

### HSAP SECTION I STRATEGIC ASSESSMENTS

#### OVERVIEW OF SECTION I ASPECTS

**Demonstrated Need (I-1):** This aspect addresses the needs that justify management and infrastructure investments in water and energy services. Water and energy services encompass the needs of natural systems/environmental, social and economic sectors (e.g., aquatic habitats, riparian livelihoods, energy production, respectively). This aspect is important in order to support sustainable development objectives at the local, regional, national and transboundary levels; and avoid over- or under-investment in energy and water services. It is also important as it seeks a balanced approach between water management and needs and energy management and needs. The intent is that the needs and objectives for water and energy services in response to sustainable development objectives have been identified over the short term and long term. If there is a particular project or system of projects being considered, the capability for it to contribute to established needs can be demonstrated.

**Options Assessment (I-2):** This aspect addresses the choices available for meeting energy and water needs in terms of both infrastructure and management approaches. This aspect is important because it compares hydropower options with other options such as other resources types (thermal energy) and/or conservation (e.g., energy efficiency, alternatives to irrigation). It adopts a sustainability perspective to ensure a realistic and comprehensive comparison of options across a range of economic, technical, environmental and social factors. The intent is that an options assessment has been undertaken to assess options to address the need for water and energy services. If there is a particular project or system of projects being considered, the hydropower development is supported as one of the priority options for addressing the need for energy and water services.

**Regional & National Policies & Plans (I-3):** This aspect addresses the context set by regional and/or national plans for energy services, water resources management, biodiversity / conservation, and social and economic development as well as the relevant policies on human rights, resettlement, strategic environmental assessment, environmental impact assessment, climate change, and benefit sharing, which set the scene for project planning, implementation and operations. This aspect is important because the sustainability of hydropower development will generally depend on the quality of integrated planning for resource development. The intent is that regional and national policies and plans are in place to support sustainable hydropower. If there is a particular project or system of projects being considered, gaps in regional and national policies and plans can be managed.

**Political Risks (I-4):** This aspect addresses political risks including war and political violence; currency inconvertibility, transfer restrictions and depreciation; expropriation of a company; and political interference in institutional and regulatory functions. This aspect also addresses political risks specific to hydropower development, including the complexities of the regulatory framework as well as complexities of projects that cross national borders. This aspect is important because the risk that a government may unilaterally repudiate its obligations or prevent others in its jurisdiction from honouring their obligations may affect the level and lending terms of financing for hydroelectric projects in its jurisdiction as well as long term sustainability and thus must be addressed. The intent is that political risks influencing development and management of water and energy services are understood. If there is a particular hydropower project or system of project being considered, the political risks can be managed.

**Institutional Capacity (I-5):** This aspect addresses the capacities of the institutions that have a role in the development and operation of hydropower projects (e.g. governments, developers, financiers, civil society etc). This aspect is important because the development of water and energy services in general, and of a hydropower project in particular, requires a comprehensive and balanced set of capacities amongst a range of stakeholders, namely- a) governments / regulators, b) developers, c) financial institutions, d) contractors, suppliers and labour force, e) civil society and affected people. Where such skills are lacking in any of these sectors, such shortfalls may be mitigated by drawing on externally available resources, with the eventual objective of developing local capacity by transferring skills and technology. The intent is that the institutional capacity provides a basis for developing and operating sustainable water and energy services. If there is a particular hydropower project or set of projects being considered, the institutional capacity requirements and the existing capacity have been evaluated and capacity shortfalls addressed.

**Technical Issues & Risks (I-6):** This aspect addresses early identification and analysis of technical issues and risks that may influence decisions to invest in preparation of hydropower project or system of projects. This aspect is important because without an early stage analysis, technical issues and risks may be encountered after the developer has made significant investments into project preparation and it may be difficult to consider an alternative project. The intent is that technical issues and risks are well understood at a very early stage, and decisions to invest in project preparation are well-informed on these matters.

**Social Issues & Risks (I-7):** This aspect addresses early identification and analysis of social issues and risks that may influence decisions to invest in preparation of hydropower project or system of projects. This aspect is important because without an early stage analysis, social issues and risks may be encountered after the developer has made significant investments into project preparation and it may be difficult to consider an alternative project. The intent is that social issues and risks are well understood at a very early stage, and decisions to invest in project preparation are well-informed on these matters.

