

To Assess What is Wrong:

A Framework for NGO-Organised,
Community-Based SIA of Trade Policy

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McDowell, Andrea; Canadian Institute for
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To Assess What is Wrong: A Framework for NGO-
Organized, Community-Based SIA of Trade Policy

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Andrea McDowell
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"The thing is, my green girlie, it is not for a girl, or a student, or a citizen to assess what is wrong. This is the job of leaders, and why we exist." The Wizard of Oz--"Wicked", Gregory Maguire

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Executive Summary

The concept of Sustainability Impact Assessment, while a new one, has tremendous potential for the assessment of impacts for a wide variety of projects and policies and furthering the societal transition to sustainability. While SIA to date has mostly been applied to project-level and regional strategic-level processes, it can be expanded to address policies with wider-reaching impacts and implications. One example that is currently generating tremendous interest is the possibility of applying SIA to international trade liberalisation policies (eg. the FTAA).

Some institutions are attempting this. Most notably, UNEP has written a manual and carried out some case studies in various regions, and the European Union has hired a team from the University of Manchester to devise a framework and apply to the WTO New Round. These processes suffer from a number of weaknesses that have been described and criticised by a variety of actors, including a focus on a three pillars approach, elaborate models, assumptions that experts will conduct the assessment with limited participation by other stakeholders, and linear processes that do not allow for new information or stakeholders.

Due to the existence of these weaknesses and the lack of interest currently displayed in applying SIA to the FTAA from traditional actors (i.e. governments) this paper proposes that NGOs should take on a leadership role and begin the SIA of international trade policies. Specific concerns for NGOs in so doing are discussed, including the relative strengths and weaknesses of NGOs in such a role, and criteria for a SIA framework are laid out that address those concerns. These criteria include the necessity of a framework that is flexible and can be applied by a wide range of actors with varying resources, a focus on creating

positive alternatives, increased and meaningful stakeholder participation, integrative of economic, social, environmental and other concerns, and based on truly sustainable criteria and indicators.

A brief overview of potential and promising analytical methodologies that NGOs could use to conduct a SIA of trade policies is included. This review is meant only as a starting point in the planning process.

A framework that NGOs (or any other interested party) can apply to a SIA of international trade policy is laid out. This process includes:

1. Establish the Baseline: What do we need to know to measure progress?
2. Scoping the SIA: What do we need to do? What can we do?
3. Consultation and Participation: Who should be involved?
4. Design the SIA Methodology: How will we learn what we need to know?
5. Carry it out
6. Create Alternative Proposals: What policies could we support?
7. Final Product

The framework will enable an NGO to produce a credible SIA of international trade policy that involves all necessary stakeholders in a meaningful way wherever they desire to be so involved, and which will result in positive alternatives to the trade policy that the NGO and other participants can recommend.

Introduction

As Environmental Impact Assessments followed in the wake of the first years of the Environmental Movement, so Sustainability Impact Assessment (SIA) has slowly been developing as the concept of Sustainable Development gains currency and force.

Unfortunately, SIA has been developing at the same slow pace as EIA. The Environmental Movement gained steam during the 1960s, but it wasn't until the 1980s that EIA became widespread, and the process and concepts are still being developed and refined. Sustainable Development first became a mainstream concept as a result of the Brundtland report in 1987. If SIA continues to follow in the footsteps of EIA, SIA may not be accepted and routinely enforced by governments until 2015.

This is a problem: While projects with environmental impacts are an integral part of human society (eg. housing, energy supplies, industrial projects, infrastructure, etc.) and will continue indefinitely, and with them the need for EIA, trade liberalisation policies have been multiplying furiously during the last decade. It seems reasonable to assume that trade liberalisation (unlike projects) will at some point reach a peak of implementation (either because they have been entirely implemented or because the ideological roots of the policies are no longer persuasive). Policies that are so thoroughly desired by economic elites, once implemented, will be difficult to reverse. If it takes as long to arrive at a workable SIA framework as it took to create EIA, the most damaging effects of these trade policies may already be firmly entrenched and difficult to remove.

The first SIAs of trade policies have taken place only during the past few years.¹ The frameworks used are widely contested and flawed on many counts, from the founding assumptions (that trade liberalisation is good and provides net benefits) to the methodologies used (criticisms of specific models or the use of particular techniques) to the conclusions drawn from those models.

On one hand, this state of affairs is exhilarating; there is a lot of potential for influence and creativity. On the other hand, a certain sense of urgency is tingeing the exhilaration with anxiety. The FTAA is scheduled to be completed and signed by January 2005. While this timeline may turn out to be optimistic, it is still likely that the process will conclude well before the Canadian government institutes a SIA policy.²

The Canadian Institute for Environmental Law and Policy (CIELAP) wrote a comprehensive report summarising the current state of SIA as well as the weaknesses remaining to be addressed.³ Its conclusions and the ways in which they have been addressed by this report are included in Appendix A. This report aims to bring the debate in a slightly different direction by showing how the issues CIELAP identified in their report may be addressed in a SIA framework.⁴

¹ The European Union has been conducting an SA of the new WTO rules since 1999, UNEP has been working on an "Integrated Assessment" framework that has essentially the same processes for about the same time period, and the WWF has started their own SIA project. These three processes are the first to explicitly assess sustainability of trade policies and agreements.

² It was only after NAFTA that North American governments began to institute EIA processes for trade policies and agreements; while some efforts have been made to incorporate social impacts into these assessments, they are not sustainability assessments as they are not determining the sustainability of the trade policies. See DFAIT (2001) for details of the Canadian process.

³ Canadian Institute of Environmental Law and Policy, *Sustainability Impact Assessment of the Earth Summit @ 10: A Canadian Perspective*, Christine Elwell, August 2002.

⁴ CIELAP's mission is to provide leadership in the research and development of environmental law and policy that promotes the public interest and sustainability. This project works toward that mission by furthering the debate on how trade policies' effects on sustainability can be assessed, and the policies modified to encourage sustainable development.

The initial intention was to develop a framework that could be used by traditional “legitimate” actors (governments and international governance bodies, eg. UN and WTO). However, the pace of change in these institutions may be entirely too slow to allow for a rigorous SIA of the trade policies forthcoming in the next several years. North American governments only addressed the environmental effects of trade liberalisation policies in NAFTA by creating the Commission for Environmental Cooperation, which analyses the environmental impacts of the agreement *ex post*. Even assuming that a similar body evolves for the FTAA, this would be too late for an *ex ante* assessment of the sustainability impacts of the policy. There is currently no indication that the FTAA negotiators have any intention of conducting a SIA, either *ex ante* or *ex post*.⁵ There remains less than two years to convince the negotiators of the worth of SIA and have them conduct one that is credible and adequate before the agreement is to be signed; one might suggest that this timeframe is insufficient.

The solution proposed in this paper is to design and implement a SIA framework that can be carried out by NGOs or other non-traditional actors in the impact assessment arena.

Problems and Issues in SIA

To this point, UNEP and the European Commission are the only traditional actors engaging in SIA of trade policies (which UNEP refers to as “integrated assessment”). The frameworks, while different from each other in many respects, share several important problems that will need to be addressed in SIA process regardless of who undertakes them. The following list identifies and describes the majority of these weaknesses:

⁵ See the FTAA website, http://www.ftaa-alca.org/alca_e.asp. The “special” committees (i.e. those not involved in negotiations directly) include: smaller economies; civil society; e-commerce; and, institutional issues. There is no mention on the website of environmental and social impacts at all, let alone conducting impact assessments of any sort at any point in the process. However, because of their decision to allow submissions

1. There is an overall assumption that trade liberalisation is a positive good. Even where not explicitly stated, neither actor seriously considers that SIA may legitimately conclude that a policy be abandoned outright. UNEP states that “In an *extreme case* the results of an integrated assessment *might* suggest that ...it *might* be necessary to seek an agreement to abandon the proposed policy altogether and revisit it once appropriate consideration has been given to its impact on sustainability” (2001, emphasis added). Given the number of qualification in this statement, under what “extreme” circumstances would such a response really be considered?
2. The participation of non-experts and civil society is generally limited to consultative (that is, the parties conducting the SIA inform other participants about the progress of the SIA and request commentary about that progress—they are not asked or expected to contribute anything beyond criticism of the work done by the primary actors). The general sense is that this is a process to be undertaken by experts, and the best thing the experts can do is to simplify their results so non-experts can understand them. UNEP, in their 2001 manual, while saying “full participation should be the aim”, defines that as participation by national and sub-national governments and the private sector. They concede that “...it might also be useful to involve members of civil society with knowledge of the issues as members of an independent advisory process overseeing the conduct of the assessment.” Members of civil society, especially non-experts, are not expected to contribute substantively. The Manchester study (conducted for

from civil society (see below), there is a window for others to conduct them for the negotiators without a specific “invitation.”

the European Union) does not even consider participation of stakeholders.⁶ (Kirkpatrick et al 1999) Perhaps this explains why the FTAA negotiators conclude that posting the draft text of the trade agreement on a website and allowing civil society stakeholders including NGOs to submit written position statements, without ever explaining how those statements will be used, constitutes meaningful public engagement.⁷

3. There is a strong desire for SIA to produce reproducible, quantitative and scientifically defensible predictions that then turn out to be true and can be separated from non-trade-policy-related effects. That is, there is an assumption that SIA is or ought to be like weather forecasting. The Manchester study explained that "...studies often experience difficulties in distinguishing the influence of the trade measure from that of changes in other variables." (Kirkpatrick et al 1999) UNEP (2001) does not discuss uncertainty or methods for managing or accounting for uncertainty in their manual at all. UNEP states in their case study on Ecuador's banana industry (2002) that "To distinguish the effects of trade liberalization from the effects of economic growth is difficult." How they dealt with this is not clear, and does not appear to have been addressed in their recommendations. Both reports aim to elucidate frameworks

⁶ There is a section titled "Consultation" but this happens after the initial SIAs and is limited to contacts with government officials, experts, key organisations and conferences. They do state that participation and an "open and transparent process" are important, from lessons learned from case studies, but never address what place it will have in their own methodology.

