

Strategic IA in the energy industry a comparison with SEA and SA



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Introduction

Requirement for improved social and environmental performance of energy companies

“Strategic” decisions - influence development of country/region

Beyond ESIA: requires understanding wider social, cultural, economic and political context

Strategic assessments at national and regional level :

- Strategic Environmental Assessment (SEA)**
- Sustainability Appraisal (SA)**
- Strategic Impact Assessment (Strategic IA)**



Objective

SEA, SA, Strategic IA:

Complementary but ultimately fulfill distinct purposes

Objective:

- * Differentiate and clarify scope application of Strategic IA, SEA and SA, specially w.r.t oil and gas
- * Focus on **Strategic IA** - newly emerging approach to address complex social, cultural, economic, environmental and political issues



What is Strategic IA

Independent

High level

Multidisciplinary

Participatory

Voluntary

Social science based

Scope:

Major projects e.g. new country entry, addition to operations with significant impact at national/regional level



What is Strategic IA

Typical issues:

- governance structure
- revenue distribution
- bribery and corruption
- conflict, security, crime
- capacity of local authorities
- environmental and biodiversity issues
- local aspirations, cultural identities, values
- existing traditional industries
- capability indigenous labour force
- health issues



Why Strategic IA

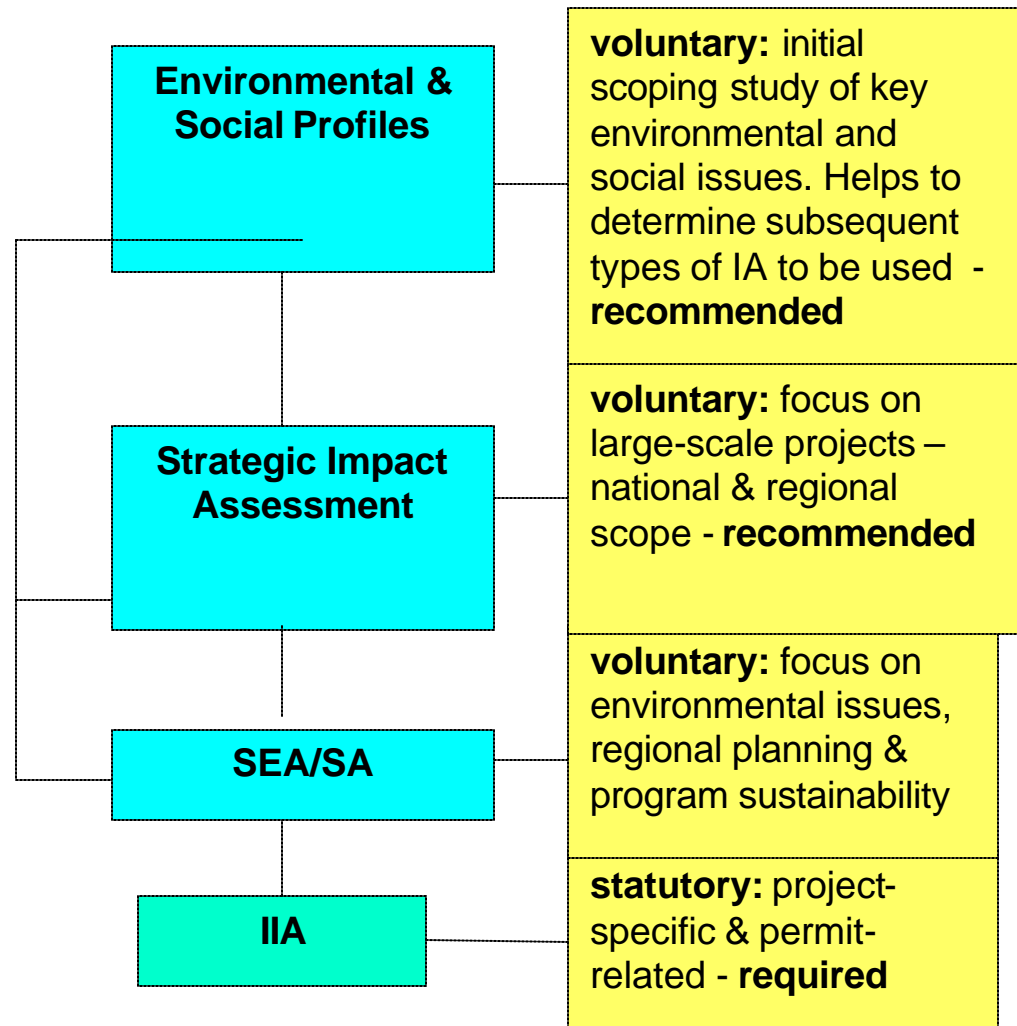
Enables:

