

**IPN REQUEST RQ06/03**

May 2, 2006

**NOTICE OF REGISTRATION**

**Re: Request for Inspection  
GHANA: West African Gas Pipeline Project  
(IDA Guarante No. B-006-0-GH)**

On April 27, 2006, the Inspection Panel (the “Panel”) received a Request for Inspection (the “Request”), dated the same day, related to the Ghana: West African Gas Pipeline Project (the “Project”). The Request was submitted by the Ifesowapo Host Communities Forum of the West African Gas Pipeline Project (the “Association”) through their representatives from the Olorunda Local Government Area of Lagos State, Nigeria. The Request was submitted on behalf of the members of the Association, which is composed of 12 communities that will be affected by the Project around the Badagry axis, in Lagos State, South-West Nigeria. These communities are Ajido, Imeke Agemowo, Araromi Ale, Idaghe Iyesi, Ilogbo Eremi and Igbesa, Okoomi, Itori, Oloya/Abiola, Arobieye, Igboliye and Egushi Benja. The Request includes four Annexes, among them 44 signatures of people from different affected communities and two letters of consent from families who support the Request.

The West African Gas Pipeline Project aims to deliver gas from Nigeria via an approximately 680 kilometer pipeline across south western Nigerian to a terminal point at Takoradi, Ghana. Fifty-eight kilometers of pipeline and other ancillary facilities to be constructed by the West African Gas Pipeline Company (WAPCo) in south western Nigeria would pass through and be placed on the lands of 23 communities with an overall population of 140,000, including the 12 communities making this Request.<sup>1</sup> The development, financing, construction, ownership, operation and maintenance of the Project

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<sup>1</sup> WAPCo’s participation in the project is provided in the WAPCo Shareholder Agreement of May 19, 2003, entered into by WAPCo, Chevron Texaco West Africa Gas Pipeline Company Ltd., Nigerian National Power Corporation, Shell Overseas Holdings Limited and Takoradi Power Company Limited.

was agreed in an International Project Agreement dated May 22, 2003, between the Republic of Benin, the Federal Republic of Nigeria, the Republic of Togo, the Republic of Ghana, and the West African Gas Pipeline Company Limited.<sup>2</sup>

According to the Request, the Project is designed to substitute natural gas from Nigeria for alternative fuels used in the power, industrial, mining and commercial sectors in the Republics of Ghana, Benin and Togo, and to promote regional integration in support of economic growth. The entire Project is estimated to cost about US\$590 million. The International Development Association (IDA)<sup>3</sup>, has provided a guarantee, in the amount of US\$ 50 million, for certain obligations of the Republic of Ghana related to the purchase of natural gas. Also, the Multilateral Investment Guarantee Agency (MIGA) has provided a US\$75 million political risk guarantee to WAPCo in relation to the construction of the pipeline and associated facilities.

The Project Appraisal Document (PAD) states that *“the World Bank Group participation (IDA and MIGA) will provide financial risk mitigation to allow the proposed Project to proceed, support the implementation of regional and national frameworks and actions required to kick start the development of gas markets in Ghana, Benin, and Togo, and more broadly will provide comfort to all the stakeholders regarding Project preparation and implementation standards.”*<sup>4</sup> For these purposes IDA has entered into Project Agreements with WAPCo and N-Gas, respectively, that contain several covenants, representations and warranties that both WAPCo and N-Gas *“have acted and will continue to act in compliance with applicable World Bank Environmental and Social Safeguard Policies and anti-corruption policies.”*<sup>5</sup>

The Requesters believe that the Project, as it now stands, will cause irreparable damage to their land and destroy the livelihoods of their communities. They state that the Bank did not comply with a number of its policies and procedures, such as OP/BP 4.12. on Involuntary Resettlement, OP/BP 4.01 on Environmental Assessment, OP/BP 10.04 on Economic Evaluation of Investment Operations and OP/BP 13.05 on Project Supervision.

According to the Requesters, the Bank failed to follow its policies and procedures in the preparation of the Environmental Impact Assessment (“EIA”). They state that the overwhelming majority of their people were not consulted during the preparation of the EIA. The Requesters claim that though the West African Gas Pipeline Company holds periodic meetings with the landowners on the issue on compensation, many of the affected people in their communities are excluded because they are not considered landowners. In the Requester’s opinion, equal consideration should be paid to non-land owners because the pipeline passes the area in which they live, where their children go to school, where women walk to their work at the farms and where their fishing grounds are. In the Requesters’ view, this makes the non-landowners “stakeholders” who should be included in consultations.

