

“19TH OSCE ECONOMIC AND ENVIRONMENT FORUM”

“Strengthening regional and inter-regional co-
operation and exchange of experiences and
best practices in promoting sustainable
maritime transportation”

14-16 September , 2011
Prague

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GEF / UNDP-CASPECO PROJECT

Caspian Sea: Sea of Opportunities

- ***Largest land locked body of water on earth***
- ***Not so rich but unique biodiversity due to geographical isolation ; Caspian Seals and Sturgeon***
- ***Rich commercial bio-resources worth \$ 5 billions a year***
- ***Rich Hydrocarbon resources-perhaps third after Middle east and Siberia. Estimates range between 50 to 200 billions tones of oil reserves***
- ***Huge Eco-tourism potentials***
- ***Strategic location & Transport Corridor between expanding EU, Russia , Middle east, Central Asia and ‘Tiger’ economies of Asia***

Transcontinental Transportation



There are two water ways connecting Caspian Sea with Azov Sea – Black Sea – Mediterranean Sea on one hand and with Moscow and Baltic Sea on the other hand.

More than 80% vessels coming to the Caspian Sea use the way via Volga-Don Channel.

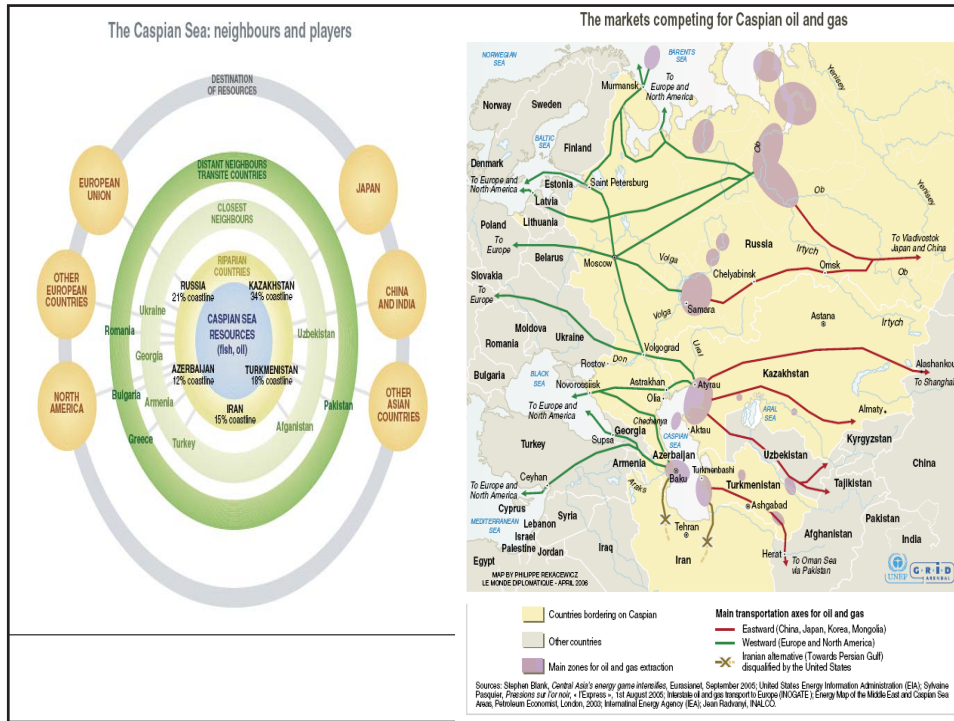


Amur-2508 on Volga Don Canal

Sea of Opportunities

While main economic activities are fisheries and oil and gas production, there are ample number of untapped opportunities:

- ❖ Ecotourism
- ❖ Fish processing industry and fish feed production
- ❖ Clean energies such as wind and solar energy
- ❖ Medicinal values of its flora
- ❖ Deposits of rare elements and mineral resources other than oil and gas
- ❖ Trade between littoral countries and other Regional Seas



