

**BANK MANAGEMENT RESPONSE TO  
REQUEST FOR INSPECTION PANEL REVIEW OF THE  
CAMEROON PETROLEUM DEVELOPMENT AND PIPELINE PROJECT AND  
CAMEROON PETROLEUM ENVIRONMENT CAPACITY  
ENHANCEMENT PROJECT**

Management has reviewed the Request for Inspection of the Cameroon Petroleum Development and Pipeline Project (Loan 7020-CM), and the Cameroon Petroleum Environment Capacity Enhancement Project (Credit No. 3372-CM), received by the Inspection Panel on September 25, 2002 and registered on September 30, 2002. Management has prepared the following response.

## CONTENTS

<b>Abbreviations and Acronyms .....</b>	<b>iii</b>
<b>Introduction.....</b>	<b>1</b>
<b>I. The Request .....</b>	<b>1</b>
<b>II. Project Background.....</b>	<b>3</b>
A. Petroleum Development and Pipeline Project .....	3
B. Petroleum Environment Capacity Enhancement Project (CAPECE).....	5
<b>III. Special Issues .....</b>	<b>5</b>
A. Cumulative Impacts .....	5
B. Institutional Development.....	7
C. Protected Areas .....	10
D. Bakola .....	13
E. Compensation .....	15
F. Intensified Supervision .....	18
G. Labor Relations.....	19
<b>IV. Management’s Response .....</b>	<b>20</b>

Table 1. Summary of Bank Activities

### Maps

- Map 1. Cameroon – Petroleum Development and Pipeline Project (IBRD 32132)
- Map 2. Cameroon – Petroleum Development and Pipeline Project – Campo-Ma’an National Park (IBRD 32148)

### Annexes

- Annex 1. Claims and Responses
- Annex 2. Responses to Claims Involving Individual Cases

## ABBREVIATIONS AND ACRONYMS

ASOSRPs	Area Specific Oil Spill Response Plans
BP	Bank Procedure
CAPECE	Cameroon Petroleum Environment Capacity Enhancement Project
CCS	Cameroon Chad Specifications
CDF	Community Development Facilitator
CED	Center for Environment and Development
CFAF	CFA Franc
CLS	Center Line Survey
CNLS	Comité National de Lutte contre le Sida (National Committee to Fight HIV/AIDS)
COTCO	Cameroon Oil Transportation Company, S.A.
CPSP	Comité de Pilotage et de Suivi des Pipelines (Pipeline Steering and Monitoring Committee)
CS	Comité de Suivi
EA	Environmental Assessment
EAS	Environmental Alignment Sheet
ECMG	Environmental Compliance Monitoring Group
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FEDEC	Foundation for Environment and Development in Cameroon
FOB	Free On Board
FSO	Floating Storage and Offloading Vessel
GEF	Global Environment Facility
GEPFE	Groupe d'Étude des Populations Forestières Équatoriales (Study Group for Equatorial Forest Populations)
GOC	Government of Cameroon
GOSRP	General Oil Spill Response Plan
GPS	Global Positioning System
GTZ	Gesellschaft für Technische Zusammenarbeit (German technical assistance agency)
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
IAG	International Advisory Group
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
IPDP	Indigenous Peoples Development Plan
IPE	Independent Panel of Experts
LCC	Local Community Contact
NGO	Nongovernmental Organization

NOSRP	National Oil Spill Response Plan
OD	Operational Directive
ONADEF	Office National de Développement des Forêts (National Office for Forest Development)
OP	Operational Policy
PRSP	Poverty Reduction Strategy Paper
SAILD	Service d'Appui aux Initiatives Locales de Développement (Action Service for Local Development Initiatives)
SNH	Société Nationale des Hydrocarbures (National Hydrocarbons Company)
STDs	Sexually Transmitted Diseases
UNFPA	United Nations Fund for Population Activities
USD	United States Dollar
UTO	Unité Technique Opérationnelle
WCS	Wildlife Conservation Society
WWF	World Wide Fund for Nature

**Currency Unit**  
USD 1 = CFAF 700

## **INTRODUCTION**

1. On September 30, 2002 the Inspection Panel registered a Request for Inspection, IPN Request RQ 02/2 (hereafter referred to as “the Request”), concerning the Cameroon Petroleum Development and Pipeline Project (the “Pipeline Project”) financed by the International Bank for Reconstruction and Development (IBRD), and the Cameroon Petroleum Environment Capacity Enhancement Project (the “CAPECE Project”), financed by the International Development Association (IDA).

### **I. THE REQUEST**

2. The Request for Inspection was submitted by the Center for Environment and Development (CED), a local nongovernmental organization (NGO) based in Yaoundé, representing several residents who live along the oil pipeline route, as well as several workers or sub-contractors of Cameroon Oil Transportation Company S.A. (COTCO), who are all resident in the Republic of Cameroon (hereafter referred to as the “Requestors”).

3. Attached to the Request are:

- (i) Minutes of Collective Negotiations between Labor and Management of Doba Logistics, Cameroon, February 27-28, 2002;
- (ii) Letter of January 16, 2002 from an inhabitant of Nkongzok II to the Prime Minister of Cameroon requesting assistance in payment of compensation;
- (iii) Letter of May 26, 1998 from the villagers of Ebomé to COTCO concerning loss of the village’s water source;
- (iv) Letter of February 27, 2001 from the Deputy Permanent Secretary of the Pipeline Steering and Monitoring Committee (CPSP - Comité de Pilotage et de Suivi des Pipelines), based at the Société Nationale des Hydrocarbures (SNH - National Hydrocarbons Company) to the inhabitant of Nkongzok II regarding evaluation of his plantation for compensation;
- (v) Contract and termination documents for an employee of Doba Logistics who was let go prior to expiration of the contract;
- (vi) Letter of December 19, 2001 from an inhabitant of Mpango/Kribi to Willbros-Spie-Capag concerning difficulty of access to his property;
- (vii) Letter of May 3, 2001 from COTCO to the inhabitant of Mpango in response to his letter of April 22, 2001;
- (viii) Medical documentation (hospital services and prescriptions) dated April 2002 for an employee of ATM Services;

- (ix) Termination letter and documentation for this same employee in May 2002;
- (x) Minutes of a meeting on June 4, 1998 concerning destruction of property belonging to an inhabitant of Makouré/Kribi;
- (xi) Agreement reached between this inhabitant and COTCO on December 29, 2001;
- (xii) Letter of August 2, 2000 from this inhabitant to COTCO concerning additional trees not recognized in the previous agreement;
- (xiii) Letter of October 6, 2000 from COTCO in response to the above;
- (xiv) Agreement between COTCO and the inhabitant resolving the issue (undated);
- (xv) Letter, undated, from the inhabitant of Mpango/Kribi (same as cited above in (vi)), to the General Director of the Pipeline Project delineating numerous problems with the pipeline construction in proximity to his home; and
- (xvi) “Traversing People’s Lives,” article by Samuel Nguiffo, Center for Environment and Development/Friends of the Earth – Cameroon, Friends of the Earth – International.

No further materials were received by Management in support of the Request.

4. The Request alleges that the Bank has not complied with the following policies and procedures:

- OD 4.01 on Environmental Assessment, October 1991;
- OP/BP 4.04 on Natural Habitats, June 2001/September 1995;
- OD 4.15 on Poverty Reduction, December 1991;
- OD 4.20 on Indigenous Peoples, September 1991;
- OD 4.30 on Involuntary Resettlement, June 1990; and
- OP 13.05 on Project Supervision, July 2001.

## II. PROJECT BACKGROUND

### A. PETROLEUM DEVELOPMENT AND PIPELINE PROJECT

5. The Pipeline Project is the single largest private sector investment in Sub-Saharan Africa. It is expected to cost about USD 3.7 billion, of which about 4 percent are funded by the Bank and the International Finance Corporation (IFC). The private sponsors, ExxonMobil of the United States (the operator, with 40 percent of the private equity), Petronas of Malaysia (35 percent), and Chevron of the United States (25 percent), which form a consortium (the Consortium), will develop three oil fields in southern Chad. The Project will also comprise the construction of a 1,070-kilometer pipeline from the oil fields to Cameroon's Atlantic coast at Kribi, three related pumping stations, ancillary facilities, infrastructure improvements, and installation of an offshore Floating Storage and Offloading (FSO) vessel with an 11-kilometer submarine pipeline from the coastline near Kribi to the vessel. See Map 1.

6. The Bank, IDA and IFC were originally approached to participate in the Pipeline Project in 1992. The involvement of the Bank and IFC in the Pipeline Project is predicated on: (i) the unique opportunity it presents for Chad as well as Cameroon to generate additional revenues to combat poverty; and (ii) the need to implement the Pipeline Project in a socially and environmentally sound manner in both countries. This approach to the Pipeline Project has been essential in integrating a range of relevant challenges into Project preparation, including social and environmental issues.

7. The Pipeline Project was prepared by the Consortium and the Governments of Chad and Cameroon, with the assistance of the Bank, IFC and other public and private lenders, from 1993 to 1999. The Consortium and the Governments of Chad and Cameroon have established TOTCO and COTCO, two joint-venture companies to own and operate, respectively, the Chad and Cameroon portions of the Export System. The Government of Cameroon (GOC) also owns a portion of COTCO. Esso Export and Production Chad, Inc. is the Petroleum Development and Pipeline Project's manager and operator, responsible for overall coordination of the Pipeline Project, including with TOTCO and COTCO, the two Governments, the Bank, IFC, and other lenders.

8. The Project was appraised by the Bank in late June and early July 1999 and negotiated by the Bank from February to April 2000. An IBRD loan of USD 53.4 million to the Republic of Cameroon, which will finance part of the equity of the GOC in COTCO, was approved by the Bank's Executive Directors on June 6, 2000. An IFC A Loan of USD 100 million which mobilized up to USD 100 million in commercial bank lending to fund a portion of the Project costs of the Export System in Chad and Cameroon, was approved by IFC's Executive Directors on June 6, 2000. The European Investment Bank (EIB), like IBRD, provided financing to the GOC (about USD 29.6 million equivalent) to finance its equity investment in COTCO.

9. The Pipeline Project will provide additional revenues in Cameroon which can be used for the social sectors and other essential public expenditure needs. Cameroon's revenues expected from the pipeline are not significant enough (about 3 percent of total

Government revenues) to justify a special mechanism such as that provided under Chad's Petroleum Revenue Management Program; in addition, Cameroon's reform program, supported by the Bank, includes efforts towards budget consolidation. Through its lending program and country dialogue, the Bank is assisting Cameroon to use the benefits of the pipeline activity to support its poverty strategy. Cameroon's full PRSP is expected to be transmitted to the Bank and the IMF by the end of 2002.

10. As stated in the Project Appraisal Document (PAD), the development objective of the Pipeline Project in Cameroon is to increase fiscal revenues available for financing priority development expenditures, through environmentally and socially sound private investment in the petroleum sector and in the context of the GOC's strategy for economic growth and poverty reduction. The construction and operation of the pipeline is a major project that will provide significant income to the Cameroonian economy through transit fees, the GOC's dividends from its share of COTCO, and taxes. Effective environmental and social protection will minimize the direct and indirect costs to Cameroon associated with this pipeline.

11. Before the Pipeline Project was appraised, the GOC established an interministerial committee, the CPSP, by Decree 97-116 of July 7, 1997. The Administrator General of the SNH is the Chairman of the CPSP, which is comprised of representatives from all ministries and agencies involved in the supervision and monitoring of pipeline construction and operation. The CPSP has two arms:

- The "Comité de Suivi" (CS) is the steering, monitoring and administrative arm, comprised of representatives of fifteen ministries involved in authorizing, overseeing, and monitoring pipeline construction and operation activities. The Chairman reports to the President of the Republic. Among its other duties, the CS is responsible for ensuring that all the parties involved comply with their obligations under the 1999 Environmental Assessment/Environmental Management Plan (EA/EMP), including the Compensation Plan; and
- The "Permanent Secretariat" is the operational arm in charge of implementing the mandates of the CPSP at field level, and reporting to the CS.

The operating rules and procedures of the CPSP and the Permanent Secretariat were defined by a Presidential Arrêté of August 24, 1999 which clarified the implementing rules of Decree 97-116. This Arrêté also established the administrative structure of the CPSP, which has six operational units to implement its mandates. They are staffed with environmental, pollution control, economic, social and health experts.

12. The Consortium and the Borrowers under the Bank loans share the responsibility for implementing the Pipeline Project. The Pipeline Project was designed in such a way that COTCO is responsible for most of the implementation of the Environmental Management Plan (EMP). The GOC is responsible for implementation of part of the compensation process, in cooperation with COTCO, and for overall supervision and monitoring of implementation of the EMP, in accordance with the applicable laws and regulations of the country and procedures spelled out in the EMP itself.



13. During preparation of the Pipeline Project, the institutional framework described above and Cameroon's capacity were assessed and determined to require additional support in order to successfully supervise and monitor the 1999 EA/EMP. Bank-GOC dialogue on the capacity issue resulted in the design and implementation of a capacity-building project (the CAPECE Project) to benefit the CPSP, its executive arm, and the various ministries and agencies involved in the supervision and monitoring of the 1999 EA/EMP.

## **B. PETROLEUM ENVIRONMENT CAPACITY ENHANCEMENT PROJECT (CAPECE)**

14. The IDA-financed CAPECE Project (USD 5.77 million) was approved on June 6, 2000, and declared effective on March 28, 2001. The overarching objectives of the CAPECE Project are to: assist the GOC to develop and establish a national capacity for the environmental management and monitoring the Pipeline Project; and on a medium- to long-term basis, to help ensure the environmental sustainability of future projects, programs and policies in the petroleum sector in Cameroon. To achieve these objectives, the CAPECE Project was designed to: (i) support the strengthening of the institutional, legal and regulatory framework for environmental management in the oil sector; (ii) strengthen the Permanent Secretariat's central units and field-based multi-disciplinary teams to monitor socio-economic, bio-physical and health impacts including HIV/AIDS along the pipeline road on a regular basis during the construction phase and later during operation of the pipeline; (iii) coordinate and monitor field activities including support to other ministries and agencies involved in monitoring implementation of the 1999 EA/EMP for the pipeline; (iv) enhance information, education, communication and health programs related to pipeline construction and operation; and (v) manage and monitor environmental information.

## **III. SPECIAL ISSUES**

### **A. CUMULATIVE IMPACTS**

15. The Requestors claim a violation of OD 4.01 in that the environmental impact study has not undertaken an analysis of the cumulative impacts of the Pipeline Project. In that connection, they allege that the EA did not take sufficient account of the operations for exploiting oil in the Ebomé region (Kribi), or of the possible benefits of tourism development in Kribi.

16. Management does not agree with the Requestors' claim, and takes the position that the degree of cumulative impact analysis undertaken for the Pipeline Project's impact in Cameroon was satisfactory and in compliance with OD 4.01. In determining the cumulative impacts to be assessed, Management took into account that the Pipeline Project will leave only a small footprint in Cameroon. The footprint consists of two pumping stations and one pressure reduction station, occupying only a few hectares of land. The pipeline will be buried. The 15-meter strip above the buried pipeline (the "System Easement") will be subject to some land use restrictions and will be monitored

by COTCO. However, annual crops and grazing will be permitted on the easement. Thus, Management believes that the 1999 EA/EMP adequately considered cumulative impacts, by focusing especially on impacts on natural habitat, as well as impacts on tourism and fisheries in the Kribi area. Induced access management controls were considered necessary in areas where the pipeline easement might otherwise provide access to sensitive natural habitats, and such controls were included in the 1999 EA/EMP (Induced Access Management Plan, Cameroon Portion, Volume 1, Appendix D). Regarding impacts of the Pipeline Project in the Kribi area, the selected location of the offshore facility did take into account the ongoing production of the offshore Ebomé oil field south of Kribi. This field supplies an FSO vessel similar to the one which will be put in place under the Pipeline Project. No significant environmental impacts have been identified from the operation of this FSO. Following a review of the issue, Management has determined that the anticipated cumulative impacts of the Ebomé marine terminal and the Pipeline Project marine terminal are low. The risk of an oil spill from both installations at the same time is considered as statistically very unlikely. The Pipeline Project's FSO itself will have very little impact on the surrounding marine environment. With respect to the frequency of tankers loading at the FSO it is planned for one tanker to load every three weeks during early production (50,000 to 75,000 barrels/day and two or three tankers per week during full production (225,000 barrels/day). This is a low traffic area and while there is a small commercial offshore fishery the cumulative impacts of the addition of tanker traffic are manageable and tanker traffic will be managed by COTCO as part of their export responsibilities and FSO ASOSRP.

17. The selected location of the pipeline route and offshore facility also takes into account the Kribi Development Plan, which designates the northern coast as the region for urban residential and tourism development. Industrial uses are located south of Kribi, in an area where a deepwater port may be implemented in the future. There is a site of potential tourism interest at Lobé Falls, south of Kribi; however, this area supports mainly local beach use at the present time. Aesthetic and tourism values would not be altered by the proposed offshore facility, which would not even be visible from Lobé Falls (more than eleven kilometers out to sea). Development of the onshore pressure reduction station east of the town of Kribi, and of the offshore FSO, would not in any way hamper access to this area.

18. Concerning the potential for cumulative impacts in regard to people living near the pipeline, the May 2002 Report of the International Advisory Group (IAG; see para. 62) on its 3<sup>rd</sup> Statutory Mission, Cameroon, April 7-18, 2002, indicates that, despite improved communication by COTCO and the GOC, people living along the pipeline are worried about the impact that the operation of the permanent facilities will have on their health and their future. To address these concerns, the IAG recommends deployment of an effective information campaign on the subject. The Bank will continue to work with COTCO and the GOC to improve performance in this respect. Particular emphasis will be given to ensuring full and informed participation of potentially affected communities in the planning of the Area Specific Oil Spill Response Plan (ASOSRP) for the Kribi area and the conduct of the National Oil Spill Response Plan (NOSRP) study.

19. The Pipeline Project will leave a legacy of improved roads and other infrastructure which it will be the GOC's responsibility to maintain in the future. The GOC will also be responsible for the protection and management of forests and biodiversity in areas where the pipeline easement and associated infrastructure may provide increased access. These concerns will become increasingly important as pressure is growing from the local population to maintain access infrastructure rather than removing it as foreseen in the Induced Access Management Plan. Management plans to maintain a continuing dialogue with the GOC and all stakeholders in Cameroon to ensure that these issues are addressed in ways consistent with the GOC's poverty reduction and environmental management strategies.

20. During preparation of the Pipeline Project, and consistent with the concern to address potential cumulative impacts, Bank missions raised with the GOC the need to anticipate short term "boom and bust" impacts around the construction sites, and longer-term social impacts in the vicinity of the fixed facilities. Under the CAPECE Project, CPSP is to undertake a planning study of sites likely to be impacted by the construction of fixed facilities (study of "zones at risk"). The local consultant has been selected and the contract is in the process of being signed. This study will recommend actions to be taken by central and local authorities to strengthen social infrastructure and services (particularly water supply and health care) in the areas that have been or are likely to be affected. External financing may be needed to assist the GOC in implementing the recommendations of this study.

21. A related concern of the international community has been the cumulative impact of the Pipeline Project with other operations in the oil sector in Cameroon. To address this concern, the CAPECE Project includes the execution of a "Vision Study" for the petroleum sector that would assess and help develop the capacity for cumulative impact assessment within the institutions responsible for petroleum sector management. This study is expected to start after the CAPECE Project Mid-Term Review. While such assessments would be desirable for future energy projects, Management believes that the incremental impact of the Pipeline Project (which, in Cameroon, is an oil transportation, not an oil production project) on Cameroon's domestic energy sector is not significant enough to warrant a separate sectoral assessment.

## **B. INSTITUTIONAL DEVELOPMENT**

22. It was a Government decision (Decree 97/116 of July 7, 1997), some time before the Pipeline Project was accepted for Bank financing, to establish the CPSP as the main body in charge of supervising and monitoring pipeline construction and operation. This Decree was enacted under the law related to the construction and operation of pipelines in Cameroon.

