

MINUTES
HYDROPOWER SUSTAINABILITY GOVERNANCE COMMITTEE
MEETING #23
13 May 2019, 10:00-12:00 (CEST)

Attendees	Apologies
Roger Gill (hydropower suppliers/consultants)	Geir Hermansen (advanced economy country governments)
Ken Adams (hydropower operators/developers)	Dan Marlene (hydropower/operators/developers)
James Dalton (environment/conservation organisations)	Richard Taylor (CEO of IHAS Ltd/ME)
Daniel Menebhi (advanced economy country governments)	Gabriel Azevedo (financial institutions)
Lesha Witmer (social impacts/project affected communities)	
Jürgen Schuol (hydropower suppliers/consultants)	
Jamie Skinner (social impacts/project affected communities)	
Jian-hua Meng (environment/conservation organisations)	
Kimberly Lyon (financial institutions)	
Shi Guoqing (emerging economy country governments)	
David Harrison (independent consultant)	
Joao Costa (ME)	
Alain Kilajian (ME)	
Kate Steel (ME)	

Agenda Item	Minutes
HSGC 23.01 Welcome and apologies	The Chair verified attendance, conveyed apologies, introduced the new Chair of the Free, Prior and Informed Consent Working Group (FPIC-WG), and then opened the meeting.
HSGC 23.02 Adoption of draft agenda	The agenda was adopted with no additional items. The Chair proposed that only agenda items 4, 6, 7, 9 and 10 be discussed. This was agreed by the Committee.
HSGC 23.03 Minutes and Status of actions from last meeting	The minutes from the previous meeting were acknowledged. Status of actions from previous meetings: #20.1: Names of contacts who have used the Protocol to be provided to the WWF consultant conducting WWF's review of the impact of the Protocol by 7 November 2018. (completed) #20.2: The ME to assist with inter-chamber communications when needed. #20.3: The ME to circulate the informal analysis of the Protocol with IFI safeguards and standards previously carried out, by 7 November 2018. (completed) #20.4: The ME to re-circulate the ERM review carried out in 2016 by 7 November 2018. (completed) #20.5: The ME to circulate its communications material regarding the suite of sustainability products by the end of November 2018. (completed)

#20.6: The ME to provide a draft grievance mechanism the end of 2018. **(completed)**

#20.7: The ME to monitor the quality of assessments and report back by September 2019. **(in progress)**

#20.8: The ME was requested to review royalty arrangement and report back to the PGC in September 2019. **(in progress)**

#20.9: The ME to finalise the assessor Licence Agreements and the Terms and Conditions and submit to the committee chair for review by the end of November. **(completed)**

#20.10: In line with Decision 20.7, the ME to circulate the Licence Agreements and Terms and Conditions for information once they have been reviewed and approved by the Chair. **(completed)**

#20.11: The ME to remove reference to 'pro.hydro' in domain name for communication platform between the chambers, and propose an alternative by end of 2018. **(completed)**

#20.12: By the end of October, the ME to survey the PGC regarding potential dates for the next meeting (telecon). **(completed)**

#21.1 By 31 December 2018, the ME to include language on adaption in the climate change mitigation and resilience guideline in sections *1.3 stakeholder engagement* and *1.5 outcomes*. **(completed)**

#21.2 The ME to prepare a draft Terms of Reference of the FPIC working group and invite participants by 8 January 2019. **(completed)**

#21.3 The ME to investigate whether the 'Basecamp' software is accessible to all members of the HSGC by 18 January 2019. **(completed)**

#21.4 By the 18 January 2019, the ME to survey the committee on suitable dates for the next meeting. **(completed)**

#21.5 By 14 January, Central Office to circulate some information regarding the UN Water Conference. **(completed)**

#22.1: HSGC members to provide feedback on Charter updates to the ME no later than 5 April, 2019 **(completed)**

#22.2: ME to share the Activity Report in advance of the Council meeting in May **(completed)**

#22.3: ME to send email to HSGC members confirming reduced rates for Council members **(completed)**

#22.4: HSGC Chairs to review list of Council members and provide an update on active/dormant members **(outstanding)**

#22.5: The ME to schedule a meeting for the new HSGC during the Congress on the morning of Tuesday 14 May, 2019 **(completed)**

#22.6: The FPIC working group to provide feedback (i.e. meeting minutes) to HSGC after each of its meetings **(in progress)**

The Chair noted that there had been a delay with the delivery of the papers for the meeting and the 2017-2019 Activity Report.

