

HYDROPOWER SUSTAINABILITY ASSESSMENT FORUM

Consultation Phase 2

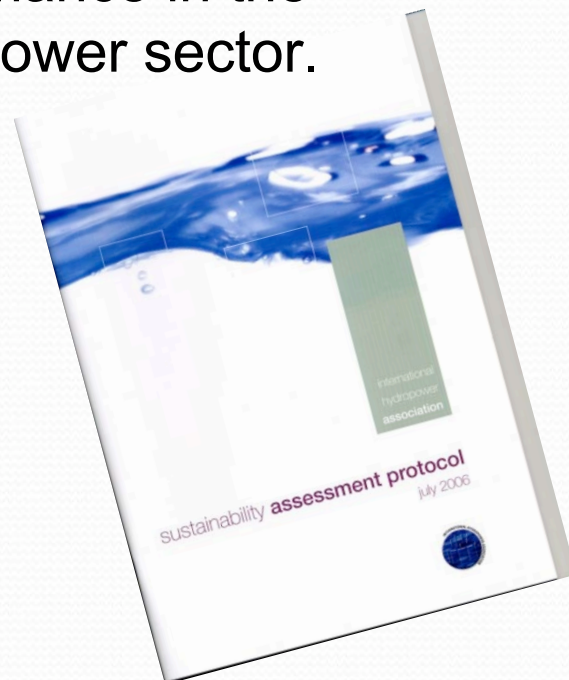
Sep-Nov 2009



Background on the Hydropower Sustainability Assessment Forum

Hydropower Sustainability Assessment Forum

- The HSAF is a collaboration of representatives from different sectors who aim to develop a broadly endorsed sustainability assessment tool to measure and guide performance in the hydropower sector.

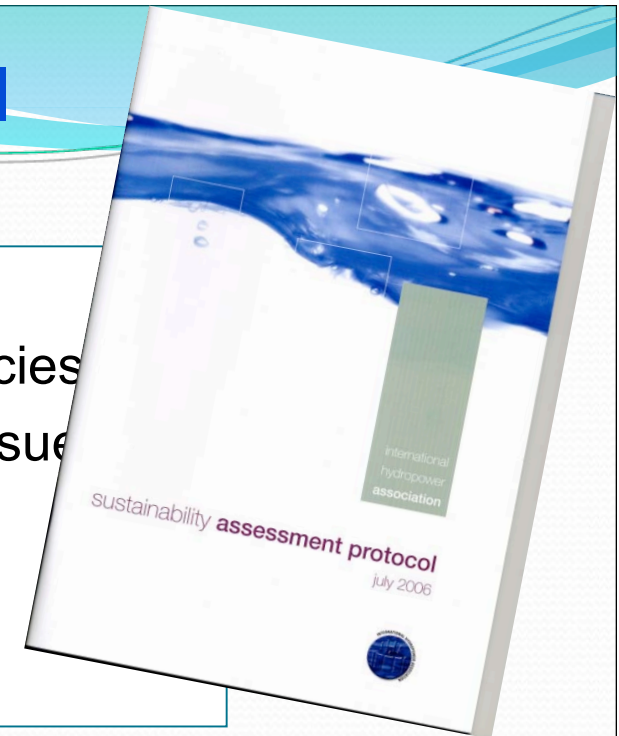


- The Forum members are jointly reviewing and recommending enhancements to the IHA Sustainability Assessment Protocol (2006).

Why base this work on the IHA Sustainability Assessment Protocol 2006?

Advantages (e.g....)

- Builds on WCD, DDP and other principles and policies
- Balance across economic, social, environmental issues
- Practical approach to measure sustainability
- Continuous improvement (6 versions since 2003)
- Strong endorsement by the hydropower sector



Issues (e.g....)

- Some issues not well covered
- Areas of subjectivity
- Section A on new energy options confusing and little used to date
- Disconnect with Sustainability Guidelines
- Lack of clarity on thresholds

Opportunities (e.g....)

- Broader ownership and wider application
- Better meet the needs of other sectors
- Harmonisation with other standards
- Improve on emerging concepts
- Increase objectivity
- Improve support info e.g. technical guidance notes

Potential Users and Uses

- All sectors providing a common basis for dialogue on sustainability issues.
- Governments, potential financiers and other decision-makers can use the Protocol to ensure that new hydropower developments are an appropriate solution for the context in which they are proposed.
- Companies, governments, financial institutions and NGOs can all use the Protocol to guide development of new hydropower facilities.
- Companies, governments and development agencies to assess the sustainability of existing operations and develop programs for improvement.
- NGOs and civil society to evaluate the sustainability of hydropower projects at different life cycle stages and to form a basis for dialogue and for holding operators and financiers to account.
- Developers, financial institutions and other investors in assessing the risks of potential investments and as part of due diligence.
- The hydropower sector in seeking external qualification for financing from banks, carbon credits, renewable energy credits, recognition in voluntary markets (e.g. green certificates); and the administrators of these schemes in judging admission
- Verification agencies certifying a level of sustainability.
- Hydropower owners/operators for corporate sustainability management and training

Forum Membership

The members of the Hydropower Sustainability Assessment Forum comprise representatives of developed and developing countries, environmental and social NGOs, commercial and development banks and the hydropower sector, with membership guided by the common efforts of IHA, WWF and TNC.