⁷ See the FTAA website, http://www.ftaa-alca.org/alca_e.asp, *Open and Ongoing Invitation to Civil Society in FTAA Participating Countries*, which states in part, "Contributions will be welcomed on an ongoing basis. The Committee will acknowledge receipt of the contributions and forward them to the relevant FTAA Entity(ies). Based on the contributions received from May 2002 to May 1, 2003, the Committee will prepare a report to the Ministers for their 2003 meeting in Miami. The Committee will continue to forward contributions received after May 1, 2003 to the FTAA entities on an ongoing basis and will prepare a report for the following Ministerial meeting."

and create reports that can conclude with certainty, “This is what the effect of the policy will be, and this is how the effect should be handled.” Ranges of possible impacts are not considered. Ranges of appropriate responses are not considered. Sometimes alternative trade policies are considered, but they are alternatives of trade liberalisation, not alternatives to trade liberalisation; and they aim to reduce or eliminate uncertainty in predictions, not embrace it.

4. They are limited to a three-pillars approach (environment, economy, society) to sustainable development and sustainability in general. The Manchester study includes a diagram showing how separate economic, environmental and social assessments feed into the sustainability assessment; methodologies are broken down into economic, environmental and social varieties. (Kirkpatrick et al 1999) They distinguish between “weak” and “strong” SIA processes: “weak” are those where economic, social and environmental assessments are carried out separately and then integrated; “strong” processes integrate the economic, social and environmental assessments from the beginning. Not only are they limited to these three spheres, but they acknowledge that while “strong” processes are preferable, they are rare due to the difficulty of designing and implementing them using current methodologies.⁸ The UNEP manual discusses the selection of separate environmental, economic and social indicators. (2001) Much of their discussion of methodology centres around finding ways of adapting existing economic and environmental assessment processes (Cost-Benefit Analysis, Life

⁸ Another problem with the “weak” process, though not discussed in the literature, is the possibility of “double-counting.” That is, impacts with social, environmental and economic implications may be counted separately in the social, environmental and economic impact assessments and then, when the assessments are

Cycle Analysis, Input-Output models, etc.) to the inclusion of economic, environmental and social aspects.

5. The processes are linear. One proceeds from scoping, to screening, to assessment, to conclusion, with some concession somewhere in the middle for consultation, and no ability or provision for backtracking to deal with new information, new participants, or errors.
6. While sustainability is the focus and assessments aim to integrate the “three pillars” of human society, the economy is central to the frameworks UNEP and the Manchester Study use. Assessments are performed by economic sector. When analyses are broken down in this way, it can have the effect of obscuring the total impacts to any one community (human or other). If, for instance, separate sectoral analyses were conducted for mining, rail, and forestry, one might never see that Sudbury, Ontario would be particularly affected (for good or ill). Impacts are felt by communities and the individuals that comprise them, whether that community is a town, a dispersed demographic population, or a stand of birch trees. Furthermore, keeping the focus on the economy increases the tendency to turn all impacts into dollar-equivalents. Not only do all the traditional concerns regarding the conversion apply—that they obscure the true value, for example—but it hides the fact that dollars are not inherently comparable. Dollars mean different things to different people, to different communities, and even to the same people or communities in different situations. Applying a dollar value to anything, even a market good, is a process

integrated, tallied up as if they are three separate impacts. This might be good or bad, depending on whether the impacts is positive or negative and your own personal perspective on trade liberalisation.

laden with value judgements; and the fair or correct price of any good is a matter of controversy. In any event, it is clear that translating all costs and benefits into a market price is not the quantitative, objective process that practitioners might have one believe.

It should be noted that these same concerns can be raised with the academic literature on the subject, limited though it may be.⁹ They are focused on a three pillars approach, assess models and methodologies from the perspective of limiting or eliminating uncertainty and enhancing predictive accuracy, elaborate models and assume that experts will conduct the assessment with limited participation by other stakeholders, and use linear processes. In addition to this, the academic discussion of SIA at this point seems limited to project- and strategic-level assessments. Project-level assessment methodologies do not translate well to trade policy impact assessment; projects are limited in time and scope, and they involve known schedules, known activities and known materials and processes, which usually have known impacts. One might use the analogy that while SIA of a project is like assessing the impacts of constructing a building, SIA of international trade policy is like assessing the impacts of setting up the landscape that the building will be constructed on. Quantifying an assessment is far simpler when one knows what is to take place. The strategic-level assessments, while more applicable, are limited to regional- or local-scale policies and programs, with smaller systems and subsystems and the greater simplicity that brings to the process.

⁹ To some extent this is clearly due to the fact that Kirkpatrick and Lee, the Manchester University academics conducting the EU studies, seem to have written most of them.

NGO-Driven Community-Based SIA Process

These problems made it clear that a new SIA framework of existing methodologies for traditional actors would not in itself be sufficient. This is not to say that governments *should not* do SIA, but that to this date North American governments *have not*. It is possible that these governments will institute a SIA process that will produce credible, useable results; there is no evidence to suggest this, but it is possible. However, time is of the essence, and often what one cannot rely on another to do, one must do for oneself. Thus this report proposes that NGOs undertake SIA of proposed trade policies, especially where governments are not currently doing so. This is of special importance to Canada and other countries of South and North America, where the FTAA is shortly to be signed and implemented without any sort of *ex ante* impact assessment.

Furthermore, it became clear during the research that current methodologies work to obscure the impact felt by communities by focusing on economic analyses and impacts. That is, current SIAs do not seem able to tell a stakeholder who will experience the impacts, only what those impacts might be. Analyses are based on such generalised populations that the results are practically unusable. For example, the UNEP case study on the banana sector in Ecuador (note the focus on an economic sector as opposed to the communities affected by it) states that, “The evaluation of the banana industry conveys a *positive technology effect*, which can be explained by the following: (i) a higher level of technology use in the producing farms, which not only improves economic yields by reducing certain production costs, but also improves natural resources use, and (ii) the adoption of environmental certifications and Environmental Management Systems” (emphasis theirs)¹⁰. Obscured in this statement are

¹⁰ See the report at http://www.unep.ch/etu/publications/CSII_Ecuador.pdf.

which producers, or which types of producers, were able to institute these changes. It is difficult to believe that all producers experienced these impacts equally. Similarly, they concluded that one environmental impact would be a loss of biodiversity: What forms of diversity? Where? By examining (or at least aggregating) the predicted impacts from the perspective of a community, as opposed to an economic sector, these tendencies may be eliminated.

It is important to state at the outset that there does not appear to be any existing literature on community-based SIA processes. The process towards sustainability in communities has been assessed (infrequently), but this is a far different thing than assessing the sustainability impacts of a particular trade policy on a community. Existing methodologies are not in themselves adequate to the task, and will need to be modified or invented as required.

The rest of this paper will outline a role for NGOs as actors in SIA, and a framework that can be used for this purpose.

SIA for NGOs

The contention of this report is that it is both possible and desirable for NGOs to conduct credible and legitimate SIAs of trade policies themselves. It is possible because NGOs, for all their assumed weaknesses (discussed below) have several strengths that traditional “legitimate” actors do not have: They have access to local knowledge and expertise on their communities or constituencies, access to volunteers, extensive national and international networks with other NGOs, a commitment to involving stakeholders and civil society, and a willingness to be innovative and try new things.

1. Access to local knowledge and expertise: Many NGOs begin their careers as local organisations devoted to a single local issue; this enables them to develop the knowledge

of local systems and issues that larger-scale, national and international governments and institutions lack. Through their involvement with local official processes (eg. EAs of government projects) they frequently learn much of the technical expertise brought to the table by government officials and their consultants. For example, the Toronto Environmental Alliance (TEA) is made up of other groups concerned about environmental issues in Toronto, including the North Toronto Green Community. The North Toronto Green Community is a local non-profit organisation begun in 1994 to implement conservation initiatives in North Toronto. EcoSource Mississauga, through their work with the Region of Peel's waste management department (in delivering community education on waste issues) has developed a base of knowledge on waste and waste programs applicable in Peel. Ongoing waste issues in the Region of Peel, including searches for new landfill sites within the Town of Caledon, spurred local citizens to form several local environmental groups which may have begun with waste issues but have since expanded beyond them—such as the Citizens for a Clean Caledon which, besides waste issues in Peel, also works on chemical use on public and private property and environmental education in the Town. When participation of civil society is discussed in the official SIA literature (UNEP 2001, Kirkpatrick et al 1999) even the authors acknowledge the benefits of accessing the local knowledge that “non-experts” have.

