

**International Advisory Group**  
*Chad-Cameroon Petroleum Development and Pipeline Project*

**REPORT OF VISIT TO CHAD**  
**JUNE 3 TO 17, 2002**

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**International Advisory Group**

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## 1. INTRODUCTION

1. The International Advisory Group (IAG) to the Chad-Cameroon Petroleum Development and Pipeline Project conducted its third working visit to Chad between June 3 and 17, 2002. According to the IAG's work plan for 2002, this visit was originally to have taken place in April. It was postponed until June because legislative elections in the country had been called for April 21, 2002, and it would have been difficult for the IAG to schedule meetings during the run-up to the vote. Two members of the IAG did, however, travel to N'Djaména in April to familiarise themselves with the electoral process in Chad.
2. This working visit differed from the first two in terms of its length: the Group spent 14 days in the country, of which five were devoted to field visits. This made it possible to assess: progress and delay in construction work in follow-up and mitigation actions on environmental, social and economic impacts with national actors and those in the Project Zone, and lastly, activities in preparation for the diligent management of the oil revenues phase. In keeping with a working method introduced successfully during the IAG's most recent visit to Cameroon, the Group was accompanied in its travels within the Project Zone by representatives of key parties with a stake in the Doba Project: a representative of the Tchad Oil Transportation Company (TOTCO) and a representative of the Government, the Site Supervisor of the "Comité Technique National de Suivi et de Contrôle" (CTNSC). For various reasons, it proved impossible for representatives of the World Bank and local NGOs to accompany the IAG members. The IAG remains open to this sort of collaboration, which could foster mutual enrichment amongst all parties, on the occasion of the Group's next visits to Chad.
3. The IAG travelled from N'Djaména to Komé, Bébédjia, Doba and Moundou, renewing contacts with the principal actors: Government, the Consortium, the World Bank, civil society, politicians, and economic operators. A debriefing session held at end of the visit provided an opportunity for exchanges with the parties and stakeholders and a preliminary look at the findings and analyses of the visit.
4. This report presents the findings and analyses stemming from our conversations with national and local authorities, the Contracting Parties and interested stakeholders. Our conclusions and recommendations then follow, presented according to the five components of our mandate.

## 2. FINDINGS AND ANALYSES

5. The three major challenges originally identified by the IAG remained the focus of our review: the “two-speed” problem, the danger of creating a social and economic enclave, and the need for structured, sustained communication amongst all parties.
6. A new concern can now be added to the three challenges mentioned above: the effective implementation of the plans, strategies and actions designed to widen participation as well as ensure that coherent actions and concrete, tangible results are achieved in the field, in the service of sustainable development and the well-being of the Chad population.
7. These themes are taken up in this section, in assessing the situation as concerns:
  - the national and local authorities;
  - the Contracting Parties: the Government (represented by the Coordination Nationale du Projet Doba (CNPD), the Consortium and the World Bank;
  - interested parties: economic operators, Chamber of Commerce, politicians, civil society (NGOs, HRAs, labour unions, media).

### 2.1 National and Local Authorities

- **The Context**

8. The IAG notes that in accordance with the electoral calendar, the Chad National Assembly has been renewed, and elections to determine local authorities are due to take place soon. Thus the majority of the public institutional structures and frameworks are in place or should soon be. Much remains to be done, however, to enable them to ensure the effective management, monitoring and control of the Project.
9. The presidential election held in 2001, the legislative elections of April 2002, and the forthcoming local elections in new decentralised structures should all contribute to the reinforcement of the institutional framework and the establishment of governance structures, encompassing the entire country and affecting the Project. A large part of the structures, personnel and activities required for effective management of this Project would thus be in place. However, the novelty of these initiatives makes implementing them simultaneously a delicate matter — given a context in which the pressure is on, and will continue to increase in the year to come, since the Project development is in full swing. While the Project is advancing on schedule, there is still a lag in concrete actions that will both ensure the quality of management and attenuation measures necessary over the short term, and also achieve the medium- and longer-term objectives of regional and national development. There is still enough time to take the necessary actions and to focus on important strategic objectives that are still achievable; what must not be done is to accept that the state of preparedness for the arrival of oil revenues “will be whatever it will be.”

