

**Progress Report
to the Board of Executive Directors
on the Implementation of Management's Action Plan
in Response to the Inspection Panel Investigation Report on the
West African Gas Pipeline (WAGP) Project**

I. Introduction

1. On April 25, 2008, the Inspection Panel submitted its Investigation Report No. 42644-GH on the West African Gas Pipeline (WAGP) Project to the Board of Executive Directors. On June 30, 2008, Management submitted its Report and a detailed Management Action Plan (MAP), developed in response to the Inspection Panel's Investigation Report (see Table 1, Para 24). The MAP acknowledged gaps in three key areas: (a) Social Impact Assessment and Mitigation Measures; (b) Environmental Assessment and Mitigation Measures; and (c) Project Supervision.
2. On August 5, 2008, the Executive Directors discussed the above reports and endorsed the MAP proposed by Management. The Board also asked that Management report on the progress in implementing this action plan in six months. This Progress Report is being submitted to the Board in response to that request.
3. Since the approval of the MAP in August 2008, significant progress has been made in addressing the issues and implementing specific measures. Key accomplishments include:
 - (a) Commissioning of the pipeline, injection facility, and receipt station, and line packing to enable commencement of free-flow gas from Nigeria to Ghana in December 2008. Ghana's Volta River Authority (VRA) is currently not consuming the free-flow gas on account of the favorable oil prices in the international market, and hence there is no gas flowing at present;
 - (b) Completion of the process of additional payment for land, crops, and trees in Nigeria;
 - (c) Completion of the first phase of verification of Project Affected Persons (socioeconomic information), and ongoing progress on the final phase, which is expected to be completed by end-March 2009. The collected information will be used to redesign the Community Development Program (CDP) and livelihood restoration strategy;
 - (d) Completion of the Emergency Response Plans (ERPs) and safety training;
 - (e) Dissemination of summaries of the Environment Management Plan (EMP), Resettlement Action Plan (RAP), and Emergency Response Plans, translated into Yoruba dialect, and discussed with village leaders and affected people; and

(f) Strengthening of supervision activity through undertaking of five field visits, one supervision mission, and one visit by the Environment and Social Advisory Panel (ESAP) during the past six months.

4. Despite the progress on a number of issues, some implementation challenges remain, among them: (i) completing the compressor station in Nigeria, and commissioning of Reduction and Metering (R&M) stations at Cotonou (Benin), Lomé (Togo) and Tema (Ghana) by end 2009; (ii) better management of communications with government, regulatory authorities and other stakeholders on environmental and social safeguard mitigation measures; and (iii) rapid implementation of the EMP and the livelihood restoration components of the CDPs. In this regard, the Bank's Task team is supporting government counterparts to strengthen the policy, pricing, and regulatory framework for the development of the gas market (and hence the overall supply position) under its ongoing operations, as well as coordinating with key environment and regulatory agencies. The Project is also expected to strengthen its work on livelihoods and to complete the socio-economic database required to redesign the Community Development Program (CDP) and livelihood restoration. West African Gas Pipeline Company (WAPCo) has increased its budget for CDP sub-projects; and improved its outreach to local and traditional leaders and affected villages. These measures would contribute to effective implementation and address outstanding issues.

II. Project Description and Status of Gas Delivery

5. **Project Description.** The Project is one of the Bank's major ventures into public-private partnership involving four countries (Nigeria, Benin, Togo, and Ghana), but with limited risk coverage. It combines a risk mitigation strategy through an IDA Partial Risk Guarantee (PRG) of US\$50 million, with respect to gas purchases of Ghana's VRA and *Communauté Electrique du Benin* (CEB); a Guarantee from the Multilateral Investment and Guarantee Agency (MIGA) of US\$75 million; and commercial insurance to back the credit risk of WAPCo, VRA, and CEB. The Project was approved by the Board on November 23, 2004¹. The IDA PRG insures a portion of the VRA obligations to WAPCo under the Takoradi Gas Sales Agreement (TGSA) in the event where a failure by VRA to pay the Nigerian gas purchaser, N-Gas Limited, results in N-Gas terminating the TGSA. However, the IDA PRG does not cover breach of other obligations undertaken by VRA or Ghana under the Project agreements. In terms of the regional energy scheme, which notably decreases input costs and diversifies fuel supply for the power sector, the Project is expected to expand investments in local industries and enterprises in the four participating countries. The use of a cheaper and more benign energy source is expected to provide cost savings to users, and develop the economy through competitiveness and regional trade.