**Environmental Issues & Risks (I-8):** This aspect addresses early identification and analysis of environmental issues and risks that may influence decisions to invest in preparation of hydropower project or system of projects. This aspect is important because without an early stage analysis, environmental issues and risks may be encountered after the developer has made significant

**HSAP SECTION I STRATEGIC ASSESSMENTS**

investments into project preparation and it may be difficult to consider an alternative project. The intent is that environmental issues and risks are well understood at a very early stage, and decisions to invest in project preparation are well-informed on these matters.

**Economic & Financial Issues & Risks (I-9):** This aspect addresses early identification and analysis of economic and financial issues and risks that may influence decisions to invest in preparation of hydropower project or system of projects. This aspect is important because without an early stage analysis, economic and financial issues and risks may be encountered after the developer has made significant investments into project preparation and it may be difficult to consider an alternative project. The intent is that economic and financial issues and risks are well understood at a very early stage, and decisions to invest in project preparation are well-informed on these matters.

**SECTION I ASPECT RELEVANCE GUIDE:**

CRITERIA	ASPECTS THAT DO NOT NEED TO BE ASSESSED
Assessment of a developer with a potential hydropower project in mind	Assess all aspects; some attributes within an aspect will only be relevant to governments (as indicated)
Assessment of region or country without a potential hydropower project in mind	Technical Issues & Risks; Social Issues & Risks; Environmental Issues & Risks; Economic & Financial Issues & Risks

## I-1 DEMONSTRATED NEED - SECTION I STRATEGIC ASSESSMENTS

This aspect addresses the needs that justify management and infrastructure investments in water and energy services. Water and energy services encompass the needs of natural systems/environmental, social and economic sectors (e.g., aquatic habitats, riparian livelihoods, energy production, respectively).

This aspect is important in order to support sustainable development objectives at the local, regional, national and transboundary levels; and avoid over-or under-investment in energy and water services. It is also important as it seeks a balanced approach between water management and needs and energy management and needs.

The intent is that the needs and objectives for water and energy services in response to sustainable development objectives have been identified over the short term and long term. If there is a particular project or system of projects being considered, the capability for it to contribute to established needs can be demonstrated.

**CRITERIA FOR ASPECT TO BE CONSIDERED NOT RELEVANT:** This aspect is always relevant.

**CONSIDERATIONS RELEVANT TO CONTEXT OR SCALE:** Some assessment indicators will only be relevant to developers or governments, depending on whether there is a hydropower project or system of projects being considered. These considerations are noted where relevant.

<i>Process Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Assessment</b>	• Understanding of local, regional and national need for energy services <sup>1</sup>				
	Excellent	Very Good	Good	Poor	Very Poor
	• Understanding of local, regional and national need for water services <sup>2</sup>				
	Excellent	Very Good	Good	Poor	Very Poor
	• Understanding of local, regional and national development objectives				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Management</b>	• For project developers, understanding of project strategic fit with development needs and objectives				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Consultation</b>	Not relevant at strategic assessments stage				
	• For governments, quality of the consultation with respect to determining development needs and objectives [see Consultation guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Performance Attributes</b>	• For project developers, quality of the consultation with respect to understanding project strategic fit with development needs and objectives [see Consultation guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Stakeholder Support</b>	• For governments, stakeholder support for the determination of development needs and objectives [see Stakeholder Support guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Conformance with Plans</b>	Not relevant at project preparation stage				
<b>Compliance</b>	Not relevant at project preparation stage				
<b>Effectiveness</b>	• For developers, likely contribution of project to development needs and objectives				
	Very High	High	Good	Minimal	None

### AUDITING GUIDANCE NOTES:

1. Energy services may include provision of electricity to meet local, regional, national and/or international demand or opportunities; provision of peak load; provision of ancillary benefits such as spinning reserve, system regulation and improved thermal efficiency.
2. Water services may include water for energy generation, water storage capacity, drinking water supply, sanitation, water for business and industry, irrigation water supply, flood management, navigation, recreation and tourist opportunities, etc.

**EXAMPLES OF EVIDENCE:** - Analysis of likely future water and energy requirements, - Analysis of need for water and energy services, - Analysis of development objectives, - Energy Master Plan, - River Basin plans, - Analysis of likely project fit with development needs and objectives

## I-2 OPTIONS ASSESSMENT - SECTION I STRATEGIC ASSESSMENTS

This aspect addresses the choices available for meeting energy and water needs in terms of both infrastructure and management approaches.