- **National Institutions**

**CCSRP**

10. The Collège de Contrôle et de Surveillance des Ressources Pétrolières (CCSRP), assigned to monitor the management of oil revenues, now has offices and access to the portion of the national budget allocated to it. The CCSRPs procedural manual, however, is still being drafted: it should be ready by year-end 2002, as long as the consultant currently being recruited by the Collège assumes his or her duties in a timely manner. This monitoring body is thus not yet capable of fully assuming its role. The USAID has made a technical assistant available to support the CCSRPs, in order to make it operational in short order.

**Ministries**

11. Overall, we note significant overture to staffing, as recruitment of some 2500 officers has been authorised since January 2002, to the benefit of several ministries, in particular those responsible for Education, Finance, Environment and Oil.
12. Finances and Planning. Within the Finance Ministry, which will have a large share of responsibility for the management of oil revenues, legal and tax training seminars are being organized for Chad executives, covering revenue calculation and budget forecasting for the coming years. In addition, a study of the technical composition of Chad crude is being conducted in conjunction with acquisition of an oil revenue assessment model to be used by the ministries responsible for finance and oil. Computerization of the existing system will enable oil price and currency exchange fluctuations to be projected. A model provided by Burkina Faso will also make it possible to keep up to date better quality information on public spending. As part of the Management of the Petroleum Economy Project (known by its French acronym GEEP), other types of training are now being developed to respond to stated needs, and selection of the institutions that will dispense such training is in progress.
13. Security and Justice. In the opinion of many people with whom the IAG spoke, the climate of insecurity in the two Logones is subsiding. The persistent problems are the conflicts between herders and farmers. These conflicts have led to acts of violence in recent months, and no solution seems to have been found up to now. A new law has been enacted that seeks to curtail these conflicts via the creation of avoidance and resolution mechanisms. However, there are still considerable divergences of opinion among the people we spoke to in terms of identifying the causes of the conflicts.
14. The judicial authorities, which ensure security via the courts and the prison system, are facing a work overload in the Pipeline Zone, where the number of pending cases has increased under the influence of the Project. The IAG visited the courthouse and penitentiary at Doba. In view of the number of cases pending, the local judicial authorities are understaffed. The premises themselves place the lives of employees and trial participants at risk, as the courthouse is in danger of collapsing at any moment. The Doba prison employs a single guard for an inmate population of more than 80, and the doors to the facility do not close. Women prisoners are held under a tree throughout the day. The penal administration budget (approximately 100 FCFA per prisoner per day) and the absence of doors are a source of concern and worry as regards public security.
15. Education. On the subject of national education, the IAG is concerned by the confirmation of the news that 14 schools within the Pipeline Zone have closed because the community teachers

(maîtres communautaires) have left to take higher-paying jobs related to the Project. Some older students are also attracted by work in the oil industry; others are no longer able to pay the rent in cities like Bébédjia and Doba, because of significant price increases.

16. Regional delegations. The measures described above are part of a pattern whereby decisions made at the centre are poorly conveyed to the field. The IAG observed difficulties of coordination between the central authorities and regional ministerial delegations. Relationships among the various bodies are hampered by the physical distances separating them and, especially, by the lack of effective devolution. The regional delegations with whom the IAG met in Moundou are very poorly informed as to the broad outlines and the effects of the Project. As a result they have not developed a single initiative related to the Project.

### **National Poverty Reduction Strategy / National Good Governance Strategy**

17. Drafting of the National Poverty Reduction Strategy continues apace, and it should be ready by November 2002, after receipt and analysis of comments from donors, to whom the working document has been submitted for review. The Steering Committee planned to hold a session to validate the Strategy before the end of June 2002.
18. The other major governmental strategy, that dealing with Good Governance, has yet to progress to the same stage. A preliminary version is available, but it apparently has not yet been validated by the Government.

