

APPENDICES

**with the advisory review of the
environmental assessment of the
Chad export project
in Chad and Cameroon**

(appendices 1 to 5)

APPENDIX 1

Letter from DGIS dated 21 June 1999 in which the Commission has been asked to submit advisory review


		Ministerie van Buitenlandse Zaken													
Netherlands Commission for EIA att. Mr. J.J. Scholten, Secretary General P.O. Box 2345 3500 GH Utrecht The Netherlands		Sub-Saharan Africa Department Western Africa Division Bezuidenhoutseweg 67 Postbus 20061 2500 EB Den Haag The Netherlands													
		<table border="1"><tr><td style="text-align: center;"></td><td style="text-align: center;">Commissie voor de m.e.r. OS</td></tr><tr><td colspan="2" style="text-align: center;">INGEKOMEN 23 JUNI 1999</td></tr><tr><td colspan="2">Ingekomen:</td></tr><tr><td colspan="2">nummer: 242-99</td></tr><tr><td colspan="2">dossier: 033-151</td></tr><tr><td colspan="2">keuze naar: Sc/Mo/brcb/KL/SH/PO</td></tr></table>			Commissie voor de m.e.r. OS	INGEKOMEN 23 JUNI 1999		Ingekomen:		nummer: 242-99		dossier: 033-151		keuze naar: Sc/Mo/brcb/KL/SH/PO	
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<i>Date</i>	21 June 1999	<i>Contact</i>	Gerda Dommerholt												
<i>Our ref.</i>	DAF 99/804	<i>Tel.</i>	070-348 60 02												
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<i>Re</i>	oil winning in Chad/Oilpipeline Chad-Cameroon														
<i>Cc</i>	DML/MI WB EDO Netherlands HMA Yaoundé														

Last year, via our DAF/WA 98/174 d.d. 3 march 1998, we invited you to review the Environmental Assessment Studies and other relevant information for the oilproject/pipeline in Chad and Cameroon. Your advise, Advisory review of the environmental assessments of the Chad export project in Chad and Cameroon (d.d. 2 July 1998), was highly appreciated and used by this Ministry and by the World Bank in its dialogue with the consortium of Exxon, Shell and Elf. Partly due to your advise the World Bank decided to ask the oilconsortium for additional information about environmental issues and the pipelineroute. Recently the consortium presented the additional information to the World Bank. At the moment the World Bank is studying the new documentation. When the documents are available they will be forwarded to the Commission and you are invited to review this additional documentation about the main environmental issues and other relevant subjects. In the review you can use your own advise (July 1998) as the point of departure and again your findings will serve for identifying possible benchmarks in the case a Board discussion will be held.

We invite you also to elaborate a design for a monitoring structure for the oilproject and pipeline in Chad as well as in Cameroon, as an advice for the Minister for Development Cooperation in formulating the Dutch position regarding the World Bank loan and dispose of benchmarks to follow the implementation of the project.

You are also invited to give a general advice on how to best approach capacity development for setting up EIA-regulations and encourage the implementation thereof in the countries Chad and Cameroon as one of the tools for environmental management in general.

As the World Bank Board discussion on this project is foreseen for september/october 1999, we kindly request you to inform us about your results of the review within four weeks after receiving the necessary documents.



Looking forward to your earliest reply and referring to the agreement between the Minister of Development Cooperation and the Commission for EIA of January 1999, I would like to receive the composition of the working group and a budget, which should be send to DML/MI of the Environment and Development Department in this Ministry.

The Minister for Development Cooperation
for the Minister



Hans G. Smaling
Deputy head Western African Division



APPENDIX 2

Project information

Proposed activity: The government of Chad intends to exploit the oil fields of Komé, Bolobo and Miandoum in order to stimulate its national economy by investing the revenues in the sectors of education, health and infrastructure. In 1988 the Chad government granted a consortium¹⁾ a permit to explore 4.8 million hectares for oil and a permit to develop and produce crude from individual fields for a period of 30 years. The consortium now considers development and transport to Kribi, Cameroon, of crude oil from the oil fields mentioned above. These fields are expected to produce a total of 924 million barrels over a 30 year exploitation period.