This aspect is important because it compares hydropower options with other options such as other resources types (thermal energy) and/or conservation (e.g., energy efficiency, alternatives to irrigation). It adopts a sustainability perspective to ensure a realistic and comprehensive comparison of options across a range of economic, technical, environmental and social factors.

The intent is that an options assessment has been undertaken to assess options to address the need for water and energy services. If there is a particular project or system of projects being considered, the hydropower development is supported as one of the priority options for addressing the need for energy and water services.

**CRITERIA FOR ASPECT TO BE CONSIDERED NOT RELEVANT:** This aspect is always relevant.

**CONSIDERATIONS RELEVANT TO CONTEXT OR SCALE:** Some assessment indicators will only be relevant to developers or governments, depending on whether there is a hydropower project or system of projects being considered. These considerations are noted where relevant.

<i>Process Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Assessment</b>	• For governments, degree to which the options assessment covers the full range of planning approaches to meet demonstrated needs <sup>1</sup>				
	Very High	High	Good	Minimal	None
	• For developers, breadth in the range of project siting options				
	Very High	High	Good	Minimal	None
	• Quality of the analytical framework used to compare options <sup>2</sup>				
	Excellent	Very Good	Good	Poor	Very Poor
	• Degree to which prioritization of options reflects sustainability criteria <sup>3</sup>				
	Excellent	Very Good	Good	Poor	Very Poor
	• Quality of the options assessment input data				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Management</b>	Not relevant at strategic assessments stage				
<b>Consultation</b>	• For governments, quality of the consultation with respect to determining options for water and energy services [see Consultation guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
	• For project developers, quality of the consultation with respect to understanding project options [see Consultation guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<i>Performance Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Stakeholder Support</b>	• For governments, stakeholder support for options assessment [see Consultation guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Compliance</b>	Not relevant at strategic assessments stage				
<b>Conformance with Plans</b>	Not relevant at strategic assessments stage				
<b>Effectiveness</b>	• Degree to which the options assessment guides development choices based on sustainability criteria				
	Very High	High	Good	Minimal	None

### AUDITING GUIDANCE NOTES:

- The full range of planning approaches includes policy, institutional, management and technical. Energy options should include a range of types of energy including renewable and hydropower as well as energy efficiency measures (conservation, policies, transmission and distribution measures) and the option of no development. Water options should include a range of infrastructure options as well as conservation, policies, distribution mechanisms, demographic and land use issues.
- Important considerations for the analytical framework for the options assessment include:
  - parameters include social, environmental, economic, financial, technical considerations;
  - fit with regional and national policies and plans;

## **I-2 OPTIONS ASSESSMENT - SECTION I STRATEGIC ASSESSMENTS**

- climate change issues and risks (e.g. greenhouse gas emissions, ability to cater to adaptation needs);
  - transboundary issues; and
  - cumulative and legacy impacts.
3. Important sustainability considerations for prioritisation of options include:
- increasing effectiveness of existing infrastructure for water, irrigation and energy infrastructure;
  - siting on tributary streams rather than mainstem rivers;
  - avoidance of impact, followed by minimization and mitigation;
  - avoidance of high value biodiversity areas; and
  - avoidance of resettlement.

**EXAMPLES OF EVIDENCE:** - Evaluation of a range of alternative options, - Input data to options assessment, - Prioritization approaches

### I-3 REGIONAL & NATIONAL & POLICIES & PLANS - SECTION I STRATEGIC ASSESSMENTS

This aspect addresses the context set by regional and/or national plans for energy services, water resources management, biodiversity / conservation, and social and economic development as well as the relevant policies on human rights, resettlement, strategic environmental assessment, environmental impact assessment, climate change, and benefit sharing, which set the scene for project planning, implementation and operations.

This aspect is important because the sustainability of hydropower development will generally depend on the quality of integrated planning for resource development.

The intent is that regional and national policies and plans are in place to support sustainable hydropower. If there is a particular project or system of projects being considered, gaps in regional and national policies and plans can be managed.

**CRITERIA FOR ASPECT TO BE CONSIDERED NOT RELEVANT:** This aspect is always relevant.

**CONSIDERATIONS RELEVANT TO CONTEXT OR SCALE:** Some assessment indicators will only be relevant to developers or governments, depending on whether there is a hydropower project or system of projects being considered. These considerations are noted where relevant. Transboundary issues may or may not be relevant to this aspect.