- **Local Level**

19. The initial local elections, in 28 out of 108 departmental chef-lieux communes, will take place in October 2002. The remaining communal elections, as well as the community, departmental and finally regional elections are slated to follow in 2003. This decentralisation of powers should enable better participation by the elected local authorities, including those in the Doba region, in management of the impacts and revenues of the Project as well as management and mapping out of the development plans currently in the nascent stages. The growth of powers transferred to the local level as part of regionalisation should give a stronger voice to the populations most directly concerned by the Project. Undoubtedly, this major reform will also have a positive impact on the process of identifying the needs and priorities of the other regions and localities in the country that will be affected by the use of oil revenues.

## **2.2 The Contracting Parties**

20. The Contracting Parties to the Project are those with contractual responsibility: the Government, represented by the Coordination Nationale du Projet Doba (CNPD), the Consortium, and the World Bank. Personnel, and in some cases, organisational, changes have enabled each of these three parties to renew their commitments to ensuring enhanced progress in the construction phase as well as in the operational phase to come.

- **CNPD**

21. The Coordination Nationale is responsible, on behalf of the Government, for monitoring and participating in the implementation of the Chad Export Project as well as the ancillary projects: capacity building related to the environment, economic and financial management, and management of the oil sector.

22. The CNPD has set up and is implementing an annual communications program, which is somehow still awaiting validation.
23. The CNPD held public information sessions in Bébédjia and N'Djaména in January, as well as in Doba in April. These events brought together various representatives of the Government, the Consortium, the World Bank, economic operators, political parties, civil society associations, the public and private press, and village groups. The sessions were generally well received. Certain criticisms and suggestions for an approach that would enable more exchange and dialogue deserve the attention of those in charge. Discussion has now turned to the possibility of enriching the format of the sessions to involve even more directly the village populations, via caravans travelling from one village to the next, and diversifying both the messages and their intended audiences.
24. A permanent framework for consultation and dialogue, whose creation was recommended by the IAG and accepted by the parties, has yet to materialize. We understand that proposals are still awaited from the NGOs. However, the implementation of this framework for dialogue should not be put off indefinitely.
25. There is also much activity in terms of awarding contracts for the implementation of various projects and activities. Because of the cumbersome nature of procedures and the earlier delays that still must be made up, several of the management and monitoring activities will get under way quite late—sometimes too late to have an influence on construction operations and to enhance their positive impacts.
- **Comité Technique National de Suivi et de Contrôle (CNPD) / Direction du Pétrole (DP)**
26. The CNPD serves as an umbrella for two operational bodies that have an essential role to play in management and monitoring of the Project: the Comité Technique National de Suivi et de Contrôle (CTNSC) and the Direction du Pétrole (DP).
27. The **CTNSC** has seen its staff grow since November 2001. In spite of this progress, on-site staffing has yet to be completed. Moreover, the material outfitting of the supervisory structure is not yet finished. Specifically, the laboratory facilities for analyses of water, air, dust and other environmental components likely to be disturbed by the Project are not yet operational. Thus the activation of the supervisory structure is not yet complete; its institutional capacities as well as its office and field organisation still require reinforcement.
28. The **CTNSC** has managerial or monitoring responsibility for a series of important activities including the following.
29. The **Emergency Measures**, sanitation, HIV/AIDS, forest management, baseline socio-demographic and public hygiene study, which should have been addressed and implemented so as to pave the way as quickly as possible for the next steps in the Project, have all experienced delays related to the late and only partial activation of the CTNSC. The result is that urban planning initiatives (infrastructure, health measures) have been launched but have not really begun, even though this issue is due to become increasingly sensitive with the considerable inflow of new workers to the Doba area—an inflow that should increase with the expansion of work over the year to come.
30. Validation of the **Regional Development Framework**, the reference document for the FACIL that was jointly developed with the NGO ACODE, is expected in August 2002.