23. After the Bank was requested to participate in the financing of the Pipeline Project and after due consideration of the 1999 EA/EMP, including the national capacity for environmental management and monitoring, it was agreed that the CPSP needed to be strengthened. The CAPECE Project was designed to meet that objective; however, beyond the CPSP's responsibility for monitoring the Pipeline Project, the ultimate goal of

the CAPECE Project is to strengthen the national capacity of Cameroon to manage and protect its environment, with particular reference to the petroleum sector. Implementation of the CAPECE Project is the responsibility of the CPSP. CPSP membership involves wide participation from all ministries involved in pipeline supervision and monitoring, especially those sectoral ministries in charge of public works, health, mining and water, finance, justice, labor, agriculture, energy, and culture. The members of CPSP were appointed by Presidential Arrêté in 1999.

24. Management recognizes that pipeline construction began before effective supervision and monitoring capacity was in place at the CPSP level. Implementation of the CAPECE Project was slow in the beginning. However, continuous Bank-Cameroon dialogue has resulted in progress in implementation of the various components of the CAPECE Project, including hiring, training and dispatching biophysical and socio-economic specialists to the pipeline construction zone, improved coordination among the various agencies and ministries involved in supervision and monitoring of pipeline construction, and better collection and treatment of Project-related information. During its last supervision mission, the Environmental Compliance Monitoring Group (ECMG; see para. 62) noted that “Cameroon’s field monitoring capacity improved significantly, with a sizeable increase in the number of engineers, foresters, and socio-economists working full-time, except in the health sector.” This assessment is shared by the IAG, which during its 3<sup>rd</sup> Statutory Mission in April 2002, advised that the capacity building activities should continue at a rapid pace to ensure effective supervision and monitoring of pipeline construction and later operation.

25. Bank supervision missions have worked closely with CPSP to speed up the procurement process. Equipment and services were and are being procured and contracted. The CPSP launched bidding processes and signed contracts to procure equipment and goods to enhance capacity of its field teams and coordination with other institutions involved in monitoring construction of the pipeline. Contracts signed or being signed include those related to: (i) development of the legal and regulatory framework; (ii) planning studies of areas likely to be affected by construction activities, including the sites of fixed facilities and major construction camps (zones at risk); (iii) monitoring of implementation of the Indigenous Peoples Development Plan (IPDP); (iv) supervision of protection of cultural heritage; (v) establishment of an environmental information management system; (vi) preparation of a NOSRP; (vii) acquisition of goods for newly-established health centers along the route of the pipeline; and (viii) equipment and computers for information management and communication. Some of these bidding processes are already completed and services are expected to be furnished to the CPSP during the coming months.

26. Credit should be given to CPSP staff, who continued to implement their activities in the field to monitor implementation of the 1999 EA/EMP, sometimes under difficult conditions and without adequate equipment and/or appropriate support. They follow quarterly work programs and generate information for the CPSP to prepare monthly and quarterly reports that are sent on a regular basis to the Bank. The field staff of the CPSP work in close coordination with COTCO’s EMP monitors regarding all aspects of EA/EMP monitoring, such as biophysical aspects at construction sites, including waste

management, soil erosion, and protection of water resources; socio-economic aspects, with follow up on implementation of the Compensation Plan; and preparation of community compensation, for which additional staff have been mobilized. Technical training has been provided to the CPSP EMP monitors by COTCO.

27. The health component of the CAPECE Project has advanced the least. Mobilization of the Ministry of Health proved difficult in the beginning and the Bank supervision team followed closely the joint effort of CPSP and the Ministry of Health to better coordinate and implement actions. Links have been established with the Bank financed HIV/AIDS program in Cameroon and a campaign to collect data along the pipeline is underway in order to provide appropriate medical services and supplies through the identified health centers. Also, the Ministry of Health and the CPSP coordinated closely with COTCO to identify detailed needs for intervention from the Ministry of Health, in particular in areas where population in-migration is the highest, as well as priority needs for equipment in relevant health units. A specific focus was placed on the Dompta informal settlement, which benefited from the establishment of a Health Center. Finally, with CPSP assistance, a convention was signed to coordinate work on HIV/AIDS between COTCO and the Ministry of Health. The health component of the CAPECE Project shows that capacity building is a complex and time consuming endeavor. However, efforts implemented thus far have proved to be very beneficial to Cameroon.

28. The establishment of the Foundation for Environment and Development in Cameroon (FEDEC) as a consultation and financial mechanism to provide for the biological diversity offset and implementation of the IPDP is an important aspect of capacity building in Cameroon. This is an innovative mechanism that has proved to be very effective in many parts of the world. It has the capacity to ensure that a dialogue is maintained among all stakeholders to define the best ways to deal with the issues at stake. That FEDEC had a slow start is partly due to the fact that it is a relatively unknown mechanism in Cameroon and that the learning and adjustment process needed to be completed before FEDEC could become the effective tool it is meant to be. FEDEC now has a place in the institutional landscape for environmental management in Cameroon and further actions are being taken and/or prepared to strengthen its activities.

29. An international consultant will be contracted by end November 2002 to start a comprehensive training program for all staff of CPSP and sectoral ministries in charge of supervision and monitoring of implementation of the 1999 EA/EMP. This will be extended to decentralized offices of the various ministries involved in monitoring of the EMP. Staff of these offices would then build on the experience they obtained earlier on the construction sites, from which they drew important lessons particularly as regards safety, quality-control, compensation, and communication with affected people and communities. These ministries and agencies are now consolidating their experience in order to enhance the effectiveness of their intervention in the field.

30. The preparation of the NOSRP also aims at developing and strengthening the national capacity to deal with oil spills and contingency interventions beyond the Pipeline Project itself. Cameroon has an active domestic petroleum production and transport

sector, apart from the pipeline, which calls for the development of such capacity. Oil spill response in connection with the pipeline will also be covered by the COTCO-sponsored ASOSRPs.

31. Under the legal and regulatory component of the CAPECE Project, the GOC is being assisted to prepare implementation decrees and Arrêtés for the national environmental framework law (Law no. 96/12) and the pollution control law (Law no. 98/15). These decrees and Arrêtés are needed to establish national standards and procedures and provide the parameters against which the environmental impact of the Pipeline Project (and all other projects) may be measured. The CAPECE Project will also support dissemination workshops for key stakeholders and training for Government staff, including judges, and central and local government officials involved in environmental monitoring and enforcement. In this way, the CAPECE Project will make a significant contribution to the implementation of the National Environmental Management Plan, going well beyond the limits of the petroleum sector. The contracts for both preparation of the implementation decrees and Arrêtés, and training on the environmental framework law and pollution control law were signed and are being implemented by the selected consultants.

32. Finally, capacity building activities have assisted both central and field staff of the GOC to generate improved supervision and monitoring reports which contain important information and have proven to be very useful. The content and quality of the monthly and quarterly reports from the CPSP Permanent Secretariat to the Bank are improving and equipment being acquired (computers and software) will allow CPSP to expand its capacity to generate reports on Project implementation and on activities related to monitoring of EMP implementation. Regular publication of the CPSP Newsletter, which reports on pipeline construction, is an important and innovative tool to help develop communication between CPSP and other Pipeline Project stakeholders and affected communities. Bank staff supervising the Pipeline Project observed that the Newsletter contains valuable information and is publicly available to interested parties.

33. While acknowledging this progress, Management will continue its supervision effort and maintain its dialogue with CPSP to ensure that before the end of calendar year 2002, all procurement processes and activities of the CAPECE Project are implemented or under implementation. The Mid-Term Review of the CAPECE Project, expected by February 2003, will be a critical step to move the CAPECE Project forward and upgrade its results on the ground.

### **C. PROTECTED AREAS**

34. The Requestors believe that the choice of the Campo-Ma'an Protected Area as an offset for potential Pipeline Project-related loss of biodiversity in the Atlantic coastal forest of Cameroon was inappropriate because the region was already a protected area and has received support under a project financed by the Global Environment Facility (GEF), effective since 1995 and still ongoing. Furthermore, they allege that protection of the area is inadequate because of threats due to the existence of industrial activity in the immediate proximity of the protected area. They claim that the Bank is not in compliance

with OD 4.01 on environmental assessment. In addition, they claim that OP 4.04 on natural habitats has not been respected since action to manage the offsets has not been launched because of the delays in establishing FEDEC. Management believes that the Bank is in compliance with the requirements of OD 4.01 and OP 4.04.

35. The National Park of Campo-Ma'an did not pre-date the Pipeline Project. Campo-Ma'an was declared a National Park by Prime Ministerial Decree (No. 004) in January 2000. While an area called "Reserve de Faune de Campo-Ma'an" existed since 1932, this area was geographically distinct from the current area of the National Park (see Map 2) and was open to a range of land uses including hunting, logging and land conversion. Under Law 94-001 and Decree 95/478, the Campo-Ma'an region, including the Campo Reserve, the Ma'an Forest Reserve, and a substantial area of land without any prior legal protection, was re-organized into a Unité Technique Opérationnelle (UTO) for the purpose of integrated participatory land use planning under the GEF-funded Biodiversity Conservation Project. This planning process resulted in the identification of a core area within which significant biodiversity values remain. The Pipeline Project played a catalytic role in obtaining for this area its current status as a National Park, which affords the highest level of protection possible under Cameroonian law to over 264,000 hectares of the best conserved forests in southwestern Cameroon. In addition, it mandates compliance with special environmental provisions for over 419,000 hectares that surround the Park.

36. After Bank review of the draft 1997 EA, it was decided that residual biodiversity losses in the Atlantic coastal forest and in the semi-deciduous forest of Cameroon would require appropriate mitigation measures in the form of biodiversity offsets, in accordance with OD 4.01 and OP 4.04. In preparing the EMP, the Pipeline Project sponsors considered six potential sites for the Atlantic coastal forest offset (EMP, Cameroon Portion, Volume 4, pp. 3-1 and 3-2). With the advice of biodiversity experts, the Campo-Ma'an UTO was selected as the most appropriate location for an offset. Compared to all existing coastal forests, which were inhabited, too fragmented, already converted to industrial plantations, or too close to major cities like Douala, the area proposed under the GEF project to be the core area of a future Campo-Ma'an Park was selected as the most suitable site for an offset. Such a Park was described by experts as potentially unique in harboring significant wildlife populations. Furthermore, it contained no permanent settlements that would require resettlement. The area known as Mbam and Djerem, which had no prior protection, was selected as the best site for an offset to compensate for residual biodiversity loss in the semi-deciduous forest of Cameroon.

37. The GOC agreed to the selection of the core area of Campo-Ma'an and Mbam and Djerem as offsets, and supported this choice by promptly undertaking the legal process to declare them as National Parks, including a public consultation process. In exchange for an estimated loss of about ten square kilometers of forest, the offsets provide protection for an area greater than 5,000 square kilometers.

38. To assist in fulfilling its obligations under the EMP to ensure effective protection and management of the National Parks, the GOC has placed additional staff in the field. The CAPECE Project supports the development and deployment of this capacity both in

Campo-Ma'an and (after initial studies have determined the parameters of participatory management) in Mbam and Djerem.

39. The Campo-Ma'an component of the ongoing GEF project has continued to finance detailed studies and participatory planning processes for the National Park. The funds provided to FEDEC by the Consortium will be used to support initial park management requirements, with the goal of protecting biodiversity. These funds will be complemented by Government expenditures which would otherwise likely not have been made in this area.

40. Regarding the threats posed by industrial activities in the surrounding area, the objective of participatory planning for the buffer zone was precisely to identify and contain such threats by finding ways of meeting the socio-economic needs of the population without threatening the biodiversity values of the National Park. Large-scale plantations and agro-industries as well as logging and sawmills were in operation in the communes of Campo and Ma'an well before the preparation of the GEF project. To address these threats, the GEF project has developed a participatory framework for managing the National Park and buffer zone complex, which would confine such land uses to the more degraded zones where they are presently found. Threats from pre-existing industrial activity were effectively analyzed and mitigation measures were designed in partnership between all stakeholders to ensure long-term sustainability of the newly established Campo-Ma'an National Park. Funds will be needed to support the implementation of proposed income-generating activities for the population in the buffer zone, to replace current activities which might pose threats to effective biodiversity conservation in the National Park.

41. A concern was raised by the IAG in its May 2002 Report about proceeding with management planning for the two parks which had been selected as offsets in the absence of a broader national policy on park management. The IAG also noted concerns raised among people living around the Campo-Ma'an National Park by a recent Government decision (taken in line with Bank suggestions) to refuse permission for the construction of a sawmill at Ma'an (outside the National Park) on the grounds that such a sawmill might generate threats to the environmental integrity of the Park.

42. The GEF project was designed to assist the GOC in gaining control over a number of uncoordinated initiatives sponsored by international and local NGOs in its parks and protected areas. The GEF project was co-financed by several bilateral donors and international NGOs, while the GEF financing was primarily directed to building capacity within the GOC (specifically, the Wildlife Department in the Ministry of Environment and Forests). The goal was to strengthen Government capacity and leadership on the ground, to share best practices, and ultimately to assist the GOC in developing a more participatory and effective approach to protected area management. Though the project has encountered substantial difficulties and delays in execution, its objectives are now close to being achieved. The Bank has also maintained a continuous and often challenging dialogue with the GOC on the issue of forest management, again with the aim of promoting a more effective and participatory approach that integrates social and



environmental concerns. This approach will be supported through the IDA-financed Forest and Environment Project currently under preparation.

43. The GOC has the prime responsibility to protect and manage the two new National Parks established in early 2000. The Consortium has agreed to support selected activities in the two parks as a mitigation measure for low level residual impacts to biodiversity and natural habitats resulting from the construction and operation of the pipeline in Cameroon. FEDEC was established to support implementation of this mitigation measure.

44. FEDEC was established on March 29, 2001, and recognized as a not-for-profit institution (a condition of its operation) by Presidential Decree on November 16, 2001. Management acknowledges that FEDEC started its activities very slowly. Supervision missions insisted that such delays should be reduced in order to allow FEDEC to start its activities and implement its duties under the offset program. After the last CAPECE supervision mission in July 2002, financial resources have started to flow from the trustee of FEDEC's funds to FEDEC's Board. In the meantime, however, FEDEC has: (i) established its administrative unit and by-laws; (ii) selected organizations to implement activities in the two parks, namely World Wide Fund for Nature (WWF) for Campo-Ma'an and the Wildlife Conservation Society (WCS) for Mbam and Djerem; (iii) selected a Community Development Facilitator (CDF) to support implementation of the IPDP; and (iv) approved three out of four priority projects to benefit indigenous peoples affected by the pipeline. (See below under Section III.D. for more details on the implementation of the IPDP).

45. A joint meeting with the Ministry of Environment and Forests, the CPSP, FEDEC, and COTCO will be held during the next CAPECE supervision mission (November 2002) to review the work program of FEDEC for the next year (2003) and to discuss relationships and responsibilities among the stakeholders for the implementation of the offset program. It is expected that the Conventions between WWF and FEDEC for Campo-Ma'an and between WCS and FEDEC for Mbam and Djerem will be signed before the end of December 2002.

#### **D. BAKOLA**

46. The Requestors say that the Pipeline Project does not seem to have a strategy for ensuring the participation of indigenous peoples (Bakola) during the design, implementation, and assessment phases of the IPDP. They also claim that the process of consultation has been inadequate, and that the question of access to land has not been addressed. The Requestors allege that the Bakola believe they have suffered negative effects from the Pipeline Project and have not yet been able to enjoy the advantages set forth in the IPDP due to delays in the implementation of FEDEC's activities.

47. The consultation process used in developing the IPDP is detailed in the IPDP, pages 3-10 through 3-15. This shows that all Bakola settlements, hunting grounds, and culturally significant sites in the Pipeline Project area were inventoried in order to avoid and minimize disturbance to the Bakola community by appropriate routing of the pipeline

away from these areas. Some twenty-three Bakola camps were then determined to be within two kilometers of the pipeline route and therefore likely to be affected by the Pipeline Project.<sup>1</sup> During Project preparation, COTCO's consultants, the Groupe d'Etude des Populations Forestières Equatoriales (GEPFE), undertook 165 intensive field visits to these settlements. In 1998, COTCO held a consultation meeting with the Bakola at Kribi. Each camp was represented by two delegates. The consultation assisted COTCO in preparing a draft IPDP to be used as a framework for a more participatory detailed planning process guided by the CDF to be hired by FEDEC during the first year of Pipeline Project implementation. As part of its review of the 1999 EA/EMP, Bank staff determined that the consultation process used in preparing the IPDP, and the strategy for promoting Bakola participation during its implementation, met Bank requirements. FEDEC has hired the CDF (as of May 2002) as well as a Bakola facilitator. The implementation of IPDP activities began in August 2002. Three priority activities are currently being carried out: (i) provision of identity cards, (ii) a schooling program, and (iii) a health program. The planned agricultural program will commence with the next growing season.

48. The strategy for ensuring greater participation by the Bakola in designing, implementing, and assessing the IPDP is described in the IPDP (1999 EA/EMP, Cameroon Portion, Volume 4, pp. 3-2 through 3-5). Basically, the strategy is to identify projects for funding through continued consultation, with the aim of gradually increasing the capacity of local people to design and implement project proposals in response to their own identified needs. During the first year of FEDEC's work program, this process would be led by the CDF with the involvement of community representatives who would receive appropriate training. During the second year, the CDF would play the role of facilitator to elicit proposals and support the execution of projects by community members. In the third and subsequent years, the community representatives would take on greater responsibility for project planning, execution and monitoring, with the CDF in a consultative role. The objective is to transfer full responsibility for the management and monitoring of the program to the communities involved by the end of Year 3. The program is planned to continue for a period of twenty-eight years.

49. Administrative delays were incurred in initiating FEDEC (see fuller discussion under "Protected Areas" above). However, COTCO acted proactively in fast-tracking preparatory activities in parallel so that work could commence quickly once FEDEC was legally established in Cameroon. Since then, COTCO has maintained a permanent team, including two anthropologists, to take care of Bakola issues. Apart from FEDEC, COTCO's activities included consultation, diagnostic surveys, and support for immediate health and education priorities, as well as other assistance to the Bakola, in response to the needs and concerns they identified through the consultation process. Such support includes the construction of boarding schools at Bidou and Ngoyang villages, distribution of schoolbooks to Bakola students, and school supplies to the Ngoyang boarding school; support for the implementation of an anti-tuberculosis program among the Bakola; and

---

<sup>1</sup> Currently there are twenty-five such camps, including two joint Bakola/Bantu settlements. Eliciting the participation of indigenous people in planning is complicated by the fact that they move freely among settlements and hunting camps, forming and dissolving social groups with great frequency.

creation of a special medical fund. In addition, COTCO plans to provide community compensation valued at USD 40,000 in the form of housing improvements, as desired by the Bakola.

50. Regarding access to land, historically the Bakola have been a nomadic group of forest inhabitants who have sustained their livelihoods through hunting and gathering activities. More recently, they have also engaged in agricultural production (mainly cassava cultivation) in the disturbed forest area along the Lolodorf Road. The Bakola perceive land as territory, not as private property to be appropriated and owned. They therefore have no ancestral domain claims like Bantu groups. The central goal of the IPDP is to work with the Bakola to raise their standard of living and empower their communities so that they can take their place as full citizens of Cameroon and establish their position within the local customary land use system. Provision of identity cards is a first key step in this process. Access to land for agriculture is a long-term issue which must be resolved in the context of the customary tenure system and in ways which will not exacerbate Bakola-Bantu relations.

51. Temporary environmental disturbance due to construction noise was anticipated in the 1999 EA/EMP. However, Bakola hunting areas are found two or three days' walk away from the roadside settlements, i.e., well away from construction noise or other impacts. Consultations with the Bakola indicated that any wildlife in the pipeline corridor would return rapidly after pipeline construction was completed, with no lasting effect on their hunting and gathering lifestyle. Regarding employment, COTCO and sub-contractor statistics indicate that 34 Bakola (out of about 700 living in the Pipeline Project area, of which only about 300 are of working age) have been employed on the construction sites. The same priority has been given to the Bakola as to the Bantu living in villages along the pipeline. Concerning fishing, environmental monitoring has not identified any significant reduction in fish populations or fishing activities in the Pipeline Project area.