<i>Process Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Assessment</b>	• Understanding of relevant regional and national policies and plans <sup>1</sup>				
	Excellent	Very Good	Good	Poor	Very Poor
	• Understanding of gaps, shortfalls or complexities in regional and national policies and plans <sup>2</sup>				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Management</b>	• For project developers, understanding of project strategic fit with regional and national policies and plans				
	Excellent	Very Good	Good	Poor	Very Poor
	• For governments, planning to address gaps, shortfalls or complexities in regional and national policies and plans [see Management guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Consultation</b>	• For project developers, planning to manage gaps, shortfalls or complexities in regional and national policies and plans [see Management guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
	• For project developers, planning to develop a project Compliance Plan [see Management guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Performance Attributes</b>	• For governments, where relevant, planning to address transboundary issues [see Management guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
	• For governments, quality of the consultation process with respect to regional and national policies and plans [see Consultation guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Stakeholder Support</b>	• For project developers, quality of the consultation process with regulators with respect to managing gaps, shortfalls or complexities in regional and national policies and plans				
	Excellent	Very Good	Good	Poor	Very Poor
	• For governments, level of stakeholder support with respect to measures to address gaps, shortfalls and complexities with regional and national policies and plans [see Consultation guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Compliance</b>	• For project developers, likelihood of project compliance with regional and national policies and plans				
	Very High	High	Good	Minimal	None
<b>Conformance with Plans</b>	• For governments, conformance with plans to address to address gaps, shortfalls or complexities in regional and national policies and plans, including transboundary if relevant [see Conformance with Plans guidance note]				
	Very High	High	Good	Minimal	None
<b>Effectiveness</b>	• For governments, degree to which the entire package of plans and policies provide guidance to project planning, development and operation				
	Very High	High	Good	Minimal	None

### I-3 REGIONAL & NATIONAL & POLICIES & PLANS - SECTION I STRATEGIC ASSESSMENTS

	<ul style="list-style-type: none"> <li>For project developers, degree to which gaps and shortfalls in regional and national policies and plans can be managed</li> </ul>			
	Very High	High	Good	Minimal

#### AUDITING GUIDANCE NOTES:

1. Relevant regional and national policies and plans include energy services, water resources management, biodiversity / conservation, and social and economic development as well as the relevant policies on human rights, resettlement, strategic environmental assessment, environmental impact assessment, climate change, and benefit sharing.
2. Because hydropower sits at the nexus of energy and water, it touches on a wide array of types of policies and planning instruments. There may be an absence of planning frameworks relevant to certain critical hydropower issues, or dated, poor quality or even contradictory with other policies and plans. Policies and plans may provide insufficient guidance on regulatory requirements for project preparation, approvals, implementation and operation. Potential hydropower projects may have implications that cross jurisdictional boundaries, in which case different sets of policies and plans would be relevant.

**EXAMPLES OF EVIDENCE:** - Analyses of regional and national plans, - Regional plans for energy services, water resources management, biodiversity / conservancy, social and economic development, - Regional and national policies for human rights, resettlement, strategic environmental assessment, environmental impact assessment, climate change, benefit sharing, - Analysis of project alignment with regional and national projects and plans, - Plans to address gaps, shortfalls and complexities in regional and national policies and plans, project Compliance Plan, - Plans to address transboundary issues.

## I-4 POLITICAL RISKS - SECTION I STRATEGIC ASSESSMENTS

This aspect addresses political risks including war and political violence; currency inconvertibility, transfer restrictions and depreciation; expropriation of a company; and political interference in institutional and regulatory functions. This aspect also addresses political risks specific to hydropower development, including the complexities of the regulatory framework as well as complexities of projects that cross national borders.

This aspect is important because the risk that a government may unilaterally repudiate its obligations or prevent others in its jurisdiction from honouring their obligations may affect the level and lending terms of financing for hydroelectric projects in its jurisdiction as well as long term sustainability and thus must be addressed.

The intent is that political risks influencing development and management of water and energy services are understood. If there is a particular hydropower project or system of project being considered, the political risks can be managed.

**CRITERIA FOR ASPECT TO BE CONSIDERED NOT RELEVANT:** This aspect is always relevant.

**CONSIDERATIONS RELEVANT TO CONTEXT OR SCALE:** Some assessment indicators will only be relevant to developers or governments, depending on whether there is a hydropower project or system of projects being considered. These considerations are noted where relevant.

