

The Role of Project Inspection in the EA Followup Process - A Case Study of the World Bank Inspection Panel and the Chad Cameroon Oilfield Development Project

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***The opinions in this presentation are those
of the authors and not of the Inspection
Panel***

The World Bank at a Glance

- In 2003 the World Bank provided \$18.5 billion and worked in more than 100 developing countries.
- It is a development bank which provides loans, policy advice, technical assistance and knowledge sharing services to low and middle income countries to reduce poverty.



World Bank Inspection Panel

- The Inspection Panel is a three-member body created in 1993 to provide an independent forum to private citizens who believe that they or their interests have been or could be directly harmed by a project financed by the World Bank.
- Twenty Seven formal requests have been received since Panel operations began in September 1994. The texts of Panel reports are publicly available.

Environmental and Social Safeguards

- Environmental Assessment
- Natural Habitats
- Forestry
- Pest Management
- Cultural Property
- Indigenous Peoples
- Involuntary Resettlement
- Safety of Dams
- Projects Involving International Waters
- Projects in Disputed Areas
- Plus Disclosure Policy

Inspection, Compliance Monitoring and Effects Monitoring in the Context of EA Follow-up

Some definitions to set the stage:

What is Follow-up?

- The role of EA follow-up is to improve the quality of the EA process, to evaluate the quality of EA predictions and to ensure the effectiveness and implementation of assigned mitigations and EA responsibilities.

Baseline Monitoring

- The collection of environmental and social information in a defined project area before project onset as a means of establishing pre-project conditions to provide a reference point from which project effects can be assessed.
- Can also be conducted during the life of the project and after it's conclusion.

Effects Monitoring

- The measurement of defined parameters during project construction and/or operation to detect changes in these parameters which can be attributed to the project, for verifying the accuracy of impact predictions and for assessing the effectiveness of project mitigation measures.

Compliance Monitoring

- The periodic sampling and/or continuous measurement of environmental parameters, levels of waste discharge or process emissions to ensure that legal and regulatory requirements are met.
- Usually done as part of an operating license requirement.
- Can also form part of an environmental audit.

Environmental Audit

- A methodological examination to verify the accuracy of the EIA predictions, the effectiveness of mitigation measures, and compliance with regulatory requirements, internal policies and standards, or environmental performance limits.

Inspection , Supervision and Surveillance

- A usually non-quantitative procedure to determine that the terms and conditions of the project approval are adhered to.
- In the case of the World Bank, the Inspection Panel investigates whether Bank safeguard policies and procedures have been adhered to.
- Involves an evaluation of compliance or non-compliance.



