

THE DANISH
INSTITUTE FOR
HUMAN RIGHTS

OUTCOME REPORT

EXPERT MEETING ON
THE HUMAN RIGHTS
IMPACTS OF NORDIC
INVESTMENTS IN
RENEWABLE ENERGY
DEVELOPMENTS IN THE
GLOBAL SOUTH



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1 INTRODUCTION

On 27 April 2021 the Danish Institute for Human Rights (DIHR) hosted a two-and-a-half-hour expert meeting on human rights impacts of Nordic investments in renewable energy in the Global South. The meeting gathered 20+ experts and practitioners from the Nordic region as well as the Global South, representing the renewable energy sector, public institutions, civil society organizations and subject matter experts as well as financial sector actors and was held under the Chatham House Rule. Accordingly, this report aims to share the richness of the discussions held but does not attribute views or information to their sources nor include any verbatim quotations. Moreover, the DIHR does not necessarily adhere to any of the views expressed by participants.

1.1 AIMS AND OBJECTIVES

The **aims and objectives** of the meeting were to:

Identify salient human rights impacts and critical questions associated with Nordic investments in renewable energy development, with a particular focus on the role of company and financial sector investments in the Global South.

Discuss strategies and opportunities to address these, including through multi-stakeholder dialogue and actions.

1.2 BACKGROUND

Climate change (also referred to as “[climate emergency](#)”) poses a huge threat to human rights. According to the United Nations High Commissioner for Human Rights Michelle Bachelet “the world has never seen a threat to human rights of this scope”.¹ In order to address the climate crisis, a transition to an economy respectful of the planet is urgently required. As part of this green transition, moving away from fossil energy sources (accounting for 75% of the world’s CO2 emissions) to renewable energy,² is critical. The Tracking SDG 7: Energy Progress Report 2020, shows that international public investment to the Global South in support of renewable energy has been growing steadily in recent years, with the largest international public support going to hydropower projects followed by solar, wind and geothermal, and the private sector serving as the main provider of capital for renewables.³

From a regional perspective, Nordic countries have set ambitious climate goals and energy policy objectives,⁴ paving the way forward in negotiations on the global green transition. However, while some policy frameworks underscore that the global green transition must be socially fair⁵ and consider the rights of vulnerable groups,⁶ there is little to no explanation of how these ambitious goals for the renewables sector align with human rights standards. The development finance institutions Norfund,⁷ [Swedfund](#), [IFU](#) and [Finnfund](#) (in Norway, Sweden, Denmark and Finland respectively) are among the Nordic countries' main channels for commercial investments in Global South countries, also when it comes to renewable energy. At the same time, the Nordic countries are also known for having highly developed solutions in areas of clean energy and are working through Nordic co-operation on the implementation of green technology. Besides having a presence in their own region, many Nordic companies are developing large-scale projects globally.⁸

In order for the energy transition to contribute to the realisation of the SDGs and human rights in the long term, the renewable energy sector must also be sustainable in itself – economically, environmentally and socially. As with any other parts of the energy sector, the renewable energy sector is associated with a number of social and human rights related challenges.⁹

2 THE IMPORTANCE OF HUMAN RIGHTS IN RELATION TO NORDIC RENEWABLE ENERGY INVESTMENTS

The first session was comprised of panel discussion by experts. The speakers noted that investment in the renewable energy sector is top of mind in both the Global North and South, not least mentioned during United States President Biden's March 26, 2021 [Climate Summit](#). The next decade will be crucial to achieve clean energy for all. While investments in the renewable energy sector are rising, millions of people still lack access to energy and reliance on fossil fuels to generate energy is major.

The important and leading role of Nordic actors and investors in the renewable energy sector was also mentioned, noting that Sweden, Norway and Denmark are the top three renewable energy investors and Iceland and Finland are in the top 10, according to the [World Economic Forum's Energy Transition Index](#). There is also an important role to play for the financial sector who finances renewable energy development. Current developments and requirements for financial sector actors at the EU level, including the EU Taxonomy regulations, EU reporting and disclosure requirements on due diligence will have consequences for the financial sector beyond the EU.

The unprecedented global climate emergency the world is experiencing is having a devastating impact on the right to life, the right to food, the right to health, the right to culture, the right to water, the rights of young people and women and the right to live in a healthy and sustainable environment. There is a need to transition away from fossil fuels and move to renewable energy for electricity generation, transportation and for industry, which aside from its environmental advantages also is a multi-trillion-dollar opportunity.

