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Anti-Corruption Conference

IACC

**Global Transparency:
fighting corruption for a sustainable future.**
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The Hydropower Sustainability Assessment Protocol: Introducing the Anticorruption Perspective

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Outline

- What is the Hydro Sustainability Assessment Forum (HSAF)?
- Who are the Members of the HSAF?
- What is the HSAF's Work Starting Point?
- What is the Work Plan?
- How is TI Adding Value to the HSAF?
- How is the HSAF Financed?
- Next Steps



What is the HSAF?

Goal is to establish a broadly endorsed sustainability assessment tool to measure and guide performance in the hydropower sector, based on the existing Sustainability Assessment Protocol of the International Hydropower Association – an industry-led initiative.

- 3 phases:

1. Define the relevant sustainability issues to be included in the Protocol
2. Refine the measurement instructions for each issue
3. Examine the spectrum of Protocol applications including the potential for a certification scheme.

- The Forum seeks to operate with goodwill, transparency and by consensus.

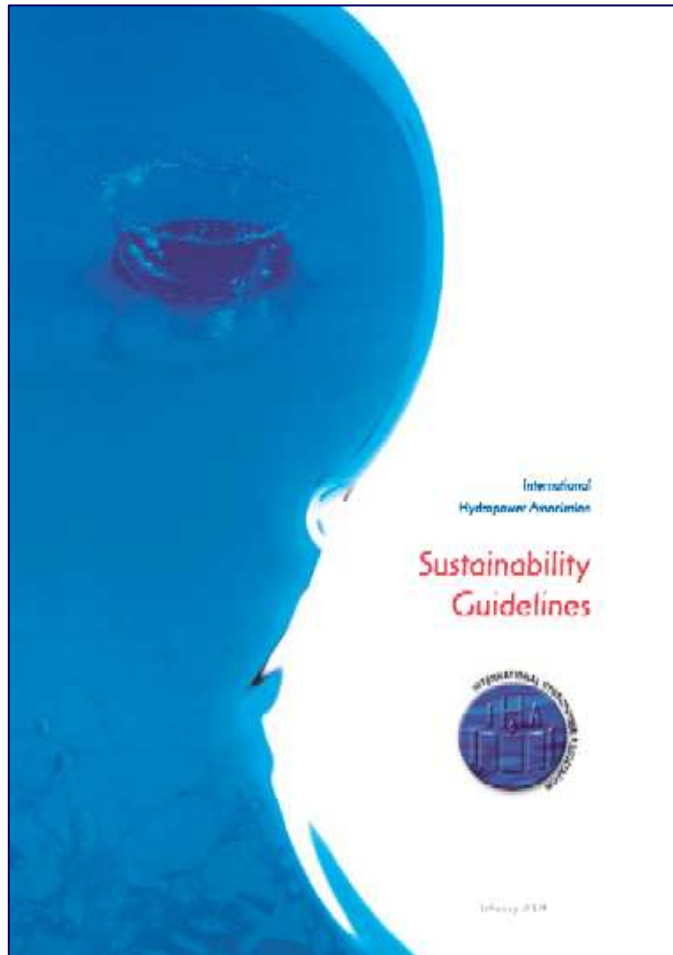


Members of the Hydropower Sustainability Assessment Forum

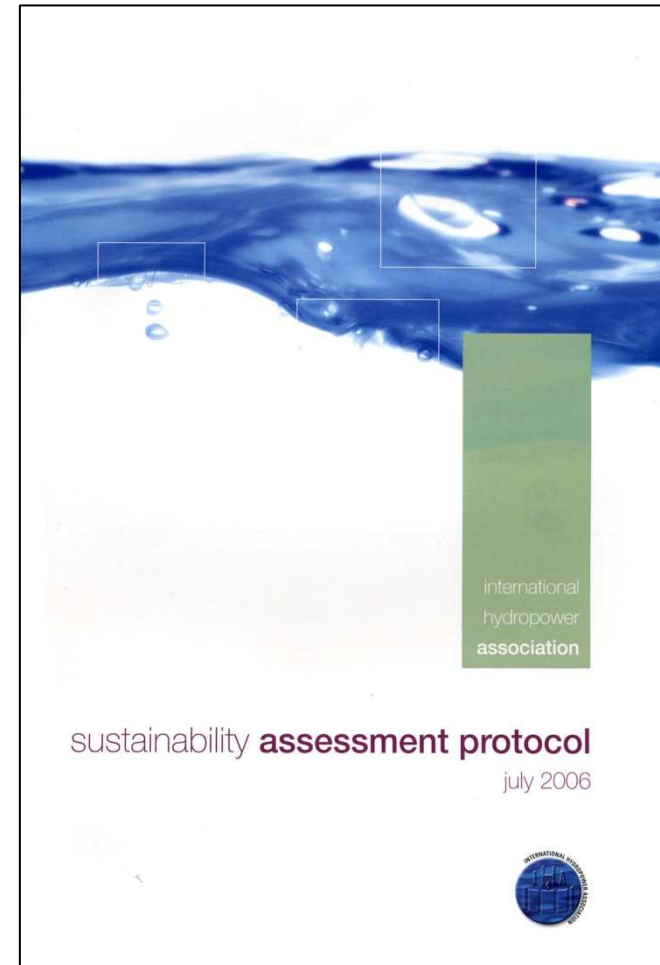
- **Developing Countries**
 - Dr Yu Xuezhong, Institute of Water Resources and Hydropower Research
 - Mr Zhou Shichun, Hydropower and Water Resources Planning and Design General Institute, PR China
 - Mr Israel Phiri, Manager PPI, Ministry of Energy and Water Development, Zambia
- **Developed Countries**
 - Mr Hans Olav Ibrek, Project Manger Environment, Norad, Norway