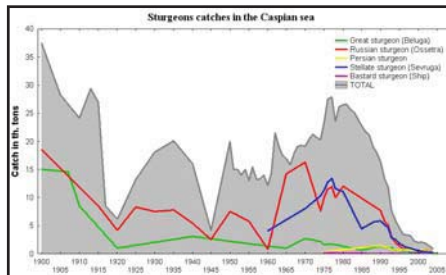
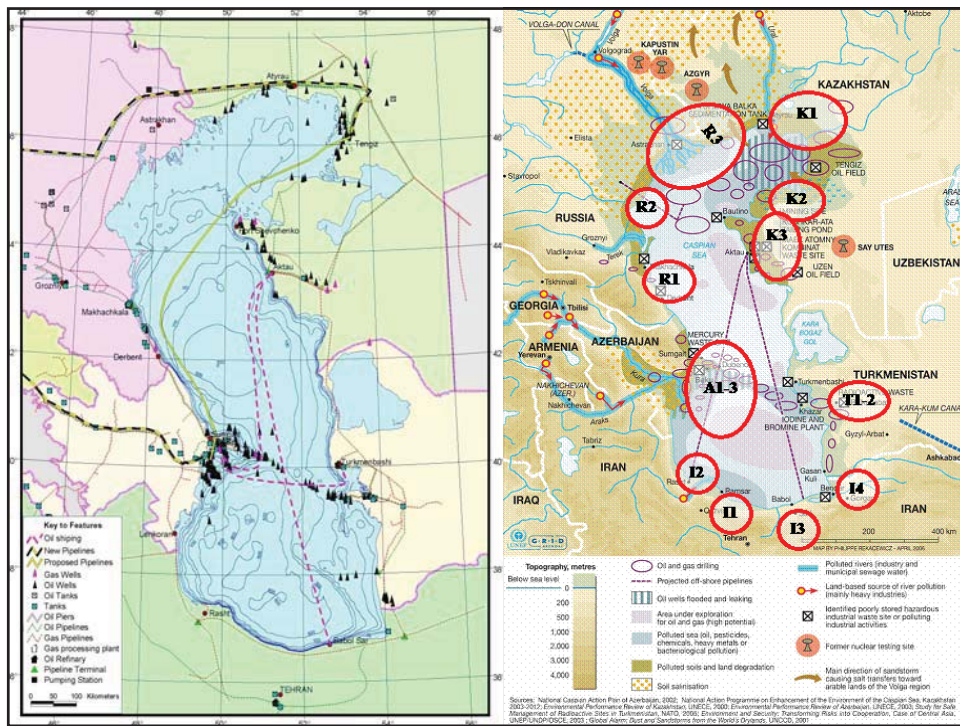
Caspian Sea yet a Sea of Challenges

Flashpoint for conflict due to unsettled legal regime impacting access to resources; ethnical differences & political disputes :

Highly stressed environment with huge decline in fisheries ; hugely reduced Seals; invasive species, serious pollution hotspots ; occasional algae blooms ; unsustainable coastal development; impact of Climate Change and Sea water level fluctuations

A major challenge is access to market: competing routes some through the Sea

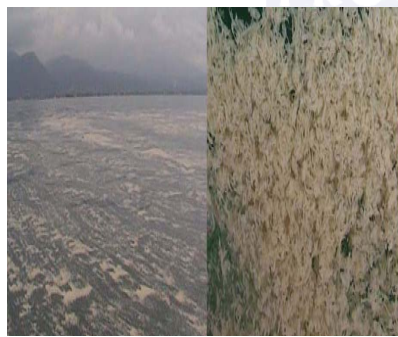
Oil spill , thousands of abandoned oil wells, aging vessels: disaster waiting to happen, Pipelines across the Sea? Seismic active region



