

July 25, 2022

IPN REQUEST 22/03

NOTICE OF REGISTRATION

Request for Inspection

Republic of Cameroon: Nachtigal Hydropower Project (P157734) and Hydropower Development on the Sanaga River Technical Assistance Project (P157733)

Summary

1. On June 30, 2022, the Inspection Panel (the “Panel”) received a Request for Inspection (the “Request”) of the Cameroon Nachtigal Hydropower Project (P157734) and Hydropower Development on the Sanaga River Technical Assistance Project (P157733) [note: unless explicitly stated otherwise, these two projects are collectively referred to below as the “Projects”]. The Request was submitted by two community members (the “Requesters”) living in the project area in Cameroon, who asked the Panel to keep their identities confidential. On July 18, 2022, another 99 people from the community and from socio-professional organizations in the project area authorized a local Non-Governmental Organization (NGO) network — “IFI Synergy” — to represent them. The secretariat of the IFI Synergy network is a Cameroonian civil society organization called “Green Development Advocates” (GDA). IFI Synergy/GDA also requested confidentiality for the additional 99 signatories. “Both ENDS” — a Dutch NGO working to empower civil society — supports the Request.

2. The Requesters claim that the construction of the Nachtigal Hydropower Project — a greenfield, 420 Megawatt (MW) run-of-river hydropower plant located on the Sanaga river approximately 65 km northeast of Yaoundé¹ — has caused them harm. They allege that, since commencement of the Nachtigal dam construction in 2018, the communities and socio-professional organizations living and working near the Project have suffered various environmental and social difficulties. These include a lack of meaningful consultation; inadequate resettlement measures; loss of income-generating activities for fisherfolk, sand miners, and fishmongers; untimely and inadequate compensation for land and crops; inaccessibility to agricultural land; inadequate housing; destruction of sacred sites; loss of medicinal plants, and environmental damage. They further allege that Project activities are aggravating social problems such as theft, juvenile delinquency, commercial sex work, and provoking marital conflicts and divorces in their community.

¹ Project Appraisal Document (PAD), p. 9.

3. On May 9, 2022, the Compliance Advisor Ombudsman of the International Finance Corporation (IFC) received a similar request.²

4. The Panel acknowledged receipt of the Request on its website on July 8, 2022, in English and French. Following initial due diligence by the Panel and confirming that the Request meets the Panel’s admissibility criteria, I am notifying you that I have, on July 25, 2022, registered this Request.

The Project

5. The **Nachtigal Hydropower Project** (P157734) was approved on July 19, 2018, for International Bank for Reconstruction and Development (IBRD) guarantees of up to US\$ 300 million. The IFC is providing equity (US\$ 70 million), a loan (US\$ 152 million), and client risk management swaps (US\$ 10 million). The Multilateral Investment Guarantee Agency is providing additional guarantees (US\$ 262.5 million). The total project cost is US\$ 1,184 million, and multiple financial institutions — including the African Development Bank (AfDB), the European Investment Bank (EIB), Proparco,³ FMO,⁴ CDC,⁵ and DEG⁶ — have provided financing. The Project is implemented by the Nachtigal Hydropower Company (NHPC), which, according to the PAD, is owned by the Republic of Cameroon (30 percent), EDF International SAS (EDFI)⁷ (40 percent), and the IFC (30 percent).⁸ The Project’s closing date is June 30, 2024, and the IBRD guarantees expire on June 30, 2039.⁹ The Project was 0 percent disbursed as of receipt of the Request.

6. The Project Development Objective (PDO) is “to increase the availability of renewable energy power and leverage private finance for the Nachtigal Hydropower Project.”¹⁰ It is a Category A project, and has triggered the following World Bank policies: OP/BP 4.03 on Performance Standards for Private Sector Activities; Performance Standard (PS) 1 on Assessment and Management of Environmental and Social Risks and Impacts; PS 2 on Labor and Working Conditions; PS 3 on Resource Efficiency and Pollution Prevention; PS 4 on Community Health, Safety, and Security; PS 5 on Land Acquisition and Involuntary Resettlement; PS 6 on Biodiversity Conservation and Sustainable Management of Living Natural Resources; PS 8 on Cultural Heritage, and OP/BP 4.37 on Safety of Dams.¹¹

² <https://www.cao-ombudsman.org/cases/cameroon-nachtigal-hydropower-co-01>

³ Private sector financing arm of Agence Française de Développement (AFD) (French Development Agency).