52. Bank and ECMG staff are closely following progress on the IPDP. FEDEC provides regular reporting on IPDP implementation and other relevant issues. Under the CAPECE Project, the GOC is also about to undertake its own independent monitoring of implementation of the IPDP.

## **E. COMPENSATION**

53. The Cameroon Compensation Plan is presented in the 1999 EA/EMP (Cameroon Portion, Volume 3). It is designed to comply with Cameroon legislation and to meet the requirements of Bank policies and procedures. The Plan was reviewed and accepted by the Bank as part of the EMP review process, prior to appraisal of the Pipeline Project. An earlier version of the Plan dated June 1998 was distributed nationally and internationally for comments, and extensive consultations on the draft Plan were held in the rural communities likely to be affected by the Pipeline Project. The version incorporated in the 1999 EA/EMP reflects the results of these consultations.

54. The basic principles of the Plan are the following:

- Displacement of people and loss of land are avoided where possible and minimized wherever avoidance is not possible;
- Compensation for losses is fair, equitable, and in accordance with local laws and culture;
- Compensation is timely provided so that people can rapidly re-establish their livelihoods;
- Compensation should not promote conflicts among the local population;
- Compensation due under Cameroonian law is paid by the GOC;<sup>2</sup> and
- Supplemental compensation is paid by COTCO sufficient to meet the intent of the Bank directives.

55. During the design stage, the pipeline, associated infrastructure, and fixed facilities were sited in such a way as to avoid the need for any physical resettlement. However, the Plan recognized that a very small number of households might be significantly<sup>3</sup> impacted by loss of land or structures and made special provisions to meet their needs. During the Center Line Survey (CLS) of the pipeline corridor, conducted in 1998, about 4,500 individual plots in the easement were inventoried, representing some 2,700 individual farmers. The consultation and outreach process implemented by COTCO during the CLS is described in Section 4.5.2 of the Compensation Plan. Further consultation took place during the public review of the EMP. Consultation continues through the implementation of the compensation process, which is now nearly completed.

56. The GOC's compensation process involves Verification and Valuation Commissions which held meetings at each of the 238 villages where compensable resources were identified during the CLS. These meetings, which were open to the public, are described in Section 4.5.3 of the Compensation Plan. Land owners or users were given the opportunity to confirm or contest the contents of the CLS inventory sheets. In the event of a disagreement, the Commissions visited the land with the land owner or user to verify the facts.

57. GOC compensation is based on a fixed schedule of rates which, in most cases, does not correspond to current market values. In addition, the GOC does not provide compensation for common property resources such as trees, fish, and game found on national land (most of the land affected by the Pipeline Project is national land). COTCO's supplemental compensation program therefore provides for: (i) topping up the

---

<sup>2</sup> This process of payment takes place because the land permanently acquired by the Pipeline Project passes from the *Domaine Rural* (National Land) into the *Domaine Privé de l'Etat* (State Land). The State then leases it to COTCO.

<sup>3</sup> "Significant" was generally considered by Bank social scientists and other practitioners in the field to be equivalent to permanent loss of 20-25 percent or more of total land, but was not numerically specified in OD 4.30. Eventually, this generally applicable 20 percent threshold was enumerated in OP 4.12 (December 2001), note 17.

individual compensation rates to reach market or replacement values; (ii) providing compensation for crop losses due to temporary occupation of land during construction (which is not eligible for compensation under Cameroon law); and (iii) providing community compensation corresponding to the value of lost common property resources and in recognition of the general disturbance caused by the Pipeline Project to neighboring communities. Government compensation is provided in cash only, whereas COTCO supplemental individual compensation is provided in cash or in kind according to the choice of the recipient; community compensation is provided in kind (i.e. in the form of community projects). The methodology for valuation of assets by COTCO is described in detail in the Plan.

58. It should be noted that COTCO's approach to the calculation of supplemental compensation has evolved considerably over the Project implementation period. COTCO no longer adheres strictly to the narrow principles laid down in the Plan, but has shown flexibility in re-evaluating rates and entitlements in response to community input. At the present time, over 4,000 households have been compensated for land and crop losses according to the process described in the Plan. Only one household has lost a significant share of its assets, and this household has been compensated according to the resettlement provisions of the Plan. A few cases (approximately 27) remain outstanding, due mainly to disputes or uncertainty (cases of inheritance) over who is actually entitled to receive compensation.

59. COTCO has calculated values for community compensation entitlements and has undertaken a process, aided by several local NGOs, to discuss with communities the alternatives available for in kind compensation. Recognizing that previous community programs implemented by oil companies around the world have sometimes failed to generate lasting benefits, COTCO is undertaking a dialogue with the communities to ensure that they understand and accept ongoing responsibility for project operation and maintenance. Once communities have made a decision, COTCO will contract for the projects to be built and turned over to the communities.

60. The grievance process for those who feel that compensation has been inadequate is also outlined in the Plan (Section 6.6). With respect to Government compensation, the Verification and Valuation Commissions note publicly all evidence offered, and make every effort to reach a satisfactory compromise on the spot. If this is not possible, the Ministry of Housing and Urban Development can make an executive decision. A dissatisfied citizen may challenge this decision in the courts. With respect to COTCO supplemental compensation, a complaint may be filed with the COTCO Designated Representative. It will be evaluated by COTCO in consultation with local officials, village chiefs and elders. All grievances and their resolutions are noted in COTCO's regular reports to the CPSP. In practice, COTCO's Local Community Contacts (LCCs) have played a key role in facilitating the registration of grievances and the mediation of disputes involving community members. The CPSP Socio-Economic Monitors on the ground also play an important role in assisting aggrieved persons and resolving local conflicts.

61. CPSP headquarters staff closely monitor the compensation process to ensure that Cameroon law is respected. The ECMG monitors COTCO's compliance with the Plan, including all applicable Bank policies. It has not identified any significant problems in this area. The Bank supervision team also monitors this process, both on a day by day basis from the Country Office, and with regular supervision missions involving specialists from Washington. Management believes that implementation of the Compensation Plan complies with Bank directives. The Bank and the GOC will follow up on the uses of compensation and the maintenance or restoration of living standards during the CAPECE Project Mid-Term Review (3Q03) and at the end of the CAPECE Project (3Q06).

#### **F. INTENSIFIED SUPERVISION**

62. Several layers of supervision and monitoring, delineated at the time the Pipeline Project was approved by the Board in June 2000, have been operational since Project effectiveness. The IAG, an interdisciplinary panel of independent experts appointed in February 2001 to advise the President of the Bank and the Governments of Cameroon and Chad, has made three statutory missions to the Pipeline Project area (the last of which took place in April 2002 for Cameroon and in June 2002 for Chad). The IAG is complemented by the ECMG, which is responsible for providing an independent assessment of compliance with the 1999 EA/EMP and for monitoring performance of technical assistance in the CAPECE Project. The ECMG visited the Pipeline Project area three times in 2002 (January, May and September) to assess the level of compliance with the 1999 EA/EMP.

63. IAG's and ECMG's reports have been released to the public. The IAG's May 2002 Report concluded that significant progress had been made on many fronts. However, it remained concerned about the pace of institution building and urged all parties to speed up Project activities in order to ensure that public institutions and society would be able to fully assume their monitoring and management roles before first oil. A subsequent CAPECE supervision mission has agreed with the GOC on a revised implementation timetable in response to this recommendation. The ECMG has concluded that ongoing Project activities are in compliance with the EMP and that the Project has so far experienced no critical (Level III, at which no change can be made to the EMP without prior approval of the Bank) non-compliance situations.

64. The Bank strengthened its supervision team by appointing two senior coordinators in charge of the cluster of oil-related projects in Chad and in Cameroon in March 2002. One took up residence in Chad in April 2002. The second expert is ensuring the Projects' coordination from headquarters and is visiting the field every six to eight weeks on average. An operations specialist who has been carrying out day-to-day supervision and monitoring activities in Cameroon since May 2001 supports these two experts from the Bank's Country Office in Yaoundé.

65. The Bank and IFC have also established a joint supervision program that is being coordinated with specialists in IFC's Environment and Social Development Department. The team was further strengthened in May 2002 to address specific issues highlighted in

the IAG's and ECMG's reports. Ten key issues were identified and specialists were assigned to monitor these issues and advise their managers. A specialized supervision team visited Cameroon in July and September to take stock of issues related to the IPDP for the Bakola and the progress with environmental offsets (at the Campo-Ma'an and Mbam and Djerem National Parks). The supervision efforts made by the Bank/IFC since Board approval of the cluster of Projects represents more than 20 staff years, out of which about 40 percent were devoted to Cameroon. Normal Bank supervision is also undertaken by the team in charge of the CAPECE Project on a regular basis. The last supervision missions took place in December 2001, March-April 2002, and June-July 2002; the next mission is planned for November 11-22, 2002. Each of these supervision missions produced an aide memoire jointly with the CPSP and follow up letters sent to the GOC to highlight findings and recommendations.

## **G. LABOR RELATIONS**

66. Management believes that there is no safeguard policy compliance issue involved. The 1999 EA/EMP deals appropriately with health and safety of workers employed for the construction of the pipeline. Whenever a health or safety issue was raised, dialogue between the Bank, COTCO and CPSP was followed by appropriate action.

67. Relationships between COTCO, its sub-contractors on one side and Cameroonian workers on the other side are governed by appropriate contracts concluded under the law of Cameroon. The Agreement of Establishment of August 7, 1997 entered into between the Republic of Cameroon and COTCO provides for COTCO to contract adequate staff without any interference or intervention from the GOC. However, the same Agreement obliges COTCO to contract local workers wherever and whenever feasible and to develop a training program for them (this is a well established rule called "national preference" in force in major international concession contracts).

68. The IAG's May 2002 Report mentions that safety and security constitute a priority for COTCO (the Report mentions "the Consortium") and that the number of work accidents is decreasing mainly because of thorough training and monitoring. The same Report mentions that "workers...spoke (with IAG) forcefully of their satisfaction but also discontents and concerns vis-à-vis labor conditions, as well as their uncertain future as Project employees" and that there were "doubts as to contract duration, payment terms, training provided by the employers to workers." It is the law of Cameroon which applies to these labor relations. However, the Bank encouraged COTCO and CPSP, during the last supervision mission of the CAPECE Project in July 2002, to undertake a study on the future of the workforce employed by COTCO and its contractors, after the pipeline is built, with a view to suggesting options to provide further employment and livelihood opportunities.

69. The Bank has been informed about disputes between COTCO, its sub-contractors and workers. The key issue is that of a difference of opinion on which labor law governs the Pipeline Project. Pipeline construction activities have been interpreted by the Ministry of Labor to be a civil works project (Decree No. 24 MTS, 27 May, 1969) and not a petroleum sector project where wage rates are higher. All COTCO contracts with sub-

contractors are in accordance with this law and have been endorsed by the Ministry of Labor. Another issue relates to worker health and safety. The 1999 EA/EMP (Volume 2, Cameroon Portion) details the applicable standards. COTCO has put in place a health and safety program for workers, and by extension, for communities. Bank supervision teams are monitoring closely the implementation of the program as well as relationships between COTCO, its sub-contractors and workers in view of ensuring completion of the Pipeline Project in compliance with the laws of Cameroon and the 1999 EA/EMP to the benefit of all stakeholders involved

#### IV. MANAGEMENT’S RESPONSE

70. The actions already taken or to be taken by the Bank in response to the concerns raised by the Requestors are summarized in Table 1 below. The Requestors’ claims, accompanied by Management’s detailed responses, are provided in Annex 1.

**Table 1. Summary of Bank Activities**

<b>OD 4.01</b>	<p><b>Environmental Impacts</b> – Management believes the 1999 EA/EMP for the Pipeline Project is in conformity with OD 4.01, the applicable Bank policy on environmental assessment. The potential impacts of the Project are identified and evaluated, and mitigation measures are fully described. An adaptive design process ensures continual improvement in response to feedback during project implementation. This process will remain applicable throughout the life of the Pipeline Project. Should changing circumstances require any change in the EMP itself, the Change Management Process described in the EMP will be put into effect.</p>
	<p><b>Insufficient Analysis of Alternatives</b> – Management believes that the analysis of alternatives was carried out correctly, and that the Pipeline Project, in combination with the CAPECE Project, will bring net benefits to Cameroon.</p>
	<p><b>Cumulative Impacts</b> - Management takes the position that the EA/EMP took into account the cumulative impacts as required by the OD 4.01. In general, given the footprint of the Pipeline Project, the cumulative impacts are expected to be below the threshold that would warrant further analysis. Relevant cumulative impacts were considered, and appropriate mitigation measures (e.g., the Induced Access Management Plan) were included in the EMP. The Bank supervision team will continue to monitor this concern directly and will coordinate with appropriate parties to address issues if they emerge.</p>
	<p><b>Baseline Studies</b> - The “Handbook for Site-Specific Environmental Mitigation Actions” and the Environmental Alignment Sheets (EASs) link baseline data with Pipeline Project mitigation and management requirements. These tools will continue to be used to monitor implementation of the 1999 EA/EMP in order to address linkages of the baseline situation to success or failure of mitigation measures.</p>
	<p><b>Greenhouse Gases</b> – The 1999 EA/EMP evaluates the impact of the Pipeline Project in terms of the generation of greenhouse gases. No further mitigation is required.</p>
	<p><b>Oil Spills</b> - The risk of oil spills is addressed by the General Oil Spill Response Plan (GOSRP) which was prepared and submitted to public review and consultation prior to Board presentation of the Pipeline Project. The four ASOSRPs are to be made public in country and at the Bank InfoShop 180 days prior to first oil and will be subject to public review and consultation. A campaign of awareness raising and education will be conducted on oil spill risk and remedial measures in the areas covered by the ASOSRPs. The GOC is committed to developing a NOSRP under the CAPECE Project, which will also be submitted to public consultation and disclosure and will be adopted before first oil. The Bank is closely monitoring this process.</p>
	<p><b>Fishing Rights</b> - The 1999 EA/EMP contains provisions to compensate for fishing harvest losses and gear damages/losses during both the construction and operational phases. Although Management believes that fishery losses, if any, will be minimal, Bank supervision will continue to follow up to ensure that any losses are appropriately compensated.</p>



	<p><b>Consultation</b> - The Bank supervision team travels periodically to the field in order to ensure that Pipeline Project implementation, including consultation with the local population, is proceeding as planned. In addition, Bank staff hold regular meetings with local NGOs, at the initiative of either party. The Bank is also assisting the GOC and COTCO to improve communications strategies for more effective consultations and involvement of civil society in the Pipeline Project. The Bank will continue to monitor and support this process. In order to improve communications with local communities, a local communication plan is being prepared jointly by COTCO, the Permanent Secretariat of the CPSP and the Bank (see box on participation below).</p>
	<p><b>Water Pollution / Loss of Drinking Water</b> – Management’s response to individual and community claims in this area is provided in Annexes 1 and 2. In general, the Bank, the ECMG, and the CPSP will continue to monitor COTCO’s activities to ensure that any negative effects on water supply are appropriately mitigated or compensated.</p>
	<p><b>Dust Pollution</b> - The Bank has asked COTCO to follow up on this specific issue.</p>
	<p><b>Radioactive Effects of Welding</b> - On the basis of ECMG reports and Bank supervision missions, Management believes that pipeline welding has been carried out in accordance with appropriate procedures that present no danger of radioactive effects on the surrounding population.</p>
	<p><b>Lack of Independent Review</b> - Under the CAPECE Project, a Panel of Experts is to be contracted to assist CPSP in the monitoring and supervision of implementation of the EMP during the pipeline construction and operational phases. The process to contract the Panel has not yet been completed. Because the construction phase is well advanced, the CPSP has requested the Bank to agree on changes to the terms of reference for the Panel. This issue, which is still under discussion, will be addressed during the next supervision mission (November 2002). The Bank will request that a Panel be put in place to review the adequacy of environmental and social mitigation measures before Pipeline commissioning and during operations. In addition, Management remains committed to the continued work of the IAG.</p>
	<p><b>Institutional Capacity Building</b> Capacity building needs of the Government of Cameroon were identified during Pipeline Project preparation, resulting in the design of the CAPECE Project. Though CAPECE had a slow start, its implementation has been accelerated with the support of intensified Bank supervision. While acknowledging this progress, Management will continue its supervision effort and maintain its dialogue with CPSP to ensure that before the end of calendar year 2002, all procurement processes and activities of the CAPECE Project are implemented or under implementation. The goal now is to ensure that full capacity in terms of both staff and equipment is in place to monitor and manage the effects of the Pipeline Project during its operational phase, which will start shortly after the CAPECE Mid-Term Review.</p>
	<p><b>Natural Habitat Replacement Area</b> - Management believes that the choice of the core area of the Campo-Ma’an UTO as an offset for residual biodiversity loss in the Atlantic coastal forest of Cameroon was appropriate. The creation of the National Park and the funding for it provided by COTCO and the Government of Cameroon will help to ensure effective protection of an ecologically significant and sensitive area which would otherwise be subject to significant threats from surrounding agricultural and industrial activity. In exchange for an estimated loss of about ten square kilometers of forest, the offsets of Campo-Ma’an and Mbam and Djerem provide protection for an area greater than 5,000 square kilometers.</p>
OP 4.04	<p><b>Delays in Establishing FEDEC</b> - FEDEC’s work started slowly, but has gained momentum in recent months. Signature of the management contracts between WWF and FEDEC (for Campo-Ma’an) and FEDEC and WCS (for Mbam and Djerem) is expected before the end of December 2002. A joint meeting with the Ministry of Environment and Forest, the CPSC, COTCO and FEDEC will be held during the November CAPECE supervision mission to review the work program of FEDEC for 2003.</p>
OD 4.20	<p><b>Bakola</b> – Eliciting participation of indigenous people affected by the Pipeline Project (the Bakola of the Atlantic coastal forest) in IPDP planning, execution, and monitoring is a slow and sensitive process. It is described in the IPDP (Volume 4 of the Cameroon EMP) and is being implemented by the CDF hired by FEDEC. Three of four planned programs have started, one of which concerns provision of ID cards to the Bakola, which is a first step toward establishing entitlements to land. CPSP is contracting a local consultant to monitor implementation of the IPDP on behalf of the GOC. The progress of FEDEC is and will continue to be closely monitored by Bank supervision missions and the ECMG.</p>

