

INSTITUTIONALISING SIA IN RAPIDLY DEVELOPING ECONOMIES - THE MALAYSIAN CASE

James Baines¹ and Nick Taylor
Taylor Baines & Associates, Christchurch, New Zealand.

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There are few opportunities to think comprehensively about the application of SIA within a country's development framework - the specific context is the institutionalising of SIA in Malaysia's rapidly developing economy. Set against an analysis of international experience and trends in the institutionalising of SIA, this paper highlights some issues from a project to assess the needs for SIA and develop a vision for its application in Malaysia. The project team was required to present recommendations on, amongst other matters, public and private sector capacity building and training needs. The project itself was carried out using some of the basic principles of SIA practice, putting emphasis on capacity building by employing local consultants to prepare background papers, carry out four SIA exercises under the guidance of the international consultants, and work with them towards developing the recommendations, implementation strategy and practice guidelines.

1 Introduction

Social Impact Assessment (SIA) is a process for analysing and managing the intended and unintended consequences of planned interventions on people, so as to bring about a more sustainable biophysical and human environment, and better social outcomes.

The Interorganizational Committee on Guidelines and Principles for Social Impact Assessment (1998 p.93) defines social impacts as:

“the 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. The term also includes cultural impacts involving changes to the norms, values, and beliefs that guide and rationalize their cognition of themselves and their society”

Thus, analysis is focused on the documentation and processing of a broad range of social, cultural, demographic and economic consequences of activities and possible alternatives to all major stakeholders - individuals, groups, communities, and sectors of society that have an interest in, or are likely to be affected by, these activities. For this purpose, SIA utilizes social science methods, and methods of public involvement and consultation.

While the origins of SIA are regularly traced back to the 1960s, the major initiatives and efforts to build capacity in the field were largely based in countries with developed economies, especially the United

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The authors can be contacted via the Taylor Baines website - www.tba.co.nz. James Baines email address is j.baines@tba.co.nz

States, Canada, Australia and New Zealand (Taylor, et al., 1995). Through the 1990s, however, SIA has been applied more widely in multinational agencies such as the World Bank and Asian Development Bank, the EU and countries such as South Africa with mixed economies. In countries with developing economies, such as many in Asia, emphasis has been placed in recent years on the development of EIA systems and professional capacity. SIA has tended to lag behind this effort.

A project² in Malaysia in 2001-2 provided a rare opportunity to think comprehensively about the application and institutionalisation of SIA within the framework of a rapidly developing economy. The project developed a strategic approach to the progressive adoption of SIA in Malaysia. The project team was required to present recommendations on priority applications for SIA, the legal and regulatory framework, organisational responsibilities, public and private sector capacity building and training needs. The project itself put emphasis on capacity building by employing local consultants to prepare background papers and carry out four SIA exercises under the guidance of the international consultants, and work with them towards developing the recommendations, implementation strategy and practice guidelines.

Lessons from development of SIA in countries such as Malaysia point to the need for stronger international linkages and a role for the IAIA, particularly to support in-country professional networks for IA that include SIA professionals, SIA training through an international pool of training resources and curricula, web-based resources such as SIA case studies, and support through professional guidelines and standards.

2 The Institutionalisation of SIA - an international perspective

Since SIA received its first recognition in national legislation in NEPA in 1969 its institutionalisation has come a long way. Many countries as well as international donor organisations have adopted SIA requirements as part of their general EIA requirements in national legislation or agency policy. Developers in both the private and public sectors across the world have increasingly become aware of the benefits of SIA as well as EIA. Such recognition was at least partially forced by project failures resulting from inadequate appraisal of projects on narrow economic and technical criteria (Rickson et al., 1990; Burdge, 1998).

In Asia, where there has been considerable development of EIA procedures similar to those in other parts of the world, experience to date institutionalising SIA has been limited. Countries such as Taiwan, Malaysia, Indonesia and Hong Kong began to develop EIA systems in the late 1970s. Their progress to date has been varied (Leu, Williams and Bark, 1997; Wood and Coppell, 1999). So has been their recognition of the social dimension of environment, and the need for the assessment of social impacts.

It is common practice in these countries to list specific categories of projects for which EIA is required and also to organise the EIA process into two phases; an initial EIA and, if this investigation signifies the likelihood of significant effects, a full EIA. Legislative definitions of what constitutes the environment are relatively progressive, requiring the assessment of both social and biophysical effects in EIA procedures. However, it appears that so far social impacts are only considered in a very limited way.