6. The Project consists of: (i) a 678 kilometer long pipeline that transports gas from Nigeria to Benin, Togo, and Ghana; (ii) lateral spurs from the main pipeline that move gas to power generating units in Ghana, Benin, and Togo; (iii) conversion of existing

¹ Its total estimated cost at the time was \$US 590 million.

power generating units to gas (financed by their own owners); and, as needed, (iv) additional compression investments. These are developed to meet the expected market potential of about 450 million cubic feet per day (mmcf/d), with a pipeline diameter of 20 inches. The main trunk of the offshore pipeline is in the seabed, at 26 and 70 meters of water, and at an approximate distance of 15 to 20 kilometers from the shore. Gas is transferred through lateral spurs, and the terminal of the pipeline is at the Takoradi Power Station in Ghana. The total area of land take was estimated at more than 200 hectares, with over 3,000 households within the right of way (ROW), 70 percent of which lies in Nigeria.

7. **Status of Gas Supply.** The entire onshore and offshore main pipeline for free-flow operation has been completed; the Itoki tie-in facility in Nigeria and the Takoradi R&M station in Ghana have been tested and commissioned. Certain infrastructure improvements in Nigeria, necessary to prepare the system for delivering the full capacity of 200mmcf/d of gas to be delivered at the Itoki tie-in point, are expected to be completed by December 2009. Contractors for these remaining works are in place. With the current infrastructure completed, as of January 2009, the entire system was packed with natural gas. Therefore, free flow gas volume of 30mmcf/d is available for supply, provided by Chevron Nigeria Ltd. (CNL) and Shell Petroleum Development Co. (SPDC). WAPCo continues to seek an additional 30 mmcf/d of gas from N-Gas and the producers for an ultimate short-term supply of about 60 mmcf/d. WAPCo is ready to deliver available gas to the VRA Takoradi power plant pending VRA's gas-turbine commissioning process. Under the Interim Gas Supply Agreement, Ghana is not however obligated to take the free-flow gas, and is not doing so on account of the current favorable international oil prices².

III. Management Action Plan Implementation

8. The MAP is divided into sections referring to social safeguards compliance; environment safeguards compliance; and supervision. This section describes the specific actions undertaken and the status of implementation, as shown in Table 1.

9. **Social Safeguards.** While the implementation of social safeguards was initially challenging, WAPCo has made significant progress in implementing the activities outlined in the MAP, particularly in the areas of additional payments; strengthening of institutional capacity and monitoring; disclosure of information; and instituting a functional grievance mechanism. WAPCo's project implementation teams in the participating countries applied a participatory planning process and identified development opportunities under the CDP. The process for additional compensation in Nigeria, aimed primarily to correct land, crops and trees compensation payments, was completed during the period September 17 to October 3, 2008. It covered 23 communities and 1,940 households with verified property claims, amounting to Naira 209.27 million (or about US\$1.79 million). The compensation methodology adequately

² Given the volumes of gas flow available presently (30 million cubic feet), the unit delivered gas price to Ghana is not very attractive viz-a-viz current international oil price.

reflected inflation-adjusted replacement value of verified assets, including land, crops, and trees. This methodology was sufficiently explained to the project-affected persons (PAPs) and Consortium representatives prior to payments in a transparent and consultative manner, including an independent observer Witness NGO, the Nigeria Network of NGOs (NNNGO).

10. *Consultations and sensitization of communities.* The process was **completed** through weekly village consultations relating to additional compensation in Nigeria, including more than 25 inter-village consultations prior to the start of distribution of payments in September 2008. The weekly village visits by WAPCo staff continue to date. In addition, field-based Bank staff completed monthly visits to the project site, starting in July 2008, and these monthly visits continue to date. The feedback from the field visits indicates progress in sensitization and improved communications with PAPs. There were more than 180 recorded consultations since the beginning of identification of the project, with communities in the four countries covered by the Project. Of these, 60 were organized as inter-village meetings presided by the local leaders, for example, by the Consortium (in Nigeria) and the Tema Traditional Council (TTC) in Ghana. Throughout the additional compensation process in Nigeria, the Community Relations Representatives (CRR)³ Team reported that they conducted weekly village visits to explain the methodology for calculating payments, but they were careful to manage the process, especially in terms of raising expectations. The Witness NGO recorded more than 50 consultations in their report. Lastly, the Bank Project team (based in Abuja) also completed 5 monthly field visits, including several meetings with Consortium representatives.

11. *Program on livelihood restoration.* WAPCo has **completed** a census of PAPs basic information for additional compensation to restore livelihoods and to verify eligible PAPs, including inter- and intra-household claims; these actions were accomplished prior to the transparent process of payments. The NNNGO and Bank representatives observed the satisfactory payment process.

12. *Socio-economic survey.* WAPCO has contracted a consultant to undertake the socioeconomic survey. The survey, already **ongoing**, will focus on key measures of livelihood and income, and to the extent possible, use “recall” data from the 2004 baseline information. The interim socio-economic survey report has been submitted in January 2009. The survey will collect demographic, education, income, occupational information, community need assessment among other variables on the various categories of PAPs, including vulnerable groups. The findings of the survey will be used as a benchmark against which the effectiveness and sufficiency of socio-economic impacts requiring mitigation measures will be identified, monitored and assessed. The data gathered will be gender-disaggregated, and the impacts on men and women will be assessed separately and included in data base to support livelihood restoration activities. In addition, the WAPCo CRRs in Nigeria will review the status of PAPs who received additional payments and update information, and record any problems encountered.