Certain renewable energy projects have lower environmental and human rights impacts, but some large-scale projects can pose great threats. Therefore, addressing the climate crisis by employing a rights-based approach in this transition to renewable energy, especially to large-scale projects is crucial. For example, hydro-electricity projects can have impacts on aquatic ecosystems, leading to the forced relocation of communities including Indigenous Peoples and Afro-descendants. Biofuels provide negligible climate benefits but can pose great risks to food production and biological diversity. Wind, solar and geothermal projects generally have a lower ecological footprint, but such projects need to be located carefully and after a human rights impact

assessment to ensure that such projects do not cause adverse impacts on indigenous peoples and local communities.

While renewables are central to the transition to a net-zero carbon economy, renewable energy projects may also disproportionately impact the most vulnerable. Drawing from hundreds of allegations of human rights abuses related to renewable energy projects, one speaker discussed some of the main human rights impacts of renewable energy projects. While impacts take place across the globe, most allegations were found in the Latin America and Caribbean region, and mostly in the hydropower sector. Typically, human rights impacts were reported in relation to land rights, displacement, indigenous peoples' rights and harassment, violence and threats to human rights defenders, especially that voice opposition to renewable energy projects. According to research, the renewable energy sector ranks as the third most likely sector to cause or contribute to human rights abuses. Also, research showed that overall, there is a lack of policies and mechanisms in place to implement human rights due diligence in the renewable energy sector. While labour rights issues were mostly taken into consideration, payment of a living wage was not. Other key impacts mentioned included allegations related land rights and impacts on indigenous peoples. While they are on the frontline of climate change and energy transition, often their lands and livelihoods are under threat and renewable energy companies are often not respecting indigenous peoples' rights, as has been found in Mexico and Central America, where indigenous communities are opposing large scale hydropower projects, and wind and solar farms that infringe on their land or are undertaken without Free, Prior and Informed Consent (FPIC).

In certain instances, however, there have been some positive developments when it comes to renewable energy projects and Indigenous Peoples' rights; impact benefit agreements have been concluded and renewable energy projects that involve indigenous ownership have been developed.

Companies that work in the renewable energy sector usually have a mission to combat climate change. There have been a number of recent legal initiatives in the EU and certain countries towards mandatory human rights due diligence, which will require companies to put in place procedures and address risks and thereby avoid harm to affected communities. Mapping mineral supply chains and supply chain transparency, for example such as cobalt and lithium – is crucial. Front runner investors have a central role to play for example by divesting from fossil fuels. They have an opportunity to define the path forward and can use their investment as a leverage to push companies in the renewable energy sector to consider these issues.

3 KEY HUMAN RIGHTS ISSUES, CHALLENGES AND OPPORTUNITIES IN RELATION TO NORDIC RENEWABLE ENERGY INVESTMENTS IN THE GLOBAL SOUTH

The second session & subsequent break-out groups discussed the key human rights issues, challenges and future opportunities related to 1) human rights due diligence and access to remedy, 2) indigenous peoples' rights, 3) gender, and 4) the financial sector.

3.1 IMPLEMENTING HUMAN RIGHTS DUE DILIGENCE AND ACCESS TO REMEDY IN RENEWABLE ENERGY INVESTMENTS

3.1.A KEY HUMAN RIGHTS IMPACTS AND CHALLENGES

A participant shared the challenge of **translating human rights language** and the human rights-based approach **into corporate language**. Efforts need to be made to create awareness and translate for example the right to life into the right to health and safety at the company level; companies do not necessarily talk about a living wage, but about working conditions, so there is a need to make an effort to embed human rights language into the company.

Challenges in relation to the **quality** of human rights due diligence efforts by companies, both in their own operations, but in particular in their supply chains were also mentioned as well as the **voluntary character of due diligence requirements to date**. The EU is moving towards mandatory human rights due diligence legislation and some States are also introducing national human rights due diligence legislation. All companies should perform due diligence by mapping human rights risks and, in fact, companies would welcome mandatory due diligence as this could facilitate a 'level playing field' in which relevant actors are compelled to act in accordance.

In terms of the main salient human rights issues for the renewable energy company in question, these can be categorized into four areas; **1.) community relations** and a social license to operate, **2.) health, safety, and security**, **3.) working conditions** – for example, sometimes in large-scale projects, there

are thousands of workers which makes it challenging to consider everybody's working conditions and **4.) human rights challenges in the supply chain**, especially with regard to working conditions in the supply chain. The issue of **access to land rights** in the context of renewable energy projects was also highlighted as critical. There needs to be a better understanding by everyone about who is affected and to achieve this there is a need for proper **stakeholder dialogue**.

