Partnerships to Support SD & Conservation:
West-East Pipeline Project, China

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Environment, Social & Cultural Heritage Context

KEY FACTS
- 4,000 km pipeline
- 10 Provinces
- Deserts-Loess-Mountains-Forests-Farmland-Urban
- 6 Nature Reserves
- 12 Great Wall crossings
- 4 State cultural relics sites
- Others?
- Up to 230,000 people temporarily affected
- Approx. 3,000 households relocated

Agreeing a common approach

PRINCIPLES & STANDARDS - STRATEGIES & TOOLS:
- Aligning partner objectives & principles
- Building the case beyond reg. Compliance
- Minimum HSE&S criteria
- Business Principles
- HSE
- Sustainable Development
- Biodiversity
- Cultural Relics
- Security
- Human Rights
- Social Performance
- Audits & Reviews

ESIAs & ESMPs (upgrade EIAs)
- Consultation
- Construction

Joint Venture Framework Agreement
July 2002

West to East Pipeline Project

International partners:
- Still negotiating JV Contracts
- Not yet formally official partners
- Selected as preferred partners July 2002 (same month as construction started)
- Role of influence
Nature Reserves

- Lop Nor, Xinjiang Provincial, 2000 (State, June 2003)
- Yancheng Yanshan, Shanxi Provincial, 2003 *
- Anxi, Gansu State, 1992
- Shapotou, Ningxia State, 1994
- Zezhou, Shanxi Provincial, 2002 *
- Taihangshan, Henan State, 1998

China Nature Reserve Conservation - Challenges

Growing network of Reserves: 1200+, 980,000km², 10% of China

- Management systems
  - Admin. structures, resources, staffing, training
- Financing
  - Funding, competing interests, financial sustainability, tourism
- Ecosystem / biodiversity study
  - More and broader
- Local communities
  - Coordinated approaches, engagement & participation
- Development pressures
  - Future development, long term impacts
- Governance
  - Jurisdiction clarity, enforcement

Opportunities?
- Private sector collaboration?

Partnerships in action........ Credibility & independence

Stakeholder consultation
- Comprehensive engagement on biodiversity in ESIA
- Government (local, provincial, state), Reserve Management, Forestry Bureaux, Research Institutes, Universities, Conservation groups (national, international)
- Workshops (IUCN, WCPF, EPBs)

Construction
- ESMP into WEPC HSE Construction Manual
- Education & contractor training programmes (CAS, PKU, ERM)
- Expert supervision (NRs, EPBs, CRBs)

Green Action Plan: 2002-2010

Chinese Academy of Sciences
- Eco-protection plan
- Landscape & ecosystem restoration plan
- Water & soil erosion monitoring
- Pollution control plan & monitoring
- NR & biodiversity conservation plan
- Cultural heritage protection plan
- Cleaner production plan
- Env management & supervision
- Env education plan
- International co-operation

Opportunities?
- Know-how exchange
- Info share (EIA & ESIA)
- Biodiversity research & conservation study
- Capacity build
- Regulatory policy reform
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Social impact and UNDP partnership

The Social Impact Assessment Survey Report of the China West-East Gas Pipeline Project

- Central Stat. Info Consulting Center (CSICC)
- State Statistics Bureau
- College of Rural Devpt
- China Agricultural University
- School of Public Policy & Management
- Tsinghua University
- Institute of Env. & Development (IED)
- Leadership in Env. & Development (LEAD)
- Academy of Macroeconomics Research
- State Development & Planning Commission (SDPC)
- Rural Development Institute
- Chinese Academy of Social Sciences (CASS)

1st private-public sector survey in China
10,000+ people engaged
Social development & partnering opportunities
Setting the standard

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Social Investment / Sustainable Development Fund – Questions

Funding
- How much?
- When & on what basis (up-front or regular, sinking or revolving funds)?
- Vehicle - Trust / foundation / charity?
- Timeframe?
- Legal / tax issues?
- Government participation (tax revenues)?
- Leverage external funds?
- Sustainability?

Governance
- Who?
- How to manage / administer?
- Representation (donors, NGOs, Govt, communities)?
- Independence & Credibility (JV Company involvement)?
- Scope & objectives - what projects?
- Selection criteria (how to rank / screen / select)?
- Transparency & assurance?

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Lessons learnt and Opportunities

1. Partnership with JV partner
   - Understanding & rapport

2. Standards and objectives
   - Documented & clear

3. Time to agree
   - Don’t underestimate

4. Measures of success
   - Consensus on success factors & measures

5. Involvement of third parties
   - Independence & credibility, improved project decision making, local capacity build, know-how exchange

6. Leverage international expertise
   - Sensitive to cost & local environment

7. Leverage local expertise
   - Don’t overlook local talent

8. Encourage broad consultation
   - Local partners may be uncomfortable, manage expectations

9. Audit
   - Assurance over objectives, standards, performance

10. Explore breadth of participation
   - e.g. Private sector core skills & disciplines, consider info share

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Conclusions – partnerships & finance...

- Environmental & Social Opportunities
- Multinationals in China - Business context & challenge
- Standards & Assessment approaches
- Conservation & partnering opportunities
  - Direct project activities
    - Impact assessments, Monitoring & review, Mitigation planning, Baseline info share
  - Indirect / offset activities
    - Residual impacts, Know-how exchange (tech & scientific), Capacity build, NR mgt plans, Research & conservation study, Regulations & Govt policy
- “Broader” collaborative approaches
  - Core skills share
    - Mgt planning, Admin, Finance, HR, Competence, H&S, ER, Communications – ‘Business Approach’
- Financing mechanisms
  - Social Investment Fund
  - Corporate donations / charitable grants

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