PARTNERSHIPS – A LEARNING EXPERIENCE

“Pipeline Construction in Environmentally Sensitive Areas”

Forging Partnerships with Oil and Gas Companies for Protected Areas
5th World Parks Congress – Sustainable Finance Stream
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Prepared by
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EXAMPLE PROJECTS

Bolivia – Brazil (Bolivia only) Bolivía – Cuiabá

<table>
<thead>
<tr>
<th>Detail</th>
<th>569 Km 32” – Pipeline</th>
<th>644 Km 18” – Pipeline</th>
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<tr>
<td>Construction</td>
<td>1997 to 1998</td>
<td>1999 to 2001</td>
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<td>Partners</td>
<td>Shell – Enron</td>
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<td>Petrobras – BG - El Paso</td>
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<td>Sensitive Areas</td>
<td>Kai-Iya National Park</td>
<td>Chiquitano Forest - Bolivia</td>
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<td>Protected Areas</td>
<td>Ridges Area – Brazil</td>
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<td>Agreements</td>
<td>Protocol for Kai-Iya</td>
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MANAGING THE PROCESS – LESSONS LEARNT

Initial Phases and Construction

Early identification of stakeholders and interface with those groups is a must. Key to understanding project dynamics and sources of leverage.

- Federal/regional/municipal governments
- Project partners
- Lending institutions
- National and International NGOs
- Impacted communities
- Indigenous groups

Identify and discuss environmental and social issues up front.

- Complying with the “law” is generally not enough
- Community expectations
- Indigenous people
- Sensitive environmental areas
MANAGING THE PROCESS – LESSONS LEARNT
Initial Phases and Construction

Once concerns are understood it is critical for the success of a project that an Environmental and Social Management System (ESMS), which includes the EIA, IPDP, EMP, Community Development Plans and any other short to medium term commitments, is developed.

- The use of an ESMS was a critical and integral factor in the construction process of the Bolivia to Cuíabá pipeline
- Accountability and reporting – to owners and stakeholders
- The ESMS should be used as a “partnership” document during construction

THE ENVIRONMENTAL & SOCIAL PROCESS

- Analyze project and identify social/environmental issues and possible alternative sites / routes
- Identify and meet with Stakeholders: owners, lenders, all govt. agencies, officials, community & indigenous peoples, landowners, NGO’s
- Review, revision & lender / government approval
- Prepare draft EIA, HAZOP, IPDP, EMP and obtain comments from all stakeholders
- Complete ESMS with field goals, codes of conduct
- Develop ESMS and list aspects of project construction possibly causing impacts. Determine objectives and measurable targets against EA.
- Implement HSE and social training
- Construction NTP; ESMS kick-off meeting before mob
- Implement ESMS audit & improve
- Post-construction activities (clean-up, final restoration)

Involve stakeholders in each step of process
As diagrammed in “The Environmental & Social Process” slide, adequate planning and implementation throughout the life of a project is an important and key element of success.

Given the inherent tension between the need to quickly execute a project, and the Environmental/Social implications of a project, the question going forward is: “How do we go about developing partnerships that effectively deal with this inherent tension?”

Reasons to do so, exist for all involved. In the case of the “companies” these may include:

- Environmental and social issues are significant business risks if not appropriately managed
- Lending institutions requirements
- Potential for public misperceptions about project impacts
- Pre-construction negotiations benefit from accurate information available to all parties
- Identification and management of complex issues help keep projects on track
- Potential delays during construction can lead to cost overruns

MANAGING THE PROCESS – LESSONS LEARNT
Long Term Partnerships

Long term there exists a need to develop alliances between key stakeholders and companies undertaking infrastructure projects in environmentally and socially sensitive areas.

The purpose of these alliances is to ensure that projects are brought to fruition in the context of agreed environmental and social parameters that serve to minimize impacts of actual construction and bring long-term benefits to the area.

APPENDIX
Definitions as Addressed in this Presentation

“Companies” – The word “Companies” as used in this presentation, refers to any association, organization or commercial entity involved in the ownership of the development and construction of a project.

“Lenders” – The word “Lenders” as used in this presentation, refers to any lending institution, be it a commercial bank, an investment bank, or a group of banks or entities that may be in the business of providing direct or indirect financial funding or assistance to a project.

“Partnerships” – The word “Partnerships” as used in this presentation, refers to any legal relation existing between two or more parties contractually associated as joint principals in a business.