

How the Hydro Sustainability Assessment Protocol Addresses Governance and Anticorruption Issues

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Introduction: Why is Integrity Linked with Sustainability in Hydropower and Multipurpose Dam Development?

- Some water-related organizations (WSS, hydropower and multipurpose dams) do not adequately address corruption risks:
 - Engineering
 - Suppliers
- Nature of Sector – Corruption Prone
 - High Capital Flows
 - Construction-Sector Involvement
 - Bias in Project Election
 - Non-transparent Competition in Procurement
 - Project Implementation
 - Not in Accord with Specifications
 - Fraudulent invoicing

Background: Involvement of TI/WIN in the Protocol

- Involved in the Hydro Sustainability Assessment Protocol ('The Protocol') since 2008
- Member of the Hydro Sustainability Assessment Forum - oversaw the Protocol development
- Member of the Transition Governance Committee(2011-2013)-oversaw Protocol rollout
- Elected Chair of the 'Social' Chamber and a member of the Protocol Governance Committee

Alternate Chair: Henry Chan of WWF Malaysia

Which topics were of particular interest to TI/WIN?

- Topics that Address Governance and Anticorruption :
 - Institutional Capacity (ES-5)
 - Communications& Consultation (P-1/I-1/O-1)
 - Governance (P-2/I-2/O-2)
 - Procurement (P-12/I-8)
- Cross-cutting Issues:
 - Transparency
 - Governance
 - Public Disclosure
 - Grievance Mechanisms
 - Communications& Consultation
 - Governance
 - Resettlement

Communications & Consultation

■ Scope

- “Addresses identification and engagement with project stakeholders both within the company itself as well as between the company and external stakeholders (e.g. affected communities, governments, key institutions, contractors, catchment residents etc.,)’

■ Importance

- Stakeholders are identified and engaged in the u-issues of interest to them
- Communication and consultation processes establish a foundation for good stakeholder relations throughout the project life

Communications & Consultation (Contd.)

■ Assessment:

- Stakeholder Mapping
 - Directly affected Communities
- Establish Communications Requirements

■ Management:

- Applicable to All Stages of the Project Cycle
 - Governance
 - Public Disclosure
- Customized to Stakeholder and Topic Requirements

■ Stakeholder Engagement:

- Appropriately Timed and Two-Way, as appropriate

■ Conformances & Compliances:

- Relevant Processes & Objectives Are 'on track'

Governance

■ Scope

- “Addresses corporate and external governance considerations for the project”

■ Importance

- Developer should have sound business structures, policies and practices,
- Addresses transparency, integrity and accountability issues ,
- Can manage external governance issues (e.g. institutional capacity shortfalls, political risks (including trans boundary issues), public sector corruption risks), and
- Can ensure compliance

Governance (Contd.)

■ Assessment:

- External governance considerations
- Political risk
- Corruption risk

■ Management:

- Risk Management
- Ethical Business Practices
 - Business Principles for Countering Bribery
- Independent Review ('Third Party Monitoring')
 - Resettlement Action Plan
 - Infrastructure Safety

■ Stakeholder Engagement:

- Making significant reports publicly available

■ Outcomes

- Major corporate and external governance issues resolved

Procurement

■ Scope

- “Addresses all project-related procurement, including works, goods and services”

■ Importance

- Procurement processes are equitable, transparent and accountable;
- Support achievement of project timeline, quality and budgetary milestones;
- Support developer and contractor, environmental, social and ethical performance; and
- Promote opportunities for local industries.

Procurement (Contd.)

■ Assessment:

- Major supply needs, supply sources, relevant legislation and guidelines
- Corruption Risks
- Procurement (P-12/I-8)

■ Management:

- Procurement Plans and Processes
 - Procurement plans and policies; P/Q screening, bidding;
 - Complaints management
 - Anti-corruption measures

■ Outcomes:

- Procurement of works, goods and services is equitable, efficient, transparent, accountable, ethical and timely

■ :

- Elections

Take Home Messages

- Promoting Good Governance and Anticorruption Requires a Multistakeholder Approach :
 - Government, Private Sector, Civil Society, Development Partners
 - Each actor plays to its strength (e.g. CSOs concentrate on Advocacy; DPs promote integrity in project preparation/implementation)
- Commonalities in Approaches in Water Subsectors
 - Water Supply and Sanitation
 - Hydropower and
 - Public Disclosure
- Sharing of Lessons Learned Across Institution
 - Important Roles of Development Partners

Thank you!