Furthermore, provisions for public consultation are limited, as are opportunities for public involvement in hearings, appeals, conflict resolution or the development of mitigation strategies. Leu, et al (1997) argue that a general lack of environmental awareness and low educational levels have most likely

² The Malaysian SIA Project was jointly funded by the Government of Malaysia and the United Nations Development Programme (UNDP). The authors were the international consultants in the project team, which also comprised seven local consultants and an international peer reviewer.

reinforced a paternalistic approach to the management of the environment. Vanclay (in progress) argues that a primary problem in Asia is the lack of political will in combination with lack of societal pressure to provide for the assessment of social impacts. Specific problems might also include issues related to corruption, or the use of overseas consultants who are not familiar with the local cultural and environmental conditions. In addition, most Asian cultures feature discomfort with conflict and the explicit criticism of authority. This might severely limit the usefulness and validity of public involvement processes. As a result of these issues, SIA plays a minor role and is often limited to the assessment of economic aspects.

The Asian Development Bank (ADB) has been incorporating social considerations in its decision-making processes since the 1980s through a number of policies and guidelines (see www.adb.org) including guidelines for gender analysis, poverty reduction and forced resettlement. A Social Dimensions Unit was established to support a new strategic focus on social design of projects, away from a primary fiscal or economic focus, and to coordinate and promote the addressing of social issues and public involvement in project preparation and implementation (Asian Development Bank, 1994). General guidance is provided in the *Guidelines for Incorporation of Social Dimensions in Bank Operations* (available on the bank web site).

Taylor and Dale (2001) identify key successes in institutionalising SIA internationally to date. These include:

- the creation of stand-alone agencies, or dedicated sections within agencies, in various countries, usually at central or regional government level;
- progress with the institutionalisation of a social perspective in organisations such as the World Bank or the Asian Development Bank, with organisational and policy changes reflecting a growing awareness of the importance of social factors;
- the recruitment of social scientists in agencies and organisations and the allocation of resources to SIA and social development;
- the increasing acknowledgment of the social dimension of ‘environment’ in resource management legislation in a number of countries, as well as increasing requirements for SIA and public involvement; and
- the wide range of SIA-related research undertaken.

However, despite such achievements, a number of common institutional constraints still limit the effective application of SIA in planning and decision-making. Over ten years ago, Rickson et al. (1990) argued that, although IA was required by law and policy in many countries and organisations, limitations with the application of SIA by government decision-makers and responsible agencies existed with regard to both the range of projects that were made subject to SIA and the influence SIA had within the planning and decision-making processes. A decade later, Taylor and Dale (2001) still identify a number of failures and problems inherent in the institutionalisation of SIA. Outstanding issues include:

- the inconsistency and ad-hoc nature of stand-alone agencies, or dedicated sections;
- continuous poor representation of social scientists and poor resources to support them in planning, policy and research positions in natural resource management positions;
- the subordinate position awarded to SIA within EIA legislation;
- uneven application of SIA at different levels of government (central, state or regional, local) and a focus on detail rather than substance;
- a common attitude to treat SIA as an administrative hurdle rather than a beneficial planning tool;
- lack of interdisciplinary integration resulting from traditional disciplinary divisions, and overemphasis on the biophysical dimension of environment within IA;

- poor integration of SIA findings and recommendations with decision-making processes, and the domination of technocratic, product-oriented approaches with decision-makers reluctant to relinquish power to affected communities;
- limited attention given to strategic social assessment; and
- limited application of existing social research and methods to specific cases, and a shortage of comparative cases and ex-post studies.

A strong legal basis is a key factor in successful institutionalisation of SIA. Taylor and Dale (2001) point out that to merely imply the assessment of social impacts is not sufficient; clear, unambiguous mandates and rigorous enforcement are essential. Most legislative requirements for SIA exist through resource management legislation requiring EIA (Rickson et al., 1990; Taylor and Dale, 2001). Here, the definition of 'environment' including the social dimension plays a crucial role in integrating the consideration of social impacts. However, on its own, a legal mandate will not improve SIA practice. Neither will the establishment of SIA agencies or units within agencies, for which there are a number of models and various experiences, that all point to the need to avoid dependence on a single agency or unit within an agency. The choice of model to be pursued is always context dependent (Taylor and Dale, 2001).