Two private companies, named Tchad Oil Transportation Company (TOTCO) and Cameroon Oil Transportation Company (COTCO), intend to transport the crude by means of a pipeline and an offshore loading facility. The total length of this pipeline is 1070 km, of which 170 km are located in Chad. The pipeline in Chad will be exploited by TOTCO, in which the consortium and the Chad government will participate. The Pipeline and offshore loading facility in Cameroon will be exploited by COTCO, in which the consortium and the Cameroon and Chad governments participate.

The government of Cameroon intends to take advantage of the opportunity of constructing and exploiting its part of the pipeline to create job opportunities and to resolve its economic problems.

The consortium will provide the majority (about 97 percent) of the investment capital needed. An International Finance Corporation (IFC) loan is foreseen for both TOTCO and COTCO. The government of Chad will provide 45 million US\$ for investment in the Chad portion of the pipeline. The Chad government has asked for a World Bank loan (on International Bank for Reconstruction and Development [IBRD] funds). The Cameroon government will provide 70 million US\$ for investment in the Cameroon portion of the facilities. Also the Cameroonian government has asked for a World Bank IBRD loan. It is assumed that involvement of the World Bank will facilitate commercial loan contracting by the consortium.

Draft Environmental Assessments have been published in April 1998 for the Chad and the Cameroon portion of the project. Also, an Environmental Management Plan has been prepared for the Cameroon portion of the project as well as a 'Plan de Compensation et de Réinstallation, Tchad'. On request of the Netherlands Minister for Development Cooperation, the Netherlands Commission for Environmental Impact Assessment published an advisory review of these documents in July 1998.

A final EA has been published in May 1999. This EA is composed of an Executive Summary, Environmental Management Plans (EMPs) for Chad and Cameroon (6 volumes each) and Supporting Documents (6 volumes).

Categories: Extractive industries: oil/natural gas; DAC/CRS 21400, Oil transport facilities; DAC/CRS 71400, Floating structures; DAC/CRS 22010

Project numbers: DAF/WA 98/174; Commission for EIA 033

Procedural information: Letter with request to submit a advisory review: 3 March 1998

Advisory review submitted: 2 July 1998

Letter with request to submit an advisory review: 21 June 1999

Second advisory review submitted: 22 October 1999

1 This consortium is currently (since 1993) composed of Esso Exploration and Production Chad (40% and operator), Société Shell Tchadienne de Recherche et d'Exploitation (40%) and Elf Hydrocarbures Chad (20%).

Significant details: The Commission concludes that in the Draft EAs information was lacking on the problem statement and the objectives of the initiative, on the initiative itself (parts had not yet been formulated), on the alternatives and their comparison, on project impacts, on monitoring and evaluation and on public information and participation.

Having reviewed the final EA, the Commission concludes that most shortcomings of the Draft persist in the final EA. The Commission is unable to find an analysis of the socio-political risks and concludes that:

- the EA does not make clear which partners in the initiative are committed to execution of the initiative in compliance with the contents of the EA;
- not all objectives of all partners in the initiative have been quoted as project objectives;
- information on oil spill response, on capacity building for implementation, monitoring and enforcement and on monitoring structures is lacking;
- the alternative analysis is incomplete and partly works towards predefined results;
- residual impacts after EMP compliant execution of the initiative have not been assessed;

The Commission concludes that the EA raises expectations by setting high standards and targets but does not balance these by providing guarantees for meeting these standards and targets.

