

From commitment to implementation



The Report of the World Commission on Dams after Five Years

WORLD COMMISSION ON DAMS
WCD+5
A FRAMEWORK FOR DECISION MAKING
An IRN Report on the Fifth Anniversary
of the World Commission on Dams

IRN
International Rivers Network
Linking Human Rights and Environmental Protection

Published by:

International Rivers Network
1847 Berkeley Way
Berkeley
CA 94703 USA
www.irn.org
irn@irn.org

Author

Ann Kathrin Schneider

Designed by

WARENFORM GbR

Printed by

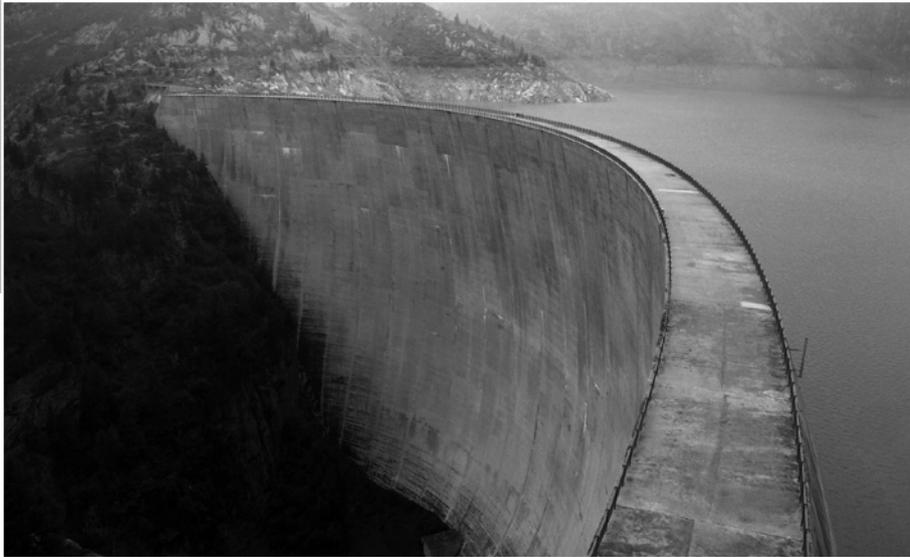
Pegasusdruck/DruckVogt

November 2005

International Rivers Network supports local communities working to protect their rivers and watersheds. We work to halt destructive river development projects, and to encourage equitable and sustainable methods of meeting needs for water, energy and flood management.

Dams and Development: The Report of the World Commission on Dams

Photo: sxf.hu



In 1997, the World Bank and the World Conservation Union IUCN founded the World Commission on Dams in response to growing protests at dam sites around the world. The objective of the commission was to make an independent evaluation of the development effectiveness of large dams and to come up with international guidelines for dam building. The WCD was made up of representatives from government, academia, civil society, industry and affected communities.

Twelve commissioners, a full-time professional secretariat, a 68-member advisory forum and hundreds of contributors cooperated for two years in this unique experiment in global public policy making. The commission was headed by South African Minister for Water Affairs, Kader Asmal, and consisted of twelve commissioners representing widely divergent views on large dams. Medha Patkar, a leader in the epic struggle of non-violent resistance against dams in India's Narmada valley, became a colleague of Göran Lindahl, Chief Executive of one of the world's largest engineering firms, who often arrived at commission meetings in his private jet. Patkar and Lindahl symbolise the commission's efforts at representing a broad range of views and at comprising active practitioners.

The WCD had an emphasis on broad consultation, a commitment to transparency and succeeded in mobilising grassroots input for its hearings. The commission conducted regional consultations in South Asia, South America, Africa, and Southeast Asia. It received almost

1,000 written submissions and commissioned by far the most extensive ever body of research on dams and their alternatives. The commission based its assessment of the past performance of large dams and its recommendations for dam building in the future on this vast body of knowledge.

