

# HSAF Meeting 4 – China

## Final Minutes

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**Present:** Meeting Chair - André Abadie,  
Forum Coordinator - Helen Locher  
Forum Members - Refaat Abdel-Malek (IHA), Marcelo Battisti (Equator Banks), David Harrison (TNC), Joerg Hartmann (WWF), Kirsten Nyman (Germany), Donal O'Leary (Transparency International), Israel Phiri (Zambia), Andrew Scanlon (Hydro Tasmania), Zhou Shichun (China), Michael Simon (Oxfam), Yu Xuezhong (China)  
Additional Meeting Participants – Yang Binqian (Hubei Qingjiang Hydroelectric Development Company, Ltd.), Michael Fink (IHA), Maninder Gill (World Bank), Sun Guiping (Qingjiang), Larry Haas (independent consultant), Zhaohui Liu (Qingjiang), Yi Ming (Hubei Provincial government), Guoqing Shi (Hohai University), Wang Xijiong (Qingjiang), Zhang Yijun (CHECC), Zhang Zeyu (Qiangjiang)

**Apologies:** Forum Members – Daryl Fields (World Bank), Gudni Johanneson (Iceland), Hans Olav Ibrekk (Norway)

### DAY 1 (25 October 08)

#### Agenda Item 1 – Opening, Introduction and Agenda Review

The meeting opened with a round of introductions and a welcome to the additional meeting participants. Great appreciation was expressed to the host, China Three Gorges Power Corporation, for their considerable support for this meeting of the Forum.

Pending some minor adjustments to the timing of some agenda items, the Forum members agreed on the meeting agenda provided as Mtg4 Paper 1.

#### Agenda Item 2 – Updates – Membership/Budget

The Forum members were provided with a verbal update of Forum membership and budget. Jon Ulrik Haaheim from Statkraft is welcomed as the alternate for Andrew Scanlon. Previously Richard Taylor had been listed as alternate for both Refaat Abdel-Malek and Andrew Scanlon.

A verbal report on the Forum budget was provided by Michael Fink. Pledges for Forum revenue total £484k, the bulk of which is £250k from Norway, £100k from Iceland and £84 from Germany. This £484k represents a shortfall of £156k on the Forum expenditure estimated as necessary to implement the entire work plan. Expenditure to date is estimated at £180k, although receipts and invoices are still being received and processed. There have been concerns with the likelihood of receipt of Forum funding pledges, in particular the Iceland funding of £100,000, given the financial crisis in Iceland. Not receiving the Icelandic funding pledge would result in a shortfall of £256k, the implications of which were discussed under agenda item 16 on the Forum work plan.

#### Agenda Item 3 – Actions from Previous Meeting

The minutes from Meeting 3 were provided as Mtg4 Paper 3a but were not discussed, as they had already been accepted as final by agreement of Forum members out of session.

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The status of actions from Forum Meeting 3, summarised in Mtg4 Paper 3b, was reviewed. A number of the actions were Meeting 3 agenda items, or were self-explanatory from the status report in Mtg4 Paper 3b, and so were not discussed at this point.

There has been no action to date on Action Z3, development of the Trialling Strategy for July-August 2009, because preparation for the January-February 2009 consultation was given the highest priority in the period following the Zambia Forum meeting. This action remains open.

Action Z4 was follow-up to the correspondence from Ted Scudder and Ted Downing discussed at the previous meeting. Helen Locher had had a long conversation with Ted Downing about his concerns and involvement with the Forum. Agenda item 19 on mechanisms to ensure adequate input on social issues was intended to ensure that some of the concerns raised by Ted Downing and Ted Scudder can be addressed. Unfortunately Ted Downing was unable to attend the China Forum meeting, but indicated his willingness to support the process. Professor Shi is a member of the International Network on Displacement and Resettlement of which Ted Downing is the head, and so was able to represent this Network at the China Forum meeting.

**Mtg 4 Action 1:** *The Forum Coordinator to follow up with Ted Downing on outcomes of the China Forum meeting.*

### Agenda Item 4 – Protocol Assessments

Mtg4 Paper 4 provides a status report on the availability of previous Protocol assessments to Forum members. Most of these (approximately ten) have been made available on the understanding of confidentiality, and have been posted on the Forum members' internal website. The exceptions to this are Dahuashui (China) and Helgeland and Trollheim (Norway), which will be put on the Forum external website ([.hydropower.org](http://.hydropower.org)).

The Forum members noted the importance of learning from these previous experiences, and using this knowledge to inform development of the trialling strategy.

**Mtg 4 Action 2:** *The Forum Coordinator to post previous Protocol assessments that can be made publicly available onto the Forum external website.*

**Mtg 4 Agreement 1:** *An independent consultant will be engaged to (1) analyse the available previous Protocol assessments and interview auditors involved in order to summarise lessons learned, what worked, what didn't work, gaps, recommended improvements, etc.; and (2) provide advice from this analysis to inform development of the Forum's trialling strategy.*

**Mtg 4 Action 3:** *The Forum Coordinator will circulate terms of reference for analysis of previous Protocol assessments to Forum members for comment and identification of potential consultants.*

### Agenda Item 5 – Protocol Comparative Analyses

Mtg4 Papers 5a and 5b present the outcomes of work analyzing the alignment of the present IHA Sustainability Guidelines and IHA Sustainability Assessment Protocol with both the World Commission on Dams Strategic Priorities and with the World Bank Safeguards. This work is intended to raise the awareness of Forum members of other international guidelines, norms and standards which are applied to the assessment of hydropower developments, and to better understand the commonalities and differences with the Protocol.

\* Note that agreements reached at a meeting may be revisited and updated at a later meeting based on further information, discussion and analysis.

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The Guidelines and Protocol alignment with the WCD Strategic Priorities (Mtg4 Papers 5a ) is a combination of efforts by Helen Locher, Larry Haas and Andrew Scanlon. Larry Haas, ex-WCD Secretariat, noted the considerable areas of alignment between the documents, as shown in Mtg4 Papers 5a. He highlighted some of the areas of difference, which included:

### *WCD Strategic Priority 1 - Gaining Public Acceptance*

- No Protocol aspect states public acceptance is essential, but rather that it is highly desirable.
- The Protocol places more emphasis on local community acceptance than on public acceptance.
- No specific mention of indigenous peoples in the Protocol.
- No specific mention of the concept of free, prior and informed consent in the Protocol; Larry Haas noted that the WCD never intended free, prior and informed consent of indigenous peoples to mean veto rights.

### *WCD Strategic Priority 2 - Comprehensive Options Assessment*

- Demonstrated need in the Protocol is in respect to need for a new energy project, not a development objective per se.
- The Protocol is not as explicit linking options assessment to decisions as is the IHA Guidelines.

### *WCD Strategic Priority 3 - Addressing Existing Dams*

- The Protocol goes further than WCD to identify other measures to address existing dams, including: operational efficiency and reliability; dam safety; employee safety, opportunity and equity; and sharing of benefits with the local community.
- No specific reference in the Protocol to time-bound licensing; the approach is to comply with existing regulation with periodic assessments under the EMS.
- No mention in the Protocol on advocacy for regulatory reform and licensing.

### *WCD Strategic Priority 4 - Sustaining Rivers & Livelihoods*

- No specific mention in the Protocol of intact river policy, but cumulative impacts and threshold impacts are addressed in B14 which partially embodies the concept.
- No specific reference in the Protocol to concept of species net gain, though the concept is embodied in environmental flow assessment aspects.

### *WCD Strategic Priority 5 - Recognising Entitlements & Sharing Benefits*

- No prescribed method in the Protocol for stakeholder identification.
- No direct citation in the Protocol of rights, entitlements, etc. except for industry suppliers.
- Joint negotiation and entitlements are not expressly mentioned in the Protocol, but rather are implied through agreements.

### *WCD Strategic Priority 6 - Ensuring Compliance*

- Compliance not specifically incorporated into the Protocol for all aspects.
- No reference in the Protocol to an Integrated Compliance Plan for the project, though an Environmental Management System would embody many elements.
- No mention in the Protocol of incentives for compliance other than comprehensiveness.

