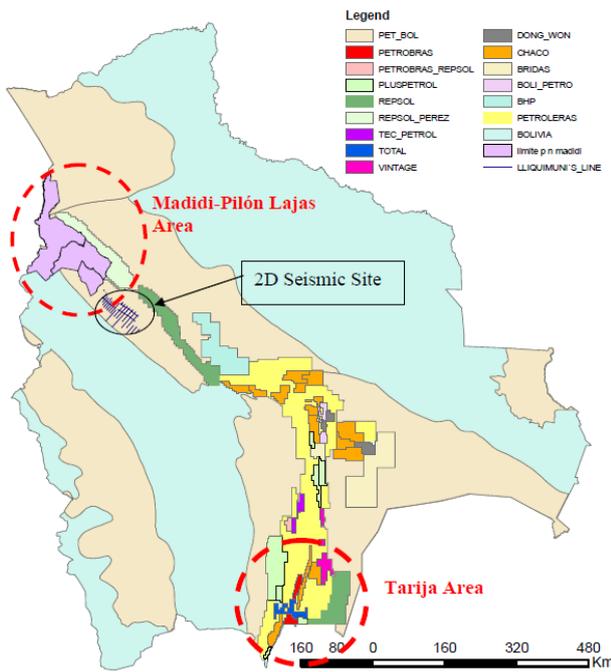


Strategic Environmental Assessment of Bolivia's oil and gas sector

Oil and gas in Bolivia

Oil and gas accounts for more than 30 percent of total government income in Bolivia. Furthermore, Bolivia has the second largest natural gas reserves in South America after Venezuela. Petroleum had been known to exist in Bolivia since the colonial period, but serious exploration did not begin until 1916. In 1921, the first hydrocarbon law was signed. The state-owned oil company, Yacimientos Petrolíferos Fiscales Bolivianos (YPFB) created in 1936, controls, oversees and executes all activities in the country's oil and gas sector. The Ministry of Hydrocarbons and Energy (MHE) is the competent authority for the formulation and enforcement of development policies and resulting activities in the hydrocarbon and energy sector.

In two protected areas, Aguaragüe national park and Madidi/Pilón Lajas, are currently hydrocarbon activities taking place or starting in the near future.



Why SEA?

MHE decided to carry out a Strategic Environmental Assessment (SEA) in these two areas, to help to address the challenge of finding a balance between the need for hydrocarbon exploitation due to the increasing energy demand and use of goods and services of the forests and other ecosystems (e.g. biodiversity conservation and ecotourism) especially for future use. The SEA is supported by the Netherlands Commission for Environmental Assessment (NCEA) and the Royal Netherlands Embassy in Bolivia.

The objectives of this SEA are to:

- Indicate vulnerabilities of the ecosystems, determine the maximum capacity for hydrocarbons exploitation and in which areas and in which modality the execution of hydrocarbon activities could take place.
- Develop a methodology to work with the traditional inhabitants in the so-called Territorios Comunitarios de Origen (TCOs).
- Generate conditions and general guidelines for subsequent individual EIA's.
- Elaborate on a clear methodology applicable the whole hydrocarbons sector.

The process of the SEA so far

- MHE runs the SEA process for both areas. At the start of the SEA, numerous meetings were held in 2008, with representatives of the Ministry of Environment and Water, National Service for Protected Areas (SERNAP) and Yacimientos Petrolíferos Fiscales Bolivianos (YPFB). SERNAP expressed that the SEA would offer the possibility for better coordination and dialogue right from the beginning. The NCEA considered these inter institutional meetings as important first steps to good practice SEA.
- In May 2008 the Environmental Department of the MHE requested NCEA's assistance in strengthening environmental and social management in the hydrocarbons sector in the area of SEA.
- The NCEA visited Bolivia in March 2009 with a working group of experts. They met with governmental agencies, representatives from the private sector and civil society to elaborate the proposal for the Terms of Reference (ToR), with the aim of agreeing on the scope, objective and approach of the SEA. This resulted in the publication of NCEA's advisory

report for the ToR in April 2009, in particular for the protected areas Aguaragüe and Madidi/Pilon Lajas.

- A Bolivian SEA team worked on the SEA report and a first draft was published in December 2011
- In February 2012, a request was made to the NCEA, to review the quality of the SEA that has been prepared for the Aguaragüe area in order to improve the final SEA report, which will then also contain the information on the Madidi/Pilon Lajas area.
- The review of the draft SEA was made and submitted in April 2012.



NCEA's findings

- The SEA contains a wealth of information on environmental, socio-cultural, economic and productive and political/institutional aspects. A thorough overview of problems and (alternative) solutions to these problems has been provided. The SEA however still lacks to a large extent the link with planning and decision making and is as such not using its full potential.
- The alternative options range from first ideas to very elaborate recommendations. They are a mix of green and mature issues, which require different forms/instruments of follow-up at different levels of planning and decision making with different urgency of action. The sorting out of alternative options and attaching these to the right level still needs attention in the final SEA report.
- The SEA contains an overview of all relevant policies, plans and programmes at national, departmental, regional and local level. What is still needed is an analysis of which policies/plans/programmes provide the most suitable platform to follow-up on the recommendations as identified in the SEA report and who is responsible for this.

NCEA's involvement with the SEA

- An advisory report on the Terms of Reference for the SEA for the oil and gas sector.
- Reviewing the quality of the draft SEA report that was prepared for the Aguaragüe area.

Stakeholder participation in the SEA

Oil and gas activities, especially in protected areas, may be susceptible to political and social upheaval. The application of SEA, including public participation, in areas with protected status and indigenous territory is therefore commendable considering the complexity of issues involved. The acceptance and consensus on proposed oil and gas exploration plans depend to a large extent on how stakeholders have been involved.

The SEA report for Aguarague contains many positive suggestions and options which can be shared with the public as a start of a thorough and genuine participation process. To mention some of these:

- The installation of a corps of social environmental inspectors by the government of Tarija to monitor and evaluate impact of activities and allow improvements at the next location.
- Clean-up and proper abandonment leaking oil wells
- The intention to finance a clean-up campaign
- The intention to compensate for use of private land by oil companies.
- Desired clarity about ownership of private land
- Commitment by oil companies to protect the environment.
- Realisation by oil companies that social acceptance is conditional for the "License to Operate".
- Realisation by oil companies that the Guaraní people cannot generate enough production from 1-2 ha. per family, which on top of that is contaminated with oil and/or has been irrigated with contaminated water.

Services provided by the NCEA

The NCEA supports SEA practice in different countries. Depending on the needs in a specific country, the NCEA contributes to:

- SEA Introductory training;
- Institutional assessment;
- Coaching and training on-the-job of SEA teams;
- Introduction and design of SEA systems (see key sheet *SEA introduction*);
- Advising on ToR for and quality review of individual SEAs. (see key sheet *Independent advice on SEA reports*)

More information

- Ministry of Hydrocarbons and Energy, La Paz, Bolivia: www.hidrocarburos.gob.bo
- Tailor-made support and advice on EIA/SEA (for oil & gas) contact helpdesk@eia.nl
- Or visit NCEA's website at www.eia.nl for news, country profiles, resources and project database.