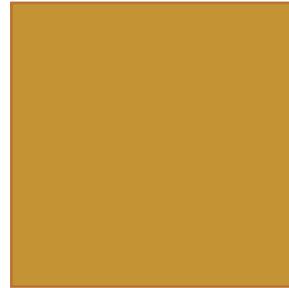


PARTICIPATORY SOCIAL IMPACT ASSESSMENT FOR NATURAL RESOURCE PROJECTS AND PROGRAMS

July 2012



Introduction

There has sometimes been a tendency to regard social impact assessment (SIA) as an add-on or something to be done once a project, program, or policy has been designed: it is sometimes undertaken in response to a set of standards linked to certification, due to civil society- or NGO-led concerns around social risks, or due to political pressures for win-win outcomes. There is, however, a growing realization that good practice SIA is an issue of self-interest since it can strengthen social sustainability, reduce investor risks and transaction costs, inform adaptive management, and build stakeholder ownership when undertaken in a participatory way. Participatory SIA is also compatible with a rights-based approach to development, especially free prior and informed consent (FPIC), which is increasingly required for natural resource (NR) interventions that affect indigenous or community livelihoods or institutions.

It is important to clarify what is meant by ‘social impacts’ and ‘social impact assessment’. An authoritative definition of social impacts is that they “include all social and cultural consequences to human populations of any public or private actions that alter the ways in which people live, work, play, relate to one another, organize to meet their needs, and generally cope as members of society. Cultural impacts involve changes to the norms, values, and beliefs of individuals that guide and rationalize their cognition of themselves and their society” (Burdge & Vanclay 1996). And the International Association for Impact Assessment (2003) defines SIA as the process 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.”

There is a key distinction in SIA between ‘outcomes’ and ‘impacts’. Many monitoring and evaluation (M&E) reports focus on outputs and outcomes, such as a change of income, since these are easier to identify and measure than longer-term impacts. Increased income is an outcome that could result in a positive or negative social impact depending on what the increased income is spent on and any behavioral changes arising from it. It is also important to note that SIA can be undertaken at three points in time – at the design stage of an intervention (ex ante SIA), during an intervention (‘synchronized SIA’ or, more simply, social monitoring), or after it has finished (ex post SIA). The main focus of this paper is on ex ante SIA since it can have most influence on social sustainability when undertaken at the design stage and because the ex ante SIA methodology, which should include the development of a social monitoring plan and indicators, provides a strong basis for on-going and ex-post analysis.

Challenges for Social Impact Assessment

SIA can be a challenge. Even sophisticated and expensive studies have been shown to be flawed in one way or another. This is because we are dealing with things that are hard to be certain about – one cannot easily measure or quantify social change or determine what has caused it. Key challenges for SIA are that:

- It is difficult to prove cause and effect – attribution is the main challenge for any kind of impact assessment and can make it expensive depending on the methods selected;
- Social impacts are often long-term and hard to identify in the short-term;
- Social impacts are often subtle, indirect (e.g., side-effects) or unexpectedly negative;
- Social impacts are related to contested social and political values;
- It can be difficult to distinguish between impacts and outcomes;
- There is a lack of reliable data on the social effects of NR interventions, resulting in a weak basis for predicting social change processes and outcomes;
- Varying levels of social differentiation are needed, for example, as regards stakeholder sub-groups, intra-household effects, livelihood interests, temporal differences, etc.
- There is no “one-size-fits-all” approach.

