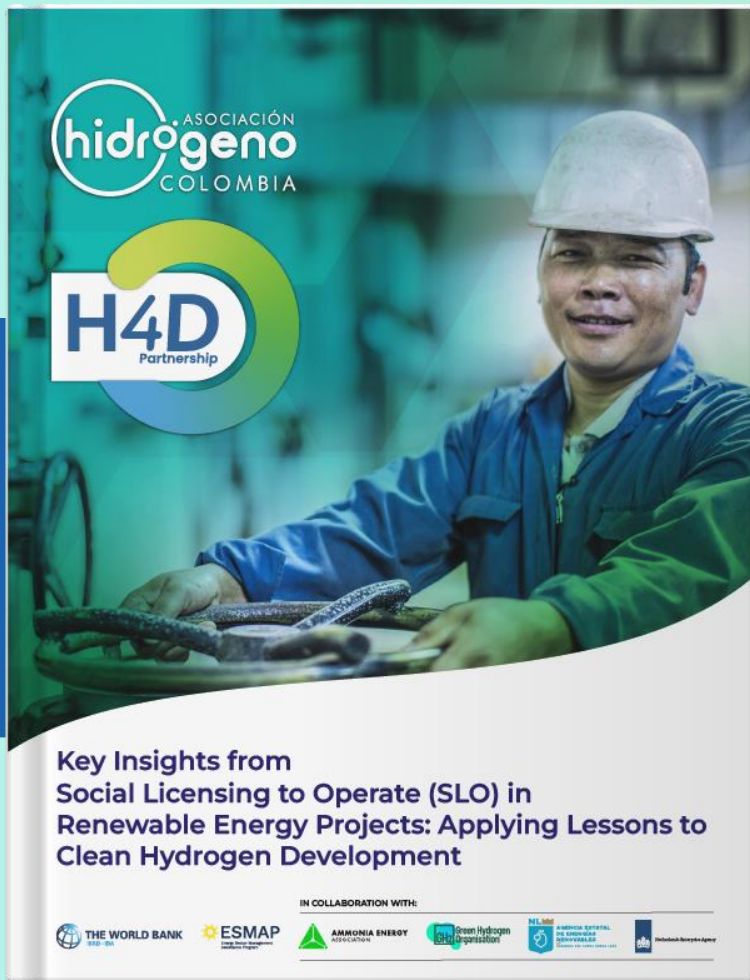


SEPTEMBER 9th, 2025

H4D
Partnership

Key Insights from Social Licensing to Operate (SLO) in Renewable Energy Projects: Applying Lessons to Clean Hydrogen Development

IN COLLABORATION WITH



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This paper explores the role of Social Licenses to Operate (SLO) in renewable energy projects, drawing lessons from hydropower and wind projects, and applying these insights to the renewable hydrogen sector.

10 GW

Electrolyzer Capacity

2030

Upstream

Midstream

Downstream

Achieving 10 GW of electrolysis capacity installed in Emerging Markets and Developing Countries (EMDCs) by 2030 necessitates large-scale infrastructure deployment throughout the hydrogen value chain, from up, to mid and downstream.

Social Licenses to Operate



Social Licenses to Operate can be defined as the ongoing acceptance and approval of a project by its stakeholders, including local communities, civil society organizations, and, in some cases, governmental bodies.

Ongoing Social License to Operate



This unofficial yet crucial form of approval is not granted on a one-time basis but must be continually earned through **responsible corporate** behavior, **transparent early** and **meaningful engagement**, and **tangible local benefits**.

Levels of Social License

Social License to Operate can be categorized into **three ascending levels**, each representing a deeper degree of community integration and participation.



1. Co-Ownership: The highest level of Social License to Operate is co-ownership, where communities do not just approve the project but actively participate in its operations and decision-making processes. This level is often achieved through equity-sharing models, participatory governance structures, and long-term benefit-sharing agreements.



2. Approval: The second level of Social License to Operate is achieved when communities actively support the project. At this stage, closing feedback loops and demonstrating responsiveness to community concerns are critical. Establishing mechanisms such as community advisory boards, grievance resolution frameworks, and participatory monitoring programs can reinforce approval by ensuring that local voices are heard and acted upon.



3. Acceptance: At this stage, the local community is neutral or only passively opposed to the project. Demonstrate corporate responsibility and provide tangible early-stage benefits such as education programs, health services, or infrastructure development is essential.