³ WAPCo’s Community Liaison Officers (CLOs) eventually changed their titles to CRRs

13. *Crops and tree prices.* This action has been **completed**, and consultants from the International Institute for Tropical Agriculture (IITA) reported their findings for crop and trees compensation and recommended a methodology for calculating additional payment. Compensation of crops and trees (based on updated market rates) was also **completed** in October 2008 along with additional land compensation payments.

14. *CDP implementation.* Community Development Program implementation is an **ongoing** activity, and is envisaged to be suitably modified in the light of findings of the ongoing socio-economic survey. In terms of the status of implementing livelihood support programs, the May 2006 WAPCo Community Development Plan applied a participatory approach to defining the sub-projects for affected communities. As noted in the Plan, the CDP will continue to address “basic human needs and programs aligned with economic development. High priority ‘theme’ projects include: health, education, water and sanitation, training and capacity building, and small and medium enterprise development” (p 3). The CDP’s objective is “to reinforce harmonious relationships between WAPCo and its host communities in Benin, Ghana, Nigeria, and Togo by working with them to identify development activities that will have greater positive cumulative impact on their health, education, and household income” (p 3). A 5-year budget was proposed, starting in the first year with \$1.97 million and by the end of the fifth year, the total WAPCo contributions would have reached over \$6.76 million. Currently, more than \$2.5 million have been disbursed for various types of projects, consistent with the stated “theme” plan, but over the next couple of years, there will be renewed focus on increasing opportunities for PAPs to improve their livelihoods and incomes, based on the socio-economic survey findings.

15. *CDP modifications to address needs of vulnerable groups.* This activity is **ongoing** and WAPCo has identified 64 households using gender and age criteria ranging from 65 years and above as indicated in its database. CDP is envisaged to be suitably modified in the light of findings of the ongoing socio-economic survey, and the needs of the vulnerable groups.

16. *RAP monitoring and evaluation.* This is an **ongoing** action and WAPCo has set up a system whereby details of the field visits of community liaison officials, and results of consultations, are included in the formal documentation. Independent evaluation of consultations by the Witness NGO found the consultation to be satisfactory and broad based. The Bank’s monthly field visits continuously assess the quality of RAP implementation, monitoring, and evaluation.

17. *Disclosure of livelihood restoration compensation payments.* The process was satisfactorily **completed** through the weekly consultations and 25 inter-village meetings (see paragraph 10), and the methodology for calculating payments was fully disclosed to PAPs. WAPCO now uses direct dissemination of information to PAPs, using its CRRs. PAPs and other stakeholders are better informed and consulted on a regular basis on project activities. Most project documents are available in Yoruba, the local language, and accessible in public places. WAPCo’s Government Relation Representatives are also consulting not only those directly affected, but also representatives of local, state and federal governments where the project is located.

18. *Independent monitor.* This action has been **completed**; WAPCo has contracted NNNGO, and it has been actively recording activities and providing feedback on the additional compensation process. Prior to distribution of checks, which occurred in September-October 2008, WAPCo's CRRs completed weekly consultations, including the consultations with the Consortium of community leaders and elders.⁴ The NNNGO report highlights the following: (i) the compensation methodology was consistent with Nigerian law and custom; (ii) intra- and inter-family disputes were resolved through mediation by the local chief or community council who were present during the distribution; (iii) as expected, there were households (less than 10% of claimants) who expected to receive more money, despite explanations, and they registered their complaints using the existing grievance procedures; and (iv) several key stakeholders observed a transparent and smooth process of compensation (including the Bank, village chiefs, elders, and the NNNGO). Complainants using the grievance procedures have had the opportunity of review of the calculations and supporting documentation by WAPCo; in the event of not being fully satisfied, the grievance procedures provide for third-part mediation and legal recourse.

19. *Grievance mechanism and participatory approach.* Handling of grievances is an **ongoing process** and WAPCo has adopted a new *Complaints Resolution Process*. The main objective of this process is to provide a mechanism for making complaints, mediating conflicts; and thereby providing easily accessible means for fair and speedy dispute resolution. Thus PAPs would not have to take recourse to lengthy litigation. The mechanism also provides a channel for PAPs to raise objections and seek redressal, including third party mediation if necessary. The process involves multiple layers of dispute resolution, ensuring that it is consistent with local practices and culture; and, recognizes the roles of local authorities and traditional leaders. In Nigeria, the grievance resolution process was explained to PAPs in a transparent manner, and during the compensation exercise, WAPCo also created a *Help Desk* to handle cases of people with grievances. There were 118 complaints received, and most of these involved people verified but omitted in the payment list; those who were not verified but thought they would still get paid; and those who received lower crop values than they did in 2005. Of the 118 grievances, 88 have been resolved, while the remaining 30 grievances are being addressed through the processes provided for under the Grievance Mechanism. The Witness NGO (Nigeria Network of NGOs) observed the compensation payment process. Their final report submitted on December 15th 2009 found the process to be transparent and well conducted.