2. Volunteers: When governments in Ontario and Canada came to power in the mid-to early-1990s preaching fiscal restraint and deficit reduction, a new era in social programs began. The strong role for government accepted in the prosperous post-war years and throughout the 1970s, termed the Welfare State, began slowly to be replaced by an ethic of reliance on the private sector and motivation of individuals through low taxes and lowered forms of social support. (Cohen 1997, Evans & Wekerle 1997) One effect of

this has been the transfer of certain social services from existing public sector agencies to private sector agencies, and the resulting rise of voluntarism. On the one hand, declining provisions of grants to social service agencies (eg. the United Way) reduced the budgets for paid staff. On the other, many optimistic writers theorised that a greater reliance on the private volunteer sector might result in greater grassroots participation and more appropriate programs for local situations.¹¹ Especially since the downloading years of the early 1990s when governments scaled back in every area, including grants to NGOs, these groups have operated on slim budgets and are increasingly dependent on the strength of their volunteers and the donations of their memberships. While the lack of resources is undoubtedly a problem many NGOs are facing, at the same time, being able to rely on motivated and committed individuals locally who are involved because they care is a strength. The presence of such a diverse pool of stakeholders is potentially a very great resource for any NGO.

3. National and International Networks: The anti-globalisation movement has helped to build the globalisation of social movements and organisations. Naomi Klein has spent much of the past five years documenting this trend; her book *No Logo* (2000) as well as her ongoing newspaper columns shows an astonishing variety of international co-operation between NGOs on a tremendous number of issues. In one section of *No Logo* she writes, “In the last few years, however, gathering this information has become a little easier, in part as a result of a marked increase in activist traffic around the world. With the aid of travel subsidies from well-funded nongovernmental organizations and unions, representatives from the tiny Workers’ Assistance Center in Rosario have gone

¹¹ See Gelger & Wolch, “A Shadow State? Voluntarism in metropolitan Los Angeles” for a discussion of the process as it played out in L.A. Articles previously cited by Cohen and Evans & Wekerle describe the

to conferences all over Asia as well as in Germany and Belgium. And only two months after I first met her in Cavite, I saw WAC organizer Cecille Tuico again in Vancouver at the November 1997 People's Summit on APEC." (p. 355) Economic globalisation and trade liberalisation certainly have been galvanising influences and are the basis of much of the networks discussed, which is encouraging for any NGO looking to capitalise on them for the purposes of SIA of trade liberalisation policies. Other examples can also be found, including the recent World Social Forum (bringing together activists, stakeholders and NGOs from around the world), the more local Toronto Social Forum, and of particular relevance, CIELAP's participation in the Johannesburg Summit. These networks can be leveraged to enhance technical capacity and resources by combining the knowledge, expertise and resources of each group.

4. Commitment to participation: Since NGOs are often considered extraneous stakeholders in official processes themselves, they frequently spend much time and energy encouraging traditional organisers to open up the official processes, and make them more transparent and accountable.¹² As a result, they are uniquely aware of the benefits of such open, participatory processes. As well, they create and host open and participatory processes themselves, by holding summits that are open to all interested parties, publicising the results of official processes, conducting workshops to enhance the technical capacities of possible stakeholders on a variety of issues, etc¹³. In fact, considering the necessity of volunteers to the future of any NGO, reaching out to the

transition from the welfare state to a state oriented to privatisation in a Canadian context.

¹² CIELAP has addressed this in two of their recent documents, including the report on SIA and the *Strategic Plan 2002-2005* which states on page 7 that "CIELAP recognises that every community has its environmental and sustainability challenges, and most of these communities have individuals or citizens' groups that are actively trying to resolve a particular environmental problem, or are working together to secure a more sustainable future."

¹³ CIELAP is uniquely involved in such endeavours, as laid out in the *Strategic Plan 2002-2005*.

community through stakeholder participation is not just the right thing to do, but one that is necessary to the functioning of the group (since it serves as a way to recruit future volunteers). Because of low NGO budgets, many of these activities are under-advertised, but examples include the Toronto-based *People and Planet Friendly*, a newsletter that publicises these events for free.¹⁴

5. Innovation: Governments are constrained by their responsibility to be fiscally wise in their use of public funds. This means, often, that they are limited to the tried-and-true in approaches and methodologies, which results in the use of consultants, experts and technical models for their impact analyses.¹⁵ NGOs, on the other hand, are often trying to do the most they can with the limited resources they have access to, and this leads to innovation in partnerships, approaches and methods. An extreme example is the international movement, “Reclaim the Streets,” which sets up moving rave parties on public streets to publicise the dominance of cars in public space, and to take them back for human uses for a few hours at a time.¹⁶

NGOs are desirable organisers for SIA because of the above, and because, in the absence of government leadership on this issue, NGOs are the only actors left. As discussed above, there is no indication that governments currently intend to conduct any sort of *ex ante* impact assessment of the FTAA, let alone SIA. If one is going to be done, NGOs are the only bodies around to do it.

¹⁴ See <http://www.planetfriendly.net/>

¹⁵ The *Federal Environmental Assessment Index* at http://www.ceaa.gc.ca/0008/index_e.htm is an index of all environmental assessments carried out by the federal government under the Canadian Environmental Assessment Act, and a perusal of its contents will show the conservatism of methods chosen and the reliance on experts and consultants for more complicated projects. It should be noted that the reliance on experts and the responsibility to be fiscally wise is not meant as a criticism, but an observation.

¹⁶ See <http://www.reclaimthestreets.net/>, or *No Logo's* chapter on Reclaim the Streets.

This is not to say that it is not still crucial to attempt to reform and mould the official state and international processes (eg. UNEP, EU, and the not-yet-existent Canadian process) to one that is transparent, accountable, participatory, credible, etc.. But if this is the sole strategy for ensuring that a SIA is conducted for the FTAA, it will be too late. Given the weaknesses in existing official processes from UNEP and the European Union, this may be the only option for conducting an adequate SIA for those agreements as well.

Parties who feel that only traditionally “legitimate” actors ought to conduct such an exercise may argue that what NGOs have in knowledge, motivation, commitment, innovation and networks, they lack in legislative mandates, authority and credibility, and technical expertise. These arguments can be countered.

Legislative Mandates: It is true that no body has formally entrusted SIA to non-governmental organisations. However, legislative bodies have not made any steps to either conduct SIA within government or designate any other official body to do so. Furthermore, governments and international institutions are in a conflict of interest, since they are both negotiating and evaluating the trade policies from which they hope to benefit (since increased trade will hopefully increase taxes). A SIA that is conducted solely in the greater “public interest” will be an elusive goal until transparency and accountability are built into the SIA process. And finally, while governments were entrusted with EIA when it initiated in the 1970s and 1980s, it is important to remember that this was in an era of strong government, when the concept of the Welfare State had not yet been attacked and social programs in general were expanding.¹⁷ The idea of a strong role for government has since

¹⁷ See for example Marjorie Griffen Cohen, “From the Welfare State to Vampire Capitalism” and Evans and Wekerle “The Shifting Terrain of Women’s Welfare”, in “Women and the Canadian Welfare State: Challenges and Change” by Evans and Wekerle.

declined¹⁸ and it may be politically quite difficult if not impossible to add another task to their mandate (not to mention the difficulty of finding government funding sources for a new impact assessment exercise).

It may also be argued that, since it is possible that government will begin conducting SIAs that meet the basic criteria for a credible and successful process (as outlined above), NGOs would only waste their time and effort by beginning it now themselves. This is not the case, since the information they have gathered through their own SIA process, the networks they have created and the results they have determined would be valuable input into any official SIA¹⁹.

Authority: NGOs cannot command participation, this is true. But if the process is properly designed, this will be unnecessary; participation will be desirable. NGOs also cannot command the adoption of measures or a change in negotiating position. However, if the process is successful in creating positive alternatives that the public can stand behind, then the people themselves can demand that their democratically elected representatives adopt the measures they propose. (Certainly it is possible that the government will not pay attention to such demands, but it is at least no more questionable than government creating these measures and arguing for their adoption themselves.)

Technical expertise: It may be argued that since trade policies and agreements are technically complex, highly-trained economists are required to determine the actual impacts of the policies. However, it is an open question whether economists themselves are any

¹⁸ The criticism came from the same neo-liberal sources as the push for free trade and trade liberalisation in general. So, while during the 1960s and 1970s it was received wisdom that governments had a role to play in society and the economy through taxation and social programs, since the 1980s and the era of Reagonomics, it seems generally held that trade and private business are the solution to societal ills. Chretien's "legacy budget" notwithstanding, this is certainly the dominant ideology in Canada and has been for the past decade.

¹⁹ Since, to be adequate, an official SIA process would need to be open to public participation, an NGO's SIA results could be "fed into" the official process and still be used.

better at predicting the impacts of such large-scale policies and teasing them out from baseline or status quo conditions. As the Manchester project team stated, even these large teams of highly trained experts need to greatly simplify their models in order to arrive at conclusions in a meaningful time frame.⁽²⁰⁰²⁾ The claim that technical expertise and training will lead to a more objective or complete product in this case may simply not be true; trade policies are too large and sweeping for any party, regardless of size or expertise, to create an entirely objective and complete SIA product based only on quantitative data. Since neither quantitative nor qualitative methods are sufficient for creating predictive SIA results, any organising group would be wise to capitalise on their strengths. For governments and the private sector (and to some extent, academia) this means using the experts, financial and technological resources, and the access to banks of quantitative data (or the ability to gather new data) in SIA methodologies. For NGOs, this means qualitative data and processes, participatory measures, and the inference and intuition of the people who will be directly affected by the policies.

The World Wide Fund for Nature (previously World Wildlife Fund) is conducting their own SIA research project, which attempts to outline a SIA framework and apply it to several case studies.²⁰ It is unfortunate that those case studies are still too new to have been available for use for this paper; however, the criteria that the WWF developed for their framework will be applied to this report as well, although the frameworks themselves will not be identical. The WWF is a large-scale NGO with world-wide resources and contacts; this is not applicable to most NGOs and this framework attempts to be more flexible in a variety of situations and for a variety of actors.