Published in November 2000, the WCD's report, *Dams and Development: A New Framework for Decision-Making*, concludes that large dams can have important benefits, but that the price for those benefits is unacceptably high:

Dams have made an important and significant contribution to human development, and the benefits derived from them have been considerable. In too many cases an unacceptable and often unnecessary price has been paid to secure those benefits, especially in social and environmental terms, by people displaced, by communities downstream, by taxpayers and by the natural environment.

World Commission on Dams

According to the report, large dams have directly displaced 40 to 80 million people worldwide causing major economic suffering and emotional distress. Forced eviction, loss of livelihood and environmental degradation are the price that many rural communities and indigenous populations have had to pay for the construction of a dam. Even in those cases where they have been implemented, compensation and mitigation measures for affected people and the natural environment have been woefully inadequate. The report concludes that large dams often fail to deliver as much electricity, water or flood control as predicted, and that they are often

much more expensive than estimated.

As for the way forward, the 'Dams and Development' report contains a comprehensive set of recommendations to reduce the social and environmental costs of dams and to improve the effectiveness of water and energy planning and management. They constitute today's best practice for developing new water and energy projects.

The report of the WCD stresses the need to recognize and respect the rights and risks of communities affected by water and energy projects, thereby enhancing the political space for weaker stakeholders in dam-related decision-making processes. The WCD recommendations are based on five core values:

- Equity in resource allocation and in the spread of benefits;
- Sustainability in the use of the world's diminishing resource base;
- Openness and participation in decision-making processes
- Efficiency in the management of infrastructural developments; and
- Accountability towards present and future generations.

Within this conceptual framework, the WCD developed the following seven strategic priorities:

1. Gaining Public Acceptance
2. Comprehensive Options Assessment
3. Addressing Existing Dams
4. Sustaining Rivers and Livelihoods
5. Recognising Entitlements and Sharing Benefits
6. Ensuring Compliance
7. Sharing Rivers for Peace, Development and Security

The commission elaborated on how to implement the strategic priorities through a series of policy principles and guidelines. The WCD stresses that it has "demonstrated that the future of water and energy resource development lies with participatory decision-making, using a rights-and-risks approach that will raise the importance of the social and environmental dimensions of dams to a level once reserved for the economic dimension".

Extending Awareness Beyond the Commission

Initial Reactions

The World Commission on Dams report was warmly welcomed by the international community. Klaus Töpfer, Executive Director of the United Nations Environment Program, congratulated the Commission „for making such a meaningful contribution to the goals of sustainable development.“ The World Health

Organization described *Dams and Development* as a "landmark report for all development stakeholders. [...] It provides a roadmap for a leap forward in development planning, through its rights-and-risks concept." The African Development Bank congratulated the commissioners and stated "We feel that this report represents a major milestone in the assessment of economic, technical, and environmental performance of

„The future of water and energy resource development lies with participatory decision-making, using a rights-and-risk approach that will raise the importance of the social and environmental dimensions of dams to a level once reserved for the economic dimension.“

World Commission on Dams



Photo: sxf.hu



large dams.” The Narmada Bachao Andolan, an Indian social movement of dam-affected people, also welcomed the report. “The report of the World Commission on Dams is a step forward in the decades long struggle of the people’s organizations questioning the social and environmental impacts of dams and their justifiability on the basis of water and power delivery services as also economic benefits.”

However, not everyone was pleased with the outcome of the report and its recommendations. The Norwegian government, for example, commented that, “Norway has a somewhat divergent opinion on how the decision-making process should be organized.” The Government of India remarked that “the guidelines for development now suggested by the WCD in their final report are wholly incompatible with our development imperatives.” The Indian Minister of Water Resources accordingly rejected the WCD recommendations and guidelines.

The Dams and Development report infused debates about dam building with new concepts. Ideas such as recognising the rights and risks of affected communities, transparency in decision-making processes and environmental flows were introduced to discussions that had so far focused on megawatts of produced electricity and hectares of irrigated fields.

