

**BANK MANAGEMENT RESPONSE TO
REQUEST FOR INSPECTION PANEL OF THE
GHANA: WEST AFRICAN GAS PIPELINE PROJECT
(IDA Guarantee No. B-006-0-GH)**

Management has reviewed the Request for Inspection of the Ghana: West African Gas Pipeline Project (IDA Guarantee No. B-006-0-GH), received by the Inspection Panel on April 27, 2006 and registered on May 2, 2006 (RQ06/03). Management has prepared the following response.

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ABBREVIATIONS AND ACRONYMS

AG	Associated gas
Agip	Nigerian Agip Oil Company Limited, a subsidiary of Eni S.p.A.
bbbl	Barrel
CDP	Community Development Program
CNL	Chevron Nigeria Limited
DFID	Department for International Development (United Kingdom)
EA	Environmental Assessment
ECOWAS	Economic Community of West African States
EITI	Extractive Industries Transparency Initiative
Elf	Elf Petroleum Nigeria Limited, a subsidiary of TOTAL S.A.
ELPS	Escravos-Lagos Pipeline System
EMP	Environmental Management Plan
ERA	Environmental Rights Action
ERR	Economic Rate of Return
ESMP	Environment and Social Management Plan
EXT	External Affairs Department
FOE	Friends of the Earth
FGN	Federal Government of Nigeria
GDP	Gross Domestic Product
GGFR	Global Gas Flaring Reduction Public-Private Partnership
GTA	Gas Transportation Agreement
HSEMP	Health, Safety, and Environment Management Plans
IDA	International Development Association
IRR	Internal Rate of Return
MIGA	Multilateral Investment Guarantee Agency
MMBtu	Million British thermal units
MMscf	Million standard cubic feet
NAG	Non-associated gas
NEPAD	New Partnership for Africa's Development
N-Gas	N-Gas Limited
NGC	Nigerian Gas Company
NGO	Nongovernmental Organization
NNPC	Nigerian National Petroleum Corporation
NPV	Net Present Value
OPIC	Overseas Private Investment Corporation
OPTS	Oil Producer Trade Section (of the Lagos Chamber of Commerce and Industry)
PAD	Project Appraisal Document

Producers	NNPC, CNL, SPDC, Elf, and Agip, organized in two joint ventures (NNPC/CNL and NNPC/SPDC/EIEI Agip)
RAP	Resettlement Action Plan
ROW	Right of way
SoToGaz	Société Togolaise de Gaz SA (Togo Gas Company)
SPDC	Shell Petroleum Development Company of Nigeria Limited
Sponsors	CNL, NNPC, SPDC, VRA, [and, subject to the exercise of options,] BenGaz, and SoToGaz
TOR	Terms of Reference
Transporters	NGC and WAPCo
Valco	Volta Aluminum Company
VRA	Volta River Authority
WAGP	West African Gas Pipeline Project
WAPCo	West African Gas Pipeline Company Limited
WAPP	West Africa Power Pool

I. INTRODUCTION

1. On May 2, 2006, the Inspection Panel registered a Request for Inspection, IPN Request RQ 06/03 (hereafter referred to as the “Request”), concerning the Ghana: West African Gas Pipeline Project (WAGP)—IDA Guarantee No. B-006-0-GH—a private sector investment project for which the International Development Association (the Bank) and the Multilateral Investment Guarantee Agency (MIGA) have provided guarantees.
2. *Structure of the Text.* The document contains the following sections: Section II outlines the Request for Inspection; Section III provides sector and project background; Section IV discusses special issues, Section V presents Management’s Action Plan and Section VI contains the conclusion. Annex 1 presents the Requesters’ claims, together with Management’s detailed responses, in table format. Annex 2 contains the consultations held during preparation of the Environmental Assessment (EA) and Resettlement Action Plan (RAP); Annex 3 is a chronology of key safeguard events; and Annex 4 provides information on the first year of the community development program (CDP).

II. THE REQUEST

3. The Request for Inspection was submitted by the Ifesowapo Host Communities Forum of the West African Gas Pipeline Project (the “Association”) through their representatives from the Olorunda Local Government Area of Lagos State, Nigeria (hereafter referred to as the “Requesters”). The Request was submitted on behalf of the members of the Association, which is composed of twelve communities that will be affected by the project in Lagos and in Ogun States in southwestern Nigeria.
4. Attached to the Request are:
 - (a) Community signatories to the Request for Inspection by the Ifesowapo Host Communities Forum on the West African Gas Pipeline Project
 - (b) Letter of consent
 - (c) Letter of consent
 - (d) Open letter to the World Bank Concerning the West African Gas Pipeline, December 18, 2000.
5. No further materials were received by Management in support of the Request.
6. The Request contains claims that the Panel has indicated may constitute violations by the Bank of various provisions of its policies and procedures, including the following:
 - OP 4.01, Environmental Assessment, January 1999, revised August 2004

- OD 4.15, Poverty Reduction, December 1991
- OP 4.12, Involuntary Resettlement, December 2001, revised April 2004
- OP 10.04, Economic Evaluation of Investment Operations, September 1994
- OP/BP 13.05, Project Supervision, July 2001
- World Bank Policy on Disclosure of Information, 2002.

III. PROJECT BACKGROUND

7. The project was conceived by the Economic Community of West African States (ECOWAS) in the early 1980s to help improve the economic competitiveness of the four participating countries, and to accelerate regional economic growth and integration in the West Africa region. The project was designed to substitute inexpensive and environmentally friendly natural gas from Nigeria for expensive alternate fuels used by the power, industrial, mining, commercial sectors of Benin, Ghana, and Togo. In keeping with its goals, the project is expected to lower energy costs, thereby improving the competitiveness of goods and services. It also complements other regional efforts in the energy sector, such as the West Africa Power Pool (WAPP), which supports increased electricity trade. It is part of the action plan of the New Partnership for Africa's Development (NEPAD) and is actively supported by ECOWAS. It required strong private sector participation and a treaty among the four host countries to allow this investment by the private sector to go forward.

8. **Project Objectives.** WAGP will contribute to: (a) improving the competitiveness of the energy sectors in Benin, Ghana, and Togo by promoting the use of cheaper and environmentally cleaner gas from Nigeria in lieu of solid and liquid fuels for power generation and other industrial, commercial uses, and diversifying energy supply sources; and (b) fostering regional economic integration that would support economic growth, and in particular the development of the West Africa electricity market.

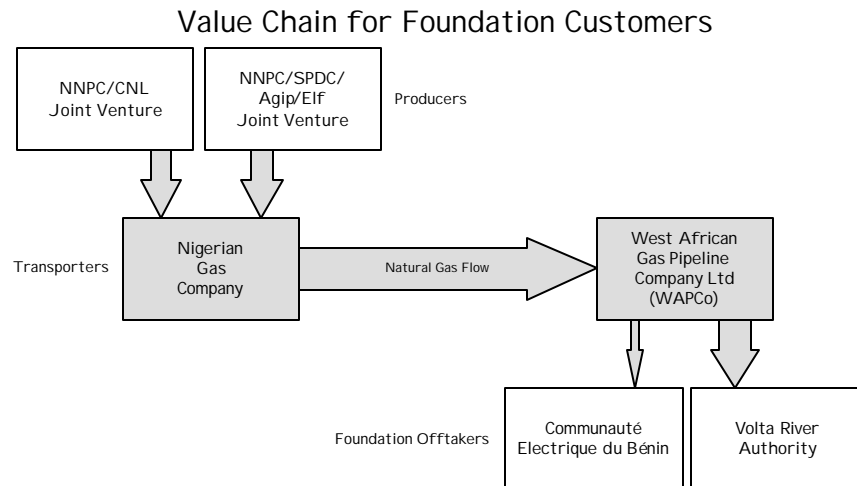
9. Economic indicators for tracking results are: (a) decrease in the average wholesale cost of electricity supply in Benin, Ghana, and Togo compared to the "without gas" scenario; and (b) increase in number of large, medium, and small gas customers in Benin, Ghana, and Togo. Physical indicators for monitoring relate to: (a) physical completion of regional gas pipeline and of spurs into Benin, Ghana, and Togo, including main connections to target power plants; and (b) expanded volume of energy trade in the region, measured in terms of gas exports from Nigeria. Institutional and regulatory indicators relate to harmonization of the regional institutional, legal, and regulatory framework to increase private sector participation in the gas sector.

10. **Project Description.** The WAGP project includes: (a) a new pipeline system (678 km long) that will transport natural gas from Nigeria to Ghana, Togo, and Benin; (b) spurs to provide gas to power generating units in Ghana, Benin, and Togo; (c) conversion

of existing power generating units to gas; and (d) additional compression investments, as needed.

11. To meet the expected market potential of about 450 MMscf/day, the new pipeline is 20 inches in diameter. The main trunk of the offshore pipeline has been placed on the seabed in water depths ranging from 26 to 70 meters, at an approximate distance of 15 to 20 kilometers from the shore. At three locations, connections will be made from the main offshore trunk to lateral spurs (8-inch diameter or greater), which will transport gas to delivery points at or near Cotonou (Benin), Lome (Togo), and Tema (Ghana). The final terminal of the proposed pipeline system is at Takoradi (Ghana).

12. The WAGP project is a private sector project. Current shareholders of the West African Gas Pipeline Company (WAPCo), the special purpose company established to implement the project, are Shell, Chevron, Nigerian National Petroleum Corporation (NNPC), Volta River Authority (VRA) of Ghana, BenGaz of Benin, and SotoGaz of Togo (collectively, the Sponsors). The project includes a number of contracts for the design, engineering, construction, ownership, operation and maintenance, oversight, and political risk mitigation of the new pipeline; contracts for the purchase of natural gas by N-Gas from the upstream producers, for the transportation of natural gas by the transporters, and for the sale of foundation amounts of natural gas to VRA and Communauté Electricité du Bénin (Benin Electricity Company); and contracts to prepare the EAs and RAPs in each of the four host countries. N-Gas Limited (a special purpose vehicle) will contract for the purchases of natural gas at interface points on the Escravos-Lagos Pipeline System (ELPS) from the upstream producers. The Nigerian Gas Company (NGC) will transport the gas on the ELPS. WAPCo has the responsibility for transporting gas from the interface point with the ELPS pipeline (in western Nigeria) to Benin, Ghana, and Togo. This new pipeline project does not include the operation of the ELPS nor any investments for the extraction of hydrocarbons (oil and/or gas) from the ground.



13. **Pipeline Cost and Financing.** The Sponsors currently estimate the construction costs¹ of the pipeline to be about US\$ 495 million (compared to about US\$ 518 million at Board approval); additional compression-related costs (which would be needed if the capacity requirement grows from the initial 200,000 MMBtu/day to the 474,000 MMBtu/day target set by the Sponsors under the agreed demand forecast) are estimated to be about US\$ 110 million over 20 years. As the Project Appraisal Document (PAD) notes, the project has been financed by the Sponsors of the pipeline in proportion to their ownership of WAPCo²—through direct equity and shareholder loans to WAPCo. Subsequent compression-related capital expenditures are expected to be financed by cash flow from operations. WAPCo will recover its investments through gas transportation charges under its Gas Transportation Agreements (GTAs) with N-Gas (and other possible future shippers). NGC will recover its investments and additional costs through transportation charges under its GTAs with N-Gas. Under these GTAs, NGC has agreed to make contracted capacities available for WAGP, the absence of which will result in penalties. Any costs that the upstream gas Producers or NGC incur for operations and maintenance, upgrades, investments, etc., are not part of project costs and will be funded by such parties at the time. The upstream Producers will recover their investments and other costs through gas sales under their contracts with N-Gas or any other entity that ships gas through WAGP.

14. **Bank Group Participation.** Early due diligence of the project carried out by the Bank Group concluded that the project was unlikely to go ahead without Bank Group participation because of the private sector's perceptions of political risks involved in the project, especially the payment risk by VRA and CEB (the foundation offtakers for gas purchases in Ghana, Togo and Benin). To meet the requirements of the project, IDA and MIGA have structured guarantees to backstop a portion of the payment due by Ghana to WAPCo in the event of early termination of the offtake agreements for failure to pay. All commercial risk is assumed by WAPCo under this structure. IDA has provided a guarantee of up to US\$ 50 million and MIGA has provided a guarantee of up to US\$ 75 million to WAPCo to back payment obligations of the Government of Ghana. WAPCo is also the beneficiary of similar insurance structures from Zurich (with reinsurance from OPIC) to back the payment obligations of the Governments of Ghana, Togo, and Benin.

15. **Economic Benefits of WAGP.** In addition to substantial savings and additional revenues from gas sales in Nigeria and tax and dividend revenues in all countries, gas availability is expected to improve access to less expensive and more reliable energy services in the three consuming countries. This should have significant spillover implications for regional economic development by: (a) improving the competitiveness of domestic industries, thereby facilitating GDP growth and increases in employment; and (b) providing opportunities for increased regional trade, and fostering regional stability

¹ Excluding other WAPCo costs such as development expenses, charges, insurance premiums and contingencies.

² The development partners, IDA, MIGA and Overseas Private Investment Corporation (OPIC) have provided guarantees/insurance support to the project. IDA has not provided credits in support of the project.

and cooperation. The WAGP project will help to reduce poverty through its impact on overall economic improvement and growth and lower energy prices.

16. The direct economic benefits from the project are expected to be significant. The analysis of various alternatives to the project has concluded that the transportation of Nigerian gas to Benin, Ghana, and Togo via the proposed pipeline is the most cost-effective means of meeting the anticipated growth in regional energy demand. Two gas demand scenarios were designed to assess the economic benefits arising out of the WAGP project. A low demand scenario assumed that Valco (an aluminum smelter in Ghana that, until recently, consumed about 30 percent of current power generation) operations will never restart; a high demand scenario assumed that Valco operations will restart before first gas with all four potlines operational.

17. In late 2004 (prior to Board approval), the WAGP project as a whole was found to be economically and commercially viable in both scenarios of gas demand—low demand and high demand.³ As a whole, the project showed a positive economic net present value (NPV), at a real discount rate of 10 percent, of US\$ 1.421 billion (excluding the environmental benefits) and an Economic Rate of Return (ERR) of 24.9 percent in the low demand scenario, and a positive NPV (at 10%) of US\$ 2.021 billion and an ERR of 31.4 percent in the high demand scenario. The sensitivity analysis carried out indicated that the economic return of the project was fairly insensitive to changes in operating and capital expenditures but highly sensitive to significant drops/increases in the international price of crude oil. Since 2004, prices of crude oil have increased significantly (almost a threefold increase) and all indicators are that prices will continue to remain high.