31. As to the **Regional Development Plan**, the WB has already issued its notice of non-objection in the matter of the recruitment of the consultant (DAI) for drafting of the document, for which the financial proposal is still expected. This is the same consultant who drafted the development plan for mitigation measures in 1999. In carrying out this mandate, DAI will partner with one or more local consultants. The WB expects a preliminary version of the Plan to be available by year-end 2002, with the final document to be ready in June 2003.
32. The **Fonds d'Actions Concertées d'Initiatives Locales (FACIL)** now has office space, the bulk of its work equipment, and its procedural manual. However, its accounting plan, which had been submitted to the WB, is pending approval. The amendments necessary to update the document are still expected on the part of the WB before the process can move forward. The FACIL Director has assumed duties, assisted by two volunteers from German DED, and the Steering Committee has met three times. Recruitment of the selected staff remains to be finalised.
33. More than 100 credit applications have been received but the application review and approval process has not yet been finalized. The investments component has already selected the initial set of infrastructures to be completed in partnership with local populations. Important actions thus remain to be taken, without delay, for this essential project to be launched effectively.
34. The **Household Budget Survey** was redefined in April 2002, implying an upwards re-assessment of the budget allocated by the WB. The start-up process is ongoing, and the Survey should get under way in October 2002 with final results due in October 2003.
35. The **Plan National de Lutte Contre les Déversements Accidentels d'Hydrocarbures (PNLDAH, or National Accidental Oil Spill Response Plan)** should be ready by year-end 2002. This plan, as well as the area-specific accidental oil-spill response plans being developed by ESSO, are essential instruments required by the Environmental Management Plan (EMP).
36. The Direction du Pétrole team assigned to monitor the technical and administrative aspects of Project construction does not seem to possess all of the required technical competencies to review all of the construction work and identify, among other things, instances of non-compliance with contractual standards and with the work plan. By default, the team is being used more for its abilities to intervene in the resolution of social conflicts, which is important but not part of its formal mandate.
- **The Consortium**
37. The Doba Project constructor and operator, Esso Exploration and Production Chad Inc. (EEPCI), has proceeded with personnel nominations that address the construction phase and pave the way for the operations phase. A new Executive Director in charge of the overall Project is now working out of N'Djaména. A new public relations coordinator and a new public consultations coordinator have joined the team already in place. Also, the Consortium has made efforts to decentralise decision-making and reinforce Project communications to deal with the increase in construction work, which will reach its peak over the next twelve months.
38. Despite the communication efforts, the **local authorities** with whom the IAG met are severely critical of the state of relations between them and the Consortium. The Prefects, for instance, point out that they are most often solicited by the Consortium to resolve social conflicts on the Project construction sites and its various bases de vie. In return, the local authorities do not feel supported by the Operator when they express a legitimate need for such support.

