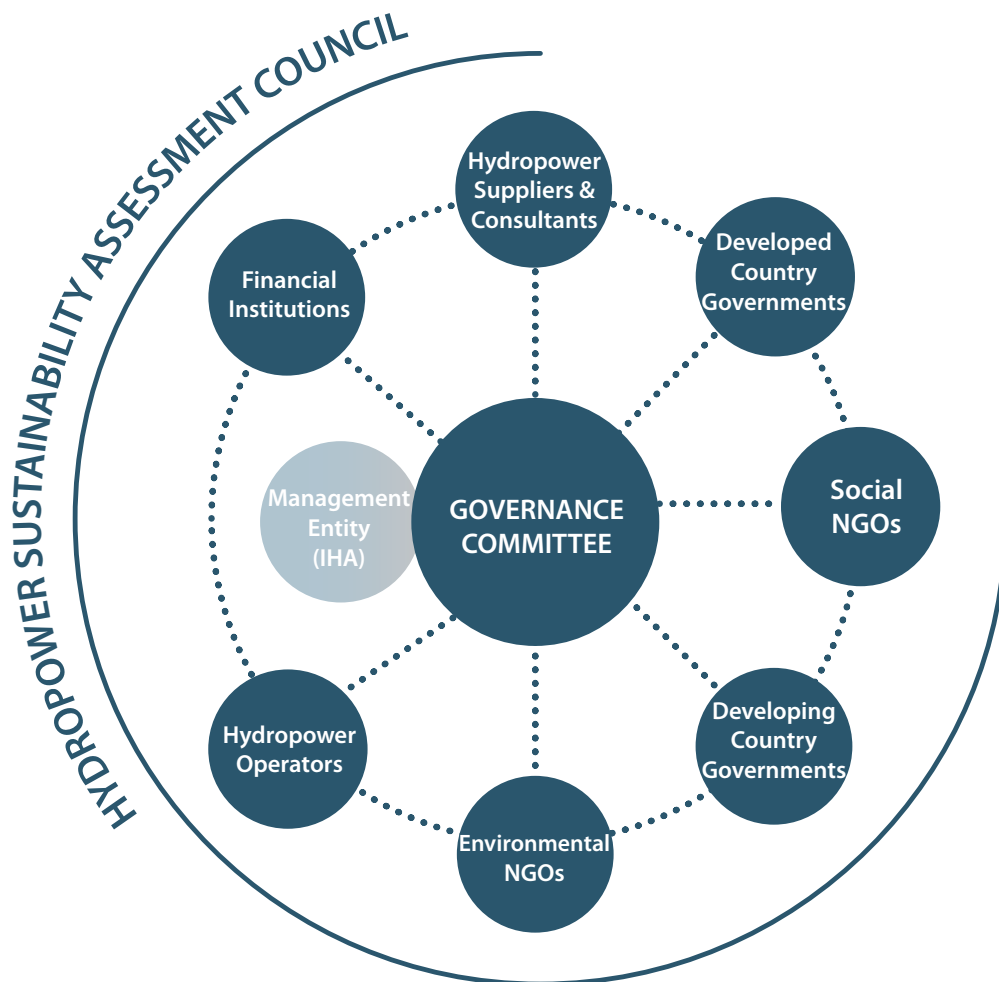


Governance Committee

2011-2013 ANNUAL REPORT



www.hydrosustainability.org

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According to paragraph 3.3 of the Charter,

“The Governance Committee receives a yearly report from the Management Entity on implementation of the Protocol and summarising all official Protocol applications, and may request more frequent reports as needed”.

This Annual Report to the Council covers the period 2011 to 2013.

Report by Chair

The multi-stakeholder Hydropower Sustainability Assessment Forum (the Forum) finalized its work in 2010, having achieved consensus on the Protocol. IHA subsequently adopted the Protocol and several organizations expressed their support for this new instrument. It became clear at the time that the Protocol could best achieve its purpose if an ongoing support structure were created. The member organizations of the Forum continued discussions and drafted a Charter for a new organization, the Hydropower Sustainability Assessment Council (the Council), as well as Terms and Conditions for use of the Protocol.

