



# Choosing the Right Hydro Project: Project Screening

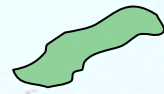
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# Risk Management

- Identify
- Assess
- Plan
- **Avoid**
  - Minimize
  - Mitigate
  - Compensate
  - Offset
  - Enhance
- Monitor
- Adapt

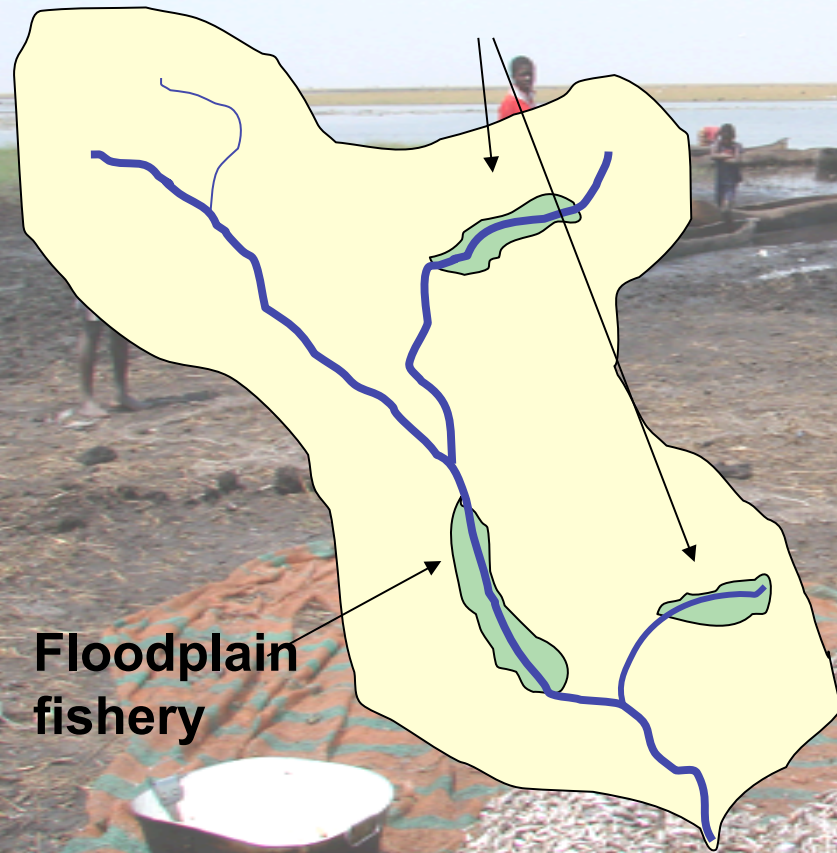






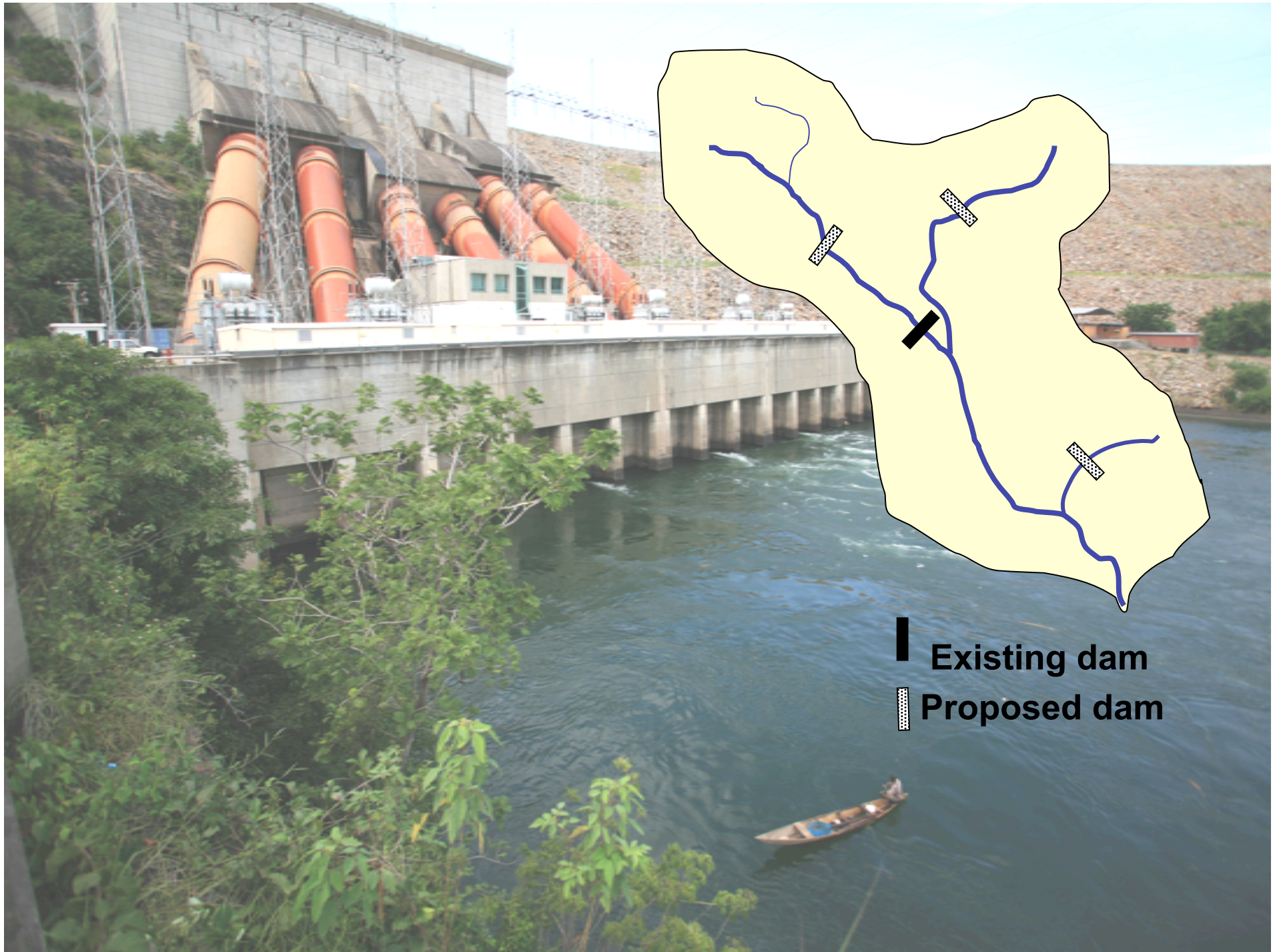
**High Conservation Value Area**

**Spawning habitat**

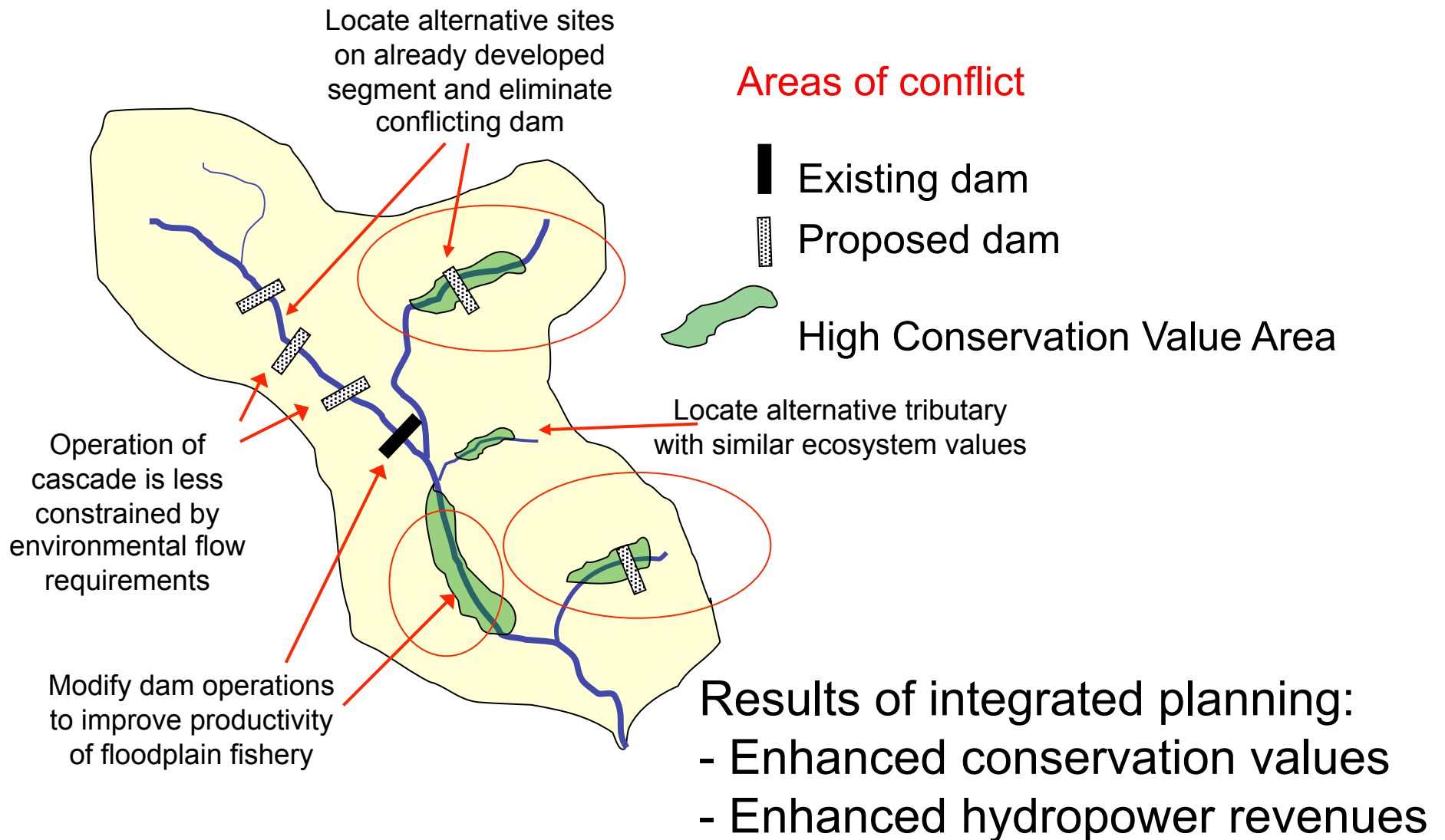


**Floodplain  
fishery**





**| Existing dam**  
**|- Proposed dam**





# Practical Approaches to Screening for Appropriate Siting, Design and Operations

- project-by-project
- by sponsor
- by host country



# Project Screening using the IFC Performance Standards

PS 1: Social & Env. Assessment & Management Systems

- ☐ Establishes basis for categorization (A, B, C)

PS 2-8: thematic standards

example PS 6: Biodiversity Conservation and Sustainable Natural Resource Management

- ☐ All levels of biodiversity (habitats, species and ecosystem services)
- ☐ All habitats, whether or not previously disturbed or legally protected
- ☐ Supports sustainable use of renewable natural resources (sometimes documented through certification)



Exercise increasing caution and care as scale of biodiversity risk increases.