18. For the purposes of comparison, the Bank has carried out a simple review of the economic benefits for the participating countries in the low demand scenario at a constant oil price of USD 50/barrels (bbl) over the next 20 years. Compared to the estimated overall project economic benefits of about US\$ 1.421 billion in NPV terms at Board approval in 2004, the project will yield about US\$ 3.534 billion (in 2004 terms). The table provided below compares the direct economic benefits to project participants (in the low demand scenario) under the two different oil forecasts, highlighting the extremely positive direct economic and financial benefits of the project to all participants, and also highlighting the fairness and equitability of the sharing of these benefits, which accrue largely to the four participating countries. For all practical purposes, the WAGP project has little or marginal upside for WAPCo in a high crude oil price scenario, i.e., the private sector project sponsor, WAPCo, reaps little benefit from high oil prices.

³ Based on July 2004 World Bank oil price projections: nominal forecast starting with USD 24.00/barrel in 2007 to USD 25.25 in 2015, USD 25.75 in 2020 and USD 27.25 in 2026.

<i>In 2004 US\$ (millions)</i>	Ghana	Nigeria	Togo	Benin	Private Participants	Project as a Whole
Low Demand Scenario – Economic Benefits to Project Participants (at Board Approval in 2004)						
Total Net Economic Benefits	2,568	1,247	827	675	1,229	6,545
NPV @ 10%	549	292	192	149	238	1,421
Economic IRR	35.8%	29.6%	66.6%	51.5%	19.5%	24.9%
Low Demand Scenario – Economic Benefits to Project Participants (at constant US\$ 50/bbl of crude prices)⁴						
Total Net Economic Benefits	6,510	2,367	2,247	1,503	1,293	13,920
NPV @ 10%	1,703	621	590	361	258	3,534
Economic IRR	92.3%	45.2%	130.4%	94.4%	20.2%	40.0%

19. In addition, the project is expected to increase the diversification of export markets for Nigeria and increase energy security in Benin, Ghana, and Togo, and in the West Africa region. Exports of gas to the other three countries will provide Nigeria with another export market. For Benin, Ghana, and Togo, in addition to hydroelectric power and imported petroleum products, the gas will provide another energy source. Availability of WAGP natural gas should also allow the WAPP to make reliable electricity available to many more areas and customers in the region, allowing migration to cleaner gas-fired power generation to satisfy regional power demand, and to reduce power generation costs substantially.

20. **Environmental Benefits.** At the regional and local levels, overall emissions of greenhouse gases and air pollutants are expected to diminish as a result of WAGP, resulting in improved air quality at the global, regional, and local levels, and related improvements in public health and quality of life. The projected decline in overall emissions of greenhouse gases, according to the EAs, ranges between 86 million metric tons and 11 million metric tons CO₂ equivalent over a 20-year period, depending on the assumptions made about future economic growth and associated energy consumption in the four countries. Overall regional emissions of other air pollutants will also decline under either scenario. WAGP will make a small but meaningful contribution to reduction of gas flaring by transporting annually an estimated 1 billion cubic meters of associated gas (AG), some or all of which is currently flared (roughly 5 percent of the total amount of gas that is flared in Nigeria). Emissions of particulates, oxides of sulfur and nitrogen, and unburned hydrocarbons will decrease in Nigeria as currently flared gas is instead sent out of the country for cleaner combustion in Benin, Ghana and Togo. Ambient air quality should therefore improve in the gas production areas as routine flaring is reduced. Emissions of air pollutants in Benin, Ghana, and Togo will depend on the assumptions that are made regarding the levels of future development, but even if increases occur, they would be expected to be less than would be the case with oil-fired or coal-fired generation.

⁴ Current prices for Brent Crude oil are about US\$70 per barrel.

21. **Regional Economic Integration.** WAGP is the first project in the West Africa region to develop regional exports of natural gas and will illustrate and promote regional economic integration. Through the normalization of technical and other specifications and of the regulatory frameworks, it will also facilitate energy trade among the countries. These benefits are difficult to quantify as they include establishing a new level of regional cooperation and economic integration to enhance regional stability, and cultivating ECOWAS as a regional economic cooperative agency. By supplying gas to regional power providers, WAGP also supports the WAPP, another regional energy sector initiative that will also bring about substantial cooperation and integration.

22. **Sources of Natural Gas.** Nigeria's proven natural gas reserves (associated and non-associated) are conservatively estimated at about 125 trillion cubic feet. About 1,300 billion cubic feet of these reserves are produced annually, of which nearly 75 percent is AG and much of which is flared (2,500 MMscf/day). This gas could meet much of the power generation requirements of Sub-Saharan Africa, outside South Africa. All of the gas purchased by N-Gas for delivery in the new pipeline for about the first 10 years of the project (i.e., until the earlier of 10 years or reserved capacity reaches 200 MMscf/day, and open access begins) will be purchased from the producers. It is expected that all of this gas will come from existing operations in the Escravos area on the western side of the Niger Delta and will be sold to N-Gas at the seven points of interface with the ELPS (Escravos Gas Plant, Escravos Beach, Jones Creek, Odidi, Oben, Utorugu, and the planned connection at Ughelli). This gas is expected to be about 60 percent AG initially, declining to about 40 percent AG after 20 years, much of which would have been flared without the development of productive uses for gas, including WAGP.

23. **Project Status.** The project has been under construction since January 2005. WAGP contractors for line pipe supply and for concrete weight coating have substantially completed their scope of work, while the offshore installation is still working toward a completion date later this calendar year. However, the onshore contractor is currently behind schedule on its contract due to slow equipment mobilization and procurement of compressors, and it is expected that final completion will be a few months later than originally planned. Free flowing gas may be available by the end of 2006 but a fully operational pipeline is not expected to be available until the third quarter of 2007.

24. Although WAPCo has incurred several deviations in capital cost items versus its original budget, the construction cost of the project is expected to remain within budget. The delay in completion of the pipeline however, may cause some additional costs due to increased working capital needs. WAPCo has begun its training program of operation and maintenance workers, which should result in certification of WAPCo's entire local O&M workforce in various aspects of gas transmission operations in advance of first gas deliveries.

25. Final preparations for major onshore construction activities in Nigeria are underway. These include right of way (ROW) clearing and grading as well as the grading for access roads. The site of the Lagos Beach compressor station has been graded and test

piles driven. The final shipment of pipe for the Nigeria onshore section was scheduled to arrive in early May.

26. Given the high price of crude oil, WAGP gas is very attractive to the consuming countries. WAPCo is continuing to pursue opportunities aggressively and forecasts growth in excess of 100 MMscf/day for 2008-2009. Interconnections with gas buyers (power plants) in Ghana are on track, while those in Togo and Benin are lagging. In addition, the Bank is also pursuing support for activities related to the development of the regulatory environment for local gas distribution agencies to enable the use of WAGP gas for industrial and other uses, beyond the power sector.

IV. SPECIAL ISSUES

27. The Bank recognized that in working with a private-sector special purpose company to execute a project of this size, there were both opportunities and risks. The opportunity lay in the substantial resources of its major investors—capital, technical capacity, swift decision-making, lessons learned from prior experience in Nigeria and elsewhere in the world, and corporate commitments to protect the natural and human environment from the adverse impacts such development projects can cause. This combination of resources is rarely available to projects executed by public sector borrowers. The risk was that WAPCo, driven by a tight preparation schedule and the escalation in costs to investors that could arise from delay, would forge ahead according to its own procedures and the requirements imposed by the four host governments, paying insufficient attention to Bank Group safeguards procedures. In particular, with investments in components in each of four countries, the private sector investors were obliged to abide by the rules and regulations for EA, consultation, and disclosure as laid out by each host country, and prepare a separate EA for review, comment, and approval in each jurisdiction.

28. The Bank's effort has focused on maximizing opportunities and safeguarding against risks. Therefore, the Bank has guided the project sponsors in preparing a regional EA, which integrates the findings of each country-specific EA that the sponsor was obliged to prepare. The regional EA also contributes supporting analyses which were not directly related to the specific project investment (and therefore not appropriate for the project sponsors to assess) but which helped to provide a broader understanding of the context for the project in the oil and gas and power sectors in the host countries. The outcome is a well-prepared project with safeguards that meet World Bank requirements, with implementation arrangements and funding for satisfactory implementation during construction and operation of WAGP. Several factors were key to the achievement of this outcome.

29. ***Early and Continuous Engagement of Senior Bank Safeguard Staff.*** Senior Bank safeguards staff from the Quality Assurance and Compliance Unit and the Environment unit of the Legal Department, along with the two regional safeguards coordinators that served in the region during preparation, worked directly with the Bank's

WAGP team, WAPCo and its consultants, and MIGA's safeguard specialists, in review and oversight of the safeguards work. These staff members were involved prior to preparation of the Terms of Reference (TORs) for the EA and RAP through negotiations of the key legal agreements and presentation of the project to the Board. Three senior members of this team comprised the first field mission for safeguard supervision in June 2005. The Bank team has followed up on all but two of the actions recommended by the mission: the analysis of the adequacy of compensation is still underway and the expert panel has not yet been deployed to examine the compensation complaints.

30. ***Sufficient Time to Undertake Safeguards Work.*** The Bank resisted pressure from the private investors and the client governments to take the project to the Board in an unreasonably short time that would have compromised the quality of the Bank's review of safeguards compliance, including consultation and disclosure.

31. ***Thorough and Timely Guidance on Safeguards Policies.*** Senior Bank and MIGA staff participated in numerous meetings and teleconferences, some initiated by the Bank and many requested by WAPCo, to ensure that safeguards work was consistent with relevant OPs and BPs.

32. ***Private Sector Capacity and Motivation to Maintain Due Diligence and Oversight.*** Most of the consultations and field visits were conducted by WAPCo and its consultants. A social safeguards specialist from the Bank conducted field visits to all locations prior to the inception of work on the EA and RAP. MIGA environmental and social specialists made field visits and attended the public hearings that were held on the first draft of the EA. The Bank's External Affairs Department (EXT) held consultations in all four countries while the second drafts of the EA and RAP were in preparation. Bank environmental, social and community development specialists conducted field visits to all locations and visited communities involved in WAPCo's consultation processes to get a firsthand appreciation of the people's concerns and assess whether consultation and disclosure had been adequate. The arrangements for supervision rely on WAPCo to oversee contractor performance in implementing the Environmental Management Plan (EMP) and to hire consultants to conduct independent monitoring and independent audits of its own performance. Superimposed on this structure are normal Bank supervision missions and a planned independent Environmental and Social Advisory Panel.

33. ***Engaging with Stakeholders.*** The Bank has been aware of many of the issues raised in the Request and these have been incorporated in World Bank Group due diligence, appraisal, and local consultations. Some of the issues raised in the Request were communicated to the Bank consultation appraisal mission in 2004 at Badagry and discussed there again in the safeguards supervision mission in 2005. The Bank provided directions to WAPCo on these concerns and is undertaking an analysis of the compensation concerns raised in the supervision mission. Many of the broader issues, including the project's impact on gas flaring, the safety of the ELPS, the environment in the Niger Delta, and the alleged loss of livelihood, were discussed with nongovernmental organizations (NGOs) during two EXT missions between February and April, 2004. They also were publicized in a press release from Friends of the Earth (FOE) and

Environmental Rights Action (ERA) on April 19, 2004. The Bank discussed them at a meeting with FOE (US), ERA and the Bank Information Center (BIC) in Washington, on April 19, 2004 and met with FOE Nigeria and ERA during the consultation appraisal mission in October, 2004 for further discussion. FOE Nigeria and ERA were invited but not available to meet with the Bank in Lagos in June 2005. These broad issues also were addressed in the EA, the economic and financial analysis, and other supporting studies and the results are presented in substantial detail in the PAD.

TRANSPARENCY: CONSULTATION, DISCLOSURE, BANK SUPERVISION AND PREPARATION

34. Management considers that extensive consultations were held and concerns well documented and presented in a balanced manner. Management believes that compensation was adequately covered in consultations but agrees that Yoruba translations of summary RAPs and EMPs were not disseminated, as requested by the Bank in its supervision mission of June 2005.

35. WAPCo and its consultants conducted twenty-five formal consultations in communities along the pipeline ROW in Nigeria concerning all matters covered in the EA. There were twenty additional consultations organized exclusively for the RAP. Safeguards and/or EXT staff from the Bank and MIGA visited Nigeria four times during preparation and once during supervision, consulting with communities on each occasion and NGOs on most of them. Two of the Bank and MIGA meetings were organized by the Consortium of WAGP Project Host Communities (hereinafter the "Consortium") at Otta. The Consortium is an umbrella organization that apparently includes the Requesters as well as fora of communities around Igbesa and Otta. Records show that at least sixteen of the WAPCo meetings were held in communities listed in the Request, and twelve more meetings for groups of communities were held at Badagry, Otta, or Igbesa. There were numerous informal contacts between WAPCo's community relations representatives and various communities. The CDPs were prepared in a participatory manner, including an initial needs survey, a second survey by a consultant to update and refine the needs list, negotiations with community leaders based on a proposal from WAPCo, and preparation of an MOU with signatures of the community head and WAPCO's managing director. In Nigeria, the MOU for the first year program was executed between the Consortium and WAPCo and is dated December 30, 2005. NGOs are being contracted to assist WAPCo and the communities in implementing the CDPs. On safety, an issue of particular concern to communities, WAPCo held community meetings in February 2006, issued the system-wide Emergency Response Plan in May 2006, and will conduct awareness-raising meetings with communities when site-specific response plans (e.g., for the compressor station at Badagry) are prepared, beginning in the third quarter of calendar year 2006.

36. **Draft EA.** The first draft of the EA for Nigeria was disclosed at national, state and local government offices in January 2004, before the EA had been cleared by the Bank, in preparation for public hearings held by the Federal Government of Nigeria (FGN) in March 2004. It was regarding this disclosure that persons seeking access to the document at Badagry encountered difficulties, but these were swiftly corrected by WAPCo once it learned of them. After clearance by the Bank, the final drafts of the EA and RAP were

disclosed at eleven locations in Nigeria, including Badagry local administration and on WAPCo's and the Bank's website, and copies were provided to various NGOs. WAPCo verified the presence of the documents at the disclosure locations, and the Bank is not aware of any problems with public access to them. The detailed Environmental and Social Management Plan (ESMP) for Nigeria prepared in May 2005 is also on WAPCo's website. The signed memorandum of understanding for the CDPs has been returned to the communities and will be disclosed on the WAPCo website and at the Bank's InfoShop.

