
A REVIEW OF**THE INTERNATIONAL HYDROPOWER
ASSOCIATION'S DRAFT PROTOCOL FOR
ASSESSING THE SUSTAINABILITY OF
HYDROPOWER DAM PROJECTS****BY THE****INTERNATIONAL NETWORK ON DISPLACEMENT
AND RESETTLEMENT¹****11 DECEMBER 2009**

The International Network on Displacement and Resettlement has reviewed the Draft Hydropower Sustainability Assessment Protocol (HSAP) prepared by the International Hydropower Association (IHA) and submitted for open discussion. The protocol aims to become a sustainability assessment matrix to measure and guide performance in the hydropower sector. It provides four stand-alone assessment tools, following each stage of the project life cycle. Our comments focus primarily on how the draft protocol addresses the long term social sustainability of dam projects and in particular -- the content and implications of forced [involuntary] population displacement and resettlement triggered by hydropower dams.

Organized in 2000, the International Network on Displacement and Resettlement (INDR) is a professional association that provides a global communications network of scholars, practitioners, and policy makers. Its members work for universities, international and national development agencies, governments, private sector corporations, research centers, non-governmental organizations. Among them are social scientists – including anthropologists, sociologists, economists, lawyers, engineers, planners, politicians and human rights activists. The INDR roster who made the comments outlined below includes several of the world's leading scholars and specialists in development-caused displacement and resettlement.

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PREAMBLE

The sustainability of dam building projects is a composite of their economic, social, and environmental sustainability. This review synthesizes the comments, critiques and proposals of a roster of INDR members regarding the IHA draft mentioned above, refer primarily to the **social sustainability** of dam construction projects.

Our starting premise is that the pre-requisites of such social sustainability need to be built upfront into the core content, activities and budgeted costs of every dam project. Doing so successfully is possible by using a methodology germane to the requirements of social sustainability in the preparation, design, and ex-ante evaluation of the dam projects' components.

Since by definition any draft put out for open discussion is subject to further revisions and improvements, we outline below our constructive critique of what we see as inadequate or missing in IHA's protocol. INDR will be ready to review the next version of the draft after IHA carefully examines and, we hope, takes into account our professional comments, objections, and recommendations.

Our review found that the current IHA draft assessment guidelines are still fundamentally deficient and incomplete for objectively evaluating the dam projects' social sustainability. Specifically, the IHA draft: totally overlooks the impoverishment risks imposed on the population affected by dam construction; underplays and at times leaves out the displacement-resettlement component of dams from key stages of the project cycle, particularly early on and after the physical displacement (Sections 1 and 4 of the IHA draft); proposes a flawed and imbalanced scoring methodology; and does not include important elements already introduced in internationally accepted resettlement policies and mitigation practices or in some countries national policies in this area. Thus, this draft tool is unable to professionally assess whether or not a dam project will sustainably reconstruct the displaced population's income sources and livelihood -- which are dismantled during expropriation and forced physical displacement, -- and whether the population impacted by the hydroelectric project is socially sustainable. We will document this criticism step by step in the following sections.

The most glaring deficiency of the IHA protocol is the omission of resettlement from Section IV – Project Operation. As defined in the Protocol, the implementation period (Section III) comes to an end with project commissioning. Hence the Protocol ignores the fact that the resettlement and the recovery after displacement extends in the large majority of cases well beyond project commissioning, even in the best planned and implemented cases (Laos' NT2 Project, for example) . This is because to improve livelihoods and share benefits, which is the intention of the Protocol, takes a longer period of time.

Related to the Protocol's cutting off resettlement implementation during what is arguably the most critical stage is the fact that the Protocol has no requirements for dealing with those components of hydro projects, such as resettlement, which time and again have been unsatisfactorily implemented. The Protocol is therefore incomplete and misleading in its present form, because it misses much of what certainly is the most problematic part of dam construction projects - the involuntary resettlement. Instead, the protocol gives governments and hydro project agencies an unjustified "escape window" to bypass and tolerate weakly planned and insufficiently financed resettlement components and avoid information transparency and the attendant compliance with current international best practices.

Equally glaring is the omission of forced displacement and resettlement during the initial strategic assessment (Section I), a point when displacement avoidance or minimization options should be fully considered. Given the substantial costs associated with full mitigation of displacement impacts which may reach over 40 percent of the total project costs in some situations, failure to formally assess this component of a hydro project makes the IHA tool anachronistic and unresponsive to the most important social pathology of dam building. If used, this draft tool will overlook major project weaknesses and also contribute to significant costs overruns, implementation delays and political unrest.

