

**Integrity issues in Hydropower
Development: Hydropower
Development in Sikkim**

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Rationale for Hydropower in Mountainous Region

- Mountainous regions population engaged in subsistence farming & scarce land
- People in the hills are dependent on the use of land and other natural resources for their livelihoods
- Better land management therefore, is essential in order to sustain and improve environment and the livelihood of these people

Continued..

- Hydropower will satisfy power requirements outside the region as well
- Suppose to benefit the region through improving infrastructure, and improving the quality of life
- Nationalistic View
- Flood Control & Irrigation Benefits

Teesta V

- Teesta V first of its kind in 6 stage 'cascade' plan to harness 3635 MW of hydropower, all within 175 kms. of the river Teesta in Sikkim
- The project, implemented by the National Hydroelectric Power Corporation (NHPC) is generating 510 MW of electricity
- Run of the river project that requires impounding water which passes through the tunnel (17 km) and the powerhouse – then discharged in the river



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Methodology to study the benefit sharing mechanism

- Review of existing strategies, policy, plans for hydro power development with focus on TEESTA V
- An exploration of various environmental services and benefit generation activities
- Analysis to identify problems, needs and priorities of different stakeholders in relation hydro power projects and bring them onto one platform for discussions and dialogues through workshops & meetings
- Field study, stakeholder workshop, experts meeting

Pointers for Assessment

- **Project or basin approach**
- **Levels (provincial, municipal, local host community)**
- **Applies to new and existing hydropower**
- **Size of hydropower (MW cut off)**
- **Single and Multi-purpose with hydro**
- **Level of benefit sharing (i.e. % Revenue)**
- **Bottom up process to decide investments**
- **Impact on the people & Linkages to poverty reduction targets & Maximization of local development mechanisms**
- **Transparency and Accountability**

Testimony..



“ Our house has got damaged. We lost land for the hydropower project and my husband got a job. I have my own petty shop and we are economically better than before. But this is a very fragile place and small destruction to environment can eat up our lives. Land slide is very common now a days and my house is sinking as the land has become swampy.”

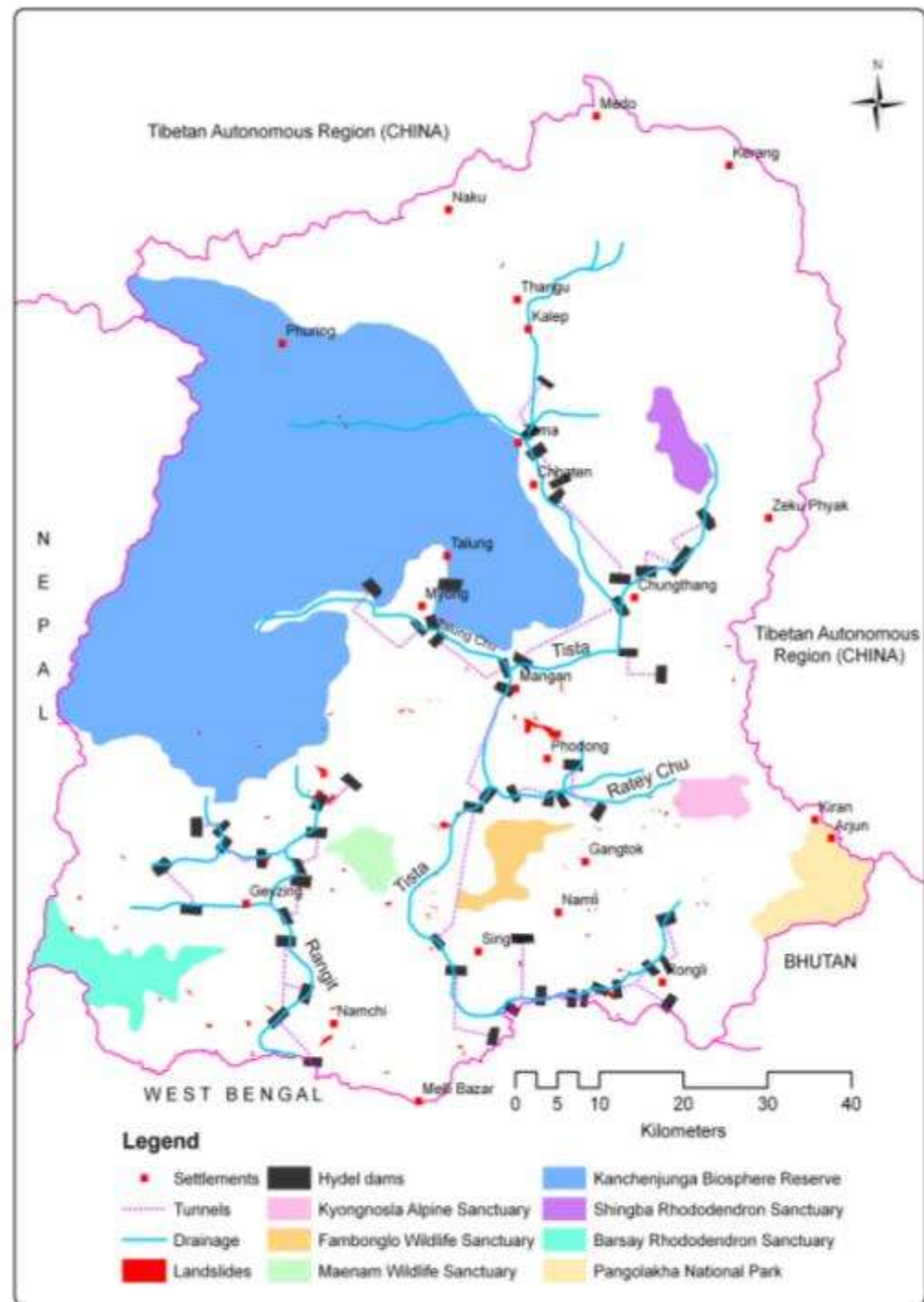


Sarita Koirala, Resident of Teesta V dam site

This house is abandoned as the land became swampy.. Its dangerous to live as rains can wash it away..