One of the representatives highlighted the importance of developing a communication strategy. The Chair acknowledged the representative's point and proposed that the communication strategy work be included into a wider sustainability strategy review after the World Hydropower Congress.

Action 23.1. The ME to propose potential dates in September 2019 for a strategy review meeting, during which a communications strategy would be discussed.

The Chair added that all outstanding actions from previous reports should be included in future reporting (such as the action to develop a communication plan).

	<p>Action 23.2. A summary of actions with their status to be included in the minutes of HSGC meeting #23.</p>
<p>HSGC 23.04 Statutory documents</p>	<p>4.1 The Charter</p> <p>The Committee discussed the proposed changes to the Charter.</p> <p>The Chair invited the Committee to comment on the scope of responsibility of the Committee, whether they considered the Committee is responsible for the full suite of tools (HGIP, HESG and HSAP) or only the HSAP.</p> <p>A committee member was happy for the Committee to have responsibility over the full suite of tools, with the HSAP as the leading tool and the HESG and HGIP as its derivatives.</p> <p>One of the members stated that the HSAP had all the legitimacy of a thorough, multi-stakeholder consultation process, the derivatives did not go through the same lengthy process. The member believed the charter should mention that the HSAP was the leading document, and the HESG Tool and HGIP Guidelines were its derivatives.</p> <p>One of the members suggested that, following the logic of the HSAP as the leading tool, and the HESG Tool and HGIP Guidelines as its derivatives, updates to the HSAP should require a rigorous consultation process while for updates to the derivative tools should require a less lengthy process.</p> <p>The Chair noted that it was important that all three tools remained consistent.</p> <p>This approach was agreed by the Committee. The Committee requested that the ME update the Charter to establish the HSAP as the leading tool and the HESG Tool and HGIP Guidelines as its derivatives, with different consultation processes in place for updates.</p> <p>Action 23.3: The ME to update the charter as agreed, including mechanisms for consultation around updates to the various sustainability tools, by 16 August 2019.</p> <p>4.2 Licence fees</p> <p>The Committee noted the concerns expressed by several Accredited Assessors regarding the adjustment to licence fees.</p> <p>The Chair discussed IHAS Ltd financial figures and the currently small contribution of fees and royalties to total income.</p> <p>The Chair proposed that the licence fee levels for Accredited Assessors (AAs), previously agreed by the Committee, should remain unchanged. Fees had been set based on a long-term view of the financial viability of IHAS Ltd. However, transition payment arrangements were needed while assessment activity levels remained low.</p> <p>One of the members stated that the increase in licence fees could only be justified if there was a large demand for the services of AAs. The member was hopeful the HESG Tool would result in increased work for AAs as it could act as an eligibility requirement for green bonds.</p> <p>The Committee discussed the roles and responsibilities of the AAs and the ME in developing the market around the tools.</p> <p>One of the members acknowledged that it took a long time for the HSAP market to kick off. The member suggested that the ME should get in touch with the Alliance Water Stewardship which faced a similar hurdle.</p> <p>One of the members also suggested that the ME conduct a CBI/HESG Tool market analysis, i.e. a study of the number of potential projects eligible for green bonds and associated income for AAs and the ME.</p> <p>One of the members agreed that marketing and application of the HSAP and derivative tools were key. The member suggested that the ME and the Committee look at all the different forms</p>