- The difficulties to address **impacts in the supply chain beyond tier one**, including the mining of metals and minerals needed for the raw materials of renewable energy development, such as polysilicon, copper and lithium needed for wind turbines, solar panels and batteries. An important challenge from a company perspective is the **lack of leverage** to address all human rights issues, because regulators and their contractors and suppliers decide on the rules of the game.
- The human rights risks and impacts on **migrant workers**, including forced labour, in particular in the solar panel supply chain.
- The risks of **corruption** when working with local authorities and the risk of **violations of land rights** in relation to renewable energy projects.
- The human rights risks associated with **hydropower projects**, which present a number of overlapping social and environmental impacts.
- With regard to the **solar energy sector**, it was mentioned that there are a lot of small companies operating in this sector who have **little regard for human rights, understanding of human rights topics or capacity to mediate human rights impacts**.
- While companies have heard of Environmental Impact Assessment (EIA), the concept of **human rights due diligence** and human rights impact assessment (HRIA) **has not reached the ground**. In those cases where human rights impact assessments are conducted, these are often conducted by consultants who are not based in the countries concerned and therefore have **no link to the local communities** and others that may be impacted.
- The **right to information** and the **right to participate in decision-making are often not respected**, making it difficult to exercise other rights. The principle of Free, Prior and Informed Consent is often not correctly applied, and understood as consultation only.
- In some countries where the local government has a monopoly over the industry, renewable energy projects' **operational-level grievance mechanisms (OLGM) are therefore also dominated by the local government, which prevents the OLGM from being fully effective**.

- The **accountability mechanisms of development finance institutions** (DFIs) have **lengthy and complicated procedures** and are therefore often **not accessible** as a mechanism for access to remedy for communities affected by a renewable energy project financed by a DFI without the support from an international NGO. Due to the Covid-19 pandemic, it has **not been possible to conduct fact finding missions to investigate complaints** filed to DFIs' accountability mechanisms. Covid-19 was frequently mentioned throughout the conversation as exacerbating negative human rights impacts.

3.1.B GOOD PRACTICES, STRATEGIES AND/OR INITIATIVES BY RENEWABLE ENERGY COMPANIES, STATES OR OTHER ACTORS

A number of good practices, strategies and initiatives by renewable energy companies, governments or others to address the risks and challenges were raised, including:

- Look into the possibility to create **greater transparency** in the renewable energy supply chain, for example by using blockchain technology, which is happening in the automotive industry in certain countries.
- Explore **how governments can work with the private sector**, such as in the example of a wind power project. Points of attention are how to work with local government and how to engage with local stakeholders.
- **Pay attention to the trade-offs**, since large parts of the population where renewable energy projects are developed still do not have access to energy. It is therefore important to invest in projects that move away from risks and towards positive impacts.
- Given the diversity of companies (in terms of sizes and experience with human rights) there is a need for **tailored human rights capacity building** that takes this diversity into account.
- **Human rights due diligence requirements in tender processes** could make a big difference and provide recognition to the companies that implement quality due diligence.
- Companies and financial sector actors should be **aware of the different standards** that apply to them. Many investors and companies apply the IFC Performance Standards which have an overlap with the concept of human rights due diligence as per the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. It is important to integrate these approaches and build on the existing structures and frameworks.



- Establish explicit **agreements between communities and renewable energy developers** rather than only consulting with communities can help to ensure that communities' interests are taken into account. This also offers communities' the opportunity to develop a plan. Practices of benefit sharing, where a percentage of the project budget is allocated to community projects, can also be beneficial, though monitoring of how these budgets are spent is important because of the risk of corruption.
- Renewable energy companies should **engage with NGOs and Indigenous Peoples' groups** to understand risks and impacts and reach agreements.
- Often renewable energy companies do not know who is affected, especially in the context of land rights. In such contexts there is a need for **good stakeholder engagement and dialogue**. The OECD provides guidance on how to engage and enter into a dialogue with affected rightsholders, such as workers, indigenous people, women, etc.

