

Thinking of SIA through a Construction Lens

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1. Overview

Understanding how social impact assessment (SIA) is utilised up to and during construction helps practitioners better identify social impacts and risks, their significance, and propose management measures that are effective in a real-world context. This paper summarises the importance of correctly predicting social risks and impacts to inform development of appropriate mitigation and benefit enhancement measures. We consider how post SIA approval processes can affect the SIA results. We highlight some real-world challenges and solutions evidenced from incomplete or evolving SIA predictions in light of construction monitoring realities. Finally, we present conclusions.

2. SIA as Part of Project Preparation

Completing the SIA is not the end of the process. Rather, it is part of the early stages of a project's journey from conception to operations. SIAs are used to evaluate the social impacts of development interventions and infrastructure projects, leading to management measures that will avoid or minimise adverse impacts and maximise positive outcomes experienced by communities and project workers. First, the SIA must accurately characterise the existing social baseline conditions within a proposed project's area of influence. Second, impacts are identified. Their significance is attributed by defining the existing sensitivity and vulnerability of those who are impacted combined with the magnitude of the impact. Magnitude is categorised taking into account how many people or groups of people are affected, the variety of socio-economic conditions among them, the extent or geographical spread of the impact, its duration, probability, and more. Robust impact prediction is important for the third step involving identification of mitigation and enhancement measures to effectively address impacts. Typical measures include policies (e.g. on gender-based violence and harassment), codes of conduct (for workers and accommodation), and management plans for indigenous peoples, resettlement, security and stakeholder engagement.

There are numerous challenges associated with getting the prediction process right. These include time lags from due diligence and financial close processes, changes to baseline conditions, managing resettlement prior to construction, changes to the team managing social impacts, and construction realities. Each are looked at in more detail below.

3. Application for project financing through international loan agreements

After the SIA is complete, many developers seek project financing. Potential lenders require an environmental and social due diligence (ESDD) by their own staff, often supported by independent reviewers. The social due diligence process includes review of the SIA, related management plans, and engagement activities. If the ESDD process identifies any topics that have not been sufficiently covered, there can be requirements to redo or append additional analysis to the documentation. In one ESDD, an indigenous peoples' group had been recognised in the SIA but the lenders' standard requirement for free prior and informed consent (FPIC) had not been completed. A stakeholder engagement process had been undertaken but a consent outcome was not evidenced. The achievement of FPIC delayed the attainment of financial close for that project by a year.

4. Time lag between impact identification and construction commencement

When the time between SIA report completion and the social due diligence or construction increases, there is more opportunity for changes to the socio-economic baseline. Demographic transformations are common, especially in urban settings. Time lags lead to births and deaths, retirement, houses being repaired or built, business establishment or failure, and urban spread. Between ESIA publication and construction start on a Middle Eastern waste project, internally displaced people moved into the area and

were an important new affected group. On a South American road project a community registered with the government as an ethnic minority, requiring an additional FPIC process and on a Central American roads project teenagers became young adults with some marrying and leading to the need for more houses to be built as part of the resettlement plan.

Population movements can affect vulnerability incidence, numbers of affected people and beneficiaries, pressures on infrastructure services and more. Changes to baseline conditions have knock-on effects on mitigation measures and resourcing. Most lender standards highlight the need for “recent” baseline data without specifying the number of years. The changes to baseline and the need for updating surveys have ramifications for the modification of management plans, all of which have financial costs (at a time when the project is not producing revenue).

5. Managing resettlement prior to construction

Projects that involve physical or economic displacement carry higher risks. SIAs are generally undertaken as part of a feasibility study. In comparison, resettlement planning requires detailed design to ensure the right people and their assets are correctly surveyed, to avoid unnecessarily creating stress to those not affected. Frequently, design changes are made or design is produced in greater detail after the SIA. When design changes increase or modify the physical footprint, there is need for further field work and surveys to update resettlement planning. Updates to resettlement planning are particularly relevant to project schedules because lender standards require cash paid or in-kind replacement housing to be completed prior to civil works commencing. Similarly livelihood restoration needs to commence prior to construction. Many construction companies do not have core livelihood restoration competency and often work with new service providers, both which have inherent risks for effective management. Further, some countries have legislation which requires payment to be made within a certain period from when statutory notification of the public use of land is made. This can be challenging especially if the SIA and resettlement planning identifies that the impacts will not occur at the beginning of the construction period because of the production schedule. Time is money, and resettlement budgets regularly expand with delays and changes.

6. Capability of the developer’s social team

Often unknown at the time of SIA is the capacity and experience of the developer’s social team, service providers or subcontractors involved in implementation of social mitigation and enhancement measures. In SIA, social management plans are often completed to a framework level. These plans need refining prior to construction, incorporating project specific information unknown during the SIA. Examples of undetermined details can include temporary construction components (borrow pits or laydown areas), accommodation locations, and security arrangements.

