

531 Marsh What can SIA learn from Australian Rules Football?

Abstract

Analysis of two impact assessment cases compares the objectives and practical requirements of early-stage small-scale extractives exploration and the construction phase of a very large multi-location mega project.

In business management discussion of quality focus on customer specifications. SIA is different in that it serves 'customers' relatively able to specify their needs (think project owner's team or government regulator) but also needs to advance the interest of the proponent by understanding what quality means to those poorly able to articulate their expectations of a formal process (for example, many indigenous peoples or a small business sector).

An impact assessment that is right-sized for the risks associated with the current phase of a project can add significant value at each capital investment decision-gate. The challenge is managing a phased approach so stakeholders support a strategy of distinctive phasing that is responsive from the initial stages.

The presentation works with an analogy of Australian Rules Football to explore the opportunities presented in the two cases for being clear about strategy and tactics in development of a game plan, SIA as iterative design, co-design as problem-sharing and community empowerment, and shifting from heroic proponent to useful partner in collective impact initiatives in a way that might mirror the contrasting roles of team owner and coach.

Introduction

This article compares social assessments of two projects at different stages in development to demonstrate the benefits of staged SIA studies. In thinking of SIA as a human-centred design tool we argue for a de-emphasis on detailed ex-ante impact assessment in favour of more robust adaptive management throughout the lifecycle. There are implications for leadership in social performance.

Problems with social impact management

We commonly find impact assessments on a project critical path awaiting sufficient concept definition to predict impacts. In practice, this approach sets up two competing ways of *knowing*:

- the sponsor's focus is on schedule and analytical task simplification to reduce uncertainty; and
- stakeholders in the host community also want to eliminate uncertainty but expect integral thinking on joined-up management and assurance of outcomes rather than mere management commitments to actions.

The practitioner can feel like meat in the sandwich of engaging with uncertainty to understand complexity whiles trying to develop stakeholder support for workable strategies and monitoring.

SIA is essentially linear process (Figure 1) with potential for elongating study activities through phases of a project lifecycle (Vanclay et al, 2015). There is too, a lack of focus on adaptive management and assessment follow-up. This is despite, for example in Australia, firms such as SKM (beginning in 2008) presenting sub-components of the SIA task (e.g. political risk analysis, stakeholder issues mapping) as components of early feasibility in its project development manual.

