

Following the preparation of the draft Hydropower Sustainability Assessment Protocol (due June 2009 at HSAF meeting in Burfell / Iceland), the HSAF intends to engage in a trialling program during July-August 2009 to systematically test the Protocol.

1. Objectives of the Trialling Program

The **primary objective** is to validate the HSAF's work so far by providing feedback on how well the Protocol is measuring sustainability, and to inform the final revision.

Trials need to assess, and provide recommendations for improvement, on -

- **Objectivity and replicability.** To understand how robust the Protocol is in terms of field testers arriving at consistent and unbiased results.
- **Understandability.** To identify parts of the proposed Protocol that field testers find hard to understand.
- **Scope and comprehensiveness.** To identify issues that field testers encounter but that are not covered in the draft Protocol, or that are duplicated unnecessarily.
- **Ease of use.** To assess the burden of applying the draft Protocol: for instance, whether information required to apply it is not available or available only with undue cost or effort.
- **Impact and effectiveness.** To assess to what extent field testers find application of the Protocol a useful exercise in terms of identifying weaknesses/opportunities, encouraging dialogue, and encouraging improvement of performance.
- **Applicability to a range of scale and regions.** To identify any special problems in applying the draft Protocol that arise for field testers in relation to project scale, region, developed versus developing economy, type of project, etc. Also to find out how the field testers make their scoping decisions.
- **Adequacy of implementation guidance.** To identify where additional implementation guidance would be helpful to the field testers. Where choices and alternative assessment methods are allowed in the Protocol, identify any circumstances in which field testers chose to use them, and why.

There is the potential for other benefits from undertaking the trialling program, depending on how it is set up and how comprehensive it is. These include:

- Greater familiarity of HSAF members and stakeholders with Protocol application in real-world situations, in order to inform content recommendations and discussion about pathways forward for the Protocol and the next stage of the HSAF process.
- The potential to move HSAF members and stakeholders closer to consensus on how to approach difficult issues and what might be realistic acceptability thresholds through discussing application in practice.
- Greater stakeholder participation in Protocol development, including by directly affected people, if the trialling process is set up in a way that it links with and contributes to the consultation process which will be conducted during the same time period.

- Increased awareness of, and interest in the Protocol in the trial country, and potentially encouragement for project owners and other trial participants to continue applying the Protocol once it is finalized towards the end of 2009.
- The collation of information and feedback on the specific hydropower project under assessment to highlight strengths and identify opportunities for improvement. It needs to be emphasized and understood by participants that this is not the primary objective, but owners willing to submit their projects to an assessment will likely want to highlight corporate responsibility and to learn from the process.

2. Selection of Trial Projects

The trialling program will need to cover a reasonable number of projects, large enough to detect problems and yet not overly ambitious, considering the time and resources available to conduct trials and analyse results. The following requirements and criteria for selection of projects for trials are suggested:

- **Diversity.** The project would clearly contribute to the overall diversity in the set of Protocol trials. Diversity is with respect to geographic area (by continents and by level of development), type of project (run of river/storage, single/multipurpose, small/large, private/public sector), and stage in the project cycle (selection, preparation, implementation, operation).
- **Representativeness.** The project on which the draft protocol is trialled should not be considered too unrepresentative of types of projects one might encounter.
- **Project owner support.** The project owner exhibits a high degree of support for the trial. This would be reflected in the willingness of project owners to host the trials, provide access to information, and disclose trial results. Ideally the owners would already understand the HSAF process, e.g. by being member of IHA HSAF reference group.
- **Government agency engagement.** The relevant government agencies to be involved in the trial are engaged and willing to actively participate in the trial.
- **Assessment team.** Availability of interested and experienced partners for multi-stakeholder trial teams, ease of formation of these teams, and clear commitments to be involved from the relevant parties.
- **Logistics.** Relatively low logistical barriers, for example with respect to time and language issues involved in travelling to project sites and interviewing relevant stakeholders.
- **Cost.** Relatively low cost requirements. In most cases this will reflect the ability and willingness of project owners and stakeholders to cover major part of trial costs; remoteness and language will also be influences.
- **Insight.** The degree of insight likely to be gained from the trial. This may be because there are issues of particular note in relation to the project and it could be demonstrated that the adequacy of the Protocol in addressing these issues has been well-scrutinised. Repeat trials at projects that have previously had Protocol assessments could be considered as a criterion in favour of project selection, as there is the ability then to compare the draft protocol with the version used for the previous assessment; as well, the requirements for organisation could be considerably lessened if the project owner has done it before.