37. There was also strong continuity in the senior Bank staff overseeing and supporting safeguards work during preparation. In all, there were twenty-five documented meetings and teleconferences between the Bank and WAPCo and its consultants, the first of which was in April 2001, nearly two years before detailed discussions on the TORs for the EA and RAP. The Bank was thus in a position to advise WAPCo on design and content of baseline environmental studies that were initiated prior to the preparation of the EA itself. Two years of baseline data were collected, which is desirable for a project of this type but usually resisted by investors on tight schedules. Although the Bank recognized the significant benefits of local disclosure and consultation on an early draft of the EA by WAPCo, it also understood—given the significant social and political sensitivity of World Bank Group involvement with a private sector investment in the oil and gas sector in Nigeria—the importance of having an extremely high quality draft.

38. **Disclosure.** WAPCo disclosed its preliminary December 2003 draft in early 2004 for the Nigeria public hearings, but Bank clearance for disclosure at the Bank InfoShop was not given until June 2004. By that time, a second draft, with major revisions including the addition of inputs from local consultations and public hearings on the preliminary drafts, had been submitted, and the deficiencies identified in a second intensive Bank review were corrected in a final draft. In addition, a regional EA was prepared at the request of the Bank, which viewed it as a requirement for a project of this nature. During this period, WAPCo investors were pressing for clearance and disclosure in order to meet their target date for a final investment decision and to avoid a reported escalation of US\$ 25 million in the price of steel for the pipeline. The RAP went through similar review, with the first draft reviewed and commented on extensively by Bank staff in April 2004, and the next draft substantially improved and expanded, including the compensation calculation methodology, prior to clearance by the Bank for disclosure in June 2004.

39. **Supervision.** WAPCo has implemented the multi-tiered supervision arrangements described in the EA and the PAD. The Bank has received eleven monthly reports from WAPCo that include progress on ESMP and RAP implementation. Three independent monitoring missions to assess safeguards implementation have been conducted by consultants.⁵ WAPCo has submitted the reports on the first two to the Bank. The two

⁵ Conducted by ERM Houston office (September 2005) and Newfields Las Vegas office (December 2005 and March 2006), respectively; both under contract to WAPCo.

monitoring reports submitted to date do not indicate any significant environmental problems. It is important to note, however, that no construction work had begun in Nigeria at the time of the site visits, and so while this finding is evidence of good environmental management performance on the part of WAPCo and its contractors, it is not specific to Nigeria. The report for the third mission, which was completed in March 2006 and is directly relevant to Nigeria, is currently being prepared. The monitoring reports also state that RAP implementation has proceeded smoothly, with few complaints, but their attention was mainly to the procedures and recordkeeping. They describe the methodology for determining compensation, for example, but do not assess its adequacy and apparently were unaware that there was dissatisfaction with amounts paid in Nigeria. These concerns must be addressed in the independent impact assessment and final audit of resettlement, compensation, and restoration of livelihoods required by OP 4.12 and described in the RAP, which is scheduled for September 2006. The consulting team for the first of the independent health, environment and safety audits to which WAPCo committed itself went into the field on May 6, 2006. Its report will be submitted to the Bank and publicly disclosed. The Bank reviews the TORs prior to these audits, and the reports are made public.

40. The Bank and MIGA have conducted one formal supervision mission on safeguards (June 2005), during which concerns about safety, CDPs, and compensation were raised. The mission stressed to WAPCo the urgent need to remedy the gap on awareness about emergency response and accelerate progress on community development planning, both of which WAPCo is on schedule to do. The mission also requested and received data on compensation in Nigerian communities for analysis. Three of the communities listed in the Request were included among the fourteen for which the Bank obtained data; the fact that compensation was raised at a meeting in Otta and not at the meeting in Badagry suggested that the problem was more localized around Otta. Staff have followed up on these issues in three meetings with WAPCo's health, safety and environment officers. Since receiving the Request, the Bank has asked WAPCo to provide the tabulation for the other nine communities in advance of the independent audit scheduled for September 2006.

PROJECT ECONOMICS AND NIGERIAN GAS / OIL INDUSTRY

41. Management believes that the economic analysis did consider all feasible alternatives and adequately evaluated the project's sustainability. It also believes that the project's contribution to reduced gas flaring is presented without overstatement in the economic analysis as well as the PAD and—in order to see actual results—the annual volume of AG (normally flared) is included as one of the project's monitoring indicators.

42. There were two layers of economic analysis in the preparation for WAGP in addition to that done by WAPCo. Bank staff performed its own analysis and also engaged a consulting firm for a more wide-ranging and in-depth analysis. Project alternatives were considered in the consultant's work as well as in the EA. WAPCo examined alternatives including generating power from gas in Nigeria and transmitting it to the other three countries and exporting the gas as liquefied natural gas in barges or tankers rather than by pipeline. It also compared a limited number of other energy sources to gas, but the focus

of the analysis undertaken for the project's private sponsors was mostly on options that WAPCo's investors could consider financing. The Bank instructed its consultant to analyze a set of alternatives corresponding to a broader objective—namely, providing Ghana as well as Togo and Benin with more plentiful, more reliable electricity. Economic costs and benefits of environmental impacts were taken into account to the extent feasible. There was cross-communication between WAPCo's EA consultant and the Bank's economic and financial consultant, so that the EA could take into account the findings of both. The EA also included the "no-action or no-project" alternative. WAGP was by far the most attractive investment in both analyses in 2004, and at today's much higher prices for fuel oil (currently used in Ghana, Togo and Benin), the economic benefits of switching to gas are considerably greater (see paragraph 15 and Annex I for more details). The WAGP project will yield significant economic benefits to each of the four participating countries, and such benefits are significant in both Low and High Demand scenarios. Overall, it can be concluded that the project has significant economic benefits and the sharing of these benefits amongst project participant is fair and reasonable.

43. While the stated objectives in the PAD do not include flaring reduction, the project has been characterized by some as a "flaring reduction project." Despite the fact that it was not part of the development objectives, the project does, in fact, make a modest contribution to flaring reduction; this can be noted when the amounts of gas that WAGP would carry are looked at in the context of the large total volume flared in Nigeria. The modest amount of flaring reduction that WAGP aims to achieve is treated as an economic and environmental benefit to Nigeria, without overstatement in the economic analysis.

POVERTY AND RESETTLEMENT

44. Management believes that the project will benefit, not impoverish affected people, through resettlement compensation, as well as community development, construction and planned permanent employment. Further, replacement valuation is the approach agreed with WAPCo and Management believes that this principle must be applied. If it has been applied inconsistently, the Bank will ensure this is corrected. Based on this, Management believes that affected people will be able to improve, or at least restore their standards of living as a result of the project. If any concerns of inadequate compensation have not been properly addressed, as required by the project's legal agreements, the Bank will ensure that those standards are met.

45. The intent of the Bank, in rejecting the initial draft of the RAP, making extensive comments on the second draft, and meeting with WAPCo's consultants to assist in improving the RAP, was to assist WAPCo in its efforts to avoid negative impacts on anyone's livelihood. WAPCo's consultants had surveyed the affected communities and both the consultants and WAPCo had consulted directly with affected families. At the consultations held by the Bank in October 2004, concerns were raised about the possibility that government rates would be used in determining compensation amounts, and WAPCo and the Bank assured the audience that this would not be the case. The RAPs also call for an independent audit of resettlement, which is scheduled for

September 2006. In June 2005, the communities that gathered at Badagry did not express any dissatisfaction with compensation. Those that gathered at Otta did, but at the same time, they expressed their appreciation for the process, particularly the fact that the funds were paid directly to the intended recipients. The RAPs include grievance procedures, which should be the first means of dealing with the Requesters' concern about the level of compensation. The Bank had already requested and received information on amounts paid to the group of communities around Otta that met with the June 2005 mission. The tabulation covers only three of the Requesters, and the Bank has now asked WAPCo for the corresponding information for all of the other communities, in advance of the scheduled September 2006 independent audit. A resettlement specialist is analyzing the Otta area data and will submit findings and recommendations by May 31, 2006.

46. For the affected communities as a whole, WAGP brings direct benefits that will contribute to improvements in living conditions. The CDP has been designed in consultation with citizens and documented in April 2006 in an MOU between the Consortium and WAPCo. WAPCo will, in its first year, support construction of boreholes, water systems, schools and health centers in 14 communities, at an estimated total cost of US\$ 950,000. Some of the projects will be used by neighboring villages. WAPCo's intention is to formulate a comprehensive, five-year CDP. Additional communities will receive community development support in the second year and subsequent years of the program. Seven of the 12 communities listed in the Request are direct beneficiaries of the first year program.

47. Purchases of goods and services and temporary employment during construction are expected to benefit some community members and businesses, and a limited number of permanent positions exist in pipeline operation and maintenance. During operation, WAGP will need services and supplies, some of which should be sourced from the local communities. WAPCo has committed to 15 percent local content in its contracting and hiring for the project as a whole, and the primary onshore construction contractor in Nigeria has exceeded 6 percent and expects the percentage to increase substantially. The Bank has requested more details on the make-up of the local content in order to determine what benefits the local communities are deriving from WAPCo's employment and procurement policy. Nigerians make up approximately one-third of the contingent recruited into WAPCo's training program in the four cooperating countries to prepare national citizens for permanent employment.

48. More broadly, the revenues that will accrue to Nigeria from the sale and transport of hitherto flared gas and non-associated gas (NAG) should contribute to development and poverty alleviation. The FGN is a participant in the Extractive Industries Transparency Initiative (EITI). NNPC, Chevron, Shell, and Elf are all participants. Nigerian Agip Oil Company Limited, a subsidiary of Eni S.p.A. (Agip), also is expected to become a participant before WAGP begins gas deliveries. Furthermore, under its contractual arrangements, N-Gas has covenanted to: (a) require its shareholders to be participants in EITI; (b) purchase natural gas only from EITI participants; and (c) publicly disclose payments by N-Gas to FGN (together with any state or local governmental jurisdictions in Nigeria or their state-owned or state-controlled enterprises).

For its part, WAPCo has covenanted not to accept or contract with any future shipper who is not a participant in EITI in Nigeria.

ENVIRONMENT, ELPS, AND THE DELTA

49. Management believes that systems for environmental and social management are adequate to mitigate negative impacts and that the project will not cause irreparable damage to land or livelihoods. Management believes that the EA covers both the upstream gas source and pipeline safety issues. An ELPS Integrity Study was also conducted (see below), showing that the existing pipeline needed no major repairs in the next ten years as a result of its connection to WAGP. The system-wide Emergency Response Plan for the new pipeline was issued on May 19, 2006. Detailed site-specific response plans will be developed as final designs are confirmed for facilities such as the compressor station at Badagry. WAPCo held public awareness meetings on emergency response on February 21, and 22, 2006 for communities in Nigeria. Ninety-eight citizens attended, including officers of the Consortium and residents of at least three of the communities listed in the Request.

50. The potential adverse impacts of WAGP are few and relatively limited, and, according to the first two independent monitoring reports, no significant impacts have materialized. WAGP has not caused any degradation in the Requesters' immediate environment to date. The Requesters' communities are 250 kilometers from the nearest part of the Delta, where Nigeria's oil and gas resources are located. The Bank held discussions with WAPCo and its main investors and assured itself that WAGP would not result in any new development of gas or oil in the Delta in the near future. The only impact to be anticipated there between now and the time that throughput in the pipeline would exceed 250 MMscf/day is the positive effect of any reductions in flaring that occur. Thereafter, there could be new construction of gas-gathering infrastructure and possibly construction of new gas wells. Under the agreements to purchase gas in the Niger Delta, the original upstream producers have covenanted, *inter alia*, to comply with all applicable environmental and social laws in any new oil and gas developments. After a specified threshold has been met (10 years or 200 MMscf/day under contract, whichever comes first), the pipeline will be opened to other future shippers under an Access Code. To qualify for access, future shippers must, *inter alia*, be in compliance with environmental and social laws in Nigeria. The WAGP Authority is charged with monitoring compliance with the Access Code. In the years prior to the time of open access, the WAGP Authority will need to develop capacity to carry out its environmental oversight responsibilities for the pipeline, and the Bank is exploring ways in which it can assist.

51. The Bank spent considerable time in discussions on the ELPS in order to decide whether it was a part of the project's area of influence and thus should be included in the scope of the EA. OP 4.01 Annex A paragraph 5 defines area of influence as: "The *area likely to be affected by the project, including all its ancillary aspects, such as power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, and construction camps, as well as unplanned developments induced by the project (e.g., spontaneous settlement, logging, or shifting agriculture along access*

roads). The area of influence may include, for example, (a) the watershed within which the project is located; (b) any affected estuary and coastal zone; (c) off-site areas required for resettlement or compensatory tracts; (d) the airshed (e.g., where airborne pollution such as smoke or dust may enter or leave the area of influence; (e) migratory routes of humans, wildlife, or fish, particularly where they relate to public health, economic activities, or environmental conservation; and (f) areas used for livelihood activities (hunting, fishing, grazing, gathering, agriculture, etc.) or religious or ceremonial purposes of a customary nature.” ELPS has been in operation since the early 1990s. It would not be subject to any changes as a result of the implementation of WAGP. It has substantial customers other than WAGP and does not depend on WAGP for its continued operation. The Bank therefore concluded that, based on (a), (b) and (c) of the definition, ELPS was not a part of the project’s area of influence.

52. Moreover, an environmental audit is the appropriate instrument to apply to an existing facility rather than EA, and WAPCo on its own had commissioned a two-phased study of ELPS, focusing on present condition, safety and security, which are the main topics an audit would consider. The study concluded that ELPS could carry the gas for supply to WAGP in its present condition, but it also recommended a number of safety and security improvements that the pipeline operator should undertake. The consultants reported that ELPS has from time to time experienced small leaks and incidents of vandalism, but no major gas releases or other serious problems that have harmed the environment or inhabitants of nearby settlements. As a result of the two-phased study, improvements in safety and security will be made at ELPS, and so WAGP’s impact on its condition has been positive rather than negative. WAPCo is continuing to pursue the repairs that are required to be made by NGC to the ELPS at Escravos prior to first gas. In addition, Management notes that the Requesters’ communities are not close enough to ELPS to be affected by its operation.

53. The Bank also conducted additional due diligence by hiring consultants as part of the broader economic assessment of the project. The consultants examined the design and cost of the pipeline and confirmed that: (a) the demand analysis conducted by the private sponsors was thorough and robust; (b) the pipeline sizing had been optimized; (c) the Pipeline Development Plan cost elements, which were the outcome of an international competitive tendering process, represented good value for money in the international market; and (d) the compression requirements for expanding WAGP were reasonable in phasing and cost.

V. MANAGEMENT ACTION PLAN

54. Management believes that the project has been well prepared, and supervision includes multiple layers of oversight, which has already identified the issues raised in the Request.