	<p><b>Negative Project Effects on the Bakola</b> - Although FEDEC had a slow start, COTCO provided support for health, education, and other assistance to the Bakola prior to FEDEC's involvement. Two full time experienced anthropologists are part of the COTCO team and have been in constant contact with Bakola settlements. COTCO also will provide USD 40,000 equivalent as community compensation to be used, as the Bakola have requested, in improving their housing conditions. Management believes that the Pipeline Project is in compliance with the requirements of OD 4.20 and will continue to follow closely both the actions taken by COTCO to assist the Bakola and to compensate them for any negative effects they may suffer in the course of pipeline construction, and the implementation of FEDEC's work program, including the IPDP. See also Annex 1.</p>
OD 4.30	<p><b>Involuntary Resettlement</b> – Management believes that the Compensation Plan in the 1999 EA/EMP meets and is being implemented in accordance with the requirements of OD 4.30. Although no households in Cameroon have been physically resettled and only one household has lost a significant portion of its assets to the Pipeline Project, over 4,000 households have been compensated for land and crop losses, with only 27 claims remaining unsettled. Bank missions and the ECMG are monitoring this process and no situations of non-compliance have been identified. Monitoring will be continued.</p> <p>Individual and community claims listed in the Request have been investigated by Bank staff. The Management response to these claims is given in Annex 1 (for community claims) and in Annex 2 (for claims made by individuals). Management believes that the Pipeline Project is in compliance with Bank requirements.</p>
OD 4.15	<p><b>Poverty Reduction</b> - On the basis of Bank supervision missions, Management believes that the Pipeline Project is in compliance with the requirements of OD 4.15 and that no structural impoverishment has resulted or will result from the Project. Most of the land acquired will be returned to the users after one growing season; in places this is already happening. Adequate compensation was paid to cover crop losses. In particular cases, compensation payments may not have been appropriately used to maintain household standards of living during this period. The Bank will request COTCO and CPSP to follow up on use of compensation to ascertain that no permanent decline in living standards takes place.</p> <p><b>Delays in Settlement of Compensation Disputes</b> - Claims or contested cases of long duration have been those concerning land ownership or inheritance. Some claims concern crops planted after the pre-Project inventory was completed, which are not eligible for compensation. Out of about 4,000 cases of individual compensation in Cameroon, only 27 remain unresolved at the present time.</p> <p>In its broader policy dialogue with the GOC, the Bank seeks to help improve the quality and efficiency of the legal system, in particular improved handling of compensation and resettlement issues. Under the CAPECE Project, civil servants, judges, lawyers and other staff involved in implementation of laws dealing with construction and operation of oil pipelines and environmental protection will receive specific training, including training on resettlement and compensation issues.</p>
OP 13.05	<p><b>Lack of Reporting</b> - Bank supervision staff in the field and regular supervision missions from Washington report regularly to Bank Management. These reports are not publicly available. However, the ECMG quarterly reports and IAG reports are available to the public on the Bank's Pipeline Project Website (<a href="http://www.worldbank.org/afr/ccproj/">http://www.worldbank.org/afr/ccproj/</a>). Through all these reports, Management has been made aware of concerns about Project impacts, compensation procedures, and delays in the implementation of the FEDEC work program, affecting both the biodiversity offsets and the IPDP. As outlined above, the Bank has been continuously engaged in dialogue with COTCO and the GOC to make sure these issues are addressed and to facilitate accelerated implementation. Project supervision was intensified in March 2002, including deployment of field-based staff on a long-term basis, and this intensified supervision will continue.</p>

	<p><b>Lack of Public Participation</b> - Regular consultations with project affected people have been held by COTCO and CPSP to discuss Project-related issues. These consultations are facilitated by COTCO's LCCs and CPSP's Socio-Economic Monitors. In spite of these efforts, there is consensus that communication with communities could be improved. A local communication plan is being prepared jointly by COTCO, the Permanent Secretariat of the CPSP and the Bank. Under the CAPECE Project, the CPSP is responsible for following up on social issues related to compensation, working together with the Ministry of Public Health to promote the protection of public health, and contracting with local consultants: to monitor the situation of indigenous people affected by the Pipeline Project; and to monitor, together with the Ministry of Culture, the implementation of the Cultural Heritage Plan. CPSP informs the public of its activities through publication of a "Lettre du CPSP." The Bank recognizes that CPSP's communications with civil society could be improved, and is working with CPSP on implementation of a strategy that would better facilitate public participation in Pipeline Project activities. More information on CPSP's activities, as reported by Bank supervision missions, is provided in Annex 1.</p>
Other	<p><b>Lack of Response to Complaints</b> - The Bank supervision team has responded to complaints that have been raised with them in the field regarding the Pipeline Project. The Bank Country Office in Yaoundé has been closely monitoring the Pipeline Project, including meeting with all stakeholders to identify any issues that may need corrective actions. COTCO also maintains a file of complaints and respective responses, available at their offices in Douala. In Washington, Bank Management has also responded to complaints addressed to it. Copies of correspondence annexed to the Request for Inspection do not appear to show that this correspondence was previously sent to the Bank.</p>
	<p><b>Labor Relations</b> - Management has been informed about disputes between COTCO, its sub-contractors, and workers regarding the interpretation of some rules and choice of applicable laws. These disputes have to be solved in accordance with the applicable laws and regulations of Cameroon. The Ministry of Labor in Cameroon has determined that the collective agreements signed are appropriate. The Bank supervision team will follow up with COTCO and CPSP to ensure that health and safety requirements are carried out in accordance with applicable standards defined in the 1999 EA/EMP. Based on supervision mission reports, Management believes that COTCO is in compliance with the relevant provisions of the EMP.</p>
	<p><b>HIV/AIDS / Prostitution of Minors</b> - Cameroon's national strategy to fight HIV/AIDS is supported by a USD 50 million IDA credit, Multi-sectoral HIV/AIDS Project, which became effective in September 2001. The Bank has employed an international consultant in the Cameroon Country Office to support the GOC in implementation of this project. The CAPECE Project also includes a substantial health component intended to assist the Ministry of Health in meeting its responsibilities to protect the health of the communities surrounding the pipeline.</p> <p>Building Government capacity to address HIV/AIDS in the Pipeline Project area and elsewhere is a priority in the Bank country strategy and an important element of the CAPECE Project. The Bank will continue to monitor progress and provide support for intensified action against HIV/AIDS and other diseases in the Project area. The prostitution of minors is a serious concern which, as the IAG has noted, has legal and social protection as well as health dimensions. The Bank will continue to monitor and follow up on this issue in the context of its broader poverty reduction dialogue with Cameroon.</p>

71. The Pipeline Project and the CAPECE Project have been implemented in Cameroon under exceptional and challenging circumstances. Although the combined Projects will bring net benefits to Cameroon, the primary beneficiaries of the Pipeline Project will be the people of Chad. Cameroon is participating in these Projects mainly out of a sense of solidarity with Chad. However, Cameroon will receive revenues estimated at about USD 550 million in nominal terms over the 25-year operating period of the Pipeline Project. Other benefits arise from infrastructure improvements and employment generation, as well as local procurement of goods and services. Properly used, the revenues from the project could significantly benefit Cameroon's poor population. Following Board approval of the Pipeline Project and the CAPECE Project, the timetable for construction of the pipeline was accelerated, while the implementation schedule of CAPECE was delayed. Management is aware of the potential problems caused by this

combination of circumstances, and has responded through intensified supervision efforts aimed at ensuring compliance with the EMP and accelerating the implementation of capacity building activities.

72. Management believes that the Bank has made every effort to apply its policies and procedures and to pursue concretely its mission statement in the context of the Pipeline Project and the CAPECE Project. In Management's view, the Bank has followed the guidelines, policies and procedures applicable to the matters raised by the Request. As a result, Management believes that the Requestors' rights or interests have not been, or will not be, directly and adversely affected by a failure of the Bank to implement its policies and procedures. Management remains committed to continue intensified supervision and to promote a process of regular consultation and disclosure to assure the continuing environmental and social soundness of the Projects during implementation.

## ANNEX 1 CLAIMS AND RESPONSES

No.	Claim/Issue	OD / OP/ BP	Response:
<b>Environmental Impact Assessment</b>			
1.	<p><b>EIA – Not in conformity with OD 4.01.</b> The World Bank accepted an environmental impact study which was not in conformity with OD 4.01, at least in respect of the following points:</p> <ul style="list-style-type: none"> <li>• OD 4.01 states that the environmental impact study must “foresee and evaluate the potential negative and positive impacts of the Pipeline Project in terms which are as quantitative as possible. It must identify mitigation measures, and any potential negative impact which cannot be mitigated.” (OD 4.01, Annex B, paragraph 2.e.).</li> <li>• The Environmental Management Plan must “... describe - with technical details - each mitigation measure.” (OD 4.01, Annex C, paragraph 2).</li> </ul>	4.01	<p>The Pipeline Project, a Category “A” project, was processed in accordance with OD 4.01 and other relevant Bank policies and procedures, and an EA was prepared. The Bank cleared the 1999 EA/EMP, after intensive reviews by legal, environmental, social development and other staff. The Bank found the documents to be in compliance with its policies and procedures.</p> <p>The 19-volume EA/EMP, in English and French, evaluates impacts and describes mitigation measures in considerable detail, e.g., the Handbook for Site-Specific Environmental Mitigation Actions. This package of environmental documentation was produced in collaboration between the sponsoring Consortium of oil companies and the two host Governments of Chad and Cameroon. The package describes avoidance measures, and specific mitigation and monitoring provisions to be undertaken by the Consortium and the respective Governments. Provisions for compliance with the 1999 EA/EMP are set forth in the Legal Agreements. See Response No. 4 for additional information on mitigation measures.</p> <p>The Pipeline Project has employed an adaptive design process. The 1999 EA/EMP describes the technical details (see Volume 1, Cameroon Portion). This process centers on an information feedback mechanism that provides project planners with an ongoing flow of up-to-date information throughout the design process. The Pipeline Project’s environmental assessment and public consultation teams have been in continuous contact with the planners and engineers designing the Project. As a result of this feedback mechanism, the Pipeline Project design has adopted many improvements since environmental studies and public consultation first began in 1993. The 1999 EA/EMP calls for this process to continue over the anticipated 25-year life of the Pipeline Project.</p> <p>In addition, a Change Management Process is in effect, also for the life of the Project, for any changes to the 1999 EA/EMP resulting from information gleaned from Project implementation.</p>
2.	<p><b>EIA - Insufficient analysis of alternatives.</b> It has not taken account of future developments of the Pipeline Project, and has been carried out solely from the point of view of the companies promoting the Pipeline Project, and not from the point of view of society as a whole.</p>	4.01	<p>Management believes that the comprehensive analysis of alternatives carried out during preparation of the 1999 EA/EMP is in compliance with OD 4.01 and that it has fully integrated environmental and social concerns, as well as technical and economic ones.</p> <p>Compared to the 1997 EA initially submitted by the Consortium and the Governments to the Bank and IFC, the analysis of alternatives in the 1999 EA/EMP resulted in changes to the Pipeline Project design, specifically to minimize environmental and social impacts. Major changes were made in the route to avoid sensitive natural habitat, such as the Deng Deng Forest and Mbéré Rift Valley, and indigenous groups, including the Bakola villages (see Response No. 16 below). Many more route modifications are mentioned in the 1999 EA/EMP (Supporting Documents, Volume 3, Table 5-1). The selected route has taken into account social and environmental impacts, as well as economic and technical parameters.</p> <p>The 1999 EA/EMP provided quantitative environmental data (e.g., length of the pipeline intersecting different habitat types, number of water courses crossed, number of villages affected and the like) to compare alternatives. The method adopted, i.e., avoiding or minimizing the costs of environmental damage, to select the preferred alternatives for each component and for the Pipeline Project as a whole, accorded environmental and social values the highest significance.</p> <p style="text-align: center;"><i>Preferred alternatives were selected for: (i) oil field development (ii)</i></p>

No.	Claim/Issue	OD / OP/ BP	Response:
			<p>transportation infrastructure, (iii) pipeline corridors and (iv) marine terminal locations, which then resulted in an overall preferred alternative that minimized environmental and social adverse effects. Incremental environmental and social mitigation costs of the selected alternative were described in the Pipeline Project economic analysis (PAD, Annex 4, Part I). Their impacts on the net present value (NPV) and internal rate of return (IRR) of the country were assessed through a sensitivity analysis.</p> <p>The analysis of alternatives is presented in the 1999 EA/EMP, Supporting Documents, Volume 2. At a very early stage (1992) when the broad corridor alternatives were first identified, the Consortium consulted with selected international NGOs present in Cameroon and with selected Government and donor agencies in scoping the first technical and environmental studies on the ground. Thus, for example, Corridor A was ruled out partly because of a potentially high impact on wildlife and partly because of a potentially high negative impact on people in a densely populated area. The public consultation process that was followed during the preparation of the 1997 EA and the 1999 EA/EMP is described in Chapter 9 of the EA Executive Summary and Update, and more fully detailed in Volume 3 of the Supporting Documents. Specific information on the consultation process for route selection is found in Chapter 10 of the Alternatives Analysis. The various design alternatives were subjected to public review and comment in the process of consultation on the 1999 EA/EMP. Many of the adjustments made in routing the pipeline through the Atlantic coastal forest reflected the results of community consultations by avoiding settlements and sacred sites, as well as by avoiding local areas of high biodiversity value. The “no-project alternative” was evaluated for Cameroon on the basis of the revenue, employment, education, health, and environmental management benefits (including benefits for the Bakola people) that would not accrue in the absence of the Pipeline Project.</p>
3.	<p><b>EIA - Cumulative impacts.</b> The environmental impact study has not undertaken an analysis of the cumulative and overall impacts of the Pipeline Project. For example, it has not taken sufficient account of the operations for exploiting oil in the Ebomé region (Kribi), and no study of the alternatives has analyzed the possible benefits of developing tourism in Kribi.</p>	4.01	<p>Contrary to the Requestors’ contention, the 1999 EA/EMP undertook and incorporated an analysis of the cumulative and overall impacts of the Pipeline Project, and as a result is in accordance with OD 4.01. In general, the cumulative impacts of the Pipeline Project are expected to be below the threshold that would warrant further analysis or a “formal” cumulative impact assessment. The Pipeline Project will leave only a small footprint in Cameroon in the form of two pumping stations and one pressure reduction station occupying a few hectares of land. Annual crops and grazing will be permitted on the fifteen-meter strip above the buried pipeline. Specific consideration was given to cumulative impacts on natural habitat and on tourism and fisheries in the Kribi area, including the marine terminal. At this stage, Management is not aware of any other cumulative impacts that require analysis.</p> <p>To support the cumulative impact analysis, induced access management controls were considered necessary where the Cameroon Transportation System’s land easement passed through certain natural habitat areas in which existing vehicular access is limited or did not exist and where biological resources are relatively abundant (1999 EA/EMP, Induced Access Management Plan, Cameroon Portion, Volume 1, Appendix D). The creation of such additional access by the Pipeline Project could lead to indirect impacts associated with secondary growth of settlement and infrastructure, increased commercial timber harvesting and increased hunting of bushmeat. Three areas along the pipeline route in Cameroon were identified as requiring induced access management control during the construction phase: the plateau above the Mbéré Rift Valley between Quantounou and Mayo Dabi; the Pangar River to Lom River area; and the area between Bélabo and Nanga Eboko.</p> <p>Regarding impacts in the Kribi area, the location for the marine terminal took into account cumulative impacts. The analysis of alternatives resulted in the selection of the area south of Kribi for the following reasons:</p>

No.	Claim/Issue	OD / OP/ BP	Response:
			<ul style="list-style-type: none"> <li>• It has less population and fewer houses, hotels and other businesses;</li> <li>• There is already offshore oil production at the Ebomé offshore oil field, and an installed production platform with FSO;</li> <li>• The selected location is consistent with the Kribi Development Plan, which also includes plans for a deepwater port in this area to export mining products in the future;</li> <li>• In contrast, the area north of Kribi is densely populated, designated for continued tourism and a marine terminal would not be consistent with the Kribi Development Plan;</li> <li>• In the north, the distance to the 30 meter water depth is twenty-five kilometers farther offshore than south of Kribi; and</li> <li>• The marine terminal would have had to be located twenty-five kilometers to the north of Kribi.</li> </ul> <p>Cumulative impacts of the Chad Cameroon Oil Pipeline Marine Terminal and the Ebomé Marine Terminal together were considered low. During the preparation missions no traces of oil, other than oil traces identified on beaches worldwide, were identified on the beaches south or north of Kribi. The FSO itself will have very little impact on the surrounding marine environment. The risk of an oil spill from both installations at the same time is considered as statistically very unlikely. Other cumulative impacts were also considered low. Further consideration of cumulative impacts is addressed in Section III.A.</p>
4.	<p><b>EIA - Baseline studies.</b> The baseline studies have not been adequate, limiting the possibilities of identifying all the potential impacts of the Pipeline Project and therefore the relevance and scope of mitigation measures. The absence of baseline studies severely limits the opportunities for follow-up of the real impacts of the Pipeline Project.</p>	4.01	<p>Management believes that the environmental baseline studies in the 1999 EA/EMP were adequate to evaluate potential impacts of the Pipeline Project and to determine relevant mitigation measures.</p> <p>Baseline data are presented in the 1997 EA, in the supporting documents of the 1999 EA/EMP (e.g., Volume 5 of Supporting Documents) and in reference documents cited therein. Identified data gaps in the 1997 EA were filled in the 1999 documents. Additional baseline data were collected subsequently in specific areas, for instance the Deng Deng forest and the Mbéré Rift Valley and for the Bakola villages. Data collection, as well as identification of any new data requirements, is ongoing, as part of ECMG monitoring and under the Change Management Process described in Response No. 1.</p> <p>The 1999 EA/EMP makes note of innovative tools to link baseline data collection, assessment of Pipeline Project impacts, and the application of specific mitigation and management actions on the ground. The "Handbook for Site-Specific Environmental Mitigation Actions" and the EASs are the instruments linking sensitive and special interest habitats with mitigation and management requirements. The 1999 EA/EMP (Cameroon Portion, Volume 1, page 7-3) spells out this linkage. "In addition to allowing for a site-specific depiction of important biological resource information, these EASs also function as a tool for highlighting the locations along the Cameroon Transportation System where site-specific environmental management requirements are to be implemented prior to, during, and/or after construction of the pipeline."</p> <p>Baseline information in the EASs, mapped to a scale of 1:10,000, consists of vegetation/land classifications, villages/settlements, vegetation and wildlife resources. Mitigation and management resources comprise vegetation and wildlife protection measures, monitoring and surveys, fisheries protection measures, induced access management measures, erosion and sediment control and reclamation measures. The environmental management requirements appearing in the EASs have been designed to reduce construction and operations-related impacts to acceptable levels. The baseline data, potential impacts, and management requirements are coded on the EASs. The codes are summarized in tabular format by pipeline kilometer post in an accompanying document referred to as the Environmental Line List (1999 EA/EMP Supporting Documents</p>

No.	Claim/Issue	OD / OP/ BP	Response:
			<p>Volume 6). Instructions on implementation are detailed in the "Handbook."            Demonstration of the utility of this tool is occurring on the ground where it is being routinely used to accomplish the objectives of OD 4.01, Annex C, para. 2. This tool will continue to be used to monitor implementation of the 1999 EA/EMP in order to address linkages of the baseline situation to success or failure of mitigation measures.</p>
5.	<p><b>EIA – Greenhouse gases.</b> It has not evaluated the impact of combustion of oil exploited in the Pipeline Project on climate change.</p>	4.01	<p>Global issues, specifically global warming, are addressed in OD 4.01, para. 11. OD 4.01 also notes that the "Bank encourages such issues be considered in EA where relevant and feasible." In accordance with OP 10.04, Economic Evaluation of Investment Opportunities (para. 8), "global externalities are fully assessed (to the extent tools are available) as part of the environment assessment process and taken into account in project design and selection." Therefore, in accordance with Bank policies and procedures, a greenhouse gas emissions study was conducted by Dames &amp; Moore, the Project's primary environmental consultant, as part of EA/EMP preparation (Dames &amp; Moore, 1998).</p> <p>The Pipeline Project and the oil it produces will lead to emissions of two greenhouse gases, carbon dioxide and methane. The study estimated that emissions from Pipeline Project facilities and operations will be less than half the amount that would be expected from a 500 MW natural gas-fired generating plant. The study also includes an estimate of emissions as a result of transporting, processing and consuming the extracted oil once it reaches world markets. Approximately 0.0055 million metric tons of methane and 10.95 million tons of carbon dioxide will be generated annually. This represents 0.15 percent of the total global annual carbon emissions (1999 EA/EMP Executive Summary and Update, page 7-27).</p>
6.	<p><b>EIA - Oil spills.</b> The potential impacts of possible oil accidents have not been analyzed. Preparation of the emergency plan in the event of an oil leak was conducted without the slightest public consultation.</p>	4.01	<p>The risk of oil spills was raised as a major concern during public consultation conducted for the 1997 EA and the 1999 EA/EMP. The pipeline has been designed following international industrial practice, in order to reduce the risk of oil spills to an absolute minimum. Oil Spill Response Plans will conform to applicable international standards and codes as well as the Operations Integrity Management System's standards and guidelines referred to and defined in the 1999 EA/EMP.</p> <p>A Preliminary Oil Spill Response Plan was included in the 1999 EA/EMP. Subsequently, the Consortium prepared a GOSRP, the draft of which was reviewed by the Bank and also included as part of the 1999 EA/EMP. It was disclosed in Cameroon and at the Bank's InfoShop on October 15, 1999. The GOSRP in Cameroon involves: (i) four ASOSRPs covering ecologically significant portions of the pipeline from the borders between Chad and Cameroon to the marine offloading facility (eleven kilometers offshore from Cameroon); and (ii) a NOSRP prepared by the GOC.</p> <p>COTCO is in the process of developing the four ASOSRPs, three for areas onshore, and one for the offshore facility. Bank staff have reviewed and discussed terms of reference with COTCO and a consultant has been selected. The 1999 EA/EMP provides that the ASOSRPs are to be ready six months (180 days) before first oil. COTCO agreed with IFC and the private lenders that the draft ASOSRPs would be made public in country and at the Bank InfoShop 180 days prior to first oil and would be subject to public consultation. The agreed terms of reference for these ASOSRPs include requirements for disclosure and public consultation. The final ASOSRPs must be delivered to the Bank ninety days before first oil. ASOSRPs shall be verified by an independent expert.</p> <p>The GOC is committed to developing a NOSRP under the CAPECE Project. A consultant has been selected and is expected to start the preparation of the NOSRP before end October 2002. The NOSRP will describe the activities that the GOC will undertake to comply with its commitments. The GOC has agreed that the NOSRP should have a</p>



