

## Rob Cox PAJ presentation

Mr. Chairman, ladies and gentlemen. Firstly a big thank you to PAJ to inviting IPIECA to the symposium, and thank you for the opportunity to talk about oil industry associations and their role in facilitating preparedness and response partnerships. Many of you know IPIECA – the International Petroleum Industry Environmental Conservation Association - but for those of you who do not, we are the single global association representing both the upstream and downstream oil and gas industry on key environmental and social issues

Founded in 1974 following the establishment of the United Nations Environment Programme (UNEP), IPIECA provides a principal channel of communication with the United Nations, with whom we have NGO status. We are a small secretariat based in London – only 8 people – but our work covers a broad range of topics as you can see. Our key areas of activity are:

Oil Spill Preparedness and Response, Strategic Issues Assessment, Social Responsibility, Biodiversity, Climate Change, Fuels and Transportation, and Health.

Current membership extends to some 40 organisations, including both independent and national oil companies, and regional energy associations.

We have members with operations in all of the continents where industry is involved in the production of energy.

This presentation will present the work that IPIECA has been doing on partnerships, and then try to illustrate the lessons we have learned, by the use of several case studies in oil spill preparedness, planning and response. I will be looking at the rationale for partnerships, their characteristics, the lessons we have learned on our journey, and the conclusions we have come to.

When I was researching this presentation I tried to think back to the time when IPIECA first realized that partnerships were really fundamental to successful oil spill response planning. In fact, when we look at the various conventions on mutual aid and emergency response, some of them were being conceived right around the time that IPIECA was being formed in 1974. As examples of how important partnerships are, I could have used many examples of early conventions: Quito, London, Barcelona, Abidjan, even OPRC. But instead I would like to quote from a speech by William O'Neill the former Secretary General of the IMO, ten years ago on World Maritime Day. He said, and I quote: "The foundation stone of IMO's success has been partnership. Indeed, partnership is a fundamental principle in IMO which at its heart is a cooperative relationship between the 158 Member Governments, who join together in framing, implementing and policing the standards and the rules and regulations that govern international shipping. It is a partnership that has produced more than 40 conventions and several hundred protocols and resolutions that together provide the blueprint for a safe, environmentally friendly and cost-effective industry...in this, a global industry, our objectives can only be achieved

through global partnerships in a global forum” That was ten years ago, and at the end of this presentation I would like to ask you all whether you believe Mr. O’Neills vision has been achieved.

But first, permit me to tell you about the work that IPIECA has done on partnerships.

IPIECA has been an active promoter of the partnership approach for many years and in 2006 celebrated the 10 year anniversary of the Global Initiative, our flagship program with the IMO on regional oil spill response capacity building. But this wasn’t just about oil spills: this was about defining the core processes for making partnerships a reality. The point of this work was to communicate how the oil and gas industry is using partnerships to contribute to sustainable development, to explore the partnering process through challenges and “lessons learned” which were identified by IPIECA members and their partners, and to provide practical information for oil and gas managers engaging in any stage of the partnering process. In 2006, IPIECA decided to compile a number of case studies illustrating how the Oil and Gas industry was using partnerships to contribute to sustainable development. This was partly in response to the 2002 World Summit on Sustainable Development recognition of the partnership approach – a recognition that business has a role to play in sustainable development, and the subsequent tracking of ‘partnerships’ as a cross-cutting theme at the Commission for Sustainable Development – or “CSD” - fourteenth and fifteenth sessions in New York. The publication that you should all have a copy of was launched at CSD 14 in 2006 and aimed to communicate how the oil and gas industry is using partnerships to contribute to sustainable development.

So, what’s in the publication?

