

Central Eastern Europe Bankwatch & Global Environmental Institute

Report on EU-China NGO Twinning program

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CEE Bankwatch & the Global Environmental Institute focus on monitoring the environmental and social impacts of major banks' investment projects. During the exchange the participants wish to explore different social and environmental risk assessment methodologies that are applied by European and Chinese investment and development banks. They also hope to gain a better understanding of Chinese Investment in European countries, especially in high environmental and social impact industries. Another objective is to compare and develop working knowledge on European and Chinese regulations or policies governing energy consumption, investment, environmental measures and the participation of CSOs.

Wawa Wang, CEE Bankwatch, Czech Republic

For the duration of Sep 16- Oct 1 I visited GEI's office in china for a job-shadowing stage as part of the EU-China NGO Twinning program The following were my main objectives for the exchange:

- Establishing collaboration with China-based international CSOs to jointly ensure effective exchange of information concerning investments by Chinese companies and policy banks in coal projects in Europe which is an integral objective by both partners
- Establishing direct liaison with Chinese governmental institutions and research branches responsible for assessing Chinese banks' environmental and social safeguards for overseas projects
- Developing a comparative understanding of major European investment banks' lending policies governing climate and energy measures, and participation of CSOs in influencing the policies, as well as existing environmental and social guidelines.
- Exploring possibilities to establish communication channels with Chinese institutions, policy banks and Chinese companies for the sharing of case-specific environmental assessment briefings.
- Additional mapping of the Chinese governance mechanism and institution to advance ongoing campaign efforts

Main activities and products of the exchange

At Global Environmental Institute's office

For the duration of Sep 16th to Oct 15th I worked out of GEI's office, where I seized the opportunity to engage interested individuals in peer-to-peer discussion on the observations made on certain Chinese outward investment projects, the environmental and political impacts, how different governmental institutions differ in their roles and responsibility in the given decision making process, and the behavior and culture of state-owned enterprises, as well as the positions of the Chinese policy banks.

Liaison with other CSOs

One of the objectives outlined in the program was to liaise with China-based CSOs whose advocacy scope includes benchmarking Chinese outward investments in the energy sector and their environmental and social impacts, and active dialogues with companies and respective governmental institutions about ex-ante evaluation and results measured evaluation. A common observation noted in these meetings is the fact these groups share similar frustration in the sense that companies and institutions in question have enjoyed relative invisibility and political mandate backing their investments, hence making the identification of potential threshold for the public or CSOs to access or participate in a constructive dialogue very hard. And once identification has been made, it requires both extensive labor and sweat in trust building before facts can speak for themselves.

Liaison with external stakeholders

Through my meetings with external stakeholders such as experts from industry groups, governmental institutions and financial institutions, I was able to engage in in-depth communication about case-specific risk analysis, and learned about internal evaluation process required for assessing the feasibility of a project. And in addition, what would qualify (or not) as sufficient implementation of the green credit directive. Overall, the in-person meetings enabled me to consolidate all the bits and pieces of information in order to build up a more comprehensive understanding of the issue and stakeholders on the Chinese front. This in turn has given us the rare opportunity to establish channels of communication with them to further our advocacy objectives. Having said that, the experience also led to the acknowledgment that there are stark contrasts in the good intention instilled in the conception and design of various Chinese guidelines that supposedly oversee the financing of Chinese outward investments, and the reality that there's next to zero information disclosure, hence limiting options for the civil society or affected communities to level the playing field.

Benefits, insights and effects of the exchange

Clearly one of my future objectives is to learn better the tone and tact when working with Chinese stakeholders. Major takeaway as follow:

- nuanced application of tactics as working with Chinese stakeholders requires more sophisticated narratives, and sometimes to some degree close to 'beating around the bushes';
- extensive research
- advocacy is not demand driven but rather "common ground seeking" in establishing liaison and collaboration;
- confrontational campaigning style is doomed to self defeat;
- political system not susceptible to public participation or scrutiny, therefore attention from the public or the Third Sector can be perceived as threats rather than opportunities;
- 'veer on the side of caution' is step one in the warming up exercise when working or being in contact with Chinese stakeholders
- diverging view on the necessity of coal, hydro and nuclear as energy source: EU has its decarbonization target by 2050 and 20% (and more for some member states) reduction in emissions by 2020, therefore demanding divestment from coal is justified and not a taboo; China has 70% of its energy produced from coal combustion, therefore the campaigning tactics and strategies on energy issues require more a more balanced approach.

