



# “Sustainability, Hydropower and Corruption”

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Dr. Janak Lal Karmacharya  
Clean Energy Development Bank Limited  
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# Hydropower and corruption - from the view of sustainability

- Complexity in study, investigation, design and construction
- Lumpy investment
- Long gestation period
- Data limitation



# Stages of hydropower development and corruption

- Identification - cascade/ cluster development
- Study/ Investigation rather lack of those
- Design, tender preparation and construction of HPS
- Related to above: Selection procedure, Evaluation procedure and Transparency in both the procedures



# Corruption due to lack of proper data and know - how

- Hydrological manipulation - Dry and wet flows and differential tariff for excess energy. Claims originating from weak data base.
- Inadequate geological investigation resulting in unusual and unsubstantiated variation order.
- Inadequate risk sharing mechanism



# Four tests to any changed order or contract variation

- Is it a valid contract variation?
- Is the contract variation properly priced?
- Was the work actually performed?
- Is the contract variation appropriately allocated?



# Type of contract and corruption

- BoQ Type – Client – Consultant - Contractor
- EPC Contract
- Client predominated contract - National contract in developing countries



# Source of financing and corruption

- National Budget - use of Political influence
- Concessional financing and national budget mixed
- Grant financing - limited bidding



# Avoiding Corruption in procurement decisions

- Legal Aspects
- Standard rules:
  - I. Open , public competition must be the rule
  - II. A separation of responsibility for planning, designing, contracting-implementation, final accounting and operations of project between several officials
  - III. Officials in posts involved with procurement and other contracting activities to be rotated regularly



## Cont'd....

- IV. Procurement decisions to be made at least by two “four-eyes principles”
- V. Major decisions to be made by group by officials
- VI. A central national compliant office
- VII. National “ombudsman”
  - Internal and external auditing
  - Administration Aspects
    - Public disclosure rules regarding the assest, liabilities and income of senior officials
    - officials to sign pledge against wrong doing
    - Competency



# Key Elements of Anti- corruption Strategy

- Move from denial to acceptance of problems
- Build a coalition of management, employee and consumers
- Improve Utility Business process
- Strengthen accountability
- Encourage public participation



# Sustainability and corruption

*“In order to make hydropower a sustainable development it is absolutely necessary that it should be corruption free”*