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
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.
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
“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. It's 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!