²⁰ See <http://www.balancedtrade.panda.org/>

Even with the range of diversity currently present in NGOs, some commonalities exist and criteria for a successful NGO process must take account of them; furthermore, the criteria will need to address the community-based focus.

Criteria for NGO-Driven Community-Based SIA Process

Sustainable Development is frequently an unpopular idea in the developed world: The wealth of developed nations makes it certain that truly sustainable development will involve a loss in their consumption and materialism. In societies that are largely founded on the capitalist concept that consumption is a positive good due to the economic growth it creates, less consumption is frightening. SD becomes associated with loss and sacrifice; it is hard to sell loss and sacrifice to a democratic population or their government. If SD is to be adopted in the West, it is critical that a more positive framework be found for the public debate. SIA may be one way to achieve this, by focusing on positive alternatives and concrete non-material improvements that can be made to people's lives.

Furthermore, it is important that more people and more stakeholders be brought into the process. Trade policies are technical and intimidating. They are hammered out behind closed doors between powerful institutions who speak a language not understood by most citizens. For as long as they continue to be created this way, most people will feel alienated by them, not empowered or motivated to become involved. For as long as SIA is conducted in the same manner by the same people with the same tools and language, SIA too will intimidate most potential stakeholders. Greater participation by affected parties (which arguably includes everyone) is essential.

Also, if NGOs are to conduct these processes, then they must not be resource intensive. NGOs are going through periods of retrenchment owing to budget cutbacks.

They typically do not have banks of supercomputers who can calculate detailed models at lightning speeds; teams of economists or highly paid consultants; they may not have office space of their own. It is important to keep the process one that can be conducted by committed people with minimal expertise, finances and technological tools. Of course, where these exist they can be harnessed, but they must not be an essential part of the framework.

Keeping the SIA framework simple and relying as little as possible on expensive human and physical resources will have the further benefit of making the process itself as well as its results easier to interpret by citizens, thus more likely to engage and empower them to be involved.

It is also important to erase the imaginary boundaries between economic, social and environmental impacts; the vast majority of human activities belong to all three categories, and there are far more categories also integral to human life and civilisation. When Mr. Jones goes out on Sunday morning to buy milk at the corner store, it has social, environmental and economic implications, and to try to slot his action or the impacts of it into one category or the other is impossible. This separation, so common in the SIA literature, has led to all sorts of unforeseen complications. For example, the assumption that, since the economy is separate from culture and the environment, it can be handled separately; that the environment and culture somehow exist to serve the economy; or that the economy is not degraded by what degrades our natural and cultural environments. Despite the best intentions of our economists, it is probably not possible to integrate each and every external environmental and social cost of every product or process into the market price, and yet degradation of the physical or social environments will inevitably degrade our economies at

some point. Whatever SIA framework is determined upon, it will be necessary for it to encourage integrative, holistic thinking.

Furthermore, trying to integrate social and environmental costs into market pricing has another perverse effect: It assumes that dollars are a universal language and mean the same thing to everyone.²¹ This is clearly untrue: ten dollars mean a very different thing to a farmer in Bangladesh than they do to a billionaire in America. If everything is compared in dollars and cents (especially between countries, but also within them) one might conclude that there was no net negative impact from a policy that took fifty cents each day from a woman in India and deposited it into a Canadian bank account. It seems more useful to discuss impacts in terms of what those dollars might do, than the dollars themselves (eg. impacts on housing affordability, ability to purchase food, education, health care, consumption patterns, etc.).

To conclude, the criteria applied to this SIA framework include: Creating positive alternatives to trade policies; increased and meaningful consultation; adaptable to a variety of actors with a variety of resource levels; integrative; and based on truly comparable criteria and indicators.

Possibilities

There are dozens of ways to structure an SIA. The possibilities can be divided into two sorts: Conceptual frameworks (how to organise the SIA) and analytic methods (how to carry them out). Very few of them have been tested in relevant situations yet, so the applicability of the following discussion is more theoretical than real.

²¹ As is typical with implicit assumptions, this is not stated anywhere. Neither is it countered. There is simply no discussion of how dollar-amounts will be compared between groups with different base resource amounts.

Conceptual Frameworks

The framework used exclusively to this point in the existing SIA literature is the “three pillars” approach, where social, economic and environmental impacts are determined (either jointly or separately) and then aggregated to determine the total sustainability impacts of a trade policy. For various reasons, outlined above, this is inadequate. However, literature dealing with alternatives to this approach for SIA of trade policies is underdeveloped.

One possible alternative has been outlined in Robert Gibson’s paper (2001), which details “decision criteria”—or, a list of principles that describe sustainable outcomes for a society or development proposal, and against which a project, policy or proposal can be measured. This evades altogether the question of “pillars”. The principles he discusses are outlined in Appendix B, along with a discussion of the applicability of his approach to the framework outlined in this report.

There is scope for creativity at this point in the evolution of SIA. It would probably be most useful if the conceptual framework for each SIA were, to some extent, modified to be applicable to the relevant situation. It is outside the scope of this paper to discuss how to do this. More direction or inspiration, as needed, can be found in the literature on Sustainable Development. Some general starting places can be found in the “Where to Go” section at the end of this paper.

Analytic Methods

What follows is only a small sample of possible analytic methods for use in SIA. Due to the space and time limitations for this paper, not all methods could be covered. The methods below either came up frequently during the literature review or appeared to be most promising for an NGO SIA. Some of them are critical for any SIA, and some are

optional, depending on goals and resources available. Where literature exists, ideas for further direction and information have been included in the “Where to Go” section at the end of this report. Figure 1 is a summary chart of all these methods.

Please note that while these methods were described by the UNEP (2001) and Manchester/EU (1999 & 2002) reports, they were not always used by them so concrete examples may not be available in the trade policy context.

Sustainability Indicators

An indicator, according to UNEP (2001), is “a statistic which, beyond its direct meaning, can be used to derive information about an underlying situation.” For example, the number of days of poor air quality in a region can be used not only as an indication of air quality, but also (arguably) the environmental health of the area as a whole. Certainly deteriorating air quality would indicate a problem with achieving sustainability.

While selecting indicators to establish baseline conditions and monitor progress and impacts after implementation is important, traditionally this has been done by selecting indicators for each “pillar” and, as discussed, this separation does not itself serve the cause of sustainable development. An extensive literature has been developed on the selection of progressive indicators, which is outside the scope of this paper. A selection of sources on the topic has been included in the “Where to Go” section at the end of this report.

Sectoral Analysis

Sectoral Analysis, as defined in the UNEP (2001) and Manchester/EU (1999) processes, refers to selecting the sectors of an economy most likely to change as a result of a trade policy and evaluating the social, economic and environmental impacts of those changes. It is helpful in limiting the scope of an SIA since even in the smallest economy, a complete SIA

of all impacts in all sectors is impossible. However, the downside to sectoral analysis is an inescapable focus on the economy and industry, as opposed to affected human and environmental communities. It may be necessary to begin with a sectoral analysis, but a SIA should move beyond it as soon as possible.

Impact Matrices

Impact matrices have long been used in a variety of impact assessment processes (for example, Canadian Environmental Screening processes at the federal level use impact matrices as a primary tool for discovering impacts. Please see the example matrices included in Appendix C for more information). A matrix is laid out with activities along one side and possible impacts on the other; checkmarks or numbers are entered to indicate what sort of impacts are expected as a result of what sort of activities. It is an easily understood method of impact assessment, although it can oversimplify the interactions between impacts as well as indirect links and impacts. Impact matrices will need to be customised for each SIA.

Alternative Scenarios

In EIA, it is expected that a proponent or analyst will develop alternative projects to compare against the impacts of the proposed project. This helps to identify best options instead of merely mitigating the worst effects of the original proposal. In SIA of trade policies as well, alternative negotiation scenarios can be developed to determine which is the best option, instead of identifying the impacts of the most likely option. When no alternative scenarios are identified, two mindsets can result: a) the proposed trade policy is somehow inevitable, and there is no point in considering alternative policies; and b) the best that can be hoped for is to create mitigative or “flanking” measures to address the worst of the impacts. The development of alternative scenarios is an option only briefly mentioned in the

Figure 1: Summary Chart of SIA Analytical Methodologies

Analytic Method	Strengths	Weaknesses
Sustainability Indicators	Necessary for any SIA	Not in itself sufficient; part of overall process
Sectoral Analysis	Convenient; Good way to start SIA process	Encourages economic focus to detriment of communities
Impact Matrices	Well-developed methodology Easy to understand	Not in itself sufficient May over-simplify interactions between and among impacts
Alternative Scenarios	Encourages development of range of possible impacts and solutions Encourages thought towards acceptable positive alternatives	Each alternative scenario will need to be analysed separately itself
Backcasting	Encourages development of positive alternatives and scenarios Creative	Does not formulate impacts of proposed policies
Causal Chain Analysis	Allows for brainstorming of wide variety of impacts in all spheres Encourages linking of causes and effects	Does not itself quantify the exact nature of the impacts
Sustainable Livelihoods	Focuses on communities Focuses on increasing and enhancing existing capacity Focuses on improving human conditions	Does not include environmental considerations or communities
Models	Produces very quantitative and precise results	Not necessarily more accurate Difficult to understand; can intimidate potential participants

literature reviewed here; for a full discussion, work describing Environmental Assessment would be more suitable.²²

Backcasting

“Backcasting” is a method where a preferred end-state or outcome is decided upon, then the decisions and scenarios required to reach that outcome are determined, and a project or policy is devised to create those decisions and scenarios. While this process is not quantifiable and does not analyse current information to predict future impacts, it does focus attention on what needs to be achieved rather than what needs to be avoided, and can help to create positive alternatives and a discussion around Sustainable Development’s contribution to human potential (as opposed to capitalism’s focus on human acquisition). Backcasting can be compared to a visioning exercise, although ideally it is more detailed and the result is a list of actions to undertake. Again, this method, while described in UNEP (2001) and Manchester/EU (1999) is also well-developed in several other fields, including environmental assessment and environmental planning; and when expanded to include visioning exercises in general is well-understood in many other fields as well.