### *WCD Strategic Priority 7 - Sharing Rivers for Peace, Development and Security*

- No specific reference in the Protocol to agreements on internationally shared river basins, nor specifically on good faith agreements among riparian states.

The Guidelines and Protocol alignment with the World Bank Safeguards (Mtg4 Papers 5b) is the outcome of a rapid assessment by Larry Haas. It is a draft that has had no input or review by the World Bank. Larry Haas highlighted that the IHA Guidelines/Protocol are substantially comparable to

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the operational principles of the World Bank's environment and social Safeguards. Generally the Safeguards are more in-depth than the Protocol on most aspects, while the Protocol covers a broader range of issues. Differences largely in terms of emphasis and outcomes, and ultimately depend on how each is interpreted. There is also the intrinsic difference in the objectives of providing Safeguards versus providing a tool to assess, advance and reward good practice.

Aspects where the Guidelines/Protocol offer more detail include financing sustainability measures during operation phases of projects; promoting local benefit sharing; and environmental management systems (EMS) for the operation phase. Reference to projects on international waterways receives more emphasis in the Safeguards than in the Protocol. The Safeguards place more emphasis on addressing the legal status, culture, rights and entitlements of indigenous peoples, whereas the Guidelines and Protocol treat indigenous peoples largely as part of interested and affected people whose cultural identities need to be respected. With respect to involuntary resettlement, at present both the Safeguards and the IHA Guidelines / Protocol promote improved standards of living for displaced and resettlement host communities. The standard in both cases is restoring living conditions and livelihoods of displaced people to at minimal pre-project conditions, although the Protocol rewards adoption of good practice that extends the local development opportunities created by the project.

The Forum members were informed that a third analysis is presently underway, of alignment of the Protocol with the Equator Principles / IFC Performance Standards. This is being done by the Equator Principles Financial Institutions Best Practices Working Group. Marcelo Battisti, representing the Equator Banks, informed the Forum that the IFC Performance Standards will be reviewed in 2009. The Equator Banks would like to see a hydro-specific annex (?) in the standards, as exists for other sectors.

### **Agenda Item 6 – Review of Proposed Sections I, II, III, IV**

*\*\*\* discussion of this item was held at the end of Day 1, but is included here in the minutes to follow the agenda order \*\*\**

Mtg4 Paper 6 provides a summary of the proposed Protocol sections agreed at Forum Meeting 3. This agenda item was for discussion and confirmation. For reference, the Mtg3 Agreement 6 was:

*Four sections are proposed for the Draft Revised Protocol, to be known as Sections I, II, III and IV to differentiate them from the existing version:*

- *Section I – Strategic Assessment. Assesses the strategic basis for a hydropower project. This section of the Protocol can be used prior to and inform the decision that there is a strategic basis to move forward with project preparation.*
- *Section II – 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 inform the decision to move forward with project implementation.*
- *Section III – 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 inform the decision to move forward with project commissioning.*

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- *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.*

Several Forum members reported that their reference groups had provided positive feedback on the proposal to move from three sections to four. No negative feedback on the move to four sections was raised.

An issue was raised with the numbering of sections. There was a proposal to put Operating Hydropower Facilities as number I, to send the message that attention should first be put on getting the most sustainable operation out of existing facilities. Another proposal was to drop numbering altogether to avoid any implication that there is an automatic process of moving forward with a project.

**Mtg4 Agreement 2:** *The Protocol sections are each a stand-alone sustainability assessment tool for hydropower projects. It is intended that one utilises the section that is applicable to the stage in the project life cycle. The section numbers do not imply that I will automatically lead to IV.*

An issue was raised with the proposed wording in Section III about the decision to move forward with project commissioning.

**Mtg4 Agreement 3:** *Mtg3 Agreement 6 reference to Section III is amended to read “This section of the Protocol can be used to inform the timing and conditions of project commissioning”.*

There was considerable discussion about Section I, with some lack of clarity revealed about whether it assesses the environment within which a hydropower project emerges, or whether it assesses the strategic fit of a hydropower project. The developer needs to assess the strategic environment in order to identify risks, opportunities and gaps. The financier needs to assess the project's fit within the strategic environment in order to decide whether to invest in project preparation, which necessarily requires an assessment of the strategic environment as well as the project's fit. Issues raised in discussion included:

1. we are not trying to do an assessment of the energy or water masterplanning for a country, nor do we want to make governments defensive;
2. we want to make sure Section I helps financiers to gain clarity on the high-level opportunities and risks of investing in a project to assist their decision on whether to invest;
3. the observation that strategic assessments are done poorly or not at all in many cases;
4. whether it was essential for the hydropower project to emerge as the number one choice out of an options assessment in order to conclude that there is a strategic fit; and
5. we need to have a process credible to all stakeholders and would not want to see a “watering down” of Section I.

**Mtg4 Agreement 4:** *The Forum members recognize that there is at present some ambiguity in whether Section I is assessing a specific hydropower project or the strategic environment from which a hydropower project might emerge. The Forum members agreed to work more on the aspects and attributes for Section I prior to making a decision on this matter.*

## Agenda Item 7 – Addressing Social Issues for Hydropower Developments in China

Two presentations were provided to Forum members on addressing social issues for hydropower developments in China, for information and to provide a basis for discussion of the further meeting agenda items on how these issues can be addressed in the Protocol.

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Prof. Guoqing Shi, Director of the National Research Centre for Resettlement, Hohai University, Nanjing China provided a presentation entitled “Policies and Mechanism on Hydropower Resettlement in China”.

Professor Shi provided a country profile for China of dam-induced resettlement, with a list of projects with the largest populations of resettlers. He indicated that more than 60 relevant laws and regulations had been formulated in the past 57 years, and highlighted some of the key laws and administrative regulations and rules such as the Land Administration Law and the Reservoir Resettlement Regulation. He highlighted that the supreme aim of Chinese resettlement policy is to minimize the occupied land and number of displaced persons as much as possible; but, if resettlement cannot be avoided, it should make proper arrangement to ensure the displaced people be well compensated assisted, and restore or surpass their original income and living standard.

Professor Shi walked through the mechanisms for resettlement preparation and implementation, and outlined the organisational responsibilities for resettlement. Professor Shi also discussed social assessment as a new approach in China, now required since June 2007 as a component of the Project Review and Approval Report submitted to the NDRC for review and approval.

Professor Shi outlined the key factors for successful resettlement to be:

- Well established resettlement policy and legal framework;
- Forceful leadership and efficient government institutions;
- Powerful implementation institution system and efficient action;
- Integrate all responsibility under one roof (Resettlement Bureau) with the assistant and support by other government agencies and consulting firm;
- Integrate all resettlement activities in one workplan; and
- Capacity Building through a range of research and training approaches.

A key recommendation for the Forum was that Involuntary Resettlement should be a key aspect and indicator for planning, design, decision-making, implementation, operation and management of hydropower project.

Prof. Zhang Yijun of the China Hydropower Engineering Consulting Group Co. provided a presentation entitled “Regulation and Practice of China Hydropower Resettlement”. Professor Zhang’s situation analysis covered maintaining the farm land per person quota before and after resettlement; resettlement as an opportunity to improve houses and services; income differences between rural resettlement and local residents; resettlement effects on district settings; respect for ethnic customs; alignment of construction and resettlement schedules; and involvement of the local community in the resettlement process.

Professor Zhang indicated that remaining problems of resettlement include lack of farm land resource; infrastructure cannot meet the needs of social-economic development; unpredicted harmful geological changes happen in a few cases; and resettled people are not accustomed to the new environment.