Decline in Sturgeon Catches



Several events of seal mortality

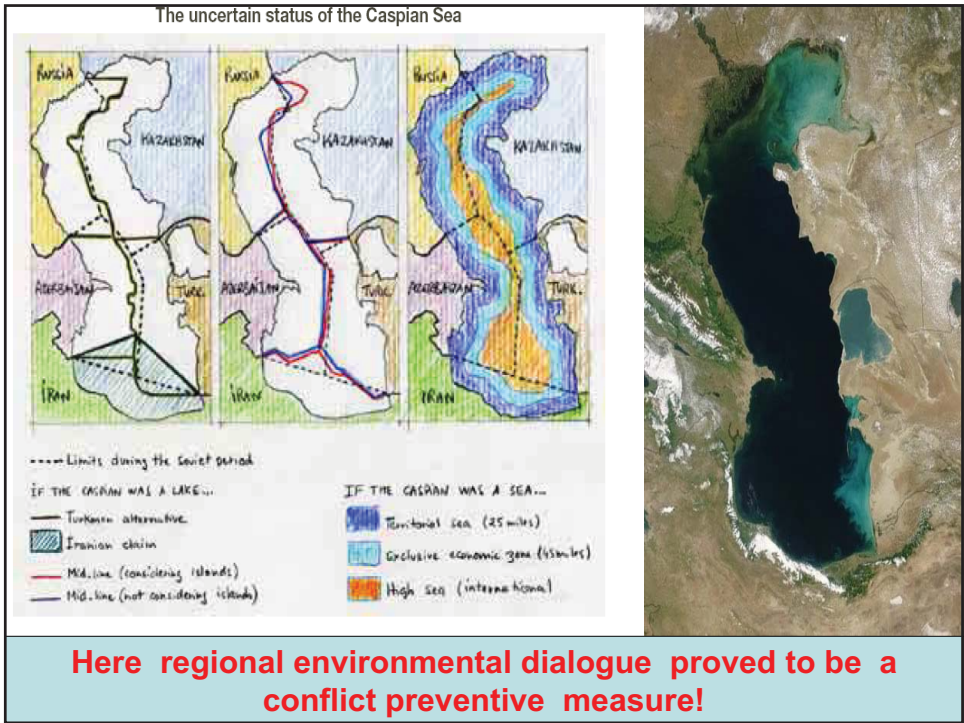


Cyanobacterial Toxic Bloom- 2005



Invasive species –Mnemiopsis leidyi

The uncertain status of the Caspian Sea




CASPIAN ENVIRONMENT PROGRAM (CEP)
An engine for regional environmental dialogue; diagnostic work and resource mobilization

- Environmental program initiated by Republic of Azerbaijan, I.R. Iran, Republic of Kazakhstan, Russian Federation & Turkmenistan
 - CEP Phase I (1998-2002)
 - CEP Phase II (2004-2007)
 - CASPECO (2009-2012)
 - Total Budget of about 30m \$
 - **GEF- Potential New Project (2012-2014) “ Mitigation and Adaptation to Impacts of Climate Change and Water Level Fluctuations “ 6 m \$**
- Supported by the GEF, UNDP, UNEP, EU/TACIS, and World Bank



Commendable efforts (1998-2011):

- ❖ “Regional Dialogue”, Consensus Building and Resource Mobilization Initiatives
- ❖ Transboundary Diagnostic Analysis (TDA)
- ❖ Action Plans, Policies, Guidelines, Strategies
- ❖ Consolidation of a Regional Environmental Governance Framework- the Tehran Convention; its Protocols ; Interim Secretariat; Protocol on Oil Spill Signed at the COP III (12 August , 2011)
- ❖ National Convention Action Plans(NCAPs) and Strategic Convention Action Plan (SCAP)-
“Reliable, endorsed documents for Investments”
- ❖ Ecosystem-based approach to aquatic bio-resources management in the Caspian Sea
- ❖ Close Cooperation with : IMO, IAEA, FAO, IPIECA, OSPAR , AGIP KCO and BP



How can the OSCE help energy security in the Caspian Region?

- **As a first step** , assist to develop an inventory on energy related specialized organizations, stakeholders and players in the Caspian region; **an inventory on energy legislations , regulations and legal framework of the Caspian Littoral states; and analysis of energy transport systems, policies and market requirements** in the Caspian Sea
- Create link to specialized international organizations and International Financial Institutions **to further develop a legislative framework and to encourage the use of renewable energies and sustainable energy transport**
- Reconsider approach to Caspian authorities (Package Approach-aiming at enhancing inter-sectoral cooperation including Ministries of Foreign Affairs, Economic, Finance, Planning, Transportation, Energy, and Environment, ..)