Causal Chain Analysis

Causal chain analysis is a process whereby high-level or most probable impacts of a policy are determined; then the impacts of those impacts, and so on. The basic idea is to link the causes together into a chain of cause and effect. A very basic example is included in Appendix C. Causal Chain Analysis is highly useful as a scoping exercise, as it encourages the identification of potential impacts without extensive data gathering or analysis (which would

²² The idea of developing alternatives to the proposed project for analysis is well developed in Ontario, where alternative methods (different ways of achieving the project) and alternatives to the project must both be

then follow at a later stage). The Manchester team (2002) made Causal Chain Analysis a core part of their analysis and methodology. While their description does not go much beyond this one, it appears they intend to use this form of assessment at multiple stages in their project as it proceeds. This may bear watching.

Sustainable Livelihoods

According to UNEP (2001), the Sustainable Livelihoods approach “assess[es] interventions [presumably of various kinds] on the basis of their impact on poverty.” It determines the coping strategies the poor currently use and attempts to enhance these coping strategies to build capacity, rather than providing charity. The focus of this approach is on a community, rather than an economic activity or sector.

While this approach would not be appropriate for an entire SIA, it has definite potential for use within an SIA to determine social, economic and some environmental impacts (insofar as poverty has impacts on the environment). It can be applied to a community-based trade policy SIA by structuring the investigation into an inquiry of the policy’s impact on the ability of poor or marginalised community members to cope. For example, a trade policy may have implications for firm size in certain industries (perhaps smaller businesses could begin more easily or, conversely, there might be a trend towards mergers). Either direction may have particular kinds of impacts, insofar as larger or smaller companies differ in their ability and desire to provide adequate salaries and benefits, carry employment over dry periods and meet national and regional regulations. These impacts, in the SLA, would be assessed on the basis of their impact on the ability of poor or marginalised community members to cope with their existing situation.

considered and evaluated.

Models

Models are simplified descriptions of how some aspect of the world works, intended to take input representing some theoretical initial state, and output what the end-state would be given those initial conditions.

Models give an air of objectivity and quantitative reality that makes the results appear unassailable. Of course models are neither objective nor wholly quantitative. Models are based on the assumptions that human beings make about how the world works. In the case of SIA, many models were based on the assumption that trade liberalisation is good and provides net benefits (a highly questionable assertion). Furthermore, while the numbers plugged in to the model may have come from somewhere “real,” the predictions about how those numbers will interact in the model are also based on the opinions of people (albeit highly educated ones).

Even in scientific fields like meteorology, models have acknowledged drawbacks. They are better at predicting short-term than long-term outcomes (weather forecasts seldom go more than five days into the future because the models are incapable of accurately predicting weather that far out). They need interpretation by trained meteorologists, who frequently override the model’s output based on their own experience with local weather patterns. And these models are based on well-proven knowledge in atmospheric physics; economic models suffer from the additional shortcoming of relying on predictions of human behaviour. Economics depends on the daily decisions of 6 billion individuals, and operates in a context of constantly changing theory and ideology. As much as one can generalise from such a large population, human beings are still not as predictable as raindrops or molecules.

For these reasons, it appears that the usefulness of models in SIA is limited. It is possible to use a simplified model when analysing the impacts of a trade policy on a

particular community, but care should be taken to ensure the model is simple enough to be understood and used by as many people as possible. Obfuscation and technocracy are to be avoided as much as possible.

Specific types of models are outside the scope of this paper. The reader is again encourage to consult with the “Where to Go” section at the end of this report to learn more about this aspect of the field.

Framework

The framework that follows has been designed to meet all of the above criteria in order to be used by an NGO to conduct a SIA of international trade policy. Its flexibility has been maximised so it can be used by a variety of actors in a variety of situations.

It is important to understand that each subsequent step, after determining the baseline, can and probably will feed back into an earlier step in an ongoing refinement of the original problem statement and scoping exercise (please see figure 1). Not one of these steps is something that can be done once, finished, and then passed by. Each, once begun, will continue until the project as a whole is complete. Figure 2 shows the basics of the framework.

Establish the Baseline

In order to predict and then determine whether a particular policy is aiding or hindering sustainable development, it is crucial to know the initial sustainability status. Baseline conditions of existing levels of sustainability must be determined, from which predictions and forecasts can be made and movement can be measured in the future.

In order to integrate environmental, social and economic considerations, as well as moving beyond those three into the broader realm of human experience, it is necessary to

select measures of the baseline carefully and to examine their full import. Measures chosen must reflect at least economic, social and environmental considerations, wherever possible; where it is possible to choose a measure that indicates more, that is better.

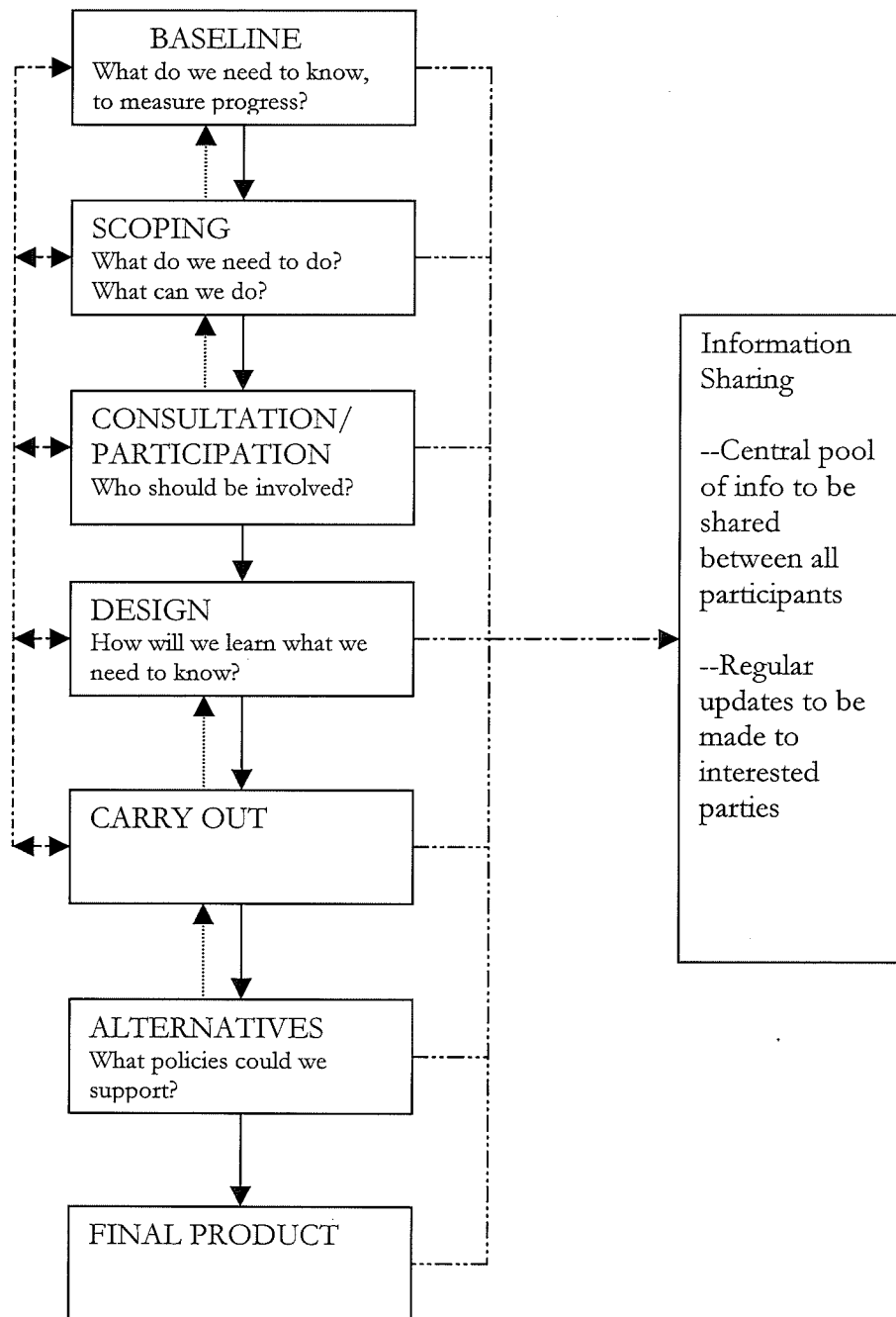
The question of selecting indicators (both for baseline measurements and to measure progress with) is a complex and evolving field. Resources to assist in this step of the process can be found in the “Where to Go” section at the end of this report.