Developing Countries

- Dr Yu Xuezhong, Institute of Water Resources and Hydropower Research, PR China
- Mr Zhou Shichun, China Hydropower Engineering Consulting Group Co., PR China
- Mr Israel Phiri, Manager PPI, Ministry of Energy and Water Development, Zambia

Developed Countries

- Mr Geir Hermansen, Senior Advisor, Department of Energy, Norad, Norway
- Prof Gudni A Johannesson, Director General, National Energy Authority, Iceland
- Ms Kirsten Nyman, Policy Advisor for Sustainable Hydropower, GTZ, Germany (observer)

Hydropower Sector

- Dr Refaat Abdel-Malek, President, International Hydropower Association
- Mr Andrew Scanlon, Coordinating Author, IHA Sustainability Assessment Protocol

NGOs - Environmental Aspects

- Mr David Harrison, Senior Advisor, Global Freshwater Team, The Nature Conservancy
- Dr Joerg Hartmann, Lead, Dams Initiative, World Wildlife Fund

NGOs - Social Aspects

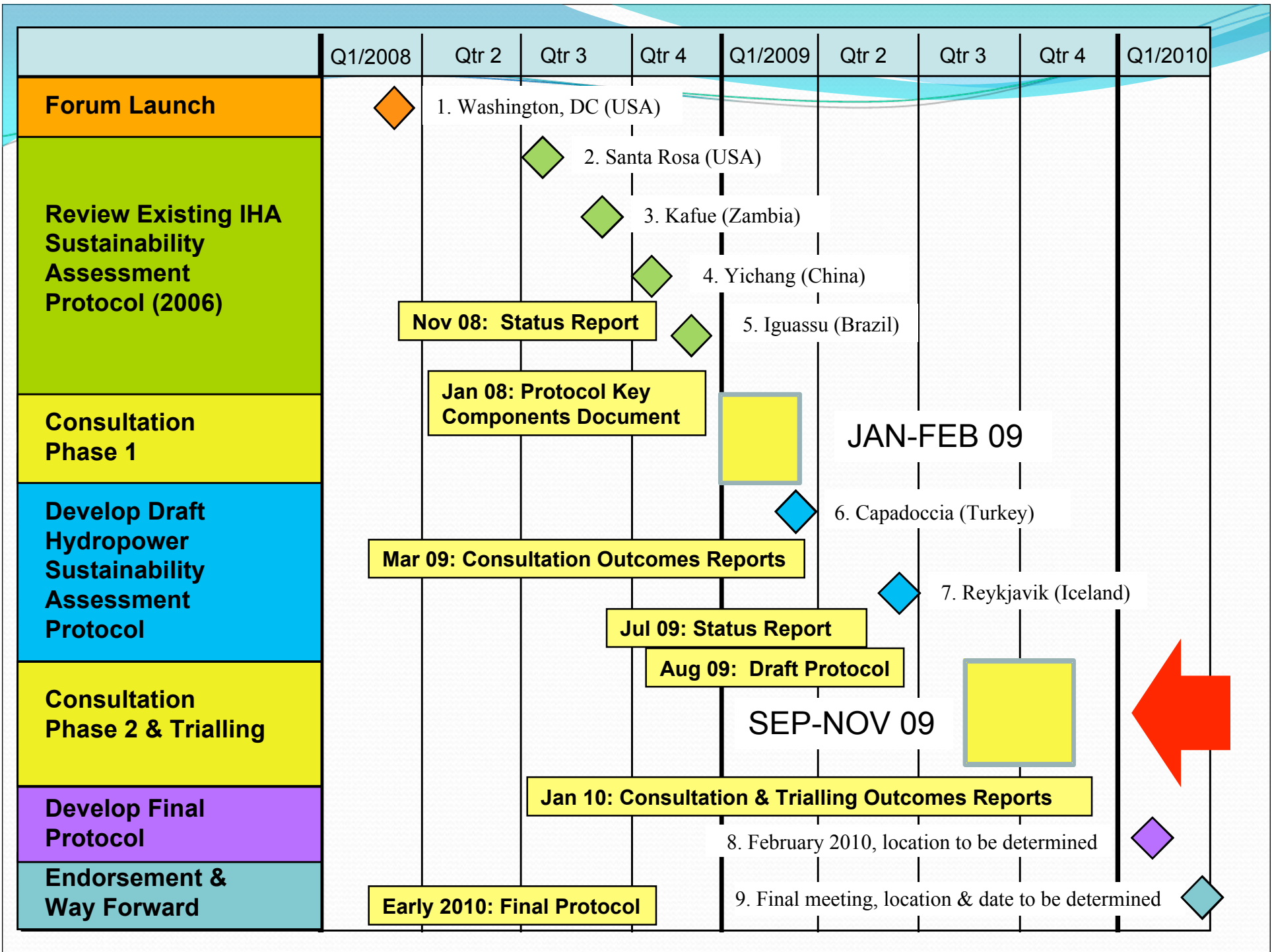
- Mr Michael Simon, Lead, Development Banks/NRM, Oxfam
- Dr Donal O'Leary, Water Sector Specialist, Transparency International