3.1.C RECOMMENDATIONS FOR NEXT STEPS TO ADDRESS THE KEY HUMAN RIGHTS IMPACTS AND CHALLENGES

- Companies have an important role to play in undertaking **quality human rights due diligence** and addressing risks and impacts when they are found. At the project level, they should ensure that **Free, Prior and Informed Consent** is implemented and that an explicit agreement between project developers and communities is reached.
- **Governments** in the countries where projects are developed have **a crucial role** to play in ensuring that the **benefits flow back to the communities** where renewable energy development.
- Nordic actors, including Nordic governments and Nordic development finance institutions could help to **set the standards** in their own operations and their projects, for example through having a seat on the boards of International Financial Institutions. They could also invest in good/best practice projects.
- Nordic actors, in particular governments, can also play an important role in **government-to- government cooperation to promote human rights due diligence**. This could be through their network of embassies, engagement with investors from other regions and in their procurement practices.
- **Multi-stakeholder platforms** for information sharing, development of best practices, due diligence commitments and joint monitoring, such as the [Renewable Energy Sector Responsible Business Conduct](#)

[Agreement](#) currently under development by the Netherlands, could help to increase leverage in order to address risks collectively.

- **OLGMs** should be **strengthened** to make them more community-based, so that these mechanisms can help to provide access to remedy to those affected by renewable energy projects, especially in those countries where there is no OECD National Contact Point.

3.2 ENGAGEMENT OF RENEWABLE ENERGY PROJECTS WITH INDIGENOUS PEOPLES' RIGHTS

3.2.A KEY HUMAN RIGHTS IMPACTS AND CHALLENGES

Speaking specifically to the impacts of hydropower, it was noted that while in some instances, Indigenous and minority communities, particularly in rural areas, see hydropower projects as the means of gaining prosperity, the following issues and challenges have also occurred:

- When hydropower projects are designed, the company/companies in question often make use of foreign consultants in conducting HRIAs. However, they **do not always know the local context**. There is often a lack of evidence of how local communities have been consulted in the impact assessment process.
- There is often a lack of Free, Prior and Informed Consent (FPIC) of these communities. If there is **consultation**, this is usually **one-sided**. Project officials come and share information, they decide on the place for the consultation and language used during the consultation and they rarely listen to what the community has to say.
- The national **legal framework does not recognize the human rights of certain indigenous communities**. For example, in host countries, when it comes to land rights, the impact is often only considered for land that is titled and communal and untitled land is not protected. Therefore, land compensation is often undervalued.
- **Rarely are renewable energy projects based on mutual benefits**, such as investment in community development programs or communities receiving a share in the project.
- Certain Indigenous Peoples remain **unrecognized** in certain projects. The reasons for such non-recognition is multifold, for example, there have been cases where the state doesn't recognize certain groups as Indigenous Peoples, or in some cases there are conflicts when certain Indigenous groups are prioritized over others. Another challenge when it comes to identification and engagement with Indigenous Peoples, is that often this comes **too late**, when project has already been designed.

- Another challenge is **expertise and capacity on social issues, human rights and Indigenous Peoples' rights within the company** and in particular of those involved in the approval of renewable energy projects on what needs to be done to ensure that Indigenous Peoples' rights are respected during all project phases. In this context the reliance on external experts was another point raised. Depending on who is selected as an expert to conduct the company's due diligence on indigenous peoples' rights, you may have a good or poor-quality impact assessment that does or doesn't adequately consider indigenous peoples' rights. Lastly, companies can be **ill-informed of and lack understanding of traditional governance and indigenous decision-making processes** which are key for proper engagement and consultation. This is important in order to get the voices of women, elderly and others heard.
- Renewable energy companies largely rely on Environmental and Social Impact Assessment (ESIA) processes to assess social issues. However, **social issues are often marginalized in ESIA** as compared to environmental issues and human rights issues and indigenous peoples' issues are not well developed or understood.
- Indigenous groups are often fragmented and there can be contradictions between different groups. Therefore, renewable energy companies should not think that speaking to one group or leader is enough to obtain FPIC. It is important to **understand what FPIC means** and the interpretation thereof in the local context, or if there are community members who are not in favor of the project, it is important to understand what an amenable approach for them could be.
- Renewable energy projects are often located in remote areas where the **state is absent** and there is a lack of local governance. The company in question will be the main party present and could be seen as replacement of the state, so communities can have expectations that the company will fulfil their rights through Corporate Social Responsibility (CSR) projects and job creation. However, Indigenous Peoples are often only beneficiaries of CSR projects like scholarships, but that is not sufficient if their land is inundated or taken, as CSR projects cannot offset impacts. It is therefore important to be transparent and **manage expectations of the benefits of CSR projects**.
- Indigenous peoples often do **not benefit** from renewable energy projects. Often host communities do not have access to energy, and there is **no co-management**. While energy is taken from their areas they have to **pay to have access to energy**.