The developer’s team knowledge and experience in writing and executing social management plans becomes key to successful implementation and management of social impacts. The range of social topics is broad, teams often small. Ensuring project staff have requisite skills to implement required mitigation measures is frequently overlooked. Poor staff performance weakens effectiveness of management plans. This can be exacerbated by poor monitoring or an inability to put in place adaptive management processes when data identifies original mitigation measures are ineffective. Including training requirements in the SIA for the developer’s team prior to construction commencing ensures sufficient resources and time are allocated.

Understaffed social teams contribute to poor performance even with experienced staff. Key issues that are often overlooked for social staff are labour monitoring (different to health and safety) and community grievance management (need for conflict mediation or dissent not anticipated). This is most commonly recognised when the expanding workforce makes labour compliance monitoring crucial for protecting labour rights, including those of migrant workers and third-party workers engaged by subcontractors. When SIAs underpredict workforces, developers may not increase existing social teams to maintain

adequate social staff ratios to workers and community members. When community grievances arise that were not anticipated, the project may not have backstopping or support for undertaking investigations. For an energy project in Asia, extra resources were required to investigate unexpected grievances to allow the community liaison officers to continue with their regular workload.

7. Gaps between construction performance reality compared to SIA findings

Changes during construction have potential knock-on ramifications for managing impacts. Social management plans, teams and implementation budgets during construction are based on impacts predicted during the SIA. Unanticipated and external events such as the recent COVID-19 pandemic, changes in raw materials prices, nationwide protests, and internal project difficulties can affect the length of the construction phase. On a Colombian project, labour monitoring identified construction staff were working long hours for consecutive days without rest. COVID-19 led to a total stoppage of activities in April 2020 and a month of national protests in 2021 resulted in difficulties in worker mobilization and supply of construction materials. An increase in hiring local and non-local workers was required to reduce construction delays. Thus the peak workforce of 2,000 estimated in the SIA reached 5,000 workers. The change in workforce size affected the magnitude of the following impacts: employment generation, worker influx, labour rights and occupational health and safety risks. To manage the impacts, the human resources team employed new staff to assist in the hiring process, internal labour monitoring, and later demobilization. Additional worker accommodation for non-local personnel had to be identified, transportation provision and routes to transfer personnel to the work fronts increased. There was also an increase in the number of occupational accidents, probably correlated with the new and numerous personnel, which required a review of the team's capacities to supervise the work. All the above implied the mobilization of more human and financial resources by the project to manage these impacts for a longer term.

Project induced and worker influx is often identified as a construction phase impact in SIAs. Impact significance combines magnitude being analysed taking into account proximity to large population centre and tendency towards concentration, in conjunction with receptor sensitivity, namely the capacity of the area to address the needs of incoming population. Effective mitigation measures can include hiring local workers and providing accommodation for non-local workers. Both labour management and worker accommodation plans usually have well-defined responsibilities and required resources for the developer and the main contractor. However, this is not necessarily the case for subcontractors.

On a Mexican energy project with 1,200 construction workers, half were local. Two communities neighboured the site: the first had a population of about 700 inhabitants, the second, closest to the project site, 300. As the workforce size outnumbered the local population this put pressure on local services and products. A grievance was filed about subcontractor staff leaving the project area without making payments for food, accommodation and gas to local community members and businesses providing services. The project had no monitoring measures for this impact. The developer had to conduct an investigation to identify the local small companies affected, type of services provided, values and dates of debts. Verification of receipts was undertaken remotely and took several months. The developer had to mobilise its social team to collect information, support negotiations between parties, and follow-up with community members to verify that payments were made by departed subcontractor staff. This process lasted almost two years. Due to informality in agreements and lack of evidence some identified debts were not recognized by subcontractors. This had not been predicted at the SIA and ESDD stages or when the workers' accommodation plan was developed hence measures for monitoring payments to local providers were insufficient. The result had a significant impact on the small community.

8. Conclusions

SIA forms part of the early stages of a project's journey from conception to operation. Predicting social impacts and proposing effective mitigation and enhancement measures can be challenging due to time

lags from additional processes required to obtain international financing. Time lags lead to demographic changes that can create new impacts that need managing. Construction may be impacted by external and unexpected events. Together, these differences between construction performance reality compared to the SIA findings lead to the need for adaptive management processes to enable projects to effectively manage social risks and impacts. Identifying additional resources, including access to specialist social resources, is essential for addressing unanticipated social impacts. Allowing for consistency among key staff, or sufficient handover and preventative training on a full range of topics, is also worthwhile. Social practitioners need to think beyond the preparation phase to a range of possible construction scenarios and recognition of unknowns to better inform SIAs.

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