55. Despite the project achievements described above, a few important challenges noted in the Request have not been completely resolved: compensation rates, community

development mechanisms, and some environmental and safety issues are not yet widely understood, contributing to some uncertainty and apprehension about future livelihood and safety. These issues were also identified by the Bank mission of June 2005 but, as the steps recommended at that time have not yet been fully implemented, the Task Team is implementing additional actions, as described below. In summary, reducing uncertainty requires clear, direct and informed consultation by the project with those affected, on asset valuation, community development and safety measures. The expert panel will assess these risks and the effectiveness of mitigation, and WAPCo will be required to correct any non-compliance with its contractual obligations to the World Bank Group.

56. Risks still facing the project include:

- *Potential uncertainty regarding disclosure of information:* Although the Task Team understood the areas affected by the pipeline to have a high proportion of fluent English speakers, during the June 2005 mission it became clear that the existing English documents were too long and technical for wide community understanding of entitlements or risks, and this contributed to apprehension and undermined project credibility. Non-technical Yoruba translations of the summaries of the EMP and RAP documents have yet to be completed and disseminated, as agreed by WAPCo during the June 2005 mission. The findings of the technical study on the existing ELPS Integrity Study were not disseminated or publicly reviewed; in addition, WAPCo's own project safety plans are drafted but will be made public only in the next few weeks;
- *Potentially inadequate compensation:* The Bank and WAPCo are committed to compensation at full replacement costs. The Bank has begun reviewing compensation rates for the northern part of the Nigerian ROW (the June 2005 mission undertook to review those rates but this has not yet been completed) but the Bank has not yet received compensation data from the southern portion of the Nigerian ROW. The Otta section report on individual compensation payments to affected persons does not match the valuation methodology described in the RAP (the spreadsheet sent by WAPCo only shows inflation adjustments of 75 percent for land and 50 percent for other assets, but not after first increasing Oil Producers Trade Section (OPTS) rates by ten times as explained in the RAP). Since no payment receipts were included, the spreadsheet alone only shows the amounts people were eligible for, not a record of what they were paid. The Bank is seeking further information from WAPCo on its valuation methods and a full review of the adequacy of compensation is required in advance of the scheduled September 2006 independent audit;
- *Potential lack of credibility:* Although numerous specialized field visits have occurred, no Bank supervision has taken place in Nigeria since June 2005 and the required expert panel has not yet visited the field. The evidence that the

grievance process is working and fair comes from independent monitoring by WAPCo consultants.⁶ The Nigerian petroleum industry has a poor reputation, both among people in Nigeria as well as internationally, and this lack of credibility could deter investment and slow restoration of incomes. While this project may not be directly linked to many problems cited in the Request, the Bank recognizes the scope of the issues in the Niger Delta and will ensure an adequate presence during project implementation.

MANAGEMENT ACTIONS

57. To address these risks, the following actions are now underway.

- *Transparency and accountability.* The June 2005 Bank mission recognized the translation issue and WAPCo committed to remedy it. The Bank will conduct two supervision missions a year until the project is complete. The next mission is scheduled for the first quarter of fiscal year 2007, and will include financial and economic staff specialists, social and environmental staff specialists to start planning for the resettlement audit, and to assess staff capacity and institutional arrangements of agencies required to deliver planned emergency response, community development and resettlement grievance redress services.

Before September 30, 2006, WAPCo will disseminate non-technical translations of RAP and EMP summaries, including clear explanation of grievance redress and monitoring mechanisms; advertise the availability of these documents on all work sites by posters—including where and how any complaints or grievances can be registered; and maintain grievance logs for inspection by local communities.

- *Expert panel.* Appointment of the expert panel that was required under the project was unreasonably delayed because of issues related to approvals for contracting consultants. These procedural problems are being resolved and the panel is expected to be appointed and make its first field visit before the end of September 2006. The TORs for the expert panel mandate it to review and provide recommendations to address social and environmental issues encountered during project implementation such as those raised by the Request.
- *Community development programs.* WAPCo has contracted with a Nigerian NGO, Enterprise for Development International, to facilitate implementation of the CDP projects that will be supported in accordance with the MOU that

⁶ The RAP describes three types of monitoring: quarterly internal performance monitoring by the WAPCo land acquisition team and community relations representatives; annual impact monitoring by the land acquisition team to be reviewed by the expert panel; and, a final RAP completion audit contracted to external evaluation auditors, under the expert panel.

was negotiated between the Consortium and WAPCo. The Bank will review progress in the program through the required annual reports from WAPCo and will make site visits on its next supervision mission. The expert panel will also be asked to evaluate the program's effectiveness.

- *Poverty and resettlement.* Before the first quarter of fiscal year 2007, the Bank will assess whether compensation rates were insufficient to replace acquired assets or the grievance redress process was ineffective for any affected people. Information available now is inconclusive but if either assessed rates paid are below replacement cost or the grievance process is functioning poorly, WAPCo and the Bank will correct the problems. The next supervision mission, scheduled for the first quarter of FY07, will assess the facts on the ground and, if needed, agree on any necessary retrofit measures with WAPCo. The mission will discuss findings with the affected communities.

Before September 30, 2006, WAPCo will conduct professional surveys to assess, across the length of the pipeline, the current values of each type of asset lost to the project, including communal lands, trees, crops, other structures, and public assets. These surveys will be based on actual field measurement and ratings, not on State, local, or OPTS rates. The definition of replacement value in OP 4.12 will be the guideline used. Before the first quarter of fiscal year 2007, the Bank will review the specific cases cited in the Request to ensure replacement value compensation was paid.

- *Environment.* System wide emergency response plans were completed in May 2006 and will be disclosed in June; detailed site plans will be developed when equipment designs are finalized. Technical safety issues require careful communications, as well as an ability to listen to community concerns. WAPCo held meetings for groups of communities at Badagry and Otta in February 2006 and will hold open meetings with all communities affected by the project to discuss draft site-specific safety plans, document and advertise the results of public consultations (including any amendments resulting from community suggestions), and set clear results for community understanding of risk mitigation and emergency plans. This will help to ensure misinformation does not reduce the effectiveness of necessary risk management, and allow communities to monitor the promises made in the safety plans. The expert panel will review the plans during its initial mission.

In September 2006, the expert panel will assess effectiveness of the grievance redress process and ensure oversight and monitoring process are credible.

The resettlement audit planned for September 2006 will review the adequacy of compensation to replace lost assets and progress in income restoration to date, and will document the effectiveness of systems to detect and correct misuse of funds. The Bank's resettlement specialists will approve the TORs for the audit. The benchmark definition of adequacy will be from OP 4.12 and

the field surveys. Further, adequacy will be defined in terms of the payments actually made to affected people.

58. Management believes that the WAGP project is a considerable achievement for the four client countries. WAGP will be the first project in the West African region to develop regional exports of natural gas. It has provided a much needed signaling effect to the region to attract private capital and has potential to promote regional economic integration. The project has been deemed as an economically viable project with significant and fairly-shared economic benefits, especially in the current situation of high crude oil prices. Management believes that project preparation was cautious and highly satisfactory. On balance, to date, the implementation of the environmental and social safeguards has been positive, as observed in two reports from independent monitoring consultants. As noted earlier, a few important challenges have not been completely resolved. Such issues will be supervised by staff under a rigorous supervision plan for the project, which will be adequately funded. Further, the expert panel will assess these risks and the effectiveness of mitigation, and if any instances of non-adherence to Bank's safeguard policies are found by either the Bank or the expert panel, WAPCo will be required to address them in a timely fashion.

VI. MANAGEMENT'S RESPONSE

59. The Requesters' claims, accompanied by Management's detailed responses, are provided in Annex 1.

60. Management believes that the Bank has made significant efforts to apply its policies and procedures and to pursue concretely its mission statement in the context of the project. In Management's view, the Bank has endeavored to ensure that WAPCo follows the guidelines, policies and procedures applicable to the matters raised by the Request but acknowledges that further work will need to be done on safeguards supervision, as explained above. Management will work with WAPCo, the Government, and affected communities to ensure that the Requesters' rights or interests are not directly or adversely affected by the project.

Annex 1. CLAIMS AND RESPONSES

No	Claim/Issue	OD/ OP/ BP	Response
Environmental Impact Assessment			
1.	<p>We believe that the West African Gas Pipeline Project, if executed as presently conceived, would do irreparable damage to the land and consequently, destroy the livelihoods of the 12 communities.</p>		<p>Management believes that systems for environmental and social management are adequate to mitigate negative impacts and that the project will not cause irreparable damage to land or livelihoods.</p> <p>The West Africa Gas Pipeline is a private sector project that is designed to substitute abundant and inexpensive natural gas from Nigeria for expensive alternate fuels used by the power, industrial, mining, and commercial sectors of Benin, Ghana, and Togo. The IDA partial risk guarantee and the MIGA guarantee are providing risk mitigation support for Ghana's obligation to the project. Project preparation included not only consideration of the socioeconomic impact of the project, but environmental impact, and examined ways to minimize negative impacts, while promoting sound economic development in the pipeline areas. The EA and RAP were prepared by independent consultants retained by the company, WAPCo, with Bank/MIGA oversight.</p> <p>Project preparation included not only consideration of the socioeconomic impact of the project, but environmental impact, and examined ways to minimize negative impacts, while promoting sound economic development in the pipeline areas.</p> <p>The EA, prepared in June 2004, thoroughly discussed potential and likely impacts upon the land on which the pipeline is being built. For the land-based component in Nigeria, these included impacts on land use, habitat and biological resources, topography and soils, water resources, and air quality. The EA considered that the impacts in Nigeria would be minor and limited to the immediate vicinity of the project. The impact of most significant concern, and therefore the subject of extensive baseline studies, consultations, and community meetings, was the conversion of current land use within the pipeline's ROW and facility footprints. The EA concluded that these impacts as well as more modest or localized impacts on the land, water, air, and transportation infrastructure would be mitigated with the planned measures and commitments in the project so that the residual impact would be low, with the exception of the conversion of land use, which would be moderate.</p> <p>In December 2005, the Independent Monitoring Report, prepared for WAPCo, examined the project's impact on the environment, and the various measures to mitigate this impact. At the time the Report was written, construction activities with respect to the various parts of the pipeline in Nigeria (Alagbado Tee, Mainline, Lagos Beach Compressor Station, Horizontal Directional Drilling (HDD) and Badagry Creek/Barrier Island Crossing, and the Offshore Pipeline) had not yet commenced, and thus the report focused on systems for implementation and monitoring, as well as potential issues arising from pipeline construction, including worker housing, wastewater disposal, roadway widening, and saltwater intrusion. The Report also looked at social issues for project-affected persons, including land acquisition, resettlement, compensation, encroachment, traffic, migration, health, cultural resources, and impacts on livelihoods and subsistence.</p> <p>The Report concluded that: "WAPCo has established an effective environmental and social management system and has appropriately implemented its environmental safeguard</p>

No	Claim/Issue	OD/ OP/ BP	Response
			<p>commitments. No violations of environmental safeguard commitments that have resulted in an adverse impact on sensitive resources or local communities were identified during the third-party review, though some improvements to specific safeguard programs is recommended to reduce the potential for future issues" (Independent Monitoring Report, Newfields, December 2005). Suggested improvements include: ensuring contractor compliance with all commitments; addressing environmental impact issues arising from changes in the project; and enforcing requirements for contractor Health, Safety, and Environmental Management Plans (HSEMP) that address all environmental and social safeguard commitments. The Report considered that WAPCo has "effectively implemented its socioeconomic safeguard policies in Nigeria" and recommended some additional improvements (e.g. data collection, guidelines for land acquisition and compensation, employment opportunities for local communities, etc.). Additional information on the environmental impact of the WAGP and the pipeline to which it will be connected (Escravos-Lagos Pipeline) is included in Item 2. Item 9 provides more information on the socioeconomic benefits of the project, and, in Item 11, there is additional information on the project's contribution to reduced gas flaring.</p> <p>As for the other countries, construction had not commenced in Benin when the Independent Monitoring Report was written. The independent monitoring team examined the concrete coating facility and port facilities near Tema, Ghana and the HDD site and offshore pipelaying barge, DLB Brazos Horizon, in Togo. While there were some violations (and potential violations) of the HSEMP requirements, the monitoring team noted that the sites were generally compliant with the requirements and they provided recommendations on ways to resolve outstanding or potential problems (e.g., more frequent monitoring and review, more documentation, preventive measures to deal with contamination, more detailed planning for site management).</p>
2.	<p>It is sad to note that the overwhelming majority of our people were not consulted during the preparation of the Environmental Impact Assessment report on the project, nor after announcements in the national daily newspapers that draft copies of the Environmental Impact Assessment of the project were on display at different locations.</p> <p>In our presentation to the team of consultants from the World Bank that visited our community on October 30, 2004, we stated that "we shall appreciate a proof (sic) as regards venue, time and list of community people that attended the public hearing on the EIA besides the landowners with whom the company holds periodic meetings on the subject of compensations."</p> <p>Although the majority of our community people are not landowners, the pipeline</p>	<p>4.01 4.12</p>	<p>Management considers that extensive consultations were held and concerns well documented and presented in a balanced manner.</p> <p>From early discussions in 2002 through May 24, 2004, there were twenty-five formal meetings held with individual communities on environmental impacts, among them three at Badagry, three at Igbesa, three at Otta, and two at Ajido, all with communities along the ROW, where various of the Requesters would have been represented. One large meeting was held to which all communities along the pipeline ROW were invited, and there was another meeting with the Ado-Odo local government. Community meetings were announced and open to landowners and non-landowners alike. Questions on land acquisition and compensation, environmental, social and other issues were discussed. The meetings are summarized in Chapter 5 and Appendix 5-D of the EA.</p> <p>The Federal Ministry of Environment conducted a public hearing on the EA on April 6, 2004, the results of which are also documented in EA Appendix 5-D.</p> <p>Bank staff visited Nigeria for consultation during February, March</p>

