

MINUTES
HYDROPOWER SUSTAINABILITY GOVERNANCE COMMITTEE
MEETING #39 (video conference call)
15 September 2022 (12:00-15:00 UK time)

Attendees	Apologies
<p>Ashok Khosla (Chair, HSGC)</p> <p>Kimberly Lyon (Chair, Financial institutions, Vice Chair HSGC)</p> <p>James Dalton (Alternate, Environmental or conservation organisations)</p> <p>Jiwari Abdullah (Chair, Social impacts/project affected communities)</p> <p>Stéphane Brabant (Alternate, Social impacts/project affected communities)</p> <p>Daniel Menebhi (Chair, Advanced economy country governments)</p> <p>Jürgen Schuol (Chair, Hydropower consultants, suppliers)</p> <p>Knut Sierotzki (Alternate, Consultants and Suppliers)</p> <p>Pedro Sirgado (Chair, Hydropower operators, developers)</p> <p>Catherine Garcia (Alternate, Hydropower operators, developers)</p> <p>Mwape Chikonkolo Mwewa (Chair, Emerging economy country governments)</p>	<p>Jian-hua Meng (Chair, Environmental or conservation organisations)</p> <p>Elisa (Jianliang) Xiao (Alternate, Financial institutions)</p> <p>Sunil Poudel (Alternate, Emerging economy country governments)</p> <p>Prof Shi Guoqing (Observer, Emerging economy country governments)</p> <p>Geir Yngve Hermansen (Alternate, Advanced economy country governments)</p>
Observers	Secretariat
<p>Doug Smith (Accredited Lead Assessor)</p>	<p>Eddie Rich</p> <p>Joao Costa</p> <p>Alain Kilajian</p> <p>Amina Kadyrzhanova</p> <p>Amira Abdalla</p> <p>Mariana Empis</p>

Agenda Item	Minutes
<p>HSGC 39.1 Welcome and apologies</p>	<p>The Chair confirmed quorum and welcomed HSGC members to the meeting. The Chair reminded them of the housekeeping rules. The Chair also confirmed there were no objections to the representative of Accredited Lead Assessors joining as an observer to the meeting.</p>



39.2 Agenda	The agenda was approved.
39.3 Status of actions from last meeting	The minutes of the last meeting were approved and the status of the actions from the last meeting were verified.
39.4 Independence Roadmap	<p>The Chair invited the Secretariat to present the Independence Roadmap status update.</p> <p>The Secretariat summarised the progress and noted the Secretariat was implementing the roadmap as planned. The Secretariat highlighted, however, that the milestone to certify 10 projects by January 2023 was unlikely to be achieved, despite the number of projects in the pipeline for assessments and certifications. The Secretariat indicated that the HS Secretariat was potentially on track to meet the November 2022 funding milestone with advanced discussions with BMZ and KfW.</p> <p>Acknowledging several queries from members regarding the shortcoming in certifications, the Secretariat noted that the January 2023 certification milestone was based on an early forecast and should be adjusted periodically.</p> <p>The Chair agreed that the Secretariat should keep reviewing and updating the certification milestones with realistic figures, as well as highlight the processes to increase uptake.</p> <p>The Secretariat suggested the certification status column be updated with a traffic light.</p> <p>The Secretariat highlighted the expectation that the first certifications would create a momentum in the uptake and facilitate the marketing strategy.</p> <p>A Committee member requested more details on the expectations for November 2022 funding milestone including targets and plan if the milestone was not met.</p> <p>The Chair highlighted that there were many ongoing dialogues with funders including AFD and Austrian Development Agency. The Chair added that there have been positive meetings and that he was hopeful.</p> <p>The Secretariat also noted that the Secretariat would update the milestones on external funding with more specific figures. The Secretariat summarised that BMZ was reviewing a capacity programme proposal and that FMO expressed interest in supporting the Standard operations during the transition to independence.</p> <p>The Secretariat thanked the present donors and added that they welcomed suggestions from Committee members for potential donors.</p> <p>A Committee member noted it was crucial to attract hydropower owners to be certified, as it was only through certifications that the organisation would ultimately become sustainable.</p> <p>A Committee member commented that the certification pipeline list included mostly low- and middle-income countries which was where the Standard would have a lot of added value. The Committee member questioned why the larger established hydropower companies were missing from the pipeline when they could give the Standard a jumpstart to help meet initial certification milestones. The Committee member added that many of these projects could score high and certification and would be low risk.</p>