In the wake of the release of the report, industry lobby groups such as the International

Hydropower Association started to discuss sustainable dam building. Governments launched national multi-stakeholder dialogues to discuss the relevance of the WCD criteria for their country and evaluated their existing dam policies against the WCD’s recommendations. Even governments opposed to the WCD were not able to ignore its report. Turkey, India and China are for example now part of the Dams and Development Forum that carries the discussion on dams and development forward, in close cooperation with the Dams and Development Project of the United Nations Environment Program (see below).

In 2002, International Rivers Network published a Citizen’s Guide to the WCD that has been translated into many languages, including French, Spanish, Urdu, Thai, Japanese and Korean. Citizens groups all over the world have utilized the recommendations of the commission to advocate for their rights and a proper assessment of their risks in dam-related decision-making processes.

Affected communities from Sudan to India, from Guatemala to Poland have developed their strategies for demanding a greater say in dam construction with the help of the WCD’s decision-making framework. The recommendations of the report have become the most important global reference point for assessing the development effectiveness of dams.

Poland

The Vistula is one of Europe's largest rivers and called the Queen of Polish rivers. The basin of the 1,000km-long Vistula covers half of Poland, forming the ecological backbone of the country. The river is still mainly untouched, with few dams hampering its natural flow. Its relatively unaltered hydrological dynamics, sandy islands, floodplain forests and old river beds provide unique habitats for rare birds and many other animals. The river is home to a variety of fish species: it supports a commercial fishery and salmon breed on a tributary of the lower Vistula.

The Lower Vistula Cascade would involve building seven dams on the river. This plan threatens to destroy the biological diversity of the basin and the cultural uniqueness of the valley.

The WCD report was published in Polish in 2001. Klub Gaia, a Polish environmental organization, in close cooperation with the World Wildlife Fund and other civil society groups, has utilized the Dams and Development report to advocate for WCD-type decision-making processes on the future of the Vistula. Polish groups suggested to apply the strategic priorities, for example those on sustaining rivers and livelihoods and those on options assessment, to plans for the Vistula. WWF commissioned WCD-type independent needs and options assessments. The costs and benefits of constructing a new dam, as part of the Lower Vistula Cascade, and carrying out safety and mitigation works at an existing dam were identified. This led to the conclusion that the construction of a new dam at Nieszawa would cause adverse environmental and socio-economic impacts. Accordingly, the construction of the Nieszawa dam has been put on hold and alternatives are being discussed.

Institutional Follow-Up

Founded in November 2001, the UNEP Dams and Development Project (DDP) disseminates and translates information about the World Commission on Dams and is tasked to facilitate and support national, regional and global multi-stakeholder processes on the WCD. The DDP aims to promote improved decision-making on dams and their alternatives.

The DDP has supported national dialogue activities in Argentina, Indonesia, Kenya, Lesotho, Malawi, Namibia, Nepal, South Africa, Sri Lanka, Thailand, Uganda, Vietnam and Zambia. There was one regional dialogue approach undertaken by the South African Development Community, SADC, also with support from the DDP. Once a year, the DDP organizes a meeting for the Dams and Development Forum. The Forum functions as a global vehicle to carry the discussion on dams and development

forward, ensuring that all perspectives are brought to the table to support the aim of finding common ground. It consists of around 120 organisations, representing government, civil society and the private sector. At the meetings, opportunities and challenges for implementing the WCD recommendations are discussed.

Implementing the WCD in South Africa

South Africa has more large dams than any other African country and is interested in building still more dams to power and water the growing population and economy.

The government of South Africa is aware of the risks associated with dam-building and is therefore looking at strategies to minimize those risks with the help of the WCD report. The South African Minister for Water Resources, P.B. Sonjica, explained at the 2005 Stockholm World

The recommendations of the WCD report have become the most important global reference point for assessing the development effectiveness of dams.