We have brought together 40 case studies, 32 company case studies and 8 industry-wide partnerships. The case studies are grouped into 9 main themes and meet a range of challenges from long-term global issues to an assortment of more local socio-economic concerns: healthcare, transport needs, sustainable jobs and livelihoods, and community development

For each case study, we asked the case study author to talk to the other partners and explore some of the lessons learned and challenges from the partnering process- this with a view to helping others achieve best outcomes and avoid common pitfalls of partnering – practical tips

We also reviewed all the case studies to explore what the business case is for partnering... the ‘benefits of working in partnership’

There is a wealth of experience of oil and gas companies working in partnership. Each partnership is unique, shaped by the demand of a common task and by the individual needs of the partners. The 40 case studies brought in this collection show 40 different circumstances for working in partnership. There are many different

variations of partnerships depending on the objectives. The publication covers areas such as:

Why form a partnership?

Where should the partnership take place?

What will the partnership focus on?

Who should be involved?

Each of these experiences reflect a growing recognition that oil and gas companies can better achieve sustainable development goals by working with others whether they be other business entities, government agencies, NGO's, communities or academic institutions.

Let me first share a few concrete examples of partnerships working in the areas of relevance to the CSD session this year. As for the benefits of partnerships, I am sure you have your own theories and I suppose, for some, they may seem fairly obvious and straightforward. But, like management it all sounds comparatively straight forward until you have to manage people, who are all unique in their needs and demands, and then of course management move the goal posts well into the project!

- partnerships enable the oil and gas companies to contribute by stepping more rationally and safely into the field of sustainable development – without risk of being solely responsible for deliverables outside their expertise whilst offering their competencies to assist partners in a given project

- Multi-stakeholder partnerships can deliver higher quality project outcomes. By bringing new ideas, especially if they come from different sectors, a fertile platform for innovation and creativity can be created – especially in research and development initiatives where partnerships can help increase the flow of information and technology cooperation

- The case studies show that when partnering initiatives include local government and integrate capacity building, long term sustainability outcomes are better assured than if a company were to act alone

- Many of the case studies in our publication indicate that partnerships can be a vehicle not only for introducing innovation, but also for taking innovations to scale. The quality and long-term success of a sustainable development initiative can also be linked to 'scalability'.

- Partnerships are all about joint action. Sometimes, this is quite a challenge. There may be intrinsic differences between partners such as language, speed of decision making, funding issues and of course determining what will constitute success. Partnerships can, of course, go wrong. But, where they

work, the level of mutual understanding gained can rapidly surpass other forms of stakeholder engagement

- Effective communication is often the key, especially when significant social tension exists between oil companies and local communities. Whether working with an NGO as a conduit for engaging with communities, it is often a matter of building levels of trust. These relationships then act as a form of conflict prevention, generating open channels of communication, levels of trust and 'social capital' that companies can draw on when they need to better understand local grievances, for example following an oil spill.

- The oil and gas industry, particularly if operations are off-shore, needs to be creative in encouraging direct local employment and providing opportunities for domestic enterprise. This is critical in economically disadvantaged countries where there is an absence of the right skill mix, a weak supplier base and no internal market to develop refineries or power plants. By engaging with local stakeholders who may have insights into the local economy, partnerships offer an important vehicle to realise this opportunity.

- As a final benefit of partnering, some of the case studies demonstrate how efforts by single companies to address environmental and social issues can be transformed through partnerships into programmes that bring benefits to whole geographic regions. A collaborative initiative that involves a range of oil and gas companies, industry bodies for the sector, environmental regulators, NGOs and international development agencies can result in a pan-regional or even global approach to development issues, something no single company or government could conceivably achieve alone.

## **CCP**

Eight oil companies and three government agencies set up this project in 2000. Its aim is to develop and demonstrate the efficacy of technologies that can capture carbon dioxide from the combustion of fossil fuels and store that captured gas in secure underground reservoirs.

The project's work focuses on five areas of development: capture, storage, economics, communications and policy. An independent Technology Advisory Board, consisting of members from both private and public sectors, objectively evaluates the project's research and guides future developmental work.

## **GGFR**

Another initiative launched at the 2002 World Summit, this partnership consists of the governments of 12 important oil and gas producing nations, 10 major oil and gas companies and the World Bank. It aims to support national efforts to use the gas associated with oil production rather than waste it

## **Well to wheels**

CONCAWE, the oil companies' European association for environment, health and safety in refining and distribution; the European Council for Automotive R&D; and the Joint Research Centre of the European Commission joined forces in 2000 to generate scientific and technical information on the development of road vehicles and associated subjects.