- **Target region.** The trial set is weighted towards including regions where hydropower growth is occurring at a rapid rate, or in which there are recognised concerns about hydropower sustainability. Target regions would be China, India, southeast Asia, eastern Europe, Africa and Latin America.
- **Political environment.** Projects that are presently embroiled in controversy and/or are the subject of highly polarised views would be avoided, because the likelihood is that attention in the trial will be on the scores of the project rather than the effectiveness of the protocol as an assessment tool.

An equal representation of projects who are likely to perform strongly versus less strongly in the assessment could be of interest, but is deliberately not included as important to project selection. The emphasis is on testing the practicability of the assessment tool, and in fact there is a high likelihood that the projects trialled will tend to be amongst the stronger performers on sustainability criteria. These projects are likely to have more supportive project owners, more relevant information available as examples of evidence, and clearer insights into what is the gradation of good practice for protocol aspects. From previous experience of undertaking protocol trials, project owners who are unlikely to perform strongly are often very unwilling to be scored, but are more interested in having 'pre-assessment' approaches such as a risk and opportunity analysis guided by the criteria set out in the protocol. Projects that are willing to be scored are more likely to be of above-average quality, just as projects which in the future would voluntarily go through self-assessment or apply for sustainability certification.

Based on these criteria, a set of 8 trials is envisaged. Over the same period, other stakeholders may wish to trial the Protocol and should be encouraged to do so; their results would need to be reported back to the HSAF in one easily evaluated standard format in order to be taken into account in the Protocol revision process.

3. Timing and Implementation Plan for Trialling Program

It is proposed that the HSAF contract a consultant to plan, oversee and write the outcomes report of the trialling program. The following proposed implementation plan incorporates this scenario.

Table 1. Implementation Plan

| | Process Step | Output | Responsible | Timing |
|---|--|-------------------------------------|--------------------|--|
| 1 | Development and agreement on strategy, clarification on budget and fund-raising, and formulation of ToR for trialling program support consultant | Strategy, budget, and ToR available | HSAF | February – March, to be agreed at HSAF Mtg 6, 10-13 March) |
| 2 | Hiring of consultancy to organise trialling program and analyse results | Contract concluded | HSAF coordinator | Will need to go to tender, to be concluded no later than end-April |
| 3 | Collection of suggestions | Shortlist of | Consultancy and | By mid-May |

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|----|--|--|--|---|
| | for trials | potential trial sites available | HSAF / IHA reference group members | |
| 4 | Feedback on and approval of shortlist | Shortlist available | HSAF by email consultation | By end May |
| 5 | Prepare detailed work plan, trial guidelines, standard invitation letters, information documentation methodology | Work plan etc available | Consultancy | May-June (to be available at HSAF Mtg 7, 18-21 June) |
| 6 | Contact potential hosts of trials and check suitability | Final list of sites available | Consultancy | May-June (to be available at HSAF Mtg 7) |
| 7 | Green light for trialling program, share trial participation between HSAF members | Agreed list of trial participations | HSAF | HSAF Mtg 7 |
| 8 | Detailed Scheduling and Preparation of Trials | Individual trial packages including logistics, participants, information materials | Consultancy with project owners | June-July. Must be complete by end-July. |
| 9 | Implementation of Trials | Trials concluded | Consultancy, participating HSAF members and other stakeholders, project owners | July-August. Must be complete by end-August. |
| 10 | Compilation and Analysis of Trial Results | Draft report submitted | Consultancy with comments from participating HSAF members | By Mid-September |
| 11 | Commenting and Finalization | Final report submitted & published | Consultancy and HSAF coordinator | By End September (to be available at HSAF Mtg 8, 3-6 Oct) |

Depending on the number of trials to be undertaken, and the availability of project staff during the northern hemisphere summer period, there may be a case for needing to extend the trial program period beyond July-August to the end of September. This would require delaying Forum meeting 8 to early December, and having Forum meeting 9 perhaps in late February 2010. This would still be consistent with the Forum completing its work program in two years from program launch in March 2008.

4. A Preview of a Project Trial

4.1 Participants in the Trial

Trial teams should consist of 3 - 6 members and each trial team should have as participants:

- nationals of the trial country as well as regional and international members;
- at least one HSAF member / alternate;
- a representative of the HSAF trialling consultant, if required;
- ideally a team member with sustainability assessment experience (representatives of certification companies could be invited);
- a good cross sectoral mix of remaining team members, with relevant experience. Interested individuals who are non-specialists, such as representatives of affected people, would be invited to participate as observers, interview partners or in general introductory / close-out meetings.