39. With respect to **environmental issues**, the Consortium seems to have good control of the challenges related to the Project. One significant adverse impact resulting from the construction work remains a source of general concern: the **dust** raised along roads by the frequent passage of Project vehicles transporting both equipment and personnel. The clouds of dust create significant discomfort and have raised concerns for the health of populations along the roadways; people also worry about the impact on the photosynthesis of plants. ESSO is seeking to alleviate the problem by periodic spraying along the most-used roads, with water drawn from a river that flows through the zone. This measure, however, seems to solve the initial problem only partially, while raising another environmental issue, that of excess demand on surface water in the region. Spraying therefore does not seem to be a suitable long-term solution to the dust problem.
40. ESSO has satisfactorily explained that **flaring** operations designed to test certain wells will be the exception rather than the rule, will rely on recent technology that minimises pollution, and, during operations, will be used only in emergency cases. **Groundwater** pumped out with the oil will be treated and then re-injected into the bottom of the wells. These two points of concern seem to have been properly addressed as part of the Consortium's communications program and, apparently, are no longer cause for controversy. For reference purposes, tests on drinking water wells are under way to analyse the baseline water quality. The results are being communicated to the relevant departments.
41. According to the ESSO calendar, the **area-specific accidental oil-spill response plans** should be ready and submitted for public review by year-end 2002. The final versions of these plans will be mandatorily submitted to the lenders 90 days before first oil. The issue of adequate budgeting by the Consortium for covering the cost of oil spills has been raised again. Assurances have been received from the Consortium that adequate funds will be available and that, in the event of judicial conviction, extra budgetary resources would be provided.
42. On several occasions the IAG was informed of concerns regarding possible further **exploration prospecting** conducted by the Consortium outside the Doba Basin. ESSO responded categorically that the Consortium is conducting no exploratory operations outside the Doba Basin, the limits of its permit. This is confirmed by the CNPD.
43. As concerns **social and community** issues, the establishment of the Project "*base de vie*" not far from Komé Village, referred to as Komé Base, has led to the development of a new village nearby, that of **Komé Atan**. This village's situation is worrisome insofar as its population apparently quadrupled between July 2001 and February 2002. Komé Atan responds to supply needs of workers at the base. More and more, however, it is growing into a residential centre with increasing numbers of children and dependents. Lack of education and poor health conditions place the village at high risk for the spread of several contagious diseases, including STDs such as HIV/AIDS. The situation has worsened since the IAG's last visit. Tchad Cameroon Constructors (TCC), an ESSO subcontractor, organises occasional clean-ups of drainage ditches, and some TCC executives are supporting a community school, but this is far from the level of intervention required to ensure acceptable living conditions. We observed a lack of dialogue among the partners (Government, World Bank and Consortium) toward addressing and solving this touchy issue.
44. **Individual compensations:** Many people the IAG spoke with expressed regret at the inability of certain recipients of cash compensations to properly manage their new income. Such situations

require corrective measures during future operations to ensure that the potential development benefits and the improved conditions expected to result from compensation, are fully realized.

45. **Community compensations:** GTZ has obtained the contract tendered by ESSO to oversee implementation of the latter's community compensation programme. GTZ in turn issued a call for tenders to select local partners as subcontractors. The selection process, however, is not proceeding optimally, and this has led to withdrawal from the competition by some of the NGOs invited to bid. Recruitment of executing NGOs is still to be finalised, more than six months after GTZ was notified of its selection by ESSO. As a result, hope that the community compensations issue could be satisfactorily and rapidly concluded is waning, to the disadvantage of the recipients.
46. The situation of **significant price increases** affecting food and housing in the Project Zone has persisted since November 2001. To counter this trend the Consortium, sometimes with assistance from local authorities, has implemented certain measures. ESSO subcontractor, TCC has assigned a service provider the task of designing and implementing a commissary project, with three points of sale, in Komé-Base, Miandoum and Komé 5. The commissaries allow workers to purchase food and basic necessities on credit and at better prices. The first point of sale was scheduled to open June 14, 2002 in Miandoum, with the two others becoming operational shortly. At the same time, the catering firm CIS, a subcontractor to TCC, has launched the *Projet d'Encadrement des Producteurs de Fruits et Légumes (PEPFL)* in the Moundou region, with the same goal of fighting the price hikes affecting the region by supplying the bases. This project also enhances economic spin-offs that benefit the local populations and Chadian economic operators through supervision and assistance to local producers of fruits and vegetables. The project is a promising one; the market that it guarantees for the producers will ensure them financing and marketing facilities over the short term. Technical assistance ensures the quality and constancy of supply to CIS, which runs the restaurant at Komé Base. To help ease pressure on the housing market, ESSO is planning to adapt existing housing in villages close to the Project sites, to build new homes, or to provide incentives for workers to self-build by extending financial facilities.

- **The World Bank**

47. The World Bank has reorganised the personnel in charge of the Project, appointing an on-site project manager in N'Djaména with responsibility for all WB projects related to Project completion, as well as a Washington-based coordinator. The effect of the restructuring should be apparent in the acceleration of actions by the Bank enabling, among other things, a reduction in the delays attendant on contract awarding procedures. The Bank's notices of non-objection are now issued locally with no need for approval from Washington, and this is expected to speed procedures from now on.
48. Furthermore, the WB Resident Mission team in N'Djaména is now supported by a specialist from the International Finance Corporation assigned to the promotion of small and medium-sized businesses; she is actively engaged in providing assistance to them, and in filling the gap in abilities to exploit business opportunities.
49. The Bank's main challenge remains: to provide the necessary assistance, in a timely manner, to enable the Chad Administration to recruit properly trained personnel ready to intervene efficiently, not only in oil revenue management but also in the ensuing development projects. It is imperative that results be achieved, through the necessary actions and appropriate organisations.

