

Addendum to the Management Response

**ADDENDUM TO THE MANAGEMENT RESPONSE TO THE
REQUEST FOR INSPECTION PANEL REVIEW OF THE
REPUBLIC OF CAMEROON: LOM PANGAR HYDROPOWER PROJECT (P114077)**

MARCH 13, 2018

I. INTRODUCTION

1. This note is to supplement the Management Response to the Inspection Panel (“the Panel”) submitted on February 9, 2018 regarding a Request for Inspection (“the Request”) of the Cameroon: Lom Pangar Hydropower Project (“the Project”), financed by the International Development Association (“IDA” or “the Bank”) (P114077). This Request was registered on December 22, 2017 (RQ17/07).
2. The note provides information on the outcome of the Bank supervision mission that took place from January 25 to February 2, 2018, and various discussions held with counterparts since then. The note also provides updates on the Action Plan outlined in paragraphs 64 to 66 of the Management Response with respect to status, anticipated timeline for completion, and funding sources for the proposed measures.
3. Paragraphs 64 to 66 of the Management Response stated the following:

“Management recognizes, in light of the significant turnover in the workforce over the lifetime of the Project, that some of the improvements introduced by the Contractor may not have benefitted workers who had left the worksite before such improvements were implemented. To that effect, Management has agreed with the Borrower:

- (i) ***That the Borrower will ensure that the existing Project-level [Grievance Redress Mechanism (GRM)] continues to receive and process any current Project-related as well as retrospective complaints.*** In this regard, the Project-level GRM will be extended to review and address the grievances of current and former Project workers; and the availability of the Project-level GRM to receive these and other grievances will be widely publicized. Management already received confirmation from the Borrower that the official representatives who participated in the Social Dialogue Committee would be available to support this task. This would also require the involvement of the human resources department of the Contractor.
- (ii) ***That the Bank will support the Borrower in efforts to identify current or former workers*** who may have work-related grievances that they wish to have reviewed and addressed, including, but not limited to, complaints related to alleged dismissal of workers with Hepatitis B infections and alleged abandonment of workers that suffered accidents on the work site. The Borrower has committed to working with the Contractor on identifying workers based on a review of personnel files, Hepatitis B screening results, and accident logs, as well as through an outreach campaign to solicit information about such grievances. The Bank will monitor the Borrower’s follow-up on those grievances.

Management is working closely with the Borrower to confirm details as to how workers’ grievances were addressed throughout Project implementation and to understand and address any grievances that may remain outstanding. Management is continuing to provide and, where necessary, further strengthen supervision and implementation support until completion of the Project, and support the Borrower with regard to compliance with the Project’s environmental and social requirements.”

II. MANAGEMENT'S CLARIFICATION ON AGREED ACTION PLAN

Status of the Action Plan

4. ***The Government of Cameroon (GoC) has confirmed its strong commitment to resolving the issues raised in the Request as soon as possible and prior to Project closure (December 31, 2018).*** Since registration of the Request, Bank Management has met several times with high level officials of the GoC and the management of EDC (the implementing agency). Government counterparts have confirmed their commitment to implementing the Action Plan. Positive responses have been received from the Ministry of Economy, Planning and Regional Development (MINEPAT) and from the General Manager of EDC, with a commitment to mobilize adequate financial and human resources for the quick resolution of any pending and future cases, prior to Project closure on December 31, 2018. The Contractor, China International Water and Electricity Corp. (CWE), has also agreed to support the implementation of the Action Plan.

Grievance Redress Mechanism

5. ***The Bank is closely supervising the safeguard instruments on which the Action Plan relies.*** Early in January 2018, the Task Team engaged in a thorough review of the safeguard instruments that are in effect to monitor environmental and social aspects of the Project. The Task Team undertook an on-site supervision mission from January 25 to February 2, 2018. It recommended, and the Borrower agreed, to take steps to extend the scope and staffing of the GRM to review and address the grievances of current and former Project workers. In this regard, the Borrower will formalize the extension of the scope and staffing of the GRM by the end of March 2018. This extension will be funded by the Project.

6. ***The Borrower will review and address any complaints received through the GRM.*** The Borrower will meet and consult with complainants, as appropriate, to facilitate the resolution of problems. The Borrower will also report to the Bank's Task Team regularly on complaints received and their resolution. The Contractor will be responsible for sharing documentation related to complaints and paying any additional compensation that may be required.

7. ***The Borrower will undertake a communication campaign to proactively and widely reach out to current and former Project workers to inform them of the opportunities provided through the extended GRM.*** The campaign will also reach out to former workers who believed that they were dismissed for health reasons. The Task Team and Borrower also discussed the scope and scale of the outreach campaign to make current and former Project workers aware of the GRM and its services. Bank Management and the Borrower agreed on the need to carefully design this campaign to ensure that potentially affected workers are adequately targeted. To support Project supervision, the Bank recruited a consultant experienced in Quality Hygiene, Security and Environment (QHSE) issues (see paragraph below), who will work with the Project's safeguard team to support the Borrower in designing mechanisms to extend the GRM and methods for the outreach campaign. In this regard, the safeguard team attended a consultation workshop organized by the Borrower (February 28 to March 2, 2018) where a specific presentation on the Project GRM was made. Plans for the scope and duration of the outreach campaign will be finalized by the end of April 2018. The campaign will commence by June 2018. The campaign will be funded by the Borrower.

