

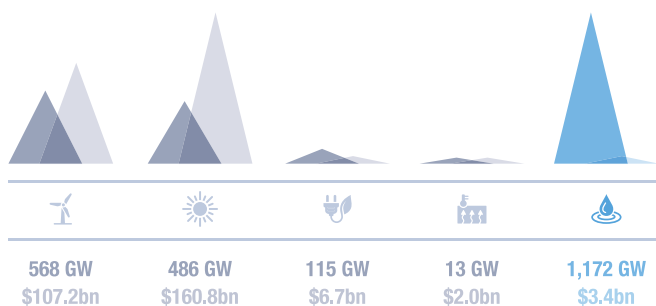
Investor Snapshot: Hydropower & Human Rights

Hydropower projects face a number of serious human rights risks, running the gamut from concerns linked to negative impacts on livelihoods, water access and sanitation and decrease of river flow, displacement of local populations, to violations of labour rights, right to food and of free, prior, and informed consent and indigenous peoples' rights. As of 2017, renewable energy is the sector with the **third most frequent** allegations of attacks and intimidation of human rights defenders worldwide (behind mining, and agribusiness) and hydropower is the subsector within renewable energy with the highest number of allegations.

In addition, there is growing debate about whether hydropower, in particular large-scale projects, should be categorised as renewable energy, given concerns related to high levels of greenhouse gas emissions and damage to ecosystems that result from these projects. Some [studies argue](#) that given high emissions of CO² and methane by hydroelectric dams, especially those located in the tropics, these should not be considered a clean or renewable energy source. This briefing includes an analysis on hydropower as these projects continue to be classified under renewable energy by some investors.

For a full data set including information on allegations, companies, and geographical distribution, see the [accompanying spreadsheet](#).

Subsector stats



- Global installed generation capacity in 2018: **1,172 GW**
- Global investment in 2017: **\$3.4bn USD in small hydro**

Human rights allegations

The Business & Human Rights Resource Centre has approached 67 companies regarding 110 allegations related to hydropower projects since 2010. Companies responded to 67 of the allegations and did not respond to the remaining 43.

Companies were approached about allegations in the following countries:

Note: only the top nine countries are included here, for a full list of countries see the accompanying spreadsheet



Subsector sector-specific human rights risks

Based on the 67 company allegations recorded by the Business & Human Rights Resource Centre, companies involved in hydropower projects are particularly at risk for abuses of: **indigenous peoples' rights**, including lacking **free, prior, and informed consent** (FPIC), and causing or contributing or contributing to **displacement and loss**

of livelihoods; causing or contributing to **violence, intimidation, and threats** up to and including death threats; infringing on **land rights** such as access to food and clean water; and violating **labour rights**, including freedom of association and health and safety concerns such as **workplace injury and death**.

Summary of company policies and practices

In 2016, the Business & Human Rights Resource Centre [surveyed](#) 13 hydropower companies and found that:



- 7 had a human rights commitment in place (**53%**)
- 2 had a commitment to free, prior, and informed consent (**15%**)¹
- 12 had a commitment to ongoing consultations with affected communities (**92%**)

Opportunities for investor action

Investors can engage prior to and during investment by asking companies key questions:

- Does the company have a publicly available commitment to respect human rights that refers to internationally recognised norms?
- Does the company have a human rights due diligence process in place to identify and address salient human rights risks before they become abuses?
- Does the company provide a grievance mechanism to workers and community members when rights abuses occur, as outlined by [Principle 31 of the UN Guiding Principles on Business and Human Rights](#)?
- Does the company expect its suppliers and business partners to adhere to the same human rights standards, and does it include this expectation in contracts and agreements?

See [here](#) for a list of actions investors can take to ensure renewable energy investments respect human rights.

Case studies

RED FLAGS FOR INVESTORS:

- General red flag for hydropower projects: Over [500 NGOs](#) have called for hydropower projects not to be considered clean, sustainable, or renewable due to severe environmental & social impacts
- Lack of disclosure of social, environmental, and human rights impacts, including greenhouse gas emissions and/or cumulative impacts with other hydroelectric and extractive projects in operation's area
- Lack of adherence to international standards for construction and displacement policies, as well as due diligence and mitigation plans in the case of dam failure
- Inadequate or lack of consultations and access to information for local communities, in particular due diligence regarding free, prior, and informed consent for indigenous peoples
- Violence and attacks against those who oppose hydroelectric projects

POSITIVE STEPS FOR INVESTORS TO LOOK-OUT FOR:

- Lead a process of free, prior, and informed consent with local communities that is responsive to concerns and respects communities' right to refusal of projects
- Escalating risk mitigation processes up to and including company willingness to cancel project if community consent is not obtained

LAOS

INADEQUATE MEASURES UPFRONT COMPOUND FUTURE PROBLEMS

In July 2018, the Xe-Pian Xe-Namnoy dam in Laos collapsed, [killing at least 40 people](#) and [displacing over 6,600](#). To some communities most acutely impacted by the disaster, this was seen as an outcome that could have been avoided if the companies involved in the project had heeded [longstanding community concerns](#).

From the outset, communication and consultation with potentially impacted communities was fraught and often seen by communities as inadequate. This pattern continued up to and following the 2018 dam collapse, with [some reports](#) contending the company saw warning signs of infrastructure failure days ahead of time but did not take necessary precautions to ensure civilian safety. The dam collapse sent shockwaves throughout the country, with the Laotian government [blaming](#) the collapse on "poor planning" and temporarily suspending all hydropower projects. The \$1.2 billion project remains stalled, and Xe-Pian Xe-Namnoy Power Company and other project stakeholders now face calls to compensate victims.

CHILE

WHEN PROJECT CANCELLATION IS THE RESPONSIBLE CHOICE

When local communities in Chile's Patagonia region opposed the creation of six planned dams, citing social and environmental concerns and the potential negative impacts on local tourism, the project developer took the unusual step to fully heed to these concerns. Endesa Chile (currently called Enel Generación Chile), had already invested \$52 million USD in the project. The company ultimately [withdrew](#) its water rights in response to community concerns and the lack of free, prior, and informed consent. Similarly, Endesa Chile withdrew from the Neltume hydroelectric project in the Los Rios region after local Mapuche community members [raised concerns](#) about the project's impacts on indigenous peoples' rights, including cultural and religious ceremonies.