Composition of the working group of the Commission for EIA:

Mr W.G. Been

Mr J.P. van Dessel (advisory review July 1998)

Mr P. Nkwi

Mr H. M. C. Satijn (advisory review September 1999)

Mr D. Steensma (advisory review September 1999)

Mr P. Wit

Mr D. de Zeeuw (chairman)

Technical secretary: Mr R.A.M. Post

APPENDIX 3

Follow-up of the Worldbank dated 11 June 1999 on the Commission's Advisory review of the environmental assessments of the Chad export project in Chad and Cameroon dated 2 July 1998

June 11, 1999

Follow-Up on the Report from the Netherlands Commission
regarding the Chad/Cameroon Environmental Assessment

Re: the Cover Letter

1. The earlier versions of the EAs did not adequately delineate the respective responsibilities of the Governments of Chad and Cameroon in implementing portions of the environmental management plan. The revised report has been strengthened to delineate more explicitly the responsibilities of these two Governments. In addition, it clearly recognizes that the Governments are also sponsoring the project, not simply the private sector operators, with attendant responsibilities. Similarly, the Governments of Chad and Cameroon have taken a more pro-active role over the last year in identifying and analyzing their responsibilities under the management plan.

In part as a result of this exercise, the two Governments have recognized the need to strengthen their capacity on environmental and social matters and are working with the Bank on parallel capacity building operations to be presented for Board approval in connection with the pipeline project. In addition, the Chad Government is taking the lead, with Bank support, in preparing in consultation with local NGOs and affected populations a program of measures to mitigate expected induced impacts associated with the project (primarily relating to in-migration of labor and dependent populations).

2. We fully agree with the suggestion that the EAs need to be seen in the socio-political context of the two countries. In fact, the entire project must be analyzed in this light, given its implications for project sustainability and the achievement of the project's objective of promoting growth and fighting poverty. It is in part in recognition of these factors that the Bank has worked closely with the Government of Chad on the development of a far-reaching revenue management program, the initial step of which was Chad's adoption of a revenue management law (copy annexed to the attached May 10, 1999 Bank letter). Other actions, in both Chad and Cameroon, have included increased consultation with local populations and NGOs, and increased transparency and enhanced information disclosure processes. In addition, the preparation of a compensation plan and indigenous peoples plan in Cameroon and of a resettlement plan in Chad, in addition to the revenue management program, have provided vehicles to explicitly incorporate various aspects of the socio-political context into project design.

Another important action was the decision by Chad to move forward with a regional development plan that not only deals with the induced impacts generated by the project, but also provides a platform for future development efforts in the producing region. In this regard, the lessons of experience worldwide have indicated the importance of assuring that local populations see tangible benefits and receive their fair share from petroleum projects. The Government of Chad has internalized this lesson.

3. We agree that an international advisory group could potentially be beneficial in this project, and while we explore this type of structure, we do not believe it should be made mandatory. We are currently exploring ways to ensure that we can effectively monitor implementation of the environmental management plan, as well as provide a vehicle or forum for NGOs and other interested parties to weigh in with their assessment. While it is uncertain whether at this juncture we will establish an international advisory group, à la Nam Theun, we will clearly be looking to external parties to assist us in monitoring project implementation and its impact on local populations. We would welcome further discussions with the Commission on this issue, including possible scopes for this activity, funding vehicles and mechanisms to intertwine this function with ongoing adjustments to project design during the implementation phase and the capacity building efforts in Chad and Cameroon.

4. The Commission noted that other fields and related pipelines could be interconnected with the Doba pipeline. Although the focus of the Commission was on prospects in Cameroon, this issue has in fact taken on greater import with respect to Chad. As suggested by the Commission, we are working, through the proposed capacity building operation, to assist Chad in putting in place policies and a regulatory framework to enable it to set appropriate standards and to manage future development activities, whether related to the Doba pipeline, or independent of it but occurring elsewhere in Chad. In Cameroon, the National Environmental Action Plan and recently adopted environmental law provide a framework for a parallel effort. Given the more tenuous likelihood of Cameroon oil discoveries tapping into the pipeline over the short-term, the current approach is to address this question broadly within the context of the Bank/Cameroon dialogue, in particular given the stronger prospects for additional oil development separate from the pipeline (e.g., off-shore). Environmental management of the petroleum sector at large will also benefit from the activities to be undertaken by the planned capacity building project in Cameroon.

B. Re: The Report

5. Please note that at this point, the Bank is considering providing IBRD loans rather than IDA credits. This shift took place in the spring of 1998.

