

MR SIMON CONNELL

HEAD OF IMPACT AND ENGAGEMENT

CC: JULIE WALLACE, HEAD OF SUSTAINABILITY STRATEGY AND COMMUNITY INVESTMENT

STANDARD CHARTERED

SUBJECT: INVESTMENTS IN NACHTIGAL HYDROPOWER PROJECT

07 JANUARY 2021

Dear Mr Simon Connell and colleagues,

We are writing to you to seek further information on the bank's investments in the Nachtigal hydropower project in Cameroon.

The Nachtigal project is a project to develop a large-scale hydropower dam which has long been on the agenda of the Cameroonian government. According to financial database IJGlobal, Standard Chartered has provided a loan from December 2018 – December 2039 for the amount of EUR 37 million. Finance for the project falls under the Equator Principles, and the bank's finance for the project was confirmed in its Equator Principles reporting.

IFI Synergy, a Cameroonian coalition working on international financial institutions (IFIs) and accountability, has been following the Nachtigal project, and its representatives have visited affected communities for capacity-building work. During these visits, the IFI Synergy team recorded several issues and community concerns in relation to the dam. These concerns include unclear and delayed compensation, coercion during the resettlement procedure, limitations in the FPIC process and failure of the project owner (Nachtigal Hydropower Project Company, NHPC) to contract the promised number of local workers.

Alongside IFI Synergy, BankTrack has created a 'dodgy deal' profile that outlines the project details and impacts on affected communities as outlined below (see the profile [here](#)). The Nachtigal hydropower project is also included as a case study in BankTrack's recent publication, "[Trust Us, We're Equator Banks, Part II](#)" which assess the effectiveness and adequacy of stakeholder engagement and project-level grievance mechanisms under the Equator Principles.

OUR CONCERNS

Before construction of the dam started, communities relied on the area in which the dam is being constructed for fishing, sand excavation, restoration, agriculture, collection of non-timber forest products, and the practice of traditional rights on the Binadjengue sacred site. Their livelihoods depended upon these activities and, during community visits the most pressing concern voiced was the inadequate compensation both promised (but not received) and given by NHPC.

Community members did not have any room to negotiate or disagree with what had been offered to them by NHPC and several community members complained that they were absent during the inventory of properties as well as during the payment of compensation. Fisherfolk, who are no longer able to access the river where the dam

is being constructed, have received less compensation than agreed during consultations and considerably less than they would have earned with continued fishing in the area. Those fisherfolk who decided to stop fishing have not received any compensation, despite promises made during consultations.

A coalition of fisherfolk wrote letters to NHPC asking for this promised compensation but have still not received it. Sanders, who collect and sell sand from the area where the dam is being constructed, face a similar predicament. Only a few sanders, located in what NHPC calls the 'red zone' (the dam's direct flooding zone), have received financial compensation, and this is less than they previously earned. The majority of sanders, those located in 'blue and green zones', are still waiting for compensation.

The consultations were conducted poorly by the company, as these zones were not mutually agreed upon by both parties. As such, sanders from 'blue and green zones' are now seeking to be included in the 'red zone' in order to receive compensation. Furthermore, loss of access to clean water, sacred sites and forest products cannot be easily compensated with money. IFC Performance Standard 5 requires the project to improve or restore the livelihoods and economic standards of displaced persons. The current situation is that community members' livelihoods have been degraded and compensation has not been adequate.

In addition to compensation, community members tell us that NHPC made promises during the consultations that they have not yet complied with. For example, NHPC promised to recruit local workers for the construction of the project, but so far, the percentage of locals working for NHPC is low and young fishermen and sanders remain unemployed. We have no access to the information that outlines agreements on how many locals would be recruited by NHPC and neither do the communities. NHPC also promised to asphalt roads, however it appears that the company does not have the capacity to do this and community members now understand that these promises will not be fulfilled.

The consultation meetings conducted by NHPC in 2015 were reported by community members to be threatening environments where individuals were unable to raise their concerns. Communities described them as an opportunity for the company to present the project and its financial partners, explain that impacted communities will suffer from construction, and to present them with compensation. Additionally, communities have been unable to access the full environmental and social impact studies, including the Environmental and Social Management Plan, the Resettlement and Compensation Action Plans, the Livelihood Restoration Plan, the Biodiversity Action Plan and the Archaeological Resource Management Plan. According to IFC Performance Standard 1, the client should provide communities with access to the relevant information and assessment documentation.

According to the information provided by different communities during IFI Synergy's visits, communities were unaware that a project-level grievance mechanism is in place. Affected communities, including sanders, fishermen and other community members, have filed petitions and written letters directly to NHPC asking it to uphold their promises regarding compensation, which remain unanswered. NHPC did not indicate to community members that a mechanism is in place which they could use to file their complaints.

On the 20th November 2020, IFI Synergy attended a meeting with NHPC in its office in Yaounde to discuss the abovementioned concerns of affected communities. IFI Synergy recommended that the company organise meetings with communities, NHPC and IFI Synergy to discuss grievances and share detailed reports of all the environmental and social action plans. However, to date, NHPC has not implemented either of these recommendations.



QUESTIONS FOR STANDARD CHARTERED

We kindly request a response to the issues we have outlined in this letter. Specifically, could Standard Chartered clarify how it verified that community members had access to the necessary information during consultations, had enough time to analyse the information received, and were able to voice their concerns in safe spaces? And could Standard Chartered ensure that NHPC makes the appropriate assessment documentation available to the public and affected communities? As it stands, in financing the project, the bank appears to fall short of its commitments under the Equator Principles.

Furthermore, we urge Standard Chartered to use its leverage to ensure the demands of the community are met, which are:

- That NHPC complies with its original commitments to recruit local youth as labourers, drivers or technicians for the construction of the dam;
- That NHPC allow former sand quarry restorers and women to sell food at the dam construction sites;
- Clearly outline the participatory process of reconversion of fishermen, sandblasters and fishmongers within the framework of the dam project;
- Provide electricity to villages when the dam becomes operational;
- Respect all the promises and compensatory measures contained in the Livelihood Restoration Plan, to restore the livelihoods of community members adequately;
- Review, through a participatory approach, the compensation amounts imposed by the NHPC to ensure that the impacted population gets fair remedy;
- Restart discussions with communities and socio-professional bodies in a participatory manner.

We would welcome the opportunity to discuss the content of this letter with Standard Chartered, together with representatives of the community members and socio-professional bodies. We kindly request a response to this letter by **Monday 1st February 2021** and would welcome a discussion of the issues covered in this letter at a mutually convenient time.

Kind regards,

Jean Henri Tsogo and Nkwelle Ekane, **IFI Synergy Group**

Hannah Greep, **BankTrack**

