

## Social Impact Assessment (SIA)

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## I. Context

This document provides general guidance for conducting a Social Impact Assessment (SIA) and for preparing a SIA report. It is applicable for projects where the Environmental and Social Management System (ESMS) screening has identified a need to assess social risk and impact issues. The purpose of the SIA is to identify and analyse potential adverse impacts and to ensure that the needs and conditions of people affected by a proposed project are fully taken into account in project design and that suitable mitigation measures are identified as needed. It should also contribute to enhancing opportunities for developmental benefits for affected groups.

## II. Key elements of an SIA

The key elements of a SIA report are described and illustrated below. The order and manner in which the information is presented should be based on this outline.

### 1. *Non-technical summary*

Summarise significant issues in a way that can be easily understood by a non-technical audience, in particular local stakeholders. The summary includes how the issues identified should be managed and any outstanding issues that require further action.

### 2. *Project description (up to 2 pages)*

Concisely describe the main parameters of the proposed project, including:

- The project proponent and other project participants and their respective roles in the project
- Project's geographic location, preferably illustrated with appropriate maps<sup>1</sup>
- Summary of project intervention (project objective(s), expected results/outcomes, outputs and main activities)
- Implementation arrangements.

### 3. *Analysis of policy, legal, and administrative framework*

Describe the legal and regulatory framework within which the project takes place and identify any laws and regulations that pertain to social matters relevant to the project. This includes regulations about environmental and/or social impact assessments to which the project must adhere as well as laws implementing host country obligations under international law. Explain the requirements of any co-financing partners, if applicable. Where pertinent, national and international legal frameworks on gender should be taken into account. Flag any areas where the project might fall short on compliance.

### 4. *Stakeholder identification and analysis*

The purpose of the stakeholder identification and analysis is to clarify who should be involved in the SIA process and how. List all relevant stakeholders who have an interest in or might influence the project, disaggregated between men and women where relevant and feasible. The SIA should make use of any stakeholder analysis done during the project design process. The SIA provides an additional layer to this analysis by elaborating on potential project impacts on the identified stakeholders. This process might include identifying new stakeholders.

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<sup>1</sup> When presenting maps, clearly mark the sites on the map that are referenced in the report.

Stakeholders should be described and analysed regarding:

- their interests in and expectations from the project;
- how they might influence the project (positively or negatively);
- how their livelihoods could be impacted by the project (positively or negatively); and
- how they should be involved in the SIA.

It is useful to present the key findings of the stakeholder analysis in a matrix.

## **5. Socio-cultural, economic, historical, institutional and political context**

Describe and analyse the socio-cultural, economic, historical, institutional and political context in which the project operates. While some broader contextual information is necessary, the main analysis should focus on the immediate context of the project and the project location in order to be relevant to decisions about project design, operation, or mitigation measures. For gathering general context data consult – to the extent possible – secondary data and existing analyses, including the situation analysis carried out as a project design step. Accuracy, reliability, and sources of the data need to be specified.

This section serves two purposes. First, it provides baseline data regarding the socio-economic situation before the project commences as well as relevant anticipated developments within the project area. Second, it provides an opportunity to substantiate the results of the ESMS screening by confirming potential impacts and/or identifying other potential issues. As such it serves as a preparation for the in-depth impact analysis (see section 6).

The two lists below describe the generic topics to be covered in this section of the SIA. Other topics may be added to reflect the findings of the ESMS screening. It is critical to focus the data collection and analyses on issues relevant to the project, to relevant social groups and to areas where adverse social impacts might occur.

### **Socio-cultural, historic and economic context:**

- Main social groups and their socio-cultural characteristics disaggregated between men and women; emphasis on indigenous peoples and vulnerable groups such as landless persons, the elderly, persons with disabilities, children, ethnic minorities or displaced persons;
- Historical events relevant to the project and potential impacts;
- Economic trends and prospects (relevant for social groups at or near the project);
- Main economic activities and livelihood patterns: formal and informal, subsistence and commercial, including dependence on natural resources or on illegal activities such as poaching or illegal trade;
- Social issues and risks faced by social groups, including issues related to access to resources and to social services as well as to their capabilities and development opportunities;
- Interests and developmental aspirations of social groups and their attitudes toward sustainable natural resource management;
- Existing or potential emerging conflicts between or among social groups that are relevant to the project.