20. *Capacity-building of WAPCo social safeguard staff.* WAPCo has a total of 11 staff performing community and government relations responsibilities as its social safeguards team, and has completed hiring of 3 new staff. It is paying special attention on enhancing the capacity of the social safeguard staff through ongoing training (see next paragraph).

⁴ The remaining 111 checks were not collected due to absence of claimants during payment, and have been distributed by January 2009.

21. IFC / MIGA training. WAPCo safeguards training, including monitoring and evaluation, has been completed during July-October 2008. Another workshop on livelihood restoration is planned with MIGA technical support, in the first quarter of 2009.

22. **Environment Safeguards**. Five of the six actions under environment safeguards have been completed (see the following paragraphs).

23. The Environment and Social Advisory Panel (ESAP). ESAP **completed** its visit in August 2008. Together with the findings of WAPCo's independent monitoring consultant (which issued its report in June 2008), the general assessment was that no significant adverse impacts on the environment were observed, but both reports emphasized that WAPCo needs to be more judicious in following its change management procedures and to improve its environmental data management system. ESAP is to be retained until July 2009.

24. Translation of EMP Summary. This action is **completed**. WAPCo translated the EMP summary into Yoruba and disseminated it to all communities at Itoki, Ajido, and along the ROW.

25. Annual gas supply data. The receipt of gas supply data (associated and non-associated gas) from Department of Petroleum Resources-Nigeria (DPR) and Nigerian National Petroleum Corporation (NNPC) has not commenced yet. The pipeline has been charged with free-flow gas on a pilot basis only in December 2008. The data will be gathered when regular gas supplies to Ghana commence and the target date for this action is now being accordingly changed to end-2009. This action remains to be completed.

26. ERP awareness meetings. This action has been **completed**. In Nigeria, WAPCo conducted a sensitization workshop for community leaders in Ogun State. A total of 79 persons received the training on how to implement the emergency scenarios. A toll-free telephone number for emergencies (080 39789005) has been given to the communities and posted on route markers. In addition, warning signs have been strategically erected along the ROW. A surveillance team has been put in place that routinely monitors the ROW to ensure that there are no encroachments. Similarly, in Ghana, WAPCo has held community safety meetings and distributed safety brochures in all communities in the vicinity of the Takoradi R&M Station. Communication procedures were agreed on, and community members were given WAPCo's emergency toll-free number. Environmental and safety personnel from the Takoradi Thermal Power Plant joined WAPCo staff at the community meetings. Community representatives at Takoradi expressed satisfaction with the safety and communication procedures and the opportunity they were given to make inputs to them, as well as with the level of community awareness about emergency response.

27. Safety brochure. This action has been **completed** and written materials in Yoruba and English were developed and distributed to community members by WAPCo.

28. *Additional public awareness meetings.* More general community meetings on safety have been **held/completed** at Tema in Ghana and in Togo and Benin, to be followed up (ongoing) with site-specific ERP awareness sessions as the respective facilities near completion and commissioning.

29. **Supervision (AFR Region and Project).** Management in the Africa Region has established a systematic management review process for assessing quality of social and environmental safeguards. The most experienced social and environment senior staff are assigned to critical projects, such as regional ones like WAGP. Meetings are held quarterly to discuss progress with action plans for addressing social and environmental risks, and the Regional Vice-President chairs every alternate meeting. Country specific portfolio reviews have also been undertaken, including one for Ghana, which was recently completed, and others planned for FY09.

30. *Bank supervision missions.* A two-week supervision mission in December 2008 was undertaken, and selected members of the core task team have undertaken five monthly field visits during the past six months.

31. *Implementation strategy, periodic review and increase in supervision budget.* The Africa Region has scaled up and decentralized its safeguards staff, and has a core field-based team comprising the WAGP Task Team Leader, Senior Social Scientist, and Senior Environment Specialist. In addition, there are ongoing efforts to increase and intensify supervision staffing and budgets for dealing with complex regional projects, like WAGP. The enhanced supervision comprises the following elements, and a number of actions have been taken in this regard:

(a) Training of staff in country offices continues, ensuring that adequate social and environmental assessments and safeguards capabilities are strengthened. Two regional “safeguards clinics” were completed in the last six months and two more are planned in FY09. In these clinics, project authorities work with Bank staff in problem-solving and sharing lessons on portfolio and safeguards oversight. These are proving a very useful instrument as shown in results from clinics held in Ghana, Nigeria, Mali, Kenya, Ethiopia, Mozambique, and Senegal.