 - Prof Gudni A Johannesson, Director General, National Energy Authority, Iceland
 - Ms Kirsten Nyman, Policy Advisor for Sustainable Hydropower, GTZ, Germany (observer)
- **Environmental Aspects**
 - Mr David Harrison, Senior Advisor, Global Freshwater Team, The Nature Conservancy
 - Dr Joerg Hartmann, Lead, Dams Initiative, World Wildlife Fund
- **Social Aspects**
 - Mr Michael Simon, Lead, Development Banks/NRM, Oxfam
 - Dr Donal O’Leary, Water Sector Specialist, Transparency International
- **Economic (Financing) Aspects**
 - Ms Courtney Lowrance, Environmental Specialist, Equator Principles Financial Institutions Group
 - Ms Daryl Fields, Senior Water Resources Specialist, World Bank (observer)
- **Hydro Sector**
 - Dr Refaat Abdel-Malek, President, International Hydropower Association (IHA)
 - Mr Andrew Scanlon, Coordinating Author, IHA Sustainability Assessment Protocol

NOTE: *Marcela Rozo is the TI Alternate Representative to the HSAF*

IHA Sustainability Guidelines and Protocol



Adopted in 2004



Adopted in 2006

Issues with the Existing Protocol

- Limited application to date
- Subjectivity
- Inability to scale to different size projects
- Disconnect with Sustainability Guidelines
- Lack of clarity on thresholds and scoring



What is the Work Plan?

Q1/2008	Qtr 2	Qtr 3	Qtr 4	Q1/2009	Qtr 2	Qtr 3	Qtr 4
Forum Launch							
	Review Existing Protocol Sections, Aspects and Attributes						
				Consul-tation			
				Protocol Re-Drafting			
						Consul-tation & Trialling	
						Prepare Final Revised Protocol	
							Endorsement & Way Forward



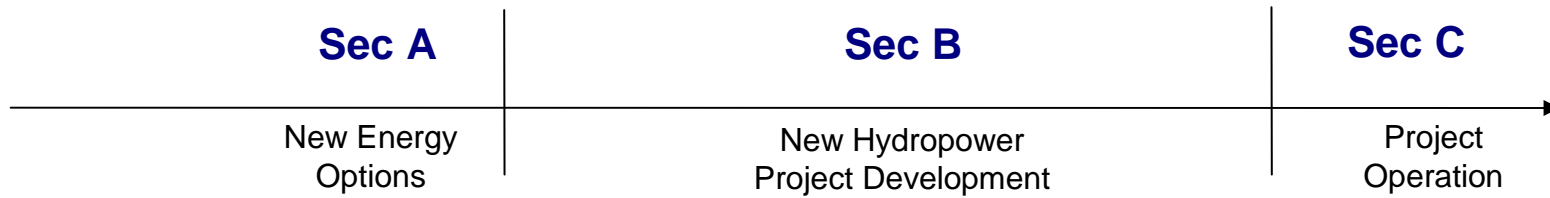
Forum Considerations to Date



Existing IHA Protocol Sections

Protocol Sections:

Project Stages:

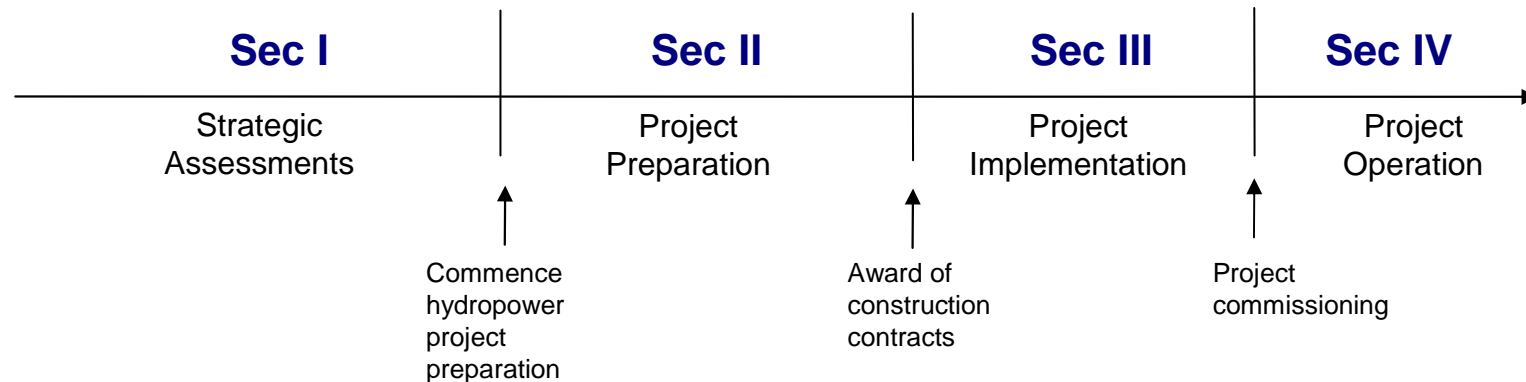


Proposed Revised IHA Protocol Sections

Protocol Sections:

Project Stages:

Decision Points at the end of each project Stage:



Proposed Protocol Sections

IHA PROTOCOL SECTION I - STRATEGIC ASSESSMENT

Assesses the strategic basis for a hydropower project. This section of the Protocol can be used prior to and to inform the decision that there is a strategic basis to move forward with project preparation.

IHA PROTOCOL SECTION II - HYDROPOWER PROJECT PREPARATION

Assesses the preparation stage of a hydropower project during which investigations, planning and design are undertaken for all aspects of the project. This section of the Protocol can be used prior to and to inform the decision to move forward with project implementation.

IHA PROTOCOL SECTION III - HYDROPOWER PROJECT IMPLEMENTATION

Assesses the implementation stage of a hydropower project during which construction, resettlement and other management plans and commitments are implemented. This section of the Protocol can be used prior to and to inform the decision to move forward with project commissioning.

IHA PROTOCOL SECTION IV - HYDROPOWER FACILITY OPERATION

Assesses the operation of a hydropower facility. This section of the Protocol can be used to inform the view that the facility is operating on a sustainable basis with active measures in place towards continuous improvement.