PROPOSED APPROACH TO ASSESSING SOCIAL SUSTAINABILITY

To constructively correct the current deficiencies of the IHA draft, we believe it is necessary to rewrite, and considerably expand, this tool. The revised protocol must assess -- before a dam project's final approval and actual execution start -- whether the Resettlement Action Plan (RAP) of a dam project meets at least four additional requirements, currently not addressed:

- a. identifies adequately the potential impoverishment risks --social and economic-- to which the dam project subjects the project's population affected by displacement, as well as other risks to riverside groups downstream;
- b. contains sound and feasible re-development measures capable of rebuilding livelihoods sustainably for the long run;
- c. uses a methodology for preparing the RAP based on robust economic feasibility and social analyses, carried out with the same rigor and professional capacity as the analyses that validate the technical and economic sustainability of the dam itself.

- d. and, finances the full cost of implementing the entire RAP and the cost of qualified implementation and monitoring staff through a distinct RAP budget as integral part of the project's overall budget.

To support these requirements, the assessment tool must also verify the existence of an independent, transparent and participatory monitoring and evaluation mechanism with an activities plan for all resettlement stages, both during and after project commissioning, until the resettlement is assessed as having attained its re-development objectives, is sustainable, and completed .

Each of the above four elements, which are indispensable for an objective and comprehensive assessment, are detailed in turn further below, followed by a number of other observations and proposals.

SCORING

If the current scoring system is maintained, with the necessary revisions, specific scores must be given to a series of sub-components of a, b, c, and d, above.

To ensure that the scores are not allocated arbitrarily, by happenstance, they should be aligned, at a bare minimum, with the current World Bank Resettlement Policy OP 4.12 that currently is the most widespread accepted policy by many governments, agencies, and private sector corporations, while also considering a number of significant improvements over it based on legitimate public criticism of this policy since its adoption in 2001, and of recent lessons of practical experience. Scientific research and practical experiences in the current decade have shown that the WB OP 4.12 policy is incomplete in certain important respects and several additional elements need to be considered and included in the IHA document.

Practically, in revising the current IHA draft, this means that all requirements contained in the WB policy must be included and scored in the IHA guidelines, which is now far from being the case of the current IHA draft. Once included, these elements must receive at most score 3, not 5 (since 5 reflects good practices that exceed the WB policy). This request results logically from the premise that the WB policy is the minimum that the Bank itself requires for ensuring sustainability, as it declares. The absence of any element will detract from sustainability and will render the IHA document less relevant, rendering it into a tool for legitimizing a lower standard for dam projects that, *ab initio*, do not aim to provide social sustainability to the adversely affected population.²

² Scoring issues will be addressed also in further sections of the present comments.

THE IHA DRAFT AND INTERNATIONAL RESETTLEMENT POLICIES

The World Bank's policy, however widely accepted, is not the only source and some innovative national policies must be accepted as well. As mentioned, it is largely agreed in the social science community, based on research and experience, that the World Bank's current policy does not necessarily contain all the requirements for sustainability, particularly with respect to the financing of these *sine qua non* requirements or to the pre-project consultation process. Therefore, we strongly assert that the IHA Guidelines can not overlook and leave out those sustainability elements captured in the current policies of other IFIs, such as ADB, IFC, IDB, OECD, etc., or in some national dam building policies like in China, Brazil, Canada, Norway, and in some of the WCD recommendations.

A comparison of the draft with existing international policies must be carried out and adjustments must be introduced before the IHA Guidelines are finalized. Short of this, the IHA will be trailing below the level of one or another major international agency, and also in some respects below the level of certain socio-economic provisions already legally enacted by major dam-building developing countries, such as China, Brazil, and Thailand. As an association of private dam building companies and other stakeholders, IHA cannot afford to put out Guidelines that are below the consensual pre-requisites of major international agencies, short of being seen as a mere lobbying group in the service of those who practice lower standards. And the revised protocol methodology must include a mechanism for incorporating future changes in evidence-based policy findings or global, national or sub-national forced resettlement policies.

MAJOR RISKS TO SOCIAL SUSTAINABILITY

Dam building projects involve land acquisition, expropriation, forced displacement and relocation, which – however unavoidable in dam projects – indisputably represent an exclusion of large population segments from a development project's benefits, detracting from their basic rights and aggravating their poverty. The upfront recognition of this painful nature of displacement and of the risks it imposes on people is indispensable –yet it is absent -- in the IHA Guidelines, as the reason for strengthening the monitoring and assessment mechanisms for social sustainability.