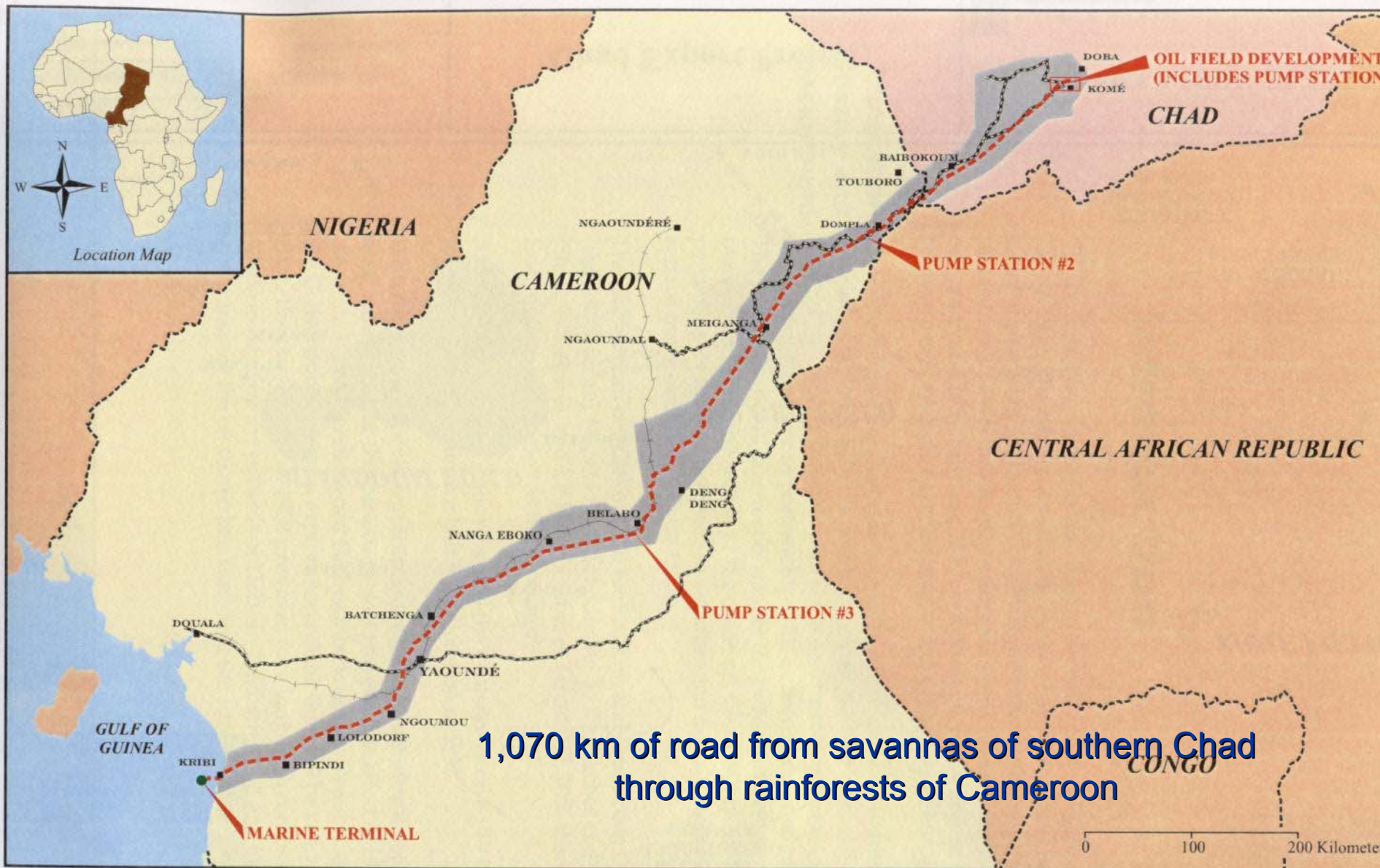
Chad-Cameroon Oil Pipeline Project

A 3.7 billion dollar project undertaken by a consortium of three oil companies (ExxonMobil, Petronas, Chevron), two governments (Chad and Cameroon), the World Bank Group (IBRD and IFC), and the European Investment Bank.

The Chad-Cameroon Oil Pipeline Project is the largest infrastructure project in Africa's history.



- 315 oil wells in southern Chad producing 225,000 crude oil per day.
- 1,070 km of buried pipeline through Cameroon to Kribi on the Gulf of Guinea.
- 613 km new or renovated road.
- A new bridge on Chad-Cameroon border.