Professor Zhang provided an outline of how hydropower can promote local social and economic development. At a national level, hydropower can optimize the energy structure to meet the demand for electricity; reduce the proportion of oil energy; increase utilization efficiency, and promote national industry development. With respect to local economic development, hydropower can increase local investment in fixed assets, promote local GDP growth, and increase local revenue. With respect to

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local social development, hydropower can improve local public facilities, increase local urbanization, optimize energy consumption, enable multiple utilization of reservoirs, promote local employment, and promote local industrial adjustment. Professor Zhang noted that most hydropower projects are located in remote and poverty-stricken regions, where sustainable development capacity is low, and hydropower potential is the greatest local resource. Local development needs support from hydropower sector.

Professor Zhang made several recommendations about revenue and economic policy, relating to revenue adjustment of hydropower construction and operation as a benefit sharing mechanism; the payment mechanism of water resource development; the repayment mechanism of additional benefits made from upper reservoir capacity; and improvements to the pricing system for hydropower development.

All Forum members expressed their thanks for the excellent presentations provided by Professors Guoqing Shi and Zhang Yijun. Discussion points for both these presentations included:

- the steps taken to ensure the quality of resettlement implementation;
- the influence of China's requirement to carry out social assessments for hydropower project developments;
- hydropower as a vehicle to stimulate social and economic development; and
- harmonization of schedules for construction versus resettlement.

### **Agenda Item 8 – Social Issues and Hydropower Developments – International Perspectives**

Two presentations were provided to Forum members providing an international perspective on social issues and hydropower developments, for information and to provide a basis for discussion on how these issues can be addressed in the Protocol.

Maninder Gill from the World Bank provided a presentation entitled “Key Social Development Issues in Hydropower Projects”. Maninder Gill in his presentation set out and expanded on eight key principles for promoting socially sustainable hydropower development:

1. Factor social impacts into the decision on whether and where to build a hydropower project and its design features.
2. Plan and implement hydropower development as an entry point for local economic development.
3. Consult with and involve affected people and other primary stakeholders in the planning process from the earliest stages.
4. Identify all adverse social impacts exhaustively as part of a baseline census and socioeconomic surveys.
5. Undertake comprehensive planning, coordinated with plans for local economic development – with special focus on vulnerable groups.
6. Establish effective institutional structures for the design, planning, implementation and monitoring of social aspects – including oversight and coordination mechanisms.

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7. Fully resource the mitigation and development plans, and carry out systematic monitoring and evaluation throughout implementation.
8. Start early implementation of mitigation and development activities associated with livelihood restoration activities.

Larry Haas, Independent Consultant, provided a presentation on Benefit Sharing and Additional Benefits associated with hydropower projects. Key points of this presentation were that financing is key to long-term environment and social performance of hydropower projects; lack of financing correlates to EES performance failure; and revenue sharing is an important mechanism to achieve long-term environment and social performance of hydropower projects – and is a key sub-set of benefit sharing.

Larry Haas identified that there are three forms of benefit sharing in a comprehensive long-term approach:

1. Equitably sharing of electricity services: adversely affected are among the first to receive the benefits of electricity services from the project, subject to contextual constraints;
2. Non-monetary entitlements to enhance resource access: where communities adversely affected receive (non monetary) entitlements to enhance local access to natural resources; and
3. Revenue sharing: where affected communities share the direct monetary benefits of hydropower, according to a formula and approach defined in regulations.

Importantly, benefit sharing goes beyond one-time compensation payments and short-term resettlement support, to opportunity and empowerment.

The Forum heard that there are many examples and different approaches for monetary and non-monetary benefit sharing in different settings, but practices are really only emerging and are not widespread. While benefit sharing mainly refers to long term operation, steps needed at earlier stages of project cycle to provide a least-cost approach. Benefit sharing opportunities also exist in the implementation phase, for example through local jobs and procurement. Conceptual confusion and different views exist about benefit sharing which affect approaches and outcomes: for example on compensation versus benefit sharing, on who should share, and on whether the onus is on project (operator) or tariff (i.e. consumers). Larry discussed revenue sharing at different jurisdictional levels; sources of funds; how funds are managed; and considerations / critical decisions. Areas of confusion to avoid were compensation versus benefit sharing; and definitions of who is adversely affected.

Discussion points for both these presentations included:

- the role of civil society pressure on hydropower developments that has influenced some of the best practices that have been cited in the presentations;
- the role of different authorities in delivering quality outcomes on social issues, and the need for a high degree of competency in these roles;
- Protocol should not be overly prescriptive in defining benefit sharing mechanisms but should allow room for creativity.

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### Agenda Item 9 – Key Social Aspects to Include in Protocol

The purpose of this agenda item was to identify the key social aspects to be included in the Protocol. The deliberations of the Forum were assisted by the notes arising from previous meetings on key social issues to be addressed, summarized in Mtg4 Paper 9.

**Mtg4 Agreement 5:** *A working list of key social aspects to include in the Protocol, subject to refinement as attributes are defined, is as follows:*

- Benefit sharing
- Social impact assessment (includes social baselines)
- Safety – asset, community
- Social & economic development
- Stakeholder identification / mapping
- Resettlement
- Grievance, complaints & dispute resolution mechanisms
- Community acceptance
- Labour & working conditions (includes employee opportunity, equity, diversity, employee safety)
- Communications
- Social management plan (includes social infrastructure, social commitments)
- Cultural heritage
- Indigenous peoples
- Public health
- Conflict analysis
- Suppliers & service providers
- Consultation & support
- Affected communities (includes gender, host community, vulnerable social groups, downstream communities)

The list in Mtg4 Agreement 5 is recognized to include attributes (measurement criteria) as well as aspects. Notable process ones which may at a later date get grouped or included as attributes under other aspects were stakeholder identification / mapping; grievance, complaint and dispute resolution mechanisms, communications, conflict analysis and consultation and support. There was a reluctance to reduce the list because some issues may warrant the elevated attention drawn to them by being an aspect. At this stage the Forum did not spend time in trying to conclude which was an aspect or an attribute, as that will become more apparent as each aspect is better defined.

### Agenda Item 10 – Attributes for Key Social Aspects

The purpose of this agenda item was to identify the attributes that would be associated with the key social aspects. The Forum members listed both process and performance attributes for the Cultural Heritage and Resettlement aspects, and then broke into four small groups to identify attributes for seven more of the aspects. These are summarized in Attachment 1.

### Agenda Item 11 – Linkages with Sustainability Guidelines

The purpose of this agenda item was to discuss linkages between the IHA Sustainability Guidelines and the Protocol. This has arisen because some Forum members have identified a lack of connection between the Guidelines and the Protocol as an opportunity for improvement of the Protocol. Andrew Scanlon advised that the intention was for the policy statements in the Guidelines to act as a reference for the Protocol. He noted that the Guidelines have not been reviewed in the past 4 years, and that the Protocol would greatly benefit from the aspects being linked to clear policy statements. The Forum members were all supportive of the suggestion to have the aspects framed around policy

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statements. It was noted that if statements linked to each aspect are compiled into a set at the front of the revised Protocol, this would enable an analysis of how holistically the policy underpinning the Protocol addresses the key sustainability issues for hydropower. At a later stage this set of policy statements could be expanded into an update of the IHA Sustainability Guidelines.

**Mtg4 Agreement 6:** *The Forum will endeavour to develop policy statements associated with each aspect. A compiled set of policy statements will be provided at the front of the revised Protocol.*

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### DAY 2 - 26 October 2008

#### Agenda Item 12 – Desk-Top Assessment of the Shuibuya Hydropower Station, China

The purpose of this agenda item was to provide a practical exercise for Forum members in application of the Protocol, focussing on the social aspects in Section B. The assessment was undertaken on the Shuibuya Hydropower Station in Hubei Province, owned by the Qingjiang Hydropower Co. The exercise was aimed to stimulate and capture discussions on specific aspects that would assist in formulating Forum members' views on how aspects can be improved, and where are the gaps and duplication.

