

### **Short WORKSHOP REPORT FORM**

**Number and title of workshop:** WS 2.6 Focusing on Integrity and Accountability to Strengthen Sustainability of Hydroelectric Projects

**Coordinator:** Dr. Donal O'Leary, Senior Advisor, Transparency International

**Date and time of workshop:** 12 November 2010; 17.30 to 19.30

**Moderator:** Mr. Jeremy Bird, CEO Mekong River Commission

**Rapporteur:** Dr. Erik Nielsen, Manager African Programmes, Water Integrity Network

#### **Panellists**

Dr. Joerg Hartmann, Leader of the Dams Initiative, World Wide Fund for Nature  
Dr. Donal O'Leary, Senior Advisor, Transparency International  
Prof. Shi Guoqing, Professor and Director of National Research Center for Resettlement and Social Development Institute  
Mr. Jean-Michel Devernay, Vice President, International Hydropower Association  
Dr. Tira Foran, Social Science Research, CSIRO

#### **Main Issues Covered**

This Workshop focused specifically on the 2010 Hydro Sustainability Assessment Protocol (HSAP), an industry lead multi-stakeholder process to update the existing HSAP, which was developed and published in 2006 by the International Hydropower Association (IHA).

The new protocol results based upon a two-year process under the leadership of the Hydropower Sustainability Assessment Forum (HSAF), which includes representatives of Western Governments (Germany, Iceland and Norway), Southern Governments (China and Zambia), financing institutions (Equator Banks and the World Bank), civil society (The Nature Conservancy, Oxfam, TI and WWF) and the IHA. The Forum aims to establish a broadly-endorsed sustainability assessment to measure and guide performance in the hydropower sector. In the course of its deliberations the Forum has met and reached out to local stakeholders in Brazil, China, France, Iceland, Turkey, and the USA. To date, consultations and trials on the Protocol have occurred in 24 and 20 countries respectively.

The Protocol consists of four sections (Strategic Assessment; Project Preparation; Project Implementation and Project Operation) that are designed as "stand alone" assessment tools applied at particular stages of the project life cycle. Within each Protocol section is a set of topics important to forming a view on the overall sustainability of that project in the life cycle. Topics, when taken together, provide a list of issues that must be considered to confidently assess the overall sustainability of a hydropower project. Topics can be further grouped according to perspective, including development; governance; technical issues; financial and economics; and environment and social issues.

Throughout the process, there has been a consistent approach to addressing corruption and

other governance issues related to hydropower development, as well as the realization of the importance of promoting integrity and accountability as part of an inclusive strategy to sustainable hydropower development. Within its overall objectives; this workshop brings together a representative of IHA, members of the Forum and a representative of a regional organization involved in trailing the Protocol to: (a) present the final version of the Protocol; (b) to debate its usefulness in promoting sustainable hydropower development; and (c) to discuss the next strategic steps to assure wider adoption and use of the Protocol.

### **Main Outcomes**

The workshop had five primary outcomes:

1. The workshop provided a clear and concise overview of the HSAP, including its role, primary components, methodological process, and how the Protocol can improve the overall long-term sustainability of hydropower projects. In addition, the workshop panel highlighted the importance of how the Protocol can save human, financial and environmental resources in the short and long term. Overall, the workshop provided key information to a non-technical audience in an accessible manner. However, it was highlighted that while the Protocol can provide a useful and comprehensive framework for hydropower planning, it was noted that it should not be considered a panacea for eliminating conflict and corruption.
2. The workshop highlighted the critical importance of addressing corruption and integrity concerns within the energy sector, particularly within the hydro-electric sector. The hydropower sector can be subject to “grand” corruption risks in all phases of project preparation, implementation and operation, and the audience was provided with concrete examples of corruption and corruption risks within the sector, from different parts of the world. Specific examples of corruption highlighted included the awarding of concessions, contracting, or the misuse of project revenue during operation.
3. The critical importance of employing a multi-stakeholder approach to address anti-corruption and inter-related long-term sustainability needs was practically showcased. Specifically, the workshop examined how and why different stakeholders, including governments, regulators, the private sector, financial institutions, development partners, civil society as well as local communities, can collectively and effectively contribute to minimize corruption risks in hydropower projects. However, it was highlighted that multi-stakeholder engagement is often a complex and a time consuming process.
4. The workshop also highlighted, albeit indirectly, the changing environmental role and responsibility of China and Chinese companies. Historically China has played a limited role in international environmentally related affairs; however, this appears to gradually shifting. China is an active promoter and builder of hydroelectric projects, both in China and in multiple developing countries, therefore China and Chinese hydro companies’ engagement and participation in the HSAP should be viewed as an important positive step forward in terms of global, regional and national sustainability.
5. Finally, a number of corruption fighting tools, in addition to the Protocol, were highlighted, including, for example, Integrity Pacts in the water sector.

### **Main Outputs**

1. It was proposed that TI Chapters and Water Integrity Network members become more engaged in the future stages of testing and applying the Protocol.

### **Recommendations, Follow-up Actions**

There were three key follow-up actions discussed and subsequently proposed for action during the workshop; these include:

1. Track the effectiveness of the Protocol in conjunction with the planned 25+ trials over the coming 2/3 years.
2. Undertaking/Facilitating jointly of a National Water Integrity Study focusing on the Hydropower Sector/Water for Energy.
3. The workshop encouraged and recommended that TI National Chapters and Water Integrity Network members situated in Latin America, Africa, and Asia become more directly engaged to address corruption risks in the hydropower sector.

### **Workshop Highlights (including interesting quotes)**

“The most effective planner is... the one who can cloak advocacy in the guise of scientific or technical rationality.” WACHS 1989 (this quote was referenced in the workshop)

“It is a starting point for sustainability discussion” Tira Foran

“This process has produced and demonstrated that many people can find common ground and common language” Jeremy Bird

“Sunlight (information disclosure) is very important” Joreg Hartmann

“Sustainably hydropower can be a reality” Donal O’Leary