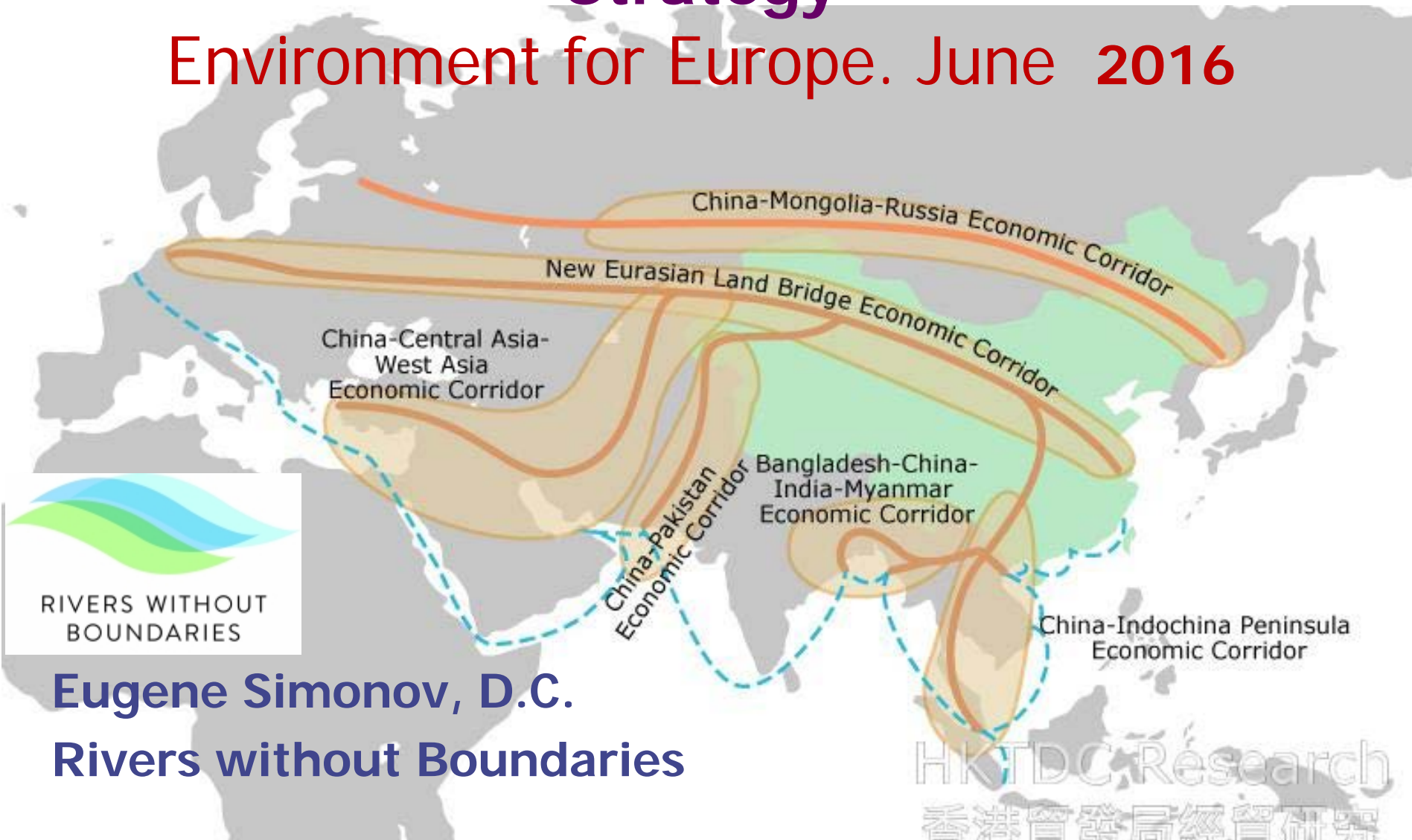


Bridging the UNECE's Framework for Greening the Economy and the Silk Road Strategy

Environment for Europe. June 2016



Eugene Simonov, D.C.

Rivers without Boundaries

HKTDC Research
香港貿易發展局經濟研究

The Rivers without Boundaries Coalition works on Protection of Eurasian Transboundary Rivers



One Road, One Belt for Eurasia

- ◆ The China-led New Silk Road also known as OBOR (its terrestrial part - Silk Road Economic Belt) is now a driver for development in the whole region.
- ◆ 70 countries already take part in it, majority of them are UNECE Member States and many are Parties to different UNECE environmental agreements.
- ◆ UNECE countries and intergovernmental bodies should help China to draw from UNECE pan-European experience and China's own domestic "**Ecological Civilization Policy**" as a toolbox to establish successful model of environmental governance for the continent-wide "New Silk Road".

China Context:

Airpocalypse as symbol of crisis



Nowadays China is the first nation hit by ecological crisis beyond adaptation capacity in business-as-usual mode

Main signs of crisis in China:

- extreme pollution
- massive land\habitat degradation
- natural resource depletion
- social protest on env.grounds
- migration triggered by degradation of environment



Response: Ecological Civilization 1.0



By 2020 "Ecological Civilization" will bring into effect all policies, strategies and plans for greening the economy and achieving sustainable development.