No	Claim/Issue	OD/ OP/ BP	Response
	<p>would pass very close to our homes, through routes our children take to their schools, routes our women take to their farms and to our fishing grounds. This makes us significant stakeholders. And we feel aggrieved that we were not consulted until the visit of the team of consultants from the World Bank, [] on October 30, 2004 in Badagry. During this visit, it was evident that there was a lack of adequate consultation with the people as no one from our communities in the Badagry axis of Lagos state was able to identify what was in the Resettlement Action Plan. We have had the opportunity of reading the Project Appraisal Document Report No. 30334- AFR on November 2, 2004 of the team of consultants referred to above. We are very worried that this important aspect of the meeting was not highlighted in their report. Moreover, our support for “a project that would utilize presently flared and harmful associated gas” was misconstrued as giving blanket support for this project.</p>		<p>and April, 2004, and MIGA attended the public hearing and made site visits. Bank staff¹ conducted consultations at three locations in Nigeria (Lagos, Badagry and Otta) in October 2004 in connection with project appraisal. The BTO for that mission clearly shows that issues such as safety and community development were discussed at Badagry, while at Otta the questions almost exclusively concerned compensation. Bank and MIGA staff visited Badagry and Otta during the supervision mission of June 2005 and consulted again with local communities and community leaders. On both occasions, community leaders and virtually all other speakers stated clearly that, despite whatever concerns they wished to bring to the mission’s attention, they supported the WAGP project and were looking forward to its implementation. In the consultation section of PAD Annex 13, all of these issues were discussed in detail. It is Management’s view that support for the project was not misrepresented. See Annex 2 of this response for a complete list of consultations.</p>
3.	<p>The failure of the project proponents to carry out an Environmental Impact Assessment of the existing Escravos-Lagos Pipeline, to which the West African Gas Pipeline will be linked, is a major source of concern for us. In some cases, the route of the pipeline is only a few feet away from our homes and passes close to our schools, farms and fishing grounds. We are very worried that the Escravos-Lagos pipeline, which is shut down several times a year because of poor maintenance and accidents, will source the WAGP pipeline.</p> <p>It is generally known here in Nigeria that the Escravos-Lagos pipeline is not safe. We will not feel safe either until a proper EIA has been carried out on the Escravos-Lagos section of WAGP so that its potential impacts on the safety of WAGP are made clear and available for all to see. Such an EIA is essential to determine the West African Gas Pipeline Project’s environmental impacts.</p> <p>We are convinced that the unsafe state of the Escravos-Lagos Pipeline implies a serious danger for the safety of the West African Gas Pipeline and all who live in its proximity. We do not wish to become victims of gas explosions and leaks like our brothers in one of the states in the Niger</p>	4.01	<p>Management believes that the EA covers both the upstream gas source and pipeline safety issues and that an EA of ELPS was neither necessary nor appropriate. An ELPS Integrity Study was conducted (see below), showing that the existing pipeline needed no major repairs in the next ten years as a result of its connection to WAGP. The system-wide Emergency Response Plan for the new pipeline has been issued and the community awareness program on emergency response began in February 2006.</p> <p>WAGP is not expected to generate any additional burden or impact on the ELPS since no capacity upgrade or major intervention is required to meet both WAGP and growing Nigerian market demands.</p> <p>ELPS was constructed between 1988 and 1992 by Saipam/Snamprogetti to international standards. It originates in the western Niger Delta. The pipeline is owned by NNPC, and operated by its subsidiary NGC. WAGP will connect to ELPS at the Alagbado “Tee” near Itoki in Ogun State. It is capable of delivering 900 MMscf/day of gas without compression. The demand at the moment is of the order of 365 MMscf/day, or about 40 % capacity. The pipeline system will not need to be upgraded or modified to meet the WAGP gas demand of up to 200 MMscf/day forecast within the next 5-10 years; in fact, even with WAGP operating at that volume, capacity utilization on the main ELPS trunkline would increase to about 63%, which still provides a significant margin for growth in domestic demand before the addition of compression facilities is needed.</p> <p>No EA was prepared for ELPS because it was constructed before Nigeria’s EIA law came into force in 1992. It was determined not to be a part of the project’s area of influence as defined in OP 4.01</p>

¹ Not a “team of consultants” as stated in the Request.

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	<p>Delta where on September 12, 2003, a gas pipeline owned by Shell (one of the sponsors of the WAGP project) that supplies gas to the aluminum smelter plant, exploded. This led to the death of community people and to their relocation away from their communities. Importantly, we know that emergency response mechanism in this country is totally non-existent. There were two major air mishaps late last year in Nigeria, one of them happened at Lisa village a few kilometers away from our communities, and it took the search and rescue team of the National Emergency outfit two whole days to locate the site of the crash. We have been told that there is an emergency response and contingency plan to minimize impacts of disasters, but we are totally unaware of its content or adequacy because of the little information we have.</p>		<p>Annex A, para. 5 because, inter alia, ELPS is not owned by WAPCO, has been in operation for some time, is not dependent on WAGP, and would not be significantly modified by or for the project. It was therefore not included in the scope of the EA for WAGP. Moreover, an environmental audit is the appropriate instrument to apply to an existing facility rather than EA.</p> <p>In fact, WAPCo carried out an audit, in the form of the ELPS Integrity Study undertaken by an independent engineering firm, to determine the pipeline's integrity for future use as a supply pipeline to the WAGP. Phase 1 of that study was completed in 2001, and examined the system design, operational history, and future expected usage for both Nigerian domestic and WAGP markets over a forecast 20-year period. The Phase 1 report did make some recommendations for repair of certain facilities and identified operating practices to be changed by NGC. Since 2001, NGC has largely completed the recommended repairs, which included repair of leaky valves, reinstatement of an active ROW maintenance program, refurbishment of cathodic protection systems for external corrosion protection, as well as modifications necessary for intelligent pigging² of the pipeline.</p> <p>Phase 1 also analyzed the system capacity for both WAGP and increasing Nigerian market demand relative to the existing pipeline system. The system was found to have adequate pipeline capacity without the need for any compression until after 2020, some 15 years after startup of the WAGP. The firm also reported that "there have been no reports of major loss of gas incidents in the ELP system", although there have been pinhole leaks caused by vandalism, several minor valve leaks, and one reported gas leak due to hardware failure. The most likely form of failure, according to the consultant, is through corrosion. Corrosion results in easy-to-repair leaks, and good maintenance should keep the frequency of such failures below one every three years.</p> <p>Phase 2 of the Integrity Study was intelligent pigging to inspect inside the length of the majority of ELPS segments important for gas delivery to WAGP. From this, the consultant concluded that the ELPS pipeline is overall in good condition for continued future deliveries, and that no major line section repairs will be needed in the next 10 years if it is maintained, operated and inspected in line with Integrity Study recommendations. The study thus contradicts</p>

² A "pig" (pipe inspection gauge) is a device that is inserted into and run through a pipeline to perform a specific function. Pigs can be separated into two classes; non intelligent pigs and intelligent pigs. Non intelligent pigs perform a basic operational function such as swabbing, batching, and cleaning. Intelligent pigs collect data as to the integrity or performance of the pipeline such as diameter measurement/geometry, corrosion detection, crack detection and leak detection.

³ The issue of an EIA for Escravos-Lagos Pipeline System (ELPS) was raised by NGOs that met with Bank staff in Washington during preparation and in a lawsuit filed against WAPCo and the Nigerian Government in February 2004 by a group of communities from the Niger Delta (remote from the Requesters' locations and WAGP), and from Badagry. In a letter dated February 2, 2006, and copied to WAPCo, a member of the plaintiff group who is also one of the four named representatives of the Requesters informed the group's attorneys: "... that after a very wide consultation with members of the communities and the royal fathers along the West African Gas Pipeline Project's right of way, and recent developments wherein the communities affected by the project have been properly sensitized about the non-adverse health effect of the gas project and other sundry issues, I have decided to discontinue the suit instituted against the executors of the Project."

No	Claim/Issue	OD/ OP/ BP	Response
			<p>the Requesters' contention that ELPS is unsafe.</p> <p>Safety of the ELPS in particular was not an issue raised by any of the communities that met with the Bank, probably because it is sufficiently distant from any of the communities listed in the Request to pose no hazard to their safety.³ However, the Bank and WAPCo heard clearly their concern about safety of WAGP and the need for them to be familiar with the emergency response plans at the October 2004 consultation at Badagry in June 2005. The Bank advised WAPCo to respond, and WAPCo committed to having emergency response plans in place and discussed with communities prior to any transmission of gas through the pipeline. The system-wide Emergency Response plan was issued on May 19, 2006 and will be followed by detailed plans for specific sites when final design is confirmed. WAPCo anticipates that the detailed plans will be ready in the 3rd quarter of 2006 and will conduct workshops on them at the community level when they are finished. In February, WAPCo held two community meetings on emergency response and safety for the communities along the ROW in Nigeria. Members of the Consortium of WAGP Project Host Communities Forum (an umbrella group that apparently includes the Requesters) attended both meetings WAPCo's response plan has been prepared taking into account the existing emergency response capacity in Nigeria.</p> <p>The WAGP pipeline itself will undergo extensive inspection and hydraulic pressure test during, and as part of, the standard final commissioning procedures by the contractor, before handing it over to the operator.</p>
Involuntary Resettlement			
4.	<p>The project as presently being implemented violated the Bank's OP/BP 4.12 of January 2002, which in essence requires that <i>people who are losing their lands or livelihood as a result of a Bank financed project should benefit from the project and should have their standard of living improved or at least restored</i>. This policy stated here was not complied with in our communities.</p> <p>We have complained various times to different stakeholders in the project, the government, the project owners (West African Gas Pipeline Company), etc. on our fears and concerns on inadequate compensation. We are convinced it will not restore or improve our standard of living.</p>	4.12	<p>Management believes that affected people will be able to improve, or at least restore their standards of living as a result of the project. If any concerns of inadequate compensation have not been properly addressed, as required by the project's legal agreements, the Bank will ensure that those standards are met.</p> <p>RAPs for the project contain measures to improve or restore livelihoods and standards of living, minimize land acquisition, guarantee that all affected households have an option to choose between land-for-land or cash compensation based on negotiated replacement costs, ensure that no construction starts prior to full payment of compensation, ensure that impacts on water resources and transport infrastructure are minimal and temporary, with no adverse income and livelihood impacts, and most importantly, to provide full replacement value for assets lost. Annex 3 lists Bank actions during preparation to confirm these requirements were met.</p> <p>The RAPs also contain grievance redress and monitoring mechanisms to correct any deficiencies. Measures include: (i) a complaint register and grievance redress/dispute resolution process ; (ii) internal monitoring by WAPCo teams to ensure that the valuation and payments are made correctly; that the grievance process is functioning and any problems are being resolved (however, as this internal monitoring by WAPCo has not occurred as planned in the RAP, the task team is reviewing the adequacy of compensation to replace lost assets and progress in income restoration to date; (iii) annual impact monitoring to assess the effectiveness of compensation in improving or at least restoring incomes; (the first of these impact monitoring reports is scheduled</p>

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			<p>for September 2006, coinciding with the first field visit of the expert panel) (iv) external monitoring by an expert panel to verify that results comply with resettlement standards, (scheduled for September 2006); and (v) after completion of all planned actions under the RAP, an independent completion audit to ensure the resettlement objectives have been achieved and mitigation measures have had their intended effects to improve or at least restore livelihoods.</p> <p>In addition, regular Bank safeguards supervision missions oversee compliance. However, if the assessments should reveal that these objectives have not been realized, the sponsor will propose follow-up measures that could require continued World Bank supervision.</p>
5.	<p>Members of our communities were assured that “adequate compensation would be paid on the basis of rates established by the Nigerian government and that these rates would be further increased to reflect inflation adjustment and restoration of lost incomes.” With the benefit of hindsight, we now believe that these statements provided precious little information on the exact amount of compensation that we were to receive for each plot of land acquired for the project.</p> <p>The project sponsors kept us in the dark about this and other information relating to adequate compensation that should improve our standard of living. There were assurances from project sponsors that the rates for lease of land in our communities set by the Nigerian government would not be used in computing the quantum of compensation to be paid. But to our surprise, when the compensations were eventually paid, the rates were in most cases less than 4% of the market rate.</p> <p>In a petition to the “Chief Executive Officer” of the West African Gas Pipeline Company by representatives of [one of]the families of Imeke town Olorunda Local Government Area, dated March 14, 2004, the families respectively stated “that upon commissioning our surveyor to measure out the portion of our family land that falls within the gas pipeline route, it was discovered that 2 acres of our family land falls within the route... at the moment a plot of land measuring 100 ft by 50 ft in Imeke community can be sold (leased) for at least N250,000 (two hundred fifty thousand naira only) this is about USD 2,000.” The</p>	4.12	<p>Replacement value compensation is the approach agreed with WAPCo and the Management believes that this principle must be applied. If it has been applied inconsistently, the Bank will ensure this is corrected.</p> <p>In Nigeria, the construction of the gas pipeline, compressor station, and construction camps required acquisition of about 144 hectares (ha) of land. Due to the linear nature of the project, this relatively small amount of land is spread among 23 communities of two western states of Nigeria. A total of 1,557 private landowners and 928 tenants are losing a small portion of the total holdings they own and/or cultivate. They all have been contacted both by the Estate Surveyors contracted by WAGP and responsible for the land and asset inventory as well as by independent surveyors that the affected people themselves hired to represent them. The estimated number of people in the affected families of owners and tenants is 8,647. About 143 residential plots are affected; on 37 of these there are fully constructed homes.</p> <p>WAPCo’s valuation methods are described in the RAP, which was disclosed in-country on June 9, 2004. For all assets, including land, WAPCo used estate valuers and any asset improvements made were expected to be incorporated in compensation payments. WAPCo, like other operators in the oil and gas sector, began with rates based on the 1998 Oil Producers Trade Section (OPTS) compensation schedule rates, although these are largely grounded in conditions in the Niger Delta where production takes place. Therefore, due to public concerns in the project area about the inadequacy of these OPTS rates, in May 2004 WAPCo’s valuation team (Fola Alonge and Partners) negotiated with three community appointed estate surveyors (Adefila and Company, George Nzei and Company, and Shola Enitan and Company) and agreed to increase the rates by 75% for land, and 50% for crops and buildings. In January 2005, due to delays in payment, an additional increase of 5% was agreed. In the RAP however, the OPTS rates were reported to be first increased by ten times and then, for inflation, an additional increase (+75% for land, and +50% for other assets) was reported to be added. The Bank is now reviewing the actual payments to ensure that, regardless of OPTS rates or any mark-ups agreed, the principle of replacement value for lost assets was met.</p>

⁴ The value of the naira to the dollar at the official market at the time of the survey commissioned by the family was 132-135 naira to the dollar.

