

**Incorporating Principles of Sustainable
Development within Design & Delivery of Major
Projects:
Study Undertaken for the Institution of Civil
Engineers & The Actuarial Profession**

The sustainable business case

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Context – applying sustainability

- Policies calling for sustainability are widespread
 - but they need to be applied to be effective
- The policy-project gap:
 - I've been writing policies for twenty odd years, and the people downstairs can say 'thank you for the policy' and then go on their way and do their own thing. Policies do not drive projects.
- Applying policies means bridging the policy-project gap
 - a step creating serious tensions
- Sustainability as the focus for the RAMP process
 - achieved through a sustainable business case for the project?

Examples of sustainable business approach

- The role of business in society has long been debated
 - ‘North & South’ – ‘Germinal’ – ‘South Riding’
- World Business Council for Sustainable Development
 - ‘... business leadership as a catalyst for change toward sustainable development ...’
 - ‘... support the business licence to operate, innovate and grow ...’
 - an international body – 35 countries – 20 industrial sectors
 - wide range of initiatives and reports
- International Institute for Sustainable Development
 - BSDglobal
 - information briefings, market opportunities
 - set of tools & strategies to adapt sustainability principles
 - banking & investment
 - sustainability indices & indicators
 - case studies: IKEA, ICI, &c

The sustainable business approach - issues

- Tensions between policy & practice:
 - companies must make a profit to stay in business – how far can they incorporate non-business dimensions?
 - public bodies develop policies – how do they get implemented?
- Public policy regulations & standards set targets
 - do targets become the lowest common denominator?
 - what incentive for companies to go beyond?
 - are SEAs &c influential or add-ons?
- How far ahead should businesses look?
 - policy standards form a ‘moving target’
 - major projects take a long time to develop & implement

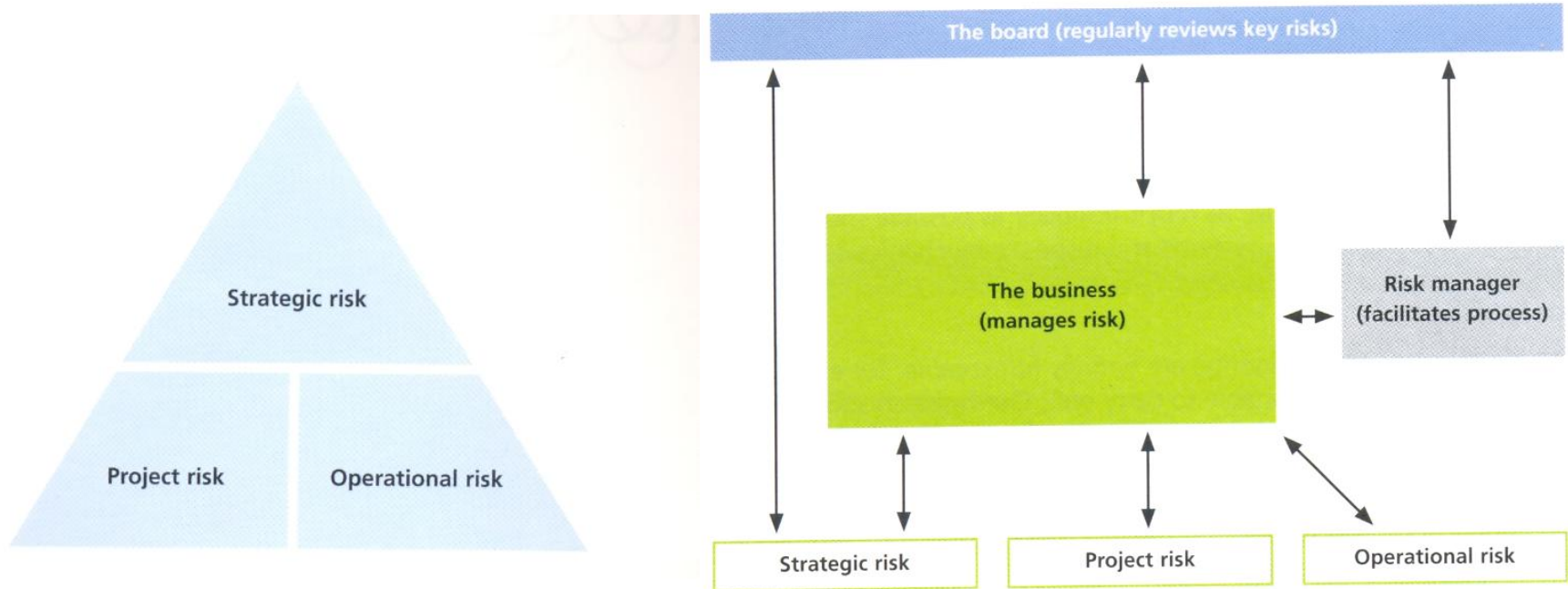
The sustainable business approach – issues +

- Big business groups set their own standards
 - ‘best practice’ conventions related to own group interests
 - aim to influence government & the public
- Most projects are sponsored by commercial bodies
 - public bodies can act as sponsors
 - major projects will need public authority engagement anyway
- Significance of investors’ role
 - have to identify & demonstrate measurable return
 - even public funds need to meet budget aims
 - each project needs an acceptable level of risk

The sustainable business case for projects

- Sustainability is a key factor for company strategy
 - strategic risks & opportunities [STRATrisk]
 - basis for project & operations – internal consistency
- Procurement of projects
 - take the cheapest but risk possibly serious cost problems later?
 - or build collaborative approach to include shared values & risks?
- Incorporating sustainability factors into projects
 - good business practice anyway
 - need to address stages with understanding
 - creating better conditions – not just mitigation

Sustainable businesses & sustainable projects



Project life cycle: Opportunity identification

- The context for meeting sustainability goals
 - formal regulatory structure – primarily public authority
 - current concerns over environmental & social issues
 - likely future trends in concerns
- What are the project's real aims?
 - how does it link up with other fields?
 - does it change the rules or the concerns?
- Creating a sound system of stakeholder engagement
 - truly open – but with well defined boundaries
 - a major source of information & insights
 - a focus for what matters – & what does not matter
- An iterative approach to developing the project?
 - consider alternatives & filter – scenarios?
 - initial appraisal by MCA – then by financial assessment

Project life cycle: Appraisal, Planning, &c

- Appraisal
 - develop full project definition & design
 - full assessment of environmental & social factors – near & remote
 - decide on which environmental & social factor to address -
 - ... & which ones to reject
 - appraisal through MCA to consider whether all aims are met
 - appraisal through financial assessment – investors' return
 - if appraisals are negative, review all development & re-appraise
- Investment planning
 - firmly embed environmental & social goals in funding & procuring
- Asset creation - Operation
 - embed & monitor achievement of environmental & social goals
- Stakeholder engagement & public authority liaison – continued & integral part of the processes throughout