The major risks to people's living standards and basic rights, caused through expropriation and involuntary relocation, are the risks of impoverishment. As

resettlement specialists we define this as “new poverty”, “project-induced poverty”, since it is superimposed on pre-existing poverty. These severe impoverishment risks have been identified as early as 1994 in the World Bank’s study “Resettlement and Development”³ focused on 200 projects causing displacements in countries across the world. These risks were again strongly emphasized in 2001 in the very first paragraph of the Bank’s updated OP/BP 4.12 Involuntary Resettlement Policy⁴. There is also a wide international scholarly literature spanning three decades on the *Impoverishment Risks and Reconstruction (IRR) model* in population resettlement, to guide projects in analysing and counteracting these risks. Yet inexplicably, the IHA draft guidelines are totally silent on this group of crucial sustainability issues and their assessment.

It is our firm view that information on (a) whether each dam-related RAP explicitly considers these risks, and (b) whether it includes specific and feasible counter-risk measures, is essential for any serious professionally competent assessment of social sustainability. Therefore, IHA should score dam projects on whether or not they take into account and counteract each major impoverishment risk with effective measures, and should score as unacceptable a dam project when this is not done. Moreover, a hydropower project itself should not proceed if it knowingly generates project-induced impoverishment since it is forcing the displaced to involuntarily subsidize the overall project with what little they have. The lack of an impoverishment risk assessment, in 2010, means that the developers do not wish to know the answer – which is a moral decision risking a human rights violation itself.

We must note here as well that this is not a requirement brought up or championed by INDR alone, but that the World Bank itself, in its recent 2004 manual on “*Involuntary Resettlement: Planning and Implementation in Development Projects*” (World Bank, 2004) has stated, verbatim : “***Before a resettlement program is accepted as feasible and implementable, a thorough risk analysis must be conducted***” (op.cit, pp. 353, our emphasis).

³ The World Bank (1996) *Resettlement and Development. The Bank-wide Review of Projects Involving Involuntary Resettlement- 1987—1993*. Environmentally Sustainable Development Paper 032, World Bank: Washington DC., (Impoverishment Risks and Trends, pp.114-121.)

⁴ The Policy statement starts with: “Bank experience indicates that involuntary resettlement...often gives rise to severe economic, social, and environmental risks: production systems are dismantled; people face impoverishment when their productive assets or income sources are lost;...community institutions and social networks are weakened; and cultural identity and the potential for mutual help are diminished or lost. This policy includes safeguards to address and mitigate these impoverishment risks.” (World Bank (2001) Operational Policy 4.12 Involuntary Resettlement, paragraph 1)

The most frequent impoverishment risks - recognized internationally as risks to sustainable resettlement but still overlooked in IHA's draft -- are summarized concisely as: **landlessness, homelessness, joblessness, marginalization, food insecurity, increased morbidity and mortality, loss of access to common property natural resources and social and cultural community disarticulation.**

While these eight risks are the most general and severe in resettlement, they are not the only ones that may jeopardize social sustainability. Among these are possible risks to the production systems of downstream riverside populations, which are associated with dam unsafe operation regimes; institutional risks associated with the capacity of agencies conducting the resettlement operations; and risks resulting from particular local conditions in one or another dam project area. Improper procedural, notification and consultation with the project affected peoples may also risk human rights violations, a most serious impoverishment risk that undermines the social status and power of the displaced groups. The IHA draft tool should open up its room for assessing and scoring how these project-specific risks to sustainability are addressed in each dam project. The rationale and the constructive modalities for doing so are the same as those for the above risks, and their repetition is not necessary.

THE IMPOSED NATURE OF THE RISKS TO SOCIAL SUSTAINABILITY

Both *state*-financed dams and *private-sector* financed dams are prone to subject people to the above **impoverishment** risks to sustainability. Precisely because by the very nature of dams these fundamental risks are **imposed** on the affected people – even if they express an opinion in a survey that they do not oppose the project. INDR firmly states that the evaluators of **social** sustainability have a particularly high responsibility in the case of dam building projects. These risks are in no way voluntarily undertaken by the population itself, which extensive research has shown has low risk-tolerance levels and tends to be risk-averse. We ask that IHA will unambiguously agree with us in this respect. Again, we will quote on this matter the World Bank' resettlement manual, which in its detailed instructions to planners and implementers emphatically insists on the imposed nature of these risks:

“Resettlement planners and decision makers should remember the vital difference between taking and imposing risks, and between voluntary risk takers (the financiers and Government decision makers) and involuntary risk bearers (the displaced persons). As voluntary risk takers, private companies manage their increased exposure to risk by requiring higher financial rates of return. Their risk management procedures are well developed...Unlike the

above risk takers, however, the displaced persons are those on whom the risks are imposed. The risks to displaced communities are compounded if they have no say in the decisions related to their future but have to bear the consequences” (World Bank, 2004, op.cit., page 353).