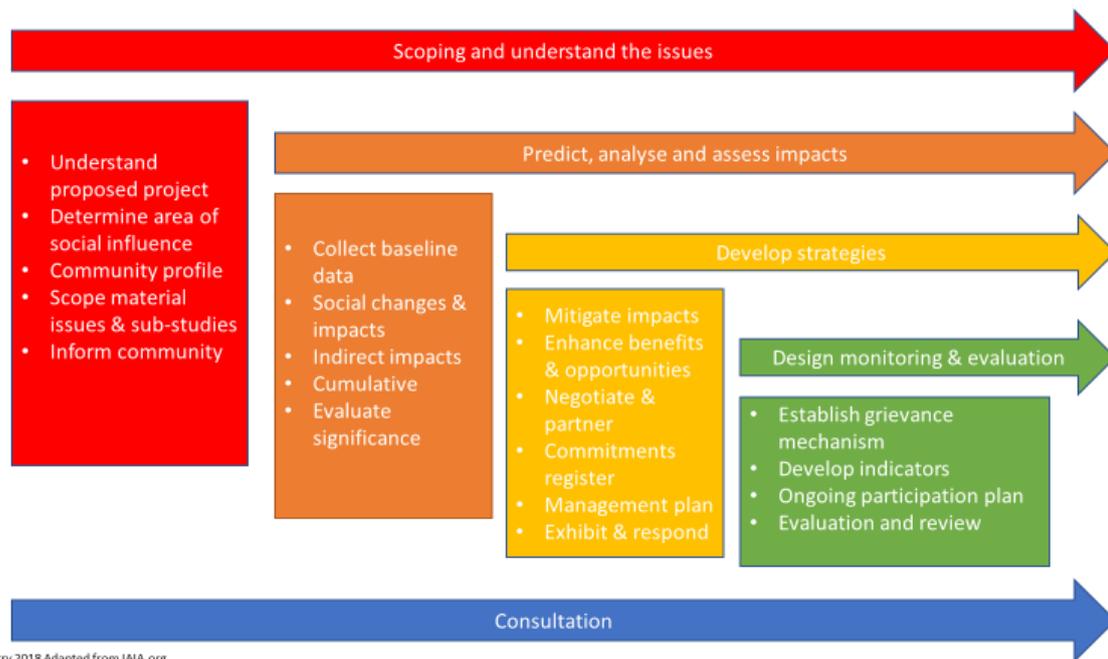


Figure 1 - SIA conceived as an essentially linear process

Applied academics (Franks and Vanclay, 2013) identified that SIMPs should have monitoring and review processes to link the assessment to ongoing management. Others have developed frameworks (DFID, 2001; Smyth & Vanclay, 2017) that promote consideration of livelihoods in the broadest sense and claim to be applicable iteratively during a project's lifecycle.

In contrast, stakeholders frequently expect SIMPs to be able, ex ante, to describe intended management outcomes and have detailed metrics. This is particularly problematic where SIMPs are a feature of statutory approval processes.

Case studies

1) An assessment of a proposed mine in Sulawesi, Indonesia included a government-approved EIS document (ANDAL) prepared by an international consultancy. We examined EIS and resettlement related documents as part of a due diligence review by a potential investor. This document review supported 3-day site and surrounds walkover.

The review found that the mining project falls in the IFC Category A and triggers all eight Performance Standards. Further data and analysis were required to confirm or rule-out the presence of Indigenous peoples and critical cultural heritage (and the associated application of FPIC). The social baseline was both outdated and incomplete and the project had yet to scope a resettlement action plan process. Crucially, there was a lack of information on adjacent protected forest which appeared to support livelihoods and cultural practices. There was an absence of analysis of any effects on downstream water users including a micro-hydropower facility. It is common for projects in exploration phase to lack the resources to deal with myriad issues and this example emphasises the value of focusing on critical issues early in the project lifecycle.

2) The other case is the Ichthys LNG project where I was Lead Environmental and Social Adviser at owner INPEX and my responsibilities included the internal and external negotiation of the SIMP and its monitoring and reporting regime.

The LNG project had undertaken an initial SIA early in the design (FEED) phase as part of government approvals. However, this SIA focused only on the largest of more than a dozen temporary worker accommodation facilities and failed to look at other effects on Darwin and its people or any social performance issues at other work sites in China, The Philippines, Korea, Thailand, and Indonesia. Remedial work was required to meet international standards and became a condition precedent for project financing so reducing the Project's negotiating leverage.

In contrast to the small mining project, this project was well-resourced. However, it had failed to develop a recognisable social impact management system and its assessment of key issues lacked definition on key matters. Despite this, specifications and budgets had been locked in with the tier one EPC contactors making changes to management plans more complex and potentially cost-prohibitive.

Discussion

SIA, as commonly practiced, suffers from being linear, inflexible and intolerant of ambiguity. And as such, does not support the capital investment decision-gate as well as it could.

Linear

Popular models of SIA processes (Figure 1) assume linear progress or at least continuous momentum towards the goal: scoping, baseline, shocking the baseline, impact characterisation, significance assessment, application of the mitigation hierarchy, and development of a M&E framework.

But SIA and SIMP are a structured conversation with stakeholders about change. So why should learning about concerns and how we might manage these together be linear? Working out how to manage often familiar issues in a unique context is in large part about governance and community leadership. Often a project or program required a new governance architecture and so is subject to local politics. Viewed like this, we might expect the process to be challenging and exhibit haphazard progress – frankly, to be a bit messy.