No.	Claim/Issue	OD / OP/ BP	Response:
			<p>broader scope than the Pipeline Project, and should cover the whole petroleum sector under its jurisdiction. The NOSRP will be submitted to public consultation and disclosure and will be adopted before first oil. Like the ASOSRPs and within the same time frame, the NOSRP will be subject to independent expert verification, disclosure in country and at the Bank InfoShop, and review by the Bank.</p> <p>During the review period, consultations will be held with civil society and affected stakeholders, as well as a campaign of awareness raising and education on oil spill risk and remedial measures in the areas covered by the ASOSRPs.</p>
7.	<p><b>EIA - Fishing rights.</b> The rights of the fishing communities, as well as the Pipeline Project's impact on fishing in the region, do not seem to have been adequately taken into account by the environmental impact study.</p>	4.01	<p>The 1999 EA/EMP documentation covers impacts to inland fisheries in rivers and marine fisheries in the Kribi area. River fisheries are important locally for subsistence, while marine fisheries have a small-scale commercial value.</p> <p>During pipeline construction, the only areas of the rivers and their banks that will have restricted access are the immediate work areas, to protect the safety of non-Project personnel. While booms are routinely deployed across rivers in the active construction area, the Pipeline Project maintains personnel responsible for opening the booms when necessary to permit the passage of local users. The 1999 EA/EMP also restricts fishing by Project workers during the construction and operational phases of the Pipeline Project (Cameroon Portion, Volume 1, Chapter 2, Socio-Economic Topic No. 9, Fishing Resources). During the operational phase of the Pipeline Project there are no restrictions on freshwater fishing rights.</p> <p>With respect to marine fisheries, during construction of the marine pipeline and FSO, fishing access will be restricted in the immediate construction sites for security reasons. During the operational phase, all fishing will be restricted in the 1-kilometer exclusion zone centered on the FSO, which will be located eleven kilometers offshore. There is currently no artisanal fishing in this area and trawling is limited. Artisanal fishing using small nets / lines will be permitted in the marine pipeline corridor, which extends from where the pipeline enters the sea up to the FSO exclusion zone. Trawling will not be permitted within a 1-kilometer wide rectangle centered on the pipeline axis (i.e., 500 meter on each side of the pipeline). This area will be demarcated by buoys. A public information and education program about the location and implications of the marine exclusion zone is expected to start in November 2002 and will be repeated in January 2003, just before the start of marine terminal construction.</p> <p>The 1999 EA/EMP contains provisions to compensate for fishing harvest losses and gear damages/losses during both the construction and operational phases to mitigate disruption of fresh and saltwater fishing and fishing harvests (Cameroon Portion, Volume 1, Chapter 2, Socio-Economic Topic No. 9, Fishing Resources).</p> <p>Freshwater and marine fisheries are described and impacts are evaluated in the 1997 EA, Cameroon Portion (Section 6.2.10, Fishing; 6.4.5 Marine Biology; and Appendix B, Sections 7.3.4, Impacts on Freshwater Aquatic Resources, and 7.4, Marine Environment, 8.3.3, Aquatic Resources and 8.4, Marine Environment). These sections conclude that with appropriate mitigation measures, construction and operation impacts will not be significant. Significant impacts would only occur as a consequence of a major oil spill. Mainline valves are being installed near each side of all major river crossings and oil spill response equipment will be installed at sensitive sites to limit the impacts of an eventual oil spill. A specific ASOSRP is being prepared for the offshore facility. See also Response 6 for additional information on oil spills.</p> <p>The 1999 EA/EMP contains additional information collected in 1998 on freshwater fish, avifauna, herptofauna and vegetation (Supporting Documents, Cameroon Biological Studies, Volume 5). Fish species composition and abundance were analyzed. Marine fishery field</p>

No.	Claim/Issue	OD / OP/ BP	Response:
			<p>investigations were carried out for the shallow water area near Kribi and for the deeper water area (1999 EA/EMP Executive Summary and Update, page 6-23). Fishing activity in the Kribi area is mostly subsistence and small-scale commercial fishing with canoes. Impacts as a result of increased turbidity and blasting could occur during construction, but are expected to be limited, because the pipeline will only be buried from the beach out to a water depth of 5.9 meters. The remainder of the pipeline up to the FSO will not be buried, which causes less disruption to the sea bottom.</p> <p>For freshwater body crossings, the 1999 EA/EMP specifies that adequate flows must be maintained to protect aquatic life, provide for all water body uses and for downstream withdrawals of water by existing users (Cameroon Portion, Volume 2, Environmental Impact Mitigation, CCS 21-20-108, Section 9.4.1). Section 9.4.3 specifies temporary erosion and sediment control procedures. Sensitive freshwater fishing areas are identified on the EASs, as are river crossings, along with site-specific mitigation measures. COTCO and Contractor personnel monitor the time that construction activities impact rivers and confirm the presence and effectiveness of sediment control measures, presence of equipment to protect against inadvertent fuel spills, compliance with policies preventing Project employees from fishing or harvesting natural resources found in the rivers and other methods of water resource protection. Turbidity measurements are taken at upstream and downstream points during each activity that has potential to impact water quality. Monitoring reports indicate that prior to blasting, villages are informed of potential impacts to the fisheries resource, paddles are used to frighten the fish away, and when fish are killed, the fish are distributed to the local population.</p>
8.	<p><b>Consultation.</b> Consultation with and the provision of information to the populations affected by the oil pipeline has not been adequate. It has led to a failure on the part of these populations to be aware of the mechanisms established in the Pipeline Project for their benefit (mechanisms for settling compensation disputes, for example); Paragraph 19 of OD 4.01 on environmental impact studies, which states that the views of local NGOs and affected populations must be fully taken into account in the design and implementation phases of the Pipeline Project, has not been respected.</p>	4.01	<p>The consultation process that has been followed to date is in compliance with applicable Bank policies and procedures. The information and consultation process followed during Pipeline Project preparation is documented in the 1999 EA/EMP, Supporting Documents, Volume 3. Highlights in Cameroon include:</p> <ul style="list-style-type: none"> <li>• Reading rooms were open in seventeen locations in June 1999. In these reading rooms, the general public was able to consult the 19-volume EA/EMP and to ask questions of COTCO representatives;</li> <li>• More than 400 public meetings were held between 1997 and 1999, of which 111 were in the villages of affected people; and</li> <li>• The Groupe de Concertation et d'Action (coordination group of Cameroonian NGOs for the Pipeline Project) organized a seminar for stakeholders in August 1998 in Cameroon. The resulting reports provided advice and insight on how Project preparation proceeded on the ground, how it was perceived and ways to strengthen Project design and implementation.</li> </ul> <p>Feedback from these meetings and from the reading rooms was fully taken into account in designing the Pipeline Project and its 1999 EA/EMP. In addition,</p> <ul style="list-style-type: none"> <li>• Nine national NGOs participated in a survey among the concerned populations in order to develop a catalogue of options for in kind compensation;</li> <li>• A local NGO, Service d'Appui aux Initiatives Locales de Développement (SAILD) disseminated information concerning compensation rates in its newspaper "La Voix du Paysan;" and</li> <li>• Representatives of Cameroon NGOs were invited to Washington to discuss the Pipeline Project with Bank staff prior to negotiations.</li> </ul> <p>During the implementation phase, continuous contact and consultation is assured along the pipeline route in Cameroon through the work of COTCO's nine LCCs, each of whom has an assigned zone of responsibility. The CPSP also has two socio-economists and three environmentalists in</p>

No.	Claim/Issue	OD / OP/ BP	Response:
			<p>the field who provide continuous monitoring along the pipeline route. These COTCO and CPSP staff are responsible for maintaining a permanent link with the local people and administrative authorities. Monthly reports on their activities are provided to the Bank.</p> <p>The mechanisms for settling compensation disputes are detailed in the 1999 EA/EMP (Cameroon Portion, Volume 3, pages 6-12 through 6-15). This report is publicly available. The procedures spell out the role of the LCCs in disseminating information and facilitating the resolution of grievances. The grievance procedure is more fully described in Section III.E</p> <p>The Bank supervision team travels periodically to the field in order to ensure that Pipeline Project implementation, including consultation with the local population, is proceeding as planned. In addition, Bank staff hold regular meetings with local NGOs, at the initiative of either party. Local NGOs have also been assisted by COTCO in undertaking their own monitoring efforts. The IAG, in its May 2002 Report, noted with regard to communication that "real progress has been made but further efforts will be necessary in order to establish true communications between the parties involved."</p>
9.	<p><b>Water pollution/loss of drinking water.</b> All along the oil pipeline, from north to south, sources of drinking water have been polluted without the Consortium providing any of the solutions envisaged in the Environmental Management Plan.</p> <p>For the Bakola settlements, drying up of sources of drinking water and pollution of the rivers which crisscross the various settlements were not envisaged in the impact study. No mitigation measures were provided to deal with these negative impacts. The same is true for drying up of drinking water sources and alteration in the river flow for Mpango village.</p>	4.01	<p>The 1999 EA/EMP has clear procedures to be followed with respect to stream crossings in order not to impair water quality nor deny users access to water supplies. Specific provisions are given in Volume 1, Biophysical Topics: No.6 (Loss of groundwater recharge areas); No. 7 (River/stream flow disruption) and No. 8(Stream bed and bank disturbances).</p> <p>The baseline study, which included the Bakola settlements, envisaged potential impacts to sources of drinking water and pollution. Appropriate mitigation was implemented. ECMG reports have documented instances of water supply or pollution problems and appropriate action has been taken.</p> <p>The 1999 EA/EMP provides that if drinking water supplies are negatively impacted by the construction or operation of the pipeline, COTCO would furnish the impacted communities with an alternative supply of drinking water. The June 2002 ECMG report (page 31) on April-May monitoring states: "The extraction of water from the surface water regime appears to be conducted consistent with Pipeline Project EMP requirements, including the monitoring of turbidity. Turbidity measurements are also made where construction activities take place next to rivers. Additional significant incidents related to the impact of village water supplies with turbid water have reportedly not occurred since the last visit and the EMP monitors interviewed at the river crossings visited were able to present evidence of water quality testing."</p> <p>With reference to the specific claims at Mpango, COTCO provided a drilled well for the village to assure an adequate and safe drinking water supply. With respect to alterations in the river flow for Mpango village (Pembo River), construction of the pipeline necessitated a river crossing. The sub-contractor built an embankment from an existing road across the river. This embankment did not interfere with the natural flow of the Pembo River to three culverts under the existing road. Any reduced flow may have been caused by natural conditions or the fill the property owner had sub-contractors dump along most of the length of his existing footbridge. This situation was not due to pipeline construction activities.</p> <p>See Annex 2 for further information on individual claims.</p>
10.	<p><b>Dust pollution.</b> At least one inhabitant from the Nkongzok area attributes six months of hospitalization for pulmonary problems to dust pollution from Project construction.</p>	4.01	<p>The Bank / COTCO are not aware of this issue. However, construction near and through Nkongzok took place during the rainy season, when free standing water, not dust, was the main characteristic at most construction sites. The April-May 2002 monitoring by the ECMG (June 2002 Report) notes that "in Cameroon, the surfacing of roads through villages with double bitumen surface treatment (DBST) has substantially reduced the problem of traffic induced dust, which also improves safety."</p> <p>The Bank has asked COTCO to follow up on this specific issue.</p>

No.	Claim/Issue	OD / OP/ BP	Response:
11.	<p><b>Radioactive effects of welding.</b> One family living within pipeline route at Mpango notes at least three months exposure to radioactive effects of pipe welding.</p>	4.01	<p>X-Rays are standard industry practice in testing pipe weld integrity. Risk to the public from these X-Rays is negligible as public access is not permitted at the site of such activity.</p>
12.	<p><b>Lack of independent review.</b> The preparation of the environmental impact study did not respect the requirements of independence in paragraph 13 of OD 4.01, which recommends in the case of large projects the recruitment of an independent panel.</p>	4.01	<p>In accordance with OD 4.01 (para. 13), the Bank advised the GOC of the need to contract an Independent Panel of Experts (IPE) to assist in the review of the EA and advise the GOC on environmental issues related to pipeline construction and operation. To staff an IPE, the GOC retained a Canadian-based firm, composed of a Canadian environmental specialist, an American health specialist and a French socio-economist. Contractual difficulties surfaced and impaired the relationship between the IPE and the GOC. The contract was not renewed after the first year. This termination of the contractual arrangements between the GOC and IPE meant that the IPE could not fully complete its work and that compliance with OD 4.01 para. 13 was partial.</p> <p>During its year of work, the IPE had meetings with Government officials in charge of the Pipeline Project, Bank staff, the Consortium and consultants in charge of EA preparation. The IPE reviewed and commented on the 1996 draft EA submitted to the Bank by the Consortium, the revision of which became the 1997 EA. The IPE's comments were submitted in matrix format to the Consortium and the GOC and forwarded to the Bank for information and comment. The IPE also produced a Summary Note on the Public Consultation Process in Cameroon (April 1997) and advised on follow up actions. These comments made an important contribution to the Bank's review of the 1997 Draft EA, resulting in changes in Pipeline Project design which are reflected in the 1999 EA/EMP documentation. The IPE's recommendations including rerouting of the pipeline around the ecologically sensitive Mbéré Valley, which was consistent with staff's own recommendation to do so after their site visit in 1998. The IPE later drew the Bank's attention to the need for intensified action on HIV/AIDS, in addition to planned actions by COTCO as described in the 1999 EA/EMP. The Bank followed up by fostering closer links between the health programs of the CPSP and Cameroon's national programs to fight HIV/AIDS (see also Response No. 26 below).</p> <p>The IAG, established in February 2001 to advise the President of the Bank and the Governments of Chad and Cameroon, has helped to fill the gap during Pipeline Project supervision that was left by the absence of the IPE. The ECMG is responsible for providing an independent assessment of compliance with the 1999 EA/EMP and for monitoring performance of technical assistance in the CAPECE Project. Both the ECMG and IAG regularly advise the GOC and the Bank on the environmental and social aspects of Pipeline Project implementation. The IAG has identified problems and suggested solutions for consideration by the Bank and the GOC. The ECMG has visited the Pipeline Project on a quarterly basis since the beginning of construction. Reports of both the ECMG and the IAG are publicly available.</p> <p>Under the CAPECE Project, a Panel of Experts will be contracted to assist CPSP in the monitoring and supervision of implementation of the EMP during the pipeline construction and early operational phases. The process to contract the Panel has not yet been completed. Because the construction phase is well advanced, the CPSP has requested the Bank to agree on changes to the terms of reference for the Panel. This issue, which is still under discussion, will be addressed during the next supervision mission. The Bank will request of the CPSP and the GOC that a Panel review the adequacy of environmental and social mitigation measures before Pipeline commissioning and during operations.</p>
13.	<p><b>Institutional capacity-building</b></p>	4.01	<p>In accordance with OD 4.01 the CAPECE Project was put in place to</p>

No.	Claim/Issue	OD / OP/ BP	Response:
	<p>The World Bank has permitted the Pipeline Project to start despite the limited capacity of the State of Cameroon to undertake follow-up operations and implement the necessary mitigation measures. The Bank's incapacity to ensure adequate strengthening of the capacities of the Cameroonian administration constitutes a violation of OD 4.01.</p>		<p>strengthen institutional capacities in Cameroon (see Section III.B for additional background). Implementation of the CAPECE Project started very slowly. The CAPECE Project was declared effective in March 2001, six months behind schedule. Further difficulties have been encountered during its implementation phase, mainly because of the need to build capacity within the Permanent Secretariat of the CPSP to handle the Bank's procurement and disbursement procedures and develop their commitment to capacity building activities. To date, although the level of strengthening is still inadequate, progress has been achieved, as noted below.</p> <p>The CPSP has: (i) used its own budgetary resources to finance regular field missions to supervise and monitor implementation of the 1999 EA/EMP and produce regular reports; (ii) benefited from the cooperation of the Consortium to train some of its staff on oil and pipeline construction-related activities; and (iii) developed good working relationships with line ministries (those in charge of works, water resources, health, labor, mining, environment and forest) that fielded their own teams to monitor the works along the pipeline route. These activities have been highlighted in a newsletter regularly published by the CPSP and widely disseminated in Cameroon.</p> <p>Late in 2001, the Permanent Secretariat began the procurement process for equipment and services needed to strengthen and upgrade its capacity. Several contracts for services for a total of USD 800,000 were negotiated with consulting firms to assist in: developing the NOSRP; monitoring implementation of the IPDP; supervising protection of cultural assets; training staff in monitoring and enforcement; and developing the legal and regulatory framework for environmental management and monitoring. A contract to develop an Environmental Management Information System is expected to be completed before the end of this year.</p> <p>The efforts to implement these capacity-building activities aim at ensuring that the Permanent Secretariat, using its own staff and resources, will be in a position to generate and disseminate reports and data on implementation of the 1999 EA/EMP that can be compared, where needed, to those generated by the COTCO and its contractors. Also, these efforts will help coordinate the activities of those involved in implementation, supervision and monitoring, including line ministries, FEDEC, and COTCO through sharing and exchange of information and harmonization and synchronization of activities. This is a continuing area of focus for Bank supervision of the CAPECE Project.</p>
<b>Natural Habitats</b>			
14.	<p><b>Natural habitat replacement area.</b> The choice of Campo as compensation for the destruction caused by oil pipeline construction seems unacceptable since it is already a protected area, not a new one, and a longstanding site of a GEF project.</p>	4.04	<p>In accordance with OP 4.04, the Bank requested that an offset be provided to compensate for Project-related biodiversity losses. The principle that the GOC would create a National Park as an offset was discussed and agreed upon by the GOC, COTCO and the Bank in 1998. The National Park of Campo-Ma'an did not pre-date the Pipeline Project. Campo-Ma'an was declared a National Park by Prime Ministerial Decree (No. 004) in January 2000.</p> <p>While an area called "Reserve de Faune de Campo-Ma'an" existed since 1932, this covered an area that was geographically distinct from the current area of the park (see Map 2) and was open to a range of land uses including hunting, logging and land conversion. Under Law 94-001 and Decree 95/478, the Campo-Ma'an area was re-organized but continued to include various and often competing land uses with only 90,000 hectares devoted to "Integral ecological reserve." The Pipeline Project played a catalytic role in obtaining the current status of a National Park, which affords the highest level of protection possible under Cameroonian law to over 264,000 hectares of the best conserved forests in southwestern Cameroon. In addition, it mandates compliance with special environmental provisions for over 419,000 ha of the buffer zone that surrounds the Park. The Park</p>