GEI and Bankwatch have also exchanged some initial thoughts about how to further collaborate although we agreed to further explore the feasibility in 2015 when we would be more poised to identify middle ground for priority issue areas, operational tactics and strategies, as well as the allocation of manpower.

Chris Dunn, Global Environmental Institute, Beijing, China

Participants and Purpose of Exchange

From 17th October to 16th November 2014 I took part in the EU-China NGO Twinning Exchange, beginning with the exchange workshops in Berlin and followed by time spent working with CEE Bankwatch Network (BWN) and their partner organizations in Prague and Brussels.

The topic of the exchange was 'Monitoring Chinese Investments in Europe'. My main objectives for the exchange were to increase my knowledge of Chinese investment projects

in Europe and the policies/mechanisms European financial institutions use to assess environmental risks in their decision making. In addition, I also hoped to improve my overall awareness of the actors involved in overseas investment projects in both Europe and China. Finally, to gain an understanding of how a European NGO such as BWN operates and achieves success in meeting its goals and to identify any areas where my organisation, the Global Environmental Institute (GEI), can learn from BWN and build our capacity.

Exchange Activities and Outcomes

Chinese investment projects in Europe

During the exchange I was able to learn about certain investment projects in Europe that BWN are monitoring and campaigning against (predominantly coal-fired power stations in Balkan countries), along with BWN's strategy and specific work relating to these projects.

This increased my knowledge of Chinese investment projects in Europe and the associated environmental/social impacts, relevant host country laws and development goals, and how other CSOs are working to address the environmental/social challenges. This was useful since my previous work relating to Chinese overseas investments at GEI has been focused on South East Asian countries.

I was also able to learn new techniques to identify investment projects and the stakeholders involved, which can be used in GEI's future research work.

Hearing about the way Chinese organisations operate in Europe and their successes/shortcomings added "another piece to the jigsaw" of my understanding of the way these institutions operate in conducting overseas investment projects.

European Investment Bank (EIB) & how CSOs have successfully shaped its investments and policies

During the exchange I had the opportunity to meet with Xavier Sol of Counterbalance Network in Brussels and discussed environmental governance and transparency at the EIB and the role Counterbalance has played in shaping this.

Along with supplementary individual research, this increased my knowledge of related EIB policies/mechanisms and how CSOs in Europe are able to operate within the EU system to gain access to information and influence institutions such as the EIB. There are of course significant differences between how things work and what is possible in this regard in China, but it is useful to draw comparisons with the situation in Europe.

The role of Export Credit Agencies (ECAs) in overseas investment projects

During the exchange I was able to gain an introduction to ECAs and their role in financing overseas investment projects. My exchange partner shared her prior research (some of which was conducted during the exchange with GEI) on China's ECA – China EXIM Bank – and its role in financing overseas investment projects of interest, along with its considerations for environmental and social impacts.

I also took part in a call with Regina Richter from ECA Watch to express interest to explore how China's ECA operates compared to OECD member ECAs, in particular any differences in environmental/social governance and safeguards and what the future direction of China might be in this regard. I also met with Linde Zuidema from ECA Watch in Brussels to discuss issues surrounding the ECAs of China and OECD members in more detail.

These exchanges allowed me to gain an understanding of how ECAs function individually and in relation to each other, including China's ECA - China EXIM bank. I also grasped a sense of the issues between ECAs from OECD member and China's ECA, and how perceptions of China's EXIM bank have the potential to influence standards of environmental governance worldwide (ECAs from OECD member countries and the Directorate General for Trade of the European Commission are concerned that if they introduce standards at the OECD level, China will become more aggressive in the market). This added another "piece to the jigsaw" of my understanding of how Chinese stakeholders operate and are perceived in relation to overseas investments.