3 The example of SIA in Malaysia

In its concerted drive towards realising the social and economic goals laid out in its Vision 2020³ and expressed in the Seventh (1996-2000) and Eighth (2001-2005) Malaysia Plans, the country has experienced very rapid modernisation and change. Double-digit economic growth rates of the early to mid-1990s were constrained for a time during the period of the Asian financial crisis (1997-). Nevertheless, processes of economic development continue apace.

It is also apparent that these economic changes have been accompanied by many social issues and problems - extra-ordinary impacts of urban spread into rural areas, forced displacement of existing rural communities, social conditions in new low and medium-cost housing estates, strain on social and community services, community severance resulting from transport infrastructure projects, issues concerning migrant labour in the construction industry, issues for children and youth in the new urban living environment, and so on.

Against this background, the application of SIA has been relatively limited, focussed almost exclusively on SIAs linked to the EIAs of major projects, under the auspices of the Department of Environment (DoE). The coverage of social impacts in the EIA reports has been very variable. In most cases it has been minimal, but a few cases have given social issues and impacts substantial coverage.

The practice of SIA in Malaysia at the present time is constrained by a number of methodological and institutional factors. On the methodological front, problems are related to confusion about what social impacts are. In many cases, SIA appears to be limited by a restrictive view of what can be incorporated, based on what is set out in the environmental legislation, the Environmental Quality Act. SIA also suffers from a general attitude towards the collection of social data that places undue emphasis on large structured surveys, which run the risk of being costly, ill-focussed and inflexible, and therefore not very useful. Methodology for public participation appears grounded in a very traditional and restrictive model. The risk here is that useful public input is too little and too late in the planning process to make much difference.

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First articulated in the mid-1990s.

Institutional constraints arise because of the predominant institutional home for SIA within an environmental agency. The DoE suffers from inadequate resources to do justice to the social component of EIAs. It has never had enough of the relevant skills, either administratively, or at its disposal to call upon when reviewing the SIA components of EIA documents and procedures. There is insufficient acknowledgement of the time requirements or process requirements for effective SIA. The result is that the significance of potential social issues and impacts in new projects is not always recognised or incorporated appropriately into planning considerations. The politics of science - relegating social science to a secondary status behind the more established disciplines of economics and engineering - is as evident in Malaysia as in any other country. Another consequence for SIA of its institutional home in the DoE is that, as an emerging professional and administrative practice, it has to contend with past experience of EIA procedures and practice in Malaysia - also very variable in quality - and the perception that SIA is yet another bureaucratic hurdle to block or slow down development projects or policy development.

In describing these circumstances for the practice of SIA in Malaysia, we do not wish to convey a message that Malaysia is different from other countries. The evolution of SIA in Malaysia is following a very familiar path to that found in other developing economies. Indeed, as might be expected, there are some very promising signs too.

The most substantial attempt to develop SIA practice is the work of the Prime Minister's Department to assess the social impacts of an improved road and rail network on the existing communities in the Klang Valley. This study was carried out because the rapid development of transport networks involving the criss-crossing of roads, highways, expressways, railway, Light Rapid Transit and Express Rail Link, between Kuala Lumpur and Kuala Lumpur International Airport bisected communities in the area leading to social issues and problems. The study aimed not only to assess the social impacts of these new transport networks on the affected communities in terms of safety, comfort, quality of life, but also to formulate a framework for an active and effective approach to public participation in highway and rail development planning for the entire country. This TRANS-SIMPACT study has therefore produced a Social Impact Assessment Best Practice Handbook, a Mechanism for Public Participation in the Social Impact Assessment and a computer package for SIA named TS-1.

Some innovative approaches to managing the resettlement of indigenous communities have been tried in recent times. These include the use of an independent social and environmental audit team to monitor and evaluate the implementation of an agreed resettlement initiative.

Perhaps the brightest light on the SIA horizon is the passing in 2001 of an amendment to the Town & Country Planning Act which mandates the application of SIA systematically throughout the various levels of the land-use planning system - at state, district and proposal level.

Furthermore, *Pelan Tindakan Sosial* (a social action plan) was formulated in 1997. The plan provides a national framework for integrating the various components of social development. The plan focuses on the promotion, prevention, intervention and rehabilitative actions in addressing social issues. One of its proposals is to make SIA compulsory for proposed programs, projects and development activities.