- early assessment major social, environment, health risks / benefits
- informed major decisions (e.g. country entry, major expansion)
- identification if the project meets General Business Principles
- preparation of ground for more effective IIAs
- external dialogue/consensus building on responsibilities key issues



When Strategic IA

- during planning stages
- ideally result from early environmental and social profiles
- in case significant impact at national / regional level



Comparison to SEA

Main focus = environmental issues
Largely a natural science-based discipline

If SEA deals with socio-economic :

- proposal more final and balanced
- however dilutes environmental focus, making political acceptance more difficult
- SEA considers stakeholders, not necessarily sufficient in large, complex projects with significant social and cultural aspects
- Strategic IA addresses higher level, socio-economic issue
- Strategic IA more focused at what drives people



Comparison to SA

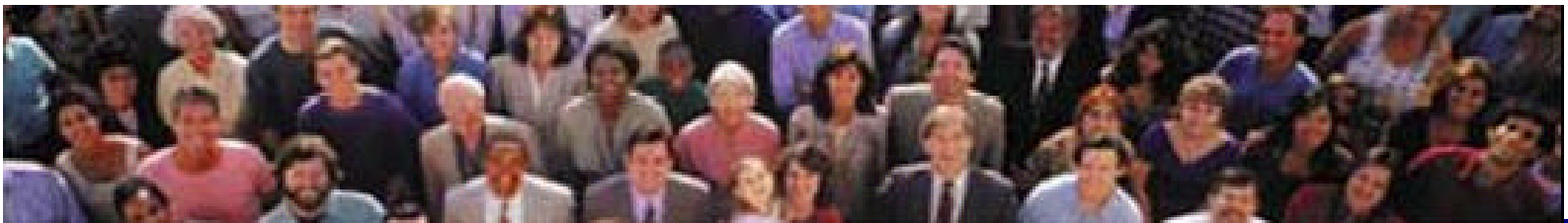
Main focus: socio-economic and sustainability factors

- wide scope, covering social, economic and environmental topics
- qualitative nature - can lead to a lack of objectivity

SEA and SA seek to help inform decision-making by providing information on the potential implications of PPPs

However:

- Can be undertaken after plan or strategy largely written - less chance to influence - not used as a decision-making tool
- Not always undertaken by independent team
- Can fail to address cumulative, secondary impacts



Differences Strategic IA, SEA, SA

- wider, larger scale issues: social, economic, political, environmental
- primarily social-science based
- less formalised, no legislative fiat, primarily issues-based approach
- emphasises local context - addresses global/regional perspective
- primarily to large, complex projects and complex PPPs
- longer time horizons, less focus baseline data, more focus go/no-go
- more independent, advisory boards, can't be done by gvt or project
- requires earlier support at highest levels of planning



Advantages Strategic IA

- better balance environmental, social and economic factors
- improved planning, early focus on important stakeholder concerns;
- assist in selection of partners out of engagement process;
- identify potential conflict between local, regional, national priorities;
- help to demonstrate leadership and competitive advantage;
- facilitate transfer of best practice in areas e.g. revenue management and local and national economic development



Case: China W2E – High Level Assessment

4000km pipeline

Objective:

- participation without compromising Business Principles
- assurance major issues identified to enable mitigation measures

Benefits: long-term social LtO, competitive advantage, integrated risk assessment, enhanced development opportunities for community



Case: China W2E – High Level Assessment

Key Lessons:

- participation would meet SGBP subject to recommendations
- partnerships assist in maximising the positive contribution to regional growth and reducing inequality
- requires creating new and innovative partnerships within China and international stakeholders
- Timing late: key issues already identified (independent confirmation of key issues)



Conclusion

- There is value in SEA, SA and Strategic IA
- No international agreement on definitions, scope and application
- No international guidelines

Complementary :

- important to define boundaries - particularly for socio-economic impacts
- ensure no misplaced rivalry

Need for further guidance and practice to gain experience and delineate the boundaries more clearly