Scope the SIA

Scoping is the process which draws the boundaries of the SIA, determining what will be considered and what will not. In this framework, this stage is almost entirely brainstorming, with very little research or study. The central question to be answered during this stage of the exercise is: What do we need to do, and what can we do? Other questions that need to be answered during the scoping exercise include:

1. Which industries are likely to experience the greatest change from this trade policy?
2. What populations or communities are most likely to be affected, either positively or negatively, by these changes? (It is important to note that this can be defined narrowly or broadly, as well as in a geographical, cultural, economic or social sense; i.e. one could define “women” as a population, or “women in nursing,” “women in Brampton,” “women 18-25 with low incomes,” “recent female immigrants,” and so on.)
3. What criteria of sustainability are we going to measure our alternatives against? Or, How do we define sustainability for this community or system?
4. What sustainability indicators will we use? (see above)
5. What criteria and thresholds will we use to determine the significance of impacts? (Or: How will we decide when an impact is acceptable or unacceptable?)

Figure 2: Diagram of SIA Framework



6. What sort of impacts seem most likely?

You may notice that there is little here of a traditional economic impact assessment. This is quite purposeful. The focus of this SIA framework is on people, not dollars; it may be that the fishing industry, for instance, will experience particular impacts, but in that case the focus would be on the people who work in that industry and form that community rather than on the fishing industry itself. Instead of defining the economy and sector as central to the analysis, the people are placed on the centre and the economic activity is peripheral to them.

The goal for this stage of the assessment is to determine what the NGO will include in their SIA—which community they will assess, what sorts of impacts they will analyse and measure, what criteria and goals they will measure those impacts against.

Consultation and Participation

Considering the answer to question number two, above, will inform the consultation and participation process. It is expected that as the SIA is being scoped, affected communities will be identified whom the organising NGO has no expertise or connection with. The central agency or organisation carrying out the SIA would devise some means of reaching out to affected populations wherever possible, and inviting them to participate in whatever way they are able. If a group finds itself unable but deeply interested, then the organising group would strive to find a way to increase its capacity (methods of doing so are outside the bounds of this paper, but there is a wide literature on the subject).

The means of invitation will depend on the nature of the group identified. Some will be easier than others. For instance, women with low incomes could be reached through service agencies that attempt to meet their needs. Women in nursing could be reached through

unions or professional organisations. Recent female immigrants could be reached through organisations or networking in particular neighbourhoods. Women in Brampton could be reached through their local political representatives. And so on.

The nature of the invitation also will depend on the situation and the group, but the essence of it would be that they have been identified as a population likely to experience a particular impact as a result of this trade policy; that the central organisation is attempting to create alternatives that will create positive as opposed to negative impacts; and that their co-operation is highly desired to ensure that the measures devised will actually assist them and that the analysis is accurate. Not all groups will be able or willing to participate, and this cannot be helped; but those who would be interested are given a direct and honest means of doing so, and in a way that will capitalise on their best knowledge and experience.

Ideally, each contacted group that chooses to participate will contribute their knowledge and experience to the assessment of impacts for their community or constituency as well as the identification of more affected groups, feeding both forward into the SIA and backward into a refinement of the scoping exercise. In this way the project itself becomes a kind of model, a living causal chain analysis where each actual link identifies the next link.

To the greatest extent possible, potential participants should feel free to participate in whatever way is best suited to them. Some may only wish to be advised of the progress of the project, perhaps through ongoing newsletters. Others may wish to provide input into a SIA that is still primarily conducted by other agencies. Still more may wish to be more involved, by framing and conducting a SIA for their particular community. The hope is that by keeping this participation as flexible and open-ended as circumstances permit, participation may be maximised as stakeholders feel there is a forum for whatever information they possess to be heard and used.

The WWF, as part of their SIA project, has identified several criteria for multi-stakeholder processes. I have listed and commented upon their place in this framework:

1. *Objectives: The broad goals of the process should be clearly established at the outset.* One of the aims for the framework outlined here is maximum flexibility, allowing participants and stakeholders largely to define their own goals. It would not be appropriate for the organising group to select goals for participants, or outline the nature of their participation; although in a larger NGO SIA or an institutional or government process, this may indeed be desirable.
2. *Timing: The views of stakeholders should be sought in the earliest stages, and at key milestones thereafter.* Stakeholders will indeed be contacted as early as they are identified, and their views and participation sought immediately.
3. *Participation: A multistakeholder process should include all groups with an interest in the proposed trade/investment policy or agreement.* “All groups with an interest” could be defined very broadly; indeed, for large trade agreements, it could be the entire population of planet earth. Certainly, any particularly affected groups or communities will (or should) be identified during the scoping exercise and then invited to participate.
4. *Information: Quality information should be made available to stakeholders in a timely manner throughout the process, promoting effective and consistent participation.* All stakeholders in the framework laid out here are to be considered as equal participants, regardless of how they are limited by resources or distance or any other factor. Each is to contribute what they are able at any point. This includes information, each group sharing with the others their knowledge and progress at each significant stage (to be determined on a case-by-case basis).

5. *Process for participation: Stakeholders should be provided with a range of input options to encourage effective participation.* This has been addressed above.
6. *Outcomes: It is essential that participants receive feedback from consultations and that any decisions taken during and following the process be disseminated widely.* Since participants themselves take a role in conducting the SIA, this is less of a concern. Specific communication roles and responsibilities would have to be determined on a case-by-case basis for each SIA.

Design the SIA Methodology

This step is in the middle of the process because the methodology selected will depend on the scope of the exercise, the number of participants and their potential contributions, and the resources available to them. A methodology appropriate for each SIA cannot be determined until these other steps are complete.

There are three main stages to this process: Selecting appropriate sustainability indicators; defining impacts of interest (by community and type); and selecting the assessment or analytical methodologies most suited for those indicators and impacts.

Indicators: Indicators are quantifiable or measurable aspects of a physical or social community or society that will reflect, in the case of SIA, either gains or losses in the journey towards sustainability. The selection of indicators has been discussed, above, and should be referenced for this stage.

In addition to that discussion, indicators should be carefully chosen to reflect the issues and impacts of concern identified in the scoping exercise. If impacts to the logging industry are expected, then trees are probably important, as may be the number of jobs in a local

logging industry, the income provided by working in the local logging industry, measures of productivity, efficiency, or the adoption of environmentally-friendly logging practices.

Impacts: It may seem backward to determine the impacts of a policy before you have chosen the methodology to measure those impacts. But this is not the case: Precise measures of the impacts are not required at this stage, only a broad idea of what the impacts might be. This is an informed brainstorming exercise. Previous work with stakeholders and in the scoping exercise should have narrowed down (or perhaps broadened) the initial conception of impacts. These now need to be formally documented so that appropriate analytical methods can be selected.

It is important to reiterate that the focus of this process is on communities rather than economic sectors. Impacts do not happen to sectors; they happen because of them, and focusing on the sectors permits a detached objectivity that is contrary to the spirit and potential of SIA. Communities feel impacts. Focusing on the human or biophysical communities who will experience the impacts imposed by economic sectors both encourages holistic thinking (breaking down the economic/environmental/social split) and allows for a more compassionate analysis by reminding us that these are people or living things who will be dealing with these impacts, not aggregated statistics or profit/loss statements.

Analytic Methodologies: Once the organising group has some idea of what impacts they expect to find, they can go about looking for them. They will do this by selecting analytic methodologies that are appropriate for determining and measuring those specific impacts.

Examples of analytic methodologies are listed above. This is not a comprehensive list, and participants should consult the literature on the subject or finding an experienced practitioner when the time comes to design any particular SIA.

However, as stated above, this process is designed to be flexible and appropriate for use by a wide range of actors with a wide range of abilities and resources. Thus, technical modelling and forecasting are not really preferred. It is wise to save the use of modelling for small-scale impact studies on particular communities. In this way, the models themselves will be smaller, easier to comprehend, easier for non-technical audiences to comment on and less likely to intimidate them, as well as far more likely to be accurate.

Even in scientific fields where well-known scientific models not involving autonomous actors with free will, models are of limited applicability and use. Large-scale models are notorious for not being able to provide detailed small-scale information for particular communities, and the longer the time horizon is, the more the inaccuracies and uncertainties multiply. Models provide a largely false sense of security and confidence. They seek to generalise the impacts of tariff reduction on the logging industry in general; but it may be better and easier to approach stakeholders and ask them, “If the export price of lumber decreases by 50%, what happens to your sawmill?” A wide range of answers will result and some of them will be incorrect, but it will still provide the range of possibilities and allow for an analysis of all likely outcomes (as well as devising alternatives; to be discussed in the next sections).

Small actors with limited resources may wish to focus on more qualitative methods such as case studies, which can be designed for particular locations and communities with far more flexibility. Interviews, surveys, impact matrices, and backcasting are other possibilities.

The questions of accuracy and predictability come up over and over again in the SIA literature. There seems to be a persistent idea that, to be worthwhile, SIAs should work like chocolate chip cookies: If you put in all the right ingredients at the right time, then you know

exactly what will come out of the oven. This is not and never can be true, even if the very most analytical and quantitative methods are used.

Any process that aims to predict with certainty exactly what will happen in human economic and social affairs as well as what will happen in the biological environment as a result of a particular trade policy is certain to fail. The system is too large and complex—it is the whole world. But just because SIA cannot function like a crystal ball does not mean it has no value. However, its value does not lie in making absolutely certain predictions. Its value lies in making suggestions, highlighting possibilities and solutions.

To return to the weather analogy, no atmospheric model can tell you what the temperature will be on June 8, 2007 in Sudbury, Ontario. It may not even be completely accurate about the weather tomorrow. But if the forecast predicts a 60% chance of rain tomorrow, most people will prepare by bringing their umbrella—even though 60% is far short of certainty.

Carry It Out

Ideally, through the consultation process, there will be more than one actor investigating more than one community. Methods, indicators and impacts may be the same, or different, depending on the scale of those stakeholders and the nature of the impacts they are examining. Regardless of their similarity and difference, information sharing will be crucial. Assumptions, data, models, results, interviews, case studies, and any other information gathered or analysed should be shared among all actors in order to cross-check assumptions, processes and results.