	<p>The Secretariat updated that HydroQuebec was currently undergoing an assessment and Landsvirkjun would undergo an assessment in 2023. The Secretariat agreed that there needed to be more pressure on IHA members.</p> <p>The Secretariat agreed, adding that a sustainable funding model would require certifications and training academy as parallel sources of income. The Secretariat stated that they would continue working on embedding the Standard in industry, financial institutions and governments.</p> <p>The Chair noted the discomfort in the speed of certification uptake and commented on the need for a stronger focus on marketing to spread message that getting certified is good for business. The Chair suggested setting a marketing consultant budget to increase visibility for the first 1-2 years.</p> <p>The Secretariat agreed on the importance of marketing and added that possibly the first few projects to get certified would likely be prepared to spend on marketing the Standard.</p> <p>The ALA representative highlighted the need for a joint approach with the accredited assessors.</p> <p>The Secretariat agreed with the ALA representative and noted that the Secretariat would have regular meetings with accredited assessors. The Secretariat also noted that the next plan in the roadmap would focus on outreach and communications following the discussions on name and identity that would take place during this meeting.</p> <p>Action 1: The HS Secretariat to determine specific figures for funding milestones in the Independence Roadmap.</p> <p>Action 2: The HS Secretariat to update certification milestones in the Independence Roadmap and provide tracking traffic lights.</p>
<p>39.5 New Governance Structure</p>	<p>The Chair invited the Secretariat to present the new governance and organisational structure.</p> <p>The Secretariat highlighted the following structure revisions based on chamber feedback:</p> <ul style="list-style-type: none"> - HSGC would be responsible for appointing Chamber representatives on ad hoc technical committees - Independent Review Panel (IRP) would have three instead of four experts to avoid situations where experts split evenly and cannot reach a conclusion <p>The Chair opened the floor to comments and asked for approval.</p> <p>A Committee Member asked for additional details on how IRP members would be selected, their term duration, their fees and reaction time for the process.</p> <p>The Secretariat responded that details on IRP selection process and terms of service and cost would be decided after new structure was approved.</p> <p>The ALA representative asked whether Accredited Assessors could be part of the IRP. Alain responded Accredited Assessors could not be part of IRP because of potential conflict of interest and subjective bias. A Committee member suggested retired Accredited Assessors could be good candidates for IRP.</p>



	<p>A Committee member expressed that the IRP process costs should be covered by the certification candidate, and not by the Secretariat.</p> <p>On the issue of membership representation, the Committee member defended the representation by organisation, not individuals. Nonetheless, the Committee member could agree with a hybrid model. The Committee member added that there are questions on viability of the governance structure to be addressed in the Business Plan and highlighted the importance of the relationship with IHA to increase adoption of the Standard by the developers.</p> <p>The Secretariat noted the Secretariat would explore the possibility of Council membership for organisations with the lawyers.</p> <p>A Committee member commented that a good structure was required when chambers were merged to ensure strong engagement.</p> <p>The Secretariat agreed that the structure would need to be inclusive and that the goal was for members to feel represented. The Secretariat added that there was the option of creating sub-chambers in the future if need be. The Secretariat opened the door to organising bilateral meetings with chambers to discuss the matter.</p> <p>Several members advised against renaming the current HSGC <i>Board</i> as this term is more commonly used for corporations and could lead to unnecessary confusions with the IHA Board.</p> <p>Decision 1: The HSGC approved the proposed new organisational structure, and the next steps regarding its implementation.</p>
<p>39.6 Successor to the Hydropower Sustainability Council- New name and identity</p>	<p>The Chair invited the Secretariat to present the new name and identity.</p> <p>The Secretariat explained the rationale behind the name Hydropower Sustainability Alliance as a proposed umbrella term. The Chair highlighted the importance of getting the name right as it represented the intent of the organisation. The Chair opened door to comments and asked for approval.</p> <p>A Committee member agreed that the use of the term Council raised a lot of confusion between Council and Governance Committee. The Committee member voiced his preference for the term Alliance because of the wider outreach. The Committee member suggested to move away from Council.</p> <p>A Committee member approved of the term Alliance but warned against overestimating what a change in name can achieve.</p> <p>A Committee member supported the new name Alliance and agreed that launching a new name would help with rebranding of independence. The Committee member asked whether the new name would be used as the trading name and noted the need to consider intellectual property with IHA during rebranding process.</p> <p>A Committee member commented on need to consider how name was perceived and added that Council carried more authority and sounds more formal.</p> <p>The Chair noted that it would be useful to provide a descriptor for the HSGC such as Executive Committee or Steering Committee.</p> <p>A Committee member supported the name Alliance, stating it was more internationally recognised. A Committee member agreed.</p> <p>The ALA representative raised the question around the term "Sustainable Hydropower</p>