Strategies for Securing SLO

Participatory
Planning



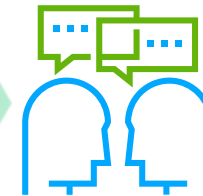
Building Local
Capacity



Stakeholder Mapping
and Analysis



Transparent
Communication and
Information Sharing



Stakeholder Engagements
throughout the Project Lifecycle



Environmental and Social Impact
Assessments (ESIAs) Fair compensation
and benefit-sharing models are vital for
demonstrating a commitment to
equitable outcomes.



Strategies for Securing SLO





1. Itaipu Hydroelectric Dam (Brazil – Paraguay)



Model of cross-border cooperation: Itaipu exemplifies successful regional collaboration, including treaties and power-sharing agreements.



Community benefit programs: Environmental restoration, education, and local infrastructure investments supported social license and long-term support.



Major social and environmental costs: The project displaced communities and impacted biodiversity, triggering concerns about equity and environmental justice.



Lessons for clean hydrogen: Demonstrates the importance of early diplomatic engagement, benefit-sharing, early consultation and anti-corruption frameworks in large infrastructure projects.



2. Kipeto Wind Project (Kenya)



Community-centered design: Prioritized Indigenous Maasai communities through structured benefit-sharing and direct land lease agreements.



Early and ongoing engagement: Addressed land tenure, skepticism, and cultural sensitivities through consultations and transparent communication.



Transparent revenue mechanisms: 5% of net profits allocated to a community trust managed by locals, ensuring inclusive development.



Social investments: Projects included school refurbishments, clean water access, and a youth skills development program.



Scalable model: Shows how structured community engagement and equitable economic integration can de-risk and legitimize renewable energy projects.



3. Kaligandaki Hydroelectric Project (Nepal)



Community equity participation: Chilime project pioneered direct local shareholding, fostering trust and ownership, though it introduced financial risk.



Regulatory oversight needed: Experiences revealed the need for better investment literacy and safeguards in equity-sharing schemes.