The owners and the financiers of dam building projects manage their own risks prudently, but do not equally well manage the risks they impose on the displaced people. The majority of displaced people end up worse off, as for instance in India, where state by state research has statistically established that the overwhelming majority of 60 million displaced people was left impoverished and a large number have not even been resettled.⁵

It is widely and publicly known that this has long been, and still remains, a pernicious source of failures of resettlement components in many dam projects which cause mass pauperization of displacees. The recurrence and socially catastrophic magnitudes of such failures imposes an ethical and professional duty on the IHA to replace its current silence on risks by proposing revealing measurements of whether or not every new dam project openly recognizes social risks. It is primarily these risks which place question marks upon the justification of the entire dam project. We cannot emphasize enough how important this is at the present time, when the construction of dams intensifies rapidly in Asia, Africa, and Latin America.

The obligation to prevent the recurrence of such social failures is a key reason for INDR’s conclusion that IHA needs to radically revise its draft assessment matrix, short of which it will remain inadequate and irrelevant.

Social risks assessment as part of dam project preparation and design is not a hollow exercise, but is an indispensable launching platform for elaborating the risk management strategy and content of the dam project’s Resettlement Action Plan (RAP). The next section offers INDR’s comments on how the proactive social risks management as an objective of dam projects is or isn’t captured in IHA’s matrix , together with INDR’s proposals for improving it.

⁵ Walter Fernandes (2008). “India’s Forced Displacement Policy and Practice. Is Compensation up to its functions?” In vol. Michael M. Cernea and H. Mohan Mathur (eds) *Can Compensation Prevent Impoverishment ? Reforming Resettlement trough Investments and Benefit-Sharing*, Oxford University Press, p.180-226

RISK MANAGEMENT: RECONSTRUCTION MEASURES FOR ENSURING SOCIALLY SUSTAINABLE RESETTLEMENT

Moving now to the second element defined in the “approach” section above, our review of IHA’s draft focuses on whether it offers the tools for assessing and scoring the content of the RAP in terms of its risks management content and risks reversal ability.

Every dam building project is expected to include, through its resettlement action plan (RAP), a set of reconstruction activities. These must be demonstrably able to “manage” and counteract the social-economic impoverishment risks imposed on the displaced population and to re-establish and improve its income sources and livelihood levels. This task, along with betterment of the displaced, is the core of the matter in resettlement. It is a complex task.

The scientific research literature on resettlement defines reconstruction as recreating a sustainable productive basis or income-earning sources, with further development opportunities, for the people who lost the prior economic foundation of their existence because of forced displacement and resettlement. This involves a coherent set of measures and investments – requiring good fit with the given populations’ characteristics. This includes, for instance, land-based resettlement, agricultural development, new employment creation, assistance for house re-building, health protection and health-care measures, security of food in the transition period, access to some common property resources, reestablishment of their control of their own social and cultural destinies, and support to community development. These development activities must be designed to match and counteract, risk by risk, the impoverishment factors identified previously, or to provide comparable alternatives. And these measures will unquestionably continue well beyond the construction phase of the dam project.

INDR’s review found that the IHA matrix attempts to meet this complex assessment challenge, but that the variables addressed are incomplete, the proposed measurements are imprecise, and the outcome would not reliably predict the chances for achieving sustainability. If used as is, the IHA matrix would give an unclear and incomplete assessment and would not be able to say if the RAP’s implementation is apt to overcome the project’s impoverishment risks. IHA must understand that the outcomes are not simply procedural shortcomings, but real harm to powerless people. Since the IHA draft does not deal at all with assessing the project’s specific impoverishment risks to people; it cannot, in its current form offer an adequate evaluation of whether these risks would be overcome.

The practical way to assess the social sustainability of the project’s reconstruction provisions is to evaluate ex-ante whether the measures planned are capable to match, exceed, and overcome the identified impoverishment risks. In fact, as the

current World Bank guidelines state, every sizable resettlement action plan is tantamount to and should be conceived as a development project on its own right, (although it is treated only as a “component” in the procrustean bed of the dam project). Therefore, we propose that for assessing the reconstruction content of a RAP, the IHA matrix should be revised and strengthened by incorporating a set of assessments or “tests” of social sustainability and benefits accrual comparable to those used for regular social development projects, with the adjustments to resettlement.