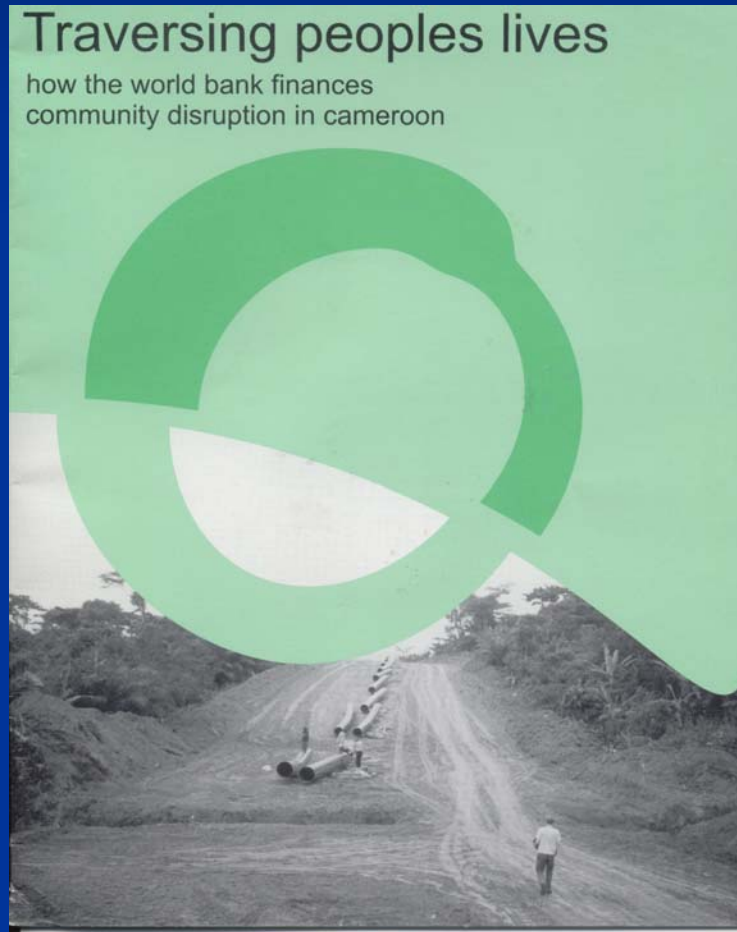
LEGEND

- | | |
|---|---|
| Oil Field Development Area | Major Roads (In Study Area) |
| Pipeline | Railroad |
| International Boundaries | ● Marine Terminal |

Chad Export Project

PROJECT AREA

Local and International NGOs criticize the oil pipeline route, impact on local populations, and effects on environment



**The Chad Cameroon Oil and Pipeline Project:
Putting People and the Environment at Risk**

Archbishop Desmond Tutu
"Africa cannot afford the environmental devastation of such a project. We need help to construct, not to destroy. Help!"

Mrs. Ethel Kennedy
"The proposed Chad/Cameroon Oil and Pipeline project will exacerbate environmental devastation, social disruption, and human rights violations. The Ogoni-land debacle in neighboring Nigeria is a traumatic reminder of what happens when the rights of a people and their environment are trampled. As these long-suffering African nations struggle to save their heritage, they give voice to Robert Kennedy's belief that 'those with courage to enter the moral conflict will find themselves with companions in every corner of the world.'"

Mr. James D. Wolfensohn
"Seeking equity when government is riddled with corruption and has inefficient and untrained officials is an objective that will never be realized" (A Proposal for a Comprehensive Development Framework, January 21, 1999)




photo by Koma Horta

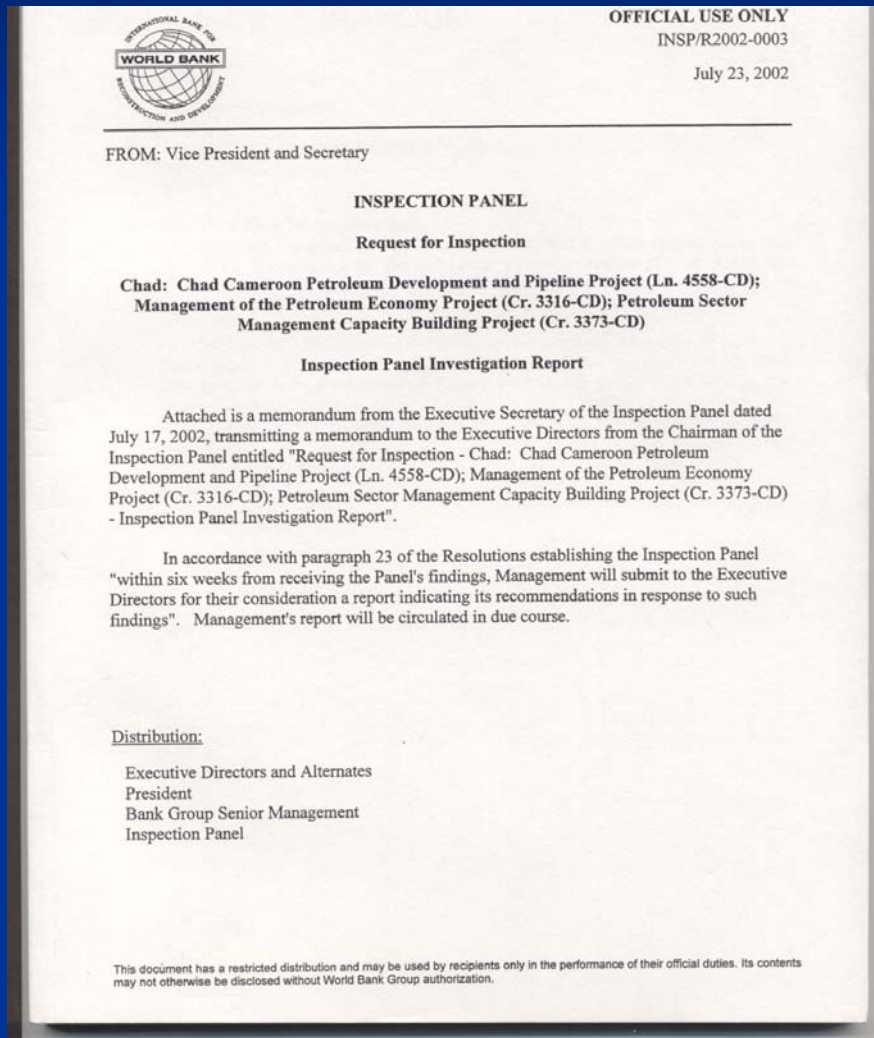
Association Tchadienne pour la Promotion et la Defense des Droits de l'Homme, Chad
Centre pour l'Environnement et le Developpement, Cameroon
Environmental Defense Fund, U.S.A.