No.	Claim/Issue	OD / OP/ BP	Response:
			<p>and buffer zone combined have been constituted into a UTO, a new land management unit to secure consistency of management approaches within and around the park.</p> <p>The specific objective of the GEF project for the site of Campo-Ma'an was to help "develop a land use plan in consultation with the local populations as a basis for regazettement of specific zones for biodiversity conservation" and assist in the "gazettement or regazettement of areas in conformity with applicable management plans." The area now covered by the Park was not yet gazetted when the GEF project started operations. Logging activities were still taking place in some areas inside the proposed park in November 1998 when the GOC granted a new authorization enabling a logger to exploit the "conservation priority site" that had been set aside to fulfill a specific GEF Grant condition. Following intervention by the Bank, the GOC, on March 12, 1999, Ministerial Decision (No 0372/D/MINEF/DAJ), annulled the new logging authorizations and the establishment of the park followed soon thereafter.</p>
	<ul style="list-style-type: none"> <li>Protection of the region is inadequate because of threats from industrial activity in the immediate area.</li> </ul>	4.04	<p>The presence of the Pipeline Project increased significantly the level of protection against industrial threats. Protection is now greater than it was without the Pipeline Project, as a result of greater attention to industrial threats and increased awareness. Awareness was fostered by the consultative process that accompanied creation of the National Park as an environmental offset and by the production of the Campo-Ma'an Master Plan.</p> <p>Early on In Project preparation (1992-1994), the following existing and potential environmental threats were identified:</p> <ul style="list-style-type: none"> <li>Large-scale plantations and agro-industries (Hévécam and Socapalm), as well as logging and timber sawmills belonging to logging companies (HFC, WIJMA) were in operation in the communes of Campo and Ma'an. The Campo sawmill had existed since the early 1960s;</li> <li>Feasibility studies were underway for creation of a hydroelectric power development on the Ntem River, including a barrage at Memve'ele with retaining dams upstream, one of them in the Nyabessan area;</li> <li>Development of new port facilities was planned in the vicinity of Kribi to Grand Batanga;</li> <li>Exploitation of iron ore deposits in the "Massif des Mammelles" (not a high conservation priority site) was proposed; and</li> <li>Possible oil and gas exploitation in as yet undetermined locations were contemplated with no information as to whether or not they would be exploitable.</li> </ul> <p>Since January 2000, when full protection status was accorded the new National Park of Campo-Ma'an, all activities undertaken in the buffer zone must be consistent with an overall park and buffer zone management plan covering a total area of nearly 700,000 ha. Consultations helped clarify with stakeholders the implications of the creation of the National Park for the park area and surrounding buffer zone, and permitted the preparation a master plan for the whole park plus buffer zone complex. This plan reflects a holistic approach to land use, which should help mitigate threats from pre-existing industrial activities, stave off new threats and create the conditions necessary for ensuring the long-term sustainability of the new Park.</p> <p>As a result of the efforts set in motion by the Pipeline Project:</p> <ul style="list-style-type: none"> <li>The GOC decided to stop construction of the dam on the Ntem Falls in the Campo-Ma'an Park;</li> <li>A firm decision was made to prohibit construction of sawmills in the Park's buffer area. This led the GOC to cancel a concession agreement ("cahier de charges") it had signed with the Société Forestière de Campo, which included the possibility of locating a sawmill within the boundaries of the buffer zone, and to make a new agreement with the company where the construction of a sawmill and other major</li> </ul>

No.	Claim/Issue	OD / OP/ BP	Response:
			<p>infrastructure within the boundaries of the buffer zone were not contemplated. The new agreement was signed by the two parties on April 10, 2002;</p> <ul style="list-style-type: none"> <li>• Hévécam redirected its territorial claims for new industrial plantations to areas north of the Akom II road;</li> <li>• The GOC decreed that EIAs must precede operations in logging concessions located in the buffer zone, and that forest management plans, developed using stakeholder consultations, must be disclosed publicly; and</li> <li>• Binding agreements were signed between the GOC and the logging company operating closest to the park to increase protection and avoid disturbance of the park.</li> </ul>
15.	<p><b>Delays in natural habitat replacement.</b> OP 4.04 on natural habitats has not been respected, since action to manage the protected areas created in compensation for the environmental damage due to construction works has not been launched because of the delays in establishing the Environmental Foundation.</p>	4.04	<p>In January 2000, two parks—Campo-Ma'an and Mbam and Djerem—were established by Decree as offsets for the loss of biodiversity in the coastal and semi-deciduous forests crossed by the pipeline, in accordance with OP 4.04. The GOC has primary responsibility for protecting and managing the parks under Law 94-001 and its 1995 implementing Decree. The Consortium agreed to support selected activities in these two parks as a mitigation measure (1999 EA/EMP, Cameroon Portion, Volume 4). FEDEC is charged with supporting financial implementation of this mitigation measure. Management acknowledges that FEDEC's work started slowly, but work has been launched.</p> <p>As agreed upon in the Project Agreement between the Bank and COTCO (Article II, Section 2.01(c)) and the Loan Agreement between the Bank and the GOC (Article IV Section 4.01(a)). FEDEC was established on March 29, 2001. It was recognized as a not-for-profit institution by Presidential Decree 363/2001 dated November 16, 2001.</p> <p>After the CAPECE supervision mission in July 2002, financial resources started to flow from the trustee of FEDEC's fund to FEDEC's board. This enabled the board to begin disbursing money. To date, and with assistance from COTCO, FEDEC has: (i) established its administrative unit and by-laws, (ii) selected organizations to implement activities in the two parks, namely WWF for Campo-Ma'an and WCS for Mbam and Djerem; (iii) selected a CDF; and (iv) approved three of four priority projects to benefit indigenous peoples affected by the pipeline.</p> <p>A joint meeting with the Ministry of Environment and Forest, the CPSP, COTCO, and FEDEC will be held during the November 2002 CAPECE supervision mission to review the work program of FEDEC for 2003 and discuss relationships and responsibilities among those concerned with the implementation of the offset program. Signature of the contracts between WWF and FEDEC (for Campo-Ma'an) and WCS and FEDEC (for Mbam and Djerem) is expected before the end of December 2002.</p> <p>In exchange for an estimated loss of about ten square kilometers of forest, the offsets provide protection for an area greater than 5,000 square kilometers. A total of USD 4.8 million will be provided for the parks. COTCO will contribute USD 2.9 million to FEDEC to support park management planning studies and ongoing biodiversity protection in the core areas. The GOC will complement COTCO contributions with expenditures of about USD 1.9 million. These resources are expected to be more than adequate to mitigate any residual impacts of the Pipeline Project on biodiversity.</p>
<b>Indigenous Peoples</b>			
16.	<p><b>Bakola.</b> The Project does not seem to have a strategy for ensuring the participation of indigenous peoples in the decision making process during the design, implementation and assessment phases (paragraph 15.d of OD 4.20). which would</p>	4.20	<p>As required under OD 4.20, the Bakola people of the Atlantic coastal forest were identified as an indigenous people likely to be significantly affected by the Pipeline Project, and an IPDP was prepared and approved (1999 EA/EMP, Cameroon Portion, Volume 4). Thus, Management believes that the Pipeline Project is in compliance with the requirements of OD 4.20. The guiding principle in preparation of the IPDP was to ensure that the Bakola population received culturally compatible social and economic benefits from</p>

No.	Claim/Issue	OD / OP/ BP	Response:
	include taking account of traditional knowledge, local cultures and the traditional use of resources in determining the IPDP; the process of consulting the indigenous peoples has not been adequate, as shown by the low level of information in the communities regarding the outlines of the Pipeline Project.		<p>the Pipeline Project. The IPDP is designed to mitigate adverse impacts of the Pipeline Project as well as to provide a development framework for the Bakola settlements in the Project impact area.</p> <p>The strategic approach to Bakola involvement in Project design and in preparation of the IPDP included:</p> <ul style="list-style-type: none"> <li>• Mapping Bakola settlements in the area in order to determine appropriate routing of the pipeline;</li> <li>• Identifying Bakola hunting grounds to assess potential Project impacts on their livelihood;</li> <li>• Assessing the potential short-term impacts on Bakola and Bantu populations during the 3-month construction period;</li> <li>• Establishing employment possibilities for both Bakola and Bantu communities within the impact area; and</li> <li>• Articulating a participatory framework for community-based decision making aimed at empowering and enhancing the human capital base of the Bakola.</li> </ul> <p>This approach was significantly different from previous “blueprint” approaches adopted since 1964 by the GOC, designed to sedentarize Bakola groups along the roadside.</p> <p>The consultation process used in developing the IPDP is detailed in the IPDP, pages 3-10 through 3-15. The strategy for ensuring the participation of the Bakola in determining the programs to be financed through the IPDP and ensuring that it takes full account of traditional knowledge, local culture, and traditional use of resources is also specified (IPDP, pages 3-2 through 3-5). The implementation of this strategy is primarily the responsibility of FEDEC’s CDF.</p>
	The question of access to land, the outlines of which are specified in paragraph 15 of OD 4.20, is not addressed by the Plan.		<p>Historically, the Bakola have been a nomadic group of forest inhabitants who have sustained their livelihoods through hunting and gathering activities. More recently, they have also engaged in agricultural production (mainly cassava cultivation) in the disturbed forest area along the Lolodorf Road. The Bakola perceive land as territory, not as private property to be appropriated and owned. Therefore, they have no ancestral domain claims like Bantu groups.</p> <p>The central goal of the IPDP is to work with the Bakola to raise their standard of living and empower their communities so that they can take their place as full citizens of Cameroon and establish their position within the local customary land use system. Provision of ID cards is a first key step in this process. The issue of access to land for agriculture was raised early on in supervision and ECMG monitoring reports. FEDEC and COTCO specialists are aware of the complexity and sensitivity of this issue. This long-term issue will need to be resolved in the context of a customary tenure system in ways that will not exacerbate Bakola-Bantu relations.</p> <p>See Response No. 17 below for more information on the implementation of the IPDP.</p>
17.	<b>Negative project effects on the Bakola.</b> The Bakola believe that they have suffered negative effects of the Pipeline Project without so far having been able to enjoy any of the advantages set out in the IPDP.	4.20	Implementation of the FEDEC work plan has been delayed, as discussed above. In the meantime, however, COTCO has provided health, education, and other assistance to the Bakola over the period leading up to FEDEC’s involvement. Two full time anthropologists with extensive experience with the Bakola have been part of the COTCO team and have been in constant contact with the Bakola settlements. In addition, COTCO will provide community compensation, amounting to USD 40,000 equivalent, to the Bakola to be used, as they have requested, in improving their housing conditions. Thus, Management believes that the Pipeline Project is still in compliance with the requirements of OD 4.20.
	Apart from the pollution and compensation issues already noted, the construction work on the oil pipeline has caused the following		



No.	Claim/Issue	OD / OP/ BP	Response:
	problems:		
	<ul style="list-style-type: none"> <li>Disturbance of the environment due to the noise of heavy equipment throughout the construction phase: this noise nuisance has had a negative impact on the presence of game, and on our own subsistence;</li> </ul>		<p>Bakola hunting areas are found two to three days' walk away from the roadside settlements; these areas are well away from construction noise or other impacts. Such temporary disturbance in the pipeline right-of-way area due to construction noise was anticipated in the 1999 EA/EMP. Consultations with the Bakola indicated that, based on their previous experience with logging, any wildlife in the disturbed area along the Kribi-Lolodorf road would return rapidly after pipeline construction was completed. There would be no significant or long-term effect on their hunting and gathering lifestyle.</p>
	<ul style="list-style-type: none"> <li>Inadequate information during the preparatory phase of the Pipeline Project, and since the construction phase began;</li> </ul>		<p>Early in Project preparation, COTCO undertook an extensive inventory of all Bakola camps in the Project region. Twenty-three camps were determined to be within two kilometers of the pipeline route and therefore likely to be affected by the Pipeline Project. During Project preparation, COTCO's consultant, the GEPFE, undertook 165 intensive field visits to these settlements to provide information on the Pipeline Project and seek input for the design of the IPDP. These facts were validated by the Bank pre-appraisal mission in April 1999. In 1998, COTCO held a two-day consultation meeting with the Bakola at Kribi. Each camp was represented by two delegates. The consultation helped to clarify Bakola views and priorities and assisted in the design of a framework for a more participatory planning process to be implemented as part of the IPDP, guided by the CDF in FEDEC.</p>
	<ul style="list-style-type: none"> <li>Non-implementation of the actions set out in the IPDP, which could have improved the living conditions of the Bakola; the delay in launching the activities of the Environmental Foundation, responsible for implementing the IPDP, has meant that the Bakola have not been able to benefit from the mitigation measures envisaged under the Pipeline Project;</li> </ul>		<p>FEDEC has been operational since May 2001. It had a late start and thus COTCO undertook actions in anticipation of FEDEC operations. Permanent staff (Administrator, CDF, Executive Assistant, and a Bakola facilitator) are now in place. IPDP activities began in August 2002. Three priority activities are currently being carried out: (i) provision of identity cards; (ii) a schooling program, and (iii) a health program. The planned agricultural program will commence with the next growing season.</p> <p>In addition, after consultations carried out in 1998, COTCO has implemented various activities to benefit the Bakola outside the framework of the IPDP. These include construction of boarding schools at Bidou and Ngoyang villages, distribution of schoolbooks to Bakola students and school supplies to the Ngoyang boarding school; support for the implementation of an anti-tuberculosis program among the Bakola; and creation of a special medical fund.</p> <p>FEDEC is collaborating or plans to collaborate with a wide range of organizations working with the Bakola, including SAILD, the Little Sisters of Jesus, and the Notre Dame de la Forêt boarding school established for the Bakola. FEDEC has held planning meetings with the aim of collaboration with the NGOs Planet Survey and Forest Peoples Program.</p>
	<ul style="list-style-type: none"> <li>Lack of any participation by the Bakola in drawing up the IPDP;</li> </ul>		<p>This issue has been addressed under Response No. 16 above. The ECMG and staff carrying out supervision missions are closely following progress. FEDEC provides regular reporting on IPDP implementation and other relevant issues.</p> <p>During FEDEC's early design phase, the Bakola raised the issue of Bakola representation on FEDEC's Board. The Bank recommended that this be done, but the final composition of the FEDEC Board as proposed by the Consortium in the 1999 EA/EMP did not include a Bakola representative. The Bank agreed that a Bakola representative was not an indispensable requirement given the difficulty of establishing legitimate representation among the Bakola community. Bakola society is egalitarian; their settlements do not generally recognize representational leadership beyond the household level.</p>
	<ul style="list-style-type: none"> <li>The plan for recruiting local staff, which gives priority to the</li> </ul>		<p>COTCO and sub-contractor statistics indicate that thirty-four Bakola (out of less than 700, including about 300 working age adults, living in the Pipeline</p>

No.	Claim/Issue	OD / OP/ BP	Response:
	inhabitants of the villages abutting the oil pipeline, has not been respected in the case of the Bakola;		Project area) have been employed on the construction sites. Rules regarding priority to be given to local people in recruitment have been applied equally to Bantu and Bakola job seekers. The COTCO anthropologist has been proactive in seeking out job opportunities for the Bakola among the Pipeline Project sub-contractors. More broadly, the educational programs envisaged in the IPDP will assist the Bakola to acquire skills needed to take advantage of future employment opportunities in the region.
	<ul style="list-style-type: none"> <li>The reduction in fishing activities due to the disturbances in the region's hydrographic network has not been the subject of any mitigation measure or compensation for the Bakola populations.</li> </ul>		Environmental monitoring activities so far have not identified any significant reduction in fishing activities in the Pipeline Project area, with the exception of the case in Mpango village (not a Bakola settlement) that is discussed in Annex 2.
<b>Involuntary Resettlement/Compensation</b>			
18.	<b>Involuntary Resettlement.</b> The World Bank has not respected OD 4.30 on the involuntary resettlement of populations.		<p>Management believes that it is in compliance with the provisions of OD 4.30. Although no households in Cameroon have been physically resettled and only one household has lost a significant portion of its total assets to the Pipeline Project, over 4,000 households have been compensated for land and crop losses according to the Compensation Plan described in the 1999 EA/EMP, Cameroon Portion, Volume 3. The single household which lost significant assets has been treated in accordance with the "resettlement" provisions of this plan. The Plan includes provisions for community compensation in kind (projects to be selected by the communities) to mitigate the loss of common property resources such as wild trees, fish and game, as well as general disturbance caused by construction activities. See also Section III.E above.</p> <p>The remainder of this response is limited to issues raised at the community level. Responses to the claims in the Request for Inspection made by individuals are provided in Annex 2.</p>
	<b>Compensation issues.</b> - The Bakola community of Kour Mintoum, about one kilometer from the oil pipeline route in the Kribi region, has not been compensated for losses incurred as a result of the construction of the pipeline. This included destruction of fields of food crops without any compensation being paid; and destruction of medicinal plants along the route of the oil pipeline. Lastly, game has become rare since the construction work began.	4.30	Most Bakola households did not receive individual compensation, because the pipeline was routed to avoid disturbing Bakola settlements. However, construction activities could have resulted in unanticipated damage to individual property (food crops) or community property (medicinal plants, game). Individual claims for compensation related to damage incurred during construction are currently being processed by COTCO. Damage to community property is covered by the community compensation that COTCO is providing (see Response No. 17 above).
	<b>The inhabitants of Mpango</b> are concerned about problems related to village water supply:		
	<ul style="list-style-type: none"> <li>Destruction of the village's source of drinking water during construction of the Kribi storage site, without the promised compensation from the contractor; the village no longer has access to drinking water;</li> </ul>		Construction of the Kribi storage yard did result in the village of Mpango losing its source of water supply. COTCO drilled a new well on the property of one inhabitant of the village. This well is available to village members and is no further from the village than the original water source. In addition, a well drilled currently serving as a source of water for the construction of the pressure reduction station will be turned over to the community following completion of onaoina construction. COTCO has committed to provide the

No.	Claim/Issue	OD / OP/ BP	Response:
			community with a pump for this well. (See response to Issue 9, above). Bank supervision missions will continue to monitor this situation to ascertain that the community does not suffer a long-term loss in its water supply.
	<ul style="list-style-type: none"> <li>Reduction in the flow of the river Pembo, which supplies the southern part of the village with water. During construction, for a period of four months, there was no water downstream, while upstream there were floods; and</li> </ul>		Pipeline Project construction activities did not interfere with the natural flow of the Pembo River. Reduced flow and/or flooding may have been due to natural conditions or to unauthorized dumping of fill dirt by sub-contractors in response to a request by the village chief. See also Annex 2.
	<ul style="list-style-type: none"> <li>Fishing was discontinued upstream from the pipeline due to a noticeable alteration in the flow of the river Pembo after burial of the oil pipeline;</li> </ul>		<p>The portion of the Pembo River in the vicinity of pipeline construction holds small bait fish populations. As noted above, any flow changes were not due to pipeline construction activities.</p> <p>Supervision missions have visited the site and ascertained that there have been no significant or long-term changes in the flow of the Pembo River (a small stream) or in fish populations in this area. The Bank will continue to monitor this situation.</p>
	<p><b>For the inhabitants of the other villages</b></p> <ul style="list-style-type: none"> <li>Populations had compensation choices imposed by company agents;</li> </ul>		<p>The Bank supervision team has confirmed that the choice of compensation was not imposed on the populations. Wide ranging consultations were undertaken concerning individual compensation, and the choice of compensation in cash or in kind (or a mix) was provided. People made their choices on the basis of a catalogue of options and the amount to which they were entitled. With regard to community compensation, six NGOs, together with COTCO and CPSP monitors, commenced work in all concerned villages in the second quarter of 2002. A catalogue of regional compensation options was presented to local populations, who freely chose any option (either from the catalogue or any other local initiative) which corresponded best to their needs and the amount to which they were entitled.</p> <p>In one instance a community (see Annex 2) wished to be connected to the electricity grid. However, the cost of connection is much higher than the community compensation entitlement. COTCO will not cover the difference. In this case COTCO has agreed to provide a "letter of credit" specifying the community compensation entitlement. If the community is unable to cover the differential, COTCO will discuss and agree with the community on the in kind compensation as required in the EMP. This is not a case of imposition of compensation choices by COTCO.</p>
	<ul style="list-style-type: none"> <li>Payments were not made before construction, with the result that destruction took place before adequate and total payment of due compensation;</li> </ul>		<p>In most cases, compensation has been paid to affected individuals before construction activities started. This has been verified by Bank supervision missions. In a few cases, payment has not been made because of the inability of the land owners and users to agree on who should receive payment. Complete dossiers are maintained on these cases and payment will be made as soon as the conflicts are resolved. Bank policy does not require that all compensation be paid or all conflicts resolved before construction starts. It does require that compensation processes be designed to enable rapid restoration of living standards, and provide channels for individuals with grievances to seek redress. Management believes that the Pipeline Project is in compliance with these requirements.</p>
	<ul style="list-style-type: none"> <li>Poor quality of equipment as compensation in kind has prevented renewed development; further, the choice of equipment providers was made by COTCO, but the villagers bear the brunt;</li> </ul>		<p>The process of registering grievances and seeking solutions under the Compensation Plan for the Pipeline Project is described in Section III.E above. This process has been followed with respect to the defective equipment, and COTCO has been responsive to the people's concerns. Some defective equipment has already been replaced (e.g., bicycles). Motor-pumps have had suction pumps added and defective grinders have been replaced by COTCO. The original expectation that villagers could take advantage of manufacturers' guarantees proved unrealistic and COTCO</p>