### **Political, institutional and legal context:**

- Institutional environment: local and central government, private sector and civil society institutions relevant to the activities proposed by the project;
- Policy and decision-making processes, stability of political systems, leadership and rule of law;
- Policies and regulations on property rights/tenure regimes, natural resource management and conservation and current practice of enforcement (in general and locally, especially at the project site);
- Capacities and capacity issues of institutions relevant to the project and to impacts;
- Issues and constraints within existing institutions and in their relationships with each other that might present barriers for the project and opportunities for overcoming these constraints.

## **6. Social impact assessment**

### **Methodology of data collection and impact analysis<sup>2</sup>**

Describe the data collection and impact analysis methodology used in the SIA, including

- the data collection methods and analytical tools used (e.g., qualitative versus quantitative data, mix of data from different units of analysis for triangulation of results);
- the units of analysis used for the social assessment (e.g., household level, community level or other relevant social aggregations);
- if sampling was used, rationale and criteria for sampling sites and respondents; please note that representative sampling (rather than subjective sampling) should be employed wherever possible.

When designing the research methodology, it is important to be mindful about how much time and resources the research process will require from the communities.

### **Identification, prediction and assessment of impacts**

The SIA identifies, predicts and assesses the significance of project impacts related to the ESMS Standards as well as to other potential critical social issues identified during ESMS screening. The following impacts should be taken into consideration:

- Direct or indirect impacts occurring at the project site or within the project's wider area of influence. Indirect impacts include inadvertent knock-on effects or side-effects of the project given the complexity of social processes and the human-environment interface;
- Impacts within the project's wider area of influence including transboundary impacts, where relevant;
- Negative impacts triggered immediately as well as longer term impacts;<sup>3</sup>
- Cumulative effects that materialize through interaction with other developments at the project site as well as in the wider area of influence.

Examples of potential impacts related to the ESMS standards and other social risks are illustrated in Table 1.

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<sup>2</sup> More detailed methodological guidance on conducting a SIA can be found in Vanclay et al, 2015, *Social Impact Assessment: Guidance for assessing and managing the social impacts of projects*, available at [http://www.iaia.org/uploads/pdf/SIA\\_Guidance\\_Document\\_IAIA.pdf](http://www.iaia.org/uploads/pdf/SIA_Guidance_Document_IAIA.pdf).

<sup>3</sup> Although the future cannot be foreseen, the assessment should consider scenarios that are technically or scientifically robust enough to make certain predictions.

**Table 1: Typical Risks Organized by ESMS Standard and Other Social Impacts**

<b>Standard on Involuntary Resettlement and Access Restrictions<sup>4</sup></b>	<ul style="list-style-type: none"> <li>– Economic/livelihood losses through material impacts caused by restricting access to and use of natural resources (e.g. fodder, medicinal plants, fuel wood).</li> <li>– Livelihood losses through non-material impacts related to social, recreational, spiritual, cultural, knowledge and educational values of the land/resource to be restricted.</li> <li>– Impacts related to reduced access to social services such as education or health services by prohibiting or limiting physical access to places where those services are delivered.</li> </ul>
<b>Standard on Indigenous Peoples</b>	<ul style="list-style-type: none"> <li>– Disturbances of social, spiritual and cultural identity.</li> <li>– Potential for ethnic conflicts stimulated by project activities – for instance in a situation with conflicting resource use or conflicting cultural practices.</li> <li>– Inequitable or culturally inappropriate benefits provided by the project with the risk of leading to alienation or inter- or intra-community conflicts.</li> </ul>
<b>Standard on Cultural Heritage</b>	<ul style="list-style-type: none"> <li>– Damages to physical cultural resources.</li> <li>– Non-material impacts due to restrictions of access to cultural resource (including natural features or resource with cultural, religious or spiritual significance).</li> <li>– Negative impacts from the promotion or use of cultural resources.</li> </ul>
<b>Other social impacts</b>	<ul style="list-style-type: none"> <li>– Increased marginalization of groups due to project activities.</li> <li>– Elite capture of projects benefits or natural resources that aggravate internal differentiation.</li> <li>– Disturbances to patterns of social relations and community cohesion.</li> <li>– Perpetuation or aggravation of unequal power relations or inequalities between men and women.</li> <li>– Impacts on human health and safety including injuries or death through human-wildlife conflicts.</li> <li>– Economic losses (e.g., crops, livestock, infrastructure) through damages from wildlife.</li> </ul>
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>– Increased vulnerability of local communities due to project activities failing to take climate change impacts into account.</li> </ul>