September, 1999

Criticisms from Civil Society

- Harmful to environment – threatens rivers, air, rainforests, and coast.
- Harmful to local population, including small farmers and vulnerable indigenous people including Bakola pygmies in Cameroon.
- Inappropriate development – benefits oil companies, not poor countries.
- Inappropriate technology – countries should seek alternative energy to fossil fuels.

Inspection of the Chad Cameroon Oilfield Development Project



- Two separate requests and inspections - Chad (2002) and Cameroon (2003).
- Involved assessment of
- environmental, social, health and safety and economic non-compliance of Bank safeguard policies.
- Reports submitted to the Board of Directors and Bank Management - action plan adopted by Management to address non-compliance issues.

Complaints Allege Consortium and Chad/Cameroon Governments Violated World Bank Directives

- Environmental Compliance
 - Inadequate Environmental Assessment (OD 4.01).
 - Natural Habitats (OP/BP 4.04) including oil spills, water pollution, and air pollution.
- Social Compliance (OD 4.30)
 - Involuntary resettlement (inadequate consultation and compensation).
 - Indigenous Peoples (OD 4.20).
 - Management of Cultural Property (Sacred sites).
 - Governance and Human Rights.
- Economic Compliance
 - Economic Evaluation (“fair deal”) (OP10.04).
 - Poverty Reduction (OD4.15) – will government share revenues.
 - Project Monitoring and Evaluation (OD 10.70).
 - Project Supervision (OD 13.05) - particularly delays in government capacity building.

Complaints of environmental degradation: Loss or pollution of surface water



Esso trucks using surface water to keep dust down on roads

Environmental Risks: Increased prostitution and HIV exposure without plans for public health response



**Informal settlement outside Komé Base Camp,
Chad**



Inside Komé Base Camp

Violation of human rights

Amnesty International

Chad



REPUBLIC OF CHAD

Several prisoners of conscience, including human rights defenders, were arrested and briefly detained. Over 100 people, including children, were arbitrarily arrested in March. Scores of people were ill-treated while held by the security forces and a number of cases of torture, including rape, were reported. No effective action was taken to bring those responsible to justice. Judicial investigations continued into human rights violations committed during the presidency of Hissein Habré between 1982 and 1990. Concern was expressed about the impact of an oil pipeline [Amnesty International December 2002]