No.	Claim/Issue	OD / OP/ BP	Response:
			has now assumed this responsibility on their behalf. See also Annex 2.
	<ul style="list-style-type: none"> <li>The process for handling disputes is very slow; and</li> </ul>		<p>Consideration of claims has been slow. In some cases, particularly those concerning land, delays are essentially administrative. There are also some cases that cannot be decided by law (inheritance issues in families following death of a beneficiary). The 1999 EA/EMP ties the payment of COTCO compensation to the payment of Government compensation due under Cameroon law; thus, it can become subject to administrative delays. Both in the broader framework of the Bank policy dialogue with the GOC, and in the context of the legal component of the CAPECE Project, the Bank is promoting improvements in the legal framework for compensation and improved functioning of the judiciary in Cameroon.</p>
	<ul style="list-style-type: none"> <li>Directives of the World Bank have not been respected by the Consortium. Payments in cash and kind have not been sufficient to permit restoration or improvement of production levels. The timetable for payments, some of which are still awaited, has not been conducive to their being used for new investments by the local populations concerned. Furthermore, no management arrangement has been set in place for the benefit of local populations wanting to create new plantations to replace those that have been destroyed. The result therefore is the impoverishment of affected populations.</li> </ul>		<p>The Bank policy on compensation is intended to facilitate the restoration of the living standards of project affected people within a reasonable period of time. It does not guarantee direct or immediate replacement of lost production. In the case of the Pipeline Project, people were offered both cash and in kind compensation which they could choose and use at their discretion. Management believes that the Cameroon compensation program has been carried out by the GOC and COTCO in conformity with the Bank's policies and procedures. This view has been supported by the ECMG and the IAG. Out of about 4,000 cases of individual compensation in Cameroon, only 27 remain unpaid, due to conflicts within families or because of legal and administrative procedures. See also the reply to Item No. 20 below.</p> <p>Compensation in cash and in kind is intended to be used by the beneficiaries, as they choose, to develop new plantations or undertake any other activity which will replace lost production and/or enhance levels of living. There is no entitlement to additional benefits unless people's lands and livelihoods are significantly affected. In this case the Pipeline Project's "resettlement" provisions apply. So far, these provisions have been applied in only one case, related to land acquisition around a pumping station.</p> <p>The Bank and the GOC will follow up on the use of compensation and the maintenance or restoration of living standards during the mid-term review and at the end of the CAPECE Project.</p>
19.	<p><b>Annual Report on Compensation.</b> The World Bank has not respected Directive OD 4.30 on the involuntary resettlement of populations, and in particular the requirements relating to the production of an annual report by the Pipeline Project on the implementation of compensation (paragraph 22).</p>	4.30	<p>As noted above, Management believes that the Pipeline Project is in compliance with OD 4.30. OD 4.30 (para. 22) requires that "arrangements for monitoring implementation of resettlement and evaluating its impact should be developed by the Borrower during project preparation and used during supervision." The 1999 EA/EMP provides for these (Cameroon Portion, Volume 3). OD 4.30 (para. 22) also states that "Annual and midterm impact evaluation are desirable for large-scale resettlement. The Borrower should be required to continue impact evaluation for a reasonable period after all resettlement and related development activities have been completed."</p> <p>Supervision missions and ECMG's quarterly monitoring indicate that these requirements were met. The CPSP is maintaining a database of all resettlement and compensation activities and provides the Bank and the ECMG with adequate information on the subject. No significant issue dealing with disclosure of information or compensation was identified by Bank staff or the ECMG during their field missions. During 2001 and the first quarter of 2002, COTCO issued Quarterly Reports and the CPSP issued several issues of its Pipeline Newsletter that contained information about compensation issues. This information has been made widely available in the country.</p> <p>Bank staff will continue to review quarterly reports prepared by COTCO as well as those of CPSP and ECMG on involuntary resettlement and compensation. An impact evaluation will be carried out during the Pipeline Project Mid-Term Review in the first quarter of 2003. In anticipation of a compensation impact study, COTCO undertook a comprehensive socio-economic baseline study of populations along the pipeline.</p>

No.	Claim/Issue	OD / OP/ BP	Response:
<b>Poverty</b>			
20.	<p><b>Poverty reduction.</b> The Project has caused structural impoverishment of numerous persons living along the oil pipeline. Because of lack of management and methods of payment of compensation (in cash and in kind with agricultural equipment of poor quality), many local populations living along the oil pipeline have not been able to reconstitute plantations destroyed during the construction work. The amounts paid in compensation have therefore rarely been adequately used.</p>	4.15	<p>The Pipeline Project is consistent with Cameroon's poverty reduction strategy. However, it is not a poverty focused project and thus, consistent with OD 4.15, para 27, inter alia, does not trigger this policy. These issues are addressed through compliance with the other relevant provisions discussed in this Management Response. Nevertheless, it can be noted that on the basis of Bank supervision missions, Management believes that the majority of persons compensated, whether for temporary or permanent acquisition of land, have benefited from the compensation offered and have suffered no serious reduction in their standard of living. Individuals were given a choice of compensation, and compensation has been used in many ways, including but not limited to the reconstitution of food crop plantations. Compensation, particularly cash compensation, could be used to enhance family welfare in a variety of ways. The village of Ebaka, for example, has been nearly entirely rebuilt. Where in kind compensation proved to be of poor quality, COTCO has taken steps to replace the defective tools and equipment.</p> <p>Most of the land used for pipeline construction was acquired for temporary use and is being returned to the original owners after one growing season as pipeline construction is completed. About half of this land will be subject to a permanent easement for pipeline monitoring; tree-crop cultivation will not be allowed in the permanent easement, but annual crops and grazing will be permitted. Thus, there is no reason to believe that land acquisition will lead to "structural impoverishment." The small parcels acquired for the construction of the permanent facilities (pumping and pressure reduction stations) have been appropriately compensated, and only one household has been permanently deprived of a significant share of its farmlands. This household has been compensated in accordance with the "resettlement" provisions of the 1999 EA/EMP.</p> <p>In particular cases the compensation money may not have been appropriately used to develop new plantations or in other ways to maintain or improve household standards of living. Efforts have been made to inform communities of the purpose of compensation, to provide transparency in making payments, and to encourage informal social control of its use. A socio-economic evaluation study is planned under the CAPECE Project; terms of reference for this study are currently in preparation at CPSP. In addition, a study on the future of the workforce employed by COTCO and its contractors, after the pipeline is built, will be undertaken, with a view to suggesting options to provide further employment and livelihood opportunities. The Bank will request COTCO and CPSP to follow up, in particular, on use of compensation to ascertain that no permanent decline in living standards takes place.</p>
21.	<p>In many cases the refusal to pay due compensation has involved local populations in lengthy and costly proceedings, of which only a few have resulted in payment, which is derisory when compared with the sums invested by the victims. Lastly, the slowness of the process of handling compensation disputes deprives the beneficiaries of sums they had a right to expect for the reconstitution of their production systems.</p>		<p>Claims or contested cases of long duration have been those concerning land, where administrative and judicial procedures are very slow. Other cases that have not yet been resolved concern disputes over inheritance rights within families. There are also cases, in particular plantings that were undertaken after the Verification and Valuation Commissions completed their inventory, for which compensation is not due. As noted above under Item 18, out of about 4,000 cases of individual compensation in Cameroon, only 27 remain unpaid, due to conflicts within families or because of legal and administrative procedures.</p> <p>In the context of its broader policy dialogue with the GOC, the Bank is making every effort to help improve the quality and efficiency of the court system, in particular to encourage improved handling of compensation and resettlement issues. Under the CAPECE Project, civil servants, judges, lawyers and other staff involved in the implementation of the legislation dealing with the construction and operation of oil pipelines and environmental protection will receive specific training including training on</p>

No.	Claim/Issue	OD / OP/ BP	Response:
			resettlement and compensation issues. A consultant has been contracted and training is expected to start soon.
<b>Supervision</b>			
22.	No follow-up report has mentioned the problems encountered in Mpango because of construction of the oil pipeline. No measure has been envisaged for dealing with the delay in implementation of the IPDP or for mitigating damage to the environment not foreseen in the Environmental Management Plan (especially the drying up or pollution of water courses).	13.05	<p>Intensified supervision efforts are discussed in Section III.F. The ECMG and the IAG, established to monitor Pipeline Project implementation and compliance with the 1999 EA/EMP, have been effective and instrumental in raising and discussing all pending issues. Reports of both are available online at the Bank website <a href="http://www.worldbank.org/afr/ccproj/">http://www.worldbank.org/afr/ccproj/</a>. IAG maintains its own website at <a href="http://www.gic-iag.org">www.gic-iag.org</a>.</p> <p>In addition to staff at Bank headquarters involved in supervision of the CAPECE Project and the Pipeline Project, a staff member located in Cameroon since May 2001 has as primary responsibility to work on the Projects and maintain close relationships with the CPSP, COTCO, Government agencies, civil society organizations and individual stakeholders. The supervision teams work under the coordination of the Pipeline Project Task Manager residing in Chad. In addition to supervision missions and quarterly ECMG monitoring, the supervision teams review reports and information on a regular basis. In aide-memoires and letters to the GOC, supervision teams have raised pertinent issues, including delays in implementing agreed-upon actions.</p> <ul style="list-style-type: none"> <li>• The delay in implementing the IPDP is addressed in Responses 15 and 17. During supervision, discussions are held with COTCO, which has agreed to support and finance some social infrastructure and activities targeting Bakola communities. These activities have been monitored by the CPSP, which discusses its findings with supervision teams, including shortcomings that were addressed with COTCO;</li> <li>• Issues concerning water courses are addressed in Response No. 9; and</li> <li>• Monitoring of water quality, road construction and other issues is regularly discussed with CPSP and Government agencies in charge of monitoring the 1999 EA/EMP provisions. A log of issues and solutions has been established and is maintained by both COTCO and the CPSP.</li> </ul> <p>See Response No. 1 for a discussion of the way in which unforeseen impacts are handled.</p>
23.	The Project Appraisal Document prepared by the World Bank states that implementation of the safeguard measures by the Government of Cameroon within the scope of the CAPECE Project shall follow the timetable for the construction and exploitation of the oil pipeline. Implementation of the Project has hitherto been unsuited to the encouragement of public participation in oil pipeline construction activities, to permitting follow-up of the social issues related to compensation, to the protection of public health, including against HIV/AIDS, to improving the situation of the indigenous peoples, and to protecting Cameroon's cultural heritage.	13.05	<p>Following Board approval of the Pipeline Project and the CAPECE Project, the timetable for construction of the pipeline was accelerated while the implementation schedule of the CAPECE Project was delayed. Management is aware of the potential problems caused by this combination of circumstances, and has responded through intensified supervision efforts aimed at accelerating the implementation of capacity building activities.</p> <p>Regular consultations with project affected people have been held by COTCO along the pipeline to discuss issues related to the Pipeline Project. Such sessions are recorded in COTCO's reports; for example, 189 sessions with 8168 attendees were held in the second quarter of 2002. COTCO has also appointed LCCs that are permanently deployed along the pipeline. The Permanent Secretariat of the CPSP has two socio-economists working in the field in collaboration with these LCCs, who participate in some of the sessions.</p> <p>In spite of these efforts, there is a consensus that communication with communities could be improved. There is also a need to address the risk of over-expectation at the local level with regard to benefits from the Pipeline Project. As a result a local communication plan is being prepared jointly by COTCO, the Permanent Secretariat of the CPSP, and the Bank.</p> <p>Under the CAPECE Project, the CPSP is responsible for following up on social issues related to compensation, working together with the Ministry of Public Health to promote the protection of public health, and contracting with local consultants: (i) to monitor the situation of indigenous people</p>

No.	Claim/Issue	OD / OP/ BP	Response:
			<p>affected by the Pipeline Project; and (ii) to monitor, together with the Ministry of Culture, the implementation of the Cultural Heritage Plan. CPSP has been informing the public of its activities through the publication of the "Lettre du CPSP." The Bank recognizes that CPSP's communications with civil society could also be improved, and is working with CPSP on the implementation of a strategy that would better facilitate public participation in Project activities.</p> <p>Supervision missions report the following:</p> <ul style="list-style-type: none"> <li>• The GOC, through CPSP, has the critical role of supervising and monitoring the implementation of the 1999 EA/EMP by COTCO and its contractors. CPSP staff have been recruited and procedures designed to allow the various agencies involved to implement their monitoring mandate;</li> <li>• In addition to permanent monitoring teams established by CPSP, supervision of the works is carried out by the relevant ministries. Bank supervision of this process is documented in mission aide-memoires. The Ministry of Environment also has undertaken ad-hoc supervision visits to the pipeline corridor and offset areas;</li> <li>• A system has been put in place by COTCO and CPSP to process complaints (95 percent of complaints had been processed as of December 2001), and a field team of socio-economists from the Permanent Secretariat of the CPSP works in collaboration with COTCO's field socio-economists to follow up on complaints;</li> <li>• The health component of the CAPECE Project was slow to start, despite the appointment of two health specialists at CPSP and this was brought to the attention of the GOC; the component is now in accelerated implementation;</li> <li>• Implementation of the IPDP has been delayed by FEDEC's slow start. Socio-economists from CPSP have monitored the support that COTCO provided to the Bakola until FEDEC was established, staffed and put into operation. CPSP is now hiring a consultant for continuous monitoring of the effects of the Pipeline Project on the Bakola; and</li> <li>• Cameroon's cultural heritage has been discussed with the Ministry of Culture, which informed the Bank of its fruitful collaboration with COTCO. The Ministry of Culture will be assisted in the analysis and management of any culturally-significant site discovered along the pipeline route. The CPSP, under the CAPECE Project, is in the process of contracting a consultant to support the Ministry of Culture in addressing cultural heritage issues. The draft contract was reviewed and cleared by the Bank in September 2002.</li> </ul>
<b>Other</b>			
24.	<p><b>Lack of response to complaints.</b> Directly or through non-governmental organization (NGO) channels we have formulated written or verbal complaints to those in charge of the construction works and to all the other institutions involved in the construction or Project follow-up. We have also informed the World Bank in writing or verbally, directly or through NGO channels, about these problems, without any reaction being forthcoming. (See the annex for copies of correspondence and documents establishing that the World Bank was informed of the</p>		<p>The Bank supervision team has responded to complaints that have been raised with them in the field regarding the Pipeline Project. The Bank Country Office in Yaoundé has been closely monitoring the Pipeline Project. Meetings are held as appropriate with all stakeholders (GOC, CPSP, COTCO, FEDEC, NGOs, and local communities) to: (i) take stock of implementation progress; and (ii) identify issues/problems that may need corrective actions. Moreover, Bank staff in Yaoundé have carried out field visits along the pipeline route and have systematically reported to COTCO, CPSP, and the GOC. COTCO maintains a file of complaints and the respective responses available at their offices in Douala.</p> <p>Although the Bank is not party to the labor contracts between COTCO, its sub-contractors and workers, Bank staff—when made aware of concerns and possible irregularities—have held meetings with COTCO and the CPSP, to address the issues. Finally, the Bank Country Office has been following closely the IAG and ECMG independent review processes and supervision missions and has undertaken actions as suggested by these periodic reviews to facilitate implementation of both the Pipeline Project and</p>

No.	Claim/Issue	OD / OP/ BP	Response:
	<p>situation.)            Many requests addressed to COTCO or the Government of Cameroon have remained unanswered. The information transmitted to the World Bank has to the best of our knowledge elicited no reaction. In some cases, we have replies from the Government of Cameroon and from COTCO, which are opposed to any reparation of the wrongs we have suffered. In addition, the official Project documents convey an optimistic view which seems not to take account of the non-compliance cases of which we are victims (see correspondence in the annex).</p>		<p>the CAPECE Project.            In the period from December 2001 to March 2002, a mass-mailing was addressed to Mr. Wolfensohn, President of the World-Bank, which raised some generic concerns related to the situation of the Bakola. In particular these letters argued that the “prerequisites required by [the World Bank] were not fulfilled.” Each of these standard letters received an answer addressing the concerns raised and explaining the details of the IPDP.            The copies of correspondence annexed to the Request for Inspection do not appear to show that copies of these were previously sent to the Bank or to the IFC.</p>
25.	<p><b>Labor relations.</b> The Requesters consider that the Consortium has not complied with Cameroonian law with respect to classification of workers employed in construction work. They state that COTCO and its sub-contractors continue to depend on 30-yr old collective agreements. Despite some negotiations in February 2002, one sub-contractor has not yet respected the agreement signed with regard to improved working conditions, including salaries, health cover, solidarity fund, training bonuses, safety bonuses, overtime, night work, etc. Failure to respect the law has deprived the workers of income and working conditions they might have expected from collaborating with the Pipeline Project. Dismissals consequent upon various accidents are contrary to Cameroonian labor law.</p>		<p>The Agreement of Establishment of August 7, 1997 entered into between the Republic of Cameroon and COTCO provides for the obligation of COTCO to contract local workers and to develop a training program for them. COTCO has the freedom to contract adequate staff without any interference or intervention from the GOC. The relations between COTCO and its workers are governed by applicable Cameroonian legislation and thus labor disputes must be resolved according to these laws and regulations. The Bank was informed about disputes between COTCO and its workers regarding interpretation of some rules and choice of applicable laws.            Pipeline construction activities in Cameroon are governed by Regulation No. 24 MTS of May 27, 1969, which determines that wage rates on pipelines are paid as civil works projects, not petroleum sector wage rates, (which are higher). The Ministry of Labor of Cameroon has determined that the collective agreements signed are appropriate. Doba Logistics and other COTCO sub-contractors have negotiated and signed agreements with their workforces as proposed by the Ministry of Labor.            The May 2002 Report of Visit to Cameroon – April 7 to 18, 2002 by the IAG discusses work site labor conditions and the legal framework for labor issues (pages 5 and 8). The report makes recommendations to COTCO to ensure that contractors and sub-contractors respect labor legislation and introduce an information system to enable timely specification of responsibilities and rapid settlement of disputes (page 11). The IAG also commends the work of the Ministry to Labor to renew collective agreements and recommends that the Ministry take steps to ensure that COTCO and the contractors support and actively participate in these labor relations renewal efforts.            See also Section III.G.</p>
26.	<p><b>HIV/AIDS.</b> The Requesters allege that there has been a renewed outbreak of sexually transmitted diseases and HIV/AIDS all along the oil pipeline and around the Pipeline Project’s main bases (from north to south), and an increase in the <b>prostitution of minors</b> along the length of the oil pipeline.</p>		<p>The Bank does not have a policy regarding HIV/AIDS. However, the fight against this destructive disease is a very high priority for the Bank, especially in the Africa Region. Actions to address HIV/AIDS include broad-based support to Government strategies under the Multi-sectoral AIDS Program (MAP) as well as design of new projects and retrofitting of ongoing projects in all sectors to address this issue. In this context, the Bank regards the Pipeline Project and its accompanying capacity-building projects as an opportunity to provide additional support to the Governments and to help demonstrate how the private sector can contribute to the fight against HIV/AIDS.            HIV/AIDS is a countrywide concern in Cameroon. The rate of prevalence has increased rapidly from 2.5 percent in 1996 to 7.7 percent in</p>