Methodological Options for SIA

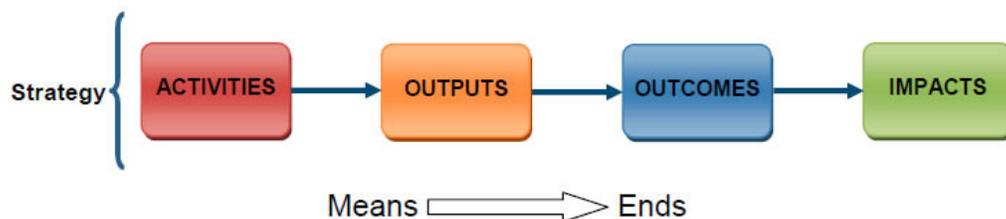
The traditional approach to impact assessment is to use randomized experimental or quasi-experimental design, often known as ‘matching methods.’ While this is widely regarded as the most rigorous approach to impact assessment, it is not cheap or unproblematic (Box 1), especially if an intervention involves policies or a national program in which case it is difficult to isolate the controls.

Box 1. Matching Methods

The essence of matching methods is a statistical comparison between control and treatment groups. Controls are non-participants that have similar observable characteristics as treatment, or participating, groups (e.g., age, income, education, gender, etc.). If the comparison results in significant differences between the two groups, they are attributable to the intervention rather than to other influences. However, it can be difficult to find suitable controls: while observable characteristics may be similar, controls may have different unobservable characteristics (e.g., attitudes to risk); if they are close by there is a risk of spill-over effects, e.g., altered behavior after obtaining project information; and if they are more distant, the characteristics of the control communities or individuals are more likely to be different. Other problems with controls include their low motivation to cooperate, the tendency for people to change their behavior when studied, and an ethical problem - they cannot participate in a future program expansion (“once a control, always a control”).

Various donors and NGOs use the theory of change approach, as does the micro-finance sector, which relies on it to evaluate poverty impacts. A theory of change is a hypothesis of how an intervention plans to achieve its intended objectives and goals. As with any theory, there is no guarantee it will work since it is based on assumptions around cause-and-effect relationships which intervention proponents hope will hold true. The theory of change approach is most convincing when it is possible to track causal chains between short-term outputs, short- to mid-term outcomes, and longer-term impacts, as shown - very simplistically - in Figure 1.

Figure 1: The Theory-of-Change Approach: Examining Causal Chains from Strategies to Impacts



The Social and Biodiversity Impacts Assessment (SBIA) Manual

Forest Trends has adopted the theory of change approach in the SIA of REDD+ projects. The social risks of REDD+ are widely documented and the international response has been to develop social safeguards and standards, such as the Climate, Community and Biodiversity (CCB) Standards, but there has been less work on how these safeguards and standards can be effectively implemented, for example, through good practice SIA. Therefore, Forest Trends formed an alliance with the Climate, Community and Biodiversity Alliance (CCBA), Fauna and Flora International (FFI), and Rainforest Alliance to develop the *Social and Biodiversity Impact Assessment (SBIA) Manual for REDD+ Projects* (Richards & Panfil, 2011).

The SBIA Manual, which was funded mainly by PROFOR, USAID-Translinks and the Rockefeller Foundation, sets out a participatory SIA methodology which Forest Trends and its NGO partners have so far applied to six REDD+ projects (in Brazil, Guatemala, Kenya, Peru, Tanzania and Uganda), in addition to using it in 10 training workshops. The methodology draws strongly on the 'Open Standards for the Practice of Conservation', a project cycle management approach developed by a consortium of leading conservation NGOs called the Conservation Measures Partnership. The 'Open Standards' are supported by a software program called Miradi (www.miradi.org) which was also used to generate the flow diagram examples in this paper.

The proposed SIA methodology (see below) draws from the SBIA Manual, the Open Standards, and the Poverty and Social Impacts Analysis (PSIA) of the World Bank (2003). Not all projects or programs will be able to afford all of the proposed stages and so may decide to focus more on some stages than others; for example, while a transmission channels analysis (stage 2) is recommended since it will inform the theory of change analysis, it could be omitted in project-level studies.

Proposed Participatory SIA Methodology

Stage 1: Starting conditions study, stakeholder and institutional analysis

The starting conditions study involves an initial or 'baseline' socio-economic description, as set out in various manuals. It is important not to collect too much data at this point, but to focus on those variables which the intervention is expected to influence and to build sufficient contextual understanding for the conceptualization stage (see below).