“The WCD report is a step forward in the decades long struggle of the people’s organizations questioning the social and environmental impacts of dams and their justifiability on the basis of water and power delivery services as also economic benefits.”
Save the Narmada Movement

Water Week: “South Africa supports the construction of dams, but we also see the negative consequences. The people have to be included in decision-making processes, we have to take the WCD into account.”

The South African WCD Initiative was launched in 2001 and went on for three years. It is the most successful national WCD dialogue process to date. Klaus Töpfer, Executive Director of the UNEP, claims „The South African Initiative on WCD is a remarkable leading case in this regard that sets a model for future similar undertakings.“ The Coordinating Committee of the South African WCD Initiative consisted of representatives from eight different sectors: government, utilities, NGOs, agriculture, private sector, finance, research, and affected communities. The South African process was framed around the seven strategic priorities outlined in the WCD. The Initiative began its work by publishing a scoping report to review the WCD strategic priorities against existing South African policy and legislation.

Terri Hathaway, International Rivers Network’s Africa campaigner, analyzed the South African process: „What I observed was an impressive example of democracy in action. It was a process that empowered all those with a vested interest to come together, exchange views in a constructive way, and find consensus about development issues in the context of South Africa.“ Over three years, the stakeholders reviewed existing laws and made recommendations to improve the relevant South African policies and support their implementation. The stakeholders in South Africa did not adopt the WCD report outright. Instead, they measured the recommendations against South African history, current policy and practice, and needs, and based on that, have determined the priority recommendations for South Africa.

Apart from South Africa, many other countries, including Sweden, Nepal and Germany, also

initiated national WCD dialogues. These dialogues were often the first time that industry, civil society, academia and government discussed large dams. They have not only greatly increased the awareness of the risks associated with dam building, but also led to some institutions, such as Swedish and German bilateral aid agencies, to adopt the WCD standards. However, very few concrete goals and commitments have emerged from the discussions. The implementation of the recommendations at the national level, including through national laws and the formulation of strategies, policies, programs and development priorities is only beginning to take place. The most promising developments are taking place in Europe: at the European Union, national governments and at private banks.

Extending Consensus Beyond the Commission

The WCD report has had a considerable influence on the establishment of sectoral guidelines for dams. The seven strategic priorities have been widely accepted by governments, financial institutions, the dam industry, and civil society. Even where explicit references to the WCD report are lacking, the recommendations have played a major role in the improvement of environmental and social standards for dam building.

Six months after the release of the report, the World Bank, one of the two original co-sponsors of the Commission, stated that “The World Bank finds the Report a path breaking work, fully shares the core values and concurs with the need to promote the strategic priorities.” The World Bank declared that it would promote options assessments and other processes consistent with the WCD’s priorities and recommendations.

In the five years since the launch of the report, however, the World Bank has done quite the op-

posite. Patrick McCully, who followed the work of the Commission for IRN, reports

“Since that initial round of consultations, the Bank has steadily worked to confuse policy makers about the contents of the WCD report and to encourage them to reject its findings and recommendations (while doing nothing to encourage them to actually read and understand the report). The Bank’s main water staff now rarely even refer to the WCD in their media interviews and presentations at water and energy industry conferences.”

In contrast to the World Bank’s refusal to learn from the WCD, a growing number of institutions and governments, including most recently HSBC bank, has formally adopted the WCD’s full decision-making framework, including the strategic priorities and the policy principles. The UK Government is on record as stating that it is “implementing the recommendations of the WCD”. The Swiss Export Credit Agency, ERG, expects project developers to address the WCD’s seven strategic priorities, and the sectoral guidelines of the German, French and Japanese Export Credit Agencies are based on the WCD’s decision-making framework. The US Overseas Private Investment Corporation (OPIC) applies screening and environmental assessment criteria that incorporate the WCD core values and strategic priorities. The Swedish and German bilateral aid agencies have adopted the WCD decision-making framework and are supporting their partner countries and project developers to implement the WCD recommendations. The two biggest European public banks, the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), have recently announced that they would take the WCD into account in developing hydro projects to generate carbon credits. This announcement came in response to a requirement from the European Union that hydro projects can only sell carbon credits inside to EU member states if they respect the decision-making framework of the WCD.