(b) Closer supervision of environmental issues and enhancing of capacities of concerned authorities is a major aim of the MAP. In terms of environmental compliance, the Africa Region makes use of sector-wide EMP monitoring, including the workshop organized in Benin for regional WAGP stakeholders. The result is enhanced in-country participation through wider understanding and dissemination of the EMP; attention to quality of emergency response plans (ERP) and health and safety awareness and training; and continued use of environment and social advisory panels (ESAP) especially in complex regional projects like WAGP.

(c) Since social resettlement issues have been a major concern, field-based supervision and training has been emphasized in MAP. The social safeguards staff in the Region also increased with recruitment of three new senior social safeguards specialists and complementary deployment of senior social scientists in four regional hubs. In addition, there are three scheduled social safeguards clinics held each year,

focusing on sectors with complex social issues, such as WAGP. In FY09, through MIGA funding, a follow-up training workshop, focusing on livelihood restoration and RAP monitoring and evaluation will be organized during the first quarter of 2009.

32. **Public-Private Partnership.** The Region still needs to do more to build country capacities in environmental and social safeguards, project supervision, monitoring and evaluation, handling of public-private partnerships, and risk assessment and management, relating to infrastructure development programs. Supervision and management of regional investments and guarantee operations present special challenges. Regional projects have now been made part of the country portfolio, and receive high degree of management attention on a continuing basis. Safeguard clinics are being organized to enhance technical capacity in the field. Best-practice case studies on Regional projects are being developed to learn from experience of other Regions. In continuing this effort to “mainstream” good practices, the Region is sponsoring several dissemination seminars, starting in March 2009, to share WAGP and other project experiences on dealing with complex safeguards issues.

Table 1: Implementation of Management Action Plan

ACTION	STATUS
Social Impact Assessment and Mitigation Measures	
<p>1. WAPCo to undertake consultations and sensitization of communities on the method for livelihood restoration compensation; and community development programs (15 completed by June 2008; consultations with affected communities will be an ongoing process). The field-based social specialist has observed some of the consultations. Management will undertake monthly follow-up, starting in July 2008 until completion of the compensation process.</p>	<p>1. Completed. Weekly village consultations were completed in connection with verification of additional compensation in Nigeria, including more than 25 inter-village consultations prior to the start of distribution of payments in September 2008; the weekly village visits continue to date; in addition, field-based Bank staff completed monthly visits to the project site, starting in July 2008, and the visits continue to date; as noted by the independent report of the Witness NGO, summaries of these combined field visits indicate progress in sensitization and improved communications with PAPs.</p>
<p>2. WAPCo prepared a program on livelihood restoration, including the methodology for additional compensation for livelihood restoration for PAPs using four zones; verification of PAPs and intra- and inter-household access and claims completed in May 2008; payments to be distributed to PAPs by October 2008. Management will carefully monitor this program, including through monthly field visits and the supervision mission (in December 2008).</p>	<p>2. Completed. WAPCo completed a census of PAPs basic information for additional compensation; verification of eligible PAPs, including inter- and intra-household claims, accomplished prior to transparent process of payments; the Witness NGO and Bank representatives observed the satisfactory payment process.</p>

<p>3. An update of the socio-economic survey to be completed by December 2008; with a follow-up survey update in 2010 (at the end of RAP monitoring period to assess income and livelihood impacts). The Bank will review survey methodology and results, which will be validated by an independent consultant.</p>	<p>3. Ongoing. Socio-economic survey interim report completed in January 2009; it will be finalized by first quarter 2009, measuring changes in income and livelihood.</p>
<p>4. WAPCo hired IITA Agricultural Economist who has submitted a report on adjusted crop and tree prices, which has been reviewed and found acceptable to the Bank.</p>	<p>4. Completed. Consultants from IITA, who reported their findings for crop and trees compensation, recommended a methodology for calculating additional payments for crops and trees.</p>
<p>5. WAPCo to undertake compensation of crops and trees (based on updated market rates), adjusted for inflation to 2008 prices, and applying 4 differentiated land use zones and the most current IITA/FAO agricultural prices in Nigeria, by October 2008. Management will review the prices before compensation payments are made.</p>	<p>5. Completed. Adjusted compensation rates applied, based on Management review; community liaison officers (CLOs) explained compensation rates to community leaders and PAPs before the payment process; 4 land use zones and current and adjusted agricultural market prices used; additional payments in Nigeria completed by October 2008; Management review found payment rates to be satisfactory; a series of sensitization and consultations on the compensation methodology observed by the Witness NGO.</p>
<p>6. WAPCo to intensify CDP implementation strategy, focusing on livelihood restoration; skills development; and activities targeted for vulnerable groups. (August 2008). The CDP will be further modified, based on the findings of the updated socio-economic surveys in 2008 and 2010. Management will carefully monitor the CDP implementation strategy, through ongoing field visits and the December 2008 supervision mission.</p>	<p>6. Ongoing. WAPCo will implement Phase III of the CDP Program, which focuses on livelihood directed programs (e.g. agricultural and fishing support, including capital and inputs; small business development; skills and training; special programs for vulnerable groups) and based on information from the socio-economic survey; CDP Phase I and II programs is being strengthened by addressing sustainability of small infrastructure operation and maintenance using agreements with local governments (e.g. ensuring support for teachers in schools and medical practitioners in health centers).</p>
<p>7. WAPCo to document modifications to CDP activities to specifically address needs of vulnerable groups</p>	<p>7. Ongoing. WAPCo identified 64 households using gender and age criteria ranging from 65 years and above as indicated in WAPCo's database. The function of the Community Relations Representatives (CRRs, who were formerly known as CLOs) include responsibility for the coordination of programs for PAPs, including vulnerable groups.</p>