	<p>Alliance”, instead of Hydropower Sustainability Alliance. A Committee member suggested focusing on Hydropower Sustainability, for consistency with the original terminology, and cautioning against moving too far into rebranding to avoid confusion.</p> <p>A Committee member added that the term “Sustainability” is used by the EU Draft Directive, “Corporate Sustainability Due Diligence” and encompasses human rights and environment.</p> <p>The Chair noted strong consensus for the Hydropower Sustainability Alliance.</p> <p>Decision 2: The HSGC approved the new identity under the name Hydropower Sustainability Alliance.</p>
<p>39.7 Business Plan</p>	<p>The Chair invited the Secretariat to present the Business Plan.</p> <p>The Secretariat highlighted that this plan targeted both internal and external audiences. The Secretariat described the market overview, comparison with other Standards and the transition gap.</p> <p>The Chair opened the floor to comments.</p> <p>The Secretariat added that the IHA Board had approved the first year of the Business Plan and noted the longer-term pathway would be reviewed at the May 2023 IHA Board meeting.</p> <p>A Committee member asked for clarity on organisational structure and on the running costs. The Committee member agreed that the HS Standard was in a strong position compared to other standards, but the uptake was still a concern. The Committee member proposed a review of the marketing strategy which could overcome perception that the product was expensive. The Committee member suggested careful consideration on costs. The Committee member asked for clarity on the funds from G-res and what the financial gap would look like if targets were not met.</p> <p>The Secretariat clarified all of the Committee Member’s questions around structure, costs and G-res funds. The Secretariat agreed that the low uptake was a recognised issue and a key focus of the HS Secretariat. The Secretariat noted that the forecasted financial scenario was based on conservative assumptions and that a contingency plan should be developed to cut costs when required.</p> <p>A Committee member noted the issue on uptake had been discussed several times in her organisation and agreed that a new marketing approach might be useful.</p> <p>A Committee member added that marketing approach has been longstanding issue with the Hydropower Sustainability Tools and suggested closer connection with development finance institutions to increase uptake.</p> <p>A Committee member noted that from experience the challenge was convincing boards of already operating projects to apply for certification.</p> <p>A Committee member agreed with the Committee member that it was difficult to convince the board of older projects.</p> <p>The Secretariat emphasised that the Standard should not be considered expensive as it was accepted and aligned with World Bank, IFC, Green Bonds Standards. The Secretariat proposed that the first year of the Business Plan be approved until May 2023 when it could be reviewed.</p>



	<p>A Committee member added that there is an increase in hard law concerning ESG requirements, including through international agreements and indirectly with reference to soft law in some judicial and arbitration decisions.</p> <p>A Committee member suggested organising voluntary workshops to have discussions with operators to find out why they were not adopting the Standard. The Committee member requested the detailed assumptions behind the forecasted running costs.</p> <p>The Secretariat took note on the need to focus on uptake and to keep pressuring IHA operator members.</p> <p>A Committee member suggested to review the value proposition and to add a more granular description, especially around the segmentation of the market.</p> <p>Decision 3: The HSGC approved the first year of the Business Plan and noted the longer-term pathway would be reviewed at the May 2023 meeting.</p> <p>Action 3: The HS Secretariat to provide the detailed assumptions behind the scenario costs.</p> <p>Action 4: The HS Secretariat to organise a workshop focused on increasing the uptake of the HS Standard.</p>
<p>39.8 Council Engagement</p>	<p>The Chair invited the Secretariat to present the proposed changes to the ongoing engagement with the HS Council.</p> <p>The Secretariat highlighted an increase in chamber meetings, interactions on basecamp and an upcoming council survey. The Secretariat added that the Secretariat would create the space for regular 1-1 meetings with council members and encouraged Chamber chairs to keep interacting with the Secretariat.</p> <p>The Chair opened the floor to comments.</p> <p>Decision 4: The HSGC approved the proposed changes to the ongoing engagement with the HS Council.</p> <p>Action 5: The HS Secretariat to launch a survey to Council members.</p>
<p>39.9 A Conflict of Interest</p>	<p>Following a recommendation by the Committee members, it was agreed that the Conflict of Interest Policy would be shared on Basecamp for approval.</p> <p>Action 6: The HS Secretariat to summarise the changes and circulate the Conflict of Interest policy for approval.</p>
<p>39.10 HS Secretariat updates - donor-funded projects and other engagement</p>	<p>Following a recommendation by the Committee members, it was agreed that the HS Secretariat updates would be shared on basecamp for information.</p> <p>Action 7: The HS Secretariat to share Committee Papers with HS Secretariat updates for information.</p>
<p>39.11 Any other business</p>	<p>The Chair thanked the HSGC members for joining and closed the meeting.</p>
<p>39.12 Summary of decisions and actions</p>	<p>Decision 1: The HSGC approved the proposed new organisational structure, and the next steps regarding its implementation.</p>



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