- **Building trust** to obtain a social license to operate requires significant time and investment. This is important and should be factored in when planning for projects, especially in regions where there often is a **legacy** in relation to indigenous peoples' rights
- Renewable energy companies often apply a **too narrow definition of impacted area**. They could consider the directly and indirectly affected areas, so in the case of a hydropower dam, this is not only the area where the dam or reservoir will be, but also the downstream and the upstream communities in the forest. Applying an ecosystem services approach is a good concept to consider the impacted project area
- When a hydropower dam starts operating, the company in question leaves and there is no rehabilitation of the project area, but this is renewable energy company's responsibility; they should consider **responsible decommissioning** of projects and **regeneration of the project area**.
- Lastly, it was raised that in the **banking sector human rights due diligence processes** are **not that solid** yet. There is still a lack of knowledge to evaluate companies they provide lending to, and there is a lack of transparency around human rights and Indigenous Peoples rights; banks apply a checklist approach which is not sufficient. While many banks apply the Equator Principles, which are a good framework for human rights due diligence for the banking sector, they only apply to large projects of over 10 million USD, so many projects are not covered by these principles.

3.2.B GOOD PRACTICES, STRATEGIES AND/OR INITIATIVES BY RENEWABLE ENERGY COMPANIES, STATES OR OTHER ACTORS IN RELATION TO INDIGENOUS PEOPLES' RIGHTS

Good practices and initiatives shared included the following:

- As a good example of collaboration between the renewable energy sector and the United Nations, [the Right Energy Partnership](#) (REP) was mentioned.
- Another initiative that was mentioned is the Global Alliance for Sustainable Energy, which is a multi-stakeholder initiative collaborating on the main sustainability challenges in the utility sector, which includes a focus on indigenous peoples' rights.
- The Equator Principles were mentioned as a valuable set of principles for financial sector, including on indigenous peoples' rights, as the Principles set out what the process for FPIC are



Photo: Maxim Kovalev, pexels.com

- Various resources and publications¹ were shared on FPIC, in particular from the community perspective which could be useful for the renewable energy sector.

3.2.C RECOMMENDATIONS FOR NEXT STEPS TO ADDRESS THE KEY INDIGENOUS PEOPLES IMPACTS AND CHALLENGES

- Renewable energy companies should make sure to carry out proper and correct identification of the Indigenous Peoples that are or could be affected by their projects. This should also be done as early on as possible.
- Adequate impact assessment should be carried out, by a team that includes expertise around indigenous decision-making and governance structures. Awareness on indigenous peoples' rights should be raised within renewable energy companies.
- There is a need for know-how on how to do FPIC and how this should be done properly. Also, seeking consent should not only apply to indigenous peoples but also other local communities that could be affected by the renewable energy project.
- FPIC and respecting the rights of indigenous peoples should be an ongoing process across the lifecycle of a renewable energy project and should not be a one-off effort.
- Rather than only highlighting the cases where things have gone wrong, it would be beneficial to gather good examples and cases of renewable energy projects where there have been no conflicts and that have succeeded in respecting and safeguarding indigenous peoples' rights, as well as providing benefits to these communities.
- It would be helpful to have an independent third party that could bring renewable energy companies and (indigenous) communities together to jointly develop renewable energy projects as has been the case in certain countries.
- The knowledge of the financial sector on human rights and indigenous peoples' rights should be enhanced.
- It would be worthwhile exploring how financial actors could link financing of specific corrective actions based on demonstrating specific human rights outcomes

¹ Resources on FPIC:

Cathal Doyle & Jill Cariño, [Making Free, Prior & Informed Consent a Reality, Indigenous Peoples and the Extractive Sector](#)

Asia Indigenous Peoples Pact (AIPP)'s Handbook [Extractive Industries and Free, Prior and Informed Consent of Indigenous Peoples](#)

Food and Agriculture Organization of the United Nations, [Free Prior and Informed Consent An indigenous peoples' right and a good practice for local communities Manual for Project Practitioners](#)

Doyle, C M, H Tugendhat & Halip R, (eds.) [Mining, the Aluminium Industry, and Indigenous Peoples: Enhancing Corporate Respect for Indigenous Peoples' Rights](#)

- Renewable energy companies rely on audit and certification processes, especially in the supply chain. However, these certification processes often lack indigenous rights' expertise and should therefore be included in certification processes.