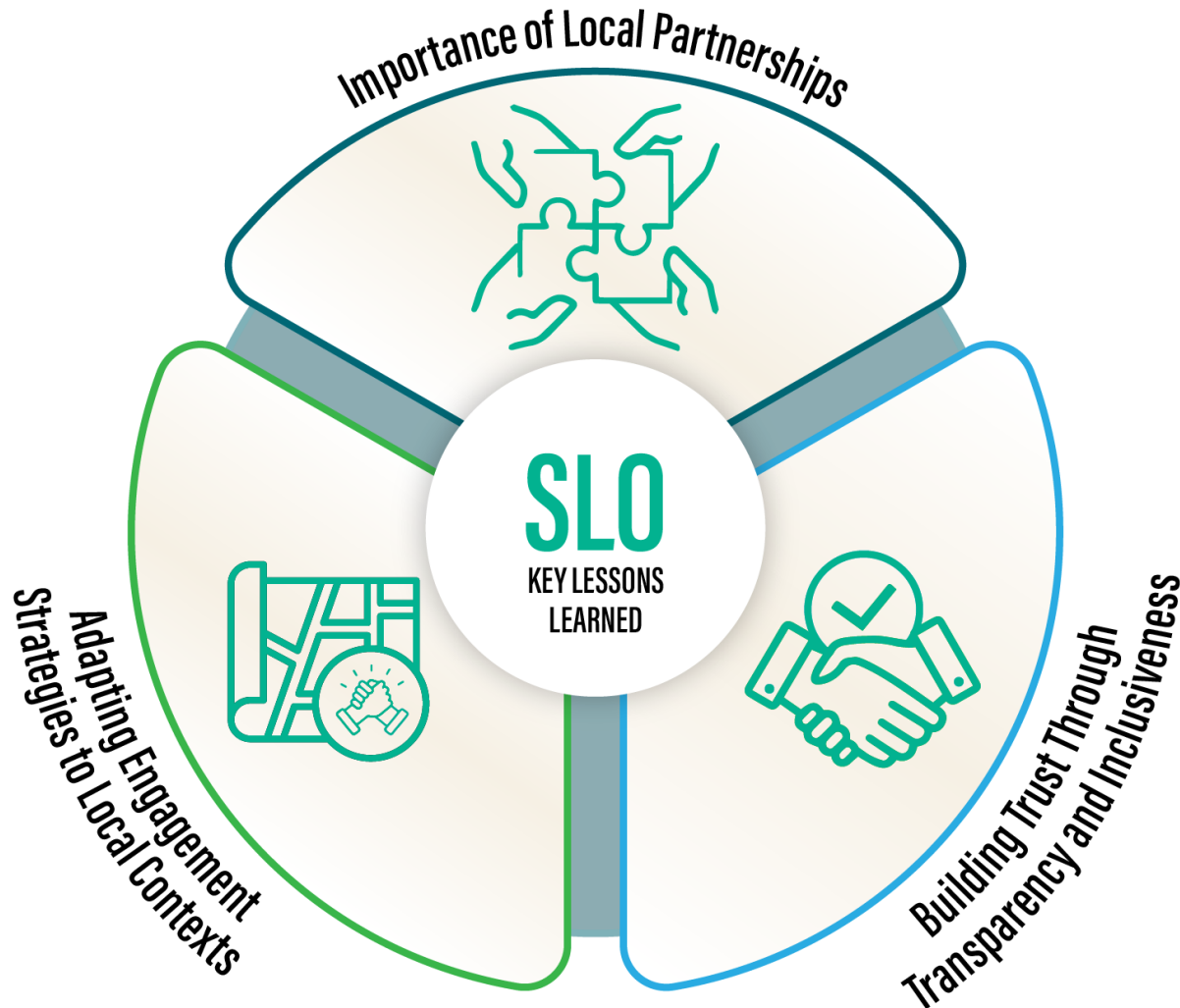


Cultural and environmental sensitivity: Kaligandaki project faced critics due to impacts on sacred sites and fisheries, highlighting limits of compensation alone.



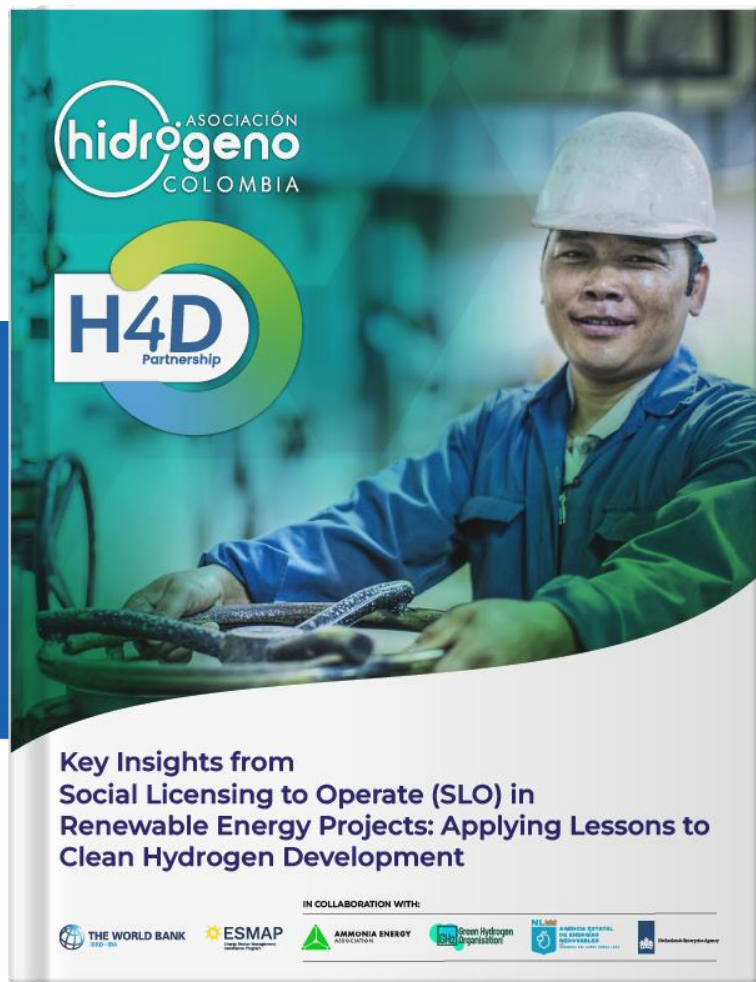
Trust and informed consent: Projects emphasized the importance of early consultation, transparency, and respecting Indigenous values and autonomy.

Key Lessons Learned



In conclusion, securing a Social License to Operate in EMDCs requires an integrated approach that combines **early and continuous stakeholder engagement, transparent communication, robust impact assessments, and fair benefit-sharing mechanisms.**

Thank you!



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