



iisd Reporting Services

IHA World Congress Bulletin

A Daily Report of the International Hydropower Association (IHA)
World Congress on Advancing Sustainable Hydropower 2013

Published by the International Institute for Sustainable Development (IISD)

ONLINE AT [HTTP://WWW.IISD.CA/HYDRO/IHA2013/](http://www.iisd.ca/hydro/iha2013/)
ISSUE #2, VOLUME 139, NUMBER 9, FRIDAY, 24 MAY 2013



IHA WORLD CONGRESS HIGHLIGHTS: THURSDAY, 23 MAY 2013

The International Hydropower Association (IHA) World Congress continued on Thursday, 23 May, in Kuching, Malaysia. Participants engaged in two plenary sessions, a CEO Roundtable discussing modern hydropower and one on informing decision-making in the context of emerging roles for the Protocol. Two parallel focus sessions took place, one on investing in hydropower and another on working with project-affected communities.

A special lecture during lunch discussed the impact of delays on hydropower projects, in particular on the ability of projects to deliver benefits. The special lecture identified impacts on various stakeholders and economic development of countries, and highlighted the importance of understanding the damage delay can cause and setting realistic timetables. Side events in the afternoon covered resettlement and operationalizing multipurpose hydropower.



Kate Lazarus, IFC, describes key messages from IFC's application of the Protocol

CEO ROUNDTABLE: WHAT IS MODERN HYDROPOWER?

David Appleyard, Chief Editor, HRW Hydro Review Worldwide, moderated the Thursday morning session, underscoring that hydropower is increasingly seen as an important element of a green energy mix.

Wolfgang Semper, Chairman, Hydro Equipment Association (HEA), suggested that "modern hydropower" entails a range of things, including new forms of equipment for a variety of situations, new features in power plants and innovative approaches to new technologies. He emphasized that modern hydropower requires strong factual arguments to make its case.

Elsbeth Tronstad, SN Power, suggested that regional variation in the definition of "modern hydropower" is acceptable, and that learning, expanding and improving efficiency is part of Norway's current hydropower agenda.

Katai Kachasa, CEO, Lunsemfwa Hydro Power Company, stated that hydropower is required to unleash Zambia's development and to "jump-start economic activity."

Roy Adair, CEO, Hydro Tasmania, argued that hydropower has received a boost from its role in GHG mitigation. He also underscored that the electricity market has changed and that hydropower is required to meet new challenges. He suggested that hydropower's flexibility is also the key to its durability.



The dais during the "CEO Roundtable: What is modern hydropower?" L-R: **Torstein Sjøtveit**, CEO, SEB; **Roy Adair**, CEO, Hydro Tasmania; **Katai Kachasa**, CEO, Lunsemfwa Hydro Power Company, Zambia; **Elsbeth Tronstad**, SN Power; **Wolfgang Semper**, Chairman, HEA; and Moderator **David Appleyard**, Chief Editor, HRW Hydro Review Worldwide

The *IHA World Congress Bulletin* is a publication of the International Institute for Sustainable Development (IISD) <info@iisd.ca>, publishers of the *Earth Negotiations Bulletin* © <enb@iisd.org>. This issue was written and edited by Qian Cheng, Harry Jonas and Anna Schulz. The Digital Editor is Leila Mead. The Editor is Robynne Boyd <robynne@iisd.org>. The Director of IISD Reporting Services is Langston James "Kimo" Goree VI <kimo@iisd.org>. Funding for coverage of this meeting has been provided by the International Hydropower Association (IHA). IISD can be contacted at 161 Portage Avenue East, 6th Floor, Winnipeg, Manitoba R3B 0Y4, Canada; tel: +1-204-958-7700; fax: +1-204-958-7710. The opinions expressed in the *Bulletin* are those of the authors and do not necessarily reflect the views of IISD. Excerpts from the *Bulletin* may be used in other publications with appropriate academic citation. Electronic versions of the *Bulletin* are sent to e-mail distribution lists (in HTML and PDF format) and can be found on the Linkages WWW-server at <<http://www.iisd.ca/>>. For information on the *Bulletin*, including requests to provide reporting services, contact the Director of IISD Reporting Services at <kimo@iisd.org>, +1-646-536-7556 or 300 East 56th St., 11D, New York, New York 10022, USA. The IISD Team at the IHA World Congress on Advancing Sustainable Hydropower 2013 can be contacted by e-mail at <anna@iisd.org>.



<http://enb.iisd.mobi/>



A view of the dais during the session on “Who is Investing in Hydropower?” L-R: Colin Clark, Chief Technology Officer, Brookfield Renewable Energy Group; Israel Phiri, Hydropower Consultant, Zambia; Waqar Ahmed Khan, CEO, Star Hydro Power Limited; and Kieron Stopforth, Bloomberg New Energy Finance

Torstein Sjøtveit, CEO, Sarawak Energy Berhad (SEB), said that hydropower is a renewable and climate friendly energy source.