The trial host should make an interpreter available to the trial team, and would have a lead company representative available to the trial team at all times so that he/she is aware of the information gaps and needs of the trial team and how best to address them.

In the trial, interviewees will vary with aspect, and would be company representatives, government representatives, community representatives and experts with particular knowledge about the aspect under focus.

4.2 Trial Schedule

For the trial itself, a typical itinerary is as follows:

Day 1 - Initial meeting, presentations by trial team, project owners and others (such as government agencies), tour of scheme (including downstream impacted areas and resettlement areas), interviews on economic, technical and governance aspects.

Day 2 - Interviews on social and environmental aspects.

Day 3 - Close out meeting involving presentation on key assessment findings and agreement on main outcomes.

Trial lengths would be adapted to the level of complexity of the project, the section of the Protocol being used, and language issues. There may be a choice between all team members being present on all discussions, or some level of division of labour. Trials may be longer and more in-depth than suggested here, with trial teams actually looking at documented evidence as would future auditors, or shorter and more superficial, accepting verbal statements. Travel times will greatly influence the number of days required to do the site tour and conduct interviews. Shorter trials may enable a larger number of trials and larger trial teams, leading to broader overall participation in the program. Larger trial teams, however will tend to need more time for coordination and consensus-building.

4.3 Preparation and Support Requested of Project Owners

The following preparation and support activities would be requested of the owners:

Prior to the arrival of the trial team:

- review of draft Protocol,
- identification of internal staff or external individuals who can provide information to support assessments on particular aspects,
- identification of objective evidence that can be brought to the interviews to support ratings for each aspect,

- preparation of an agenda and interview schedule for the visit,
- preparation of scheme overview presentation.

During the trial:

- relevant staff attending meetings and interviews,
- provision of site tour,
- provision of relevant documentation for viewing,
- provision of room where initial and close out meetings can be held and interviews conducted, and documentation viewed,
- provision of local transport, accommodation and meals during the trial, as appropriate.

4.4 Trial Reports

Trial reports will need to follow a standard format developed by the trial consultant. These are likely to have the following components:

- Introduction to the project and the company;
- Introduction on the purpose of the trial, trial participants (trial team plus those interviewed), and trial program;
- Aspect-by-aspect summary of who was interviewed; what evidence was brought forward; views of the trial team on strengths, weaknesses and suggested improvements for how the protocol addresses that aspect; and proposed score and reasons for the score given;
- An overall summary table giving aspect-by-aspect feedback on the Protocol content (not on scheme performance);
- Any other observations arising from the assessment.

Trial reports will be focussed on protocol adequacy and not on project details except where they help to understand the points made in the report.

Project owners (and host government agencies, where applicable) will have to agree to a high level of transparency during the trial itself. The trial team will review all evidence brought before it, but the evidence itself will not be made public. Where information needs to be withheld from the trial team due to commercial or regulatory sensitivity, this needs to be flagged beforehand and explicitly agreed.

The assessment report would be a public report. All trial team members and the project owner would need to sign the assessment report for it to be considered final.

4.5 Integrating Trialling with Consultation

Trials could be an integral part of the Phase 2 consultation process. They could be used to anchor consultation events and to provide interested stakeholders with an opportunity to obtain first-hand experience with the object of consultation.

One way of doing this would be to have regional consultation events leading into, and enriched by, a field trial. It could be advantageous for these to have a preliminary meeting perhaps a month before the event (e.g. late July) to develop the trial team and scope out the process.

A possible itinerary would be as follows:

Day 1 – Likely to be held in capital city. Pre-meeting with trial team members. Consultation meeting with interested stakeholders. Introduction to HSAF process and

to hydropower sustainability issues in host country and region. Discussion of Protocol. Explanation of trial process. Introduction of trial team to stakeholders.

Day 2 – Transfer of trial team to project. Initial meeting, presentations by trial team, project owners and others (such as government agencies), tour of scheme (including downstream impacted areas and resettlement areas), interviews.

Days 3 and 4 – Interviews / tour of scheme.

Day 5 – Final interviews, trial team agreement on key findings, close out meetings involving presentation on key assessment findings.

Day 6 – Transfer back to capital city. Debriefing of trial team. Re-convene and report back to consultation forum.