## 2.3 Interested Parties

- **Economic Operators; Chamber of Commerce**

50. The economic operators and Chamber of Commerce representatives whom the IAG met with in N'Djaména reiterated their grievances with respect to the limited economic spin-offs from the Project. They were again urged to submit written documents to facilitate informed debate and the search for solutions.
51. In Moundou the IAG team met with the Collectif des Opérateurs Économiques des Logones (COEL), who presented them with documents they had already submitted to the authorities and to TCC. The IAG noted the good faith shown by the TCC representative in encouraging dialogue with local entrepreneurs. It must be admitted, however, that dialogue amongst the interested parties (Consortium, Government, Operators) is difficult to achieve without some formalising of the procedures for addressing requests and grievances.

- **Civil Society**

52. Adopting a proactive approach, local NGOs, HRAs and economic operators held a discussion workshop on development to bring their respective concepts of the Regional Development Plan into line with each other. A second, more in-depth seminar on the same topic was scheduled to take place by the end of June 2002, with the goal of establishing a cooperative framework including adoption of a strategic approach for mapping out the RDP.
53. The national and local NGOs continue to play a primordial role in communicating the local populations' concerns and drawing the authorities' attention to issues stemming from the Project execution. Their active commitment to the drafting of the RDP will make a significant contribution to the process. By participating, they would also contribute to the proper management of community compensations and help prevent new issues from emerging. Whatever the difficulties and pitfalls encountered along the way, active commitment will always generate better results than abstention.

- **Labour Unions**

54. The mood on work sites remains sensitive, and intermittent strikes show that there is still discontent among workers. As the IAG mentioned in its preceding report, well-informed, well-supported dialogue with labour unions will be a source of worksite stability when it occurs before social conflicts develop, and when it proceeds from signed agreements that are faithfully respected.
55. The IAG witnessed one incident at Komé Base that could have been avoided had there been better dialogue among CIS, its subcontractor, and the subcontractor's employees before the contract expired.

### 3. CONCLUSIONS AND RECOMMENDATIONS

56. The preceding section, Findings and Analyses, shows that a degree of progress has been achieved in terms of the Project structures, frameworks and management and execution instruments. The most significant shortcomings are in the area of concrete actions: start-up delays, lack of qualified human resources, procedural bottlenecks, many prerequisites still to be resolved and collaborations to be formalised, all while actual construction of the pipeline and facilities is progressing inexorably according to schedule.
57. The following conclusions and recommendations are expressed for each of the five components of the IAG's mission. Their purpose is not only to help resolve current problems, but also to open up longer-term perspectives promoting implementation of durable, effective solutions.

#### 3.1 Capacity building

58. This is the most critical component, and the area that remains the Project's Achilles' heel.

- **Government**

59. New human resources have been recruited, and many people trained or in the progress of being trained, since the beginning of the year. These measures have involved most of the Chad Government Ministries and have enabled, at the least, a degree of staff stabilization.

60. *These efforts will have to be consolidated during 2002 and 2003, jointly with the IMF and WB, so as to ensure optimal Project supervision, in particular as concerns oil revenue management during the operations phase. Among other initiatives, an adequate number of middle managers and executing agents will have to be recruited and trained to ensure administrative, financial and accounting management. Local training institutions will have to be brought into the process once the training is duly programmed (Government, WB, IMF).*

- **CCSRP**

61. The governmental oil revenue monitoring body is progressively being set up, and has begun operations. Its precise mode of action, however, is not yet defined.