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	<p>petitioners continued “Two Acres of land at that rate will attract N3,000,000 (three million naira only) or \$23,100.... Our family should be adequately compensated for the lost (sic) which will definitely be occasioned.” The petitioners further stated... “we duly acknowledge the receipt of N400,000 (four hundred thousand naira only) or \$3,600 already paid as compensation to the family.”⁴ It is important to state here that one of the signatories is the highest ranked elected official in the local government area.</p>		<p>During preparation the Bank insisted that WAPCo demonstrate that it was assessing actual market values in the project area. In the RAP, WAPCo reported that it had assessed actual income stream values on a sample basis to ensure that adjustments to the OPTS rates correspond to or exceed replacement values. To reassess the adequacy of compensation to replace last assets, before September 30, 2006 WAPCo will conduct a professional survey of the current values of each type of asset lost to the project, including communal lands, trees, crops, other structures, and public assets. These surveys will be based on actual field measurement and ratings, not on State, local or OPTS rates. The definition of replacement value in OP 4.12 will be the guideline used.</p> <p>The specific case cited in the Request is being investigated. Any affected person receiving less than replacement value would have grounds to appeal and make use of the grievance process. The Bank will also review outstanding grievance cases during supervision missions to ensure WAPCo fulfills its commitment that compensation amounts meet or exceed asset replacement value.</p> <p>Annex 2 lists the consultations held by WAPCo, which informed communities about the valuation principles and process for compensation.</p>
6.	<p>There was no binding contractual relation between individual landowners and WAPCo. The sponsors of the project merely paid at their own discretion. They provided compensation for the crops on the land only and did not pay anything for the land and future profits that are accruable from the activities that we would have undertaken on our lands.</p> <p>Our request for cash compensation instead of relocation in many instances was informed by our fear of the unknown. These lands are our ancestral lands and we cannot leave it to total strangers while moving to some other location to reside. Ruling elites in the country in connivances with the oil multinationals have by their actions and inactions enhanced poverty in our communities. But this does not give them the right to take our lands or pay us next to nothing as compensation when we opted to stay on our land.</p>	4.12	<p>Management believes that, if registered as described in the RAP, the receipts for property acquisition meet Bank requirements. This will also be confirmed during supervision.</p> <p>Compensation was for both land and crops. All agreements reached with landowners have been documented in “Compensation and Indemnity Receipts for Direct Payment” forms, with photos and signatures of affected people and witnesses.</p> <p>Compensation rates for perennial crops and economic trees should take account of all future production (see the OP, Annex A, footnote on definition of replacement value). If these were not paid, then affected people may have recourse to the grievance mechanism.</p> <p>Compensation rates for all immovable assets and improvements include consideration of future income streams (RAP page 5-23). Future profits should have been considered as part of future income but if they have not been adequately estimated, those affected have recourse to grievance redress processes.</p>
7.	<p>Not all stakeholders had access to the project information, and the information provided was not understood by members of our communities. That is why the expectations of our community people were unnecessarily raised on the compensation we were to receive. Until the day some of us collected our compensations, we had no idea of the criteria used for computing the compensations to be paid for the acquisition of our lands. We believe that there was a deliberate policy not to disclose all relevant information in order to get our</p>	4.12 Discl. Polic y	<p>Management believes that compensation was adequately covered in consultations ; tensions that may have developed are not a result of the project.</p> <p>As pointed out in response to Item 2, WAPCo and its consultants responded to questions on compensation and land acquisition that were asked by participants at consultations on the EA. In addition, 20 community meetings on RAP issues were held between November 2002 and September 2003. Further RAP workshops were conducted in August 2003, at Ijoko and Itoki villages, and at Anuko-Ijoko village. In February 2004, there was another series of meetings on land acquisition and the RAP, one each at Otta, Igbesa, and Badagry. WAPCo staff made presentations at the workshops on the compensation principles and process and, during</p>

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	<p>support for the project.</p> <p>The manner the little consultation that took place was carried out is a recipe for crisis and violence in our communities. There are still tensions between the landowners and those of us whose lands were not acquired by whose livelihood would invariably be affected by the project. Some of us would lose our farmlands; others may be denied easy access to their farms and fishing grounds. We believe that the sponsors of the project employed the classic divide and rule strategy to their full advantage. Our community members have yet to resolve the bitterness and bickering that was the hallmark of the selective consultations which took place with a few landowners, while other land users and impacted persons were ignored.</p> <p>In another example of conflicts that arose, families were against each other owing to what some members perceived as the small amount of compensation declared by their family heads who signed for and collected compensation cheques on behalf of their families. Family heads were suspected to have stashed part of the compensation for their private use. This perception was entirely false, but as there was hardly any information on the quantum of compensation to family heads, rumors of dishonesty on the part of family heads were rife and these led to bitter quarrels and even physical fights. It is pertinent to note that a family in the sense used here denotes the extended family system practiced widely in our communities.</p> <p>There were also instances where the landowners and the land users (those who lease lands for farming) clashed over who should be paid compensation and how the compensation that has been paid should be shared.</p>		<p>early 2004, made informal visits to affected villages in an effort to ensure there was clear understanding. Lists of assets to be acquired were posted in public places in March 2004, after which the inventory of assets was completed with full participation of owners and users. WAPCo normally included Yoruba speakers in the teams that conducted these and all other consultations.</p> <p>The tensions that may have developed between landowners and others, between landowners and users, and within families are normal parts of community dynamics. The October 2004 Bank mission witnessed an example at its consultation meeting in Badagry – a group of landowners confronted another group of citizens who had met with NGOs and discussed environmental issues within 48 hours preceding the meeting. The landowners believed that the other group was working to block WAGP. The Bank mission together with the High Chief facilitated a discussion in which the differences were resolved. The non-landowners made clear that they were not opposing the project in any way but merely trying to ensure that the issues that concerned them were also put on the table.</p> <p>WAPCo expended considerable effort to identify the actual owners of the parcels acquired or partly acquired, Neither the RAP nor OP 4.12 obliges WAPCo to become involved in how compensation is divided among members of a family when the land was owned by the family as a whole.</p>
8.	<p>At this moment, although land acquisition has been completed and clearing of the right-of-way is in progress, there is still no translation of the Resettlement Action Plan into Yoruba.</p>	<p>4,12 Discl. Polic y</p>	<p>Management agrees that Yoruba translations of summary RAPs and EMPs were not disseminated, as requested by the Bank in its supervision mission of June 2005. WAPCo considered that, as most literate residents in the affected communities read English, it was not necessary to undertake translations. However, these are now being undertaken and will be completed and disseminated in September 2006.</p>
Poverty Reduction			
9.	<p>Even at the level of the supposed economic benefit of the project for us as a</p>	<p>4.15</p>	<p>Management believes that the project will benefit, not impoverish affected people, both through resettlement compensation, as well</p>

No	Claim/Issue	OD/ OP/ BP	Response
	<p>community, we think this claim is patently false, illusory and diversionary. Firstly employment opportunities would only include temporary manual labor during construction work. As far as we know, no mechanism has been put in place to ensure that qualified persons from the community with the relevant academic credentials are put through training to secure employment on a full term basis. This is despite the fact that we have compiled and submitted the names of graduates from our communities in different fields, especially in the area of engineering.</p> <p>We therefore think that this project will further impoverish the people of our communities. We will lose our lands, which are our only means of livelihood, without adequate compensation, while on the other hand we do not have the prospect of long term alternative employment. We have often made the point that we would not accept to be mere onlookers in this project, and that we want to be an important part of the project, but it seems that there is a deliberate move to push aside with one excuse or the other.</p>	<p>4.12 4.01</p>	<p>as community development, construction and the planned permanent employment.</p> <p>The EA identifies the economic benefits that are likely to accrue to communities along the pipeline. These include: temporary employment for local residents in ROW clearing, pipe installation and construction; local purchases of materials and supplies during construction; local subcontracting for construction and maintenance services; and permanent employment for a much smaller group of residents (46) of the four participating countries in operating and maintaining the pipeline. Willbros, the contractor for onshore facilities, is behind schedule and not working at full strength, and so the total number drawn from the local labor pool is not yet known. WAGP does not require a large labor force. WAPCo is operating a nine-month training program in which 73 nationals recruited from the four countries are being prepared for long-term employment. The recruitment was conducted by a nationally-known recruitment firm, and the opportunities were publicly advertised. Nigerians number 25 in the group of trainees, and the number of positions likely to be filled in Nigeria is 16.</p> <p>WAPCo has committed to at least 15% "local content" during the construction phase of the project and has achieved 12.2% through March, up from 11.5% in January. The company expects to exceed 15%; the delay in reaching the target is mainly caused by delay in mobilization by Willbros, which is the main source of demand for labor, materials and services in Nigeria. To date, Willbros has expended \$2.8 million for purchases in Nigeria through 16 different contracts, or 6.4% of its total billing, up from 4% in January. The HDD subcontractor of Horizon Marine, the offshore pipeline contractor, also employed local labor at Badagry.</p> <p>Most landowners have lost only small amounts of land and do not have to move. For them, alternative employment is not an issue. Of those whose houses or house plots were acquired, only two opted for resettlement. Cash compensation was the nearly unanimous choice of all affected landowners or land users. Moreover, the land in the ROW can still be used for grazing and foot traffic.</p> <p>Community development is a covenant in the Project Agreement, Section 7(n). In addition to compensation for directly affected people, WAPCo has developed voluntary CDPs with full participation of the members of the affected communities, under which WAPCo is financing local development projects identified by the citizens as high priority. The program began in 2003 with the self-assessments of needs and priorities summarized in the EAs. Annual work programs are agreed with the communities. During 2004, the needs lists were verified and refined with assistance of a social development consultant. WAPCo's intent is to formulate a comprehensive, five-year CDP for all four countries in WAGP. As an interim step, the final agreement between WAPCo and the communities for the first year of the program was negotiated in late 2004 and early 2005. In Nigeria, the MOU that documents the content of the CDP for each participating community was signed by the Consortium on behalf of the 14 communities participating in the first year of the program. Seven of them are communities listed among the Requesters : Ajido, Imeke Agemowo, Araromi Ale, Ilogbo Eremi, Igbesa, Okoomi, and Itori. Annex 4 lists the first year projects to be supported in each community. WAPCo has signed and returned the MOU to the community leaders and will disclose it on its website and provide IDA with annual reports on the status of</p>

No	Claim/Issue	OD/ OP/ BP	Response
			implementation as required in the Project Agreement.
Economic Evaluation of Investment Operations			
10.	<p>Another very important policy that was violated is the Operational/Policy and Bank Procedure 10.04 of September 1994, which requires that the Bank <i>evaluate investment projects with the aim of ensuring that they promote the development of goals of the country, to do a proper consideration of feasible alternatives including the “without project” situation (as also required by OP 4.01) and to evaluate the sustainability of the projects.</i></p>	10.04	<p>Management believes that the economic analysis did consider all feasible alternatives and adequately evaluated the project’s sustainability.</p> <p>In addition to the economic analysis carried out by Bank staff, a complete economic assessment was conducted by an economic consulting firm . The results of the latter were presented in an open public forum in September 2004, in Accra, Ghana, attended by representatives of the four WAGP countries , as well as in the PAD. The results show substantial economic benefits for all four countries as well as for the investors.</p> <p>Alternatives to WAGP were considered in Nigeria’s Gas Master Plan and Gas Strategy. The alternatives for meeting the energy needs of Ghana, Benin, and Togo that were considered both in the economic and environmental analyses included:</p> <ol style="list-style-type: none"> 1. The no-WAGP project scenario; 2. Development of small gas reserves in offshore Ghana waters; 3. Gas and power imports from Cote d’Ivoire; 4. Conversion of gas to electric power in Nigeria and transmission to the three consuming countries; and 5. Transport of natural gas through onshore routing of the pipeline. <p>The World Bank Group carried out an extensive assessment of the project, including detailed technical, fiduciary, financial, economic, social, environment, political and reputational risk assessment (included in the PAD). The project met all of the requirements under the Bank’s policies. The assessment concluded that the project is a fair and reasonable transaction for all parties. This sharing of benefits is the lynchpin of the project’s sustainability over the long term. Additionally, this project was assessed at low oil price scenarios, and given current high oil price projections, much larger absolute benefits to all participating countries are anticipated.</p>
11.	<p>We believe that this project would not promote the holistic development in our community and even in our country as it is premised on the false assumption that it will reduce the flaring of associated gas in Nigeria. From the facts in the documents available to us it is unquestionable that Nigeria is the biggest gas flaring country in the world. Flaring contributes to the destruction of the lands and rivers in our country, to serious health problems and to the global phenomenon of Climate Change. As such, gas flaring is doing great harm to</p>		<p>Management believes that the project’s contribution to reduced gas flaring is presented without overstatement in the economic analysis and—in order to see actual results—the annual volume of AG (normally flared) is included as one of the project’s monitoring indicators.</p> <p>Nigeria and all major operators in Nigeria are Partners in the Bank-led Global Gas Flaring Reduction Partnership (GGFR). The GGFR is a forum of governments of oil-producing countries, national oil companies, international oil companies, as well as other key stakeholders, including the World Bank Group, whose key objective is to support the efforts of the petroleum sector worldwide to reduce the flaring and venting of gas associated with the</p>

⁵ Joint UNDP/World Bank Energy Sector Management Assistance Programme 2004.

No	Claim/Issue	OD/ OP/ BP	Response
	<p>the environment, health and livelihoods of Nigerians. In addition, flaring as opposed to capturing gas entails an economic loss. According to estimates of the World Bank itself, it costs Nigeria about US\$2.5 billion annually.</p> <p>The WAGP project's proponents claim that associated gas (which is normally being flared) will be the source of the pipeline. We, in conjunction with Environmental Rights Action/Friends of the Earth Nigeria, have requested information that would show that this is the case. The question is important, since the fields in the Western Niger Delta where the gas for WAGP will be sourced, are generally non-associated gas fields. This means additional gas wells would be drilled instead.</p> <p>Currently, the WAGP project design does not demonstrate in concrete terms that any amount of associated gas would be piped through the pipeline. As the World Bank itself has said, 75% of gas flaring in Nigeria is a result of the failure of proponents of the West Africa Gas Pipeline Project to put in place the necessary infrastructure to enhance gas utilization in the country. In this situation, it is inappropriate for the Bank to support WAGP, as it allows project sponsors to continue the unwarranted degradation of our environment and livelihoods.</p> <p>In this respect, the Bank also failed to take into consideration Nigeria's plans to double oil output to 4 million barrels of crude oil per day (from the present 2.5 million barrels per day) by 2010 and the expected increase in new oil field development. This will inevitably lead to the production of more associated gas.</p> <p>Without guarantees that WAGP use only associated (otherwise flared) gas, the World Bank's support for WAGP will increase the use of non-associated gas, which is cheaper to produce than associated gas. WAGP would thus set a precedent of looking solely at profit margins, rather than the best development interest of the people of this country.</p>		<p>extraction of crude oil.</p> <p>The FGN has put in place a "Zero Gas Flaring Policy" and routine gas flaring and venting is set to end in 2008;⁶ this will be formalized in a Gas Act this year. Since 2003, the FGN has not allowed any new oil field development if it entailed flaring. This policy is strictly implemented and monitored.</p> <p>Nigeria has a number of policy initiatives to meet its flare-out target for 2008, of which WAGP is a small part. WAGP will transport approximately 5 percent of the AG that is produced in Nigeria over the life of the project (about 1 billion cubic meters).</p> <p>WAGP will use a mixture of NAG and AG. "Initially, the gas sold to the WAGP will be about 60% AG (reducing to about 40% over 20 years as associated, hitherto flared gas, decreases), a large portion of which would have been otherwise flared in the absence of productive uses of gas, including the (ELPS and the) WAGP." (PAD page 6.)</p> <p>No single project could capture all AG and operate solely on it, since its availability is closely tied to and thus fluctuates with oil production. Gas pipelines to deliver the gas volumes contracted for by customers at the receiving end must be under the same pressure most of the time, which AG alone cannot provide, thus the necessity to mix AG and NAG in any pipeline system. (See EA Appendix 2A for more details.)</p> <p>It is the Bank's understanding that all significant volumes of AG have been allocated to gas flaring reduction projects, either planned or under implementation, and to domestic market uses. Therefore, additional AG would not be available to WAGP.</p> <p>As stated in the PAD (paragraph 7); "To support the initial demand for gas from WAGP, as well as some of the projected increase in demand over the first five to ten years of WAGP operation, production capability of 200 MMs cf/day has been identified from existing oil and gas operations in the Niger Delta... Consequently, construction and operation of WAGP do not entail any new environmental or social impacts upstream for at least five to ten years. Thereafter, the combined effects of declining volume of AG available for WAGP and possible increases in demand up to WAGP's maximum capacity would necessitate new wells and gas gathering systems, with attendant impacts. The timing of the need for additional gas and the specific well locations, gathering system capacities, etc. cannot be identified and therefore were not addressed in the regional EA or the EA for Nigeria."</p> <p>The original upstream producers (and their affiliates) have the exclusive right to transport natural gas on the new pipeline until a threshold has been met – that threshold is the earlier of contracted capacities reaching 200 MMscf/day or 10 years. The original upstream producers are: (i) NNPC; (ii) Chevron Nigeria Limited (CNL); (iii) The Shell Petroleum Development Company of Nigeria Limited (SPDC); (iv) Elf Petroleum Nigeria Limited (a subsidiary of TOTAL S.A.); and (v) Agip, organized in two joint ventures (NNPC/CNL and NNPC/SPDC/Elf/Agip). Under the agreements to purchase gas in the Niger Delta, the original upstream producers</p>

⁶ It is a possibility that the 2008 flaring deadline may not be reached; the largest producer, Shell, has announced that progress has been slower than it had hoped. It now expects to stop flaring at some point during 2009.