Finance Sector - Economic Aspects

- Ms Courtney Lowrance, Environmental Specialist, Equator Principles Financial Institutions Group
- Ms Daryl Fields, Senior Water Resources Specialist, World Bank (observer)

Forum Chair

- Mr André Abadie, Sustainable Finance Ltd.





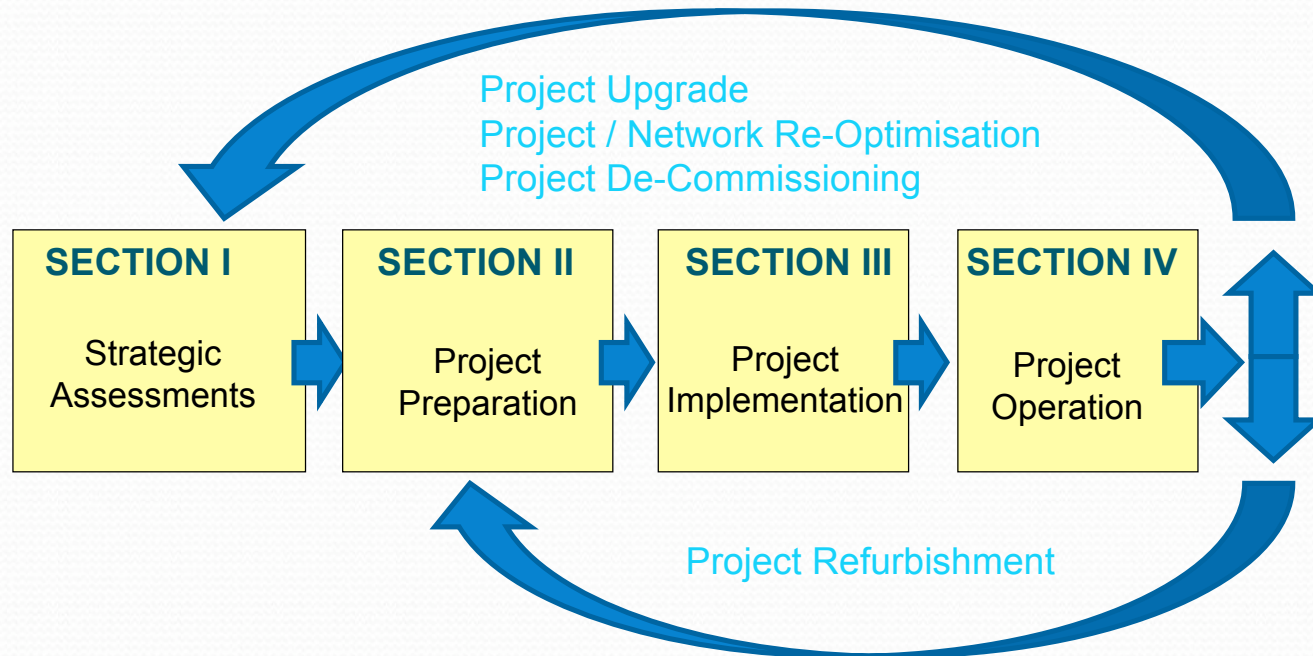
Understanding the Protocol

Proposed Protocol Structure

Sections – stand-alone assessment tools relevant to a particular project life cycle stage