An integrated reform plan for "promoting ecological progress", which consists of 56 articles and 30 objectives, was released by the Communist Party of China (CPC) Central Committee and the State Council on Sept 21, 2015

Ecological Civilization Policy and SDGs



可持续发展目标



◆ Ecological Civilization Policy will help to advance practically every Sustainable Development Goal

Not just on paper:

Mushrooming Windfarms = 125 GW



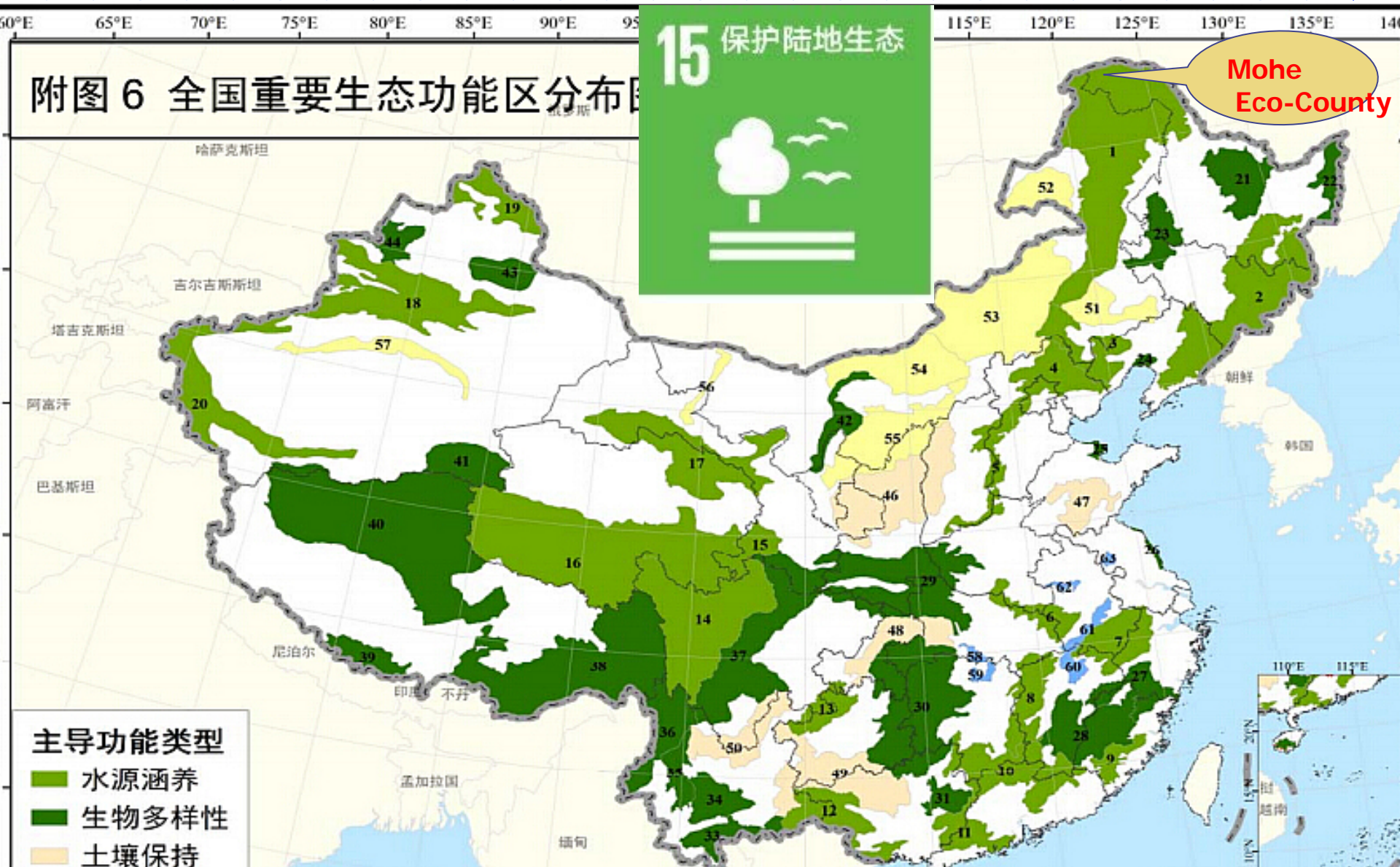
7 经济适用的
清洁能源



Nenjiang River valley in Great Xingan Mountains

Ecological Function Zoning 2015

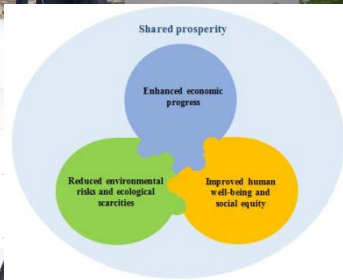
Генеральная схема зонирования охраны экосистемных функций в КНР



Early trials: Eco-county



Heilongjiang Province, Mohe County



Changing development paradigm: Logging fully banned by 2015

North Pole of China -
1.5 million tourists in 2014

Subsidy for forest ecosystem
services - main income source



Mohe County Budget Sources in 2014

(descending):

- ◆ Forest ecosystem service subsidies
- ◆ Tourism
- ◆ Infrastructure investment (roads, dykes, etc)
- ◆ Furniture and wooden houses
(timber comes from Russia)
- ◆ Non-timber forest products
- ◆ Oil transit by pipeline from Russia
- ◆ Eco-agriculture

Export of "dirty" industries to neighbors



Chinese gold-mining vessels in Kudecha , Zabaikalsky Krai.

In future this ecological development path will serve as important lesson to all neighboring nations, but at the same time in a short term stricter environmental policies within China may lead to massive flux of "dirty" and resource-intensive technologies to adjacent countries.