When assessing impacts, consider social and cultural aspects that differentiate social groups such as:

- How the risk of being impacted by project activities differs by social characteristics including:
  - gender, gender roles, and gender-specific constraints;
  - ethnicity, race and class;
  - culture and language;
  - age.
- Social risks, vulnerability and security/safety issues affecting specific social groups.
- Influence of power relations of social groups on the project design and how implementing the project may affect power relations.

Wherever differences between social groups are relevant, the analysis should be broken down accordingly.

<sup>4</sup> The standard covers risks of access restrictions and involuntary resettlement, but resettlement is not specifically addressed in this Guidance Note. It is dealt with in a separate Guidance Note (under development).

Impacts should be predicted in qualitative and, to the extent possible, in quantitative terms and assessed on their significance. Rather than describing environmental and social variables in isolation, demonstrate their interactions. This is important not only to better understand the full risks but also to compare potential trade-offs between conservation and social benefits.

The extent and quality of available data, key data gaps, and uncertainties associated with predictions need to be identified.

## **7. Analysis of alternatives**

Identify other options that could achieve the project objectives and compare their impacts. This step is generally required only if the identified impacts are very significant. The analysis systematically compares feasible, less adverse alternatives – including the "no project" option – to the proposed project site, technology, design, and operation in terms of:

- their effectiveness in achieving the project objectives as well as potential trade-offs,
- their potential environmental and social impacts,
- the feasibility of mitigating these impacts,
- operational requirements and their suitability under local conditions,
- their institutional, training, and monitoring requirements,
- their estimated cost-effectiveness, and
- their conformity to existing policies, plans, laws, regulations.

The analysis should conclude with a recommendation and indication of the preferred alternative and an explanation why it was chosen.

## **8. Environmental and Social Management Plan (ESMP)**

For each significant social impact an appropriate mitigation strategy must be developed. First, all available options should be sought to avoid impacts (e.g., through adjustment of project design, modification of protected area boundaries). If avoidance is not possible, appropriate measures to minimise the impact should be identified. Where avoidance is not possible or negative residual impacts remain after minimising, the SIA should propose methods of adequately compensating affected groups for their losses.

Compensation mechanisms must be developed in consultation with legitimate representatives of affected groups and designed in a way that they are socio-economically and culturally suitable, considering a range of options for in-kind, non-monetary and monetary compensation, as appropriate. For affected households whose livelihoods are land- or subsistence-based (e.g., depending on forest resources or grazing land), priority should be given to land-based compensation approaches (e.g., offering alternative land or access to resources of at least equal value). Forms of in-kind compensation might include supporting communities with alternative livelihood or income-earning opportunities.

The SIA report should also point out any issues for which the impact analysis has concluded that no further attention is required (e.g., because of low significance or probability). Where relevant and feasible, the SIA could also explore opportunities for social enhancement. This might include:

- opportunities to enhance the participation of men and women in the project and how to support both genders in the development of sustainable livelihood activities and in deriving social and economic benefits from the project, or
- measures to enhance social inclusion and cohesion; to address vulnerability, capacity and equity issues; to empower weak, poor and marginalised social groups; and to enhance safety and security.

Briefly describe each mitigation measure including the type of impact(s) it will address, its design, equipment requirements and operating procedures, as appropriate. Proposed mitigation measures should be technically and operationally feasible and culturally adequate. The benefits of measures should be distributed in an equitable manner across the affected population. Estimate their costs (including initial investment and recurrent expenses) and, where relevant, indicate contributions from stakeholders and beneficiaries (including in-kind). Specify institutional arrangements and any needs for development of the capacity of communities or partners to implement the proposed measures. Also specify the sustainability of the measures and whether they will continue to be effective after project funding ceases.