No.	Claim/Issue	OD / OP/ BP	Response:
			<p>1999 (UNAIDS estimates). The national strategy to fight HIV/AIDS, adopted in 2000, recommends using existing channels to sensitize populations at risk and communities. This strategy is supported by a USD 50 million IDA credit, Multi-sectoral HIV/AIDS Project, which became effective in September 2001. Until recently, its implementation has been hampered by a lack of coordination between the National Committee to Fight HIV/AIDS (CNLS) and the Ministry of Health. The Bank has employed an international consultant in the Cameroon Country Office specifically to advise the GOC on this matter. Recent changes in the Ministry have speeded up implementation.</p> <p>The Pipeline Project has been identified as one of the priority channels to fight HIV/AIDS in Cameroon, because of the increased risk generated by construction activities, as outlined in the PAD (Annex 14, para. 41) and the 1999 EA/EMP (Cameroon Portion, Volume 2, Health Plan). COTCO and its sub-contractors have implemented the Health Plan as it affects workers (see details below). The CAPECE Project also includes a substantial health component intended to assist the Ministry of Health in meeting its responsibilities to protect the health of the communities surrounding the pipeline. The component has been slow to start, due to poor coordination between CPSP, CNLS, and the Ministry of Health. This issue was raised at the highest level in a letter from the Country Director to the Chairman of CPSP in January 2002. Following this letter, a newly appointed Minister of Health took action to improve the management of HIV/AIDS activities related to the Pipeline Project.</p> <p>Action by the GOC has been concentrated in the pipeline areas of Dompta, Kribi, Bélabo, Nanga Eboko, and Batchenga. Five health specialists have been assigned to this agenda in the five provinces crossed by the pipeline (as of July 2002), and a new health center has been built, equipped, and staffed in Dompta (effective August 2002). To further address the issue of coordination and to build on the proactive steps taken by contractors, the GOC signed a Convention with COTCO on this subject in 2002.</p> <p>In accordance with the 1999 EA/EMP Health Plan, COTCO's Health, Safety and Environment Department has implemented a health program, as defined in the EMP, which requires that contractors provide medical facilities for employees at all camps. Contractors regularly screen and treat workers for curable sexually transmitted diseases (STDs), and conduct programs of health education and immunization as well as condom distribution. STDs are monitored through the Epidemiological Information System and Sentinel Surveillance System established for workers. Health units, primarily put in place for workers, have also benefited neighboring communities in some cases, as reported by the ECMG. As a result, awareness campaigns and condom distribution in the pipeline area have reached a level of effectiveness above the national average.</p> <p>It has been noted by the ECMG that baseline data to assess any change in HIV/AIDS prevalence in the pipeline area do not exist. Prior to the Pipeline Project, the only HIV/AIDS statistics available for the country came from the Cameroon Sentinel Surveys, whose data could not be disaggregated to the community level. Even today, raw data on the current HIV/AIDS prevalence rate are not available. Since the Pipeline Project has given a boost to the local economy, it is likely that there has been renewed sexual activity, including prostitution, in the Project area, with accompanying spread of STDs and increased vulnerability to HIV/AIDS. It would be difficult, however, to distinguish any Project-related impact from the general spread of HIV/AIDS in the country and in particular along the transportation corridors closely paralleled by the pipeline.</p> <p>Discussions during Bank supervision of the Multi-sectoral HIV/AIDS Project showed that prostitution had indeed increased along the pipeline, but that this increase was mainly due to professional and relatively</p>

No.	Claim/Issue	OD / OP/ BP	Response:
			<p>organized sex workers coming from urban areas, which makes it difficult for prostitution of minors to take place. More broadly, the sensitization program of the Multi-sectoral HIV/AIDS Project, building on experience from the United Nations Fund for Population Activities (UNFPA), focuses primarily on limiting and delaying first sexual relations of minors. It is based on a "tantine" system whereby older women sensitize young girls, based on their own experience. A convention is currently being prepared between CNLS, GTZ, and two NGOs already involved in the pipeline compensation consultation process, whereby the two NGOs will be in charge of this sensitization effort along the pipeline, benefiting from technical assistance provided by GTZ to implement this methodology. This activity is expected to serve, among other things, as a means to limit the prostitution of minors even further.</p> <p>Building Government capacity to address HIV/AIDS in the Pipeline Project area and elsewhere is a priority in the Bank country strategy and an important element of the CAPECE Project. The Bank will continue to monitor progress and provide support for intensified action against HIV/AIDS and other diseases in the Project area. The prostitution of minors is a serious concern which, as the IAG has noted, has legal and social protection as well as health dimensions. The Bank will follow up on this issue in the context of its broader poverty reduction dialogue with Cameroon, and will use the Multi-sectoral HIV/AIDS Project as one appropriate channel to convey this message to the GOC.</p>

## ANNEX 2

### RESPONSES TO CLAIMS INVOLVING INDIVIDUAL CASES\*

#### BAKOLA COMMUNITIES

##### 1. Village 1

**1A. Claim:** Requestor 1A had a field of food crops which was destroyed without any compensation being paid to him.

**Response:** Requestor 1A resides in another settlement, approximately ten kilometers from the settlement of Village 1 cited in the Request as his home village. However, he has a brother-in-law in Village 1. Prior to the initiation of construction in 2001 all twenty-three Bakola settlements were inventoried, using GPS, to measure surface areas of all planted fields. Requestor 1A was not identified as having a field in Village 1. He worked for COTCO's tree felling contractor as a laborer between December 2001 and January 2002.

**1B. Claim:** Requestor 1B had a field of manioc, yams, macabos, sweet potatoes, plantain bananas and other vegetables which has been destroyed without any compensation being paid to him.

**Response:** COTCO has never identified this individual as one of the 700 Bagyeli/Bakola in the twenty-three settlements along the pipeline corridor.

#### OTHER COMMUNITIES

##### 2. Village 2

**2A. Claim:** Commercial trees (okoumé) planted by Requestor 2A were not at the outset considered as exploitation. In compliance with Cameroonian forest law, Requestor 2A had had the volume and value of his wood assessed by the appropriate departments of the Ministry of Environment and Forests. The assessment reports, attached as an annex to the Request for Inspection, estimated the value of the wood as being between CFAF 1,500,000 and 6,500,000 (i.e., between USD 2,150 and USD 9,285). After several months of discussion, COTCO proposed a first payment of CFAF 300,000 (USD 428). Then, without further negotiation, COTCO offered an additional payment of CFAF 350,000 (USD 500) in cash and kind (particularly alcohol and food). Under the threat of administrative authority which accompanied the COTCO representative, Requestor 2A was obliged to sign a contract in which he acknowledged that the amount paid constituted "fair and genuine.... satisfactory and sufficient" compensation. No information has been provided as to the methods of calculating the amount of this compensation. Furthermore, the other terms of the

---

\* The proper names in this Annex - which were made available to the Inspection Panel - have been changed to protect the identities of the individuals concerned.

contract have not been respected by COTCO (promises to recruit for the Project young members of Requestor 2A's family, and the cutting of wood so that it would be useable by Requestor 2A). Lastly, eighty-one okoumé (seedlings) were excluded from the compensation calculation on the pretext that they were "wild" trees which had grown there naturally. It seems important to mention that okoumé is an exotic species in the region concerned and that the seedlings were produced by a fully grown seed-bearing tree which was destroyed by the route of the oil pipeline.

**Response:** This is a complex issue. COTCO has always recognized that this individual planted six okoumé trees on the land that now is in the pipeline easement (he has planted others outside the easement also). The complexity arises from a legal issue. In Cameroon, the State controls the sale of all exotic/hardwood species. Concessions are provided to companies and communities to harvest species, with taxes payable to the State based on an annually updated rate structure. In this case Requestor 2A did not have the legal right to harvest or sell the okoumé trees. COTCO understood this dilemma and attempted to rectify it by paying him for the inconvenience caused him and his family. COTCO could not pay for the trees themselves. The amount paid was based on COTCO's estimate of what he or his family could realize from the "selling" of the trees. Based on the State rate structure, the FOB value of the 40 cubic meters was just over CFAF 1,500,000. COTCO assumed that the family would have to pay someone to cut, extract, and transport the logs. COTCO estimated that at best the family would be able to profit from 50 percent of the FOB value. A total amount of CFAF 745,000 was paid to the family in three installments. In addition, the contractor sawed the fallen trees into planks for the family's use, as verified by a Bank supervision mission.

Regarding the 81 okoumé excluded from the compensation, COTCO was not able to recognize them, for two reasons: (i) as they were seedlings that sprouted under the six okoumé adult trees, they had no commercial value at the time of evaluation (at the time of the pipeline CLS), and (ii) under normal agricultural practices the seedlings would need to be transplanted to new areas to ensure their healthy co-existence with existing trees. Requestor 2A has never been prohibited from transplanting the seedlings, an activity similar to when he obtained seedlings from an okoumé tree plantation south of his village in 1974.

### 3. Village 3

**3A. Claim:** A sizeable portion of Requestor 3's crops was not taken into account in calculating the amount of his individual compensation. He is being accused of making investments in his land after the course of the oil pipeline was decided. However, because of his concerns regarding the proximity of his house to the land acquired for the oil pipeline, COTCO agents had indicated to him that the course would be altered so that it went around his concession with the purpose of avoiding any displacement of populations. It was on the basis of these promises that he continued to exploit his land. In the end the course of the oil pipeline was not altered. What is more, a footbridge built by Requestor 3 so that he could get to his concession has been used by Pipeline Project employees during the construction work. He had

been promised that the footbridge would be rebuilt, and that promise has not been honored. It has been completely destroyed by the COTCO agents, who abandoned it when they left. Requestor 3 has rebuilt it, and is demanding compensation.

**3B. Claim:** Requestor 3 has experienced difficulties for which he has not received compensation. For example, he suffered as a result of the significant extension of a swamp due to water retention in the ground in front of his house. The private footbridge leading to his house has been used without his permission. This resulted in it being destroyed. Requestor 3's house is situated 12 meters from the pipeline, in other words it is on the land acquired for the oil pipeline. The harmful effects of the noise of the bulldozers and of the dynamiting of rock lasted three months. Finally, Requestor 3's family has been exposed for three months to the radioactive effects of the welding of pipes.

**Response:** Both of these claims refer to the same person. Regarding Requestor 3's crops, he received compensation for the crops he had at the time of the CLS. Any crops planted after this CLS are not compensated for. Because a portion of his house extended approximately one meter into the easement, it was originally intended to move the easement. On this basis Requestor 3 continued to plant crops on his holding. In the end the easement was not moved and he lost these crops. However, since these crops were planted after the CLS he was not, according to the law of Cameroon, entitled to compensation.

Regarding the footbridge: Prior to the start of pipeline construction activity, an existing road, despite having three culverts, held back a swamp in the front of Requestor 3's property. He had built a footbridge to cross the swamp to his remaining property. After the construction of the pipeline across his property, Requestor 3 requested a Project sub contractor to provide fill at the site of his footbridge. This fill covered most of the existing footbridge. This fill, while it did not entirely bridge the swamp, did significantly restrict the flow of water to the three culverts hence backing up the swamp. Requestor 3 received compensation to rebuild the wooden bridge.

Noise clearly is an issue during the clearing of the right of way and the laying of pipe. Given that right of way clearing and laying of pipe was at a rate of approximately one kilometer per day, however, the time of his exposure was limited. Also, use of X-Rays is standard industry practice in testing pipe weld integrity. There were three welds in front of Requestor 3's house leading to a one minute exposure to the welders (3 x 20 second X-Rays ). Risk to the public from these X-Rays is negligible as they are not at the site of the activity. In any event, if there was a risk to Requestor 3 or his family, it would have been for an extremely brief duration, not for the three months cited above.

**3C. Claim:** Requestor 3C's family has lost all its agricultural land, which has been used for the construction of the pressure reduction station and a storage yard for equipment used by COTCO sub-contractors. Substantial quantities of laterite have been removed from these lands, which have also been used for training drivers of equipment for the Willbros Company. Crops belonging to the wife of the head of the Requestor 3C family have been destroyed without compensation being paid. The various uses to which the lands have been put in connection with the Pipeline Project have made them unfit for agriculture.

**Response:** Requestor 3C's family did not lose all of its agricultural land due to the Pipeline Project. The family temporarily lost a plot adjacent to Project property and a plot along the easement. The family has several other plots in the area. The claim relates to the plot adjacent to Project property, not the one along the easement. The family was compensated for this temporary loss. The plot was initially used as a source of laterite for Project purposes. Requestor 3C's family received compensation for the laterite that was removed from its land. Later the plot was used for the concrete coating of pipe and side boom training. After completion of these activities the plot was returned to the family. As part of the compensation for the temporary loss of their plots the family was provided with young palms. They planted fifteen young palms on the plot adjacent to Project property. Unfortunately a sub-contractor inadvertently disposed of some material on their plot, destroying the fifteen young palms. A grievance has been filed with COTCO, which COTCO has acknowledged in writing. COTCO (at the time of the October 9, 2002 Bank supervision mission) was in the process of settling the matter.

#### 4. Village 4

**4A. Claim:** Trees planted by Requestor 4A on land belonging to him have not been taken into account in the calculation of the individual compensation due to him. Requestor 4A has documents establishing that he planted the contested trees himself. Thus, the exchanges of correspondence with ONADEF, the government agency responsible for forest development, attest to the fact that he bought seedlings from it and that experts visited his plantations on a number of occasions. Furthermore, COTCO has proceeded, on Requestor 4A's land and beyond the areas which had been the subject of expropriation on grounds of their public usefulness, to destroy crops which were not taken into account in calculating the amount of compensation he received.

**Response:** This case remains unresolved in the Grievance Management Procedure. This case is similar to that of Requestor 2A in that Requestor 4A has planted a non-indigenous hardwood tree on his land. He planted these trees in his cacao plantation to serve as shade trees. Since the trees were registered as "natural resources" they were not subject to an additional compensation on COTCO's part. COTCO has received documents from Requestor 4A demonstrating that he planted them and COTCO is planning (at the time of the October 9, 2002 Bank supervision mission) to go to his village to discuss the issue and to propose paying for the trees as shade trees, which is a category that exists in the Pipeline Project Compensation Plan. This farmer received CFAF 783,000 (a little more than USD 1,100) in compensation for crops planted at the time of the CLS.

**4B. Claim:** As community compensation the inhabitants of Village 4 have a right to the sum of CFAF 1,950,000. Part of the village wants to finance a connection to the electricity network, and has money to finance the additional costs of this. COTCO is unfortunately opposed to the option by the village, which is not requesting that COTCO make additional financial efforts.

**Response:** COTCO is not opposed to any community's use of community compensation. The Requestors are correct on the value of the compensation -

CFAF 1,950,000. Connection to the electricity grid will cost several times more than the community's entitlement. COTCO has offered to provide a letter of credit in the amount of CFAF 1,950,000 on behalf of the community in support of its application for connection to the electricity grid.

**4C. Claim:** Requestor 4C has been in a hospital for the past six months because of serious pulmonary problems. He considers that these problems are due to the quantity of dust absorbed during the construction work. He is paying his medical costs himself.

**Response:** COTCO is not aware of this case. However, construction near and through Village 4 took place during the rainy season, when free standing water, not dust, was the main characteristic at most construction sites. At the present time, there is no information to indicate that this isolated case of pulmonary illness is due to dust produced by Project construction.

## 5. Village 5

**5A. Claim:** The inhabitants of Village 5 want to use their community compensation money to finance a project to gain access to electricity. COTCO is trying to impose on them the construction of a traditional community hut, which would duplicate the one the village already has. Discussions are currently deadlocked.

**Response:** This community wishes to use its community compensation to purchase a generator to produce electricity. The community compensation entitlement would cover the cost of purchase. However, the generator option does not meet the sustainability criteria for community compensation which was established at the outset of the compensation program. The recurring operation and maintenance costs could not be covered by the community. Since the proposed project does not meet the sustainability criteria COTCO has refused to support this in kind option.

**5B. Claim:** Requestor 5B's compensation was paid to another party. In spite of complaining, Requestor 5B has been obliged to share his compensation amount with his adversary, and the portion he received is almost equal to the cost of the proceedings he had to undertake to try to recover his rights.

**Response:** In the Project impact area there are many cases where individuals are cultivating land that does not "belong" to them. However, the Pipeline Project has compensated the cultivator since it is their labor and livelihood that is temporarily impacted by the Project. This is the case in this instance. Requestor 5B had essentially abandoned his cacao plantation some twenty years ago in moving away and allowed family members (his sister-in-law - not the other party as cited in the Request) to continue to cultivate the cacao and plant other crops on his holding in order to make a living. Once Requestor 5B understood that a portion of his cacao plantation would be compensated he returned. COTCO initially resisted paying compensation to him since he was not dependent on the land for his livelihood. However, in the end, with the assistance of the Sub-Prefect for the area, an amicable solution was achieved and Requestor 5B and his sister-in-law were paid for their agreed shares.

## 6. Village 6

**6A. Claim:** The totality of tools and small equipments provided to the local populations as compensation in kind has been defective since the first few months of use. COTCO considers that it is for the local populations to take the matter up with the provider of the equipment, for which there was a six-month guarantee. The local populations say they were not informed that such a guarantee existed.

**Response:** COTCO is aware of cases of sub-standard in kind compensation goods. As these have come to the attention of COTCO, every effort is being made to rectify the situation. For example, there were many individuals that complained about the quality of bicycles. COTCO bought all new bicycles for those individuals and gave them the option of turning in their old bicycle for a new one. In another example, COTCO has identified thirteen cases of land users who were dissatisfied with the motor operated grinders they received (eight due to problems with the machine and five who wanted a different type of grinder). COTCO has returned the thirteen grinders to the manufacturer for a diagnostic review. For the five cases where the users want a different type, the manufacturer has offered to exchange them for the type of grinder that they desire, assuming that there is no significant damage to the original grinder. The two different types of grinders are the same price, ensuring the land user stays whole on his/her compensation. Each of the eight cases of mechanical problems will be reviewed with the manufacturer to determine the root cause. Those that are the fault of the manufacturer will be replaced at no cost to the user. For those where the fault lies with utilization by the user, each case will be reviewed with COTCO management to determine what assistance can be provided to the user.

## 7. Village 7

**7A. Claim:** Requestor 7A, a 74-year old paralyzed illiterate, has not received fair compensation for his crops that have been destroyed. More than forty-six young palm trees have been destroyed by the oil pipeline without any compensation being paid. His request for additional compensation has not been dealt with.

**Response:** This farmer received compensation for thirty-four young palm trees and twenty-five adult palm trees. The compensation was paid according to the official table. He thus received about USD 1,200.

The number of palm trees registered in his file is based on a consensus between all the parties involved. Those involved in the counting included the COTCO representative, the Cameroon government representative (typically an agent from the Ministry of Agriculture), the village chief, and the land user or his/her representative. The four parties had to agree on the number of the different crops before they were transferred into the right of way file. The land user was then requested to sign the document attesting to this. After the initial count, the crop numbers were posted in the village asking each land user to verify the numbers prior to the arrival of the Verification and Valuation Commission. At the meeting of the Commission, each land user was called on and asked if they had anything to appeal. If the land user challenged the numbers posted, the Commission revisited the parcel of land to



recount. Whatever the Commission counted with the land user was then noted in the report and served as the basis for the subsequent compensation. This procedure was followed in the case of Requestor 7A.