<i>Process Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Assessment</b>	• Understanding of political risks <sup>1</sup>				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Management</b>	• For governments, planning to address political risks [see Management guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
	• For project developers, planning to manage political risks with respect to a potential project [see Management guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Consultation</b>	• For project developers, quality of the consultation process in developing understanding of political risks with respect to a potential project and measures to manage them.				
	Excellent	Very Good	Good	Poor	Very Poor
<i>Performance Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Stakeholder Support</b>	Not relevant at strategic assessments stage				
<b>Compliance</b>	Not relevant at strategic assessments stage				
<b>Conformance with Plans</b>	• For governments, conformance with plans to address political risks [see Conformance with Plans guidance note]				
	Very High	High	Good	Minimal	None
<b>Effectiveness</b>	• For governments, level of likelihood of political risks				
	Very High	High	Good	Minimal	None
	• For developers, likelihood of mitigation of political risks with respect to a potential project				
	Very High	High	Good	Minimal	None

### AUDITING GUIDANCE NOTES:

1. Political risk is a risk of financial loss or inability to conduct business faced by investors, corporations, and governments due to government policy changes, government action preventing entry of goods, expropriation or confiscation, currency inconvertibility, politically-motivated interference, government instability, or war.

**EXAMPLES OF EVIDENCE:** - Authoritative assessment of political risk / sovereign stability, - National Governance Audits, - Plans to address political risks

## I-5 INSTITUTIONAL CAPACITY - SECTION I STRATEGIC ASSESSMENTS

This aspect addresses the capacities of the institutions that have a role in the development and operation of hydropower projects (e.g. governments, developers, financiers, civil society etc).

This aspect is important because the development of water and energy services in general, and of a hydropower project in particular, requires a comprehensive and balanced set of capacities amongst a range of stakeholders, namely- a) governments / regulators, b) developers, c) financial institutions, d) contractors, suppliers and labour force, e) civil society and affected people. Where such skills are lacking in any of these sectors, such shortfalls may be mitigated by drawing on externally available resources, with the eventual objective of developing local capacity by transferring skills and technology.

The intent is that the institutional capacity provides a basis for developing and operating sustainable water and energy services. If there is a particular hydropower project or set of projects being considered, the institutional capacity requirements and the existing capacity have been evaluated and capacity shortfalls addressed.

**CRITERIA FOR ASPECT TO BE CONSIDERED NOT RELEVANT:** This aspect is always relevant.

**CONSIDERATIONS RELEVANT TO CONTEXT OR SCALE:** Some assessment indicators will only be relevant to developers or governments, depending on whether there is a hydropower project or system of projects being considered. These considerations are noted where relevant.

<i>Process Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Assessment</b>	• Understanding of legal, judicial and institutional structures and capacity <sup>1</sup>				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Management</b>	• For governments, planning to address public sector capacity shortfalls [see Management guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Consultation</b>	• For project developers, planning to manage public sector capacity shortfalls [see Management guidance note]				
	• For governments, quality of the consultation process with respect to plans to address public sector capacity shortfalls [see Consultation guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Performance Attributes</b>	• For project developers, quality of the consultation process with regulators with respect to managing public sector capacity shortfalls				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Stakeholder Support</b>	• For governments, level of stakeholder support for plans to address public sector capacity shortfalls [see Stakeholder Support guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Compliance</b>	Not Relevant				
<b>Conformance with Plans</b>	• For governments, conformance with plans to address public sector capacity shortfalls [see Conformance with Plans guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Effectiveness</b>	• For governments, degree to which public sector capacity shortfalls can be mitigated				
	Very High	High	Good	Minimal	None
	• For project developers, degree to which public sector capacity shortfalls can be managed				
	Very High	High	Good	Minimal	None

### AUDITING GUIDANCE NOTES:

1. There may be available for the country a National Integrity Systems Study or equivalent that analyses the following 'pillars' from the points of view of strengths, weaknesses and plans to compensate for shortfalls, as appropriate: the executive, the legislature, political parties, anticorruption organizations, judiciary, grievance addressing mechanisms (e.g. the Ombudsman), civil service/public sector agencies, law enforcement agencies, Freedom of Information, media, local and regional government, civil society, private sector, international institutions (e.g. some provide peer review of anti-corruption efforts), audit/oversight institutions, public contracting system. Public sector capacities include the capacity to address corruption risks.