Private Banks

In May 2005, HSBC bank adopted a guideline for its involvement in the water sector. It applies to project finance and other forms of direct lending, and corporate finance. It rules

out financial assistance for projects that do not conform to the WCD framework. HSBC writes: „[...] in respect of facilities involving dams, the group will follow the World Commission on Dams (WCD) Framework for Decision-making (‘WCD Framework’). In particular, we will not provide facilities and other forms of financial assistance [...] to Dams that do not conform to the WCD Framework.” Johan Frijns, Coordinator of BankTrack, an independent institution monitoring private banks, comments “With this guideline, HSBC is setting a new standard for the sector as a whole. There is a clear recognition that sometimes the need to protect crucial freshwater resources must prevail over business opportunities.”

Other large private banks, including for example WestLB, are currently developing sectoral policies for their lending to dam projects and have stated that they will take the recommendations of the World Commission on Dams into account.

The European Union and European Public Banks

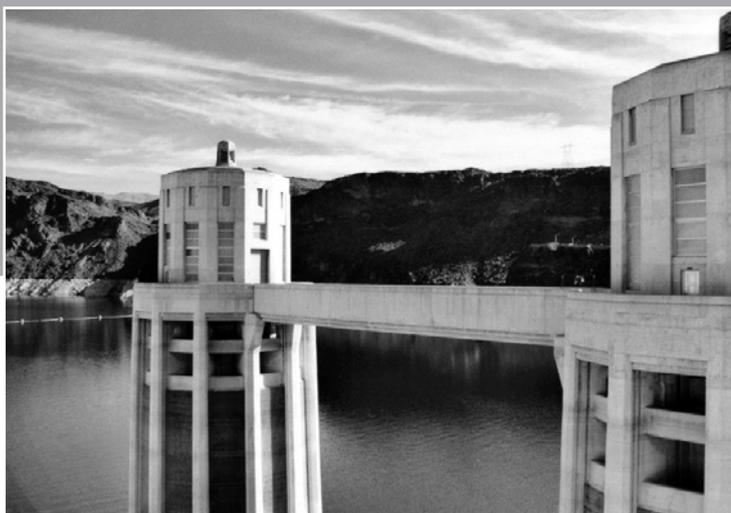
European Union member states have committed to reducing their greenhouse gas emissions in the context of the Kyoto protocol. Governments are allowed to purchase carbon credits from low-carbon projects in developing countries to help them meet their Kyoto emission reduction targets. Under the EU’s “Linking Directive” carbon credits from large hydropower projects can only be used in the European Trading System if the projects comply with the WCD’s criteria and guidelines.

The EIB and the EBRD – the two biggest public banks in Europe – announced in October 2005 that their carbon funds will take into account the WCD recommendations for dams larger than 20MW. The EIB told IRN that it will “align to” the recommendations of the WCD for any large dams from which it sources carbon credits. The EBRD told IRN that any large hydro projects from which it sources carbon credits “will have been considered in relation to the WCD criteria and guidelines.” However, neither of the institutions have translated these verbal commitments into binding obligations.



Photo: sxf.hu

„There is a clear recognition that sometimes the need to protect crucial water resources must prevail over business opportunities.“ *Johan Frijns, Banktrack*



Only comprehensive and participatory assessments of water and energy needs and options for meeting these needs, as suggested by the WCD, will result in broad improvement of poor people's access to water and energy services.

Translate Growing Consensus and Awareness Into Better Dam-Related Decision-making: Next Steps

The institutional responses to the WCD report were paralleled by improvements in planning processes for dam projects. The World Wildlife Fund presents case studies such as the Vistula river in Poland in its 2005 "Rivers at Risk" report that demonstrate how the WCD recommendations can work in practice.