China's New Silk Road (OBOR) Initiative

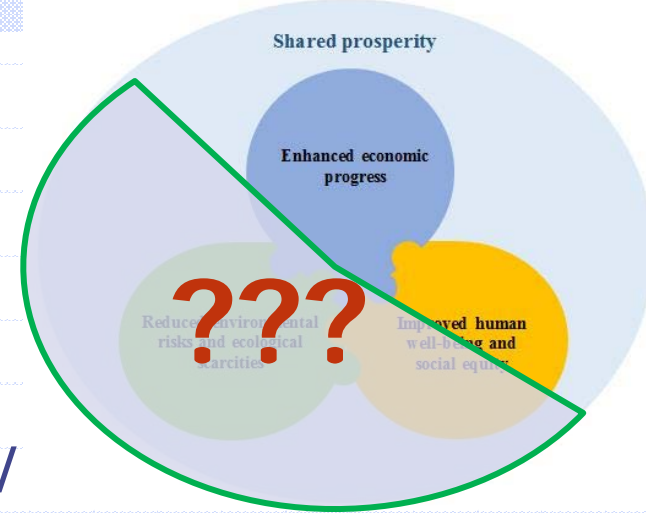
- ◆ The OBOR Initiative "aims to promote the connectivity of Asian, European and African continents and their adjacent seas, establish and strengthen partnerships among the countries, set up all-dimensional, multi-tiered and composite connectivity networks, and realize diversified, independent, balanced and sustainable development in these countries".
- ◆ Presently National Development and Reform Committee is coordinating setting of various international standards that can guide practical implementation of the OBOR policy.
- ◆ In Eurasia there are also other emerging integration initiatives such as Steppe Road (promoted by Mongolia), Eurasian Economic Union (championed by Russia) which will be integrated with OBOR.

Silk Belt Challenge -RwB Concerns

"New development and integration programs will result in increasing utilization of land and water resources and diverse impacts on transboundary rivers. Civil society members of Eurasian countries see an urgent need for the Silk Belt and other Eurasian initiatives to adopt advanced environmental and social standards and policies, develop public participation mechanisms and subscribe to safeguards in transboundary water management. Without such safeguards risks of this new integration for environment and local communities may be very high. There is an urgent need to ensure protection of river and lake ecosystems and promoting green development and ecosystem-based climate adaptation policies in the framework of Silk Belt and related initiatives".(RwB. Water Convention COP in Budapest, 2015)

Lack of Environmental and Social Safeguards

- ◆ The OBOR "Vision" document contains many important key-words on "*ecological progress in conducting investment and trade, increased cooperation in conserving eco-environment, protecting biodiversity, and tackling climate change, and joining hands to make the Silk Road an environment-friendly one*".
- ◆ However, while it has clear description of basic financial, infrastructure, trade and cultural policies to be used in OBOR, the document does not contain any clear structured policy guidance on ways to advance "green development", ensure environmental sustainability, establish environmental safeguards to prevent negative impacts from new infrastructure and industrial facilities.



So Far Silk Road Initiative lacks tools to ensure achieving many SDGs:



Likely
Supported



可持续发展目标



No Data



Tools/
Safeguards
lacking



Major
obstacles



Price of inaction is very high

Without bridging the UNECE tools such as environmental agreements and the Pan-European Strategic Framework for Greening the Economy with the New Silk Road Strategy, as the largest investment and integration effort in the same geographic space, risks of non-sustainable and very dirty development are growing dramatically.

Unintended impacts resulting from this grand Strategy may produce a new "rust belt" in the middle of Eurasian continent.

◆ *"Corridors and cities (built on the New Silk Road) must not be locked into unsustainable infrastructure and urbanization patterns. Development driven by natural resource extraction, with minimal social and environment concerns, are intrinsically unsustainable".*

Shamshad Akhtar,

UNESCAP Executive Secretary

Statement Delivered at the Side Event Hosted by the Government of China: Promoting Regional Connectivity – The Belt and Road Initiative during the 72nd Commission Session of ESCAP in Bangkok, Thailand