The first outcome of the partnership was a 'Well-to-Wheels' study published in 2003. It anticipated increased focus on alternative road fuels and vehicles to address carbon dioxide emissions and security of supply.

## **PCFV**

In December 2005, the PCFV celebrated lead phase out in sub-Saharan Africa. This was a goal jointly set in 2001 by the partners (governments, automotive industry and the oil and gas sectors—represented by IPIECA) and jointly achieved through partnership, in recognition that no one sector could individually bring about cleaner fuels in developing countries. UNEP support was instrumental to the success of this partnership.

Analysis of the case studies gathered together in our publication – one of which is the Global Initiative on Oil Spill Preparedness - has enabled us to draw some important conclusions on multi-stakeholder partnering in the oil and gas industry and to develop a set of practical tips to assist others embarking on this journey. These can also be found in the fuller publication.

## **Partnering Drivers**

- There are many and varied
- Some provide an opportunity for tackling challenging global issues and responding to situations where relationship building is more important than project outcomes
- The drive to partner is not one-way – increasingly as the mutual benefits are more visible and measurable, the NGO community, academia and other parts of civil society are seeking partnerships with the private sector – even at times competing!

## **Partner selection is crucial**

Partners must bring an array of resources and competencies to address the job in hand. The right skills are essential. There is an increasing recognition that the sustainability of the activities outweighs the sustainability of the partnership – there is a need to know who will go on to assume responsibility for sustaining or scaling up project outcomes

## **Partnership building is an ongoing process**

After the initial enthusiasm and goodwill, there is a need to build on the initial commitment and create a strong foundation to meet future challenges. Building relationships takes time, all partners must 'invest' in the partnership and the forgotten management skill of effective listening is crucial

There are 3 core principles

**Equity** – an equal right to be at the table

**Transparency** – openness and honesty

**Mutual benefit** – all are entitled to benefit from the partnership

### **Managing the partnership**

To address any flagging momentum it is important to maintain focus and commitment

Some early 'win-wins' maintains motivation, and small teams working within the bigger partnership can produce deliverables quickly and build a sense of 'ownership' of the whole

Be prepared to re-negotiate if required, and prepare also for resolving differences by agreeing appropriate dispute resolution procedures

### **Agreements and contracts**

There is a difference between partnering agreements and contracts. A partnering agreement signals a voluntary collaborative and describes shared risks and implementation jointly reached. A contract is legally binding and focuses on transferring risk to the implementing parties

### **Exit strategies**

- Many of the partnerships described in the case studies were launched without a clear understanding of how it might end. A plan for closure or exit is rarely built into a partnership from the beginning and that is particularly true of oil spill partnerships – the threat of an oil spill is always present and so it may be inappropriate to talk about 'ending' the partnership, however when it comes to capacity building, maybe the ultimate goal is to build a partnership or cooperative relationship and then 'turn it over' to local parties when it matures, and that is one of the criteria we have for the GI program.

- Moving on should not be interpreted as failure but, rather an indicator of success specifically when a task has been completed

- At the end of a partnership or when an individual or organisation leaves, ensure shared credit and joint ownership and celebrate all achievements and outputs.

- Prepare your 'messages' with a focus on outcomes rather than the end of the partnership

### **Final message**

No partnership is ever easy, comfortable, secure, safe, quick or cheap. But, with a lot of good management, some good will and a little determination, cross-sector partnerships for sustainable development can work well and may achieve a great deal more than single sector approaches to the same issue

And now to the case studies:

The IPIECA Oil Spill Working Group was established in 1987 to tackle OSR issues. The membership consists of 22 IPIECA member companies and associations. Technical partners: IMO, ITOFF, le CEDRE, Oil Spill Response, AMOSC, UNEP, WCMC, PAJ, etc. THE Global Initiative - GI programme formally launched in 1996 with input from industry and government representatives as long term answer. The group was re-energized post Valdez in 1989 and the IPIECA relationship with IMO was strengthened.