Participants engaged in discussion on a range of issues. On dam affected communities, there was debate about: the potential miscommunication that occurs between dam proponents and affected communities; the consequences for local communities’ societies; the importance of stringent rules on relocation and the responsibility of companies to comply with them; the principle of free and prior informed consent; where the ultimate responsibility to local communities lies; and the balance required between local and national priorities.

On opinions about hydropower, there was a general consensus that hydropower stakeholders are learning from the past and improving the industry’s conduct. One discussant described hydropower as an “industry in renaissance.” At the same time, some noted that hydropower delivers long-term benefits and in this regard is “under-sung.” An African perspective was offered, focusing on the contribution hydropower can make to the reduction in biomass use.

A Chinese perspective suggested that good communication with affected communities is critical in minimizing resistance to proposed developments. One participant noted that hydropower is often not seen to be as innovative as solar and wind. Participants noted that the optimal size of a project is contingent on local factors, and called for post-construction audits.

WHO IS INVESTING IN HYDROPOWER?

Moderator Judith Plummer, University of Cambridge, contextualized the discussion on risks entailed in hydropower investment, highlighting the distinction between actual and perceived risks relating to technical, institutional, financial, social, and environmental issues.



Moderator Judith Plummer, University of Cambridge

Waqar Ahmed Khan, CEO, Star Hydro Power Limited, underscored the lack of investment in hydropower projects in Pakistan, despite the incentives and established frameworks encouraging investments. He identified the perceived security risks and the structural imbalances in the power sector as main barriers to developing medium- and large-scale hydropower projects in Pakistan, whereas technological risks affect the smaller hydropower projects.

Noting that Africa is a new entrant in the hydropower sector, Israel Phiri, Hydropower Consultant, Zambia, said there is increasing government support for developing hydropower projects in a number of African countries. He said that hydrological risk is ranked high in the African hydro-agenda, and that current efforts to develop hydropower in Zambia are mostly driven by local companies.

Colin Clark, Chief Technology Officer, Brookfield Renewable Energy Group, said businesses in the hydropower sector seek high quality, long-life assets in stable markets to ensure long-term investment benefits and to counter-balance the effects of energy price and resource scarcity. He stressed the capacity to understand and manage market risks are essential to developing hydropower projects.

Kieron Stopforth, Bloomberg New Energy Finance, introduced statistical analysis comparing the investment profiles of hydropower with those of the wind and solar sectors. He said the overall energy capacity of the hydropower sector is much bigger than that of the wind and solar sectors, but the growth in wind and solar industries is exponentially larger than hydropower. He also noted the terms of debt for small hydropower projects are similar between solar and wind projects.

The discussion focused on a number of issues, including: corruption risk when investing into hydropower projects; the relevance of applying the Clean Development Mechanism to incentivize the development of hydropower projects; comprehensive and effective risk control for hydropower development at the regional level; and the distinction between grants and capital investments when comparing the investment statistics in the hydropower, wind and solar sectors.

WORKING WITH PROJECT AFFECTED COMMUNITIES

Tan Sri Rastam Mohd Isa, Chief Minister’s Department, Malaysia, moderated the session and introduced the topic as being a controversial but critically important issue. He recognized that dam construction leads to a range of local transformation, and welcomed discussion to explore the challenges and to develop solutions.



A view of the dais during the session on “Working with Project Affected Communities” L-R: Richard Koranteng Twum Barimah, Executive Director, Ghana Dams Dialogue; Shi Guoqing, Director, National Research Center for Resettlement, Hohai University, China; Stephen Sparkes, Vice President, Statkraft AS; Moderator Tan Sri Rastam Mohd Isa, Chief Minister’s Department, Malaysia; Eduard Wojczynski, Chair, CHA; Datuk Fong Joo Chung, Director, SEB; and Labang Paneh, Indigenous Peoples Representative at Murum, Malaysia

The session began with a video in which Labang Paneh, Indigenous Peoples Representative at Murum, Malaysia, and others set out their opposition to the Murum dam and their hopes for the Penan people’s future. Labang Paneh, speaking on the panel, set out the challenges facing the Penan people caused by the Murum hydropower project. He set out the community’s demands, that include a package of MYR500,000, a house with electricity and 25 hectares of land per family. He called for a meaningful response to this request and underscored that unless the conditions are met the Penan people will not accept relocation.

Datuk Fong Joo Chung, Director, SEB, noted the UN Declaration on the Rights of Indigenous Peoples but explained that public projects in Malaysia do not require the permission of affected landowners’ and are subject to adequate compensation. He stressed that the state policy is to resettle affected communities in locations that are better than their original site and balance education, health and cultural sensitivities.

Eduard Wojczynski, Chair, Canadian Hydropower Association, explored the challenges in the Canadian context, and underscored the importance of building on long-term discussions with communities and finding alignments of interest between communities and companies.