The ultimate question to be answered by a sustainability assessment of the type pursued by IHA is whether or not this set of reconstructive activities is sufficient, reliable, technically and financially feasible, and thus likely to produce a sustainable resettlement defined as the reconstruction and improvement of the displaced population socio-economic condition over its prior status. This is the only way to bring development to the “excluded” dam-displaced people as well. Such assessments and their scoring will certainly require an array of professional skills (anthropologists, sociologists, economists) and development field experience.

There are, of course, a large number of other essential indicators, distinct from risks as such, which contribute to the quality of RAPs and whose presence must be also part of assessing social sustainability. These refer to such key items, including full and timely census; base income assessment; asset inventory; meaningful consultations, timely disclosure of actions related to project affected populations; advance relocation site identification, socio-economic studies; and informed consent for actions to be taken in the resettlement and reconstruction plan. The project’s use of this category of information is only partially considered in the current IHA matrix, and it would be preferable to include the full list. To make sure that nothing is left out, we suggest that IHA compare the similar lists in the WB resettlement sourcebook and the IFC *“Handbook for Preparing a RAP” (2002)*; this way the desirable concordance will be easily achieved.

ASSESSING THE FINANCING FOR SUSTAINABLE RESETTLEMENT AND THE ECONOMIC AND FINANCIAL ANALYSIS OF RAPS

To confirm the RAP is likely to bring “sustainability” in real life requires an assessment tool that would inquire how the RAP was arrived at, what economic and financial calculations of feasibility were used to consider it sufficient and feasible. This assessment includes a robust and reliable economic and financial foundations. Regretfully, our review found that the IHA matrix falls short of meeting this key test. The IHA matrix does not appear at all interested in the economic and financial prerequisites for achieving social sustainability of dam projects.

The performance of resettlement components in major hydropower projects is nothing short of dismal, and social science research on large dams has

comprehensively analyzed their “*social, environmental, institutional, and political costs*”⁶. Thus far, the IHA has not adequately engaged itself with this massive body of social science research and has not tried to fully benefit from it in crafting its assessment tool. The important institutional premises of resettlement sustainability, built on decades of anthropological research⁷, have also received short shrift in the IHA matrix. Given that hydropower is the sector with the highest average magnitude of displacement per project, we strongly believe that the revision of the IHA proposed draft tool should draw consistently from state of the art research findings.

Recent social research on resettlement failures has also revealed a still little acknowledged but pernicious problem –namely, that a root cause of RAPs’ failures is the frequent absence of competent professional economic analyses in preparing and approving RAPs⁸. Numerous RAPs, although posted visibly on web sites now, do not in fact contain any information as to whether or not what kind of economic feasibility analyses, or sensitivity analysis, or financial analysis, have been applied in preparing the RAP. For example, a baseline socio-economic census of those to be displaced is not an economic analysis of livelihood risks. Just as for any development plan, an economic feasibility analysis is absolutely indispensable for the preparation of a RAP to determine the financing necessary for implementation and to avoid the recurrent tendencies to under-budget this project component.

As research found, even many of the projects co-financed by major development agencies such as the World Bank, ADB, AfDB, IFC a.o., -- agencies reputed also for their discourse about the importance of sound economics -- do not regularly undertake such RAP-focused economic analyses. The same is true for independent private sector projects causing forced displacement. The business model used by private sector companies that build dams, with rare exceptions, treats resettlement as “land acquisition”, of low importance. And it delegates this activity to local administrative authorities.

⁶ See the most recent anthropological analysis of the record of some 50 large hydropower dams worldwide: Thayer Scudder (2005) *The Future of Large Dams: Dealing with Social, Environmental, Institutional and Political Costs*. London: Earthcan.