The advantage of integrating trialling and consultation is to enable a deeper, more realistic feedback on the Protocol and to test, in the field, concerns and suggestions that come up during the consultation meeting. There may also be some cost savings compared to running two separate programs and series of events in terms of travel of Forum members to the region.

A potential risk that would need to be carefully managed with this scenario is that the consultation is focussed on the performance of the single project rather than on the adequacy of the draft protocol.

It may be that a highly consultative approach would suit a project with very easily identifiable and accessible stakeholders for interviews (e.g. catchment, reservoir and downstream are all within the same government jurisdiction, or a catchment management committee exists which brings together key stakeholders and information), relatively short local travel distances, and in a region where a highly consultative process has been identified by stakeholders as highly desirable.

5. Budget for Trialling Program

This budget estimate is based on the following assumptions:

- Trialling is separate from consultation (the Phase 2 Consultation program is scoped in a separate document).
- A trialling consultant would be employed at a rate of £10,000 per month between May and October 2009. The number of person-months required for the consultant would depend on the number of trials to be undertaken.
- An additional cost for the trial consultant if the consultant participates in each trial, at a cost of £3,000 per trial. This cost could be saved if the project owner can provide coordination and the Forum member can take responsibility for minute-taking and report writing. The case for having the consultant present at each trial increases with the number of trials involved, because lack of consistency becomes a bigger risk that the consultant could manage.
- Most trial team members will pay for their own transport to, and accommodation during trials. Each Forum member should aim to participate in one trial. Forum members presently supported by the Forum project budget for their attendance at Forum meetings would also be supported for their attendance at trials; this is the case for 3 members, and it is assumed that £9k is required for this regardless of the number of trials in the trial program.
- Funds will be available to support participation in trials of civil society organisations and affected people. It is assumed that there would be a maximum of two sponsored individuals per trial and individual sponsorship of £1,000.

- The project owner will pay for items such as meeting venues, transport during scheme of tours, some food etc. An average contribution of £5,000 from the HSAF may need to be provided to facilitate each trial.

Table 2 shows the budget requirements for several different trial program scenarios.

| Number of Forum-Supported Trials | 2 | 4 | 6 | 8 |
|---|-------------------|-----------------------|-----------------------|-----------------------|
| Trialling Period | July-August | July-August | July-August | July-September |
| Consultant | Not utilised, £0k | 3 person-months, £30k | 4 person-months, £40k | 5 person-months, £50k |
| Forum member support | £9k | £9k | £9k | £9k |
| External participant support | £4k | £8k | £12k | £16k |
| SUB-TOTAL | £13k | £47k | £61k | £75k |
| Contribution to project owner | £10k | £20k | £30k | £40k |
| Consultant at each trial | £6k | £12k | £18k | £24k |
| TOTAL | £29k | £79k | £109k | £149k |

As can be seen, a most minimal trialling program would involve two Forum supported trials and no trial consultant at an estimated cost of £13k. A very comprehensive scenario would be eight trials fully supported by a trial consultant at an estimated cost of £149k. There are a number of intermediate scenarios.

The budget presently available for trialling is £0k, as can be seen from Scenario A of the Forum fund-raising proposal which is the present status of funding (Attachment 1).

If the Forum is able to raise an extra £200,000 (Scenario B), in this draft budget plan it would have £21k allocated to the trial program, and it would also have an additional £9k for Forum member participant support costs (the £27k shown for Participant Support Costs would cover Forum member attendance at all Forum meetings at £18 with an extra £9k available; this assumes this £9k is spent on them going to trials and not consultation events).

Consequently Scenario B would make £30k available to support the trialling program, which would fully fund two trials.

It can be seen based on evaluation of the fund-raising proposal in Attachment 1 that to undertake the full trial program of 8 trials fully supported by a trial consultant, the Forum would need to seek £400,000 as indicated by Scenario C.

6. Draft ToR of Trialling Consultant

This may be either an individual consultant or, particularly if we want to have a consultant present at each of the trials, a team of two or three.

- Identify trial sites.

- Prepare detailed work plan, trial guidelines, standard invitation letters, information documentation methodology, and other required documents.
- Prepare individual trials.
- Manage a fund dedicated to meeting the costs of the trials.
- Accompany and document trials.
- Analyse results of trials, including those outside the set of directly HSAF-supported trials.
- Report results and provide recommendations for Protocol revision back to the HSAF.