It is also essential to undertake a comprehensive stakeholder analysis, including identification of vulnerable stakeholder groups and their coping strategies, and an institutional or political economy analysis (if resources permit). This would focus on how an intervention could affect the distribution of power and resources between stakeholder groups, and can help predict how some of them may oppose key policy or program strategies (World Bank 2003).

Stage 2: Transmission channels analysis

A key stage in the World Bank PSIA methodology is the transmission channels analysis. Transmission channels are the pathways through which an intervention affects stakeholder groups. Transmission channels analysis is a tool for analyzing distributional issues and vulnerability, and the potential of an NR intervention to help stakeholder groups reduce their vulnerability.

There are six primary transmission channels, involving changes in:

- Employment or jobs;
- Prices of food, fuel, and labor (or wages);
- Authority, sub-divided into informal and formal power relations;
- Access to goods and services;
- Assets, sub-divided into physical, natural, human, financial, and social assets;
- Fiscal and private transfers, including remittances.

Once the primary transmission channel changes are identified, they provide a basis for assessing the indirect effects that stem from changes in stakeholder behaviour in response to the primary effects. This helps us think about the knock-on effects of programs or policies. It will also result in a more informed theory of change analysis, as set out in the following stages.

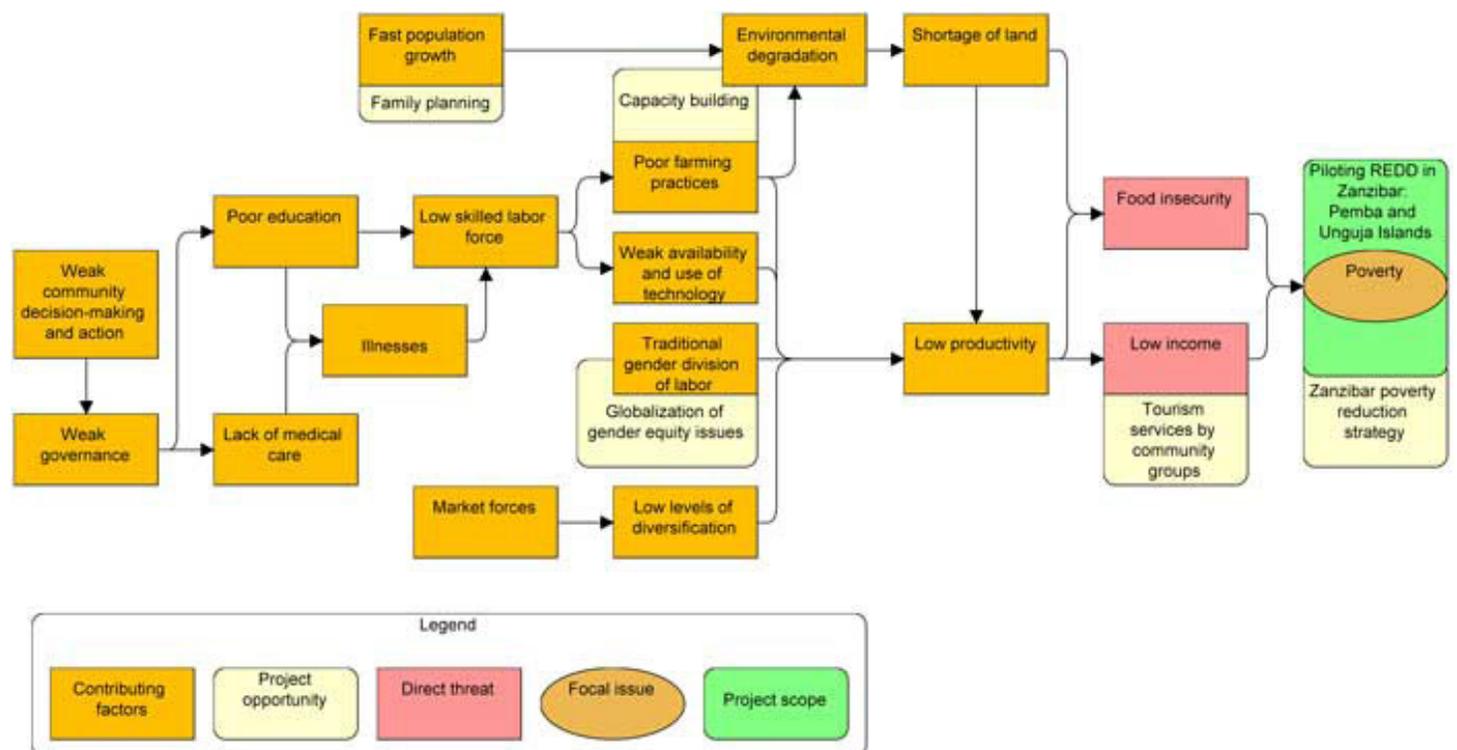
Stage 3: Conceptualization stage

For this stage, a carefully selected group of about 20-30 stakeholders are brought together in a multiple stakeholder workshop. Selecting stakeholder participants is a delicate exercise – it is important to combine balanced representation, including women, with the capacity to participate effectively. Training