Complaint: Inadequate Compensation

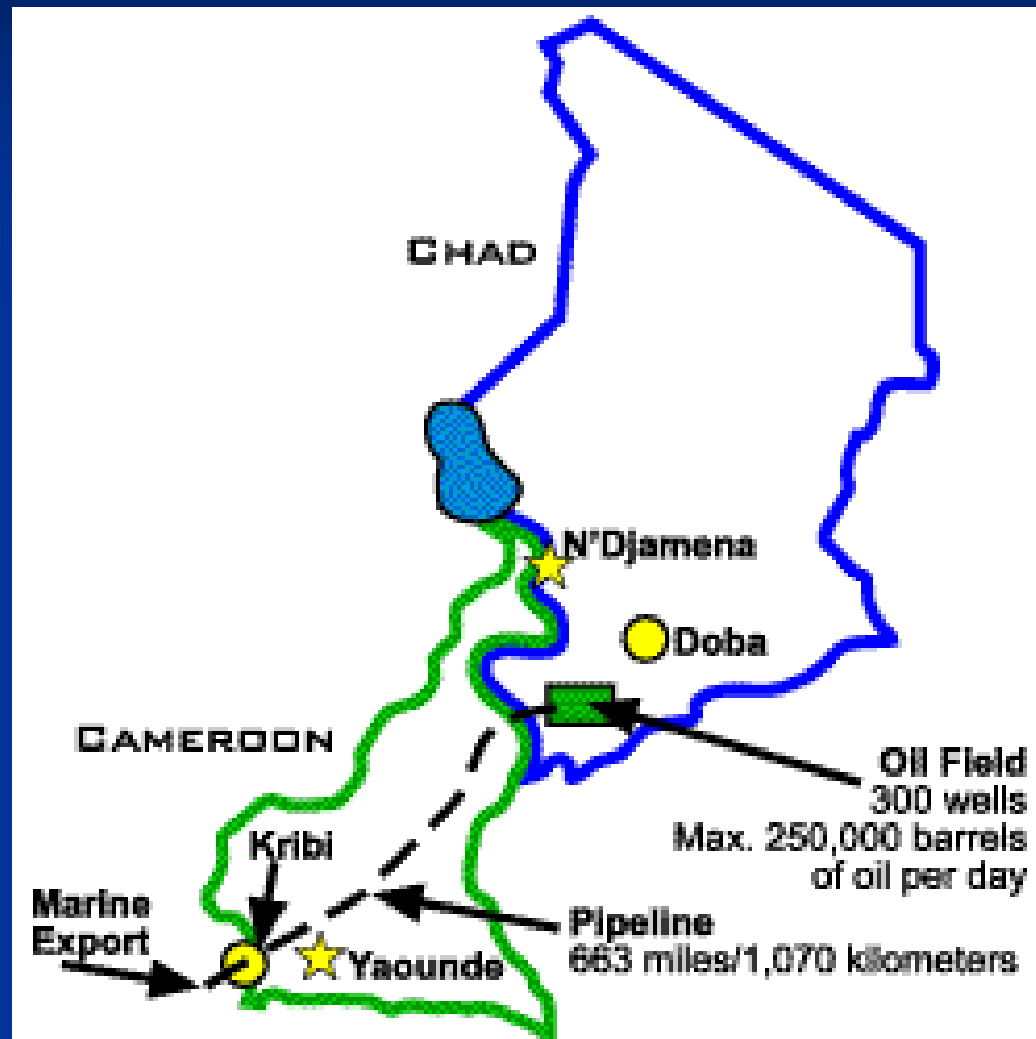
Replacement house built by consortium



Complaint: Inadequate occupational health and safety measures



Complaint: Lack of Oil Spill Response Plan



A photograph of a river flowing through a dense rainforest. The river is dark and turbulent, with white rapids visible as it flows over a series of rocky, light-colored banks. The surrounding forest is lush and green, with tall trees and thick undergrowth. The sky is overcast and grey. The text "Complaint: Destruction of rainforest and rivers" is overlaid in the center of the image.

Complaint:
Destruction of rainforest and rivers

Complaint:
Inadequate Indigenous Peoples Plan
threatens Bakola Pygmy way of life





Complaint:
Loss of Bakola
forest resources
including hunting
habitat, medicinal
trees,
and sacred sites

Inspection Panel Findings

Bank Management in compliance for:

- **Environment** – Protection of water, fisheries, forest resources, alternative routes, and oil spill plan in compliance. Consortium developed Campo Ma'an Protected area, and disassembled Lom River Bridge.
- **Occupational Health and Safety** - in compliance, exceeds standards from USA.
- **Consultation and Compensation** - consultation extensive and open; compensation fair and transparent.
- **Indigenous Peoples Plan** - “work in progress” adequate, affords Bakola protection and new opportunities in health, education, and agricultural training; - ID cards offer recognition and citizen status.

Bank Management not in compliance for:

- Poverty Reduction failure to develop and strengthen institutional capability of government to monitor project effectively.
- Capacity Building Project not in place until Jan 2002.
- Public Health – Bank did not prepare wider regional plan for health impacts of project, including HIV/AIDS.
- Human rights abuses not covered in Bank policies, but should be part of governance provisions in operational directives.