Principles - a set of core sustainability values that underpin the Protocol

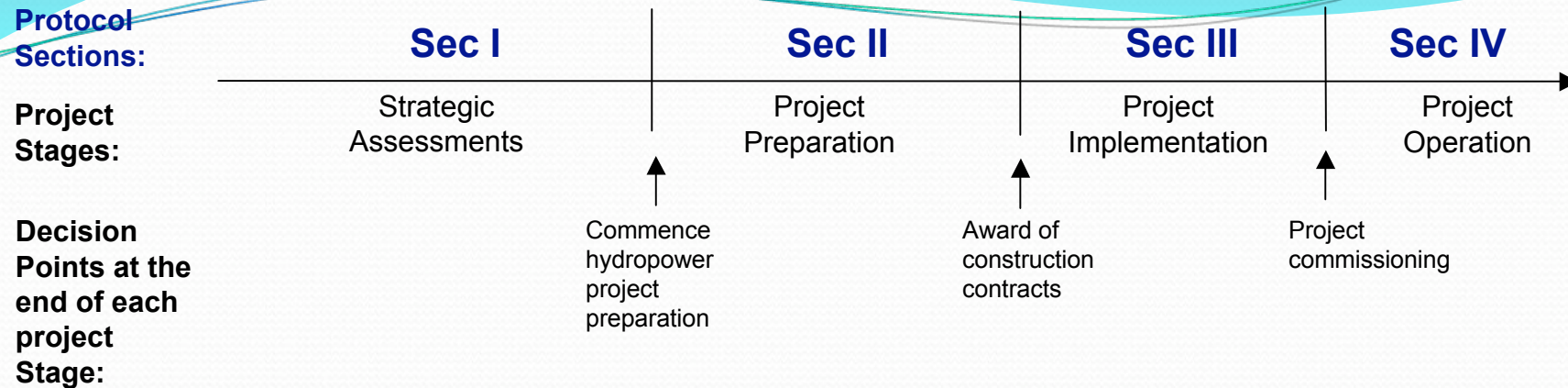
Aspects – a set of key sustainability issues to be assessed for each section



Attributes – criteria for each aspect which form the basis for determining sustainability performance on that aspect

Objective evidence – evidence provided by an auditee and used by an assessor to verify whether and to what degree an attribute has been met

Protocol Sections



- **Section I - Strategic Assessment** assesses that there is a strategic need for water and energy development and that a hydropower development is an appropriate solution.
- **Section II – Project Preparation** assesses the sustainability of a hydropower project at the project preparation phase when investigations into siting and design and a range of technical, economic, environmental and social issues and mitigation measures take place.
- **Section III – Project Implementation** assesses the sustainability of a hydropower project at the project implementation phase during which construction, economic, environmental, social, resettlement and other management plans and commitments are implemented.
- **Section IV – Project Operation** assesses that a hydropower facility is being operated on a sustainable basis with active measures in place to continuously improve performance.

Section I and II Aspects

SECTION I - STRATEGIC ASSESSMENTS

Demonstrated Need	Political Risk	Social Issues & Risks
Options Assessment	Institutional Capacity	Environmental Issues & Risks
Regional & National Policies & Plans	Technical Issues & Risks	Economic & Financial Issues & Risks

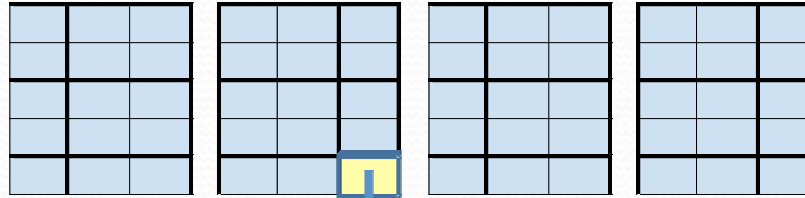
SECTION II - PROJECT PREPARATION

Demonstrated Need & Strategic Fit	Integrated Programme Management & Communications	Cultural Heritage
River Basin & Transboundary Issues	Construction Management	Public Health
Hydrological Resource Availability & Management	Procurement	Asset & Community Safety
Project Siting & Design Optimisation	Social Impact Assessment & Management	Environmental Impact Assessment & Management
Economic Viability including Additional Benefits	Project Affected Communities	Catchment Management
Financial Viability	Indigenous Peoples	Reservoir Management
Public Sector Governance	Resettlement & Land Acquisition	Environmental Flows & Downstream Sustainability
Corporate Governance	Benefit Sharing	Biodiversity & Invasive Species
Regulatory Approvals	Labour & Working Conditions	Erosion & Sedimentation
		Water Quality

Assessment Process

1. Choose applicable Section

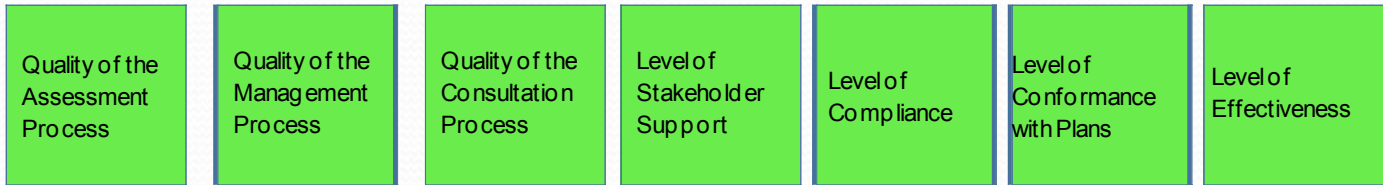
Section I Section II Section III Section IV