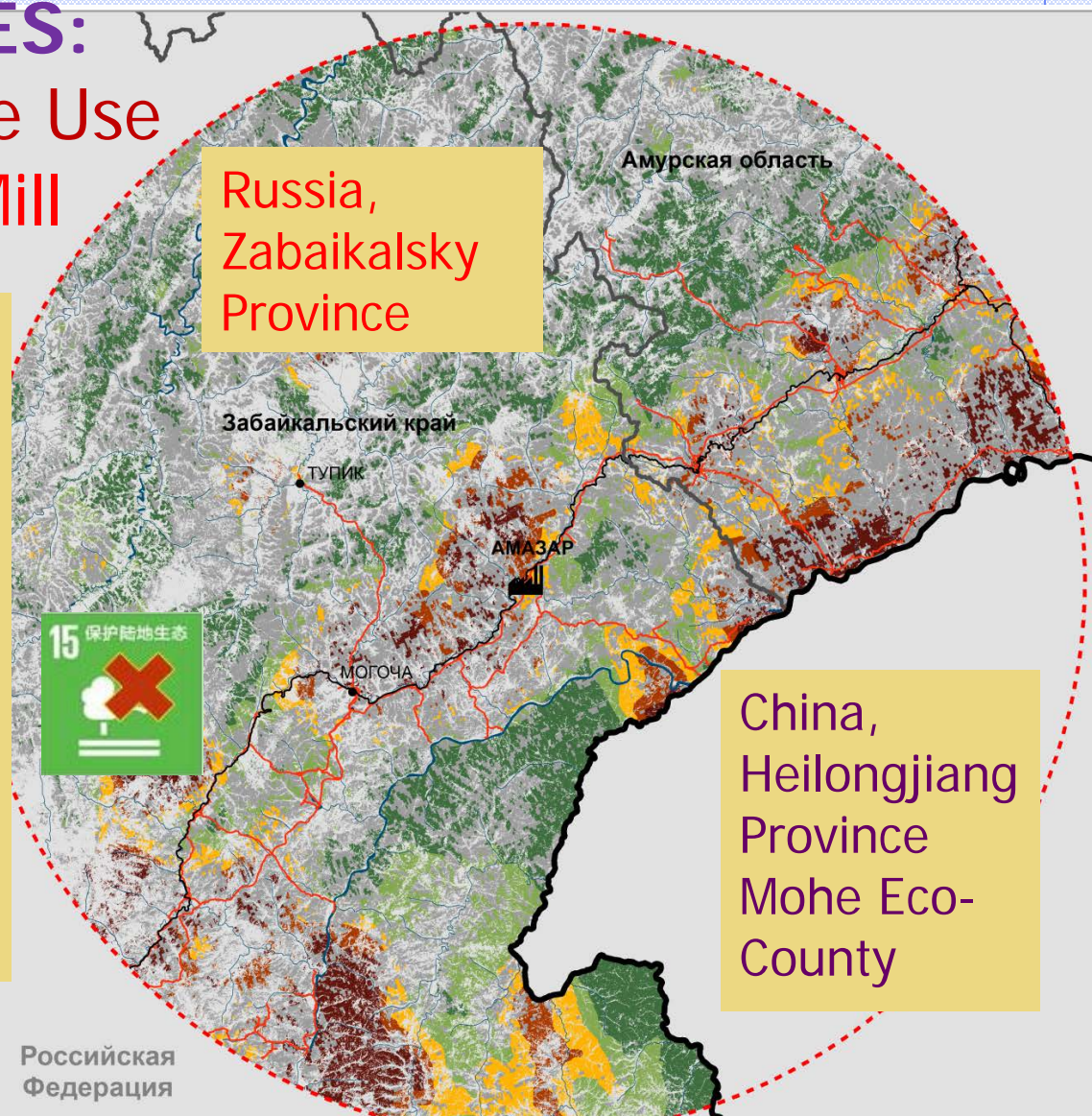
May 18, 2016.

SOME SAD EXAMPLES:

1. Sustainable Resource Use Failure: Amazar Pulp Mill

Launched by Heilongjiang Xinban Int. (黑龙江兴邦国际资源投资股份有限公司), which is building the "Amazar Cellulose Factory" in an area, where wood resources are insufficient for sustainable pulp mill operation.

+ Dam built without EIA



Forest Resources devastated by
fires within 200 km of Amazar :
large-scale harvest impossible (GP)

2.Sustainable Infrastructure Planning Failures: Louguhe -Pokrovka Road and Bridge to Nowhere

Option1.Xingan-Dzhalinda(漠河兴安口岸-加林达) border crossing along Sino-Russian oil pipe-line, which is readily connected with two major railroads of Siberia. But another option is pushed through

OPTION2.Louguhe -Pokrovka border crossing and plan to construct there a bridge across the Amur River leads to most undeveloped but boreal forests with no domestic infrastructure on Russian side.



3. Uncoordinated infrastructure on transboundary river courses



Construction of a giant dyke along the transboundary Amur River in the Mohe County



Development of huge water infrastructure in boundary regions not only allows to employ otherwise idle state construction companies as well as local workforce, but also to support cement and steel factories, presently suffering from overcapacity.