**EXAMPLES OF EVIDENCE:** - Cost/benefit analysis, - Independent analysis, - Interviews with stakeholders, - Independent assessments of poverty, living standards, food security, access to electricity and access to resources, - Stakeholder interviews

## I-6 TECHNICAL ISSUES & RISKS - SECTION I STRATEGIC ASSESSMENTS

This aspect addresses early identification and analysis of technical issues and risks that may influence decisions to invest in preparation of hydropower project or system of projects. This aspect is important because without an early stage analysis, technical issues and risks may be encountered after the developer has made significant investments into project preparation and it may be difficult to consider an alternative project. The intent is that technical issues and risks are well understood at a very early stage, and decisions to invest in project preparation are well-informed on these matters.

**CRITERIA FOR ASPECT TO BE CONSIDERED NOT RELEVANT:** This aspect is relevant to developers who are at the early resource assessment and project planning stage, prior to making a decision to invest significantly in project preparation.

**CONSIDERATIONS RELEVANT TO PROJECT CONTEXT OR SCALE:** None.

<i>Process Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Assessment</b>	<ul style="list-style-type: none"> <li>Understanding of technical issues and risks relevant to a potential project<sup>1</sup></li> </ul>				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Management</b>	<ul style="list-style-type: none"> <li>Planning to manage project technical issues and risks [see Management guidance note]</li> </ul>				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Consultation</b>	<ul style="list-style-type: none"> <li>Quality of the consultation process on the part of the developer in building understanding project technical issues and risks [see Consultation guidance note]</li> </ul>				
	Excellent	Very Good	Good	Poor	Very Poor
<i>Performance Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Stakeholder Support</b>	Not relevant at strategic assessments stage				
<b>Compliance</b>	Not relevant at strategic assessments stage				
<b>Conformance with Plans</b>	Not relevant at strategic assessments stage				
<b>Effectiveness</b>	<ul style="list-style-type: none"> <li>Likelihood of avoidance, mitigation or compensation of technical issues and risks</li> </ul>				
	Very High	High	Good	Minimal	None

### AUDITING GUIDANCE NOTES:

1. Technical issues may include availability and reliability of the hydrological resource, seismic stability, geotechnical stability, access to construction materials, asset safety.

**EXAMPLES OF EVIDENCE:** - Technical issues and risks assessment

## I-7 SOCIAL ISSUES & RISKS - SECTION I STRATEGIC ASSESSMENTS

This aspect addresses early identification and analysis of technical issues and risks that may influence decisions to invest in preparation of hydropower project or system of projects. This aspect is important because without an early stage analysis, technical issues and risks may be encountered after the developer has made significant investments into project preparation and it may be difficult to consider an alternative project. The intent is that technical issues and risks are well understood at a very early stage, and decisions to invest in project preparation are well-informed on these matters.

**CRITERIA FOR ASPECT TO BE CONSIDERED NOT RELEVANT:** This aspect is relevant to developers who are at the early resource assessment and project planning stage, prior to making a decision to invest significantly in project preparation.

**CONSIDERATIONS RELEVANT TO PROJECT CONTEXT OR SCALE:** None.

<b>Process Attributes</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Assessment</b>	• Understanding of social issues and risks relevant to a potential project <sup>1</sup>				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Management</b>	• Planning to manage project social issues and risks [see Management guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Consultation</b>	• Quality of the consultation process on the part of the developer in building understanding project social issues and risks [see Consultation guidance note]				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Performance Attributes</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Stakeholder Support</b>	• Likelihood of stakeholder support for the project				
	Very High	High	Good	Minimal	None
<b>Compliance</b>	Not relevant at strategic assessments stage				
<b>Conformance with Plans</b>	Not relevant at strategic assessments stage				
<b>Effectiveness</b>	• Likelihood of avoidance, mitigation or compensation of project social issues and risks				
	Very High	High	Good	Minimal	None

### AUDITING GUIDANCE NOTES:

1. Social issues assessed should include the project affected community (breakdown by groups, vulnerability assessment, identification of special needs or assistance), need for resettlement, labour and workforce capacity (needs for capacity development, and/or bringing in external workers), safety, public health, cultural heritage. Likelihood of community acceptance of the project would be relevant here. These should be considered for both project implementation and operation.