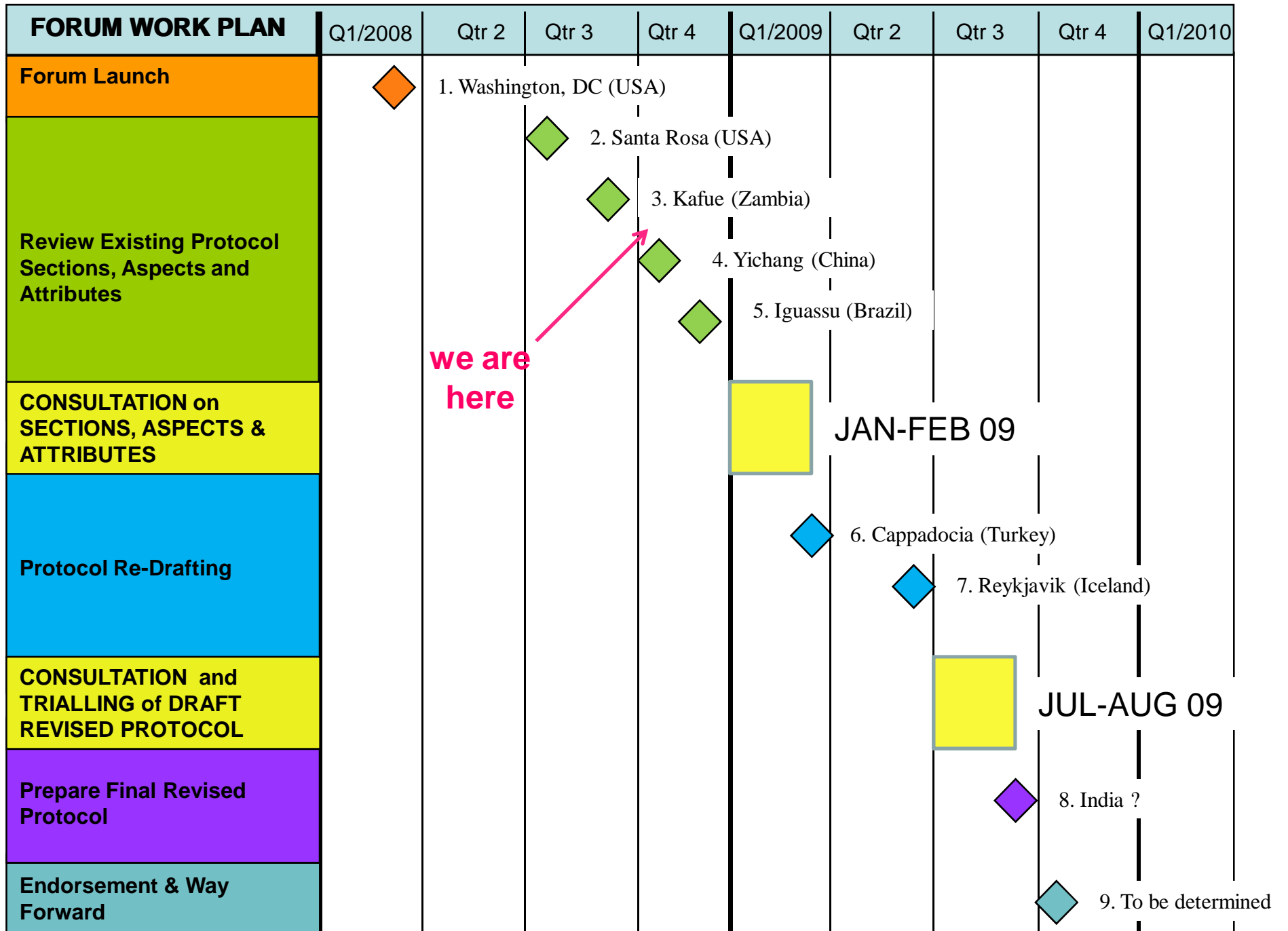
Sample Aspects and Attributes



IHA PROTOCOL SECTION II - HYDROPOWER PROJECT PREPARATION

Assesses the preparation stage of a hydropower project during which investigations, planning and design are undertaken for all aspects of the project. This section of the Protocol can be used prior to and to inform the decision to move forward with project implementation.

ASPECT NAME	LEAD-IN TEXT	ATTRIBUTES
Demonstrated Need	The need for the project within the context of development objectives has been evaluated and is clearly understood.	Demonstrated understanding of project need and the link with development objectives; project objectives align with the need for energy and water services; process in place to check alignment regularly
Political Risk	The political risk of hydropower project development has been evaluated.	Demonstrated understanding of political risk, transparent evaluation process and reporting, management and mitigation responses identified, measures in place to address issues
Regulatory Approval	Preparations are on track for obtaining all regulatory approvals for project development and operation.	Demonstrated understanding of necessary approvals and requirements, preparations in train, all approval requirements to be met
Governance	Measures are in place for comprehensive governance of project development, including risk assessment and management and anti-corruption measures.	Demonstrated understanding of governance of all aspects of the project; understanding of project risks; risk assessment and management measures in place; anti-corruption measures in place, regular evaluation and reporting
Site Selection and Design Optimisation	A broad range of options will be evaluated against criteria including environmental and social factors for site selection and design.	Options assessment, communications, integration with project management planning, social and environmental site selection and design factors clearly given high weighting
Integrated Project Management Planning	Management of all aspects of the hydropower project will be integrated.	Project management plan developed, PMP comprises technical, economic, financial, social and environmental aspects of project; integration clearly demonstrated; clear responsibilities; communications and reporting procedures; management capacity demonstrated; communications capacity demonstrated; governance
Economic Viability	Comprehensive project cost-benefit analyses are undertaken and regularly updated, and factor in social and environmental considerations.	Cost-benefit analysis undertaken; routine update of CBA with emerging information; recognition of environmental and social costs and benefits and methodology developed to factor these in; benefit sharing a central component of economic analysis.





How is TI Adding Value?

- For the first time in the hydropower sector, facilitating in each section the inclusion of an Aspect that deals with Corruption
 - Major focus will be on Contacting
- Working with the other Stakeholders to assure that all Aspects address Transparency and Accountability Issues, as appropriate.



How Can the HSAF Add Value to Other Work in the Construction Sector?

- Transfer the process and the examples being used to promote and provide incentives best practice in the hydro sector
- Use a holistic approach in project design e.g. not only address construction issues per se, but also social aspects, such as resettlement.

Financing of the HSAF

- Current financing plan
 - Governments of Germany, Iceland and Norway
 - TNC
 - In kind (IHA plus other partners)
- Financing gap has arisen due to some uncertainties in financing from the GOI

ACTION: Extensive marketing will be carried out through the first quarter of 2009 to fill the financing gap.

Next Steps

- Finalize and document review of Existing Protocol (including Aspects and Attributes) and IHA Sustainability Guidelines as well as modifications to be included in the New Protocol
- Each HSAF partner to organize a consultation process on the document, described above



Final Slide

**THANK YOU FOR YOUR
ATTENTION!**