



# **Social Capital Impact Statements**

## **Avoid unwitting damage to social capital**

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### **Abstract**

Social impacts are often overlooked in decision-making despite the importance of social and cultural resources. Social issues are often not recognized sufficiently in public debate yet are significant in the eyes of people and communities. The concept of “social capital” provides the context for understanding a range of phenomena beyond an economic lens, so it is well suited to the analysis of the social impacts of projects, policies, laws, rules, and regulations. The article outlines mechanisms to systematically incorporate social capital considerations into decision-making. By adopting SCIS, decision-makers can foster social capital preservation and enhancement, thereby minimizing unintended losses. SCIS’s potential formal incorporation into existing frameworks, such as Environmental Impact Statements (EIS), is discussed alongside its informal application as a guiding tool. The article draws from similar impact assessment tools like Social Impact Statements (SIS) and the World Bank’s Social Assessment (SA) to illuminate SCIS’s distinct contributions. While SCIS offers a compelling approach to informed decision-making, there can be challenges. The public’s limited awareness of social capital’s importance poses a hurdle, resulting in undervaluation. Furthermore, due to its contextual intricacies, social capital evaluation faces data gaps and scientific uncertainties. The risk of political manipulation and potential misalignment with public interests are acknowledged concerns.

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### **Introduction**

Robert Putnam suggested in his seminal book *Bowling Alone* that a social capital impact statement (SCIS) could raise awareness about the value of social networks, contributing to more effective development and preservation of social capital.

This would enable decision makers to evaluate impacts more effectively to avoid unwittingly degrading or damaging social capital.

A SCIS could act as “a dye that causes social capital, otherwise invisible and unacknowledged in public debate, to be revealed.” (Feldstein, Lewis M. Memorandum to SCIS Workgroup. 22 January 1998)

### **Importance of social capital**

Research shows that in communities where social capital is high, the residents of those communities are healthier, wealthier, happier, and feel stronger bonds to their neighbours and their communities in general.

The importance of social capital can hardly be overstated since it makes social exchange possible. Without social capital people could not interact and

exchange positively, and human life as we know it would not be possible. It holds society together and has been described as lubricating the fabric of society and allowing modern economies to function efficiently.

Our society, economy, institutions, and political system could not exist without social capital.

### **Social capital is built slowly and can be very easily degraded or damaged**

Social capital can very easily be damaged. It can take a long time to build social capital through repeat positive actions and interactions, but this can be undone by a single action.

Generally social capital is lost or damaged by anything that reduces feelings of goodwill or disrupts social relationships and networks. This encompasses any action that betrays trust, reduces feelings of belonging, or undermines shared understanding; anything that increases uncertainty about how others will act or reduces the effectiveness of sanctions against rule-breakers; anything that makes people feel less social, sharing, giving, or caring towards their fellow humans.

Projects and policy can incidentally degrade or damage social capital by simply not considering it. Projects, policies, laws, rules, and regulations have the potential to strengthen or weaken social capital but without conducting a SCIS opportunities to build social capital

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can be missed, and risks of significant and lasting damage to social capital may not be identified and mitigated.

*“Societies and social relationships—quite like Rome—are not built in a day, though they can be destroyed almost that fast” (Norman Uphoff 1999).*

## Social capital impact statements (SCIS)

Social capital impacts can be considered in decision making processes by conducting a SCIS. A SCIS can allow projects and policy makers to preserve and strengthen social capital. Sometimes even small changes to project design can result in opportunities to improve social capital and can avoid unnecessary loss of social capital. By assessing the impact on social capital decision makers can be informed of the risks and opportunities.

SCIS aims to increase understanding and awareness of social capital impacts by considering them in the planning process. A SCIS could be incorporated into an existing impact statement framework, such as Environmental Impact Statements (EIS), but would still use its own process and methodology.

SCIS could be a formal process, like EIS, that could be mandated and be legally enforceable, and this may allow for sanctions or lawsuits if social capital factors are not considered properly. SCIS could also be used informally to guide decision making. This form of SCIS would require much lower levels of resources to conduct so may be more appealing, especially considering the lack of scientific certainty surrounding social capital outcomes.

There are lessons from other impact statements such as EIS, Social Impact Statements (SIS), and the World Bank's Social Assessment (SA) that are relevant to SCIS. An EIS involves an evaluation of some “social capital” factors, although these are a small part of a much longer list. SIS also investigates many social aspects with similarities to social capital without framing impacts in the same way. The World Bank SA explicitly incorporates an evaluation of social capital without substantive analysis and mitigation of undesirable impacts. These other types of impact statements have important lessons that can inform the execution of a SCIS.

SCIS would, at the very least, offer decision-makers the opportunity to make informed decisions. An impact assessment is the most effective tool available to convince a diverse range of agencies to think about a subject beyond their general purview.

## Challenges for SCIS

SCIS is an excellent tool for informing decision makers and can help to avoid costly and avoidable losses of social capital. But SCIS is not without challenges, particularly because of the lack of public knowledge about social capital. This tends to result in poor understanding of the importance of social capital and a lack of public pressure to protect social capital. Social capital is in part a public good and therefore frequently undervalued.

Another challenge can be gaps in data and a general lack of scientific certainty. Social capital is multi-dimensional and highly context specific, so it can be difficult to assess the value of various forms of social capital and recognize the trade-offs between the various dimensions of social capital.

Political lobbying for an SCIS could be counterproductive. For the tool to retain its scientifically objective character, it must elude political capture. Just like other impact statements, SCIS can be misused to accomplish political aims or suppress public opposition.

Like other types of impact assessment, conducting a SCIS can be costly, time-intensive, and require significant expertise. Officials would need training in SCIS processes and may require additional technical skills, or external experts would be required. An SCIS tool without training and technical assistance would be unlikely to produce useful information.