No	Claim/Issue	OD/ OP/ BP	Response
			<p>have covenanted, <i>inter alia</i>, to comply with all applicable environmental and social laws. After the threshold has been met, the pipeline will be opened to other future shippers under the Access Code. To qualify for access, future shippers must, <i>inter alia</i>, be in compliance with environmental and social laws in Nigeria. The WAGP Authority is charged with monitoring compliance with the Access Code.</p> <p>Nigerian regulations require completion of an approved EA prior to issuance of permits for new wells and related facilities, and the permits require implementation of environmental management and monitoring measures identified in the EA.</p> <p>With regard to profit margins, as noted earlier, the Bank's detailed assessment of the project shows that the commercial structure allows for a fair and reasonable sharing of benefits to all participants. As a fuel switching project, WAGP allows the consuming countries to switch to cheaper and climate friendly gas. As a producer, the project allows Nigeria to monetize its natural resource at reasonable prices. On the whole, the project is expected to result in significant net economic benefits to each of the four participating countries.</p> <p>The amount of gas carried by WAGP is a function of demand in the receiving countries rather than of oil output.</p>
Supervision			
12.	<p>The World Bank's OP 13.05 requires the Bank to <i>ensure that the borrower implements the project with due diligence and to identify and take steps to resolve problems in implementation</i>. As will become clear from the elaboration below, we feel strongly that the World Bank has failed to comply with this policy.</p> <p>Many of the problems caused by the WAGP project's sponsors were not anticipated or resolved by the World Bank as required by this policy. We consider the problems with the project sponsors mentioned below a result of the World Bank's failure to adequately supervise the project's preparation and implementation.</p>		<p>Management believes that the project has been well prepared, and supervision includes multiple layers of oversight, which had already identified the issues raised in the request. The effectiveness of monitoring and follow-up will be reviewed by the independent expert panel.</p> <p>Project Preparation. The Bank and MIGA engaged with WAPCo and its consultants on environmental and social safeguards early and often during project preparation. The full chronology of interactions and key events is shown in Annex 3. Altogether, senior Bank and MIGA safeguards staff conducted or participated in 25 meetings or teleconferences with WAPCo and its consultants and provided written comments on all key safeguards documents during project preparation.</p> <p>From August 2002 to June 2003, the Bank and MIGA worked closely with WAPCo on the scope and TORs of the EIA and RAP. A resettlement expert from the Bank visited all WAGP sites in June 2003 and provided additional advice on RAP preparation.</p> <p>The first draft of the EA was commented on extensively in writing by the Bank Group in February 2004, and numerous meetings and telephone discussions took place before the second draft was delivered in May 2004. MIGA safeguards staff made site visits on March 30, 2004, and attended the public hearing held by FGN on March 31. After further revisions, Bank clearance of the EA for disclosure was issued on June 10, 2004. The first draft of the RAP was received and reviewed by the Bank Group on June 3, 2004, and it also required extensive revisions. The revised RAP was cleared for disclosure on June 23, 2004. Bank environmental, social, and communications staff conducted consultations at three locations in Nigeria in October 2004, to follow up on the consultations held during EA and RAP preparation. The overall assessment of participants was that WAPCo's consultations had been adequate.</p>

No	Claim/Issue	OD/ OP/ BP	Response
			<p>Project Implementation. The institutional arrangements for the project provide for multiple layers of supervision of EA and RAP implementation during construction of the pipeline by WAPCo, cooperating governments and the Bank and MIGA, as well as an independent expert panel. Since the project is being implemented by the private sector, the arrangements reflect the private enterprise's responsibilities, legal obligations, and corporate policies for planning, construction, and operation of its investment. The WAGP project team under contract to WAPCo has overall responsibility for project supervision for the developer, including for implementation of the Environment and Social Management Plan (ESMP) developed in conjunction with the EA. RAP implementation is also overseen by this group. The WAGP team is staffed by experts on assignment from the project sponsors (Chevron, Shell, Nigeria National Petroleum Corp., and VRA (the main consumer of the gas, in Ghana). The ESMP is made up of elements that address health, environment and safety. Each contractor is obligated to prepare a detailed health, environment and safety (HES) plan and have it reviewed and accepted by WAGP prior to initiation of construction. Each contractor must establish an HES management organization and provide training in accordance with the ESMP.</p> <p>The project calls for three levels of "audit" to supplement normal oversight of ESMP implementation. Level 3 consists of audits of contractor performance conducted by the WAGP team. Level 2 audits are conducted monthly during construction, by WAGP managers who are not members of the construction supervision team. Level 1 monitoring and audits are carried out by third parties under contract to WAPCo. To date there have been three independent monitoring missions, and a full, independent audit of ESMP implementation began on May 8, 2006.</p> <p>Supervision by the Bank and MIGA, plus planned oversight by an independent expert panel, is in addition to what is described above. The Bank and MIGA supervised the project specifically for ESMP and RAP implementation in June 2005, holding consultation meetings at Badagry and Otta. At that time, no construction work had begun in Nigeria, and so the mission focused on consultation, RAP implementation, and the status of activities such as design of the CPDs and preparation of emergency response plans. The issues raised during the mission were: inadequate compensation, need for emergency response plan, implementation of CDPs, and employment of local labor and contractors. Bank staff followed up on these issues (See items 9 and 13).</p> <p>In addition to the June 2005 mission, Bank safeguards staff have met with WAPCo health, safety and environment staff or WAPCo management on four occasions (11/4/05, 2/9/06, 3/22/06, and 5/12/06) for briefings on progress and follow-up on open issues. Other members of the Bank team have met with the WAGP Authority (June and October, 2005) and WAPCO management (January, April and May, 2006) for discussions on the project. A field mission for supervision is overdue and will be conducted in the first quarter of FY 2007.</p>
13.	<p>We have made strenuous efforts to make the views that we have canvassed here available to the proponents of the project and the Bank itself, including during visits of the West African Gas Pipeline Company (WAPCo) and the World Bank, the first of</p>		<p>Many of the Requesters' concerns were raised during preparation and are addressed in the PAD in detail. The remaining issues are related to implementation, and so only arose during supervision. These are now being addressed by the team.</p> <p>The Bank and MIGA met with Nigerian communities—including many of those that comprise the Requesters—during consultations</p>

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	<p>which took place on October 30, 2004 at Whispering Palms at Badagry, Lagos and the second in June 2005.</p> <p>However, we are disappointed with the complete inaction taken to address our concerns. We also know that several organizations have raised these same concerns with the Bank at forums such as during the civil society consultation with the Bank's team to Nigeria on 29 October 2004. We have therefore decided to use the Inspection Panel to further reiterate that our concerns and fears have not been addressed neither by the Bank nor the proponents of the project.</p> <p>For some time now, our communities, supported by civil society groups, have been expressing concerns in relation to the project. These issues include:</p> <ul style="list-style-type: none"> payment of inadequate compensation to landowners; the manner in which Environmental Impact Assessment was carried out; the inability of the communities and groups to pinpoint the location where the draft Environmental Impact Assessment document was displayed; the project's unconvincing approach to the issue of gas flaring; the failure of the proponents of the project to carry out an Environmental Impact Assessment in areas along the existing Escravos-Lagos pipeline that will feed gas into the new pipeline. 		<p>at the time of appraisal in Badagry and Otta in October 2004, and again at the same locations during the safeguards supervision mission of June 2005. At the Badagry meetings, the following issues covered in the Request were presented to the Bank:</p> <ul style="list-style-type: none"> • Non-landowners as stakeholders • Need for emergency response plan awareness • Delivery of promised compensation • Access to information • Need for local language summaries • Employment of local people • Access to the EA. <p>The Bank's initial follow-up regarding compensation was based on concerns raised at Otta in June 2005; the payment records that the Bank analyzed were for 14 communities in the Otta area. This group included three of the Requesters: Egushi Benja, Igboloye, and Arobieye. The records are being reviewed by a resettlement specialist, whose findings and recommendations are anticipated by May 31, 2006. Since receiving the Request, the Bank has asked WAPCo to provide the corresponding information for the nine other communities included among the Requesters .</p> <p>On emergency response, the Bank received assurances from WAPCo that response plans would be completed in early 2006 and discussed with all affected communities prior to any transmission of gas. The system-wide plan was issued in May 2006. WAPCo held community meetings on emergency response in February 2006 and will hold additional meetings in the third quarter of 2006 after detailed, site-specific response plans are prepared.</p> <p>The Bank has no records of the other issues noted in the Request — that is, gas flaring, EA of the ELPS, environmental degradation, economic analysis, and poverty alleviation —as having been raised to the Bank or MIGA by the Requesters, although most of them have been discussed on several occasions between NGOs— Friends of the Earth (FOE) and Environmental Rights Action (ERA)—and the Bank, for example at a meeting in Washington on April 19, 2004. In a letter from FOE dated November 18, 2004, on the eve of Board presentation, NGOs urged the Executive Directors to delay action on the project until conditions requiring attention to the same issues could be included. These issues are addressed in the PAD in detail and were known to the Executive Directors when they approved the project.</p>
Disclosure of Information			
14.	<p>We visited the Badagry and Olorunda local council secretariats in January 2004 in order to make informed comments on the EIA. However, this was impossible because the document was unavailable. We understand that it is now available on the internet. But looking at the size of the document, the low literacy level in our communities and non-availability of internet service in our communities, it will take us forever to decipher what is in the document. It also means we would have to hire consultants to comb through the EIA</p>		<p>Management notes that the early 2004 drafts were disclosed for Nigerian Public Hearing and Permit Review, but then revised as a result of the hearings and disclosed, as required for Bank standards , in July 2004.</p> <p>WAPCo disclosed the first draft of the Nigeria EA in early 2004 in order to meet disclosure requirements for Public Hearing and Permit Review by the FGN. The disclosure was announced in "town hall" meetings, radio spots, and newspaper advertisements. Within a week after disclosure, a national NGO informed WAPCo and the Bank that it had not been able to gain access to the report in Lagos and at the local government administration of Badagry. The Bank expressed concern to WAPCo, and WAPCo staff visited all</p>

No	Claim/Issue	OD/ OP/ BP	Response
	<p>documents seeking relevant data that we may need to respond to.</p> <p>In addition, it would have been helpful if relevant portions of the large documents had been reproduced in Yoruba, the language commonly used in our communities, and distributed to impacted communities. This, no doubt, would have assisted us to make the informed comments required by the sponsors and the World Bank.</p>		<p>locations and corrected the problems within a matter of days.</p> <p>The EA and RAP as cleared for disclosure by the Bank (the third and second drafts, respectively) had been disclosed at 11 locations in Nigeria by July 7, 2004, including at Badagry, Ado-Odo, Otta, and Ifo. WAPCo staff verified that they were indeed accessible, and the Bank has not received any information to the contrary. They were also placed on WAPCo's website and that of the Bank's InfoShop, but the Bank did not rely solely on Internet for disclosure in the project-affected areas because of limited accessibility.</p> <p>The Bank mission's advice to WAPCo for translations of the Executive Summaries to be distributed to communities is recorded in the October 2004 BTOR. WAPCo had not made the translations at the time of the request, because of its opinion that literacy in English is relatively high in Nigeria, but it is now doing so, with completion scheduled for September 2006.</p>

Annex 2. CONSULTATIONS DURING EA AND RAP PREPARATION

RAP CONSULTATIONS

1. Meetings to discuss land acquisition and resettlement began in 2002. Twenty individual community meetings were held. The meetings at Igbesa, Badagry and Otta in July 2003 were open fora for groups of communities, and estate surveyors were present to explain the proposed WAGP ROW acquisition and the process of land acquisition and compensation. Minutes of those three meetings show that at least six of the Requester communities were represented: Ajido, Araromi-Ale, Igbesa, Igboloye, Ilogbo Eremi, and Iyesi, plus people who listed themselves as being from Badagry or Otta. Issues discussed besides land acquisition and compensation were safety, employment of locals, the EA process, and community development benefits.

Nigeria: Community Meetings Involving RAP Discussions			
Date	Location	Date	Location
11/7/2002	Badagry	12/18/2002	Igbesa
11/7/2002	Igbesa	12/20/2002	Badagry
11/7/2002	Igbesa	5/29/2003	Ajido
11/7/2002	Imeke	7/10/2003	Igbesa
11/7/2002	Imeke	7/11/2003	Badagry
11/7/2002	Imeke	7/12/2003	Otta
11/20/2002	Lemode	7/28/2003	Otta
11/20/2002	Otta	9/26/2003	Ijoko/Itoki
11/20/2002	Owode	8/3/2003	Ijoko Erinko
11/25/2002	Ewupe	8/3/2003	Itoki
11/25/2002	Ewupe		

Source: Nigeria RAP, Chapter 7

2. Starting in early 2004, WAPCo carried out a series of RAP activities implemented as part of RAP disclosure. These included:

- Disclosure of the compensation process and principles at public workshops and in affected villages with opportunities for affected people to provide feedback;
- Completion of the inventory of affected assets with full participation of the landowners and users as a follow up to the posting of these assets in public places in March 2004; and
- Verification and update of the census of land owners.