4 The Malaysian SIA project

The Malaysian SIA Project had three main objectives: (i) to develop an approach and methodology for carrying out the SIA for proposed development projects and programmes; (ii) to incorporate SIA into planning and design of projects and programmes; and (iii) to develop and formulate a methodology of how social impacts can be identified and mitigated.

Work was spread over eight months from August 2001 and split into three phases. In Phase I (the review phase) the team conducted a familiarisation workshop and prepared an international review of SIA, as well as reviews of SIA practice and the institutional setting for SIA in Malaysia. The focus of Phase II was on building up practical and professional experience applying SIA in the Malaysian context with local consultants conducting a series of four case studies. In Phase III the lessons from these case studies were evaluated alongside the review material to develop a framework for institutional development and recommended methods and guidelines in the form of an SIA handbook.

The Project identified some key points:

- the basic foundation for SIA is in place through the existing mandates in EIA, land-use planning and policy formation;
- there is a small core of skilled practitioners;
- methods and SIA approaches developed internationally can be used as a generic base;
- the biggest need is professional capacity building - people/skills for practitioners and administrators; procedures and time allocation; professional support mechanisms - networks, information resources, training infrastructure.

The final outputs of the project have been prepared and discussed with Malaysian Government Departments. They contain specific institutional details which cannot be presented here. Responsibility rests with the government's implementing agencies - but the involvement of professional groups and networks, academic organisations, NGOs, affected communities and the private sector is essential to make a difference in the future.

5 Key issues for SIA capacity building

The Malaysian experience builds on experience in other countries to help identify some key issues for capacity building in SIA.

Clarifying the domain of SIA

Some confusion exists about what the domain of SIA should be, because of variations in past SIA practice. Different viewpoints are expressed by various practitioners or administrators. To some, 'social' refers to people's attitudes and preferences towards a proposed activity; to others 'social' refers to social services such as health services and education services, and people's needs for such services; to others 'social' refers to the social dimensions of 'environment', as distinct from the social consequences from environmental impacts; still others refer to interactions between people or groups of people, with the possibility of either mutual benefit or conflict.

For SIA to be most useful, there should be an inclusive approach to its domain. In other words, SIA can apply to all these aspects of 'social'; SIA can include all these viewpoints. We believe it is not helpful, even counter-productive, to have arbitrary limits on what is 'social' and what is not. In essence, the domain of SIA should be determined (inclusively) in relation to the interests of the stakeholders.

Shifting towards a participatory, issues-orientated approach

Technocratic processes and approaches within centralised bureaucracies pose severe limitations to the successful implementation of SIA. Technocratic approaches emphasising product (report) over process tend to empower decision-makers rather than affected communities, fail to acknowledge the political nature of social change and fail to facilitate essential negotiation between communities and project proponents. In contrast, an issues-oriented approach integrates process and product oriented approaches, the social with the biophysical dimension, and places emphasis on participatory approaches and community empowerment (Taylor, Goodrich and Bryan, 1995; Taylor and Dale, 2001).

Understanding the role of scoping

It is clear that the role of scoping in a participatory, issues-oriented approach is very poorly understood. It is often limited to a desk exercise aimed at interpreting the Terms of Reference from the practitioner perspective, and making decisions about a methodology, again from a narrow practitioner perspective. The risk, and indeed the common outcome of such limited scoping activities, is that the practitioner then embarks on the SIA with little idea of the full scope of the issues and impacts to be investigated, or any sense of what the most important issues and impacts are - from the perspective of different stakeholders - that need to be addressed during the SIA.

The role of effective scoping within SIA needs to be understood better. It is certainly not a desk exercise. Previous experience of the sector, or even of the geographic location and communities likely to be involved in the SIA should not be taken as an excuse to dispense with active consultation and preliminary field work. The role of scoping is to cast the net broadly, in terms of stakeholders and their views on issues and likely impacts, and then make a judgement as to what issues and impacts require particular attention during the SIA. Nor should the scoping activity begin with the assumption that the SIA process has been completely set in concrete; it should allow for customising the process to the circumstances. In this way, scoping supports constructive participation and provides an informed basis on which to decide how to focus the resources available for the SIA.