⁴ Private sector financing arm of the Netherlands Ministry of Foreign Affairs/Dutch Development Bank.

⁵ British International Investment (formerly CDC Group plc, Commonwealth Development Corporation) is the development finance institution of the UK government.

⁶ Private sector financing arm of the German development agency (KfW).

⁷ Electricité de France International (EDFI) Société par actions simplifiée (SAS) (Electricity of France International simplified joint-stock company).

⁸ The PAD notes that changes in the shareholding structure might occur in the future. PAD, p. 9.

⁹ PAD, p. ix.

¹⁰ PAD pp. xi and 8.

¹¹ PAD, p. xiii.

7. The single Project component is a greenfield, 420 MW, run-of-river hydropower plant on the Sanaga River located on the upstream side of Nachtigal Falls.¹² The plant consists of a 1,455-meter-long, 13.6-meter-high main dam, a 421-hectare upstream reservoir, and a 3.3-kilometer (km)-long, concrete-lined channel, 14 meters deep on average, to conduct water to the hydroelectric power plant. The Nachtigal Hydropower Project includes a 225-Kilovolt substation and a 50.3-km transmission line to the Nyom 2 connection substation.¹³ The Project will tie into the country's Southern Interconnected Grid, which transmits about 94 percent of the nation's electricity.¹⁴

8. The **Sanaga River Hydropower Technical Assistance (TA) Project (P157733)** was approved on May 11, 2017, for a US\$ 26.3 million equivalent International Development Association (IDA) credit. The total project cost is US\$ 28.7 million, with the Government of Cameroon (GoC) providing US\$ 2.4 million. There are no other financiers.¹⁵ The Project closing date is July 31, 2023. It is a Category A Project and has triggered the following safeguard policies: OP/BP 4.01 on Environmental Assessment; OP/BP 4.04 on Natural Habitats; OP/BP 4.36 on Forests; OP 4.09 on Pest Management; OP/BP 4.11 on Physical Cultural Resources; OP/BP 4.10 on Indigenous Peoples; OP/BP 4.12 on Involuntary Resettlement, and OP/BP 4.37 on Safety of Dams.¹⁶ The Project was 26.66 percent disbursed as of receipt of the Request.

9. The TA's PDO is *"to improve the Recipient's institutional capacity for a sustainable development of hydroelectric resources on the Sanaga River Basin."*¹⁷ The Project has six components:

Component 1: Identification of Hydroelectric project sites on the Sanaga River Basin.

Component 2: Supervision of the Nachtigal Hydroelectric Project.

Component 3: Hydrological Risk Mitigation and Dam Safety.

Component 4: Advisory Services for Hydroelectric Asset Concession Schemes.

Component 5: Establishment of an Integrated Reservoir Management Plan for the Optimal Hydropower Generation on the Sanaga River.

Component 6: Project Management Support and Capacity Building.

The Request

10. The Request for Inspection alleges that harm caused by the Projects includes impact on the communities' means of subsistence, education, health, and nutrition. The Request claims there has been a lack of meaningful consultation and participation of stakeholders, who were not given an adequate opportunity to comment on the Projects.

11. The Requesters allege that fishermen, sand miners/quarriers, and fishmongers have lost access to water without receiving adequate alternatives, resulting in a loss of income-generating and subsistence activities. They claim that, contrary to expectations, fishermen and fishmongers

¹² PAD, p. 9.

¹³ Nyom is on the outskirts of Yaoundé. PAD, p.74.

¹⁴ PAD, p. 9.

¹⁵ PAD, p. 2.

¹⁶ PAD, p. 4 and 31.

¹⁷ PAD, p. 14.

who continue to operate have either received no compensation, or the compensation received has been inadequate, and that farmers who have lost their land and crops either received inadequate compensation or farmland that was difficult to access.

12. The Requesters allege that some of the houses built for project-affected people (PAPs) were too small, lacked adequate land for planting fruit trees, and had leaky roofs. The Requesters said plots received in compensation for the loss of their land were so remote that they abandoned them.

13. The Requesters claim the loss of sacred sites went uncompensated, and that one such site was being used for rock quarrying. Further, they state they have lost access to certain medicinal plants and water resources used for healing and rituals.

14. The Requesters claim that the loss of income-generating activities in the area has caused an increase in social harm including theft, juvenile delinquency, commercial sex work, marital conflicts and divorces in their community.