Projects which affect critical natural habitats always category A and projects which would affect large or significant natural habitats would also likely be category A

<b>Modified habitat</b>	Land that has been modified by man, but which may still have biodiversity significance (fields, traditional farms etc)	Exercise caution where significant areas are to be converted or changed <b>(Category B)</b>
<b>Natural habitat</b>	Areas which retain much of their original vegetation or natural status (wetlands, forests, coral reefs etc)	No significant conversion, only when no feasible alternatives and benefits must out-weigh costs. Any conversion must be fully mitigated <b>(Category B or A)</b>
<b>Critical natural habitat</b>	Presence of high biodiversity value (threatened species, large numbers of species, migratory areas and social values)	Project must have no 'measurable' adverse impacts <b>(Category A)</b>
<b>Protected areas</b>	Formally protected by government	Activities consistent with land use Consult stakeholders Programs supporting Protected Area aims <b>(Category A)</b>

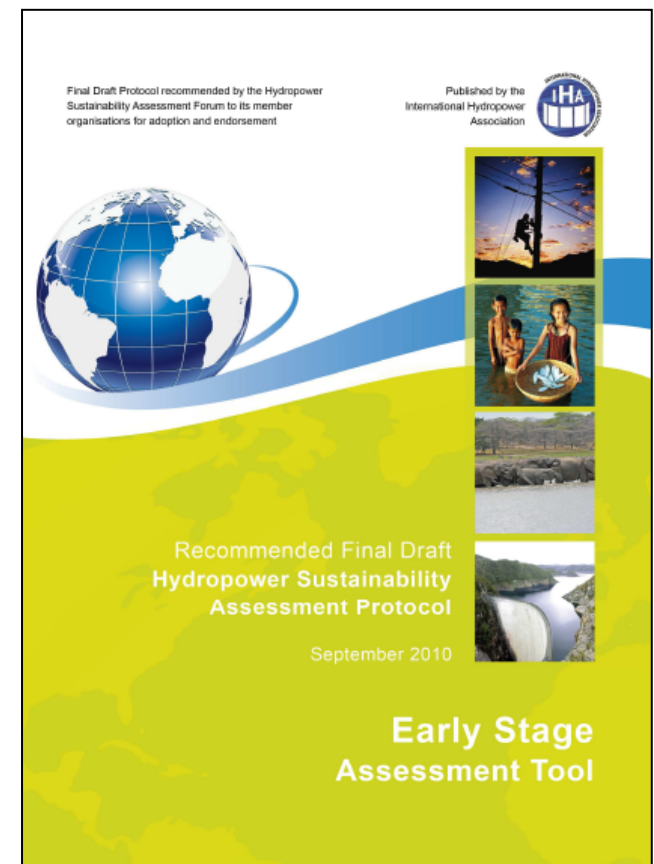




# Project Screening using the IHA / HSAF Hydropower Sustainability Assessment Protocol

## Topics for Early Stage Assessments:

- Demonstrated need
- Options assessment
- Consistency with policies and plans
- Political risks
- Institutional capacity
- Technical issues and risks
- Social issues and risks
- Environmental issues and risks
- Economic & financial issues and risks





# Screening of Sponsors

Potential indicators for sustainability commitment and performance:

- Use of the ISO 14000 family of standards for environmental management systems
- membership in global business coalitions such as the Global Compact and the World Business Council for Sustainable Development
- recognition through composite indices, such as stock market sustainability indices
- publication of meaningful sustainability reports according to the principles of the Global Reporting Initiative





# Screening of Host Countries

Potential indicators for sustainability commitment and performance:

- planning capacity
- regulatory requirements
- regulatory experience
- political stability

Examples:

- Equator Principles do not apply to projects in OECD countries





# Take Home Messages

- Avoidance is the best risk management.
- The greatest potential for avoidance is through better upstream planning.
- Where banks stay involved with countries over longer periods and in particular, where they also contribute to the funding of master plans and/or project identification, they start developing their own capacity to understand upstream planning.
- While due diligence on individual projects without knowledge of the planning context is difficult, an increasing number of tools is available.
- Certain categories of sponsors and host countries represent lower sustainability risks.

**Questions?**