Passive or active public involvement

Public involvement, or public participation, is a concept that means different things in practice to different practitioners in different political and cultural settings. In general, public participation processes in many countries, including Malaysia, are dominated by relatively passive forms, i.e. forms of engagement in which members of the public (or other stakeholders besides the proponent) have little influence over the process of consultation or the scope of the discourse. There has been a tendency to use 'pro forma' written submissions, attendance at formal hearings, and structured surveys. Such forms of participation generally do not deliberately differentiate and target a range of stakeholders, nor do they create opportunities for direct contact and two-way discussion between SIA teams and members of the public.

In contrast, more active forms of public participation - personal visits, one-to-one interviews, small focus groups, open houses, interviewer-administered surveys - encourage more meaningful and relevant assessments because they are more interactive and flexible. They are also necessary in order to reach

people and groups who are not familiar with planning and assessments activities, such as NGOs, CBOs and groups representing indigenous peoples.

Such methods need to be employed in an iterative mode. One opportunity to exchange information with affected people is usually insufficient for thorough and validated assessments.

Recognising the benefits and costs of doing SIA

SIA is usually recommended for adoption in response to the desire to avoid, remedy or mitigate the social problems arising from rapid economic development and urbanisation. These social costs are invariably experienced by individuals and communities but never quantified by planners or project developers. Thus, they remain invisible in any formalised cost-benefit analysis. Indeed, many of the costs are not easily quantified in a monetary sense without a great deal of investigative work.

Avoiding problems is generally more feasible and much less expensive than trying to remedy problems during or after implementation. There are also examples where costly mitigation can be avoided by good assessment carried out beforehand. A participatory approach to SIA makes increased demands on affected peoples and particularly on voluntary NGOs and CBOs. There are times when it is desirable to commit funds to assist such participants, either by providing research assistance at their disposal to collect community information for an assessment or in recognition of their direct costs (e.g. to host or travel to meetings).

Where SIA is applied at the strategic level - to policies and plans, it will generally be commissioned and paid for out of the public purse, not paid for by the private sector. We would argue that this is an appropriate sharing of the costs and responsibilities for improved development planning.

The need to build a research base for SIA

Successful implementation of SIA requires a substantial research base that builds on general social scientific work. Recognised research institutions need to support SIA with base-line and longitudinal research and support for interdisciplinary research integrating specifically biophysical and social research (Taylor and Dale, 2001). There is also a need to build national social data bases and collections of case-study materials.

The need to develop 'good practice' guidelines

The debates about what makes a good SIA manual or set of guidelines are many and varied. Furthermore, needs will vary according to the politics and culture surrounding professional SIA practice. Our experience suggests at least three factors worthy of consideration. Firstly, the guidelines should assist practitioners and potential clients recognise how SIA can be applied in a variety of settings, not just to projects. Secondly, the guidelines should be written with specific and differentiated audiences in mind. The guidelines for practitioners are not necessarily best expressed in the same terms as the guidelines for agency administrators or for NGOs. Thirdly, a balance needs to be struck between the needs of those who require more detailed advice on approach and method, and those who are capable of applying general principles in a variety of specific situations - the balance between standardisation and flexibility.

Interorganizational Committee on Guidelines and Principles for Social Impact Assessment (1994) and the IAIA (2001) have made substantial contributions to such efforts.

6 Conclusions

Taylor and Dale (2001) point to the need for training and professional development in SIA. Although significant progress has been made in this area internationally, there is still a lag behind the natural resource professions. A coordinated programme to build capacity in IA practice and administration should include the transfer of existing skills and experience through appropriate courses, the support of professional organisations and networks, and the development of specialist skills such as facilitation, negotiation and mediation, and specialist methods such as techniques for scoping. In addition, there is a need to build SIA into training for other disciplines such as land-use planning and engineering. A specific challenge to overcome is the traditional fragmentation of training in environmental science and resource management programmes and the gap between academic training and the practical application of skills.

Perhaps the most pressing need in professional capacity building is for high-skill training in the philosophy and practice of SIA amongst those most likely to be practising SIA or administering key SIA requirements. More general introductory or familiarisation courses are not so likely to bring about the quantum shifts in approach to SIA practice that are required to make a difference.

Professional networks, such as the International Association for Impact Assessment (IAIA) on the international level, or national networks such as the New Zealand Association for Impact Assessment (NZAIA), make invaluable contributions to capacity building.

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