⁷ See Thayer Scudder, op.cit.. See also H. Mohan Mathur ed.(2006) *Managing Resettlement: Approaches, Issues, and Experiences in India*, New Delhi: Oxford University Press

⁸ Michael M Cernea (2008) “Compensation and Investment in Resettlement: Theory, Practice, Pitfalls, and Needed Policy Reform”, in vol. Michael M. Cernea and H. Mohan Mathur (eds.) *Can Compensation Prevent Impoverishment? Reforming Resettlement through Investments and Benefit-Sharing*, Oxford-New York: Oxford University Press, pp. 15-98

Except some scores given for compensation, the proposed IHA matrix doesn't contain a set of inter-connected questions to query the methodology used to economically assess the feasibility and expected benefits of the RAP itself to its specific target group. References to routine CBA analysis for the dam project is certainly not an excuse for IHA's matrix, or any other assessment tool, to skate superficially over the question of whether resettlement plans are – or are not -- based on a solid economic analysis of actual costs, of allocated financing sources, on financial risks, on realistically possible benefits, or on how and to whom will the benefits accrue. The CBA (Cost-Benefit Analysis) doesn't meet the specific analytical needs of RAPs, because CBA as a macro-tool applied wholesale to the entire dam project does not say anything about who pays the costs and how are the benefits distributed.

Therefore, the awareness that there are frequent, defective analytical practices in RAPs' preparation makes it incumbent upon an IHA protocol or any sustainability assessment tool to query whether such economic analytical tests were carried out, whether they confirmed economic feasibility, and if not – to decline project confirmation until such RAP congenital defects are corrected. We therefore recommend that the revised matrix includes questions and scores to include:

- assessment of all displacement costs, including but not limited to the replacement costs of condemned assets;
- evaluation of costs of each and all income generating schemes included in the RAP;
- economic feasibility analysis on whether the assumptions about levels of income to be generated by the RAP's re-development measures are realistic and achievable (For example, if farmers are land-resettled and farm models fitting their new location are recommended, will such farm models be affordable to them, and will the farm models be able to sustainably generate levels of incomes surpassing resettlers' prior incomes?).
- sensitivity analysis and financial risk analysis of the RAP;

COMPENSATION AND THE FINANCING FOR SUSTAINABLE RESETTLEMENT

For decades, the practice and discussion about financing the resettlement process was narrowly reduced to compensation alone, and to the critique of the distortions that affect its calculation, forms, conveyance and distribution. The common assumption was - and the same assumption is still predominant today – that “just compensation” is sufficient to re-establish those displaced productively and sustainably. But what is the methodology used in dam projects for defining what is...”just” ??

The IHA sustainability matrix implicitly relies on the same assumption, although it contains some references also to benefit sharing. The focus on compensation alone puts the assessment of the financing needed for sustainable resettlement on a wrong, one-sided path. It falls behind the state of the art knowledge for understanding the limits of compensation and for innovative ways of using other available sources for financing resettlement.

Compensation alone is certainly not enough. Resettlement social science has established with high confidence the inadequacy of land compensation policies and practices to redress the losses experienced by displaced peoples. In the IHA protocol's section on Resettlement and Land Acquisition (section II, p. 16) the intent seems laudable –respecting the dignity and human rights of those displaced; dealing fairly and equitably, prioritizing avoidance, followed by minimization, mitigation and compensation; and improving –not just restoring – standards of living for displaced persons and host communities. But, beyond the aspirations, what does this really mean in terms of financing the post-displacement resettlement in a manner assuring long term sustainability? Other forms of relocation assistance and benefit sharing, based on the aforementioned social and economic analysis, are needed. ⁹

Social sustainability has costs. Only asset compensation and physical transfer of the displaced to a new area do NOT automatically result in sustainable resettlement. On the contrary, they leave the deeper impoverishment risks of displacement and resettlement, brought up earlier in this review, inadequately counter-acted. Failure to fully cover these costs **externalizes project costs** upon the shoulders of the affected population.

Resettlement research has long and successfully challenged the traditional assumption about compensation as the omnibus healer of all the displacement's ills; these assumptions were proven wrong by countless and well known empirical studies. Furthermore, recent social research has raised the bar higher, moving up from empirical field studies to theory: it criticized and rejected the broader economic theory of compensation itself as being inadequate and insufficient in the case of massive expropriations and displacements. Instead, recent social studies argue the need for supplementing compensation with additional investment financing. Resettlement scholars have also demonstrated that resources for such investments are available due to the high windfall economic rent accruing to dam

⁹ For example, in Section III, Page 46: Under Auditing Guidance notes, the emphasis is on compensation (mentioned four times while rehabilitation and restoration both mentioned once and the development necessary to implement the intent of the Protocol is not mentioned at all).

projects and due to the long-term stream of regular project benefits in hydropower (and in other resource-extracting) projects.¹⁰

We recommend that the issues of financing sustainably the RAPs for dam projects be fully reconsidered by IHA, towards formulating a special section in its matrix on the economic analyses and the financial resourcing necessary for socially sustainable population resettlement.