Detailed negotiations culminated in the finalisation of both documents during the IHA World Congress at Iguassu (June 2011), where the Protocol was formally launched and the Council was created. A transitional Governance Committee (TGC) was put in place and has been working with the Management Entity (the IHA Central Office) to roll out the Protocol globally. During the past two years, the Committee has guided the activities of the Council, including the development of support documents, translations, and rules for assessments and for the accreditation of assessors. Five face-to-face meetings (in Hobart, Bonn, Marseille, Rio de Janeiro, and Washington DC) as well as multiple conference calls and webinars were held. Members of the Committee also actively represented the Council in many outreach and training events, helped with fundraising and acted as observers on assessments. The Committee's main objective was to lay the groundwork for a membership-based, democratic council that represents all stakeholders in hydropower development and ensures widespread, consistent and credible use of the Protocol. The members of the transitional Governance Committee are as follows:

Name	Organisation	Name	Organisation
Roger Gill	IHA	Kirsten Nyman	GIZ
David Harrison	The Nature Conservancy	Donal O'Leary	Transparency International
Joerg Hartmann (Chair)	Independent	Rikard Liden	World Bank (observers)
Cameron Ironside	Management Entity	Karin Seelos	IHA
Jianhua Meng	WWF International	Guoqing Shi	Hohai University

Over the last months we started a member recruitment initiative in order to populate the Chambers of the Council and elect chamber representatives. These representatives will constitute a new Committee to which we will hand over our functions at the biennial meeting of the Council in Kuching on May 21st, 2013.

The Protocol could not have gained the recognition and momentum it is now enjoying without the help of a large number of people and institutions. We are receiving support from donors and from a growing number of hydropower organizations who are having their projects assessed and are promoting the Protocol in their countries. We are benefitting from in-kind support from Council and Committee members. The first of a growing cadre of accredited assessors are undertaking assessments, often of very complex projects, and are helping stakeholders gain new insights into the strengths and weaknesses of projects. And none of this would be possible without the day-to-day management by the sustainability team at the IHA Central Office, acting as the secretariat of the Council. The remainder of this report is based on their annual report to the Committee.

This report covers the two first years of the Council's operation (2011-2013). In the future, we intend to have annual public reports, and hopefully a lot to report! The outgoing Committee is looking forward to an active, broad based, fully democratic Council. We are still at the very beginning of the roll-out of an instrument which has significant potential. If we can keep it on track, working together through lively, respectful debate and ultimately reaching consensus, the Protocol could have a transformational impact on hydropower globally, helping it to fulfill its promise as an instrument of sustainable development.

2. Protocol Implementation

One of the key priorities identified by the Forum, and carried forward through the TGC, is implementation of the Protocol. This is been driven by the International Hydropower Association in its capacity as Protocol Management entity, guided by the TGC.

Implementation has been multi-faceted, aiming to establish the management and support structures around which the Protocol would operate, such as tools, processes and rules for accredited assessors, and the Protocol website, as well as increase understanding of the Protocol through training and application, through assessments. A number of projects have helped drive these various implementation areas.

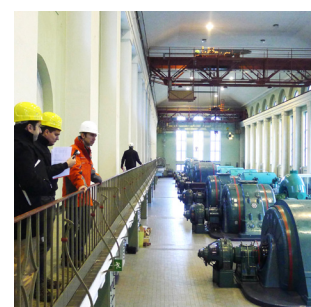
A. Assessments

As the industry representative in the Forum and the TGC, IHA was best placed to mobilise its members to use the Protocol. It did so through a model of Sustainability Partnerships, where members were trained in applying the Protocol and had projects assessed, and at the same time contributed revenues to the Protocol roll-out.

There are currently 15 Sustainability Partners, China Three Gorges Corporation, EDF, E.ON, Energia Sustentável do Brasil, EPM, HEA, Hydro Tasmania, ISAGEN, Itaipu Binacional, Landsvirkjun, Manitoba Hydro, Odebrecht, RusHydro, Sarawak Energy and Statkraft, with a number of further entities including non-IHA members interested in joining the process.

During the period of this report, the following has been delivered under the Sustainability Partnerships:

Training has been held with:	Assessments with:
Landsvirkjun – Hvammur project	Hydro Tasmania – (pilot assessment) Trevallyn project (operation)
E.ON – Walchensee project	Landsvirkjun – Hvammur project (preparation)
HEA – with Alstom in France	E.ON – Walchensee project (operation)
HEA – with Andritz in Austria	Manitoba Hydro – Keeyask project (preparation)
HEA –with IMPSA in Argentina	Statkraft – Jostedal project (operation)
HEA – with Voith in Germany	ESBR – Jirau project (implementation)
Itaipu Binacional – Brazil and Paraguay	RusHydro – (pre-assessment) Cheboksarkaya project
Manitoba Hydro – Keeyask project	Sarawak Energy – Murum project (implementation)
Statkraft – Jostedal project	EDF – (pre assessment) Le Gavet project
ESBR – Brazil	
Scottish and Southern Energy -Scotland	
RusHydro – Russia	
Sarawak Energy – Malaysia	