The Panel for this desk-top exercise comprised:

- Sun Guiping, President, Hubei Qingjiang Hydroelectric Development Company, Ltd. ('Qingjiang')
- Zhang Zeyu, Vice President, Qingjiang
- Wang Xijiong, Director of Resettlement Office, Qingjiang
- Zhaohui Liu, International Cooperation Department, Qingjiang
- Yi Ming, Division Chief of Provincial Resettlement Bureau, Hubei Province
- Yang Binqian, Resettlement Office, Qingjiang

Following introductions, the Forum members expressed their gratitude for the considerable support to the Forum provided by Qingjiang to assist this assessment exercise. This included providing a tour of the Shuibuya power station site and resettlement area on the day before the Forum meeting commenced (24/10/08), prior distribution of a brief background document on the Shuibuya project translated into English (Mtg4 Paper 12), provision of a very detailed background document on the social aspects of the project translated into English and brought and distributed at the Forum meeting, and attendance in person at the meeting by the President, Vice President and four other members of the company with insights into the social issues of the project. The Forum members also expressed their gratitude for the government representative, Mr Yi Ming, Division Chief of the Hubei Province Resettlement Bureau, for coming to the meeting to provide a government perspective on the project resettlement process.

Mr. Wang Xijiong, Director of Resettlement Office, Qingjiang provided an overview presentation entitled "Introduction of Shuibuya Resettlement and the Sharing of Benefits Arising from the Project". Development of the 1840 MW Shuibuya project involved an inundated area of about 60km<sup>2</sup>, including various housing areas with a total housing of 481,600 m<sup>2</sup>, 4 towns, 7 bridges, 2 ferries, 54 km of graded roadways, 16 hydropower stations, 18 industrial enterprises, and relocation of 14,145 individuals in five counties and cities.

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The background presentation was followed by an overview of the assessment process. Forum members then took it in turns to ask questions about the project relating to each of the following aspects, and to ascertain what evidence was available to support the assessment. The notes below only capture the focal areas of the discussion relevant to aspect improvement, not the details of the Shuibuya Hydropower Station except where they help illustrate a point.

*B7: Community and Stakeholder Consultation and Support.* Discussion on the aspect arising from the questions on the project was extensive. Purpose and methods of consultation were discussed, with identified purposes including but not limited to the collection of baseline information, provision of information to stakeholders, obtaining views which influence choices, and negotiating outcomes. The variation in different countries on the role of governments and the company in the consultation process, and how consultation requirements are set out in national legislation and standards, was discussed. Consultation with directly affected individuals versus agencies who are identified as representing the view of those individuals was discussed, with particular emphasis on whether the Protocol assumes a direct consultative approach. Other discussion points related to grievance and dispute mechanisms and other means by which individuals would have room for raising concerns or dissent; informed stakeholder participation; and stakeholder support. The word “comprehensive” in aspect B7 means different things in different places, and there will have to be more specificity in the aspect to ensure the elements of consultation identified as important to undertake are clearly stated.

*B8: Social Impact Assessment and Management Plan.* It was noted that many countries do not have a legislative requirement for Social Impact Assessment (SIA). China brought in this requirement in 2003, but this was after commencement of construction of Shuibuya. Discussion focussed around the steps undertaken for SIA, and the scope. Issues focussed on in discussion of SIA scope included ethnic minorities, gender, construction workforce issues, and public health. The expertise available to undertake SIA in various countries was discussed, with the recognition that this is a very new area in some countries such as China. The role of baseline data, updating of this data, determination of the appropriate physical indicators, monitoring and follow up in the Social Management Plan were discussed. There were no significant issues raised with the present wording and structure of the aspect. There was discussion about how much duplication there is between a very broad aspect such as this with other aspects that go into detail on particular social issues considered in the SIA; the conclusion was that overlap is good, that SIA has some of its own assessment criteria, and overlap is already demonstrated with the environmental aspects. It was noted that the reference to stakeholder support in Aspect B8 refers specifically to social impact assessment and management planning, whereas Aspect B7's reference to stakeholder support refers much more broadly to support for the project.

*B9: Predicted Extent and Severity of Economic and Social Impacts on Directly Affected Stakeholders.* This aspect was not specifically focussed on in this exercise because most of the issues had arisen in discussion of B7 and B8, and Forum members wanted to ensure time to ask questions about other social issues. This in no way reflects a diminished importance placed on this aspect.

*B10: Enhancement of Public Health and Minimisation of Public Health Risks.* Discussion points included but were not limited to timing of hospital construction versus timing of dam construction; communicable diseases including sexually transmitted diseases; health issues associated with the construction workforce; occupational and health issues; outbreaks of disease such as malaria or schistosomiasis (snail fever); health risks for resettlers moving into new land; reservoir sanitation measures; and health planning. No significant issues were raised with the present wording of this aspect. It was noted that guidance on specific health issues would greatly assist the auditor; data could be provided on health risks with hydropower, and the list of examples of evidence could be

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expanded. Some notes on how to deal with culturally sensitive health topics such as sexually transmitted diseases was suggested.

B11: Safety. Discussion points included but were not limited to safety planning, emergency preparedness, safety record and performance, and the role of regulation. This aspect is considered a fundamental sustainability issue, and it was generally agreed that the aspect as presently worded is weak as it mostly refers to asset safety only. The many aspects of safety that need to be addressed were identified as including project structure, construction, employee, operational and community; it was not clear whether several safety aspects were required or whether they were all best dealt with in one aspect.

B12: Cultural Heritage. Discussion points included but were not limited to the assessment process, planning, legislation and government responsibilities, permits from cultural heritage bureaus linked to approval for project construction, cultural heritage of those relocated, the linkages of cultural heritage with religion, the role of consultation, the process of decision making on classification of significance, the voice of indigenous peoples in decisions on cultural heritage, expertise, and the role of the company. There were no specific wording changes identified for the aspect at this point in time. As previously, more detailed guidance notes were sought. Advice on international standards relating to cultural heritage was sought. How to address non-physical cultural heritage issues received some discussion without firm ideas brought forward at this time. This was identified as particularly relevant to ethnic minorities, and includes ties to the land, oral traditions, customs and traditions, religion etc.

New Aspect: Benefit Sharing. It was noted that this aspect is completely distinct from compensation. It is additional to compensation, and is about sharing of positive benefits arising from the project. The three benefit sharing mechanisms focussed on most closely in the questions and discussion were sharing of revenues, access to electricity, and access to other resources generated by the project. Regional benefits from hydropower projects in the form of flood control, improved transportation, and new resources such as tourism, navigation, fishing and aquaculture were discussed. Tax benefits and special funds received a lot of discussion, with reference to considerations such as basis for revenue (e.g. tied to production), who collects the money, how distributed, who receives, how verified, amount that goes to directly affected people and amount of control they have over how it is utilised. Special arrangements for indirectly affected peoples were discussed, with emphasis on downstream communities, those who use affected resources (e.g. fishing, forestry) but are not resettled, and how directly and indirectly affected stakeholders are identified. Another focal point was whether benefits of a hydropower project were genuinely incremental or if they should be provided anyway (e.g. electricity, water supply, or benefit funds replacing other funds). Benefit sharing needs to be clearly distinguished from resettlement, and the case was also made that it should also be distinct from additional benefits. An important consideration raised was about what is essential and what is “gold-plating”, with the suggestion that perhaps benefit sharing should not be put in the same category as environmental impact assessment. There was a strong view that benefit sharing should be integrated into the Protocol. It was noted that people in many cases are worse off from hydropower projects because resettlement is not well-managed, and the benefit sharing is one of the key approaches to ensure people are genuinely better off.

The Forum members and the Panel discussed the assessment experience. The Forum members felt that the conversations generated by the discussions with the Panel on Shuibuya were very fruitful and raised critical issues for consideration with the aspects. The Panel members felt that the questions covered the social issues they felt were important with the Shuibuya project, and that all questions

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were important and relevant. The Forum members once again thanked the Panel members for their significant efforts and contribution.

### **Agenda Item 13 – Approaches to Measurement**

The purpose of this agenda item was to discuss approaches to measurement and/or format alternative to the present system used in the Protocol. Two Forum members provided brief summaries of ideas for alternative approaches, summarized in Mtg4 Papers 13a and 13b.