Since SIA is not an exact science, not all areas of disagreement need to be resolved, but they should be explored and explained, whenever possible. Again, because SIA in this

framework is only trying to present a range of possible outcomes, and not “the” outcome, differences in assumptions or results should not be considered a fatal flaw.

Create Alternative Proposals

This is the true heart of the whole exercise: Using the possible outcomes to design possible strategies for dealing with them.

Potential positive impacts, of course, will be enhanced wherever possible. What happens to potential negative impacts is less clear. Ideally, they would be completely eliminated; but this may not always be possible. Or positive impacts in one sphere may mean negative impacts in another. Trade-offs may be inevitable. This may raise hackles; but trade-offs can include less economic growth for better environmental, social, political, cultural protection or growth. It is the concept of trade-offs that is important to discuss.

Win-win solutions are best, and an effort should be made to uncover and use them whenever possible. However, in many instances it will not be. It is hard to imagine, for instance, a sustainable world where no one need ever be asked to sacrifice their present levels of wealth or consumption. The trick will be to find solutions of minimum loss for maximum gain. This is a project well beyond the scope of this study, and available possibilities will depend on the analysis and results of each individual SIA.

The important thing is to use this stage of the process to brainstorm and create those alternatives. It is not enough to create a few alternatives at the beginning of the process to evaluate alongside the trade policy for comparison purposes. In order to make a positive contribution, new and innovative solutions must be presented as an outcome of the SIA.

Final Product

As stated earlier, the preceding steps may not have taken place in such a neat and tidy manner as they were presented here. New contacts may have new ideas for the scope of the project. Considering impacts and methodology may suggest new communities. Undertaking the analysis may suggest new impacts, new communities, or may highlight the inadequacy of the method chosen. At any point, it is possible for a group to return to an earlier stage in the process and further refine or expand the SIA, as required.

However, at some point a conclusion must be reached, if only because the trade ministers are sitting at a table, ballpoint pen in hand, about to sign their names to a new trade deal. At this point, the process will hopefully have produced the following:

1. An analysis of the range of possible impacts and the affected communities;
2. A well-developed network of allies and stakeholders from a wide range of populations and communities; and,
3. Positive alternatives to the proposed policy that can be presented to the public.

Criticism will remain as important as ever, but as long as criticism of policies is the primary message, it will not be difficult for pro-liberalisation actors to portray pro-sustainability actors as negative, or for them to discuss sustainability in terms of loss and sacrifice. It is up to the advocates of sustainable development and trade to show what those positive alternatives are. SIA is one tool for accomplishing this.

Conclusion

SIA has the potential to be a useful tool in encouraging the development towards a sustainable society, including sustainable trading systems and policies. However, SIA is infrequently applied to trade policies; there is currently no official commitment from governments or inter-governmental organisations to use SIA. When it is applied, it suffers from various weaknesses, such as a pro-trade liberalisation bias, an over-dependency on technical models and expert practitioners, a limited three-pillars approach, a lack of strong civic society engagement, and an unrealistic expectation that SIA of international trade policies will produce replicable, quantitative and accurate predictive forecasts of future events. Most seriously, it is based on an analysis of the impacts of economic sectors, which obscures the impacts to communities (either human or biophysical).

Some of this may result from which actors are producing these impact analyses. However, while governments and inter-governmental bodies have not to this date produced SIAs that are transparent, credible, open and participatory, and progressive, this has less to do with them than with the state of SIA practice in general. It is a new field and practitioners are still finding their way. The argument in this paper that NGOs undertake SIAs of international proposed trade policies has less to do with the inadequacies of existing government processes than with the paucity of existing government processes; most governments have not committed to conducting SIA. The Canadian government, indeed, is still perfecting their current EIA legislation;²³ it would appear unlikely that a decision to conduct an SIA of the FTAA will be forthcoming any time soon. In the absence of government leadership, NGOs will need to assume the responsibility for conducting SIA if it

is going to be done. Thus, the SIA framework laid out in this paper has attempted to maximise the flexibility of the process in order to ensure that a wide variety of NGOs, in terms of size and access to resources, will be able to participate.

More important are the shortcomings with current SIA processes. The pro-trade liberalisation bias has been corrected by a focus on producing alternative trade policies that would be acceptable to the group performing the analysis. Using a variety of analytical methodologies, some of which are qualitative, will address the over-reliance on technical models and experts. Exploring alternative versions of sustainable development will encourage a move beyond the three-pillars approach. Using NGOs as prime actors will encourage the strongest possible civic society engagement. And focusing on the range of possible impacts and outcomes, and a range of possible solutions to those outcomes, will move SIA beyond its current predictive focus.

But most importantly, SIAs must shift from an economic-sector basis to a community basis. While this has the additional advantage of moving the focus from money to living things, it is not the main purpose. A focus on economic sectors obscures the actual impacts, which will be experienced by communities, not market sectors. When economic sectors are the prime focus of the SIA, one may never see that a particular community (whether it be a neighbourhood, a nation, a city, a species of migratory bird, a particular ecosystem, or any other type of community) may be affected by more than one economic sector. The total impacts to that community may never be tallied or seen, because no one has thought to aggregate the total impacts of all economic sectors to each community.

²³ A new version of the Canadian Environmental Assessment Act is to be passed into law within the next few months.

Since trade policies are often structured around economic sectors, this bias is natural. It may even be necessary to begin each SIA with a brainstorming session of the impacts of the changes to each economic sector of interest. However, the SIA must move beyond the economic sector and look at the impacts to communities. In the end, it is communities—however defined—that will be sustainable or unsustainable, that will live or die.

Next Steps

Such a topic as a SIA framework for NGOs including discussions of methodologies could profitably be covered in a book. Thus many items touched on this paper were identified as beyond its scope, so further exploration and research of these areas will be necessary to move beyond this framework. These include:

Sustainability Indicators: There is a vigorous and on-going debate on defining and using sustainability indicators. Some initial resources can be found in the “Where to Go” section at the end of this report.

Assessment Methodologies: Again, there is a well-developed impact assessment methodology literature that can be accessed. Most of it is limited to a particular sphere of analysis (environmental, economic, social, etc.) and so methodologies will need to be adapted or, perhaps, invented as required.

Trade Policy Interpretation: One tool that would be of enormous use in encouraging and enabling a wide range of actors to participate in SIA is a plain-language interpretation of the trade policy in consideration. Trade policies are intimidating to many people due to the specialised terminology and technical subject matter. Fact sheets and short guides to specific subjects would help to ease the intimidation factor and broaden the pool of willing participants.

Depending on the resources of such a group, it may also be useful to break down some of the components of this paper into brochures or fact sheets suitable for more “quick digestion.” It may be useful to continue research projects on these themes; alternatively, an NGO may wish to begin “learning by doing.”

Appendix A:

**Sustainability Impact Assessment of the Earth Summit @ 10: A
Canadian Perspective**

In August of 2002, CIELAP produced a report summarising the current state of SIA, its strengths and weaknesses, and required next steps to advance the concept. Following are the conclusions from that report considered relevant to this project, and the ways in which they have been incorporated.

1. *Assess regulatory capacity effects*: The impacts of a trade liberalisation policy on the ability of countries to regulate their own affairs and to continue setting rigorous standards are fairly well documented, if highly contested. One of the desired effects of moving from a three-pillars approach to sustainability to a more integrated, broader definition is the ability to consider and assess a wider range of impacts, including regulatory. And of course, whenever this is of particular concern to a stakeholder, they can make it an explicit part of their analytic methodology.
2. *Avoid a pro-trade bias*: I do not think that “trade” is necessarily the issue—I don’t believe that environmentalists are less likely to desire trade in concept. However, the conditions under which trade takes place are very important. In recent years, “trade” has come to mean a certain kind of completely liberalised, non-regulated free trade which is often quite destructive in human and environmental terms. SIAs must absolutely refrain from building in any assumptions as to the positive or negative worth of trade liberalisation or deregulation. Both must be avoided in order to maintain the credibility and worth of the final product.

3. *Ensure equal treatment for all components of sustainability:* Again, by moving away from a three-pillars approach to a sustainable communities approach, less tangible and quantifiable aspects of sustainability ought to be able to get a fair shake.
4. *Address scale and causal effects:* It is indeed ironic that while the rising level of consumption is touted as one of trade liberalisation's main benefits ("a rising tide lifts all boats" etc.), the impacts of this overall rising level of consumption are not explicitly considered in SIA. Of course, they ought to be, and this is a criteria that can be worked into the sort of SIA outlined in this report.
5. *Choose a meaningful baseline:* What is "meaningful" is going to depend on the scale and nature of the SIA and the community being assessed; however, in the back-and-forth model outlined here, I hope that the baseline will be continually refined as the project goes forward so as to make the information as relevant and worthwhile as possible.
6. *Define significance, rely on prevention and precaution:* By encouraging communities (or those intimately involved with them) to design and carry out their own SIA as much as possible, criteria of significance to that community ought to be incorporated fairly easily. Also, because the stakeholders most likely to be affected are those most involved in the SIA, concepts of prevention and precaution will probably be integrated into the process right from the beginning. Of course, this can always be specified by the organising group where there is any doubt.
7. *Build various scenarios:* By having multiple groups looking at the same "sector," each from the perspective of their own community, you are almost certain to see various scenarios associated with a particular trade policy. Furthermore, at least

three initial alternatives (the proposed policy, Do-Nothing and some intermediate route) are evaluated from the beginning, with additional alternatives added as analysts create them during the SIA process.