<p>8. WAPCo to ensure full disclosure of livelihood restoration compensation (underlying reasons, methodology, calculations, payment process, grievance handling) during community sensitization meetings (Ongoing, fifteen community meetings held in May and June 2008). Management will monitor progress in disclosing relevant information on compensation.</p>	<p>8. Completed. Prior to additional compensation process, WAPCo conducted weekly village-level information sharing and consultations; of these more than 10 were organized through the Consortium, composed of community representatives (local leaders and elders); Management observations of records of disclosure and information on compensation methodology has been documented through monthly field visits.</p>
<p>9. WAPCo to continue to discuss with communities the results of RAP Audit (conducted in 2007) and submit RAP monitoring and consultation updates as part of its monthly progress report (as provided in the Project’s monitoring and evaluation plan) to the Bank.</p>	<p>9. Ongoing. RAP monitoring and evaluation set up by WAPCo; documentations of community liaison field visits and results of consultations included in documentation; independent evaluation of consultations by Witness NGO found consultations to be satisfactory and broad based.</p>
<p>10. WAPCo to hire an independent monitor (witness NGO) by early July 2008 to document and witness the payment process for livelihood restoration additional compensation.</p>	<p>10. Completed. Witness NGO (Nigeria Network of NGOs or NNNGO) observed and documented the compensation process and found it satisfactory and transparent.</p>
<p>11. WAPCo to ensure that the grievance mechanism includes information on accessible procedures for third party settlement of disputes arising from compensation and other aspects of the RAP, and improved documentation of dispute resolution (nature of disputes, parties involved, duration/timing) (July 2008). The Bank field visit in August 2008 will assess the effectiveness of the grievance mechanism.</p>	<p>11. Ongoing. As of Nov 2008, there were 100 grievances (representing less than 10% of the total PAPs) filed through the WAPCo Help Desk concerning additional compensation payments in Nigeria⁵; grievances registered through third parties include local and traditional leaders; other grievances came through the Witness NGO; the quality of grievance procedures found satisfactory as assessed by management through the monthly field visits.</p>
<p>12. WAPCo to engage in participatory consultations with affected communities on the grievance mechanism and revise the procedures, as appropriate, based on feedback</p>	<p>12. Ongoing. Management found the grievance process in Nigeria to be effective because it is based on local and traditional systems of dispute resolution. Except for some cases that have been subject to litigation, the average period for grievance resolution is about 2 months. The consultative process is ongoing.</p>

⁵ In Nigeria, complaints on the additional compensation were in 3 broad categories, as reported by WAPCo (2008): “(i) those verified but omitted in the payment list; (ii) those who were not verified but thought they would still get paid; and (iii) those who received lower crop values than they did in 2005.” In Benin, Togo, and Ghana, around 11-15 grievances were filed in the past year.

<p>13. WAPCo is ensuring that its social safeguards personnel are being adequately trained in RAP monitoring, as well as in the monitoring and evaluation of safeguards compliance and of the community development program (Ongoing). At the same time, WAPCo is increasing its social safeguards staff through the recruitment of 2 staff in Nigeria and one staff member in Ghana in June 2008. One staff each in Benin and Togo are also being trained to handle the social safeguards issues. Management will assess, on an ongoing basis, the safeguards capacity in WAPCo and other partners (e.g., local groups, witness NGO).</p>	<p>13. Completed/Ongoing. WAPCo has a total of 11 staff performing community and government relations responsibilities as its social safeguards team (2 in Nigeria; 2 in Benin; 2 in Togo; 2 in Ghana; and 3 in the head office in Accra) – this includes 3 newly recruited staff. WAPCo safeguards training, including monitoring and evaluation, was completed in July and October 2008; another workshop on livelihood restoration is planned with MIGA technical support, in the first quarter of 2009; Management’s monthly field visits continuously assessed quality of RAP implementation, monitoring, and evaluation.</p>
<p>14. WAPCo safeguards staff to participate in the IFC capacity building program organized by IFC</p>	<p>14. Completed.</p>
<p>15. WAPCo to utilize an institution-building program/grant from MIGA by September 2008.</p>	<p>15. Completed.</p>