	<p>of application, not simply assessments, e.g. policy making, internal assessments and capacity building for private and public sector, and for regulators.</p> <p>The Chair suggested that the ME develop a financial forecast (incl. market analysis, royalties vs. donor funded projects, other sources of income) to assess the financial viability of its programme of work.</p> <p>One of the members proposed that the ME get feedback from the AAs regarding the challenges they faced in developing the market.</p> <p>The Committee requested that suitable transition payment arrangements be put in place with the AAs in recognition of the concerns raised. This should be done in consultation with the Committee Chair.</p> <p>Action 23.4: The ME to respond to AAs, in consultation with the Committee Chair, proposing transition payment arrangements.</p> <p>Action 23.5: ME to develop a financial forecast for the future activities of IHAS Ltd.</p>
HSGC 23.05 Status of sustainability tools	This agenda item was not discussed during the HSGC meeting #23.
HSGC 23.06 Council Membership	<p>6.2 Council Meeting</p> <p>The Chair informed the Committee about the Council meeting taking place in the afternoon. The Chair then presented the agenda for the Council meeting.</p> <p>The agenda was agreed by the Committee.</p>
HSGC 23.07 Committee Membership	<p>7.2 Election results</p> <p>The Committee discussed the 2019 election results. The election results were accepted by the Committee and attention was brought to the empty positions, including social chamber alternate, and financial institutions chair and alternate. The Committee agreed that these positions were important and work would be done to find appropriate representatives.</p> <p>One of the representatives mentioned that continuity in the Committee was crucial, especially following departure of the CEO of IHA, highlighting the important role of the next Committee's chair and vice chair.</p> <p>Action 23.6: The ME to identify a potential Financial Institutions Chamber chair and alternate.</p> <p>Action 23.7: One of the members to confirm the alternate for the Social Impacts Chamber.</p> <p>The committee also noted that the rules of election had not been communicated clearly and as a result some misunderstandings had occurred.</p> <p>Action 23.8: Going forwards, the ME to ensure that rules and eligibility of election are clear and well communicated.</p>
HSGC 23.08 Accredited Assessors	This agenda item was not discussed during the HSGC meeting #23.
HSGC 23.09 Application of the sustainability tools	<p>The Chair proposed that it was now time to review the strategy for the further development and implementation of the sustainability tools, including the financial sustainability of the governance arrangements. The Chair suggested that the ME draft a strategy paper on the way forward to drive the sustainability agenda and the Committee mandate. This matter will be considered further by the next Committee at its meeting #24.</p> <p>ME noted that the HESG Tool had already been used in India and Zambia.</p>

	<p>One of the members inquired about the cost of the HESG Tool assessments, and the Chair stated that it would be helpful to keep records of costs for future analyses.</p> <p>Action 23.9: The ME to draft a future directions strategy paper for consideration by the Committee later in 2019.</p>
<p>HSGC 23.10 Substantive work relating to the tools</p>	<p>10.1 FPIC Working Group</p> <p>One of the members presented the work of the group to date. The member informed the Committee that the FPIC-WG would be following a three-track approach:</p> <ol style="list-style-type: none"> 1. Legal report on international law in relation to FPIC 2. Case studies of assessments 3. Analyses of current HSAP language and other standards <p>The member added that the aim of the group was to identify what was basic good practice that complied with international law and that could serve for external groups, such as the CBI.</p> <p>The member also notified the Committee of an upcoming meeting with ME and the representatives of the Munduruku people, an indigenous group from the State of Para, Brazil, who were also invited to the FPIC Focus Session during Congress.</p> <p>The Committee discussed the three-track approach and the alignment of the FPIC-WG conclusions with the CBI consultation process.</p> <p>The member confirmed that the FPIC-WG hoped to finish its work by the end of July.</p> <p>Action 23.10: The ME to arrange a special meeting to review FPIC-WG recommendations.</p>
<p>HSGC 23.11 Report on the work of IHAS</p>	<p>ME presented the elements of the 2017-2019 Activity Report to the Committee.</p>
<p>HSGC 23.12 Any other business</p>	<p>One of the members thanked Committee members for completing the survey and informed the Committee that he had been reappointed to represent WWF on the governance of the Hydropower Sustainability Tools.</p>
<p>HSGC 23.13 Summary of actions/decisions of the meeting</p>	<p>Action 23.1. The ME to propose potential dates in September 2019 for a strategy review meeting, during which a communications strategy would be discussed.</p> <p>Action 23.2. A summary of actions with their status to be included in the minutes of HSGC meeting #23.</p> <p>Action 23.3: The ME to update the charter, including mechanisms for consultation around updates to the various sustainability tools, by 16 August 2019.</p> <p>Action 23.4: The ME to respond to AAs, in consultation with the Committee Chair, proposing transition payment arrangements.</p> <p>Action 23.5: ME to develop a financial forecast for the future activities of IHAS Ltd. (To align with Action 9)</p> <p>Action 23.6: The ME to identify a potential Financial Institutions Chamber chair and alternate.</p> <p>Action 23.7: One of the representatives to confirm alternate for Social Impacts Chamber.</p> <p>Action 23.8: Going forwards, the ME to ensure that rules and eligibility of election are clear and well communicated.</p> <p>Action 23.9: The ME to draft a future directions strategy paper for consideration by the Committee later in 2019.</p> <p>Action 23.10: The ME to arrange a special meeting to review FPIC-WG recommendations.</p>

HSGC 23.14 | Next
meeting

The next HSGC meeting will be held on Tuesday 14 May from 8:00-9:00 during the Congress in Paris. The meeting will be the first meeting of the newly elected Committee.