The measures should be presented in an Environmental and Social Management Plan (ESMP) to facilitate their integration into project management. This includes confirming their feasibility, indicating resources and costs, responsibilities, their schedule for implementation, and evidence of completion. Please refer to the ESMP Guidance Note<sup>5</sup> and its templates for further details.

## **9. Stakeholder consultation**

Stakeholder engagement is a key principle of the ESMS and an important procedural tool for a successful Environmental and Social Impact Analysis (ESIA) or SIA. It allows for improving the understanding about local conditions and stakeholders' concerns and is essential for identifying effective strategies for mitigating negative impacts. Involving affected groups in decision-making gives them more confidence and security, improves the legitimacy of the project and helps building constructive relationships among stakeholders.

The ESMS defines requirements for stakeholder engagement by establishing minimum provisions for disclosure and consultation (see sections 4.2.7 and 4.6 of the ESMS Manual).<sup>6</sup> During the ESIA/SIA process, consultations should concentrate in particular on potentially affected groups, indigenous peoples and civil society organizations; the stakeholder analysis supports the decision of whom to consult. The consultation process needs to be culturally appropriate, non-discriminatory and gender sensitive; it should assure that all groups whose lives might be affected by the project are properly consulted to verify and assess the significance of impacts and that all affected groups are provided the opportunity to participate in the development of mitigation measures.

The intensity or depth of stakeholder engagement should be appropriate to the complexity of the project and tailored to individual groups taking into account the significance of the identified risks (see section 2.1.4 of the ESMS Manual). It is important to be mindful about the resource and time availability of stakeholders. The consultation process is best scheduled in iterative steps first seeking initial inputs, then feed-back on first assessment results and suggestions for mitigation actions and concluding with a final stakeholder meeting to gather feed-back on the draft of the ESIA/SIA report, the ESMP and other action plans, where relevant.

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<sup>5</sup> ESMS Guidance Note on Developing and Monitoring an ESMP, available at [www.iucn.org/esms](http://www.iucn.org/esms).

<sup>6</sup> See ESMS Manual, available at [www.iucn.org/esms](http://www.iucn.org/esms).

If the Standards on Involuntary Resettlement and Access Restrictions or on Indigenous Peoples are triggered, consultations should fully adhere to the Free Prior and Informed Consent Principle. Guidance is provided in the ESMS Manual and in a separate Guidance Note.<sup>7</sup>

The ESIA/SIA report should document the results of the consultations carried out with stakeholders and project-affected groups and provide recommendations with an explanation how these results have been taken into account. The description should specify how women have been included in the consultation, taking into consideration their gender-specific knowledge, roles, responsibilities and potential impacts.

### **III. Specific provisions from the social ESMS standards**

This chapter contains specific provisions related to the ESMS Standard on Involuntary Resettlement and Access Restrictions<sup>8</sup> and the Standard on Indigenous Peoples. They are considered only if the ESMS screening has concluded that (1) the respective standard is triggered or that (2) the SIA needs to determine whether the standard is triggered.

#### **Provisions of the Standard on Involuntary Resettlement and Access Restrictions**

This standard applies to projects where the conservation objective requires restricting people's access to land or natural resources. Typical examples are interventions that involve the establishment of protected areas, expansion or alteration of boundaries or strengthening of protected-area management. Projects that trigger this standard require a more in-depth analysis of the potential impacts on social groups affected by the restrictions. Where relevant the assessment should be disaggregated by social groups and include analysing:

- their cultural and historical relationship to the resource being restricted (land and associated natural resources);
- their current rights to these resources – legal rights as well as customary and non-legally recognized rights;
- the degree of their dependency on these resources for livelihoods;
- the relationship between the use of resources and conservation objectives and the extent of their positive and negative impacts on resource sustainability.

The analysis should be contrasted with the specific conservation objective of the project and it should be critically judged whether the project's expected conservation benefits outweigh the costs and risks caused by access restriction.