Environmental Assessment and Mitigation Measures	
16. Management to ensure that ESAP is retained up to July 2009, to encompass remaining construction period and initial operations.	16. Completed. ESAP visit carried out in August 2008. Draft report has been reviewed for factual accuracy, and ESAP has issued the final report on February 5, 2009. ESAP is to be retained until July 2009.
17. WAPCo to translate the Executive Summary of the EMP for operations into Yoruba and disseminate it among the communities by August 2008. Management will monitor the dissemination of the EMPs during its monthly field visits.	17. Completed. Executive Summary of EMP translated into Yoruba and disseminated to local communities in Nigeria, Benin, Togo, and Ghana in August 2008. Dissemination process monitored through CRRs.
18. Management to endeavor to obtain annual data from DPR and NNPC by December 2008, on the respective volumes of associated and non-associated gas to WAGP through ELPS.	18. Ongoing. Data would be obtained in due course. With only free-flowing gas from ELPS into WAGP on December 5, 2008, and delivery to VRA's plant at Takoradi for commercial operation not possible until early 2009, the relevant data does not exist for 2008. The target date for this action will be extended to December 2009.
19. WAPCo to conduct ERP awareness meetings with stakeholders and communities near WAGP facilities, prior to first gas (To be completed in June 2008).	19. Completed. WAPCo conducted ERP awareness briefings for more than 170 community residents in Nigeria and Ghana. VRA safety and environment staff from the Takoradi plant participated in the community briefings in Ghana.
20. WAPCo to produce a safety brochure, translate it into local languages, and widely disseminate it (July 2008).	20. Completed. WAPCo has completed production of the safety brochure, translated it into Yoruba and distributed 500 copies in Nigeria.
21. Additional public awareness meetings to be held in the future, and printed information on relevant aspects of the ERPs to be distributed (Ongoing). Management will monitor the ERP awareness activities through regular field visits.	21. Completed/Ongoing. During the next six months, follow-up meetings will be held in Nigeria to ensure community awareness of emergency procedures. Meetings and distribution of printed materials will be conducted at other locations as their time for commissioning approaches.

Project Supervision and Management Mission duration, frequency, and expertise (OP13.05)	
<p>22. Management to ensure a minimum of two Bank supervision missions of 10-14 days' duration during the remaining construction period of the Project, with more frequent/continuous formal and informal supervision. In addition to technical, financial, and economic specialists, Bank supervision missions to include environmental and social safeguards specialists (by December 2008 for the first mission; by April 2009 for the second mission)</p>	<p>22. Completed/Ongoing. Management has ensured close supervision, instituted a system of monthly field visit by the Task Team, and managers have participated in a few field visits. Field visit reports are reviewed by the Management, progress is evaluated, inquiries are made, and guidance is provided to the Task team. The Regional Vice President continues to closely monitor the progress on WAGP, and requires periodical updates. The field visit reports are documented in the IRIS system. In addition, the Implementation Status Report (ISRs) are updated at the conclusion of each supervision mission, and are reviewed by the Country Office, Sector, and Region; quality of safeguards implementation is monitored by the Task Team and the management and is reported in the ISR.</p>
<p>23. Management input and coordination with the Country Office in monitoring the Project to be strengthened with periodic reviews of Project Implementation (ongoing). Management to allocate adequate budgetary resources for the supervision effort – about 3 times the normal supervision budget (FY08 and FY09)</p>	<p>23. Completed. A project supervision strategy was approved by Management in August 2008, indicating assignment of senior staff (including two full-time field-based staff) with appropriate skill mix; monthly field visits to project site, starting in August 2008</p>
Supervision of public private partnerships, actions on early warning signs – resources for supervision, handling of complex regional projects (OP13.05)	
<p>24. Management to document, based on WAGP experience, the lessons learned on supervision of public private partnerships, and to bring this to the attention of project teams handling similar complex projects</p>	<p>24. Completed/Ongoing. Management has been carefully documenting supervision lessons on incorporating local traditions in compensation payment processes, and will present these in a workshop during Sustainable Development Network (SDN) and Energy Week (March 2009); preparation of Dissemination Notes on public private partnerships in the oil and gas sector is underway</p>
<p>25. Management to undertake in the future a more comprehensive evaluation of the sector environmental and social issues for projects involving new borrowers/sponsors in a complex sector with many actors/participants.</p>	<p>25. Completed/Ongoing. Africa Region environment and social issues analyzed through country portfolio reviews, and recently, a special review of regional projects was started; there is also an ongoing review of regional projects in the oil and gas sector, using WAGP experiences</p>

