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Using impact assessment to align private sector projects with the SDGs – what are the key challenges?

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Background

Dr Hacking has a background in mining and the extractives industry, having worked for Anglo American early in his career. Dr Theo Hacking now works as the director for graduate programmes at the Cambridge Institute for Sustainability Leadership (CISL). The mandate of the CISL is to develop leaders to drive change through a) executive graduate programmes and b) industry collaboration. His presentation was on impact assessments as a decision-aiding tool.

Summary of presentation

Impact assessment are either *ex ante* or *ex post*. Ex ante assessments set out, in advance, what is hoped to happen, whereas ex post assessments assess (audit) if what was hoped for, actually happened. Environmental Impact Assessments (EIA) or Social Impact Assessments (SIA) that many of us are familiar with, are ex ante assessments. A quote that he used and referred to as tongue and cheek is: “*Predictions are very difficult, because it’s about the future*”. It may seem like an obvious quote, but it highlights the difficulty of the predictive nature of impact assessments.

All projects have a life cycle, and the early part of a project’s life cycle is called project evaluation. The project evaluation is critical because everything still exists on paper and so there is still potential for the project to be planned well and be sustainable.

Projects interact with the environment in the following ways:

- Inputs (material and energy)
- Land transformation
- Outputs (material and energy)
- Social aspects

Dr Hacking mentioned that there is a surprising level of uptake and integrating of the Sustainable Development Goals (SDGs) into business strategy. Companies also use the SDGs in measuring and reporting and thus use the SDGS as a reporting framework. Sustainability was often seen as a handbrake to business – but it is becoming more common that businesses who can unlock the value of SDGs have the potential to be more competitive and thus have an advantage.

However, despite the increase in acceptance and integration of the SDGs, Dr Hacking asked why SDGs are not well represented when it comes to major projects (in terms of impacts). Especially when these projects can either enhance or hold back development because of the magnitude of their impacts.

So the question is how can we have a decision support tool that really acts on SDGs? One example of this are the International Association for Impact Assessment South Africa (IAIAsa) and the SDGs who essentially have the same end point and goal as the SDGs, but travel on separate paths. Dr Hacking

believes that aligning IAAs and the SDGs would result in a virtuous cycle, as the SDGs inform design and decision making, and thus should be a crucial tool in an impact assessment.

In order to make impact assessments (IAs) more useful and effective Dr Hacking spoke of a) more comprehensive coverage and b) a more strategic perspective. More comprehensive coverage means that one does not just take into account the environment, but a much wider spectrum. And for a more strategic perspective IAs need to stop being limited in scope and being reactive, and instead need to be more aspirational. Thus showing intent to achieve the SDGs.

Strategic Impact Assessment (SIA) if applied to policy, plans, and programmes (PPP) trickles down to the Environmental Impact Assessment (EIA) of projects. If the SDGs can be applied in the first part (PPP), then that will trickle down and hopefully come up with aspirational outcomes in the projects and the EIAs. However, in real life it is much more complex.

Further criticism with SDGs is that it is reductionist, and isolates the interconnectedness between all these things. If one tries to actually integrate all the interconnectedness of projects, namely the inputs, outputs, land transformation and social aspects, it becomes incredibly complex.

Challenges that face impact assessments are the comparability of those performed for different companies, and the need to consider both positive and negative impacts.

Dr Hacking spoke of approaching impact assessments by using the cube model in which the three axes are: *strategicness* of the perspective; *comprehensiveness* of the coverage; and *integratedness* of the themes. These factors need to be considered in order to have an effective and useful impact assessment.

Questions from the floor

ESG vs SDGs

ESG has become more interlinked with finance and compliance. They are both valid, both are useful. However, ESG has potentially lost its usefulness because of its compliance culture.

SDGs at grass roots levels

There is a tendency towards cherry picking of SDGs by companies. There needs to be set ground rules to ensure genuine commitment. If a project wants to start and essentially be a neighbour or contributor to the existing community/society – then they are welcome to join, as long as they follow certain ground rules. Business hate requirements that change, but do not mind strict and consistent requirements.

International regulation - what is the role?

Such as EITI – do you think there is any talk of EITI getting involved?

We see countries are acting out of self-interest, such as retreating from treaties. So it is difficult. Every country in the world needs to commit in order to get international consensus and regulations. Furthermore, who is going to be the enforcer? Global enforcement is a challenge, even if essential.

Big business – the global economic architecture and currency design

There is more and more talk of investors asking companies to show that their money is addressing the SDGs, that their investment and your shares are adhering to the standards.