3.3 ENGAGEMENT OF RENEWABLE ENERGY PROJECTS WITH WOMEN'S RIGHTS

3.3.A KEY HUMAN RIGHTS IMPACTS AND CHALLENGES

A gender and energy expert with extensive expertise from the African region shared her insights on this topic and shared a number of key messages:

- Renewable energy projects can have an adverse impact on who has what. That's why it is **important to conduct gender impact assessments** of such projects.
- When starting a renewable energy project, it is important for renewable energy companies to **consider who has access to resources**. They should ask questions such as: who owns the land, who earns a livelihood from this land? Who gets the benefits from this land? It is oftentimes the case that those who live and cultivate the land, mostly women, are in a more disadvantaged position. When women don't have access to resources, they are cut out from decision-making processes and do not have a say in deciding where the investment goes.
- Secondly, renewable energy companies should **consider whether women get access to opportunities**. They should ask themselves questions such as who gets hired? Who is going to get paid when the project starts? Who will have the opportunity to gain from the project?
- Renewable energy projects should be designed and implemented **taking into consideration gender aspects**. At the end of the day they lead to more jobs.
- The biggest challenge in the context of renewable energy projects in Africa is that women, who are disproportionately affected by renewable energy laws and policies, have no say, they are **missing as decision-makers** and have no power in the renewable energy sector.
- One of the challenges discussed is that **women** are not present in **decision-making spaces** and **men are not present** and involved in **discussions regarding gender and women's rights**. It is important to reflect **where power sits and how decisions are made and where are women reflected there**. This is in government decision making and women are often not present in those spaces and this then trickles

down to the community level. There is a need to have **male champions to push women's rights and women into decision-making roles.**

- **Culture and gender dynamics** are important to consider. In certain cultures, **women are excluded from decision-making structures.** In such cases it is important to **explore practical solutions** to address such cultural barriers, such as speaking to women and men separately.
- **Gender has to be considered right from the design phase** of renewable energy projects. If gender is not considered from the start, then this will just widen the gap.
- Another challenge is **attacks** on human rights defenders including **women human rights defenders.** One in five attacks on human rights defenders is on women. Especially in certain regions this is a big challenge, where female community leaders are attacked, and the violence often has a gendered aspect.
- In some regions **women** are also particularly **removed from decision making,** for example in the context of compensation. Women are also often excluded from benefit agreements.
- Women often **lack land titles.** Also, often projects are concerned about physical resettlement and push the boundaries of the project, but this poses challenges when it comes to **access to resources** such as water.
- It is not easy to get **more women involved in renewable energy projects** as the renewable energy sector is a **male dominated industry.** This is in particular the case in certain, where women by law aren't even allowed on site in certain projects. Women led companies and entrepreneurs are also often **excluded from sites.**
- When it comes to renewable energy projects in certain regions, there is a tendency to look at how projects are affected by indigenous peoples, rather than **how indigenous peoples and women are affected by the project.** A gender lens isn't or hardly applied; for example, companies look at nomadic herders but not how women take children to school, the medicinal herbs they use and how the project could affect this. It is challenging to **get women into stakeholder discussions and consultations.**
- When looking at the impacts on women, this should also be **connected with children's rights;** who is taking the children to school, who is paying their school fees, who is making their lunches? If women are disproportionately affected by a project this will also adversely impact their children.
- **Due diligence processes** are sometimes **too structured** and **formalized** to allow for a gender perspective.

- There is a need for **skilled experts to engage women and to get their perspective across how projects affect them.**

3.3.B GOOD PRACTICES, STRATEGIES AND/OR INITIATIVES BY RENEWABLE ENERGY COMPANIES, STATES OR OTHER ACTORS IN RELATION TO WOMEN'S RIGHTS

- A number of **diversity and inclusion programmes** exist **through industry associations**. An example is the [Global Women's Network for the Energy Transition](#), and IRENA, the International Renewable Energy Agency, an intergovernmental organisation that supports countries in their transition to a sustainable energy future has an focus on gender and has published a [report speaking to the gender perspective on renewable energy](#). However, these initiatives focus more on employment opportunities rather than on issues such as women and land rights or consultation.
- Environmental and nature conservation organizations, such as IUCN, are increasingly looking at renewable energy. However, they do not consider the human aspects. It would be worthwhile to have more **cross-overs between the environmental and human rights agenda, including a focus on gender.**

3.3.C RECOMMENDATIONS FOR NEXT STEPS TO ADDRESS THE KEY WOMEN'S RIGHTS IMPACTS AND CHALLENGES

- **Renewable energy has an opportunity to change the model of business.** This could take the form of co-ownership models and benefit sharing agreements, which will facilitate access to electricity and long-term sustainability in a project. **Concerned actors can challenge the model to have co-owned and co-benefit projects that are owned by the communities**, rather than the project alone, and from there benefits and engagement would flow.
- **The biggest issue is consultation**, though participants presented a different understanding of what this is. In certain contexts, there are very diverse understandings between companies and communities on what consultation means. In addition, consultation is not a onetime occurrence, rather it has to be done over time and is an ongoing process. There is also the need for better stakeholder engagement plans.
- In order to motivate women to participate in projects and work in projects there is the **need to change stereotypes** regarding 'Women's jobs' and 'men's' jobs', including that women have access to the