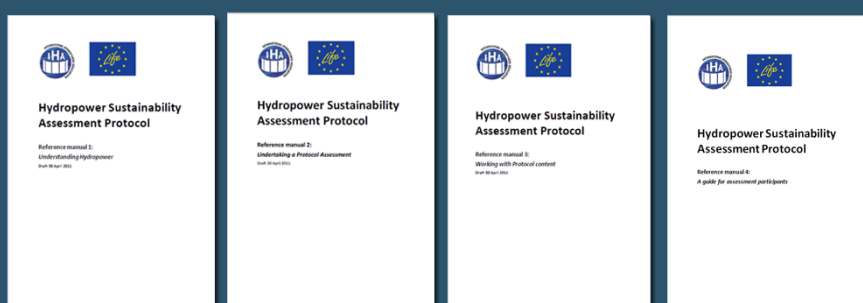


The Sustainability Partners have played a significant role in increasing learning about practical application of the Protocol, and are industry leaders in this regard. At the same time, it is clear that these partnerships have been of significant benefit to the Partners, with numbers increasing both within the IHA membership and amongst a wider group of industry stakeholders such as regulators and the finance sector.

B. Support Materials

The Management Entity have produced and continued to refine reference manuals to assist implementation of the Protocol and to support the delivery of Sustainability Partner training, as well as the training of accredited assessors.

Four manuals have been developed, 'Understanding hydropower'; 'Undertaking a protocol assessment' (aimed at Protocol lead assessors); 'Working with Protocol content' (providing interpretation of the Protocol topics for assessors); and a guide for assessment participants (aimed at the client or 'project sponsor'). The format of the manuals have been refined during the period of this report.



Accredited assessors are the cornerstone of quality control for the Protocol. Only assessors accredited to do so are mandated by the TGC to conduct assessments using the Protocol. The Management Entity continues to review the process and the support materials for 'accrediting assessors'. Including developing licensing arrangements and a Code of Conduct. These documents draw from similar arrangements used by the Marine Stewardship Council and Forestry Stewardship Council, and are being developed to meet the requirements of ISO 17024. Accreditation requirements are detailed later in this report.





Site visit inspecting control room during E.ON sustainability partner training

C. Training

The Management Entity has developed and continues to refine week long training course materials aimed at training those going through Protocol assessments. These materials are the cornerstone of Protocol training for non- assessors, and have been adapted to meet various stakeholder requirements (for example, two day civil society-focussed courses, and 'getting to know the Protocol' are also available). Management entity staff deliver this training throughout the world. Slides and materials developed for the training, have been subject to review by the Governance Committee.

Training events are designed to be attended by multiple stakeholders to stimulate the debate. Learning resulting from this has proved valuable for both the assessors and attendees, with the Management Entity continuously updating training materials and incorporating feedback. Significant Training has been held as part of the Sustainability Partner model, however training has also extended well beyond this, with training courses being run by both management entity staff and members of the TGC for broad stakeholder groups, aimed at building capacity within these different stakeholders around the various uses of the tool. Actors outside of the TGC have and continue to support these valuable training opportunities.

In this period, the Management Entity also ran the first assessor accreditation workshop, in August 2012. This workshop involved all those that had participated in assessments since October 2010, so that the learning from this period could be incorporated into the final assessor accreditation course. The training and content of future courses is now being finalised and is under review. Accredited assessor training will be held periodically as required, with the next course expected in Q4 2013.