China and the Aarhus Convention

During the exchange program capacity building workshop in Berlin¹, Alison Abrahams from the European Environment Bureau (EEB) mentioned during her presentation potential interest from China to adopt the Aarhus Convention, which establishes a number of public rights with regard to the environment. I arranged a follow-up meeting with Jeremy Wates and Mara Silina at the EEB in Brussels to determine the level of interest from China, who from China had expressed this interest and explore the feasibility of China adopting the Aarhus Convention in the future.

This provides a potential new route to encourage access to information, public participation in decision making and access to justice in environmental matters for citizens in China and citizens of other countries affected by China's overseas investment projects. Having the

¹ Each round of Twinning exchange includes preparation, capacity building, and thematic workshops for the participants. The 2014 capacity building seminar in Europe took place in Berlin from October 20th to 22nd 2014. More information on the workshop content at <http://www.eu-china-twinning.org/2014/11/environmental-advocacy-and-citizens-self-organization-in-europe-and-in-china-capacity-building-seminar-for-chinese-twinners-in-berlin/>

chance to meet with Jeremy Wates, Secretary General of the EEB and former Secretary to the Aarhus Convention, provides an excellent point of contact for future dialogue about China joining the Aarhus convention. As a follow up to this, I will plan to speak with my colleagues at GEI to introduce the Aarhus convention and determine interest to explore the possibility of China adopting the Convention (or more likely a Chinese version of the Convention).

How European CSOs use communications and the media to achieve their goals

During the exchange I held discussions with the media team leader at BWN and communications team leader at Counterbalance, to discuss their related work and how this supports their organization to achieve its goals.

This increased my understanding of how media and communications work can be used effectively to support campaigning work in Europe. Some of this will be useful to improve GEI's media work, though there are differences in how GEI and BWN/Counterbalance use the media to achieve their goals and circumstances in China and Europe. This also increased my understanding of how European institutions such as the EIB respond to the work of CSOs e.g. EIB has a designated person to manage dialogue with CSOs, and provided a contrast with the situation in China.

EU funding for CSOs

From my discussion with Igor, I learnt about how BWN identifies and applies for funding.

This increased my understanding of funding circumstances in Europe, in particular the timescales and processes associated with applying for EU funding (GEI has considered applying for EU funding previously but is not familiar with exactly what is involved).

Preparation for UNFCCC COP 20 in Lima

During the exchange I benefited from speaking on numerous occasions with my exchange partner about her experiences attending COP 19 working for Climate Action Network. Since I attended COP 20 in Lima on behalf of GEI shortly after the exchange (this being the first time I have participated in the UN climate talks), this increased my capacity to plan and make the most of attending such a large meeting in terms of organizing logistics, networking and the negotiation/observer processes.

Potential for Future Collaboration

Several potential areas for future collaboration between GEI and BWN were identified and discussed, including how to engage with Chinese financial institutions to improve the sustainability of their investments. Towards the end of the exchange period my exchange partner was awaiting confirmation on funding for a project that could include this type of

collaboration between BWN and GEI.

In addition to collaboration through formal, joint project work, GEI and BWN have established a good working relationship which going forward will facilitate cooperation through other means, such as information sharing, to support each other's work. GEI can act as a guide to BWN's future work engaging Chinese stakeholders. Likewise, GEI will be interested to receive updates from BWN about findings of its research regarding Chinese financial institutions, which will guide GEI's work on improving the sustainability of China's overseas investment and trade.

During the exchange I was also afforded many opportunities to meet with people representing a variety of organizations in both Europe and China. One of the most interesting and promising connections made was with Alex Luta of Sandbag, a UK-based NGO also taking part in the 2014 Twinning Exchange. Alex visited GEI's office in Beijing during his exchange period in China and spoke with GEI's climate change program officer to discuss mutual areas of interest. Potential areas for future collaboration between GEI and Sandbag include GEI supporting Sandbag's work relating to emissions trading schemes in China, and Sandbag utilizing tools and methodologies GEI has developed for low-carbon planning in Eastern European countries.

More detailed information is given in the long reports of the twinning. Anyone interested can contact the Stiftung Asienhaus staff/China program to receive more information.