Yet, there have been far too few efforts to implement the WCD recommendations, and dam-related decision-making is still far too often ignorant of them. Too few governments and institutions have adopted and implemented the recommendations, and there is no agreement on how to assess compliance. The most important institutions and governments, those that build the most dams or have the greatest impact on global dam policies, are still reluctant to subscribe to standards that demand options assessments and a greater say for affected communities.

The lack of respect for the WCD recommendations is especially worrying when it comes to the global hot spots of dam building, such as China, India, Turkey and Brazil.

The World Bank and the International Hydropower Association (IHA) claim to respect the WCD's Core Values and Strategic Priorities. IRN calls on the World Bank and the IHA to specify what their commitment to the Core Values and Strategic Priorities means in

practice, and to implement the WCD's values and priorities in the projects they are involved in. IRN calls upon these bodies to develop mechanisms to ensure that the WCD's core values are respected during the planning, development and management of each project they are engaged in.

Lack of access to water and electricity is one of the main characteristics of poverty today. To increase poor people's access to clean water and modern energy services is one of the major challenges of our time. To reduce by half the proportion of people without sustainable access to safe drinking water is a key UN Millennium Development Goal. Investments in related infrastructure are greatly needed to achieve this goal. But vital questions must be asked in terms of the options and governance of infrastructure development. What kind of energy projects will reach more poor people, off-grid or grid-based energy systems? Is it more economical to maximise the efficiency of existing water and energy systems or to build new projects? The World Commission on Dams has demonstrated that neglecting those questions, and the rights and risks of project-affected communities, results in great hardship for the affected people and reduces the potential benefits of water and energy projects for everyone.

Only comprehensive and participatory assessments of water and energy needs and options for



There have been far too few efforts to implement the WCD recommendations in practice. A coalition of proponents of the WCD report needs to support others - governments, export credit agencies, banks, industry - in their efforts towards an improvement of dam related decision-making.

meeting these needs, as suggested by the WCD, will result in a fast and broad improvement of poor people's access to water and energy services. There is a global consensus behind the values and strategic priorities formulated by the World Commission on Dams. But implementation is lagging far behind and there is a danger that the historical chance of implementing a pro-poor approach to water and energy development will be missed.

The goal of ensuring that WCD-related policy reforms take place and result in better practices on the ground can be fully achieved only in the context of constructive relations among different stakeholders. An end to destructive dam projects and the promotion of water and energy justice requires dialogue and cooperation of key actors and coordinated and sustained efforts on the part of the proponents of the WCD. A coalition of WCD-proponents needs to be created. This coalition needs to support others – governments, export credit agencies, banks, industry - in their efforts towards an improvement of dam related decision-making processes.

Actors with experience in applying the priorities and policy principles of the WCD are en-

couraged to support other key actors in learning from best practice case studies and replicating them. The Dams and Development Project should provide more and better logistical support and expertise to those processes and should actively encourage contacts between the different actors. The DDP should provide strong and continued support to the establishment of local, national and regional actions and initiatives on the WCD. The DDP is uniquely positioned to play a crucial role in the building of a global coalition of WCD supporters. It is essential for the future of the most important global standards for dam building that DDP makes the best use of this opportunity.

Political will and commitment are crucial to ensure that WCD-related policy reforms take place and result in better practices on the ground. The goal is to reach a critical mass of political will and to forge new coalitions for action on water and energy justice and against destructive dam projects. This can be achieved only if the supporters of the WCD continue pushing for the recognition of the commissions' recommendations.



From Commitment to Implementation

The Report of the World Commission on Dams after Five Years

In 1997, the World Bank and the World Conservation Union IUCN founded the World Commission on Dams in response to growing protests at dam sites around the world. The report of the WCD infused debates about dam building with new concepts, such as the rights and risks of affected communities. Five years after the WCD report was published, International Rivers Network takes stock of how the different interest groups have responded to its findings and recommendations, and presents perspectives on how the WCD framework can be implemented in the future.