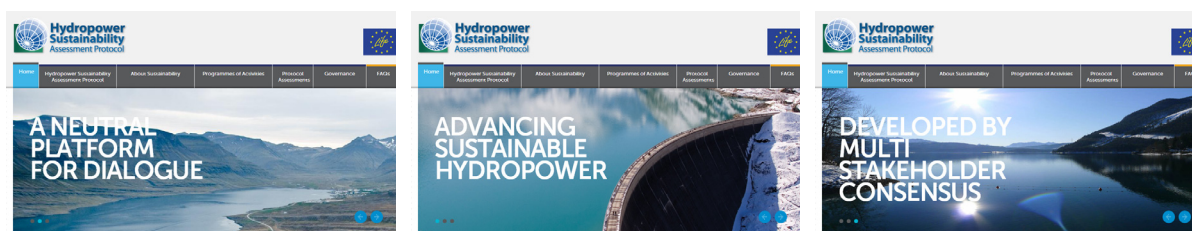


Classroom learning during E-ON sustainability partner training

D. Website and Database

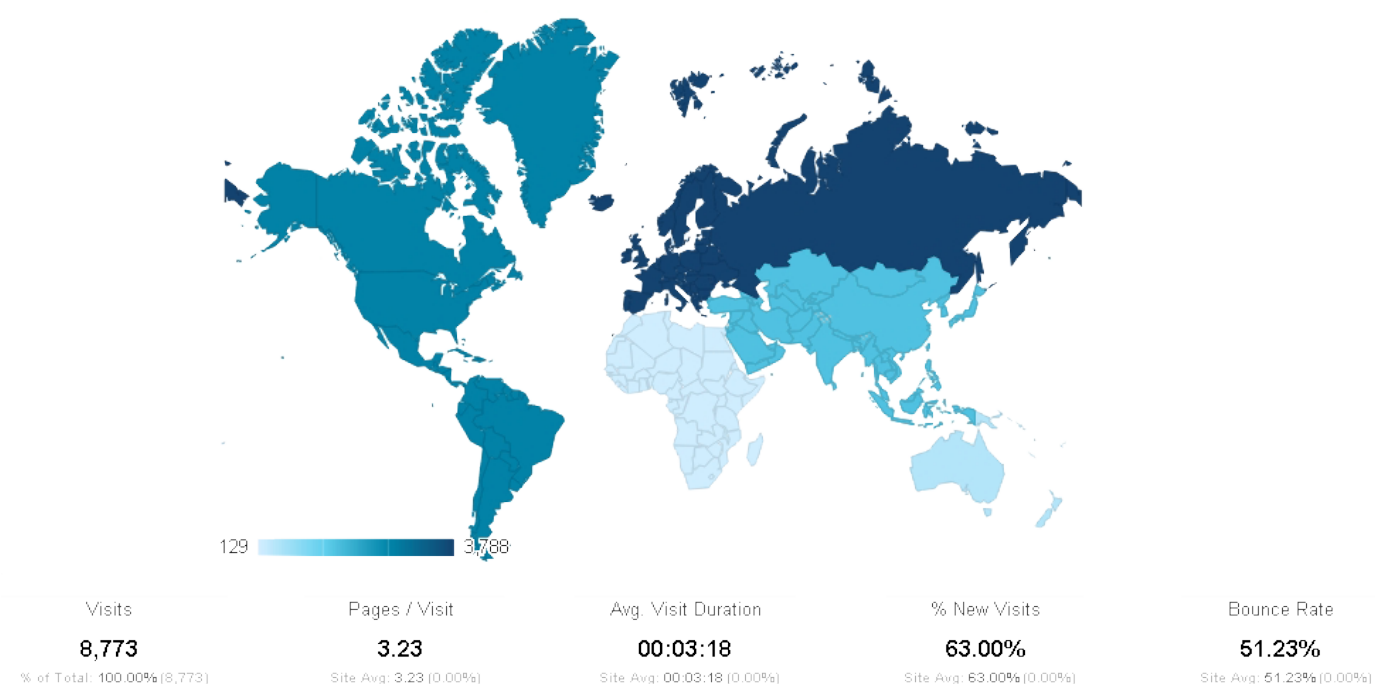
In this period, the Protocol has formally been housed in its own website, www.hydrosustainability.org.

The website, developed with the support of the EU Life+ programme, is intended to provide a growing resource for sustainability knowledge. It also provides a support and information platform for the various groups engaging with the Protocol including those being assessed, the Accredited Assessors, Governance Committee and Chambers.



Planning around the website included provision for information and communication services, homes for the Governance Committee and accredited assessors, results of Official Assessments, as well as a database to capture results.

The graph below shows the spread of website 'hits' in 2012 across the continents. Analysing the website statistics will assist the Management Entity when considering where focus should place in raising Protocol awareness.



The database is a work in progress, and will capture results from all Protocol assessments. Information from this database will feed information to the management and governance structures to guide future refinement of the Protocol, and with database incorporating a template that will allow assessment reports to be prepared efficiently and according to a standard format. Both the website and the database are under continuous and ongoing review by the Management Entity and feedback from Sustainability Partners and the Governance Committee has been welcomed.

E. Accredited Assessors

A key aspect of the roll out of the Protocol is ensuring that it is applied in a consistent manner, to appropriate standards. This will deliver results that are uniform, irrespective of where it is used. The keystone of this philosophy is the accreditation of assessors qualified to use the Protocol. The accreditation requirements include completion of a substantial programme of training authorised by the Council and adoption of a code of conduct, with assessors regulated by a license issued by the Protocol Council. Assessors will also need to demonstrate previous experience relevant to the hydropower sector and have participated in at least two assessments under an already accredited assessor prior to being granted a license.