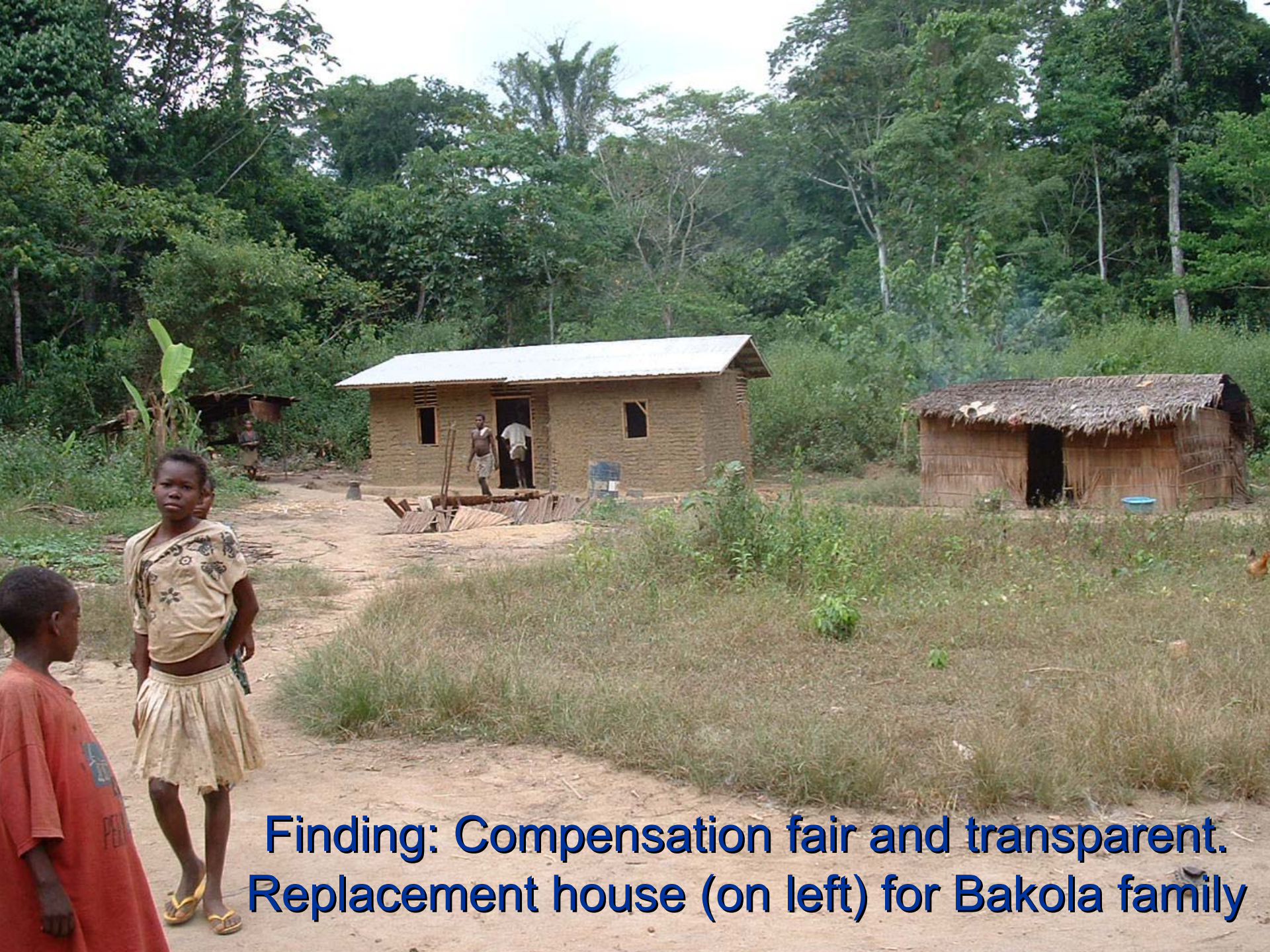
Finding: Natural resources, forests, fisheries, not adversely affected by pipeline project



Buried pipeline right of way 3 months after construction

Finding: Consortium carried out project with high standards of environmental and occupational safeguards