Going back to our two cases: the small mining project worked through a linear sequence of an approvals-led process rather than an iterative set of studies scoped to illuminate unknowns. The linear approach failed to engage local stakeholders or identify the key issues for a focused program of work. Consequently, the study was not bankable.

Government officials pressed the LNG project to follow a process developed for different regulatory contexts. The government required the SIMP to state all management measures for all impacts in all phases and present an associated indicator set and data collection strategy with the benefit of only preliminary consultations with a narrow group of government agencies. In addition, the SIMP's focus on domestic government needs and processes meant the Project executive board had no visibility of any human rights or other social performance risks in the project's extensive global footprint.

Inflexibility

While it is useful to have agreement on the characteristics of an impact and a political/capability analysis of the parties potentially involved in management, management will be affected by politics. In this context, rigidity in planning is not only unhelpful, it is fantasy. Sponsors and lenders need to promote agile responsiveness.

In our case of the small Indonesian mining project: it had mitigation statements in a conditionally-approved EIS but these failed to convince the investors that the operator understood the risks and they were manageable within the provisional budget. More importantly, the potential investors had

no information that project-affected people were prepared to engage to carry out remedial social planning or if any material capability gaps existed.

The LNG project mostly resisted regulator pressure. Instead it issued an interim SIMP for pioneering construction works ahead of those works commencing and secured agreement to the establishment of powerful and agile stakeholder reference groups through which to develop the plan for the main construction phase.

Ambiguity

There is a reasonable expectation that conducting a SIA and developing a SIMP will reduce project uncertainty and establish risk treatments. However, stakeholders often expect monitoring and evaluation frameworks established in planning to provide metrics that can be written into approval conditions, contract specifications and sometimes, political manifestos. But given that we're not talking about turning inputs like concrete and asphalt into buildings and roads but people's ideas into complex social outcomes, the setting of goals and selecting indicators with limited engagement is just informed guessing. The commitment of significant resources to the notion we can predict the future without ambiguity is a mistake. Monitoring such metrics might tell us more about how good we are at informed guessing than it does about how well we are managing risks to vulnerable people's rights. Tracking the success of social programs requires additional tools. We can borrow more useful tools from the social impact investing community.