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<sup>2</sup> The International Project Agreement was negotiated pursuant to Article VII of the Treaty on the West African Gas Pipeline Project between the Republic of Benin, the Republic of Ghana, the Federal Republic of Nigeria, and the Republic of Togo, signed on January 31, 2003.

<sup>3</sup> IDA is also referred to as the “Bank”.

<sup>4</sup> Project Appraisal Document (PAD), para.3 pg. 6

<sup>5</sup> PAD, para B 1. pg. 9. Both Project Agreements were signed on December 15, 2004.

The Requesters also claim that they did not have access to the EIA. They indicate that when they visited the Badagry and Olorunda local council secretariats in January 2004 to comment on the EIA, the EIA was not available. They understand that the EIA is now available on the internet, but – given the volume of the document, the lack of internet access in their area and the low literacy level in their community - question that their communities will be able to access and understand the EIA. The Requesters add that it would have been important to publish extracts from the relevant documents in Yoruba, the language of their communities. They state that until today, a translation of the Resettlement Action Plan (RAP) into Yoruba does not exist, although land acquisition has been completed.

With regard to the scope of the EIA, the Requesters are concerned that an EIA has not been carried out for the existing Escravos-Lagos Pipeline to which the West African Gas Pipeline will be linked. They consider the Escravos-Lagos Pipeline to be unsafe because of its history of poor maintenance and accidents. They are worried that the Escravos-Lagos Pipeline “*will source the WAGP pipeline.*” Because of that link, the Requesters believe that an EIA for the Escravos-Lagos Pipeline is necessary to determine the Project’s environmental impacts. The Requesters fear that “*the unsafe state of the Escravos-Lagos Pipeline implies a serious danger for the safety of the West African Gas Pipeline and all who live in its proximity.*” They refer to gas explosions and leaks with fatal consequences that happened in other areas of Nigeria, particularly in the Niger Delta. They state that they “*have been told that there is an emergency response and contingency plan to minimize impacts of disasters, but we are totally unaware of its content or adequacy.*”

The Requesters also claim that the Bank has not complied with its policy on resettlement (OP/BP 4.12). They express their fears and concerns about the Project’s impact on their livelihoods and inadequate compensation, and state that they “*are convinced that it [the Project] will not restore or improve our standards of living.*”

The Requesters are especially concerned about the amount of compensation paid to them for the plots of land acquired for the Project. According to the Requesters, members of their communities were assured that “*adequate compensation’ would be paid on the basis of rates established by the Nigerian government and that these rates would be further increased to reflect inflation adjustment and restoration of lost incomes.*” They state that, in hindsight, this assurance provided “*precious little information on the exact amount of compensation*” that should be paid to them for each plot of land acquired under the Project. They believe that the project sponsors kept them “*in the dark*” about relevant information about compensation. They further claim that “*[t]here were assurances from project sponsors that the rates for lease of land in our communities set by the Nigerian government would not be used in computing the quantum of compensation to be paid. But to our surprise, when the compensations were eventually paid, the rates were in most cases less than 4% of the market rate.*”

The Requesters indicate that there were no “*binding contractual relations between individual landowners and WAPCO*” and that the payment of compensation was left to the discretion of the Project sponsors. They claim that this resulted in compensation only for

the actual crops on the affected land, and none for the land or loss of future profits from their activities on the land.

As regards consultation and disclosure, the Requesters claim that not all stakeholders had access to Project information and that the information that was provided was not understood by members of the communities. They state that *“[u]ntil the day some of us collected our compensation, we had no idea of the criteria used for computing the compensations.”* The Requesters believe that this lack of disclosure of relevant information was deliberate to get community support for the Project.