Kerstin Nyman from GTZ spoke to Mtg4 Paper 13a which she had prepared. She advised that her focus was on an alternative approach to format, and not to substantive content. In this approach each attribute is scored separately, which allows emphasis on each attribute and clearly highlights gaps. The attributes are expressed as best case scenarios, and the scoring from 0-5 is expressed as deviations from best practice. The format allows for noting presence or absence of specific types of objective evidence.

The Forum members had many positive comments about the Paper 13a approach, and see it as a good step forward. Benefits of this approach were identified as being:

1. the visually less daunting presentation of each aspect on a page compared to the present Protocol presentation;
2. the greater emphasis on individual attributes through listing them and scoring them;
3. the reduction or elimination of repetition in the text for each score; and
4. the emphasis on objective evidence, which is often instrumental in helping understand what the aspect is seeking.

The main discussion point with the Paper 13a approach is the lack of clarity on how one would move from individual scores for each attribute to an overall aspect score. It was observed that without instruction on how to move to the overall score, the presentation in Paper 13a could be seen as an audit assessment worksheet, and something like the existing Protocol scoring instruction could accompany such a worksheet. It was also observed that the Paper 13a approach on its own actually meets the objective for this phase of the Forum work program, which is to agree on aspects and the measurement parameters, whereas thresholds and scoring were agreed to be in a following phase.

Some suggestions were made to potentially enhance the approach in Paper 13a. There could be a box near the top for some sort of baseline assessment/ pre-audit / scoping comment, for example for the Sedimentation and Erosion aspect identifying the significance of this as an issue in the region or in the particular river basin. A box allowing the auditor to make a comment on the quality of the objective evidence would also be useful.

Marcelo Battisti spoke to Mtg4 Paper 13b which had been prepared by the Equator Banks Best Practices Working Group. Marcelo advised that this is an initial presentation of the idea for the approach and is still being considered by the Equator Banks. The Paper 13b approach has an emphasis on standards and also provides detail on technical guidance to support scoring. The scoring approach has to do with level of compliance. The main requirement would be to meet national law, and the IFC Performance Standard where it has a higher requirement.

Forum members felt that a major benefit of the Paper 13b approach was greater specificity on scoring, through clearly establishing the minimum requirements and through the guidance notes.

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The main discussion point with the Paper 13b approach was using national legislation and the IFC Performance Standards as the basis for scoring. The Protocol measures against the IHA Sustainability Guidelines as a global assessment tool. However it does specify regulator support for many aspects, which would not be obtained without regulatory compliance. There are also specific references in the Protocol to compliance with ISO standards as a guide to obtaining a high score. There were two issues raised with some of the proposed statements in the user's guidelines in Paper 13b. The first relates to there being no repetition in attributes; there may end up being repetition in attributes across aspects, for example with consultation or disclosure. The second relates to the lowest attribute score being the aspect score. At present the Protocol takes the lowest score of the process or performance columns as the overall score. With numerous attributes being scored it may be overly harsh to take the lowest score as the overall score, as a project might be best practice at all other scores.

Marcelo advised that a main interest of the Equator Banks is the guidance notes, and that different institutions may choose their own scoring approach. The Forum had received similar comment from the World Bank that it is likely to have a different idea on what they consider satisfactory compared to other institutions.

The Forum expressed its gratitude for the efforts of these Forum members in drafting and presenting these ideas. The alternative approaches both have strong merits and raised important issues for consideration. This will be further discussed at the 5<sup>th</sup> Forum meeting in Brazil.

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## DAY 3 - 27 October 2008

### Agenda Item 14 – Aspects and Attributes – Content Assessment

The purpose of this agenda item was to reach agreement on actions to consolidate and simplify aspects and attributes listed in Mtg4 Paper 14. The rationale for this exercise was that Forum members had agreed that they would start with a large list of aspects with the intention of consolidating once attributes were identified. Also the larger the Protocol document the more complex and daunting it appears to the user, and if the Forum wants widespread implementation it would be beneficial to make it more simple where this does not sacrifice quality of the assessment.

Forum members broke into three groups with the following assignment:

- List 10 specific actions to consolidate and simplify Mtg4 Paper 14, and report back to the plenary.

Group 1 examined the Section II aspects compiled in Mtg4 Paper 14, which are those aspects which would be most critical at the Project Preparation stage. The group made the following recommendations for consideration:

1. Combine Demonstrated Need and Strategic Fit.
2. Leave Political Risk and Transboundary Issues as their own aspects.
3. There were a divergence of views on whether Regulatory Approval and Governance could be split, with strong opinions both ways.

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4. Merge Asset Reliability & Efficiency and Management of the Hydrological Resource into Site Selection & Design Optimisation.
5. Leave Integrated Project Management Planning as its own aspect, with the note that it should not get a high score if there are not high scores for the Construction Management Plan, Environmental Management Plan and Social Management Plan aspects.
6. Leave Economic Viability, Financial Viability, Additional Benefits, Benefit Sharing, and Dam Safety.
7. Combine Associated Infrastructure Impacts under the Environmental Impact Assessment aspect. It was noted that this would also need to be considered under the Social Impact Assessment aspect.
8. Leave Construction Management Plan and Environmental Management Plan as their own aspects.
9. There was considerable discussion of the remaining environmental aspects, with the observation that they represent a matrix of issues that could be cut many ways:

<b>GEOGRAPHIC AREA APPROACH</b>	<b>ISSUE SPECIFIC APPROACH</b>
Catchment Management Plan	Biodiversity, Habitats and Protected Areas
Reservoir Management Plan	Pest and Invasive Species
Environmental Flows	Sedimentation and Erosion
	Water Quality

- The group preferred the geographic area approach over the issue specific approach;
- Water Quality could be removed and merged into the other aspects; and
- The name Environmental Flows could be changed to something that refers to “Downstream” as long as environmental flows remains in the title.

Group 2 examined the new social aspects and attributes presented in Attachment 1, that had not been differentiated yet by project stage. The group made the following recommendations for consideration:

1. Change the title of Safety to Asset & Community Safety, and use attribute wording consistent with that in Attachment 1.
2. Include Employee Safety under Labour & Working Conditions.
3. Benefit Sharing should have attribute wording consistent with that in Attachment 1, and this should replace the Benefit Sharing and Additional Benefits text presently in Mtg4 Paper 14.
4. Social Impact Assessment would not be in Sections III or IV.
5. Social Management Plan would be in Section II, III and IV, and should include emphasis on Social Impact Assessment data.
6. The title of Indigenous Peoples should be changed to Indigenous Peoples & Ethnic Minorities and should be in Sections II, III and IV.
7. Labour & Working Conditions should cover employee opportunity, equity, diversity, and safety, but this may not be the best aspect name.
8. Remove Consultation & Support as a stand-alone aspect but ensure it is picked up as an attribute across a number of other relevant aspects.
9. How best to address Conflict Analysis was not resolved, beyond agreement that it should receive strong emphasis in the Transboundary Issues aspect. It is recognized as a cross-

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cutting issue with relevance to Grievance, Complaints & Dispute Resolution Mechanisms and Suppliers & Service Providers and probably others aspects as well.

10. The title of Suppliers & Service Providers should be changed. It should also address partners and investors, and should have an emphasis on corporate social responsibility.
11. Leave Public Health, Resettlement, and Community Acceptance as proposed in Attachment 1.
12. Communications was discussed but there was insufficient time to form a recommendation.

Group 3 examined the Section IV aspects in Mtg4 Paper14. The group made the following recommendations for consideration:

1. Merge Regional & National Policies & Plans and Transboundary Issues.
2. Leave Governance and Political Risk separate, but they need to be better distinguished in the language we use for them.
3. Change title of Economic Viability to Economic Risks & Opportunities.
4. Merge Financial Viability with Markets, Innovation & Research, emphasizing that this needs to be forward looking and also needs to consider financial opportunities and risks.
5. Additional Benefits should be merged into Economic Viability.
6. Leave Benefit Sharing, Asset Reliability & Efficiency, and Safety of Dams as their own aspects.
7. Need to improve the title of Management of the Hydrological Resource, and ensure it emphasises forward thinking and planning.
8. Group III had the same discussion of the environmental aspects had by Group I, and did not come up with any proposed resolution. They also favoured geographic area approach.