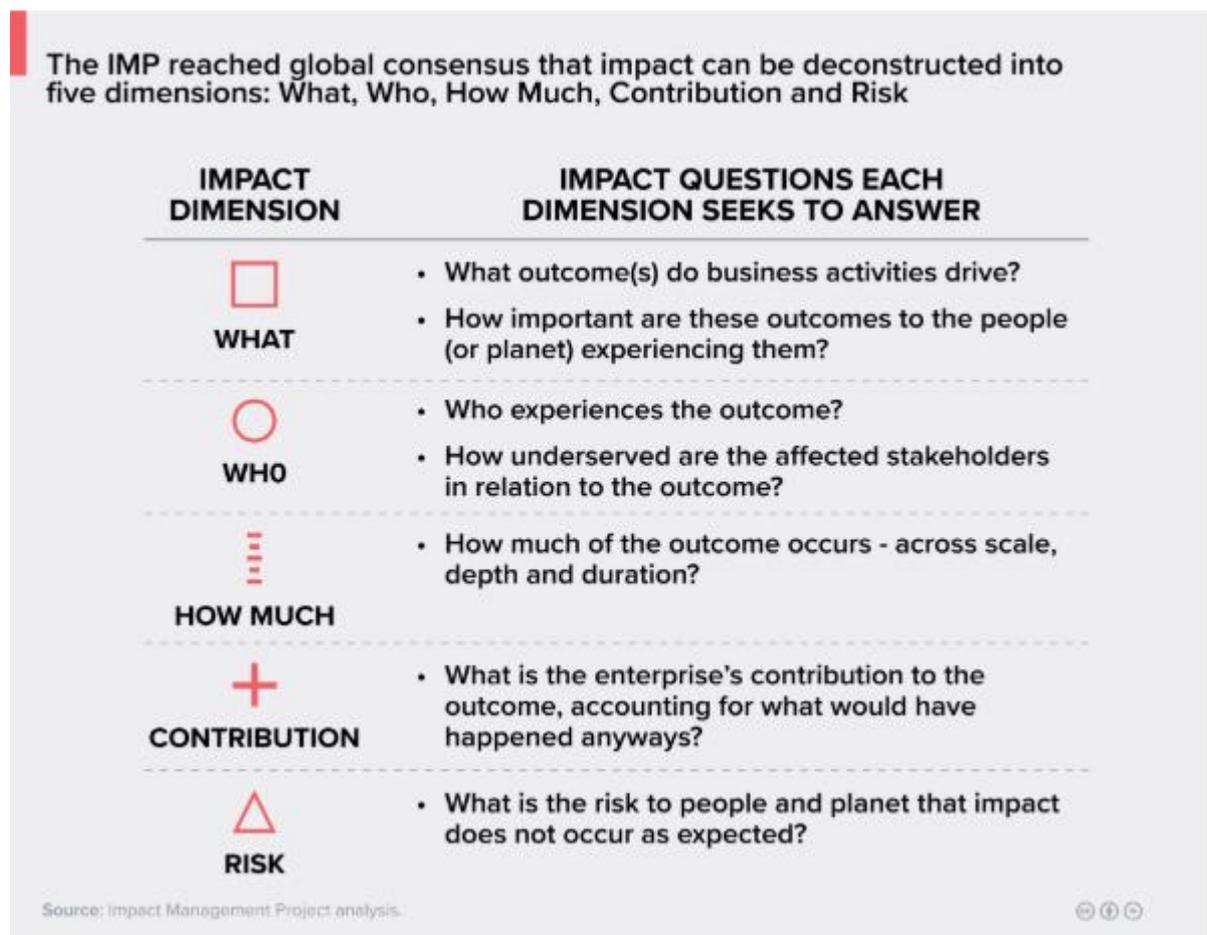


Figure 2 – taken from *The Impact Management Project*

Our practice can benefit from the discipline shown by our environmental planner cousins that often have EMPs with strategies set out in an adaptive Trigger-Action-Response approach. Co-design of programs (and their logical frameworks) with stakeholders can promote impact literacy, collective adaptive management capability and meaningful metrics. More importantly, this co-design builds the human relationships required to deal with the ambiguity inherent in management social issues and collective impact management approaches.

Going back to our cases: the small mining project provisioned a sum for resettlement but overlooked international standards on the quality of the resettlement program. This was of material interest to potential investors.

Australian football

So, what's all this got to do with Australian Rules Football? How can AFL illuminate the above methodological problems of linearity, inflexibility, and a failure to tolerate ambiguity?

Linearity

Direct attacking tactics (Figure 3) are an option in AFL.

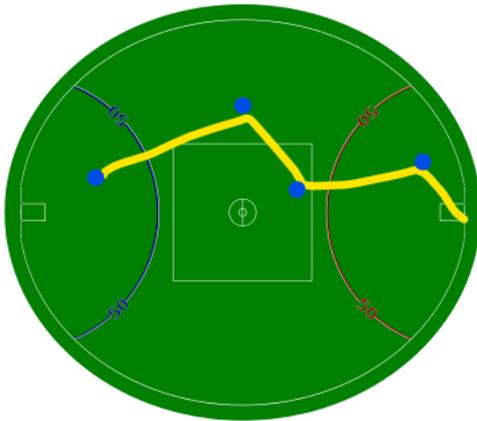


Figure 3 Direct, linear tactics

But given the pitch dimensions, a team will involve most of the 18 players in a phase of play. They will work the ball forward by passing sideways or back to a team-mate who is open or run backwards to avoid being tackled. Forward progress will be frustrated when players are tackled, fouled, lose the ball, have to win it back or stop for injuries (Figure 4).