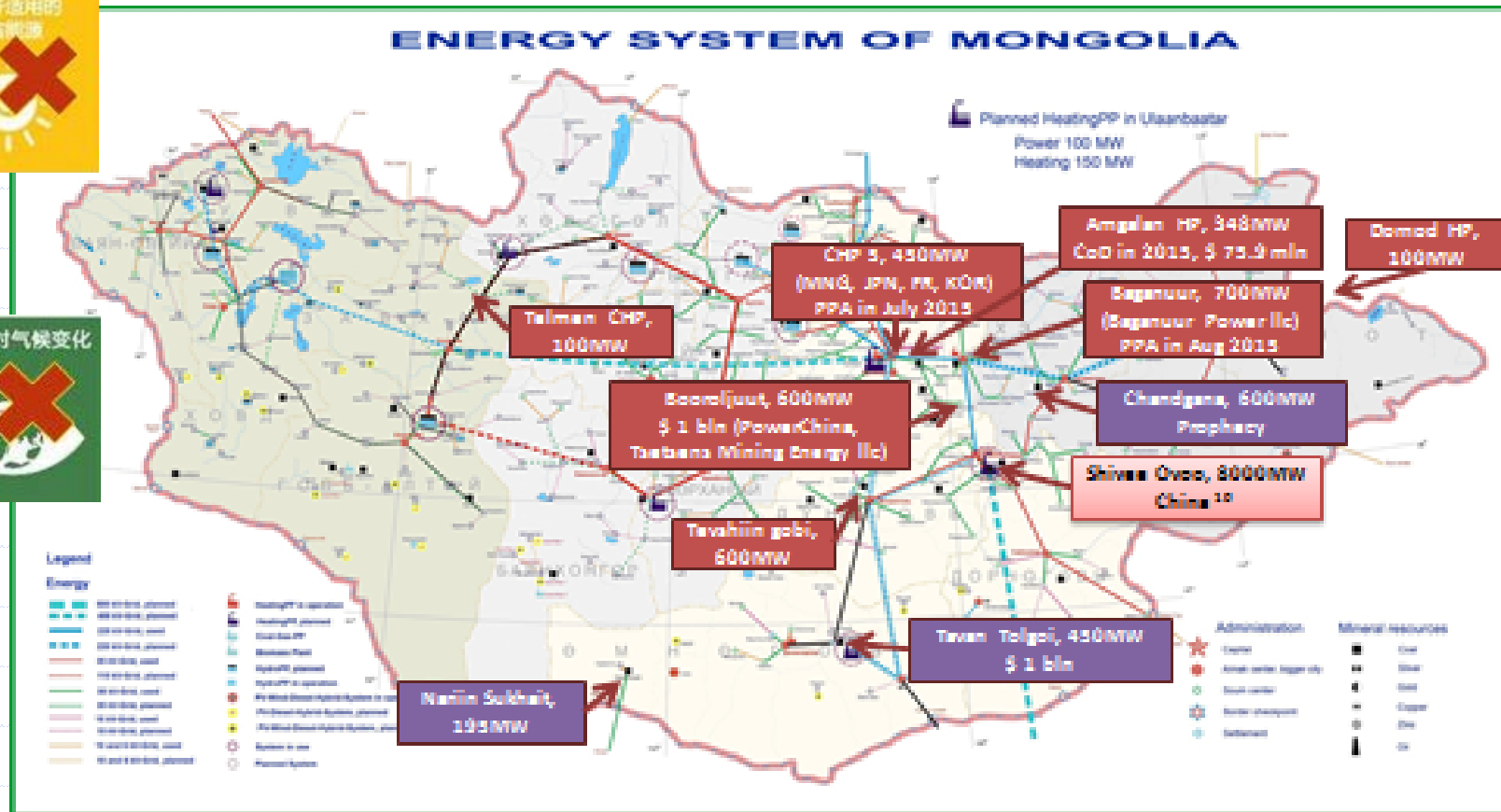
However it raises maximum flood levels on Russian side.

4. Unsustainable Hydropower: Large Dams in Mongolia's part of transboundary Lake Baikal Basin.

Egiin Hydro Project financed by China EXIMBANK,
Initial construction by China Gezhouba Int. Co.



5. Multiple Coal Plant Projects in Mongolia



Total planned: 2898 MW + 1245 MW + = ~4.1 GW + 8000 MW = ~12 GW + +

Source: Mongolia's updated approved list of concession items, September 2015
(8Online sources)

Most large coal plans of Mongolia are either financed, built by China companies or will supply China market.

1178 MW

Total RE
533.6 MW

533.6 MW



Green Development potential of Eurasia is large but attracts less investors from China



In 2015 international CSOs urged AIIB to develop more proactive green development policy. AIIB promised to do it in future...

AIIB about consultations with CSOs:

Oct. 2015 Consultations: CSOs/NGOs - Consultation Process

- ❖ Appreciation that a draft Environmental and Social Framework has been prepared and disclosed to the public
- ❖ Appreciation that a consultation process is being undertaken by the Secretariat and recognition that it is labor intensive
- ❖ Consultation process does not allow adequate time for engagement and input from civil society as broadly defined
- ❖ Process should be conducted over a 3-6 month period
- ❖ Draft Environmental and Social Framework should be made available in multiple languages that are used in Asia
- ❖ “Face to Face” consultations, with translation, should be undertaken in multiple locations with adequate advance notice
- ❖ Formal rules should be developed and agreed to by civil society for the consultation process
- ❖ Summary and all written submissions should be posted

Result: On CSO requests consultations were extended.

Final ESF includes ecosystem services as requested by the RwB.

However all other OBOR investment banks and funds have no participatory mechanisms and env. standards

Mobilized Financial Institutions of Silk Road:

+ "China Policy Banks":

Asian Infrastructure Investment Bank	US\$100 billion
New Development Bank	US\$50 billion
BRICS Contingent Reserve Arrangement	US\$100 billion
Silk Road Fund	US\$40 billion
Maritime Silk Road Bank	US\$5 billion
China Insurance Investment Fund	US\$48 billion
Green Silk Road Fund	US\$4.8 billion
CITIC Bank Corp	\$16.1 billion
China South-South Climate Cooperation Fund	US\$3 billion
China Investment Corporation	US\$575 billion
Russia-China Investment Fund	US\$2-4 billion
China-CEE Fund	US\$3 billion
China-Eurasia Economic Cooperation Fund	US\$1 billion

China Development Bank (CDB)

Export-Import Bank of China

China Agricultural Development Bank

+ Commercial banks: ICBC, Bank of China, China Construction Bank, etc.

Accountability of Financial Institutions:



By mid 2016 China mobilized 25+ banks and funds with investment capital more than 1 000 000 000 000 USD to support Silk Road Initiative

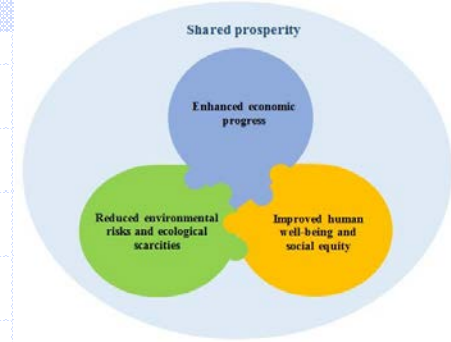
Environmental and social frameworks developed by most institutions are not available to population of OBOR countries in national languages of even English. Many of them lack public participation\grievance procedures and do not publicize results of environmental and social assessments for funded projects. This creates real problem for project oversight both from state entities and civil society.