can help with the latter and is strongly recommended for all participants; when stakeholders come to this exercise ‘cold’ it works less well and takes longer – and time is a key constraint. Another vital action for the success of an SIA workshop is the careful selection and training of facilitators of the working groups that are formed for each priority social issue (see below). Further guidance on these aspects is provided in Annexes 1 and 2 of the SBIA Manual (Richards & Panfil 2011).

Following agreement on the intervention’s overall goal or vision and geographical scope, a key task in the conceptualization stage is to identify the priority social issues (or focal issues) – these are social issues or problems that could threaten the success of an intervention and/or that are most likely to be affected by it. In the past, SIA workshop participants have typically identified 4-5 focal issues through a voting system. Focal issue selection should also be informed by the stakeholder and institutional analyses, as well as by the transmission channels analysis. The most common focal issues identified for REDD+ projects have been: local institutions/governance, social capital, poverty, human capital, gender, farming or sustainable livelihoods, food security, migration, and cultural integrity. As this list suggests, the term ‘social’ is interpreted quite broadly.

Next, working groups of 5-7 participants are formed for each focal issue. These working groups then work on a conceptual model or problem flow diagram of their focal issue, as shown in Figure 2. This involves identifying the direct causes or threats of the social issue (‘poverty’ in this example), the contributing and underlying factors behind these direct threats, and some intervention entry points or opportunities. This exercise lays the foundation for the rest of the workshop and should not be rushed (it can take up to a day).

Figure 2. Example of a Problem Flow Diagram (Zanzibar REDD Project, Tanzania)