How can the OSCE help energy security in the Caspian Region?

- OSCE as a platform for political dialogue on energy security participate at the “**Caspian Presidents Summit**” in order to submit a “**Long-term Programmatic Plan**” promoting energy security, public-private energy partnership, good governance, and promotion of Extractive Industries Transparency Initiative (EITI) principles and “**Green Bridge Partnership Program**”
- OSCE to facilitate a **Tripartite (Baltic, Black and Caspian Seas) Forum on “Environment, Energy and Economy”** involving energy producers, consumers, transit countries (regardless of being OSCE signatory and non signatory countries) and **energy related business sector**.
- OSCE as a functional organization to **intensify energy collaboration** between the Black Sea and the Caspian Sea through existing regional mechanisms such as **CASPECO, BSEC and Black Sea Commission on Environment and their legal instruments**.




How can the OSCE help energy security in the Caspian Region?

- OSCE to create a link with **CASPINFO** and Caspian Information Centre (CIC) to share its database on energy issues including data-bank of “**Best Practices in Energy Security**”
- Bearing in mind the potential natural gas and sizable deposits of rare element resources of the Caspian Sea, OSCE to promote initiatives aimed at **raising awareness on the rare elements management and natural gas as a cleaner energy for future and encourage investments in gas production and transport in the Caspian Sea**.
- In close cooperation with the **IMO and IMO- “Globallast Partnership Project”**, assist implementation of the Caspian Ballast Water Management Strategy and Action Plan and implementation of sub-regional action plan on Ballast Water Management to control invasive species traffic among Caspian, Black and Baltic Seas.



How can the OSCE help energy security in the Caspian Region?

- Create link between **International Financial Institutes** and the corridor of Europe – Black Sea Region – Caucasus – Central Asia (**TRACECA**) to improve trade and multimodal transport, promote the **"Motorways of the Sea concept"** between the Black Sea and the Caspian Sea, and to facilitate investments on :
 - development of legal instruments to regulate trade and transport;
 - upgrading existing transport facilities; rehabilitation of port infrastructures and intermodal terminals;
- Assist the Caspian region, its energy market players and IMO to promote **joint investments on establishment of Vessel Traffic Surveillance System , Reception Facilities, and Port State Control and Management .**



How can the OSCE help energy security in the Caspian Region?

- OSCE to bridge the United Nations Economic Commission for Europe (**UNECE**) and the Caspian regional mechanisms such as CASPECO/ Tehran Convention Interim Secretariat and CASPCOM **improving capacities and investments in the field of energy efficiency and mitigation and adaptation with climate change and water level fluctuation, and particularly "Marine Litter Management" (protocol on damping from vessels on the way)**
- OSCE to facilitate linking the International Renewable Energy Agency (**IRENA**); **UNIDO** (specially its Industrial Energy Efficiency Program); and **Energy Charter on Energy Security and Investment** with the Caspian energy market players for boosting energy security: local capacity building , renewable energy , and rare earth elements, minerals and metals management, diversification of routes and sources, and investments in transport sector.



How can the OSCE help energy security in the Caspian Region?

- **Benefitting from the regional management structures of the CASPECO, Tehran Convention Interim Secretariat and their partners such as IMO, IPIECA, OSPAR, OSCE to undertake raising awareness programs mainly focusing on:**
 - Early warning mechanisms; economic and environmental risks of the pipe-lines; renewable energy sources; energy legislations, regulations and standard setting; and linkages between energy security and climate change & water level fluctuation.**
- **Assist in Implementation of the Caspian Regional Action Plan for Oil Spill Response, Marine Litter Management Plan, and implementation of the Protocol on “Environment Impact Assessment in a Transboundary Context ” particularly in energy development activities and transportation across the Caspian Sea.**
- **We could be playing a “Complementary Role” as far as your environment related activities in the Caspian region are concerned.**



Thank you

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