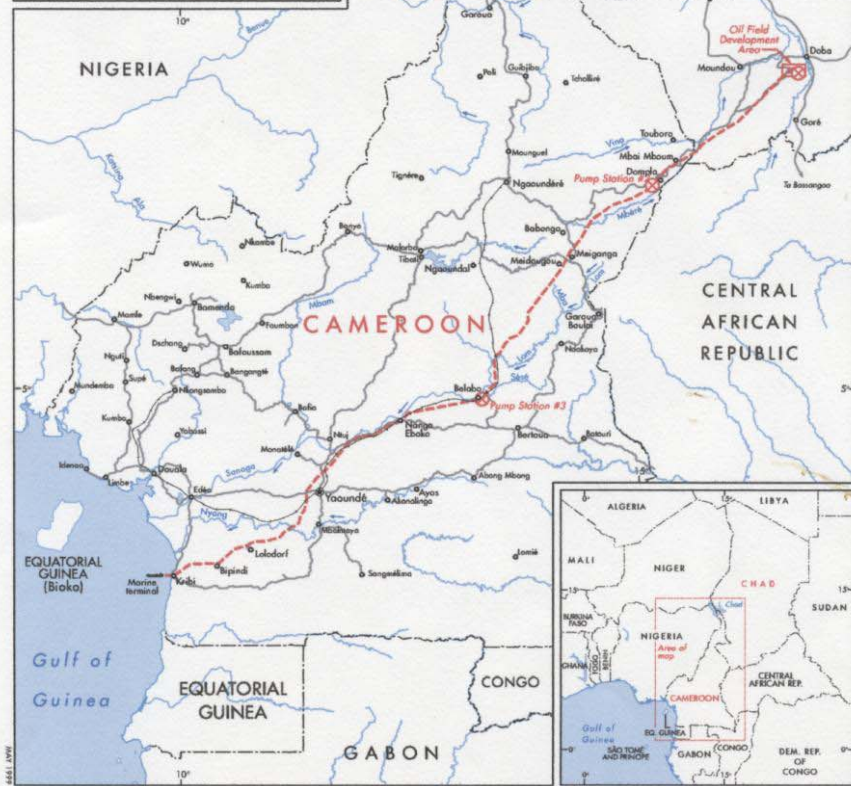
**Finding: Compensation fair and transparent.
Replacement house (on left) for Bakola family**

CHAD / CAMEROON PETROLEUM DEVELOPMENT AND PIPELINE PROJECT PROJECT FACILITIES

- PIPELINE ROUTE
- ⊗ PUMPING STATIONS
- MAIN RIVERS
- SELECTED TOWNS
- PAVED ROADS
- RAILROADS
- ⊙ NATIONAL CAPITAL
- INTERNATIONAL BOUNDARIES

0 40 80 120 160 KILOMETERS
0 20 40 60 80 100 MILES

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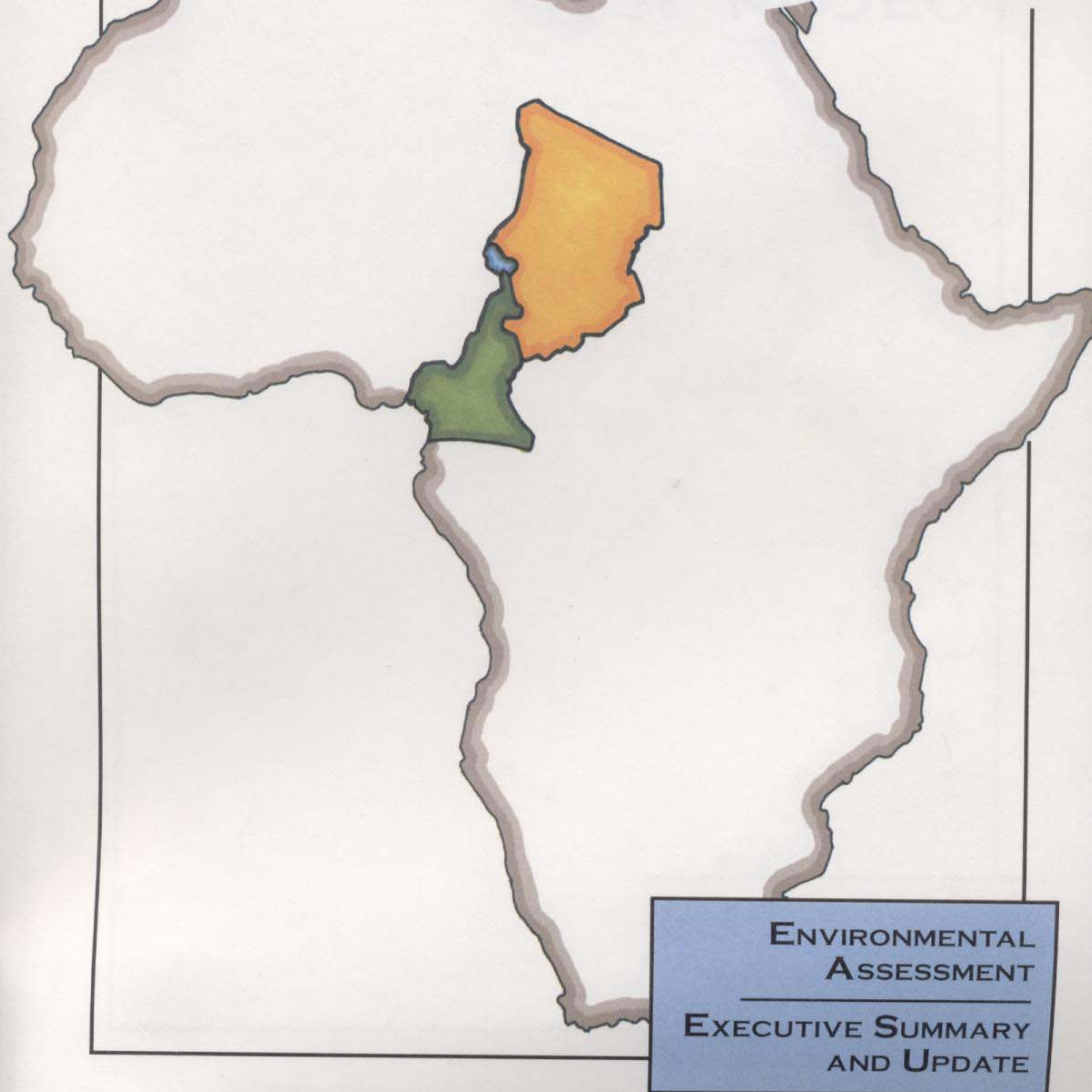