Photo: Marcel Strauss, unsplash.com

full range of jobs, i.e. technical and in supply chains. In this regard, actors in the renewable sector should **look at the whole value chain for possible opportunities for jobs and contracts and women led businesses and get rid of silos**, such as women, environment, etc.

- **Gender expertise is missing.** Renewables actors can gather a lot of this from other industries. There is also a need for **awareness raising to address the pushback** – it is not about pleasing clients, actors in the renewable sector need to take gender seriously without the ‘business case’.
- In order to drive change, **there is a need to generate good practice examples from within the sector**, otherwise renewables actors will just say ‘no one else is doing it’ and will not be interested. There is also a **need for male champions to push these messages**.
- In order to properly restore livelihoods, renewables actors **should not look only to the renewables sector**, but they should also look to the oil and gas sector, the environmental field as well as development NGOs and other sectors for good practice examples.
- **Strategies of women practitioners should be widely shared** to push these messages and make change. Often **gender analysis focuses exclusively on Sexual and Gender Based Violence (SGBV) rather than the full range and depth of women’s circumstances**. There is also a disconnect between the consultants, financiers and projects. It is important to ensure the relevant gender expertise is included, from for example academia, NGOs and local communities.

3.4 THE ROLE OF THE FINANCIAL SECTOR IN FOSTERING HUMAN RIGHTS COMPATIBLE INVESTMENTS IN RENEWABLE ENERGY

The final topic of the meeting related to renewable energy projects and the role of the financial sector in fostering human rights compatible investments in renewable energy.

3.4.A KEY IMPACTS AND CHALLENGES

The main message from the break-out group on the role of the financial sector was that leverage of the financial sector through due diligence, contractual obligations and follow-up during the project is crucial for driving positive change towards stronger human rights due diligence and better outcomes and more appropriate compensation packages for affected groups.

- One of the main challenges is to get renewable energy companies to **understand the specific human rights context of the country** where they are investing. The **standardised approaches for human rights risk assessment are not fit for purpose**.
- Due diligence by the financial sector is often a **desk-based due diligence exercise** which only involves document gathering and review. Therefore, if one is investing through a management fund, many risks can be overlooked and subsequently, appropriate mitigation is absent from clauses.
- The **lack of a socio-economic baseline** means often the most marginalised do not get any or adequate compensation in the event of relocation or loss of livelihoods due to renewable energy projects
- **There is the propensity for mistrust by affected groups** when it comes to compensation, usually because of lack of adequate and/or appropriate consultation, means they often want to take the financial compensation all up front rather than phased over a longer period of time which would be financially more advantageous to them.
- Many human rights challenges exist in the **renewable energy supply chain**; for example, for batteries. This is challenging for the financial sector, as supply chains are **long and complex** and how can the financial sector track this?

There is a risk of human rights impacts in raw materials supply chains for renewable energy equipment, for example there have been reports of forced labour in China for the production of polysilicon used in solar panels. This is challenging due to information gaps while at the same time there is a growing demand for renewable energy equipment. Therefore, impacts in the renewable energy supply chain should be considered and collective leverage, including by DFIs, should be practiced to address these impacts.

3.4.B GOOD PRACTICES, STRATEGIES AND/OR INITIATIVES BY THE FINANCIAL SECTOR

- The **IFC Performance Standards** are the main standard or framework used by development finance institutions and is considered a strong tool for dealing with human rights issues such as labour rights, land rights and indigenous peoples' rights in the global south. One DFI participant noted that they use the IFC Performance Standards in conducting environmental and social impact assessments (ESIAs) assessing environmental, social and human rights impacts of projects, as well as monitoring and follow up based on identified indicators.

By conducting proper ESAs and stakeholder engagement, there is a system in place to assess and address human rights impacts when doing investments.

- One good practice is actors in the renewables industry creating **livelihood restoration plans** which include the provision of adequate training. Such restoration plans ensure that **follow-up visits are conducted** and that the visits include interviews with affected groups 2 and 5 years on, not just at the time of the project.
- Export Credit Agencies are working together increasingly through the OECD to **improve and harmonise human rights due diligence standards**. Developments regarding Mandatory Human Rights Due Diligence legislation at the EU level and the EU Taxonomy are hugely important in this context in clarifying the role of financial institutions with regard to human rights due diligence.
- Actors can also **maintain close dialogue with National Human Rights Institutions** (NHRIs) in the countries in which they operate for guidance on human rights issues.

