence on developments. Below, we analyze the emergence of SIMPs with reference to four corporate and public policy initiatives.

3. Innovation in corporate and public policy: comparing examples of social impact management

3.1. Methodology

An extensive literature and desktop review was undertaken to identify all efforts where SIA was being linked with the ongoing management of projects in actual practice. The review considered industry, government, multilateral agency and non-government organization websites, reports, legislation and policies (published and unpublished), as well as academic literature. Of the examples identified, four were selected for further analysis based on criteria such as: availability of information, period of time since establishment, and extent and coverage. The selected examples also represent a balance across the different types of implementing 'jurisdictions' (government, corporate, and multi-lateral agency). The four cases are: the Environmental and Social Management Plans in the International Finance Corporation Performance Standards; the Social Economic Assessment Toolbox of Anglo American, a major resources company; the Social and Labour Plans required by the Republic of South Africa; and Social Impact Management Plans that were required by the State of Queensland, Australia.

Targeted consultations were undertaken by telephone, email and, for three of the four initiatives, in person with key government, industry and community informants to understand the initiative, its features, and the drivers and responsibilities of each party.

The authors undertook the initial review in 2008–9 as part of an applied research project to inform the development and subsequent introduction of SIMPs by the Queensland State Government, Australia (Franks et al., 2009). Findings were further informed by presentations covering each of the cases at a dedicated session convened by the authors at the 2012 International Association for Impact Assessment conference in Porto, Portugal. Comparative analysis assisted in distilling key findings and relevance for the practice of impact assessment. Below, each example will be described in turn.

3.2. Environmental and Social Management Plans — International Finance Corporation

The identification, assessment and management of social and environmental impacts are mandatory for all projects financed by the International Finance Corporation (IFC), the private lending arm of the World Bank. According to the IFC, the promotion of the social wellbeing of local communities is an explicit objective of IFC-financed projects, and social assessment is an integral part of the environmental assessment process (IFC, 2003).

Building on the IFC safeguard policies that it had in place since 1998 (and that emulated those of the World Bank), in 2006 the IFC introduced a set of environmental and social performance standards that are a condition of financing. These were updated in 2012 (IFC, 2012). These performance standards require that borrowers prepare Environmental and Social Management Plans (ESMPs) that summarize the findings of the