Need to Unify Environmental and Social Investment Standards and Safeguards

- ◆ OBOR Initiative implies that companies strictly comply with the requirements for protecting biodiversity and ecological environment.
- ◆ However in OBOR governance system no single institution or policy-making committee oversees environmental standard setting and compliance process.
- ◆ Thus behavior of individual company beyond its own CSR is dependent only on the environmental and social requirements set forth by the lending\investing institution



Right time to act is NOW!



At this vital moment when China is the Green Economy Champion at G20 it is critical to address and fix the problem of apparent lack of Green Development mechanisms and unified safeguards in this largest (money-wise) integration effort happening in Eurasia.

UNESCAP Executive Secretary:

- ◆ *"Pacing and sequencing and reinforcing the Belt and Road Initiative through other ongoing regional integration programmes, requires upfront deliberation, particularly through intergovernmental engagement of ESCAP's member States. Recognizing the value and mandate of the Commission in this regard, China has called on ESCAP to support the Belt and Road Initiative, defining our role in a Letter of Intent that was signed in April 2016 by China's Foreign Minister Wang Yi."*
- ◆ *" The aims of the Belt and Road Initiative are very much in line with ESCAP's mission to promote regional cooperation for socioeconomic development in a sustainable manner... Through the Belt and Road Initiative, more comprehensive, integrated regional plans will be developed that are fully aligned with the 2030 Agenda".*

OBOR Needs UNECE involvement

- Unified minimal environmental and social requirements and criteria for all project investments made in OBOR countries could significantly improve the situation and reduce risks for all investments.
- The UNECE has full spectrum of environmental and social standards and that can be used as complementary mechanisms to this grand development strategy to bridge Asia and Europe.
- Strong green development policy needed to harmonize "Ecological Civilization" development inside China with Silk Road Initiative directed at its neighbors.

UNECE Environmental Conventions already operate in most of Eurasia

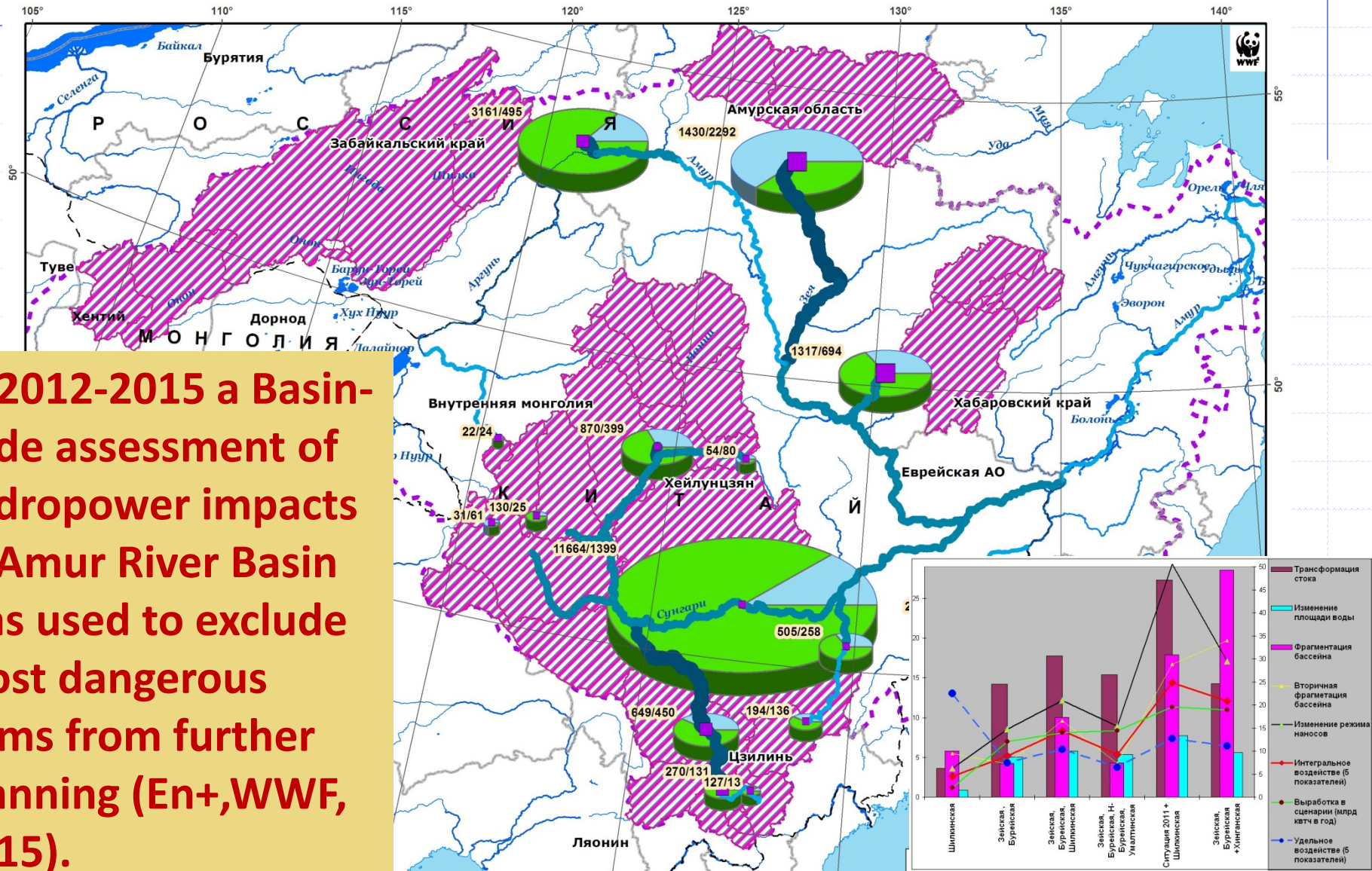
- ◆ Convention on the Protection and Use of Transboundary Watercourses and International Lakes
- ◆ Convention on Environmental Impact Assessment in a Transboundary Context (Espoo) and the Protocol on Strategic Environmental Assessment (Kiev)
- ◆ Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters
- ◆ Convention on the Transboundary Effects of Industrial Accidents
- ◆ Convention on Long-range Transboundary Air Pollution