Specifically, INDR proposes that dam project be assessed in terms of :

- Whether they calculate **compensation fully** and adequately to the assets and conditions of the displaced population;
- Whether they allocate **supplemental investments** towards reconstructing and developing the economic productive basis, employment opportunities, and other activities for re-establishing and improving the incomes and livelihood of those resettled;
- Whether arrangements are included in the dam project for **allocating a share of the project's long term benefit stream** to the resettled population;
- Whether the overall financing matches the total costs of implementing the activities planned under the RAP, with adequate contingencies, and is properly **included in distinct RAP budgets**.

ADDITIONAL SHORTCOMINGS, OMISSIONS AND WEAKNESSES

The draft protocol is neither a practical nor appropriate tool in the area of forced displacement, without extensive work by the professional community experienced in forced displacement and adherence to the evolving international consensus guidelines. The INDR Ad Hoc Review Panel found scores of other shortcomings, omissions and weaknesses that do not reflect state of the art knowledge on displacement and sustainability. Here are a few that need to be addressed in future revisions.

Specifically,

¹⁰ This review is not the place to outline all the respective technical and theoretical arguments and their policy and operational implications. For this purpose, see the volume: Michael. Cernea and H.M.Mathur (2008) *Can Compensation Prevent Impoverishment ? Reforming Resettlement through Investments and Benefit-Sharing*, Oxford-New York: Oxford University Press

1. Development and benefit sharing for those in the way is not a priority. Section III, Pages 21 - 22: Under Summary of Aspects, approaches prioritized for project affected communities are listed as “avoidance, minimization, mitigation and compensation.” There is no mention here of a development or benefit sharing component for project displaced peoples even though project affected communities are supposed to be “amongst the first to benefit from the project.”

The protocol guiding principles should directly address forced displacement, making explicit that sustainable development embodies reducing poverty, respecting human rights – including the right to free and prior informed consent, indigenous rights, and the right to reparation and remedy, and assuring the long term economic viability of those who are in the way of hydropower development. It should be explicitly stated that provisions of benefits to non-resettlement and non-displaced peoples, while a necessary objective, is not an acceptable trade-off. Likewise, social responsibility, transparency and accountability to those who are being forcefully resettled or economically displaced must be explicitly stated.

2. Bio-cultural health and the means to sustain a healthy way of life should be a key indicator in evaluating sustainability. Moreover, the health risks found to increase as a result of forced displacement and resettlement are not specifically considered over and above the general issue of public health. Special attention must be placed on the health impacts on vulnerable populations, especially the elderly, women and children.
3. Technically wrong, exclusionary clause. The protocol states that “This [resettlement] aspect is not relevant if credible evidence shows that there is no land to be acquired and/or no people to be resettled by the project.” This may be wrong. World Bank and other research time and again reports that time and again numbers of resettlers are underestimated during project preparation (Stage II). The same may be true with regard to land availability as illustrated in the case of India’s Sardar Sarovar project. The importance of this aspect requires independent verification such as by an independent Panel of Experts. Furthermore, dam-affected peoples involve more than those who are directly displaced, especially upstream, adjacent and downstream communities who suffer from loss of access to critical resources. Thus, this statement is too restrictive and also seems to contradict the Summary of Section II Aspects definition of Resettlement and Land Acquisition on page 22 that recognizes loss of ACCESS to assets that leads to loss of income sources or means of livelihood. What if the hydro project includes catchment management, including shoreline access or use, that changes land use and denies access but does not actually acquire land? Is this covered under II-16 or II-14 on Project Affected Communities Baseline

analysis of risks? Section II-16 provides minimal advice on how to achieve a satisfactory socio-economic baseline, an issue that may lead to extensive long term social and economic injustice. It does not recognize nor advise how to address social risks of marginalization and disarticulation.

4. Opt out policy language. Treatment of important policy standards, such as providing compensation and other relocation assistance prior to displacement; providing compensation and rehabilitation in the absence of formal title, are relegated to being merely “considerations.”

Subjugation of protocol standards to national policies undermines the protocol’s value. Related, in Section II, Page13: Social Impact Assessment: “Requirements for a social impact assessment may be stipulated in national legislation or project assessment requirements as set out by government or performance standards of financiers.” No guidance is offered as to what to do when such standards differ. Stipulation, in most developing countries, is a method too flawed. And in Section III, Page 45: Under Resettlement and Land Acquisition “the project may not be able to go beyond national policy.” This lets most national policies ‘off the hook’ since the large majority of national frameworks, but not all, deal inadequately with resettlement issues. In INDR’s experience few of the countries in which the large majority of large hydro dams will be built have neither the capacity (especially in such small hydro rich countries as Laos, Lesotho or Nepal). Or, if they do, the intent to implement four or five of the nine Section I assessment aspects listed in Section I, Pages 21-22. What then?