To synthesise the analysis, the preparation of an inventory is recommended describing the main types of natural resources, their current use and importance for livelihoods, use rights and planned restrictions (see Annex A). Wherever relevant this should be disaggregated by social groups.

As visualized in Figure 1, the SIA is followed by the development of an Action Plan for Mitigating Impacts from Access Restriction. If time is not sufficient during the project preparation phase, this plan can be replaced with the development of an Access Restriction Mitigation Process Framework.<sup>9</sup> Unless the project is very complex and triggers many other impacts (besides access

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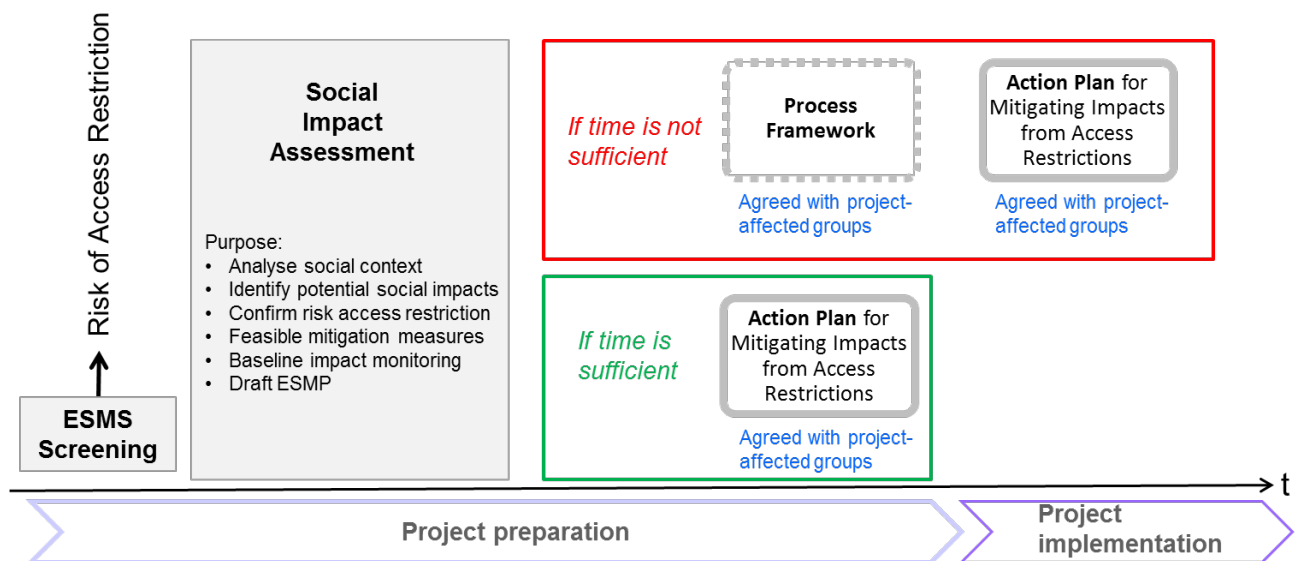
<sup>7</sup> ESMS Guidance on Free, Prior and Informed Consent will be available at [www.iucn.org/esms](http://www.iucn.org/esms).

<sup>8</sup> As mentioned in note 3 this Guidance Note covers only risks of access restrictions; resettlement is dealt with in a separate Guidance Note (under development).

<sup>9</sup> See the standard for more detail as well as the separate Guidance Notes developed for the two tools at [www.iucn.org/esms](http://www.iucn.org/esms).



restriction) it may make sense to combine the SIA and the development of the Action Plan/Process Framework to reduce the effort and time-investment for the project-affected groups.