<p>26. Management is developing “best practice” tool kits to assist task teams in the Africa Region to navigate process challenges and to better achieve high standards of implementation monitoring in complex regional programs (to be completed by the end of FY09).</p>	<p>26. Completed/Ongoing. Africa Region energy, environment, and social websites completed ; the Region has started compiling documentation of best practice cases in energy sector and regional projects; good practice workshop on lessons learned in WAGP scheduled for March 2009; Africa Region safeguards training (mobile clinics) completed in FY08 and FY09; training includes field verification, problem solving, and documentation of best practices; energy sector review of environment and social safeguards compliance issues for FY07 and FY08 completed; 3 new senior social safeguards staff hired in FY08 and 4 senior social safeguards staff have been deployed in the field as part of the regional hubs; 2 new senior environment safeguards specialists hired in FY09 ; and 3 senior environment safeguards staff deployed in the field.</p>
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IV. Moving Forward

33. Gas supply for exports through WAGP can be an important consideration, and the Bank Management is engaged in a dialogue with Nigeria to assist in addressing gas sector issues that constrain supply in the domestic and sub-regional markets. The dialogue covers appropriate policy and pricing framework and measures that incentivize further investments in gas infrastructure. There is also an ongoing dialogue under the Global Gas Flaring Reduction (GGFR) initiative, through which domestic gas utilization programs are also being developed.

34. There will be continued supervision of the WAGP construction activities at the Lagos Compressor Station, the R&M stations, and the connecting pipelines to power plants (which are part of WAGP's scope of work).

35. **Monitoring Social impacts.** The Project will continue to enhance implementation of the RAP in the following areas: (i) compensation and livelihood restoration; (ii) socio-economic information; (iii) grievance mechanism; and (iv) monitoring and evaluation. In terms of compensation, the remaining claims will be resolved in the same transparent and consultative manner used throughout the additional compensation process in Nigeria.

36. The RAP monitoring database will be greatly enhanced upon completion of the socio-economic survey. Together with the annual independent evaluation of RAP implementation and the presence of at least one full-time on-site CRR in each country, the quality of monitoring has already significantly improved. Nonetheless, WAPCo will continue its capacity building programs, especially in the area of livelihood restoration and monitoring and evaluation, through external training programs (MIGA, WB are assisting in this regard). WAPCo is also re-training their existing Government Relations and CRR staff in monitoring social impacts on a continuing basis.

37. **Monitoring Environment impacts.** There are four follow-up actions that WAPCo will undertake to enhance implementation of the EMP and emergency response planning. These include: (i) completion of staff recruitment, including a Corporate Compliance Advisor; (ii) delineation of pipeline ROW (offshore and laterals) and exclusion zone enforcement, including awareness among all stakeholders so that safety of the pipeline is not compromised; (iii) beach monitoring program in Ghana, to measure the effects of partial removal of berms on sediment transport and beach profiles; and (iv) continued improvements in environment and social data monitoring, including a central repository of information.

38. **Continued close project supervision, and capacity-building.** There will be continued close supervision of the project, including at least two Bank supervision missions during 2009. Technical Assistance and support would be provided through Workshops/Seminars on ESMP, and Bank staff will actively participate along with representatives of other stakeholders. The ESAP is to be retained until July 2009 to provide independent oversight of the compliance of environmental and social mitigation measures. Africa Management would continue to provide the financial resources for

increased project supervision and undertake measures to document the experience on this important regional project.

39. **Public Private Partnership.** Based on the results of dissemination of WAGP experience, and feedback received from the stakeholders, the feasibility of developing a toolkit would be investigated.

V. Challenges and Risks

40. There are still some remaining challenges which could impact the completion of the project and achievement of its development objects. Due to the delays, the capital cost has escalated from the originally-estimated level of \$590 million to over \$1 billion, and the escalation has to be borne by the shareholders in proportion to their shareholding in WAPCo as per the Project Agreement. Some of the shareholders are finding it difficult to meet their financial obligations in terms of paying their portion of the cost escalation which is affecting the implementation of the remaining construction activities. The concerned governments (Ghana, Benin, Togo & Nigeria) and the principal shareholders (Chevron, Shell, and NNPC) will need to work on solutions together for addressing the issues arising out of cost escalation on the project.

41. Under the Interim Gas Supply Agreement, free-flow gas (30 million cubic feet) could be delivered to the Takoradi Power Plant which is sufficient to run one turbine on gas operation. However, VRA authorities have chosen not to consume gas and instead continue running the turbines on liquid fuels, given the fall in international oil prices. While VRA is contractually not obligated to consume the free-flow gas, it is a matter of concern to the project sponsors that the gas is not being consumed when available due to short-term financial gains, instead of the consideration of medium- and long-term strategic interests. Longer term, availability of adequate gas supply from Nigeria for utilizing the full capacity of WAGP remains a risk. The project stakeholders, in particular the Governments' of Ghana and Nigeria, will have to come together to assess the options and find solutions to re-establish the long-term viability of the project. The Bank will provide appropriate support as requested by the concerned governments.