Strategic Environmental Assessment Tools

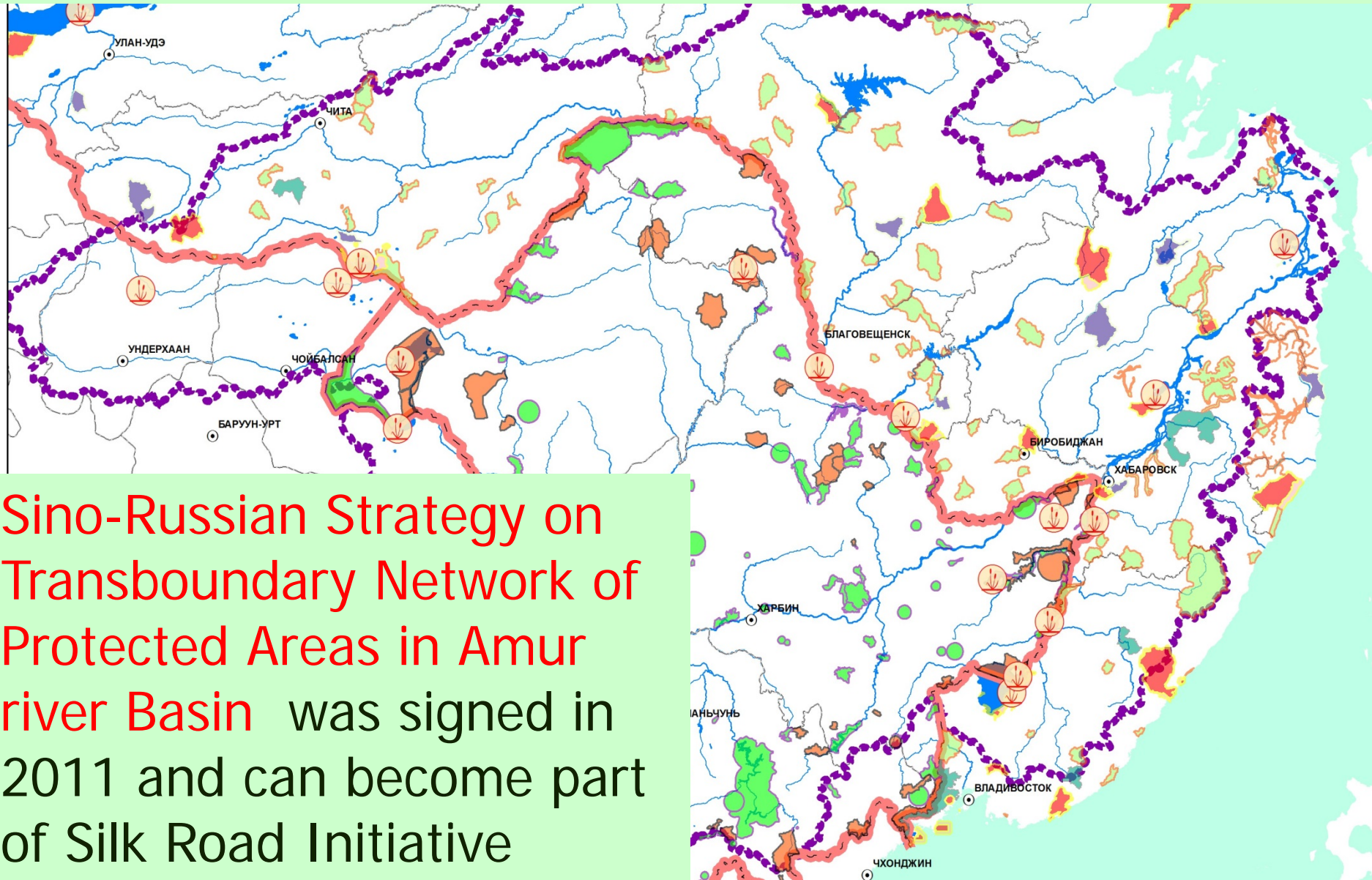
- ◆ China's objective to jointly build a green Silk Road will not be achieved without the strategic environmental assessment and environmental impact assessment tools in a transboundary context. Thus Kiev Protocol on Strategic Environmental Assessment to the Espoo Convention may provide important common planning tool for OBOR countries.
- ◆ Strategic Environmental Assessment is particularly valuable tool when it comes to design and transboundary coordination of various spatial planning mechanisms, a high priority task for China and its neighbors

Example: Basin-wide assessment of hydropower impacts

In 2012-2015 a Basin-wide assessment of hydropower impacts in Amur River Basin was used to exclude most dangerous dams from further planning (En+,WWF, 2015).