Hydropower projects, tunneling and landslides in Sikkim



People's Demands

- Only 50% of the volume of water from the rivers should be utilized for energy generation. Half of the volume of water should be left free to flow naturally throughout the year.
- Local Institutions/Community Participation-selection, planning and implementation of activities in the project areas
- Public consultations should be held in its true spirit
- Local people should be given priority for employment
- The hydel companies should start insurance policy for damage to life, property, agriculture crops etc.
- The existing policy and legal provisions of royalty/benefits or rehabilitation should be more community friendly rather than project friendly/profit-based
- The developmental programmes need to be carried out in the entire Teesta-V stretch rather than concentrating in one or two areas.
- Decision process regarding allocation of contracts and terms and conditions should be made public

Types of Corruption in Hydropower Sector

- Collusion(kickbacks & bid rigging) & Extortion in procurement procedure for design, contracts and maintenance works
- Bribery & nepotism in water use licenses
- Unwarranted contract negotiations & variations
- Misuse of resettlement & environmental sustainability fund
- Corruption in energy provision deals
- Insurance fraud on equipment

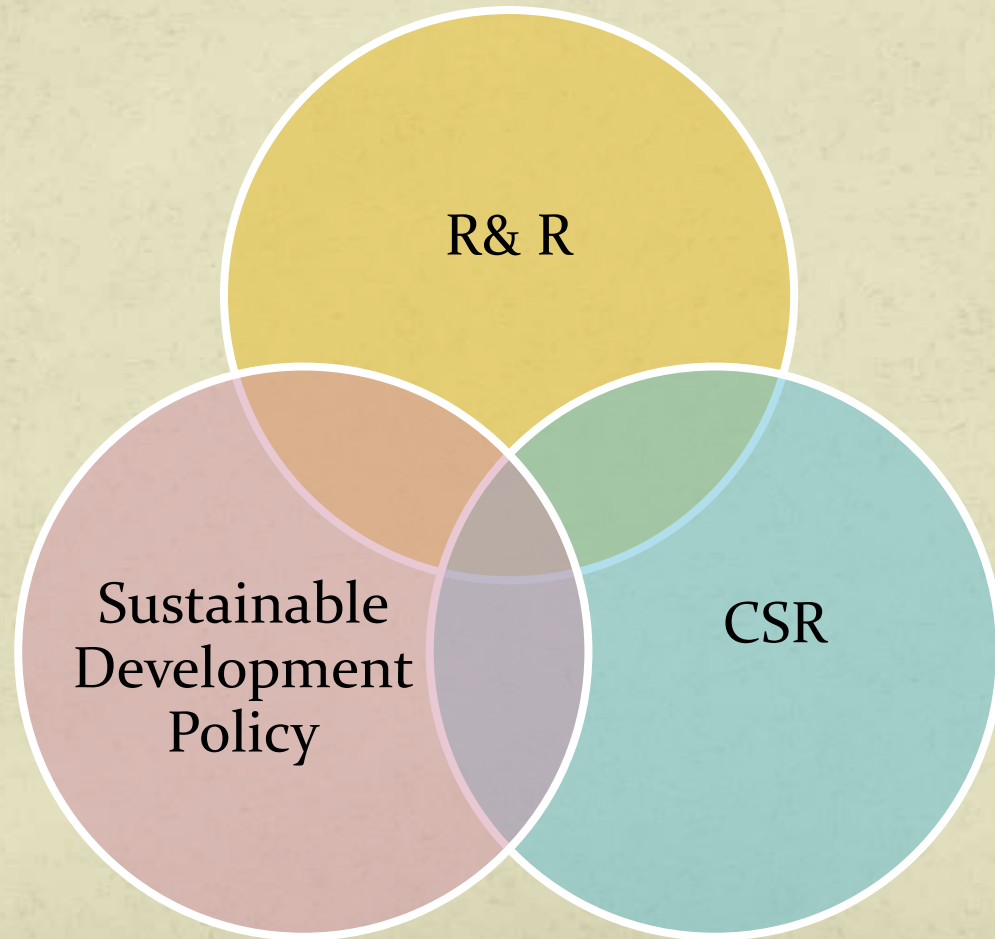
Four Types of Indicators to assess corruption

- Corruption in hydropower sector hard to detect due complexity and uniqueness of their design
- Indicators of performance (form of benchmarking)
- Indicators related to the perception of corruption
- Financial Indicators that show effectiveness of procurement procedure
- Household surveys on bribery

Key drivers for anticorruption measures

- Political will related to political prestige, ideology and peer pressure
- Political will related to downward accountability (Constituency pressure)
- Pressure from international donors to comply with transparency & integrity rules
- Mobilization of citizens
- Commitment of private companies

Example of People's Mobilization & Evolution of Benefit Sharing Mechanism



THANK YOU!