

RR B 538  
**Kozloff, Keith**

**From:** Andrew Velthaus [A.VELTHAUS@CONSERVATION.ORG]  
**Sent:** Wednesday, September 25, 2002 10:56 AM  
**To:** 'keith.kozloff@do.treas.gov'  
**Subject:** FW: OCP



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Below is an article about a pipeline in Ecuador that has come under criticism. It is interesting to note that in this case as well, the environmental assessment was conducted after construction had begun, which seems to be unexpectedly common with MDB financed projects.

We at CI will be trying to work with the IDB to get some environmental "additionality" to the Camisea pipeline project, but I am not very optimistic since the IDB has not seemed interested to date. I'll send you an e-mail later giving further background.

> -----Original Message-----

> From: Greg Love  
> Sent: Tuesday, September 24, 2002 5:13 PM  
> To: Antonio Telesca; Roberto Roca; Luis Suarez  
> Cc: Assheton Carter; Nigel Asquith; Julie Bourns; Maria Sanchez; Andrew Velthaus  
> Subject: OCP

> Estimados colegas:

> Información interesante sobre el proyecto OCP, incluso el reporte por Robert Goodland: <<ocp\_asses\_report\_0209.zip>>

> Banks urged to drop Ecuador pipeline

> By Nancy Dunne and Guy Hedgcock Published: September 19 2002 5:00

> Financial Times <<...OLE Obj...>>

> Financiers of an oil pipeline under construction in Ecuador are coming under pressure to withdraw their backing after the release of a report on its environmental consequences.

> The report by Robert Goodland, a retired World Bank environmental adviser, says the Oleoducto de Crudos Pesados (OCP) pipeline fails to meet World Bank environmental and social standards. At least two of the international banks supporting the project have insisted the pipeline must meet those guidelines.

> Retiring President Gustavo Noboa sees the 503km heavy crude line as vital to Ecuador's economy and one of the main achievements of his term of office - it is a project in which several of his predecessors failed. Mr Noboa has been outspoken in his criticism of environmentalists, accusing them of sabotaging the country's economic development.

> Oil is by far Ecuador's largest industry, generating \$1.7bn in export revenue in 2001, over a third of total exports. It already has a transport capacity of 390,000 barrels per day along the Trans-Ecuadorean Pipeline (SOTE).

> In Germany, the Green party has joined the campaign, calling on Westdeutsche Landesbank of Dusseldorf (WestLB), which leads a consortium of international banks funding the pipeline, to withdraw from the project and call in the loan. A bank spokesman said the Goodland report would be studied.

> The World Bank is not financing the \$1.3bn pipeline, but its route passes through a conservation project funded by the Global Environment Facility, the international initiative that emerged from the 1992 Earth Summit and is administered by the World Bank.

> WestLB, partly owned by the government of North-Rhine Westphalia, has repeatedly insisted that compliance with World Bank guidelines is an

> "indispensable prerequisite" to its financing.  
> Italy's Banca Nazionale del Lavoro, a member of the financing syndicate,  
> has also said the guidelines were "fulfilled and respected".  
> Mr Goodland was hired by German, US and Italian non-governmental  
> organisations and some unions to determine if the guidelines - many of  
> which he wrote when at the World Bank - were being met. He said the  
> pipeline had begun with a flawed environmental assessment process,  
> undertaken after initial construction work had begun.  
> "Routing is paramount in pipelines," Mr Goodland said. The OCP could have  
> been constructed along an already established southern pipeline route,  
> which would have limited the impact, yet it chose to cut paths through the  
> Amazon, through parks and regions which have been attracting eco-tourists.  
> Andy Patterson, interim chief executive of the pipeline, strongly denied  
> many of the report's charges and insisted that work had not begun until  
> the government issued an environmental permit on June 7 last year.  
> He said OCP had gone to great lengths to comply with World Bank guidelines  
> and had chosen a route that would have the least possible impact on the  
> environment and the population.  
> Protesters have frequently disrupted construction. They include indigenous  
> people and poor farmers whose lands have been bisected by the project or  
> whose water has been polluted by oil drilling. To finance the pipeline,  
> oil drilling will be doubled, heightening the risk of further damage to  
> the environment, say protesters.  
> Mr Goodland said OCP's environmental assessment failed to address critical  
> issues of minimising habitat loss or to provide for an indigenous peoples'  
> development plan, as the World Bank requires from its own projects.  
> Mr Patterson released a list of more than 100 meetings with farmers and  
> non-governmental organisations. He said 97 per cent of the 2,000  
> landowners along the route had accepted financial settlements; the  
> remainder had "unrealistic expectations of land values".  
> A sub-committee of the Ecuadorean Congress, investigating complaints by  
> some landowners, reported last May that there had been violence by police,  
> "exclusively under the orders of the OCP", according to families in Lago  
> Agrio.  
> It found "people who were brutally attacked by the police, including some  
> who did not have their teeth as a consequence of being hit with a gun.  
> There were also women and children present who were attacked by the  
> police".  
> Heffa Schücking of the German environmental group Urgewald, one of the  
> report's sponsors, said the international campaign against the pipeline  
> was spreading to Canada, Spain and Argentina, where Greens are being urged  
> to press banks who are part of the syndicate.  
> The members of the syndicate also include Banco Bilbao Vizcaya Argentaria,  
> Banca Nazionale del Lavoro, Caja de Madrid, Banco Espirito Santo,  
> Unicredito, and JP Morgan Chase, Ms Schücking said.

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