**EXAMPLES OF EVIDENCE:** - Social issues and risk assessment

## I-8 ENVIRONMENTAL ISSUES & RISKS - SECTION I STRATEGIC ASSESSMENTS

This aspect addresses early identification and analysis of technical issues and risks that may influence decisions to invest in preparation of hydropower project or system of projects. This aspect is important because without an early stage analysis, technical issues and risks may be encountered after the developer has made significant investments into project preparation and it may be difficult to consider an alternative project. The intent is that technical issues and risks are well understood at a very early stage, and decisions to invest in project preparation are well-informed on these matters.

**CRITERIA FOR ASPECT TO BE CONSIDERED NOT RELEVANT:** This aspect is relevant to developers who are at the early resource assessment and project planning stage, prior to making a decision to invest significantly in project preparation.

**CONSIDERATIONS RELEVANT TO PROJECT CONTEXT OR SCALE:** None.

<i>Process Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Assessment</b>	<ul style="list-style-type: none"> <li>Understanding of environmental issues and risks relevant to a potential project<sup>1</sup></li> </ul>				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Management</b>	<ul style="list-style-type: none"> <li>Planning to manage project environmental issues and risks [see Management guidance note]</li> </ul>				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Consultation</b>	<ul style="list-style-type: none"> <li>Quality of the consultation process on the part of the developer in building understanding project environmental issues and risks [see Consultation guidance note]</li> </ul>				
	Excellent	Very Good	Good	Poor	Very Poor
<i>Performance Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Stakeholder Support</b>	Not relevant at strategic assessments stage				
<b>Compliance</b>	Not relevant at strategic assessments stage				
<b>Conformance with Plans</b>	Not relevant at strategic assessments stage				
<b>Effectiveness</b>	<ul style="list-style-type: none"> <li>Likelihood of avoidance, mitigation or compensation of project environmental issues and risks</li> </ul>				
	Very High	High	Good	Minimal	None

### AUDITING GUIDANCE NOTES:

1. Environmental issues assessed should include biodiversity, weeds, pest species, migration of aquatic species, wetlands of significance, threatened species, critical habitats, greenhouse gas emissions, erosion, sedimentation, water quality, air quality, noise and dust. These should be considered for both project implementation and operation.

**EXAMPLES OF EVIDENCE:** - Environmental issues and risk assessment

## I-9 ECONOMIC & FINANCIAL ISSUES & RISKS - SECTION I STRATEGIC ASSESSMENTS

This aspect addresses early identification and analysis of technical issues and risks that may influence decisions to invest in preparation of hydropower project or system of projects. This aspect is important because without an early stage analysis, technical issues and risks may be encountered after the developer has made significant investments into project preparation and it may be difficult to consider an alternative project. The intent is that technical issues and risks are well understood at a very early stage, and decisions to invest in project preparation are well-informed on these matters.

**CRITERIA FOR ASPECT TO BE CONSIDERED NOT RELEVANT:** This aspect is relevant to developers who are at the early resource assessment and project planning stage, prior to making a decision to invest significantly in project preparation.

**CONSIDERATIONS RELEVANT TO PROJECT CONTEXT OR SCALE:** None.

<i>Process Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Assessment</b>	<ul style="list-style-type: none"> <li>Understanding of economic and financial issues and risks relevant to a potential project<sup>1</sup></li> </ul>				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Management</b>	<ul style="list-style-type: none"> <li>Planning to manage project economic and financial issues and risks [see Management guidance note]</li> </ul>				
	Excellent	Very Good	Good	Poor	Very Poor
<b>Consultation</b>	<ul style="list-style-type: none"> <li>Quality of the consultation process on the part of the developer in building understanding project economic and financial issues and risks [see Consultation guidance note]</li> </ul>				
	Excellent	Very Good	Good	Poor	Very Poor
<i>Performance Attributes</i>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Stakeholder Support</b>	Not relevant at strategic assessments stage				
<b>Compliance</b>	Not relevant at strategic assessments stage				
<b>Conformance with Plans</b>	Not relevant at strategic assessments stage				
<b>Effectiveness</b>	<ul style="list-style-type: none"> <li>Likelihood of avoidance, mitigation or compensation of economic and financial issues and risks</li> </ul>				
	Very High	High	Good	Minimal	None

### AUDITING GUIDANCE NOTES:

- Economic issues and risks may include that the cost-benefit analysis will not show a net project benefit. Financial issues and risks may include difficulties in access to project finance.

**EXAMPLES OF EVIDENCE:** - Economic and finance issues and risk assessment