

## **CMI Offshore Complaint to PCM, EBRD**

### **Complainants' response to Management Action Plan**

Given the shortcomings of the 2nd Draft Compliance Report done by the independent expert for the Compliance Review Complaint for the CMI project, the management response is inadequate and fails to address the risks and concerns raised in the complaint.

Based on the evidence in our response to the 2nd Draft Compliance Report, we request that the management require CMI Offshore to produce a new ESIA in line with EBRD standards. This should be the only starting point for all other actions.

Further, the Management Response is vague, incomprehensive, not time bound and in some ways self-contradicting. Management Action 1 has nothing to do with the project at hand and does not in any way serve to strengthen environmental and social management of CMI Offshore. Management Action 2 is somewhat contradictory. In Comment 2 Management states that "The Management did not identify any other publicly available environmental impact assessments on the oil extraction operations serviced by the Client." However, in Management Action 2, management continues that "The Management will identify publicly available environmental impact assessments of the oil extraction operations serviced by the Client and review these to identify any critical environmental and social risks for the Client's operations and specifically, any direct, indirect or cumulative impacts to the Hazar State Nature Reserve." These types of activities are required upstream, during project appraisal process, before project architecture is completed, and certainly before a decision on the project is made.

Crude Accountability would like to remind Management that the materials necessary to make the determination about potential risks to the Hazar Nature Reserve and other areas adjacent to the extraction operations serviced by the client have been available to the Bank since 2013. As we stated above, the notion that a 20 year old environmental impact assessment would provide the most relevant materials available to make an assessment about the potential risks is simply a failure to conduct due diligence and review the materials available. Particularly in a country as problematic as Turkmenistan when it comes to transparency and accountability, efforts by the EBRD management to ensure proper due diligence are more important than ever.

Given the available information, identified risks and threats, and failures of the 1999 Dragon Oil project to comply with environmental due diligence in the Turkmen sector Caspian Sea, a new ESIA is required for the CMI Offshore project, and this should be the a priori action management takes before conducting any other activities.

### **Conclusions**

On behalf of the Turkmenistan Working Group, Crude Accountability requests that CMI Offshore undertake a full, comprehensive, and independent ESIA before moving forward with project operations. The initial Draft Report of the Independent Expert of the PCM concluded that not only are Dragon Oil operations in the Turkmen sector of the Caspian associated facilities of the CMI Offshore project, but due to this, and absence of additional information, the project must be

categorized as A, and an ESIA is required. Violating the Rules of Procedure of the PCM, the independent expert then changed his findings to conclude that while the Dragon Oil operations are still associated facilities, no further assessments are needed due to the existence of the 1999 ESIA, and the project categorization is correct.

Based on the information above, which highlights the risks identified in the 1999 ESIA, more recent information available about offshore developments in the Turkmen section of the Caspian, and updated risks and threats to Caspian ecology and conservation sites, it is apparent that the 1999 ESIA does not serve to adequately assess current environmental and social risks inherent to the CMI Offshore project.

We maintain that CMI Offshore is incorrectly categorized as B, needs to be re-categorized as A, and undergo a comprehensive, independent ESIA for all related project facilities and operations.