8. *Choose robust sustainability indicators*: Indicators will be selected by each stakeholder prior to the SIA. The indicators will only be selected after some initial brainstorming or theorising about likely impacts has taken place, and stakeholders will be encouraged to select indicators that will reflect on more than one area of sustainability (economic, social, environmental, political, etc.) in order to encourage a more integrated viewpoint.
9. *Avoid after-the-fact mitigation measures*: Sometimes, of course, they cannot be avoided (except by avoiding the trade policy altogether). However, by encouraging participants to create or identify positive alternatives as they assess the policy, the best possible methods for dealing with potential negative impacts will hopefully be identified on an ongoing basis.
10. *Make trade compatible with other values*: In this analysis, trade is really not considered as a value at all. The affected communities are handed the ball for determining what their values are, and what is an acceptable or unacceptable impact.
11. *National flaking measures are not enough*: See #9 above.
12. *Retain national capacity to build on international standards*: This is one of the only criteria that cannot be addressed by this framework. Since its focus is on NGOs, and only national bodies can fight for national rights, this process can only identify weaknesses and suggest solutions, not enforce them.
13. *Be prepared to abandon the trade policy*: Similarly to #12, NGOs may be very willing to abandon the policy, but they will not be making the final decision.

14. *Take into account the very long term.* While the exact nature of the SIA analysis will be determined by the participants, this criteria can be built into the scoping exercise of the organising group right from the beginning.
15. *Provide sensitivity analysis for developing countries.* Communities in developing and least-developed countries may be invited to participate in the same manner that any domestic community may. Since the framework attempts to be flexible and adaptable to a wide range of groups with a wide range of resources, it is hoped that barriers preventing less-developed nations from participating would be minimised. Some barriers may still remain, and the extent to which they can be overcome will depend on the resources of the organising agency or other stakeholders involved in the process.
16. *Avoid environmental injustice.* By identifying affected communities and having them conduct the SIA for that community, or at the very least be heavily involved in the analysis, issues of environmental injustice ought to be identified for resolution early on in the process.
17. *Consider regional and global impacts.* The consideration of global impacts can be built into the scoping exercise.
18. *Measure progress and test evidence.* As this would take place after the SIA is complete and the trade agreement has been implemented, it is outside the scope of this report.
19. *Achieving sustainability is more than just avoiding impacts.* I have tried to address this concern by focusing on the creation of positive alternatives that help us to achieve sustainability, instead of working to avoid the worst sorts of unsustainability.

Appendix B:

**Specification of sustainability-based environmental assessment
decision criteria and implications for determining “significance”
in environmental assessment**

One alternative to the three-pillars approach was outlined by Robert Gibson in his report entitled, “Specifications of sustainability-based environmental assessment decision criteria and implications for determining ‘significance’ in environmental assessment”. He lists several principles for consideration in sustainability assessments, as follows:

1. Integrity: Build human-ecological relations to maintain the integrity of biophysical systems in order to maintain the irreplaceable life support functions upon which human well-being depends.
2. Sufficiency and opportunity: Ensure that everyone has enough for a decent life and that everyone has opportunities to seek improvement in ways that do not compromise future generations’ possibilities for sufficiency and opportunity.
3. Equity: Ensure that sufficiency and effective choices for all are pursued in ways that reduce dangerous gaps in sufficiency and opportunity (and health, security, social recognition, political influence, etc.) between the rich and poor.
4. Efficiency: Reduce overall material and energy demands and other stresses on socio-ecological systems.
5. Democracy and civility: Build our capacity to apply sustainability principles through a better informed and better integrated package of administrative, market, customary and personal decision making practices.
6. Precaution: Respect uncertainty, avoid even poorly understood risks of serious or irreversible damage to the foundations for sustainability, design for surprise and manage for adaptation.
7. Immediate and long term integration: Apply all principles of sustainability at once, seeking mutually supportive benefits.

The use of such principles has a few distinct advantages over the three-pillars approach:

a) it refocuses our attention from the negative impacts we wish to avoid to the positive conditions we hope to achieve, and b) it helps us to integrate our considerations of economic, environmental and social impacts and benefits.

Such principles could be used as a set of questions to apply to predicted policies, solutions and impacts; the more questions adequately satisfied, the more sustainable the area or policy. There are a number of ways this could be accomplished:

1. Indicators could be chosen to represent each of the seven principles, and then impacts could be assessed against those indicators in a traditional fashion;
2. The principles could be added to an impact matrix;
3. They could be used to assist in brainstorming during the initial scoping exercise, or later when the analytical methodology is being selected;
4. A group could use them to ensure that the analytical methodologies selected are adequate by ensuring that each area or principle will be addressed;
5. As an alternative to the three-pillars approach, mini-assessments could be conducted on each principle (that is, the impacts of a particular policy could be assessed for integration, precaution, democracy, equity, etc., instead of economy, environment, and social).

Appendix C:

Examples of Impact Matrices and Causal Chain Analysis

Causal Chain Analysis (example)

- 1) Tariff Elimination/Reduction
 - a) Cheaper Imports
 - i) Cheaper Imported Consumer Goods
 - (1) Damaged Competitiveness for Domestic Goods
 - (a) Downward pressure on domestic wages
 - (b) Downward pressure on environmental protection
 - (2) Enhanced Spending Power for Local Consumers
 - (a) Increased Consumption/Reduction in Sustainability
 - ii) Cheaper Imported Products for Domestic Industry
 - (1) Damaged Competitiveness for Domestic Goods
 - (a) Downward pressure on domestic wages
 - (b) Downward pressure on environmental protection
 - (2) Enhanced Profits for Local Industries Using Imported Goods
 - (a) Increased wages
 - (b) More ability for environmental protection
 - b) Cheaper Exports in Other Countries
 - i) Increased Demand for Domestic Goods Internationally
 - c) Reduced Government Revenues
 - i) Program Reduction/Elimination

Examples of Impact Matrices

Matrix of Second level impacts by first level impacts: Potential adaptation of causal chain analysis

<p>First level impacts</p> <p>Second level impacts</p>	<i>Wages</i>	<i>Export Prices</i>	<i>Import Prices</i>	<i>Regulatory Impacts</i>									
<u>Standard of Living</u>													
<i>Consumption Patterns</i>													
<i>Education</i>													
<i>Job Quality</i>													
<i>Supporting Industries</i>													
<i>Consuming Industries</i>													

Examples of Impact Matrices

First level impacts																		
Communities	<i>Wages</i>	<i>Export Prices</i>	<i>Import Prices</i>	<i>Regulatory Impacts</i>														
<u>Labour</u>																		
<i>Management</i>																		
<i>Labour/families</i>																		
<i>Supporting industries</i>																		
<i>Local communities</i>																		
<i>Consumers</i>																		
<i>Marginalised/impoverished communities</i>																		
<i>Northern vs. Southern</i>																		
<i>Gendered Communities</i>																		

Examples of Impact Matrices

The above are meant only as examples, not to be used as-is as part of a SLA.

Impact Matrices can be used in a variety of ways. They can be used as a tool in their own right to assess impacts, or they can be used as part of a process to assess impacts. One example is to use the impact matrices as part of causal chain analysis—successive impact matrices to identify impacts in chains of causes and impacts.

Impact matrices can be used to identify vulnerable communities and populations (human and environmental) as well.

Many possibilities exist for coding methods. Some examples are listed below:

- Use of symbols to designate direction and significance of impacts (eg. + for positive, ++ for very positive, - for negative, -- for very negative).

- Use of codes to designate affected groups, population, industries (eg. w for women, m for men, c for children).

- Score and weight entries to calculate impacts mathematically (eg. weight certain columns by five, others by ten; then rate impacts on a scale of 1-10 for each cell and multiply by weighting factors to rank impacts).

Any impact matrix would have to be designed for a particular SLA, given the constraints of expertise, resources, time, etc. No one matrix or set of matrices will be appropriate in all situations.

Where to go...

For SIA Resources

ANALYTIC METHODS

UNEP's work on SIA of trade policies at <http://www.unep.ch/etu/etp/index.htm>

University of Manchester's work on SIA for the European Union at

<http://idpm.man.ac.uk/sia-trade/>

World Wide Fund for Nature's work on SIA for trade and development, at

<http://www.balancedtrade.panda.org/>

SUSTAINABILITY INDICATORS

Genuine Progress Indicators

ISIN (International Sustainability Indicators Network, online at

www.sustainabilityindicators.org)

Maureen Hart's work (at www.sustainablemeasures.com)

MODELS

You can refer to any of the sources in analytic methods for some basic information on particular types of models and their uses. As well, the following journal articles may be of assistance:

Flag models and Critical Threshold Values (CTV): Peter Nijkamp and Ron Vreeker, "Sustainability assessment of development scenarios: methodology and application to Thailand." *Ecological Economics* 33 (2000) 7-27

Fuzzy Logic Models: Yannis A. Phillis, Luc A. Andriantiatsaholiniaina, "Sustainability: an ill-defined concept and its assessment using fuzzy logic." *Ecological Economics* 37 (2001) 435-456.

Richard Bond et al, "Integrated Impact Assessment for Sustainable Development: A Case Study Approach." *World Development* Vol. 29 No. 6, pp. 1011-1024

For Trade Policy Information

FTAA: <http://www.ftaa-alca.org/>

WTO: <http://www.wto.org/>

DFAIT (Department of Foreign Affairs and International Trade (Canada)):
<http://www.dfait-maeci.gc.ca/>

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Examples of Impact Matrices

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