Figure 4 - More typical gameplay scenario

In this way, the ebb and flow of an AFL game resembles the process of developing and managing a SIMP together with stakeholders. The coach cannot hope to give instructions on the precise moves that will lead directly to goals but rather sets a pattern of play in a game plan and then makes adjustments or interchanges (substitutions) as appropriate.

The implication is we must place much more emphasis on the adjustments (interchanges of technical disciplines, recycling back to previous ideas or even change out of personalities) as the SIMP development process plays out, and less on planning for things that cannot be fully understood until we are deeply engaged with those experiencing or managing the impact. Cyclical continuous learning is more useful than adherence to a linear process.

Inflexibility

Coaches are well paid but they can't predict precisely how a game will play out. When the pressure is on, we look to them to make an adjustment to tactics or personnel on the field. We value the adaptive management skills over their ability to know with certainty how the game will unfold.

The implication is that social impact management leaders need to secure the discretion to adapt to local politics and changing community dynamics and then to adjust social impact management programs while keeping focused on the over-arching goal.

Ambiguity

We ask coaches to win championships. We don't ask coaches to describe precisely how each goal will be scored before they've assessed the fitness of their players or how the other team will line up. SIMPs have become dense and intimidating but there is a lack of transparency around the follow-up on intended outcomes.

The implication for our practice is that SIMPs should focus less on program design and more on programme governance design including capability development.

Conclusion

Framed like this, we can view the expectations of project sponsors as unrealistic. But their needs are real; schedule pressure is real. How, then, to reconcile these needs with the insights we get from looking to Australian Rules Football?

1. It's best to think of a project plan to develop the SIMP as a game plan.

It should contain: an analysis of each impact management partners objectives, strengths and weaknesses; the tactics we might use in foreseeable circumstances; and team role responsibilities. Acceptance that the practitioner/leader (acting like an AFL coach) may need to change the formation or personnel at some stage and should contain an authorities process to manage that change.

The typical SIA approach emphasises a mechanical connection between activities and receptors, not how people are working together to manage an opportunity or impact. Given what we've said about the importance of local political actors to the success of social impact management, how many SIMPs do you see that seek to measure levels of mutual trust? How often does stakeholder sentiment tracking include opportunities for feedback on how well an organisation learns from its mistakes? The preoccupation with technical matters at the expense of relationships would be like an AFL coach working to improve the training ground facilities or collaborating with boot manufactures at the expense of focusing on interactions between the players in his charge.

2. Processes of SIA leading to a SIMP should be better phased

Progressive definition of management plans should be aligned with capital investment governance decision-gates so that each phase of study only answers questions that are critical to the decision at hand and associated critical unknowns. It's a long season and you can only win one match at a time.

3. Impact managers need to lead more and manage less.

Detailed SIMPs handed down by the Sponsor are less useful than detailed participative planning with stakeholders at the individual partnership level.

SIMPs (as game plans) need to be just detailed enough to characterise the issue and set out the strategic considerations for management of desired outcomes. The emphasis needs to shift from detailed activity planning to including performance levels as triggers for contingent measures (much like the coach going to the interchange bench) and agile management (akin to dynamic shifts in tactics during a game).

Involving partners in detailed planning and development of workable metrics will tend to generate ownership and an obligation to add value or lose program funding. The impact management practitioner doesn't need to monitor or second guess the impact makers – but they need to be there to support, monitor and be agile in decision-making when things don't work out. This is a leadership challenge for impact assessors. In AFL terms, the coach is not on the field and cannot kick a goal. The coach's role is to establish the game plan, ensure team functioning, encourage from the sideline and actively intervene only when impact management goals are endangered.

I perceive a crisis of confidence in the SIA discipline and you might say we're in overtime. SIA has promised much but despite our best efforts, projects are often associated with increases in poverty or at least unintended adverse consequences. Corporations and governments that have bought into SIA continue to suffer from low levels of trust. A gradual evolution in practice is unlikely to be enough to rescue the credibility of the discipline and build the trust critical to the social licence to operate. Instead, we require a more radical change of practice and it starts with how we view social impact assessors as leaders of this revolution.

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