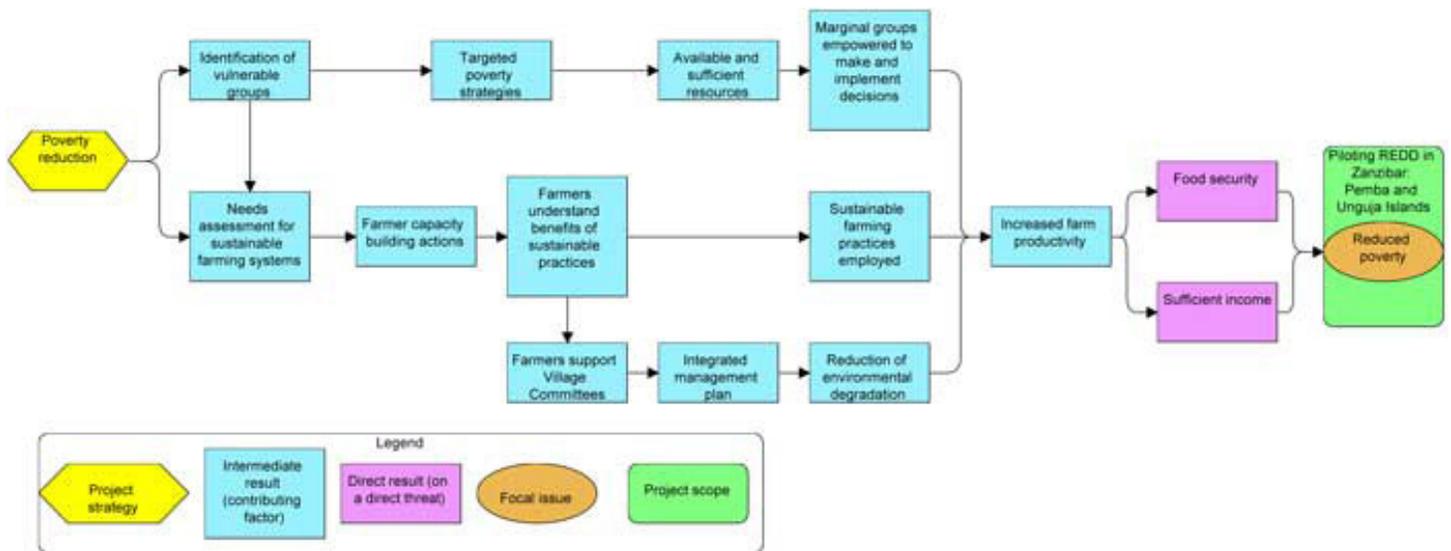
Stage 4: Counterfactual analysis or social reference scenario

Some level of counter-factual analysis is essential for impact assessment. In the participatory SIA approach, the working groups project what will happen to key aspects of their focal issue in the “without-project-or-program” situation. These key aspects can be identified from the main drivers of the focal issue condition. In Figure 2, for example, key aspects could be the levels of farm productivity, human capital, and community decision-making. Participants then project how these variables are likely to change, positively or negatively, in the absence of the intervention in the short- to mid-term (3-6 years) and longer term (10-15 years), noting the consequences for stakeholder groups, especially vulnerable groups.

Stage 5: Results chain or theory of change

A results chain aims to reverse some of the negative factors in the problem flow diagram and therefore to identify what is needed to improve the condition of the focal issue. The entry points identified in Stage 3 can be a good place to start. This is the first iteration of an intervention’s theory of change. All components of a results chain should be expressed as results, as shown in Figure 3.

Figure 3. Example of a Results Chain (Zanzibar REDD Project, Tanzania)