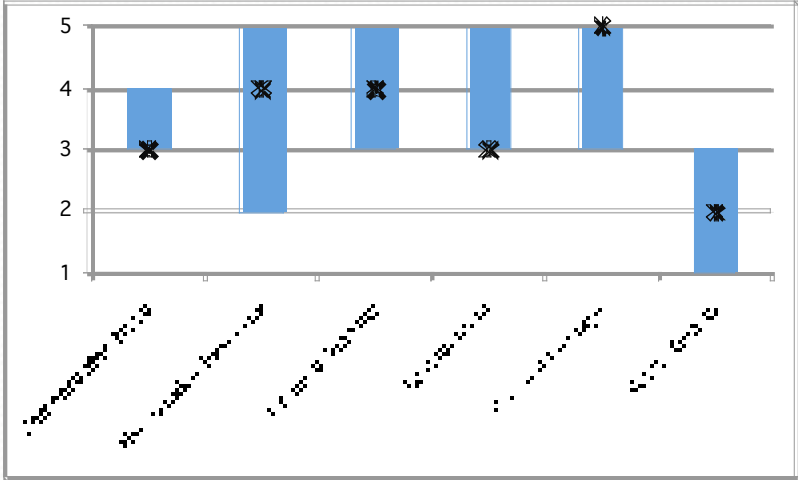
2. Assess each Aspect using the scoring instructions

Aspect Name	
-Description & Intent	-Criteria for Aspect to be Not Relevant
-Aspect Scoring Instructions	-Considerations Relevant to Project Context or Scale
-Auditing Guidance Notes	-Examples of Evidence

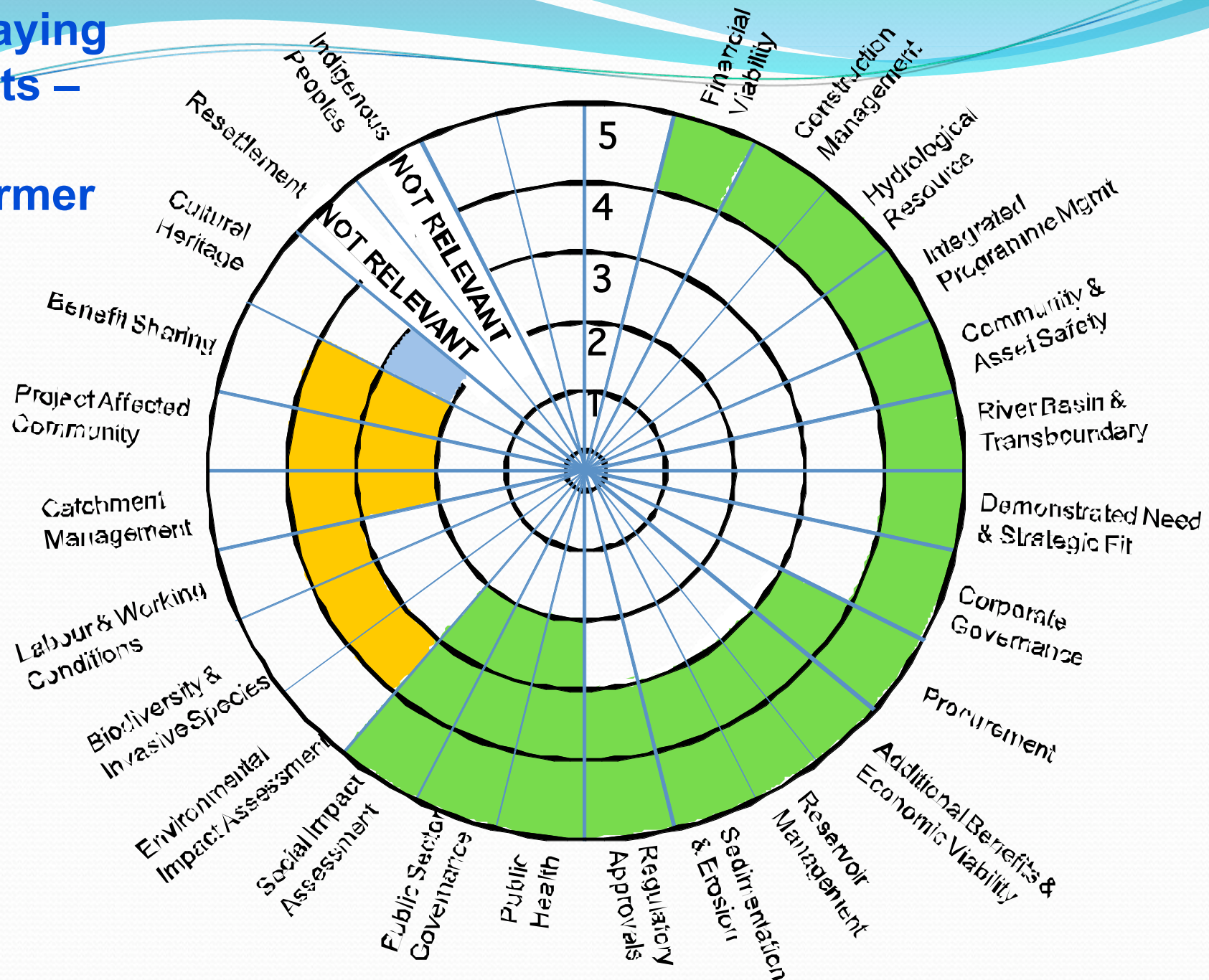
3. Score each Aspect for seven Attributes on a scale of 1 to 5