6. As noted above, the EAs are only filed with the Bank's Infoshop and evaluated for purposes of determining whether to proceed to appraisal after they have been submitted to the Bank by its borrowers; in this project, these borrowers are Cameroon and Chad. Cameroon and Chad have designated teams of environmental and social experts to work with the private sponsors on the EA process. We do find in this project a rather unusual situation where a single EA will set out the respective responsibilities of three distinct entities, the Government of Chad, the Government of Cameroon and the oil consortium (taking them as a single unit for purposes of this discussion).

7. In 1997-98, the following set of documents was made available to the public: an initial EA and EMP and a resettlement plan for Chad; and, for Cameroon, an EA, an EMP and a compensation plan. These have recently been supplemented by a number of additional documents, including an alternatives analysis (i.e., explaining, *inter alia*, the options considered and the final decision taken on the route selection), an approach to oil spill contingency planning, a decommissioning plan, an indigenous peoples plan, an offset proposal for Cameroon, and a report on consultation. These documents have been revised, synthesized and will be reflected in the final EA documentation which, as noted above, we expect to formally receive in the next several weeks.

8. The socio-political context is indeed relevant to assessing environmental risks. We believe that to address these risks, it is important to address the causes. For this reason, efforts at consultation and the development of a sound revenue management program, as well as an effective revenue sharing initiative designed to ensure that local population see tangible benefits, are critical elements for the Bank of project design and implementation. At the same time, it is also important to clearly communicate the limits of the expected benefits of oil. We have sensitized both the private sponsors and Governments about this issue.

9. Please note that as concerns the sizing of the pipeline, our technical people reviewed the proposed dimensions and structure and concluded that it was consistent with the expected production parameters of the Doba fields. Under this approach, there will be free capacity following the initial years of production. Consequently, we believe, *a priori*, that increased oil flow through the pipeline is a distinct possibility and is in fact the hope of the private sector operators and the two Governments. At the same time, we are not aware of additional commercial fields (there is oil in other places in Chad but it is not clear that there is sufficient oil to finance a development and export system). In addition, oil is a highly speculative venture, including in Chad, and the Consortium earlier this year gave up 50% of their acreage under their Permit H.

10. The updated EA will include such additional details regarding oil spill management (an oil spill response plan has been commissioned and is under preparation), as well as access management in Cameroon (including the management of induced impacts).

11. Like the Commission, we also felt that more information was required regarding the selection of the route and of Kribi as a terminus. In response, a more detailed alternatives analysis has been prepared and released to the public, and will be included in the revised EA package.

12. Please note that the project does not involve the construction of any infrastructure at Kribi, other than a depressurizing station (essentially a large tank), and the mooring about 11 km offshore of a tanker, which will be used for storage and offloading. The pipeline project is not expected to support the construction of a deep-sea port at Kribi or any other significant infrastructure.

13. We note that there is in the Gulf of Guinea, and elsewhere along Africa's Atlantic coast, a series of petroleum development initiatives. While we do not believe it is necessary in connection with this project to analyze all of these efforts, we agree that a cumulative impact study may be worthwhile. At present, however, the Bank does not have such a study planned.

14. As regards the pastoralists, the pipeline route, which can be overgrown and used for agriculture, is not likely to provide an appealing new path for cattle herds. The land will remain under the effective management of local communities, and passage by pastoralists will need to be negotiated in the usual way. In any event, ongoing consultations with this segment of the population will be important to understand how the project may impact them and how they may impact the project.

15. We fully agree with the Commission that the reports needed to contain more data and information. We believe that the revised EA goes far in addressing this issue.

16. The Commission suggests a series of useful possible additional means to improve environmental management in Chad and Cameroon, including the establishment of a participatory resource management program for the Mbéré Rift valley. We support many of these suggestions, but have focused our attentions with the Governments on certain priority areas mentioned in the Report, such as strengthening the environmental framework relating to petroleum development activities, and enhancing our ability to monitor project implementation.