Findings:

Bank not in compliance:

EMP did not include wider explorations and future oil projects outside Dobe Fields

CHAD EXPORT PROJECT



ENVIRONMENTAL
ASSESSMENT
EXECUTIVE SUMMARY
AND UPDATE

Finding: No
justification for
amount of
royalties to
Chad

Finding:

Bank did not develop sufficient governmental capacity to manage oil revenues for social programs

Cameroon Petroleum Management Board



Finding:
No clear oversight of Indigenous Peoples Plans aimed at
Bakola



Lessons Learned From Inspection

- There is a need to ensure that environmental assessment and review is done earlier in the WB project cycle, now being addressed internally through mechanisms such as QAT.
- There is a need to overhaul the WB safeguard policies to include more emphasis on SEA, regional assessment and cumulative effects that go beyond single project environmental assessment. There is much interpretation of their meaning within the Bank.

Lessons Learned From Inspection

- There is a need for greater integration within the Bank of the review of social and environmental project effects; primary emphasis is currently given to environmental effects.
- While emphasis on the environmental management process is to be lauded, it still cannot make up for poor project decisions. Better up-front and streamlined project approval processes are required.

Lessons Learned From Inspection

- There is a need to streamline the compliance monitoring process of Bank projects, reporting and responsibilities.
- Public participation in EA projects needs to be improved as to their involvement in the project decision making process.
- The mandate of the Inspection Panel is to ensure application of WB Safeguard Policies in Bank financed projects. The Panel's scope is limited to these aspects. Other issues such as human rights, employment, quality of life and social responsibility cannot be addressed within this context. There is a need to deal with these “gray” issues.

What is Follow-up?

- The role of EA follow-up is to improve the quality of the EA process, to evaluate the quality of EA predictions and to ensure the effectiveness and implementation of assigned mitigations and EA responsibilities.

Inspection and the EA Follow-up Process


- Inspection is an EA follow-up activity specific to the WB Inspection Panel, governed by its' mandate and responsibility to ensure application of the World Bank safeguard policies.
- Inspection is the only opportunity for public participation in the WB environmental assessment and project approval process, often too little and too late. There is a need to consider other processes of invoking public participation at early project stages, rather than at the inspection stage.

Inspection and the EA Follow-up Process

- Inspection is not compliance monitoring.
- Inspection can include review of compliance monitoring reports (e.g. ECMG).
- Effects monitoring is difficult to assess within the inspection context due to the restricted spatial and temporal timeframe.

Inspection in this context can be viewed as a type of corporate due diligence within the World Bank allowing both the full participation of those directly affected by Bank projects and ensuring the full responsibility of Management for their actions.





Thank you for your interest
Open for comments and
questions