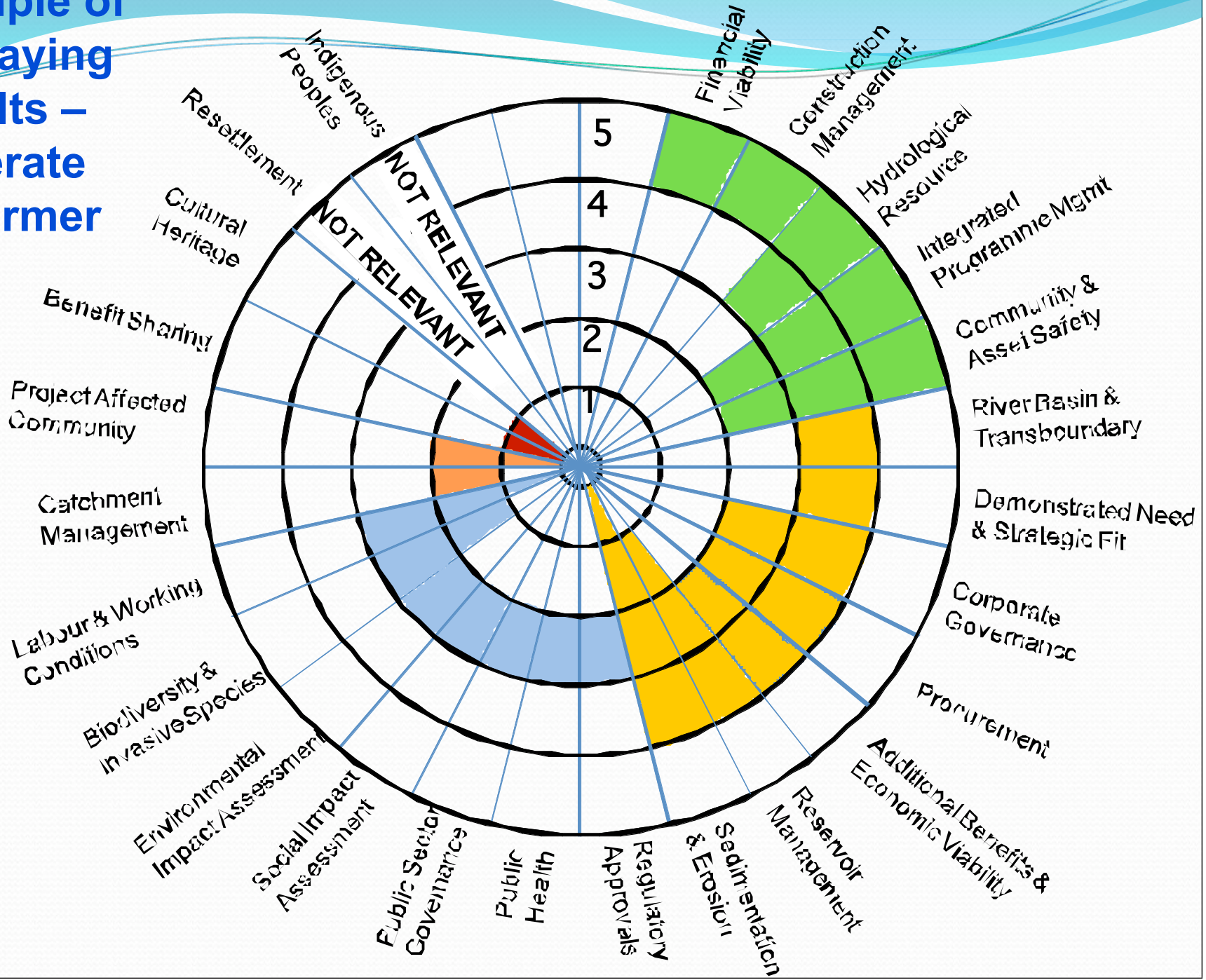
4. Present range from highest to lowest Attribute scores for each Aspect