62. *The CCSRP must equip itself with a Secretariat over the short term, as well as adopt an operational definition of its tasks so as to better target its actions. The procedural manual currently in preparation will have to define those tasks to be performed for the execution of its mission, as well as the means required to perform them. The CCSRP should adopt a criterion for determining precisely what it controls and how, given its mission and key role. The Court of Auditors (Cour des Comptes) could be called upon to act in a consulting role as part of the preparation of these instruments.*

- **CNPD**

63. Communications The CNPD has helped to improve communications and the transmission of information about the Project, including the holding of public information sessions. However, these advances have not always enabled the village populations to engage in direct exchanges with the Consortium or Government agents so as to obtain answers regarding points that continue to be of concern to them, and for which representatives at the sessions (village chiefs

and others) have no ready answers. A framework for regular dialogue remains a necessity for the other interested players.

64. *The implementation, in parallel with the information sessions, of caravans targeting villages more effectively, must take place as soon as possible in order to respond more adequately to the concerns of populations vis-à-vis the Project.*
65. *Moreover, beyond public information sessions, the IAG reiterates the need to create a permanent framework for dialogue between the Contracting Parties and the stakeholders. A satisfactory operational start-up of such a framework, overseen by the CNPD and implemented as soon as possible, would be most welcome.*
66. **Monitoring** The Direction du Pétrole, assigned responsibility for follow-up and monitoring, does not as yet possess the human resources necessary to carry out its monitoring tasks.
67. *The Government must see to it that the necessary resources are provided to the Direction du Pétrole so that it may properly fulfil its follow-up and monitoring mandate before the end of construction.*

- **FACIL**

68. Several actions have been taken recently to encourage the start-up of FACIL. Previously submitted cases have yet to be processed, apparently because of a lack of definitive approval of certain procedures agreed upon with the credit organizations, and because of staffing delays. Decisions to finance education and health infrastructures have been made, but the start of work could be delayed by practical considerations related to mobilisation of village matching funds.
69. *The CNPD must take steps to speed effective appointment of FACIL personnel already recruited but who, for various reasons, have not yet taken up their field positions.*
70. *The World Bank must issue its comments and recommendations as soon as possible to enable validation of an accounting plan for FACIL, essential for managing operations.*
71. *Those in charge at FACIL must identify means of speeding up the decision-making process on credit files already received, and complete the infrastructures whose construction has already been approved (Government, WB).*

- **Chamber of Commerce and Economic Operators**

72. Chad companies continue to lobby to gain their fair share of economic spin-offs, whether directly, through the Chamber of Commerce, or as collectives. For its part, the Consortium, and especially TCC, has intensified efforts to facilitate access to markets.
73. *The market sector has great need of a well-structured framework for regular dialogue at the level of the Project Zone. It is also important that demands be well documented (CTNSC, Consortium, TCC, operators, local Chamber of Commerce).*
74. *A detailed analysis of the business opportunities over the next year would ensure that interested parties are better prepared, and would encourage healthy competition (Consortium).*

## 3.2 Environment

- **Dust**

75. The issue of dust raised by Project vehicles recurred throughout this visit: the authorities, civil society and local populations, concerned about their health and welfare, are all complaining. The currently applied solutions for attenuation of this nuisance (spraying) have not led to any reduction in complaints, and have posed other environmental issues (pressure on groundwater in the region).

76. *The Consortium should adopt new measures, in a timely manner, to minimise the impact of its moving vehicles. As has been done in Cameroon, asphaltting of roads in population centres, combined with means of limiting speeds, could provide a sustainable solution to the dust problem. It would also reduce reliance on surface water. A methodical and accountable control of water use is necessary to permanently clarify this situation (Consortium, CNPD, WB).*

- **Control of Well Water Quality**

77. Because of the delays incurred in the implementation of the CTNSC's operations, including the outfitting of its testing laboratory, only the Consortium is currently conducting well water verification. Third-party attestation is required.