Only accredited assessors are mandated by the Governance Committee and Council to work with companies on the Protocol, including provision of consulting services and assessments. Given the knowledge base being developed through and by this group, which includes a number within the IHA Central Office, it is vital that companies wishing to engage meaningfully with the Protocol do so using accredited individuals.

There is increasing capacity to deliver Protocol assessments with five assessors accredited and a number more scheduled to become accredited. IHA, under the guidance of the TGC, has and continues to support targeted trainee assessors to become accredited, to ensure that assessors are drawn from a broad spectrum of hydropower sustainability expertise.

3. Projects

A. EU Hydro4Life

The EU Hydro4LIFE project aims to assist the implementation of the Hydropower Sustainability Assessment Protocol in the European Union. Its objectives are to demonstrate the Protocol, consolidate the knowledge base on hydropower sustainability performance, and raise awareness and build capacity about the Protocol and hydropower sustainability performance among stakeholders regulators and policy makers.

Key achievements in this period are:

- * Accreditation of five assessors to deliver official Protocol assessments
- * Delivery of five training workshops to hydropower developers and equipment suppliers
- * Complete website overhaul in terms of structure and content
- * Presentation of the project at two international forum
- * Meeting with the OECD export credit agencies in Bratislava
- * Meeting with the Romanian hydropower community in Bucharest
- * Publishing of Hydro4LIFE Protocol information poster
- * Paper published by EON Hydro (Germany)
- * Translation of the Protocol into French, Spanish, and Portuguese.

An application to extend the project end date to September 2014 was submitted in June 2012. This request has been granted and the project objectives and work plan remain viable.

An important element of the project is application at sites throughout the EU. With funding in place to assist with assessments, there is growing take-up of this opportunity, and further interest would be welcomed.

This effort should also be assisted by a recently published paper by EON entitled: “The Hydropower Sustainability Assessment Protocol in practice: lessons learned from its first application in Europe – a utility’s perspective”.

B. Norad

The agreement was finalised in December 2012, and the first phase roll-out is underway. This project represents an important step in furthering sustainability in an area where significant growth in hydropower development is expected, and the role of Norad in ensuring that this happens is gratefully acknowledged.

C. Other Projects

Smaller projects are supported on an ongoing basis by various parties, and contribute greatly to the roll-out of the Protocol. Examples of these valuable contributions include support from GIZ to host workshops in support of the Protocol chamber recruitment process, and regional Sustainability workshops.

4. Outreach and Communications

A. Outreach

Members of the TGC and Management Entity have in this period presented the Protocol at events worldwide, including Malaysia, Germany, Brazil, France, Austria, Iceland, Canada, Russia, Norway and Scotland.

An Advanced Economy Country Governments workshop was hosted in this period, with representation from Norway, Germany, Switzerland and France. The meeting covered participation in Council Chambers and financing for the Council and the ongoing activities of the Protocol.

In addition further chamber recruitment workshops and training events were held in Rio, Laos and Mexico during the period of this report.

B. Communications

The Protocol logo has now been standardised and is used on all materials to do with the Protocol. Both the TGC membership and the management entity continue to communicate broadly around the Protocol at events worldwide, often in the context of broader discussions around issues including development, climate change and sustainability.

Media activity has grown during this period, and publicity of activities with Sustainability Partners has resulted in a number of industry articles.

Throughout 2012, potential Chamber members were contacted with 'motivational notes' to advise of the benefits of being involved with the Protocol Council. As at the publication of this report, 82 individuals or organisations had registered as Council Members.

C. Translations

A key element of widespread uptake of the Protocol is translation of the document. To date, it has been translated in 5 languages: Chinese, Russian, French, Portuguese and Spanish, with the first two available on the Protocol website and the last three going through final review. In parallel with this, the TGC has developed procedures and rules around translation and the use of the Protocol in languages other than English, especially for formal assessments. These rules are available on the website.

Translations are not possible without the support of organisations and individuals with appropriate skill levels in the language of translation, and the following need to be recognised :

Chinese:	WWF China, Three Gorges Corporation, TNC China and the IHA National office
Russian:	Rushydro and WWF China
Spanish:	EU Hydro4Life and IMPSA
Portuguese:	EU Hydro4Life and Itaipu Binacional
French:	EU Hydro4Life and EDF

Acknowledgements

The Protocol has since the formation of the Forum enjoyed support from a wide group of stakeholders who continue to play a key role in supporting the tool and its application.

The TGC would like to acknowledge:



Sustainability Partners:





Notes

Notes



**Hydropower
Sustainability**
Assessment Protocol

www.hydrosustainability.org