Current and Former Workers

8. ***To date, the Borrower has gathered information on three workers' complaints of dismissal following work-related accidents. These complaints were not included in the Request for Inspection.*** The Borrower has begun meeting with the complainants and has committed to updating Bank Management regularly on the status of the discussions. The Borrower has obtained from the Contractor the medical reports from the August 2014 Hepatitis B testing campaign and the minutes of demobilization and contract documents for 48 of the workers who tested positive for Hepatitis B (out

of 67). Research is still ongoing to locate the records of the remaining 19 workers. This documentation will allow the Borrower to understand the exact circumstances under which some of the contracts were terminated, whether the Contractor complied with its obligations, and whether further actions are needed.

Implementation Support

9. ***As part of its implementation support efforts relating to the actions included in the Action Plan, Bank Management has recruited a specialized local consultant with experience in QSHE, good knowledge of Cameroonian labor law and experience in organizational management.*** The selected consultant is based in Bertoua, Cameroon and is very familiar with the Project and many of the issues under review.

10. ***Consistent with his terms of reference, the consult will:*** (i) review and comment on the Social Dialogue Committee Decisions and all aspects related to retroactive applicability of those decisions; (ii) review demobilization minutes of workers (where available on site and/or in Yaoundé); (iii) review specific cases of workers upon the Bank's request, including, but not limited to, health and safety concerns (Hepatitis B, HIV, industrial accidents, etc.) on a case by case basis; and (iv) oversee the Borrower's efforts to extend the existing GRM to address work related complaints. The Consultant is expected to deliver the following outputs within one month: (a) report on Social Dialogue Committee decisions and demobilization of workers; (b) analysis/report on worker demobilization on a case by case basis; and (c) comments on the design of mechanisms for extending the existing project GRM and relevant outreach campaign to address potential workers' complaints.

11. ***Bank Management believes that the involvement of this specialized consultant will assist the Bank in closely monitoring the results of the process and provide additional guidance and support to the Borrower in implementing the agreed Action Plan.*** Points (i) and (iii) of the scope of services will be instrumental in understanding how many former workers may not have benefited from the decisions taken by the Social Dialogue Committee and when they separated from the Project. Point (ii) of the scope of services will provide the Bank with an objective analysis of the worker's file for any complaints brought to date and help the Borrower in addressing them adequately.

E&S Panel of Experts and ATESI

12. The Task Team's recent mission also included a review of mobilization of the E&S panel of experts and of the independent E&S auditor (ATESI). The mission recommended that the contracts for the E&S panel of experts and ATESI be extended (funded by the French development agency, AFD, until 2021). The E&S panel contract extension is currently pending non-objection from the AFD; contractual discussions are required to extend the ATESI contract and scope, which are expected to be concluded by mid-April 2018.

13. The mission emphasized that maintaining the E&S panel and the ATESI fully operational until Project closure is a legal covenant of the Project Financing Agreement.

Expected Timeline for Completion of the Action Plan

14. ***The next steps in the Action Plan are the completion of ongoing due diligence by April 30, 2018, followed by the outreach campaign.*** The completion of due diligence by the end of April 2018 will enable the Borrower to (i) engage with identified victims on their claims; (ii) follow up on the 67 workers identified as positive for Hepatitis B; and (iii) start the outreach campaign to reach former workers in the most effective manner. This timeline should allow the Borrower to identify and resolve most cases by October 2018, prior to Project closure planned on December 31, 2018.

Funding Sources and Contract Performance Incentives

15. ***The GRM is required to remain operational and fully funded by the Borrower under the Project through Project closure and is expected to be maintained thereafter with AFD funding.*** This applies to the extended scope of the GRM as well as the staff and logistics needed for the GRM. The Task Team will monitor the GRM to ensure that adequate resources continue to be allocated to this key instrument, despite the reduction of activities on site. Bank Management notes that after the Bank Project closure, AFD will remain involved in the Project up to 2021 and will also ensure that a GRM is maintained.

16. ***E&S panel of experts and ATESI contract extensions.*** The two contracts are financed by AFD, which will remain involved on the Project until 2021 as per its financing agreement.

17. ***The consultant retained by the Bank as part of the Bank's implementation support and oversight of the Project*** is financed under Bank budget for the Project.

18. ***The need for additional compensation that could arise from the analysis of individual cases and outreach to former workers is to be borne by the Contractor as per its obligations as the employer.*** Once agreed and finalized with workers, the final settlement will need to be paid by CWE consistent with its contractual obligations. In order for CWE to receive its full and final payment under the contract, CWE will need to address all non-conformities. Should the Contractor fail to comply with contractual obligations, the Borrower has the right to apply contractual remedies in accordance with the contract.

Conclusion

19. ***Bank Management believes that the agreed Action Plan can be implemented within the next 6 to 8 months, given the demonstrated commitment of the Borrower and the Contractor to date, additional resources made available to the Borrower, and close monitoring by the Task Team of all actions and timelines.*** Bank Management will provide detailed feedback on the implementation of the Action Plan and results within a year.