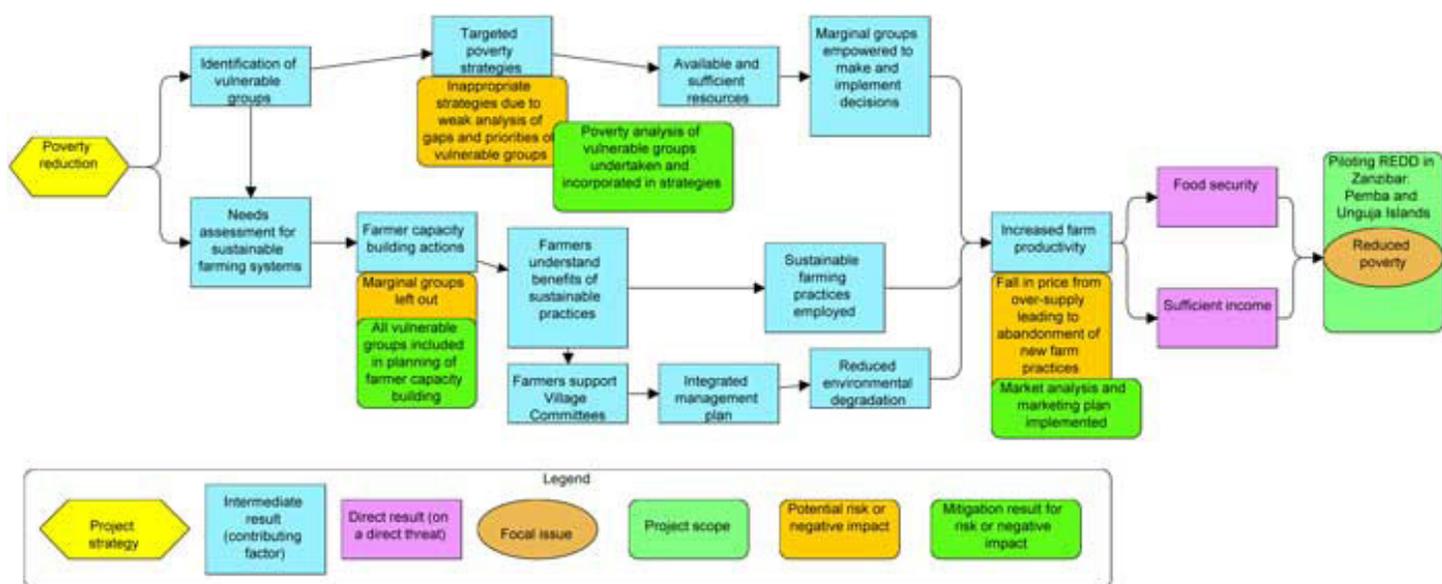


Stage 6: Risks, negative impacts and mitigation measures

A core task for SIA is to identify risks and potential negative social impacts in order to identify appropriate mitigation and risk reduction measures. A negative impact can be defined as a negative side-effect of an otherwise successful result, while a risk is something that may prevent a successful result. An example of a potential negative social impact from an SIA workshop in Tanzania was that a more effective village forest management committee (a successful result) could in fact reduce female participation since a greater workload makes it more difficult for women with children to participate. A typical risk for an NR intervention is a change in agricultural policy, e.g., the introduction of subsidies for cash crops.

For each risk and negative social impact identified, participants should assess the probability of it happening as well as its likely impacts if it does happen, including the impacts for the desired environmental outcomes. This will help make the vital link between social and environmental sustainability.. This will help assess the seriousness of a risk or negative social impact. Mitigation or risk reduction measures can then be identified and added to the results chain in the form of mitigation results (see Figure 4). This analysis may be easier if the key causal chains are extracted from the overall results chain.

Figure 4. Example of a Results Chain with Risks, Negative Impact and Mitigation Results (Zanzibar REDD Project, Tanzania)



Stage 7: Indicators and monitoring plan

The theory of change method provides a good basis for selecting credible indicators since attribution is factored in. The best indicators are derived from intermediate states or assumptions along causal chains between outputs, outcomes, and impacts. A good way of identifying indicators is by developing IF ... THEN statements, for example: “IF the income resulting from a project (*the outcome*) is spent on schooling and more nutritious food (*intermediate state*), THEN there should be a reduction in poverty (*the impact*).” In this case, the *outcome indicator* would be the net project-related income per family, and an *impact indicator* could be the proportion of this income spent on education and nutritious food.

Indicators can also be identified from the results chains. This involves identifying the most important results and specifying a SMART (Specific, Measureable, Achievable, Relevant and Time-bound) objective for each result. Indicators that measure progress towards SMART objectives can then be identified – clear objectives are key to good indicators. It is also important that interventions use community-defined or self-evaluation indicators, since local stakeholders’ criteria for success or failure are likely to differ from those of outsiders.

When the indicators have been identified, a provisional social monitoring plan can be drawn up. This should include one or two indicators for each SMART objective, and for each indicator how the data will be collected, how often or when it will be collected, who will collect it, and where it will be collected.