**Mtg 4 Action 4:** *Forum members will provide any further ideas to merge, rename and simplify aspects to the Forum Coordinator for incorporation into a meeting paper for the 5<sup>th</sup> Forum meeting in Brazil.*

### **Agenda Item 15 – Aspects and Attributes – Structure of Summary Document**

The purpose of this agenda item was to reach agreement on the structure that would be followed for the summary document of draft aspects and attributes, presently Mtg4 Paper 14. The Forum Coordinator reported that very little comment was received on the first draft of this document, circulated out of session to Forum members. Part of the reason for this may be that it is visually daunting, the content is very densely presented, and it requires considerable time for anyone to immerse themselves in it and provide comment. In compiling a next draft of this document, it would be preferable to put it in a form would be closer to something suitable for public consultation.

Forum members preferred that more space is provided for each aspect, even up to a part- or full page; that the descriptor, aspect and attributes should be clear; that the split between process and performance attributes is shown; that objective evidence is listed; that the look and feel should be as close to final product as possible; and that at this stage scoring should not be spelled out.

**Mtg4 Action 5:** *The Forum Coordinator will update Mtg4 Paper 14 in a format consistent with the approach in Mtg4 Paper 13a, but with no scoring and with attributes expressed in neutral language.*

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### **Agenda Item 16 – Forward Work Plan**

An update to the Forum Work Plan was provided as Mtg4 Paper 16a. This was accompanied by a powerpoint presentation (Mtg4 Paper 16b). The powerpoint presented the timeline for the work plan in a manner consistent with that agreed at the Zambia Forum meeting, and also considered the implications of a reduced funding base on the Forum work plan. There were three elements to the discussion in this agenda item: (1) Forum budget and fund-raising; (2) timing and location of the 6<sup>th</sup> Forum meeting; and (3) the Brazil meeting agenda.

The Forum members discussed that the shortfall in funding should not curtail the work program, and expressed confidence that the funding could be obtained. The consultation and trialling of the draft revised Protocol were identified as things that donors would be attracted to fund, and we could package the funding required for overheads and associated Forum meetings with this. It was also noted that the work of the Forum could equally apply to any large dam, water supply or water infrastructure project and consequently a wider net could be cast for funding. The Dutch and Japanese governments were specifically mentioned as worth approaching. The World Bank links with the Netherlands Water Partnership Project would be worth pursuing. Any approaches to agencies for funding could also be utilized as opportunities for consultation and feedback on the process and progress of the Forum.

***Mtg4 Action 6:*** *Forum members to bring any additional ideas for potential sources of funding to the Brazil Forum meeting.*

The 6<sup>th</sup> Forum meeting is presently scheduled for 12-14 March 2008, immediately before the World Water Forum in Istanbul which starts 15 March 2008. Accommodation and meeting venue costs in Istanbul are extremely elevated for this time period. The Forum Coordinator reported that a good rate had been obtained for accommodation and a meeting venue in Cappadocia, about an hour's direct flight from Istanbul. Several Forum members had requested that the meeting be moved a day earlier to allow for an interim day between the end of the Forum meeting and the start of the World Water Forum. It was also proposed to have a four day rather than a three day meeting to ensure that the results of the consultation and the agreements on development of the draft revised Protocol can be fully covered.

***Mtg4 Agreement 7:*** *The 6<sup>th</sup> Forum meeting will take place in Cappadocia, Turkey over four days, 10-13 March 2008.*

The Forum Coordinator presented a potential agenda for the 5<sup>th</sup> Forum meeting in Brazil. A significant discussion point was whether climate change needed to be addressed by inviting experts to this meeting, or could it be addressed either by existing knowledge within the Forum membership or by commissioned work. The components of climate change considered important are hydrological variability, greenhouse gas emissions from reservoirs, and carbon markets. Some political sensitivity within Brazil about greenhouse gas emissions from reservoirs was raised and discussed. Forum members were very uncomfortable with the idea of not having a session on climate change, as it has been identified from the start as an important consideration for the Forum work plan and this is the appropriate point in the work plan to have these discussions. The idea of contracting someone to provide input to the Forum on these issues was not supported.

***Mtg4 Agreement 8:*** *The Forum members agreed that climate change will be on the Brazil meeting agenda.*

Forum members expressed interest in also hearing about the catchment management activities both on the Brazil and Paraguay sides of the catchment; learning about the development and

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implementation of the transboundary agreement for Itaipu also from both a Brazilian and Paraguayan perspective; and having free, prior and informed consent on the agenda.

**Mtg4 Action 7:** *The Forum Coordinator will draft the Brazil meeting agenda incorporating climate change; transboundary issues; catchment management; and free, prior and informed consent.*

### Agenda Item 17 – Forum Communications and Operating Procedures

Mtg4 Paper 17 was provided as an update to the Forum Communications and Operating Procedures, with changes marked in track changes mode. Changes included:

- Number of Forum meetings increased from 8 to 9;
- Two formal consultation periods – Jan-Feb 09 and Jul-Aug 09;
- Response time for Forum member comment on draft meeting minutes shortened from 14 to 7 days;
- Process for revision to Protocol content;
- Forum reports list includes pre- and post- consultation / trialling reports; and
- Non-confidentiality of reports and presentations given to the Forum.

**Mtg4 Agreement 9:** *All proposed revisions to the Communications and Operating Procedures, presented in Mtg4 Paper 17 were accepted by the Forum.*

### Agenda Item 18 – January-February 2009 Consultation

Sarah Roberts from Arup in the UK was contracted during October 2008 to assist in formulating a plan for the January-February 2009 consultation period for the Forum. Mtg4 Paper 18 is a set of notes provided by Sarah as a basis for discussion by Forum members at the China Forum meeting.

A main driver for holding this consultation period is to address the concerns of stakeholders that:

- the process is moving too fast for non-Forum member stakeholders to provide meaningful input;
- documentation of the Forum in the form of lengthy meeting minutes and multiple presentations and meeting papers is difficult and too resource-intensive for stakeholders to follow; and
- as a consequence reference groups are not able to provide comment or input at an early enough stage to influence the thinking of the Forum.

An intention of the Jan-Feb consultation period is to produce more concise documentation that is in a form easily digestible and understood by those without prior familiarity with the Forum. The Forum also needs to demonstrate that this is not a closed process. Early stage consultation also tends to help alleviate any stakeholder anxiety about the process, which will ultimately help with achieving consensus and endorsement for the end product.

Forum members extensively discussed the purpose, objectives, elements, regional or within country workshop style consultations, funding shortfall issues, consultant support needs, and forward actions, with the following outcomes.

**Mtg4 Agreement 10:** *The purpose of the Jan-Feb 2009 consultation is to establish relationships with stakeholders, assist stakeholders to understand the Forum process and progress, and provide opportunity for feedback.*

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**Mtg4 Agreement 11:** *The Forum members seek through the Jan-Feb 2009 consultation to take into consideration the variety of views from key stakeholder groups, including those harder to reach such as indigenous and directly affected peoples.*

**Mtg4 Agreement 12:** *The approach used for the Jan-Feb 2009 consultation will be a combination of a web-based feedback platform, sessions organised and run through Forum member networks, and targeted consultation meetings with identified organisations or individuals.*

**Mtg4 Action 8:** *The Forum Coordinator will liaise with Forum members to develop a list of potential network consultation sessions, target organisations and individuals, target events during Jan-Feb 2009, and availability of Forum members during this period, as a basis for agreement on a plan at the Brazil Forum meeting.*

**Mtg4 Action 9:** *The Forum Coordinator to develop a scope of work for a consultant to work with the Forum during this period, coordinate and support Forum member consultation efforts, develop the web-based feedback platform, conduct direct consultations, and produce a summary report. This scope will be circulated to Forum members for comment and recommendations on a suitable consultant.*

### Agenda Item 19 – Mechanisms to Ensure Adequate Input on Social Issues

This agenda item arose out of concerns raised to Forum members that there may be inadequate input into the Forum process on social issues associated with hydropower, not only expertise but also the views of directly affected and indigenous peoples. One response proposed by Ted Downing and Ted Scudder was to have one or two additional Forum members who could provide expertise on resettlement issues. The Forum members support the objective of ensuring adequate input on social issues associated with hydropower, and had advised Ted Downing and Ted Scudder that they would consider their proposal together with a range of other potential mechanisms to achieve this objective.

