International and local benefit sharing in hydropower projects on shared rivers:
The Ruzizi III and Rusumo Falls cases

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An ongoing discourse on international benefit sharing on shared rivers is pointing to the fact that dam projects on shared rivers may provide opportunities for cooperation and the sharing of benefits among co-riparian states. In parallel, a discourse on local benefit sharing emphasizes that the population affected by dams should benefit from the projects in the long-term. This raises the question of how international and local benefit sharing can be combined and whether these concepts are taken up in recent hydropower projects on shared rivers. These questions were studied using the cases of the Ruzizi III and Rusumo Falls border-river hydropower projects in Africa’s Great Lakes region. To our knowledge, simultaneous international and local benefit sharing in relation to hydropower projects on shared rivers has so far not yet explicitly been conceptualized in the literature, and this is also the first academic study related to Ruzizi III and Rusumo Falls hydropower projects.

Ruzizi III, a 147 Mega Watts run-of-river hydropower plant, is planned to be located on the Ruzizi River on the border between Rwanda and the DR Congo. It is being developed by DR Congo, Rwanda and the downstream country Burundi. A detailed feasibility study, an Environmental and Social Impact Assessment (ESIA), a Resettlement Action Plan (RAP) and a bankability study were completed by 2012. The project is envisioned as public-private joint venture and negotiations with a pre-selected private investor have been ongoing since late 2012. Project development is supported by the Organisation de la CEPGL pour l’Énergie des Pays des Grands Lacs (EGL), a trilateral regional energy organization by Burundi, DR Congo and Rwanda. For Ruzizi III, a total of 648 households will be affected by the project, however, only eight to nine houses will have to be physically relocated. The 80 MW Rusumo Falls run-of-river hydropower plant is planned to be located on the Kagera River on the border between Rwanda and Tanzania and is being developed by Rwanda, Tanzania and the upstream country Burundi. In the first half of 2013 the technical design, the ESIA and RAP for the 80 MW ROR were finalized and draft implementation, shareholder and power purchase agreements were prepared. The project will be funded by the World Bank and financial closure was reached in August 2013. It is envisioned that the Rusumo Falls project will be publicly developed but privately managed. Project preparation was supported Nile Equatorial Lakes Subsidiary Action Program (NELSAP) within the Nile Basin Initiative. A total of 664 households or business units will be affected, including a total of 178 which will have to be physically relocated.
The empirical analysis for this paper was based on an extensive review of pertinent project documents such as ESIs and RAPs, as well as on a qualitative content analysis of 98 interviews carried out over the period of January to April 2013 with representatives of regional organizations, government representatives at national, district and local level as well as with representatives of communities in the project areas.

The paper finds that the two projects indeed foresee both international and local benefit-sharing mechanisms, even if the actors involved hardly refer to international and local benefit sharing as concepts or link the two. In terms of international benefit sharing co-ownership of the infrastructure is envisioned and electricity is supposed to be equally shared by the respective countries involved. What makes the cases special is that Burundi as downstream riparian on the Ruzizi River and as upstream riparian on the Kagera River is included as an equal partner in both projects. While the two respective border states – DRC and Rwanda on the Ruzizi River and Rwanda and Tanzania on the Kagera River – had to cooperate to build a dam where the respective river forms the border between the two, in both cases they could have left Burundi out. The interviews revealed that a number of factors were conducive towards the inclusion of Burundi, the most important probably being the existence of regional organizations in which Burundi is an equal member, the EGL in the case of Ruzizi III and NELSAP in the case of Rusumo Falls. In that sense the case studies underline arguments in the literature that adequate regional or river basin organizations matter for cooperation and international benefit sharing. Overall, the cases also demonstrate that – at least on border rivers – cooperative planning of hydropower is possible even under unfavorable framework conditions such as low levels of development and political tensions.

In terms of local benefit sharing, the cases show a mixed picture. First, in both cases the planning for the compensation of the project-affected population by and large followed the World Bank Operational Policies; still, a number of uncertainties related to the envisioned compensation processes became obvious during the interviews. They point to the need to manage the communication process with the affected population even better. Second, while both projects envision certain short-term benefit-sharing mechanisms, so far they do not aim at realizing long-term revenue-based benefit sharing. The interviews furthermore showed that the project-affected population in the four countries has high expectations towards the planned projects in terms of employment generation, rural electrification and other services, but that in particular with respect to employment and electrification it is not always clear how these expectations will be met. Hence, in terms of local benefit sharing, consideration may be given to including long-term revenue-based benefit sharing, to carefully managing employment procedures and to making rural electrification a priority. Overall, the interviews revealed an implicit, rather than an explicit understanding of international and local benefit sharing. Furthermore, the link between international and local benefit sharing was only made to rectify development funds for local communities in the project areas beyond the directly project-affected population.