**Figure 1: Process of preparing Social Impact Assessment and Action Plan for Mitigating Impacts from Access Restrictions**

### Provisions of the Standard on Indigenous Peoples

The Standard on Indigenous Peoples applies whenever indigenous peoples are present in a proposed project area, have collective attachment to the area or could be affected negatively by the project (even without being present at the project site). Projects that trigger the standard require a more in-depth analysis of potential impacts on indigenous peoples. Depending on the results of the ESMS screening the SIA might need to include the following:

- demographic, social, economic and cultural information on indigenous communities;
- maps showing the location of indigenous peoples' settlements and activities in relation to the project area (including sites and resources of cultural and religious significance);
- description and analysis of all forms of resource tenure and use, and of customary rights and claims to lands, territories and resources in the project area or potentially impacted by the project, and the status of recognition of these rights and claims under national legislation and administrative practices;<sup>10</sup>
- social organisation and institutions, including identification of existing rules and channels of communication that should inform the design of future consultation processes;
- systems of production (food, medicine, artefacts), including roles and rules based on gender, age, ethnicity, caste or other factors;
- local knowledge relevant to the proposed project, identification of the groups or individuals who may be the special holders of such knowledge, and determination of how it may be affected and used during project implementation.

<sup>10</sup> If the Standard on Involuntary Resettlement and Access Restrictions is triggered, an assessment of access rights is already covered in the required analysis.

#### IV. Other items to be specified in the terms of reference for an SIA

The actual terms of reference for a SIA must be adapted and tailored to each situation. The scope and depth of the assessment depend on the nature, complexity and significance of the issues emerging from the ESMS screening. The terms of reference for a SIA usually includes the following items:

- A summary of the main project features (with location map)
- A list of applicable national ESIA requirements, if applicable
- A list of the key issues that emerged from the ESMS screening to be analysed in the SIA
- A description of the required elements of the SIA report (see Chapter II, 1-9) and requirements for preparing any other documents and action plans
- Methodological guidance (if applicable) for the overall SIA and required specialist studies (e.g. gender responsive analysis)
- Specification of the type of social expertise required by the SIA expert/team
- Specification of required consultations with affected people, communities and other parties
- A budget and schedule for the SIA providing sufficient time and funds for effective stakeholder consultation.

Carrying out the SIA requires a technical team with appropriate qualifications (preferably social science backgrounds) and relevant experience in the field of social impact assessment. The team should include experience with participatory consultation methodologies, with gender analysis and gender responsive project design and, if relevant, with indigenous peoples' issues.

## Annex A: Inventory of natural resources and access restrictions

The table below provides a template for creating an inventory of natural resources. The inventory is a first step for analysing livelihood impacts when a project's conservation objectives require use restrictions for certain natural resources.

The table shows resources for illustrative purposes; some may not be relevant for the project (and should hence be removed), others may be added depending on the livelihood context. In the first row the current use of the resource is described and its importance for the livelihood of local communities/groups. The second row indicates the sites where the resources are currently gathered. The template distinguishes three zones (core, buffer and community use zone), but this can be adjusted as needed. The third row asks for specifying current use rights for the each resource. Where relevant disaggregate the analysis of importance, resource use practices and rights between social groups (e.g., indigenous peoples, women, vulnerable groups). The last row describes restrictions planned by the project and the relevant zones. It is important to use a broad interpretation of access restrictions considering not only the actual establishment of restrictions but also project activities that would strengthens enforcement of existing restrictions or changes boundaries of use zones.

Resource			Conservation zone	Buffer zone	Community use zone
Timber	1	Importance for livelihoods			
	2	Current sites of gathering/harvesting			
	3	Use rights (formal & customary)			
	4	Restrictions triggered by project			
Construction materials	1	Importance for livelihoods			
	2	Current sites of gathering/harvesting			
	3	Use rights (formal & customary)			
	4	Restrictions triggered by project			
Fuel wood	1	Importance for livelihoods			
	2	Current sites of gathering/harvesting			
	3	Use rights (formal & customary)			
	4	Restriction triggered by project			
Grazing livestock	1	Importance for livelihoods			
	2	Current sites of gathering/harvesting			
	3	Use rights (formal & customary)			
	4	Restrictions triggered by project			
Medicinal plants	1	Importance for livelihoods			
	2	Current sites of gathering/harvesting			
	3	Use rights (formal & customary)			
	4	Restrictions triggered by project			
Bushmeat / wild game	1	Importance for livelihoods			
	2	Current sites of gathering/harvesting			
	3	Use rights (formal & customary)			
	4	Restrictions triggered by project			