Stephen Sparkes, Vice President, Statkraft AS, underscored the need to integrate community engagement into project planning and suggested engaging communities at the first possibility. He stressed the need to ensure long-term employment opportunities beyond financial compensation.

Shi Guoqing, Director, National Research Center for Resettlement, Hohai University, China, underscored the need to consider communities’ physical, economic and cultural loss in an integrated manner and to develop strong plans and monitoring mechanisms.

Richard Koranteng Twum Barimah, Executive Director, Ghana Dams Dialogue, explained the importance of: providing training of community members ahead of any relocation; managing expectations; and informing about responsibilities.

The discussion included comments on: international best practices; the lack of independent review or public disclosure of the Murum Relocation Action Plan; future approaches to the Murum dam and Penan people; land rights; grievance mechanisms; and timing of benefits. Peter Kallang, SAVE Rivers, made the final comment, stressing the challenges of relocating rural communities to non-rural settings, and drew attention to the many requests for information made to the SEB and governmental institutions without reply.

INFORMING DECISION-MAKING: EMERGING ROLES FOR THE PROTOCOL

Moderator David Harrison, The Nature Conservancy, moderated the session and underscored the centrality of



Moderator David Harrison, The Nature Conservancy

the Hydropower Sustainability Assessment Protocol (the Protocol), which he explained is not a standard, but a standardized measurement tool.

Philipp Hauser, GDF SUEZ Energy Latin America, drew on the example of the Protocol’s use in the context of the Jirau Dam in Brazil and suggested that emerging uses related to the Protocol include: promoting competitive advantage; responding to non-financial and sustainability ratings; providing a due diligence tool; increasing sustainability in early project development; and building relations with institutions.

Kate Lazarus, IFC, discussed experiences of applying the Protocol and underscored the following issues: testing in pilot cases and using the Protocol contributes to its benefits; building constituents for improved hydropower governance in the Mekong region leading to the Protocol’s greater use; and taking a river basin approach in transboundary situations. She concluded by stating that the Protocol can be used synergistically with the IFC Performance Standards.



A view of the room during the session on “Working with Project Affected Communities”



A view of the dais during the session on "Informing Decision-Making: Emerging Roles for the Protocol" L-R: Donal O'Leary, TI; Jian-hua Meng, WWF; Bernt Rydgren, ÅF Consult; Kate Lazarus, IFC; and Philipp Hauser, GDF SUEZ Energy Latin America

Noting the Protocol has been translated into other languages, Bernt Rydgren, ÅF Consult, said the Protocol brings enormous potential to improve the sustainability performance of the hydropower sector, and it can be used in other types of work with hydropower companies.

Calling for wider endorsement of the Protocol, Jian-hua Meng, WWF, said that WWF is in favor of promoting "the right infrastructure solutions in the right places." He said "market transformation" is necessary to help move the hydropower sector to better and sustainable practices.

Donal O'Leary, Transparency International, called for focus on governance and anti-corruption issues, and for promoting integrity among developers. He said the inclusion of sections on governance, procurement, and regulation in the Protocol is useful, and he called for the Protocol to be used widely and in the earlier stage of hydropower project planning.

Comments during the discussion included: the need for capacity building in developing countries, including using the Protocol in this regard; the importance of using the Protocol in the early stages of developing a project; unofficial uses of the Protocol to inform dialogue, internal assessments, and set up internal systems; the role of the assessor; the tension between encouraging a wide range of unofficial uses of the Protocol while retaining the high-quality of official assessments; focus on the large-scale economic and environmental contributions hydropower can make; the pros and cons of striving towards international good practice or best practice; public scrutiny of published assessments; whether the numbered scoring system distracts from discussion about the key issues; and why there are only five official assessments to date.

Richard Taylor, IHA Executive Director, concluded the session and reminded that the Protocol was designed to help all projects whether they are high or low performing.



Tormod Schei, Statkraft AS (right) during the side event on "Operationalizing Multipurpose Hydropower"



Tran Trung Tuyen, Power Generation Corporation 2

SIDE EVENTS

BRIEFING ON RESETTLEMENT: Takafumi Kadono, ADB, moderated the session. Tran Trung Tuyen, Power Generation Corporation 2, presented a case study and a film on the Song Bung 4 Hydropower project in Viet Nam with a focus on the relocation of the Co Tu People. Other issues raised during the event included: planning process; staffing; awareness raising, training and capacity building; entitlements; key documentation including the resettlement plan; and lessons learned.

OPERATIONALIZING MULTIPURPOSE HYDROPOWER: Moderated by Anne Bolle, Statkraft AS, Tormod Schei, Statkraft AS, presented the needs for multipurpose hydropower projects. Emmanuel Branche, EDF, introduced the example of Durance Valley in France. Jian-hua Meng, WWF, and Jean-Michel Devernay, World Bank, highlighted the complexity and opportunities of multipurpose hydropower. The discussion centered on how to manage, ensure profitability, and promote hydropower projects for both power and non-power purposes.



Hydro Tasmania exhibit