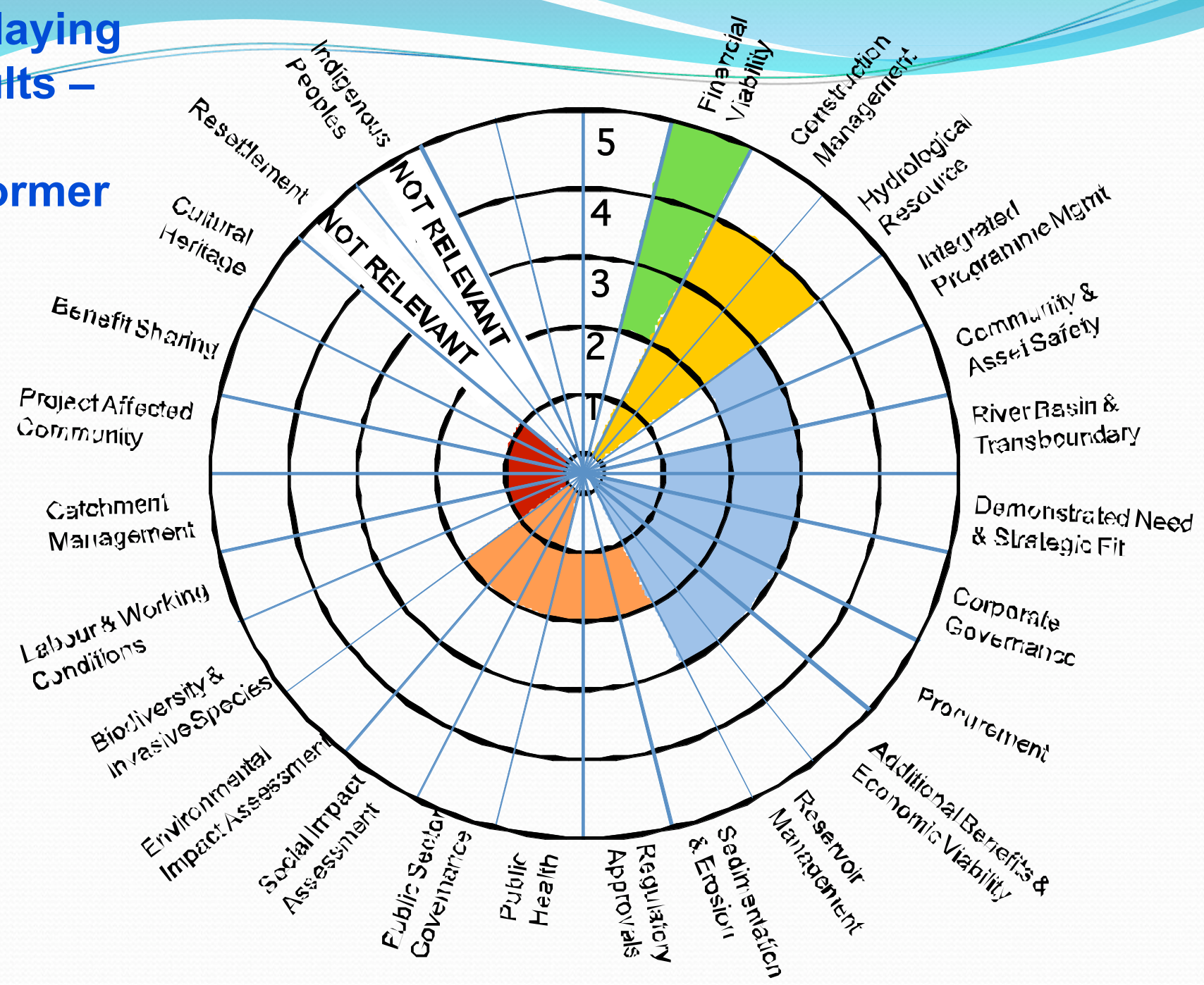
Example of Displaying Results – High Performer



Example of Displaying Results – Moderate Performer



Example of Displaying Results – Low Performer





Forum Consultation

Consultation & Trialling

- All HSAF members have formal reference groups and/or networks of stakeholders with whom they discuss the HSAF work.
- Two open consultation periods are built into the HSAF process:
 1. **Phase 1: Jan-Feb 2009.** Focussed on developing relationships with stakeholders, building understanding of the HSAF process and getting initial feedback on protocol content (Key Components Document).
 2. **Phase 2: Sep-Nov 2009.** Will focus on more detailed Draft Protocol content review and the practical application of this assessment tool. This phase will involve regional consultation meetings.
- A program of trialling the Draft Protocol will be conducted at the same time as the Phase 2 Consultation.