It is advisable to conduct this stage in a separate and smaller workshop with a sub-group from the main SIA workshop, since this is a more technical task that is difficult to do with a large group. Also, it is not recommended to do this stage at the end of a 3-4 day workshop when people are tired. At a later stage it is advisable to develop a more detailed monitoring plan; appropriate guidance is provided by The Nature Conservancy at: <http://conserveonline.org/workspaces/cbdgateway/cap/resources>.

Stage 8: Data analysis and reporting

The final stage involves deciding what to do with the data once it is collected. To some extent, this will depend on the objectives of the SIA and who the main audience is, but one priority is to communicate the monitoring results in as transparent and clear a way as possible to local and other primary stakeholders. An advantage of participatory SIA is that, compared to more quantitative methods, it is relatively easy to communicate and understand, thereby promoting transparency and accountability. How the data is used or reported is clearly contingent on the context. In some situations it provides vital information for a certification audit, while in others it is a case of contributing to a reliable learning process for adaptive management.

Extending the Boundaries of Participatory SIA

Forest Trends has been exploring the potential of participatory SIA in other NR contexts. One of these is in regard to Voluntary Partnership Agreements (VPAs) which several tropical timber-producing countries have signed, or are in the process of negotiating, with the European Union (EU). The main focus of a VPA is production and export of legally licensed timber and wood products in order to meet the 2013 EU Timber Regulation which will prohibit the import of illegal or non-licensed wood products. Legalization of timber supply chains could have major livelihood or poverty impacts, while also presenting opportunities for increased policy space and voice by civil society and other actors. Potential pilot applications include Indonesia, Ghana, and Honduras. Secondly, a Forest Trends' workshop in Bolivia in 2012 explored how SIA can be adapted to payments for watershed services (PWS) programs. While this participatory SIA methodology was developed initially for REDD+, it appears to be applicable to a range of NR interventions, sometimes as part of a suite of methods.

Conclusion: Why Participatory SIA?

A basic lesson from the development literature is the need to include local stakeholders in project or program design, partly since they are best placed to judge how a proposed strategy will play out in reality – this is unsurprising since they are usually the de facto land use decision-makers and managers. It is argued here that SIA is essential not only for equitable NR outcomes, but also for effective ones due to the well-established links between social and biological or environmental sustainability, and the capacity of SIA to strengthen social sustainability. In particular, SIA should:

- Result in more strategic design of NR interventions, including risk reduction and mitigation measures that reduce the likelihood of negative social impacts that could derail a project or program;
- Generate a credible set of indicators and monitoring system which underpins the learning process and adaptive management – unless a programme or project can rapidly adapt to a dynamic and unpredictable reality, it is likely to fail;
- Increase the engagement and ownership of local stakeholders, again contributing to the social sustainability of a project or program.

The experience of Forest Trends and NGO partners is that a participatory theory of change approach to SIA is appropriate and cost-effective for NR sector interventions. This is partly because it uses a 'causal inference' approach to attribution based on building up evidence to show that it is highly probable that X caused Y, rather than more expensive 'all-or-nothing' methods. The importance of the theory of change approach is highlighted in a recent UK DFID report which observes that there is a range of M&E methods for building the evidence case in causal inference, but "what links them all is having a theory of change that lays out the expected story in advance of the changes happening. This provides the basis for collecting evidence, checking other possible explanations as counterfactuals, and presenting a case from which cause can be reasonably inferred and linked back to the programme" (Vogel 2012).

Finally, SIA applications are needed to contribute to broader learning processes about social outcomes and impacts of NR interventions. For most NR interventions our understanding of the social consequences is weak, leading to contested views about the trade-offs between environmental and development outcomes, or about the conditions likely to result in 'win-win' outcomes. This comes back to a basic rationale for good practice SIA – at present the modest understanding of social change processes and outcomes, resulting from weak social monitoring or impact assessment, is a constraint to the equitable and effective design of NR interventions.

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