15. Finally, the Requesters claim that, according to studies by third parties, the Nachtigal dam will emit approximately twice as much carbon dioxide as that claimed by the Project Environmental Impact Assessment. They allege that lower rainfall, increased temperatures, strong winds, increasing scarcity of fish, loss of medicinal plants, air, soil, water pollution, and noise are already adversely affecting local inhabitants.

Initial Due Diligence

16. After receipt of the Request, the Panel conducted its initial due diligence and verified that the Request meets the admissibility criteria for registration. The Request is not frivolous, absurd, nor anonymous, and was submitted by individuals in Cameroon. The Panel received correspondence and documentation confirming prior knowledge by the Bank of the issues raised. The Panel is therefore satisfied that the issues have been brought to the attention of the Bank prior to the submission of the Request for Inspection. The Panel verified that the subject matter of the Request does not concern issues of procurement and, as of receipt of the Request, both Projects were active. The Nachtigal Hydropower Project (P157734) was 0 percent disbursed and its closing date is June 30, 2024. The Hydropower Development on the Sanaga River TA Project (P157733) was 26.66 percent disbursed and its closing date is July 31, 2023. The Panel has not previously made a recommendation on the issues raised in this Request.

17. During its review of the Request, the Panel spoke with the Requesters on July 7, 2022, to understand their concerns. During this conversation, Requesters claimed the Projects have adversely affected livelihoods, the environment, and sacred sites. They further claim that promises of compensation were not kept, compensation for land was inadequate, and the community has not received requested copies of Resettlement Action Plans (RAPs) or Environmental and Social Impact Assessments (ESIAs). The Requesters allege that compensation for the loss of livelihoods was arbitrary and inadequate. Furthermore, they claim Project-related social and economic pressures have caused a rise in domestic conflicts and driven girls into commercial sex work.

18. As part of its due diligence, the Panel met with Bank Management (“Management”) on July 21, 2022. Management said it was aware of the issues raised and had attended regular meetings with the community, NGOs, and with other IFIs. Management claimed to have taken an adaptive approach to these and other issues. They further explained that several Project team members were based in Yaoundé, which had facilitated supervision, consultation, and dialogue with PAPs. According to Management, corrective action plans related to compensation payments, livelihood restoration, resettlement, and cultural heritage were underway and set to meet target dates. Management further clarified that the TA project had no physical interventions beyond providing meteorological equipment.

Registration of the Request

19. As provided in paragraph 18 of the Panel’s Resolution (“Resolution”), *“the Chairperson of the Panel shall inform the Executive Directors and the President of the Bank promptly upon receiving a request for inspection.”*¹⁸ With this notice, I am notifying you that I have, on July 25, 2022, registered the above-mentioned Request.

20. The Panel’s registration implies no judgment whatsoever concerning the merits of a Request for Inspection. As provided in paragraph 19 of the Resolution,¹⁹ Bank Management must provide the Panel within 21 business days (by August 23, 2022) a response to the issues raised in the Request for Inspection. The subject matter that Management must deal with is set out in paragraphs 20 and 21 of the Resolution.

21. After receiving the Management Response, the Panel will *“determine whether the request meets the eligibility criteria set out in paragraphs 13 to 15 [...] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.”*²⁰ This Request has been assigned IPN Request Number 22/03.

Yours sincerely,



Ramanie Kunanayagam
Chairperson

Attachments

Mr. David Malpass, President

¹⁸ The World Bank Inspection Panel, Resolution No. IBRD 2020-0004 and Resolution No. IDA 2020-0003, dated September 8, 2020, para. 18.

<https://www.inspectionpanel.org/sites/www.inspectionpanel.org/files/documents/InspectionPanelResolution.pdf>

¹⁹ The World Bank Inspection Panel, Resolution No. IBRD 2020-0004 and Resolution No. IDA 2020-0003, dated September 8, 2020, para. 19.

<https://www.inspectionpanel.org/sites/www.inspectionpanel.org/files/documents/InspectionPanelResolution.pdf>

²⁰ The World Bank Inspection Panel, Resolution No. IBRD 2020-0004 and Resolution No. IDA 2020-0003, dated September 8, 2020, para. 22.

<https://www.inspectionpanel.org/sites/www.inspectionpanel.org/files/documents/InspectionPanelResolution.pdf>

International Bank for Reconstruction and Development and International Development Association

The Executive Directors and Alternates
International Bank for Reconstruction and Development and International Development Association

IFI Synergy/Green Development Advocates (GDA)

Requesters (confidential)