Moreover, the Requesters state that the *“little consultation”* that was carried out *“is a recipe for crisis and violence in our communities.”* They claim that the *“community members have yet to resolve the bitterness and bickering that was the hall mark of the selective consultations which took place with a few landowners, while other land users and impacted persons were ignored.”* The Requesters believe that the “sponsors” of the Project deliberately tried to cause tensions as part of a strategy to divide the community. They refer to cases in which landowners and land users were unable to agree over who should be eligible to receive and keep compensation. The Requesters indicate that the Project has also caused serious social conflicts within families. The Requesters attribute this to the insufficient level of information about compensation, including the amount of compensation paid.

The Requesters also question the economic evaluation of the Project and believe that it will not promote the *“holistic development in our community and even in our country as it is premised on the false assumption that it will reduce the flaring of associated gas in Nigeria.”* They cite Bank estimates, according to which flaring gas, as opposed to capturing gas, costs Nigeria about US\$ 2.5 billion per year. They add that flaring contributes to the destruction of the lands and rivers, to serious health problems, and to great environmental harm.

The Requesters note that while the Project proponents claim associated gas (which is normally being flared) will be the source for the pipeline, they have requested information that would show this is the case. They claim that the fields in the Western Niger Delta where the gas for the Project will be sourced *“are generally non-associated gas fields. This means additional gas would be drilled instead.”* The Requesters claim that the Project design does not demonstrate that any amount of associated gas would run through the pipeline. Thus, the Requesters deem it “inappropriate” for the Bank to support the Project, because it would allow the Project sponsors to *“continue the unwarranted degradation of our environment and livelihoods.”*

In this respect, the Requesters believe that the Bank failed to consider Nigeria’s plans to double oil output by 2010, which according to the Requesters, will inevitably lead to the production of more associated gas. The Requesters claim that without assurance that the Project will only use associated (otherwise flared) gas, rather than non-associated gas, which is cheaper to produce, the Bank will *“set a precedent of looking solely at profit margins, rather than the best development interest of the people of this country.”*

As to economic benefits to their communities, the Requesters assert that employment benefits would only be of a temporary nature during construction work. The Requesters assert that they are not aware of mechanisms that ensure that qualified persons of the communities are trained to secure full-term employment, though they have submitted names of graduates from their communities in different fields, such as engineering.

Based on the above mentioned concerns, the Requesters fear that they will not only lose their lands, which are their only means of livelihoods, but they will also have no prospect of alternative long-term employment, which will further impoverish the people of their communities.

Moreover, the Requesters claim that Management has failed to supervise adequately the preparation and implementation of the Project.

The Requesters assert that they have made several efforts to discuss the above-mentioned issues with Management, *inter alia*, during visits of the Bank to Nigeria in October 2004 and in June 2005. They claim that despite these approaches, the Bank has remained inactive and failed to address their concerns.

The Requesters therefore request that the Panel recommend an investigation to the Board of Executive Directors.

The above claims may constitute non-compliance by the Bank with various provisions of the following operational Policies and Procedures:

OP/BP 4.01	Environmental Assessment
OP/BP 4.12	Involuntary Resettlement
OD 4.15	Poverty Reduction
OP/ BP 10.04	Economic Evaluation of Investment Operations
OD/OP/BP 13.05	Project Supervision
World Bank Policy on Disclosure of Information	

All communications with the Requesters in connection with the Request will be sent until further notice to the addresses listed below.

In accordance with paragraph 17 of the Panel's Operating Procedures (the 'Operating Procedures'), I am notifying you that I have, on May 2, 2006, registered this Request in the Inspection Panel Register.

In accordance with paragraph 18 of the IDA Resolution that established the Panel ('Resolution'), paragraphs 2 and 8 of the '*Conclusions of the Board's Second Review of the Inspection Panel*' (the '1999 Clarifications'), and paragraph 18 (d) of the Operating Procedures, Bank Management must provide the Panel, no later than June 1, 2006, with written evidence that it has complied, or intends to comply, with the Bank's relevant policies and procedures in relation to the above-referenced Project. The subject matter that

Management must deal with in a response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarifications.

After receiving the Management response, the Panel will, as outlined in the 1999 Clarifications and as provided by paragraph 19 of the Resolution, *“determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.”*

The Request has been assigned IPN Request Number RQ06/3.

Yours sincerely,

A handwritten signature in black ink that reads "Edith Brown Weiss". The signature is written in a cursive, flowing style.

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The Executive Directors and Alternates  
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