Mechanisms identified by Forum members included but were not limited to additional Forum member(s), contracting in specialist analysis and advice, issue-specific workshops, targeted consultations, and a social issues reference group. Maninder Gill and Professor Shi expressed a high level of comfort that the social issues identified in Forum Meeting 4 covers those of most significance. They identified a number of key international experts with whom the Forum could liaise for input and advice on development of Protocol social content. After discussion of these options the following mechanisms were agreed.

**Mtg4 Agreement 13:** *A social issues reference group to the Forum will be formed and led by Maninder Gill of the World Bank, to review and advise the Forum on the social content of the revised Protocol. This social issues reference group will comprise international experts knowledgeable across the spectrum of social issues relevant to hydropower, including the International Network on Displacement and Resettlement.*

**Mtg4 Action 10:** *The Forum Coordinator will liaise with Forum members to fill in the attributes for the key social aspects identified by the Forum (Attachment 2 to the Mtg4 minutes), and circulate this to the social issues reference group for review.*

It was agreed that a social issues reference group adequately addresses bringing the appropriate expertise into the Forum, but does not bring in the views of project affected peoples or resettled communities. It is recognised that this is a fragmented and difficult to reach stakeholder group. It was

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proposed to liaise with Joji Corino, ex-Commissioner on the World Commission on Dams, international expert on hydropower social issues, and member of the UN Working Group on Indigenous Peoples, about how best to obtain these views. Joji Corino has also done work on free, prior and informed consent and so would be a good contributor on this agenda item.

***Mtg4 Action 11:*** *The Forum Coordinator will liaise with Joji Corino, and invite her to attend the Brazil Forum meeting and advise on the discussions of social aspects and attributes.*

Note that these actions do not preclude pursuing other mechanisms, such as contracting specialist work, holding workshops, and targeted consultations; however the idea of taking on additional members to the Forum was not advanced as a preferred option.

### **Agenda Item 20 – “Parking Lot” Issues**

Forum members used this agenda item to review and confirm some of the agreements from earlier in the meeting.

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### HSAF Meeting 4 Summary of Agreements

**Mtg 4 Agreement 1:** *An independent consultant will be engaged to (1) analyse the available previous Protocol assessments and interview auditors involved in order to summarise lessons learned, what worked, what didn't work, gaps, recommended improvements, etc.; and (2) provide advice from this analysis to inform development of the Forum's trialling strategy.*

**Mtg4 Agreement 2:** *The Protocol sections are each a stand-alone sustainability assessment tool for hydropower projects. It is intended that one utilises the section that is applicable to the stage in the project life cycle. The section numbers do not imply that I will automatically lead to IV.*

**Mtg4 Agreement 3:** *Mtg3 Agreement 6 reference to Section III is amended to read "This section of the Protocol can be used to inform the timing and conditions of project commissioning".*

**Mtg4 Agreement 4:** *The Forum members recognize that there is at present some ambiguity in whether Section I is assessing a specific hydropower project or the strategic environment from which a hydropower project might emerge. The Forum members agreed to work more on the aspects and attributes for Section I prior to making a decision on this matter.*

**Mtg4 Agreement 5:** *A working list of key social aspects to include in the Protocol, subject to refinement as attributes are defined, is as follows:*

- |   |  |
|---|--|
| - Benefit sharing   | - Communications   |
| - Social impact assessment (includes social baselines)  | - Social management plan (includes social infrastructure, social commitments)                              |
| - Safety – asset, community   | - Cultural heritage  |
| - Social & economic development   | - Indigenous peoples   |
| - Stakeholder identification / mapping  | - Public health  |
| - Resettlement  | - Conflict analysis  |
| - Grievance, complaints & dispute resolution mechanisms   | - Suppliers & service providers  |
| - Community acceptance  | - Consultation & support   |
| - Labour & working conditions (includes employee opportunity, equity, diversity, employee safety) | - Affected communities (includes gender, host community, vulnerable social groups, downstream communities) |

**Mtg4 Agreement 6:** *The Forum will endeavour to develop policy statements associated with each aspect. A compiled set of policy statements will be provided at the front of the revised Protocol.*

**Mtg4 Agreement 7:** *The 6<sup>th</sup> Forum meeting will take place in Cappadocia, Turkey over four days, 10-13 March 2008.*

**Mtg4 Agreement 8:** *The Forum members agreed that climate change will be on the Brazil meeting agenda.*

**Mtg4 Agreement 9:** *All proposed revisions to the Communications and Operating Procedures, presented in Mtg4 Paper 17 were accepted by the Forum.*

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- Mtg4 Agreement 10:** *The purpose of the Jan-Feb 2009 consultation is to establish relationships with stakeholders, assist stakeholders to understand the Forum process and progress, and provide opportunity for feedback.*
- Mtg4 Agreement 11:** *The Forum members seek through the Jan-Feb 2009 consultation to take into consideration the variety of views from key stakeholder groups, including those harder to reach such as indigenous and directly affected peoples.*
- Mtg4 Agreement 12:** *The approach used for the Jan-Feb 2009 consultation will be a combination of a web-based feedback platform, sessions organised and run through Forum member networks, and targeted consultation meetings with identified organisations or individuals.*
- Mtg4 Agreement 13:** *A social issues reference group to the Forum will be formed and led by Maninder Gill of the World Bank, to review and advise the Forum on the social content of the revised Protocol. This social issues reference group will comprise international experts knowledgeable across the spectrum of social issues relevant to hydropower, including the International Network on Displacement and Resettlement.*

### HSAF Meeting 4 Summary of Actions

- Mtg 4 Action 1:** *The Forum Coordinator to follow up with Ted Downing on outcomes of the China Forum meeting.*
- Mtg 4 Action 2:** *The Forum Coordinator to post previous Protocol assessments that can be made publicly available onto the Forum external website.*
- Mtg 4 Action 3:** *The Forum Coordinator will circulate terms of reference for analysis of previous Protocol assessments to Forum members for comment and identification of potential consultants.*
- Mtg 4 Action 4:** *Forum members will provide any further ideas to merge, rename and simplify aspects to the Forum Coordinator for incorporation into a meeting paper for the 5<sup>th</sup> Forum meeting in Brazil.*
- Mtg4 Action 5:** *The Forum Coordinator will update Mtg4 Paper 14 in a format consistent with the approach in Mtg4 Paper 13a, but with no scoring and with attributes expressed in neutral language.*
- Mtg4 Action 6:** *Forum members to bring any additional ideas for potential sources of funding to the Brazil Forum meeting.*
- Mtg4 Action 7:** *The Forum Coordinator will draft the Brazil meeting agenda incorporating climate change; transboundary issues; catchment management; and free, prior and informed consent.*
- Mtg4 Action 8:** *The Forum Coordinator will liaise with Forum members to develop a list of potential network consultation sessions, target organisations and individuals, target events during Jan-Feb 2009, and availability of Forum members during this period, as a basis for agreement on a plan at the Brazil Forum meeting.*
- Mtg4 Action 9:** *The Forum Coordinator to develop a scope of work for a consultant to work with the Forum during this period, coordinate and support Forum member consultation efforts, develop the web-based feedback platform, conduct direct consultations, and produce a summary*

*\* Note that agreements reached at a meeting may be revisited and updated at a later meeting based on further information, discussion and analysis.*

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*report. This scope will be circulated to Forum members for comment and recommendations on a suitable consultant.*

**Mtg4 Action 10:** *The Forum Coordinator will liaise with Forum members to fill in the attributes for the key social aspects identified by the Forum (Attachment 2 to the Mtg4 minutes), and circulate this to the social issues reference group for review.*

**Mtg4 Action 11:** *The Forum Coordinator will liaise with Joji Corino, and invite her to attend the Brazil Forum meeting and advise on the discussions of social aspects and attributes.*

### HSAF Meeting 4 Issues Open for Further Discussion

Issues arising from these meeting discussions that are recognized as requiring dedicated discussion at a future Forum meeting include but are not limited to:

- Further refinement of draft aspects and attributes;
- Protocol format, including the number of aspects per Protocol section; the potential for grouping or sequencing of aspects within each section; approaches to measurement of each aspect; and guidance notes/other support on scoring;
- Incorporation of climate change into the Protocol;
- Consultation and trialling; and
- Forum funding.