5. Panels of Experts. The protocol does not consider the inclusion of forced displacement specialists in all Panels of Experts in hydropower projects involving forced displacement and resettlement as a minimum requirement for a score of 3 or above.
6. Monitoring. Nowhere are affected people involved in the monitoring process. Nor provisions made for information transparency and monitoring to take place independent of the project, as is occurring by witness NGOs in some African hydropower projects. There are no provisions for complaint mechanisms and related obligations when monitoring and to demonstrate project failures.
7. Host-resettler relationship. No mention is made in the Protocol about procedures for protecting resettlers and hosts from immigrants who based from experience in many projects, tend to obtain the main project opportunities because they have more financial resources and better political connections. Nor is sufficient attention made in the Protocol on the

importance of hosts as project affected people and on how to include hosts as project beneficiaries.

8. Spurious, if not paternalistic distinctions. The distinction between benefits for affected people and other project benefits is spurious and downplays the capacity of affected people to make a major project contribution (Section II, page 52, under Auditing Guidance Notes1.)

NON-RESETTLEMENT RELATED PROTOCOL ISSUES

1. Modeling deficiencies in evaluating sustainability. Section I assumes large hydro to be sustainable; hence not placing future generations as risk. There is no justification presented for this point. Nor is there any assessment of such hydro-susceptible risks associated with global warming as extreme climatic events. Drought has already been a problem for Ghana's Akosombo hydro project while downstream flood releases from hydro dams have caused lost of life and major destruction as in Mozambique. But rather, the Protocol emphasis is on modeling past hydrological trends which are apt to be less applicable in the future.
2. Truncated socio-economic impact analysis ignores downstream community impacts. Though environmental benefits of environmental flows are outlined, nothing specific is mentioned on how a hydro project can deal with the "sustainability" of downstream communities, the members of which far exceed the numbers of dam resettlers. Risks of water pollution are often imposed on downstream communities. In terms of benefits, irrigation for affected downstream people, often a key opportunity for benefit sharing and contributions to overall project benefits is not mentioned.
3. Environmental and social impact assessments should not be combined. Section II: "Social impacts may in some cases be assessed as part of the environmental impact assessment, or the two processes (SIA and EIA) may be integrated." This is totally unacceptable from a professional quality perspective, particularly when environmental specialists do not have sufficient social expertise.
4. Cultural heritage. The protocol on cultural heritage is incomplete, focusing on a more archaeological approach that identifies, records, and protects high valued artifacts. We strongly support good archaeological due diligence and mitigation. But the protocol sidesteps the critical non-physical cultural heritage issues that arise in hydropower development where project affected peoples need continuing access to cultural meaningful landscapes (sacred sites, groves, environmental areas where traditional medicinal plants are collected, etc.) that may be restricted or lost to hydropower infrastructure. A

footnoted transfer of this issue to the social impact assessment (Sec. 2, ftn 1 on page 54 of 71) is insufficient treatment to deal with issues that may be the cornerstone of the continued cultural integrity of peoples, their spiritual and physical well being.

5. Assessment field methodology. The proposed three day protocol assessment undercuts fairness to the forced resettlement component, specifically when the three day protocol assessment schedule considers a tour of the project, including downstream impacted areas and resettlement areas as far as practical, given travel times, practical logistics and key areas of focus on the project."

Three days may be adequate for a geologist, but given the standards of our field, three days is ridiculous and, in the case of our professional association, would be considered professional malpractice. The social consultation process during assessment takes more time than physical assessments. Social science specialists are routinely called upon to cover a range of issues as well as forced displacement, meaning the effort allocated is truncated even more.

DISCLAIMER

Neither INDR nor the undersigned shall be listed by IHA as being consulted during the preparation process of the draft IHA Assessment Protocol. To claim we were part of the Protocol's development is incorrect. This review may be listed as a

"Review by the International Network on Displacement and Resettlement, the largest international professional association in this field, which offered a detailed analysis and critique of the draft IHA protocol, recommending structural and content revisions. INDR objected when the IHA declined its offer to participate in the preparation of the IHA draft protocol during August 2009."

Ted Downing, President INDR and Prof. of Social Development, University of Arizona

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