ATTACHMENT 1

DRAFT FORUM BUDGET OVERVIEW FROM FORUM FUND-RAISING PROPOSAL

| Forum Budget Overview | Sep '2007 - Mar 2008 | Apr '2008 - Mar 2009 | Apr '2009 - Mar 2010 | Apr '2009 - Mar 2010 | Apr '2009 - Mar 2010 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <i>currency in GBP</i> | | | SCENARIO A | SCENARIO B | SCENARIO C |
| Income | | | | | |
| Project Funding Income | | | | | |
| Government funding | 0.00 | 338,000.00 | 25,000.00 | 25,000.00 | 25,000.00 |
| IHA funding | 0.00 | 25,000.00 | 0.00 | 0.00 | 0.00 |
| NGO funding | 0.00 | 36,000.00 | 22,000.00 | 22,000.00 | 22,000.00 |
| Additional funding | 0.00 | 0.00 | 0.00 | 200,000.00 | 400,000.00 |
| Carry over from Apr '07 - Mar '08 financial yr | 0.00 | (27,000.00) | 60,767.00 | 60,767.00 | 60,767.00 |
| Total - Project Funding Income | 0.00 | 372,000.00 | 107,767.00 | 307,767.00 | 507,767.00 |
| Total Income | 0.00 | 372,000.00 | 107,767.00 | 307,767.00 | 507,767.00 |
| Expense | | | | | |
| Staff Costs | | | | | |
| Project & IHA staff salaries, travel & subsistence | 13,000.00 | 131,200.00 | 69,225.00 | 129,100.00 | 129,100.00 |
| Total - Staff Costs | 13,000.00 | 131,200.00 | 69,225.00 | 129,100.00 | 129,100.00 |
| Administrative Expenses | | | | | |
| IHA office administration expenses recharged | 3,000.00 | 12,000.00 | 9,000.00 | 12,000.00 | 12,000.00 |
| Total - Administrative Expenses | 3,000.00 | 12,000.00 | 9,000.00 | 12,000.00 | 12,000.00 |
| Other Project Costs | | | | | |
| Site visit and tour costs | 0.00 | 200.00 | 0.00 | 0.00 | 0.00 |
| Venue hire and catering | 1,000.00 | 20,100.00 | 1,500.00 | 18,000.00 | 18,000.00 |
| Participant support costs | 9,000.00 | 49,900.00 | 9,000.00 | 27,000.00 | 27,000.00 |
| Reference group support costs | 0.00 | 20,000.00 | 0.00 | 0.00 | 0.00 |
| Project reports | 0.00 | 0.00 | 10,000.00 | 20,000.00 | 20,000.00 |
| Honoraria (Forum chair) | 0.00 | 48,000.00 | 8,000.00 | 24,000.00 | 24,000.00 |
| Other Project Costs | 10,000.00 | 138,200.00 | 28,500.00 | 89,000.00 | 89,000.00 |
| Legal and Professional Expenses | | | | | |
| Consultancy general support | 0.00 | 2,500.00 | 0.00 | 0.00 | 13,917.00 |
| Consultation | 0.00 | 22,000.00 | 0.00 | 29,000.00 | 90,000.00 |
| Trialling | 0.00 | 0.00 | 0.00 | 12,917.00 | 138,000.00 |
| Implementation options research | 0.00 | 0.00 | 0.00 | 16,000.00 | 16,000.00 |
| Capacity Development | 0.00 | 0.00 | 0.00 | 16,000.00 | 16,000.00 |
| Legal and professional fees recharged (e.g. accounting, auditing) | 1,000.00 | 5,333.00 | 1,042.00 | 3,750.00 | 3,750.00 |
| Total - Legal and Professional Expenses | 1,000.00 | 29,833.00 | 1,042.00 | 77,667.00 | 277,667.00 |
| Total Expense | 27,000.00 | 311,233.00 | 107,767.00 | 307,767.00 | 507,767.00 |
| Net Expense for Financial Year | (27,000.00) | 60,767.00 | 0.00 | 0.00 | 0.00 |

SCENARIO A: No Additional Funding. Final mtg Jun'09; no consultation/trialling Jul-Aug'09; IHA staff close out project

SCENARIO B: Additional £200k Funding. Jun'09 mtg; consultation/trialling Jul-Aug'09; Oct & Dec'09 mtgs

SCENARIO C: Additional £400k Funding. Much greater emphasis on consultation and trialling. Allows for regional consultation meetings and 8 trials