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### Attachment 1 - Draft Social Aspects and Attributes 26 Oct 2008

ASPECT	LEAD IN TEXT	PROCESS ATTRIBUTES	PERFORMANCE ATTRIBUTES
Social impact assessment	includes social baselines	scope, expertise / capacity, consultation, baseline, disclosure, stakeholders, integration, updating, monitoring	regulator support / approval, stakeholder support, scope completed, implementability
Social management plan	includes social infrastructure, social commitments	linked to SIA, scope, targets, commitments, responsibility, governance, integration with other plans, links with construction schedule, review, independent evaluation, monitoring, disclosure, updating, capacity, grievance and complaints mechanisms	meeting targets and commitments, stakeholder and regulator support, responsiveness to changing circumstances, well-being of directly affected groups
Cultural heritage		Assessment process, management plans, consistency with legislation and standards, local/indigenous knowledge, consultation	Meeting management plan targets, impact minimisation / mitigation, meeting legislation and standards requirements, agreement with regulators, stakeholder agreement
Indigenous peoples		identification of ethnic and indigenous community, quantification of needs as compared with rest of community, special requirements identified, engagement strategy and special resourcing needs, ethnic minority development plan, performance monitoring of the plan	meeting plan targets, level of indigenous development, level of support by indigenous / ethnic groups, level of opposition by indigenous / ethnic groups
Public health		assessment, risk, benefits, baseline, management plan, scope, monitoring, review, standards, mainstreaming into public health system	meeting targets, meeting standards, risk reduction
Resettlement		Baseline survey, stakeholder identification, disclosure, consultation, informed participation of affected peoples, negotiation, management plan, site selection, commitments, monitoring, evaluation and review	Impact avoidance, impact minimisation, impact mitigation, compensation, management targets met, regulator agreement, stakeholder agreement, timing, change in living standard, community cohesiveness, commitments met
Conflict analysis			
Affected communities	includes gender, host community, vulnerable social groups		
Consultation and support			

\* Note that agreements reached at a meeting may be revisited and updated at a later meeting based on further information, discussion and analysis.

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### Attachment 1 - Draft Social Aspects and Attributes 26 Oct 2008

ASPECT	LEAD IN TEXT	PROCESS ATTRIBUTES	PERFORMANCE ATTRIBUTES
Social and economic development Community acceptance		stakeholder / community identification, disclosure of information, public involvement, community participation and consultation plan, communication strategies, monitoring and evaluation of plan, grievance process	community / stakeholder confirmation / agreements, level of community / stakeholder support, level of community / stakeholder opposition, meeting targets of consultation plan, resolution of grievances
Safety	Covers asset and community safety	Community consultations and trainings occur regularly; Staff consultations and training occur regularly; Plans and performance are audited and reported on regularly; Monitoring plan in place for safety that is reported against regularly; Log of complaints and suggestions is regularly updated and disseminated widely; Community consultations on safety and EPP are held regularly, minutes and agreements are recorded and action reported against	Plans are in place, with regular monitoring and reporting; Regulators and other safety oriented stakeholders (local councils, EPAs etc) are actively involved in monitoring, testing and reporting against safety requirements; Complaints mechanism is in place, working and information disseminated of its existence to staff and other stakeholders; Community participation is actively part of the planning and monitoring processes of safety assessments and reporting; EPP is in place and accessible/known to all downstream and riparian/reservoir communities; The plan has appropriate resources and staff / community representative responsible people are trained and resourced.
Labour and working conditions	Labour and working conditions are assessed relative to appropriate national and international standards and comparable industry practice. Specifically, reference is made to IFC's Performance Standard 2, which is itself guided by a series of I.L.O. and U.N. conventions. Key issues to be considered includes employee opportunity, equity, diversity, and employee safety and health.	Comprehensive labour management system, aimed at upholding national law and international standards (which exclude child labour and forced labour), ensuring lack of minority or gender discrimination, and engaging at constructive, respectful discussions with workers' representatives. Negotiation process is documented and monitored, in order to achieve consistent, reliable results.	Full compliance with national law and international standards. Efficient operation of a fully implemented comprehensive labour management system, including grievance mechanism, retrenchment policy, and affirmative action measures to ensure lack of minority or gender discrimination, and support for local or vulnerable groups. Efficient, stable, constructive, respectful relationship with labour representatives. Minimal risk of labour conflicts, interruptions or accidents.

\* Note that agreements reached at a meeting may be revisited and updated at a later meeting based on further information, discussion and analysis.

# HSAF Meeting 4 – China

## Final Minutes

### Attachment 1 - Draft Social Aspects and Attributes 26 Oct 2008

ASPECT	LEAD IN TEXT	PROCESS ATTRIBUTES	PERFORMANCE ATTRIBUTES
Stakeholder identification / mapping			
Suppliers and service providers			
Grievance, complaints, dispute resolution mechanisms			
Communications	This aspect addresses the effectiveness of communications in enabling the identification, preparation, implementation and operation (Phases I, II, III and IV of the Protocol) of sustainable hydroelectric projects that meet objective standards in transparency, integrity and accountability	Comprehensive communications plan/strategy using a communications based assessment (CBA), covering all stakeholders (including contractors) for all aspects and all stages of the project cycle. Communication responsibilities of the different stakeholders need to be spelt out; four types of communications covered (development; advocacy; corporate; internal). Communications strategy includes consultation; participation; disclosure of information; linkages with project sustainability (especially gaining acceptance for new developments such as environmental flows) and governance; grievance management (ombudsman). It is recognized that communication is a necessary but not sufficient condition for project success.	Performance indicators met in communications plan/strategy met based on the results of independent targeted surveys and discussions with key informants. Particular emphasis on surveying affected communities including: (I) determining whether they understood the scope and impact of the project in question (II) soliciting their views on whether their inputs being taken into account; and (II) whether they had effective communications liaison with the developer
Benefit sharing	Project affected people will access and share in revenues generated by the project. Project affected peoples will have a role in decision making on the sharing of benefits from a project throughout the life of the project. The aspect considers three specific areas: 1. revenue sharing; 2. entitlements and access to resources for all project affected peoples; 3. equitable access to electricity for those in resettlement zone/s and immediate project area.	Considers all upstream and downstream stakeholders and affected peoples; Comprehensiveness of consideration of rights of all project affected peoples; participation and role for project affected peoples in prioritising use and management of funds and access to entitlements; Institutional capacity is considered and resourced to coordinate a benefit sharing process managed by representatives of all stakeholders; Contractual arrangements will optimise use of local skills, training and job creation; Secured source of finance for revenue sharing	Extent to which all project affected peoples are accessing electricity; range of project affected people reached; extent to which opportunities and priorities as identified by project affected peoples have been realised; extent to which benefit sharing plan is linked to poverty reduction priorities as identified by communities in development plans; extent of livelihood restitution and food security is attained. (level of avoidance of impoverishment in resettled households)

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