3.4.C RECOMMENDATIONS

- DFIs should make sure that proper environmental and social management systems are in place, as well as impact assessment processes. Implementation and monitoring gaps should be addressed.
- Potential human rights impacts of contractors and sub-contractors that operate on site of renewable energy projects should also be assessed and managed; this could include contractors' labour conditions as well as human rights impacts on local communities. This is not an easy task as this requires assessing the impacts of all contractors and sub-contractors on site.
- Actors should **translate HRDD and HRIA requirements into 'business language'** so that there is a better chance of these practices being adopted. There should be **increased transparency** in how HRDD and HRIAs are conducted. There is a need for more **harmonisation with HRIAs** and to create more robust templates which can then be adapted for specific contexts with **strong requirements for HRDD on the ground**.
- In addition, it was suggested that financial institutions should **practice HRDD by phase of the project cycle**, from the pre-project phase to planning, actual operations as well as looking at legacy issues, so that risks and impacts over time can be considered.

- Group members noted that **on-site human rights reviews and audits by financial institutions** were very useful, and recommended that they occur with regularity.
- For development finance institutions, **closer dialogue with NHRIs and other NGOs** would be very valuable.
- One good practice is drafting **strong contracts** which include provisions relevant to human rights so that actors can fall back on this and ‘trust the documentation’
- It is important for investors to understand their leverage and for banks to be held accountable for what they are funding. **Better accountability mechanisms are important.**
- Actors should look to the **Dutch Renewable Energy Sector Responsible Business Conduct Agreement**, and at the lessons that can be drawn across from other sectors such as mining.
- Embassies have cut down their services. Actors should ask who on the ground is able to help and what the red flag issues are. **Nordic countries should give advice to companies** through their local embassies and Nordic companies operating abroad should consult with their embassy on the ground.

4 CONCLUSION

This expert meeting was a starting point for the Danish Institute for Human Rights to explore the key issues, challenges and opportunities with regard to Nordic renewable energy investments in the Global South and human rights. DIHR will continue to work on and engage with various stakeholders on this topic, including through follow up meetings where stakeholders can continue to exchange views and experiences and take a deeper dive into specific topics. One of the proposed ways forward is to collaborate not only in relation to the human rights challenges and impacts of the renewable energy sector, but also collect and share good practices and opportunities, which can inspire companies in the sector to respect human rights and leading to a more just transition. We would like to invite interested stakeholders from the renewable energy sector or working on or with the renewable energy sector on human rights issues, whether Nordic stakeholders or from other parts of the world, to get in touch with DIHR and explore how we can collaborate in the future.



Endnotes

- 1 OHCHR: [Global update at the 42nd session of the Human Rights Council](#)
- 2 The International Energy Agency defines renewable energy as energy derived from natural processes, for instance sunlight, water and wind, which are replenished at a higher rate than they are consumed. Examples of renewable energy resources are solar, wind, geothermal hydropower, bioenergy and ocean power (International Energy Agency, 2017). The OECD also includes energy derived from solid biofuels, bio gasoline, biodiesels, biogases and the renewable fraction of municipal waste (OECD, 2016).
- 3 IRENA, [The Tracking SDG 7: Energy Progress Report 2020](#)
- 4 [Sweden's Climate Act and Climate Policy Framework](#); [Finland's Government report on the National Energy and Climate Strategy for 2030](#); [Main elements of Norwegian Energy Policy](#); [Iceland's 2020 Climate Action Plan](#).
- 5 [Sweden's Climate Act and Climate Policy Framework](#)
- 6 [Danish Government Global Climate Action Strategy 'A Green and Sustainable World'](#)
- 7 "Clean Energy" and "Financial Institutions" account for more than three quarters of Norfund's portfolio. In 2019, Norfund entered into new investment commitments totalling NOK 4.015 billion. Financial institutions accounted for the largest portion, with NOK 1.96 billion, and clean energy accounted for NOK 1.32 billion.
- 8 ZERO, Norfund, The Norwegian Solar Energy Cluster, [Scandinavian Investments in Renewable Energy in Developing Countries](#)
- 9 Business & Human Rights Resource Centre: [Renewable energy impacts on communities](#) ; [Renewable Energy Human Rights Benchmark](#)

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