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Distribution & sharing of benefits

The benefits of sustainable hydro-power projects are equitably distributed between the government, the project proponents and stakeholders who receive the electricity services and the local communities who bear the impacts of a development.

Issue

Adequate planning and commitment from the developer is required to ensure that local communities share in the social and economic benefits of hydro developments without disproportionately bearing social and environmental costs. Negative impacts can be significant if benefit sharing is not appropriately planned and implemented, and where the directly impacted do not have the knowledge and support that they need. Positive benefits of hydropower developments can be maximised where new and improved social and economic opportunities are created.

Management

Processes to achieve benefit sharing are best started at the planning stage. A key to equitable distribution of benefits is to ensure that stakeholder rights and interests are recognised and respected. Affected stakeholders should have the opportunity to contribute to and participate in the planning process, and inclusion of women should be ensured. The goal should be to ensure that individuals and communities affected by hydropower developments gain sustainable benefits. In practice trade-offs between various sharing opportunities are required, so sufficient time needs to be allowed to work through the decision-making process, and compensation may be required to be negotiated with affected groups or individuals.

A power developer may not always be in a position to determine distribution of benefits, for example if government owned. Mechanisms for sharing benefits will vary with circumstance. They may include but are not limited to:

1. Setting up a regional economic development committee and establishing equity-sharing partnership solutions with local and regional institutions.
2. Where economic benefits are most apparent at a broader scale or for more distant recipients, re-investment plans for the local region can be developed which enhance the local economy and community.
3. Ensuring that project-affected people become early beneficiaries by ensuring their access to new job opportunities during the early years of development.

4. Committing to long-term efforts to develop and sustain reservoir fisheries, development of agricultural skills, other new, appropriate and sustainable employment opportunities, and the provision of training to establish new livelihoods.
5. Design and implementation of river basin management plans that take into account the water needs of concerned stakeholders in the catchment.
6. Creating a jointly managed environmental and/or social mitigation and enhancement fund.
7. Dividing construction contracts, in order to allow smaller regional companies to bid.
8. Preferentially hiring local workers for construction work and ancillary services and providing training for local workers in order to improve their chances of employment.
9. Ensuring large contractors use local businesses to supply part of the services.

Ensuring fair access to information and involvement of impacted peoples in the development and implementation of mitigation measures, including the formulation of any resettlement plan, can facilitate equity.