17. Consultation has been significantly strengthened over the last year or so, including with indigenous peoples. Based on the information we have reviewed to date and our own field assessments, we believe that the project is currently in compliance -- but much was done in this regard since the Commission released its report.

APPENDIX 4

Recommended criteria for external independent monitoring for the Chad Export Project

There must be general acceptance that external monitoring must be:

- 1) Complete
 - ① The monitoring programme must cover all relevant aspects^{1]} ^{2]} and actors.
 - ② There must be no obstacle whatsoever (legal, political, procedural, physical or financial) to collection of information needed for monitoring of these aspects^{3]}^{4]}.
- 2) Independent
 - ① There must be 'no strings attached' between monitoring entities and any stakeholder^{5]} in the project. ToR definition for and contracting out of monitoring should be supervised by an independent entity^{6]}.
- 3) Transparent
 - ① Monitoring entities must report following a predetermined and published^{8]} schedule. It must be clear to whom they report^{7]}. The reports must be published^{8]}.
 - ② Criteria for monitoring (standards, norms^{9]}) must be predefined and published^{8]}.
 - ③ Eminent changes in norms and standards must be published^{8]}, including the motivation for their change.
- 4) Effective
 - ① Monitoring must lead to follow-up activities including sanctions. Follow-up and sanctions for possible cases of non-compliance must be predefined and published^{8]}.
 - ② Follow-up and sanctions must be such, that they lead to non-recurrence of the event that provoked them. An independent party must assess the effectiveness of sanctions before they are formally established^{10]}. Entities responsible for executing follow-up and applying sanctions must be identified and publicly known^{8]}.
 - ③ There must be a formally established way of legal appeal open to any party that feels that the monitoring and/or sanctioning system fails^{11]}.

1 A non-exhaustive list of elements is given in appendix 5.

2 To cater for completeness the monitoring programme must be accessible to all parties. Decisions on what is judged relevant and what not, must be accounted for publicly^{8]}.

3 All possible sources of information and all sources used must be listed^{8]} publicly.

4 A 'confidentiality clause' must make all confidential information accessible to the monitoring entity.

5 Funding agencies must be qualified as stakeholders.

6 The Commission repeats its recommendation presented in its review of July 1998 to establish an International Advisory Group (IAG). One of the tasks of this advisory group could be establishment of the ToR for and supervision of monitoring.

7 As the go-decision for the pipeline and collateral projects are taken by the Board of the Bank, monitoring reports should at least be addressed to this Board.

8 Also on the Internet.

9 Including reference situation data.

10 This task could be performed by an IAG.

11 An IAG could provide an opinion on controversies before they are brought to court.

APPENDIX 5

Monitoring programme and monitoring standards

The monitoring programme must provide for monitoring the:

Governmental activities:

- Development of environmental legislative and regulatory framework in both countries and their effectiveness to control environmental degradation (establishment and quality of the laws and regulations) .
- Development of environmental institutions in both countries and their effectiveness to enforce the law with a focus on development of oil resources (establishment, quality and effectiveness of environmental institutional infrastructure).
 - Effectiveness of monitoring, monitoring follow-up and sanctions on non-compliance.
 - Effectiveness of the system for legal appeal.
- Oil development activities in Chad, Cameroon and neighboring countries¹], assuming the possible use of the pipeline to transport production of oil fields other than the Doba fields.

Project Activities:

- Compliance of TOTCO and COTCO with the EMP and internationally accepted standards.

Aspect:

Standards recommended:

Environmental:

- technical aspects:
 - * spill response capability see annex 1
 - * contingency plans see annex 1
 - * waste management see annex 1
- abiotic parameters reference situation (before project) and WB standards
- biotic parameters The Subsidiary Body on Scientific, Technical and Technological Advice of the Convention on Biological Diversity

Socio-economic:

- health WHO standards and time series
- local populations including marginal minority groups Draft declaration of the UN working group on indigenous people (annex 2)
- resettlement WB standards on resettlement.
- improvement of quality of life Revenue management plans
- cultural/religious aspects World Bank environmental sourcebook

Project organizational structure:

- capability to adapt project policy and activities to changing circumstances and requirements.