Trialling of the Draft Protocol (Sep - Nov 09)

- Trialling serves to test the Draft Protocol content at a representative set of hydropower projects at different stages of their project cycle in different parts of the world.
- The primary objective is to obtain feedback on how well the Draft Protocol is measuring sustainability, and to inform the final revision. This is most primarily a trial of the Draft Protocol, not a trial of the project on which it is applied.
- Trials will assess and make recommendations on:
 - Objectivity and replicability
 - Understandability
 - Scope and comprehensiveness
 - Ease of use
 - Impact and effectiveness
 - Applicability to a range of scale and regions
 - Adequacy of implementation guidance
 - Presentation of results

Consultation Phase 2

Approaches include:

- Web-based questionnaire and feedback platform;
- Consultation sessions and meetings in a number of regions;
- Telephone interviews;
- Consultation sessions in association with trialling.

Phase 2 Consultation Outcomes Report:

- to be written by independent consultant;
- will summarise consultation undertaken;
- will provide overview of response received;
- will list key issues requiring response; and
- will evaluate the consultation process.
- The Phase 2 Consultation Outcomes Report and the Forum response to the issues raised will be posted on the HSAF website.

Stakeholders include:

- hydropower owners, operators and developers
- governments
- non-government organisations
- financial institutions
- civil society
- project-affected peoples
- inter-governmental
- professional associations;
- research and centres of expertise
- other private sector
- standards and verifications organisations
- media
- climate change institutions

Consultation Phase 2 Questions (slide 1 of 2)

- **Practicability.** Does the Draft Protocol seem like a practical assessment tool, and if not, how could it be improved to increase practicability?
- **Content.** What do you think about the Draft Protocol content in terms of its appropriateness, quality and applicability for a range of projects of different types, scale and geographic settings? What improvements would you propose to the Draft Protocol content?
- **Implementation Guidance.** Do you find the Draft Protocol introduction and auditing guidance notes helpful, and how might they be improved?
- **Scoring.** What suggestions could you make on approaches to aggregating bullet points within an attribute? Comments are particularly sought on experiences obtained through trialling.
- **Presentation of Results.** What suggestions could you make for effective and practical mechanisms for presentation of assessment results?

Consultation Phase 2 Questions (slide 2 of 2)

- **Ease of Use.** Can you make recommendations on how to make the documents easy to use?
- **Basic Good Practice.** The score of 3 is intended to be basic good practice, with a particular consciousness of what is achievable in countries with minimal resources or capacities or projects of smaller scales and complexities. Do you have any comments on these scores? Do you have any information that would assist in understanding of what is basic good practice for individual attributes in the Draft Protocol?
- **Proven Best Practice.** The score of 5 is intended to be proven best practice, but conscious of the global applicability of this tool, so that it is not only attainable by the largest projects with the most resources at their disposal. Do you have any comments on these scores? Do you have any information that would assist in understanding of what is proven best practice for individual attributes in the Draft Protocol?

For Forum information, access to consultation documents and the on-line questionnaire, go to www.hydropower.org/sustainable_hydropower/hsaf.html

If you wish to participate in consultation or want to nominate a hydropower project for trialling, please contact the Forum Coordinator, Dr. Helen Locher, at hl@hydropower.org

Applying the Draft Hydropower Sustainability Assessment Protocol

THE PROJECT:

This exercise is part of a sustainability assessment is being undertaken of the proposed Whitewater Hydropower Project, being developed by Hydropower Ltd.

The section of the Draft Protocol being used for this assessment is Section II: Project Preparation.

The aspect being assessed is Resettlement & Land Acquisition.

THE EXERCISE

1. Everyone in the room forms groups of at least four people, and in each group, nominates:
 - **An assessor**
 - **A company representative**
 - **A government representative**
 - **A community representative**

If there are additional people in the group, they can team up with others, or be observers.

2. Read the material that is handed out. **Assessors** should think about questions to ask and the evidence one would want to see in order to determine scores. **Company, government and community representatives** should become familiar with the information on hand to answer questions, and think about what evidence they can produce to support their answers.
3. The **assessor** asks questions to the **company representative**, then to the **government representative**, and then to the **community representative** to try to determine scores. The assessor needs to know what evidence exists to support the scores.
4. Once all interviews have taken place, the assessor decides what scores he/she would give the project and