The IMO/IPIECA Global Initiative aims to assist countries in developing national structure for oil spill response and preparedness and to encourage ratification and implementation of relevant IMO Conventions. Additionally the idea is to catalyze local ownership by industry and government and to demonstrate industry/IMO commitment to tackling oil spill issues

IMO/IPIECA cooperation stems from the 1990 OPRC Convention which calls for regulatory authorities to work with the oil and shipping industry to develop global oil spill response capability.

IMO provides the link to national governments and IPIECA provides the link to local oil industry.

Technical partners of the OSWG - IMO, OSR, CCA, etc. - provide significant financial or in-kind support to GI programmes. Significant investments in oil spill prevention and preparedness capability are being made by third parties (development banks, regional bodies, intergovernmental organizations) and potentially a large benefit to industry in positively influencing programmes by other 'third parties' carrying out similar work to GI groups to avoid duplication or detrimental messages.

The structure was inefficient; need to move on from ad hoc approaches and develop a coordinated and sustainable GI programme

The original program was owned and run by IMO and IPIECA in London. A better approach would be to develop regional approaches that build capacity locally

GI programs need to be owned, managed, and run locally with support from the principals at IMO and IPIECA in London. In difficult regions (like WACAF)

comprehensive support from organizations like Oil Spill Response formed part of the redesign

As a case study, I would like to discuss OSPRI - the Oil Spill Preparedness Regional Initiative (OSPRI) for the Caspian Sea, Black Sea and Central Eurasia which was formed in August 2003. Its mission is to work with governments and other partners to promote effective oil spill preparedness in the region. OSPRI's effort is fully aligned with the Global Initiative. Activities and approaches follow industry's best practice and draw on the experiences and lessons learned from thirteen years of the GI.

As an example of effectiveness, ratification of the three key IMO Conventions relating to oil spill preparedness and compensation has moved from 37% in 2003 to 70% in 2009, demonstrating increasing commitment by the countries to address the issues associated with oil spill preparedness.

OSPRI reckon that their recipe for success is that they are business unit led and driven, that they have a dedicated coordinating resource, that they act as catalyst for tier 2 cooperation and facilitate tier 3, that they have aligned advocacy and consistent messages from the partners, and that they are a recognized and trusted voice in the region.

Turning to my second case study, that of the West and Central Africa or WACAF project, the goal of which is to strengthen local oil spill response capability, and develop industry/government partnership through exercises, training and workshops. Whereas OSPRI works preferentially with local and regional structures such as the Caspian Environment Program and the Black Sea Commission, WACAF works directly with the IMO to build skills and capacity locally.

During the last couple of years WACAF has delivered an impressive list of activities, and you see them on the screen.

... and these are some of the activities

... and the supporting materials that we provide.

WACAF's proposed activities include an effort to increase effectiveness and operational capacity of structures, to strengthen national instruments for oil spill response, to strengthen partnership in the region, and to reinforce the project structure.

OSPRI and WACAF are both successful. The approach has been similar, but the activities have been different and the partners have been different, because the NEEDS are different

A tailored approach using a regional model based on partnerships has worked for two very different regions...

A final word on the role of partnerships in response integration. I stole this slide from one of Archie Smith's people - Captain Daniel Chan - because I thought it very well



illustrated the need for partnerships in the context of Oil Spill Response. The slide illustrates the various players in an integrated response, and it is a good one to close on because it visualizes the need to form partnerships in order to get the job done.

A Final message:

No partnership is ever easy, comfortable, secure, safe, quick or cheap. But, with a lot of good management, some good will and a little determination, cross-sector partnerships for sustainable development can work well and may achieve a great deal more than single sector approaches to the same issue

3 golden rules that should help to keep partners on track when the going gets tough

Build on shared values – because successful partnerships are value driven

Be creative – because every partnership is unique

Be courageous – because all partnerships involve risk