¹ Central African Republic, Niger, Nigeria, Sudan

Effectiveness of EMP:

- Effectiveness of mitigation (quality of impact prediction):
 - induced developments: influx of population and pressure on natural resources, social disruption;
 - emissions and immissions and their environmental effects;
 - calamities/spills and their impacts.
- Effectiveness of compensation.
- Social acceptance and security:
 - application (and its effectiveness²) of the convention on oil revenue spending and its results on public acceptance of project activities in the production region and along the pipeline;
 - opponents activities and risks involved;
 - quality and effectiveness of measures to protect oil infrastructure from sabotage.

2 including (petty) misuse of funds and power

Annex 1: International Standards

Aspect	International, Standards	Details
Water (Wastewater, groundwater, surface water)	1992 Convention on the Protection and use of transboundary water courses and international lakes (Helsinki Convention)	15 mg/l oil in water, oily cuttings not permitted in sensitive areas, sewage discharge < 4 n.m from coast, untreated discharge > 12 n.m.
	1992 OSPAR Convention	Average 40mg/l oil in water, oily cuttings 1 0g/kg, production cuttings 1 00g/kg.
	European Commission (Proposed) Framework Directive on Water (Com 97 49 final)	Water protection for bathing, drinking water, fish, shell fish and groundwater), environmental quality standards emissions limit values, source pollution
	World Health Organisation	<ul style="list-style-type: none"> - Standards for water collection & treatment of oil contaminated waters - Treatment of production water to meet water quality standards before discharge - Water quality standards should be established for all waste water discharges - Mitigating measures and standards for the burial of drilling muds and cuttings and re-injection of produced formation water
Waste	European Commission Hazardous Waste Directive (91 689 EEC)	<ul style="list-style-type: none"> - Contains lists & definitions of hazardous wastes - Inspection on sites producing & receiving hazardous wastes, and transport means, by competent authorities - Establishments carrying out own disposal need a license - Registration & Identification of sites where hazardous waste is delivered - Packaging and labelling standards of stored hazardous waste
	European Commission Proposal on Landfill (COM [97]105)	<ul style="list-style-type: none"> - Treatment of waste prior to landfill - Co-disposal (hazardous & normal waste mixes) phased out - Disposal prices cover closing and management - Reduction of biodegradable wastes in landfill
	Exploration & Production Forum Waste Management Guidelines 1993	Waste Management Guidelines for oil & gas E&P sector, waste management methods best practice guidelines
Air	World Health Organization (in UNEP E&P Forum Guidelines)	Waste pit burning: quantity and control and measurement of air emissions
Spills	CONCAWE	<ul style="list-style-type: none"> - Field guide to coastal oil spills and clean up Techniques 1981 - Field guide to inland oil spills and clean up techniques 1983
	IPIECA contingency planning and oil production guidelines	<ul style="list-style-type: none"> - Guide to biological impacts of oil pollution of mangroves 1993 - Guide to biological impacts of oil pollution 1991 - Guide to contingency planning for oil spills on water 1991
Land Use & space Planning	1972 Convention on Wetlands of International Importance (RAMSAR)	
	IUCN/E&P Forum 1993 Oil & Gaz Exploration and Production in Mangrove Areas	

Annex 2

Guidelines for handling of Indigenous Peoples

- ILO Convention 169 (1989)
- UNWGIP Draft Declaration on IP's rights
- Operational Directive 4.20 of the World Bank (codes of conduct concerning WB-projects and IP's)
- Kari-Oca Declaration

Texts to be found in:

Indigenous Peoples and International Organisations

Ed. Fliert, L. van de;

Editor: Nottingham: Spokesman, 1994

ISBN: 0-85124-566-8

ISBN: 0-85124-567-6 pbk

Moreover:

- Working document of the EU on indigenous people and development assistance
- Policy Document of the Netherlands Government, 1993
- Report: 'Indigenous Peoples' Participation in European Development Policies, (Independent Study by the European Alliance with Indigenous Peoples) author: Wendel Trio