ENVIRONMENTAL IMPACT ASSESSMENT CONSULTATIONS

3. Through May 2004, WAPCo or its EA consultants had conducted 35 formal consultations with stakeholders in Nigeria, 25 of which were with communities or local government that are documented in Chapter 5 and Appendix 5-D of the EA. There were also numerous informal consultations that were not documented.

WAGP Consultation Summary by Country and Individual Stakeholder*

Stakeholder Group	Stakeholder Name	No. of Consultations
Communities	Ajido Community	2
	Baale of Ewupe Community	1
	Baale of Owode Community	1
	Badagry Community	3
	Baole of Imeke	1
	Communities along ROW	1
	Igbesa Community	3
	Ijoko/Itoki Community	6
	Iworo Arojomo Community	1
	Lagos Community	1
	Ore-Akinde Community	1
	Otta Community	3
	Tori-Lovi Community	1
Govt. Parliaments	Federal House of Representatives	2
Govt. Agencies (Ministries, Local Govt., etc.)	Ado-Odo Local Government	1
	Department of Petroleum Resources	1
	FMPR	1
	Government Officials	1
	Lagos State Fire Service	2
Trade & Industry Leaders	Manufactures Association of Nigeria (MAN)	2

Source: Nigeria EIA, Chapter 5

4. The EA consultations were opportunities for stakeholders to raise any issues or concerns pertinent to the human and natural environment. However, the questions most frequently raised by the participants were about land acquisition and compensation. Public awareness and the EA process were the next most frequent, followed in importance by safety.

WAGP Stakeholder Consultation Summary – Nigeria*

Issue Category	No. of Consultations Where Issue is Raised
EIA Related Issues	
Awareness/Education	12
Land Acquisition – Compensation	23
EIA	12
Community Development	4
Safety	9
Community Reaction	6
Implementation – Contractors	1
Implementation – Employment	3
Non-EIA Related Issues	
Advocacy	6
Gas Market	1
IPA /TREATY – Ratification	1
IPA/Regulatory	1
Other	1
Permitting/FEED (Technical)	2

Source: Nigeria EIA, Chapter 5

**Annex 3.
CHRONOLOGY OF KEY SAFEGUARDS EVENTS**

Date	Event or Activity	Participating Organizations
<i>Project Preparation</i>		
April 5, 2001	Discussion of EA and RAP requirements and scoping	WAPCO, MIGA
August 21, 2002	Meeting to discuss EA process, scoping and timing	WAGP investors, MIGA, IDA
October 7, 2002	Discussions of EA and RAP Terms of Reference	WAPCO, ICF (EA and RAP consultants), IDA, MIGA
February 21, 2003	Detailed discussions on EA scoping and baseline studies	ICF, IDA, MIGA
March 12, 2003	Written comments on EA baseline study proposals	IDA to WAPCO
March 19, 2003	Written comments on RAP TOR, stressing need for compensation at market value	IDA to WAPCO
April, 3, 2003	Meeting to discuss progress on EA baseline studies	WAPCO, ICF, MIGA, IDA
April 9, 2003	MIGA receives "Definitive Application" from WAGP investors and begins formal due diligence on WAGP	MIGA
April 29, 2003	Written comments on household survey protocol	IDA to ICF
April 30, 2003	Meeting to discuss household survey protocol	IDA, ICF
May 12, 2003	Acknowledgement of receipt of sample RAPs from IDA	ICF to IDA
May 19, 2003	Written comments on EA TORs	
June 11, 2003	Meeting to discuss the written comments from IDA, MIGA; also discussed arrangements for independent Environment and Social Advisory Panel (ESAP)	WAPCO, ICF, IDA Written minutes provided by WAPCO
June 16-24, 2003	Field visits to the WAGP sites in the four WAGP countries including travel along pipeline ROW in Nigeria	IDA social scientist (consultant), WAPCO
September 3, 2003	Meeting to discuss environmental and social issues	IDA, WAPCO
October 31, 2003	Teleconference discussing organization and membership of ESAP	IDA, WAPCO
November 21, 2003	Meeting on various issues; projected EA and RAP delivery dates (mid-Dec and early Jan, respectively)	WAPCO and IDA
December 1, 2003	Note from WAPCO stating that all affected persons in Nigeria prefer cash compensation rather than compensation in kind, and requesting meeting to discuss valuation methods	WAGP to MIGA, IDA, OPIC
December 11, 2003	Teleconference discussing compensation methods. IDA stressed market value for land, undepreciated replacement cost for other assets	WAPCO, IDA, MIGA. OPIC Written minutes provided by WAPCO
December 21, 2003	First drafts of EAs delivered	WAPCO to IDA, MIGA
January 13, 2004	Meeting on flaring and other "upstream" environmental and social issues (mainly concerns Nigeria)	IDA, Shell
January 20, 2004	Bank advises against disclosure of draft EAs because of extent of revisions needed, by e-mail	IDA to WAPCO
January 21, 2004	Reply explains that disclosure has already begun in Ghana, other countries to follow, because of public hearing advance notice requirements	WAPCO to IDA
January 22, 2004	e-mail amplifying reasons Bank advises against disclosure	IDA to WAPCO
February 2, 2004	Written comments from Bank on draft Regional EA, by e-mail	IDA to WAPCO, cc OPIC, MIGA, ICF
February 3, 2004	Written comments from Bank on draft Nigeria EA, by e-mail	IDA to WAPCO, cc OPIC, MIGA, ICF
February 4, 2004	Written comments from Bank on draft Ghana EA, by e-mail	IDA to WAPCO, cc OPIC, MIGA, ICF
February 5, 2004	Written comments from Bank on draft EAs for Togo and Benin,	IDA to WAPCO, cc OPIC, MIGA,

Date	Event or Activity	Participating Organizations
	hand-delivered at meeting	ICF
February 5, 2004	Teleconference/meeting to discuss Bank comments on EAs	WAPCO, ICF, IDA, OPIC, MIGA. Written notes provided by WAPCO
February 12, 2004	Teleconference on Bank comments on EA	IDA (QACU and AFTSD), WAPCO. Written notes provided by WAPCO
February 18, 2004	Written comments on social aspects of the four country EAs, by e-mail	IDA to WAPCO, cc OPIC, MIGA, ICF
February 18, 2004	Written responses to Bank comments on EAs	WAPCO to IDA, OPIC, MIGA, cc ICF
February 19-20, 2004	Meeting on Bank comments on EA; discussion on ESAP for which social and safety members are not yet confirmed	WAPCO, ICF, IDA, MIGA
February 23-24, 2004	Meeting on flaring and other "upstream" environmental and social issues (mainly concerns Nigeria)	IDA, ChevronTexaco
February 23-March 12, 2004	Communication needs assessment mission (part 1)	IDA: EXTCD Manager, EXTCD Communications Associate
February 27, 2004	Meeting on "upstream" environmental issues (mainly concerns Ghana, Benin and Togo)	ChevronTexaco, Shell, IDA, MIGA
March 9, 2004	First drafts of RAPs delivered	WAPCO to IDA, MIGA
March 16, 2004	Preliminary comments on RAPs refer to too much reliance on national procedures and regulations; request for telephone discussion	IDA to WAPCO
March 25-April 4, 2004	Communication needs assessment mission (part 2)	IDA: EXTCD Manager, Abuja Office Communications Officer
March 29-April 07, 2004	Due diligence mission, with field visits and attendance at national public hearings on EAs in all four WAGP countries	MIGA: Senior Social Sector Specialist, Senior Environmental Specialist; OPIC environmental staff
April 7, 2004	e-mail explaining the RAP revision is underway	WAPCO to IDA
April 15, 2004	Telephone conversation on what is necessary to complete EAs and RAPs	WAPCO, IDA
April 19, 2004	Meeting on issues raised by NGOs: documents not accessible, EA ignores ELPS, flaring reduction insufficient and not guaranteed, environmental/social problems in Niger Delta, problems with consultations	IDA, Friends of the Earth, Environmental Rights Action/Oil Watch, Bank Information Center
April 22, 2004	Meeting on EA issues including downstream conditionalities, economic analysis, condition of ELPS, progress on archeology surveys; also land acquisition, urgency of Bank approval of the project, rewrite of regional EA will be delivered 5/7, 2004	IDA, WAPCO, ICF
May 17, 2004	Bank receives revised draft of Nigeria EA	WAPCo to IDA
June 3, 2004	Bank receives revised draft of Nigeria RAP	ICF to IDA
June 7, 2004	Meeting on schedule steps for final approval including disclosure of EAs and RAPs	ECOWAS, energy ministers from Benin, Ghana, Nigeria, Togo, IDA, MIGA
June 7, 2004	Review of second draft RAP complete	IDA to WAPCo
June 7, 2004	Bank meets with delegation from the WAGP countries to discuss what remains to be done prior to Board, including EA and RAP work	IDA, Ministers of Energy or their delegates from Benin, Togo, Ghana and Nigeria, in Washington
June 8, 2004	Internal technical meeting to consider outstanding issues with EAs and RAPs	IDA
June 10, 2004	Comments from final review of RAP sent, requesting commitment to provide replacement cost at market value and clarification that grievance procedure follows OP 4.12, not Nigerian law	IDA to WAPCo and ICF
June 10, 2004	Clearance to disclose the Nigeria final draft EA	IDA to WAPCo

Management Response

Date	Event or Activity	Participating Organizations
June 23, 2004	Clearance to disclose the Nigeria final draft RAP	IDA to WAPCo
June 25, 2004	Teleconference on status of in-country disclosure; Nigeria final draft EAs being delivered 6/26 by truck to disclosure locations	WAPCO, IDA
June 28, 2004	Disclosure of final draft EAs and RAPs begins in Bank Public Information Centers	IDA
July 7-8, 2004	Meeting on Project Agreements, gas demand, EAs and RAPs	IDA, WAPCo
July 7, 2004	Disclosure of final draft EAs and RAPs completed	IDA, WAPCo
September 3, 2004	Internal meeting on WAGP and Extractive Industries Review	IDA
September 9, 2004	Meeting on stakeholder comments on EAs; WAPCO environmental staff traveling to the region to address any that have been received	WAPCO, IDA
September 23, 2004	Economic and Financial Analysis Workshop -- Accra, Ghana	IDA, Governments, NGOs, WAPCO, other stakeholders
September 24, 2004	Discussion on EA review, status of environmental permit in Ghana, needs to build capacity to monitor large projects – Accra	Ghana EPA, IDA
September 24, 2004	Meeting on comments received, status of public hearing reports and decisions on environmental permits in all four countries – Accra	WAPCO, IDA
September 29, 2004	Teleconference on what is needed to finalize Regional EA	WAPCO, IDA
October 6, 2004	Meeting to discuss fulfillment of Board conditions (preparation of free-standing EMPs) and finalization of Regional EA	WAPCO, ICF, IDA
October 9-17, 2004	Mission to appraise and validate consultations by WAPCO in Benin, Ghana and Togo	IDA, FOE Ghana, FOE Togo, Third World Network, other NGOs, local officials, communities
October 27-31, 2004	Mission to appraise and validate consultations by WAPCO in Nigeria, with NGO meeting in Lagos, field visits and community meetings in Badagry and Otta	IDA: AFR Safeguards Coordinator, Senior Partnership and Civil Society Specialist, Senior Social Scientist, Operations Analyst; WAPCO community relations staff as observers
November 19, 2004	Friends of the Earth and other NGOs write to EDs asking them to delay vote on WAGP until a variety of conditions are added	FOE (various chapters), ERA, African Network for Economic and Environmental Justice (Nigeria)
November 22, 2004	Friends of the Earth Ghana issues press release critical of Bank and WAGP	FOE Ghana
November 23, 2004	Board approval of WAGP	IDA, MIGA
<i>Project Supervision</i>		
May 3, 2005	Update on lawsuit status as of 3/30/05 received, including text of the court filing	WAPCo to IDA
June 2, 2005	Detailed ESMP for Nigeria submitted	WAPCo to IDA
June 12-17/05	Joint IDA-MIGA Supervision Mission to Benin, Ghana, Togo and Nigeria: focus on safeguards implementation, included site visits to Badagry and Otta; FOE, ERA and other NGOs invited to meeting in Lagos but did not attend	IDA: AFR Safeguards Coordinator; MIGA: Senior Social Sector Specialist, Senior Environmental Specialist, MIGA, WAPCO community relations staff as observers
August 23, 2005	WAPCo notifies IDA in writing of change in amount of land to be acquired in Tema industrial zone for pipe storage	WAPCo to IDA
August 31, 2005	First independent monitoring report on RAP and HSEMP implementation issued	ERM Consulting
November 4, 2005	Briefing on environmental and social issues, implementation of	WAPCO, IDA

Date	Event or Activity	Participating Organizations
	EMPs and RAPs, by WAPCo Health, Safety and Environment Officer	
December 2005	Second independent monitoring report on RAP and HSEMP implementation issued	Newfields Consulting
February 9, 2006	Presentation on WAGP progress, status, and projected completion: included environmental and social issues, status of land acquisition, status of CDP, status of emergency response plans	WAPCO, IDA
March-April 06	Third independent monitoring mission conducted, report in preparation	Newfields Consulting
March 22, 2006	Second Briefing on environmental and social issues, implementation of EMPs and RAPs, consultations on safety issues; HSE officer reported that CDPs were signed and ready to implement	WAPCO, IDA
May 6, 2006	First independent audit of ESMP implementation begins	ICF Consulting
May 9, 2006	WAPCo submits 4/7/06 summary of land acquisition in Nigeria	WAPCo to IDA
May 12, 2006	Third Briefing by WAPCo health, safety and environment officer	WAPCO, IDA

Annex 4.
WAGP COMMUNITY DEVELOPMENT PROGRAM
LIST OF YEAR ONE PARTICIPANTS

Community Name	Project Type
Ilogbo-Eremi	health center
Ajido	water borehole, health center
Okoomi	water borehole
Itori	water borehole
Ore-Akinde	health center
Imeke	classroom blocks
Ewupe	classroom blocks
Ijoko-Otta	classroom blocks, water borehole
Igbesa	health center
Paako-Badagry Town	water borehole
Owode	classroom blocks
Itoki	classroom blocks
Araromi-Ale	water borehole
Tori-Lovi	water borehole