Ecological Networks - necessary component of the Silk Road initiative

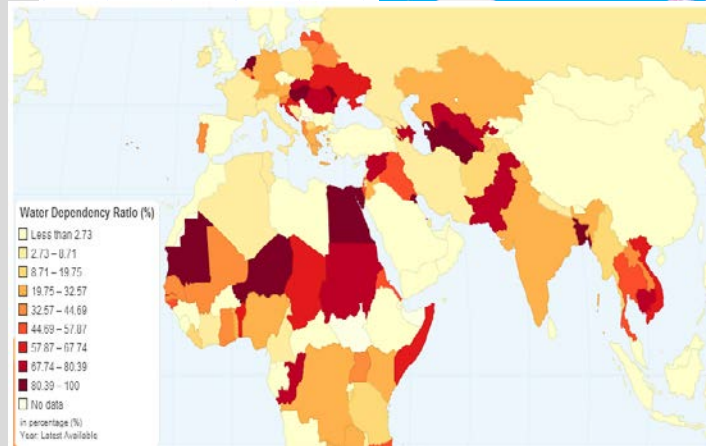
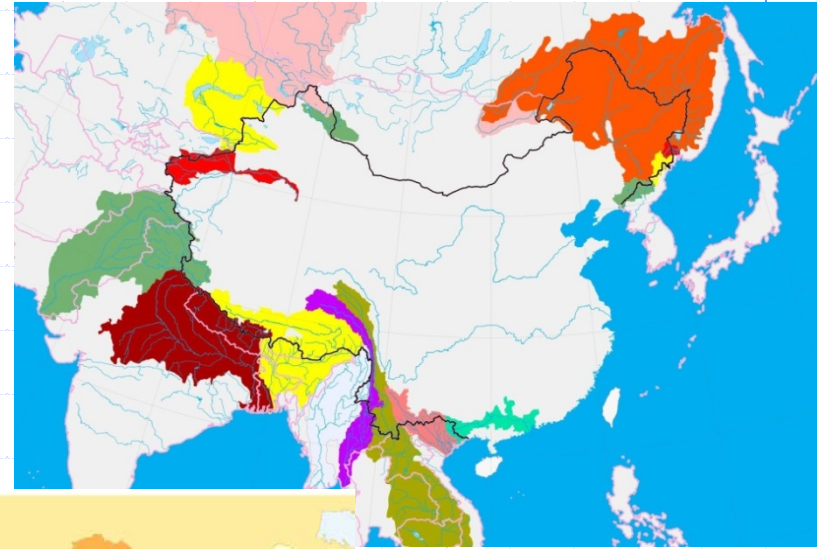


Sino-Russian Strategy on Transboundary Network of Protected Areas in Amur river Basin was signed in 2011 and can become part of Silk Road Initiative

Management of transboundary waters for regional common benefits under the “One Belt, One Road” Initiative. **Is this possible?**

"As the most important upstream country, China is internationally considered to grip the key of Asian water security, all transboundary water issues could not be solved without China's participation in Asia". (Prof. He Daming, 2015)

China's trans-boundary basins



The Dependency Ration of Total Renewable Water Resources among the “One Belt, One Road” Countries (Daming He and Yungan Li, 2015)

SHIFT IN TRANSBOUNDARY RIVER MANAGEMENT POLICIES

- ◆ Previously China reserved water on its own territory and was not risking to share with neighbors comprehensive joint river basin-protection and management plans and mechanisms
- ◆ Now as China invests in development of adjacent countries its interests and policies likely to change to ensure that sufficient water resources are available for those development efforts.
- ◆ Such change is already obvious in the Mekong River Basin, where in 2016 China launched Lancang-Mekong Initiative and widely publicized an effort to share water to alleviate drought in downstream countries.
- ◆ The question is how to convince China to use proven international tools in transboundary basins

RwB on the UNECE Water Convention:

The UNECE Water Convention could serve as a ready source of tested safeguard mechanisms that could be used in new Eurasian integration programs. Majority of the UNECE members and Water Convention parties are actively participating in new Eurasian integration initiatives: planning megaprojects, co-founding investment banks, coordinating spatial planning schemes, building energy networks, etc. We wish that all those parties apply robust toolkit of the UNECE conventions in new Eurasian integration initiatives and projects and urge neighbors to join these conventions and/or adopt their principles. "

(RwB intervention at Water Convention COP in Budapest 2015)

Green Silk Road Initiative

- ◆ RwB started consultations with various stakeholders in CIS and beyond on necessity to develop common civil society platform to assist greening of the Silk Road policies and practices.
- ◆ We seek to develop widely supported socio-ecological requirements to development projects\programs in the countries of the Silk road and discuss them with governments\business

Appeal to UNECE

- ◆ We ask UNECE Member States to explore possibility for initiating a process through which environmental and social standards already agreed within UNECE are promoted to and used when developing Silk Road Economic Belt.
- ◆ UNECE has full spectrum of such proven tools (e.g. on environmental assessment, public participation, water management) that can be of great benefit to this development strategy to bridge Asia and Europe and stimulate cooperation between both regions.
- ◆ Depending on our action or inaction now the New Silk Road Strategy may become the greatest promise or the greatest drawback for green development in Eurasia as well as decisive factor in improvement or deterioration of public participation mechanisms in development processes.

Thank You!!!

For more information write to

coalition@riverswithoutboundaries.org

also see www.transrivers.org