78. *The Consortium must obtain as soon as possible an independent attestation of the quality of drinking water from wells, in order to reassure the public.*

- **Participatory Forest Management vs. Use of Charcoal**

79. Charcoal is the primary source of household energy in Chad. This creates significant pressure on the country's forests. The Project, and its attendant population influx, contributes to pressure on the forests of the Doba region.

80. *A participatory forest management policy exists in Chad; it is vital that it be implemented so as to ensure sustainable use of forest resources. In the Project Zone especially, the Ministry of Environment and the CTNSC could work with local NGOs on raising awareness and training for the use of alternative energy sources and distribution of improved cooking stoves. This would support the efforts of the Ministry of Environment, which has a stove improvement plan that seems promising (Government).*

- **Exploration Outside the Doba Basin**

81. The IAG has taken note of the assurances received from the Consortium that it is conducting no exploration beyond the Doba basin, for which it holds its permit.

82. *The Government and the World Bank must ensure that the limits of the Doba basin exploration zone be respected. Any exploration beyond the bounds of the current permit, whether by the Consortium or other parties, will have to comply with the social and environmental impact management regime governing the current project, and will remain subject to award of the appropriate permit.*

- **Area-specific accidental oil spill response plans and PNLDAH**

83. According to the official schedule, these plans must be ready for public review by year-end 2002. Chad, the Consortium and the World Bank have a commitment to the international

community to validate the plans, to sensitise populations and to test them before the operations begin.

84. *It is important that the Government and the Consortium respect the planned timetables and ensure that structured consultation takes place with the populations involved, for whom these measures are extremely important for their security and well-being. The World Bank must pay sustained attention to this matter.*
85. *The Consortium must confirm that the budget allocations for responding to possible spills are adequate, and that it understands the principle and scope of its responsibility for any eventual compensation. The Government must ensure that public participation is integral to pipeline security. This will require awareness-raising, training, mobilisation and motivation of the population.*

### 3.3 Social and Community Development

86. There is one conclusion for this component as a whole: any social initiative must aim not only at solving an immediate need; it must also contribute to development, by being executed within a medium- and long-term perspective as well, and by contributing to the growth and diversification of the economy and the welfare of society.
87. The IAG has noted some indications of a longer-term optimisation of certain recent initiatives. For example, the interest of some Project contractors (Schlumberger, TCC) in the Chad science and technology training institutions; the possibility, raised within the Consortium, of creating a public health centre in the southern part of Chad; the intention to make the baseline studies and other important studies available in the public domain. These actions and others could represent a way for the entire country to benefit from what is learned as part of the Project, and to multiply its benefits.

- **Government**

88. Schooling Education of children in the Bébedjia region, in particular in the community schools, has been adversely affected, mainly by the departure of community teachers (maîtres communautaires).
89. *The Government must rapidly analyse the operation of the community schools within the Project Zone, conduct a full assessment of their needs, seek a solution to the lack of teaching staff, and find means of ensuring that young people living in areas near work sites can continue to receive an education. These measures should enable improvements in the situation by the start of the next school year.*

- **CNPD**

90. Regional Development Plan In spite of its importance to populations in the Project Zone and for the management of the revenues to which they will be entitled, the RDP will be late getting under way, as the consultant has not yet arrived in the field. Furthermore, the means of collaboration among the Government, consultants and populations are not yet clear.
91. *The CNPD must continue to incorporate the discussions begun by the NGOs, and work with them and the local populations so that the latter may be properly prepared to take part in the*

*RDP priorities definition process. The design of the plan must become an opportunity to develop a framework for participation in the zone.*

92. Emergency measures These have been slow to get off the ground, and there is now the challenge of imminent urban population growth in the Project Zone before planning measures have been taken. The three municipalities nearest the permanent oilfield and pipeline facilities (Bélabo in Cameroon; Doba and Bébedjia in Chad) may stand to benefit from comparing their experiences.

93. *The CTNSC and those in charge of towns and villages must take joint action to simplify the planning and approval procedures and speed the implementation of the emergency measures. Among other things, priority must be given to preventing the health problems that could stem from overpopulation in the smaller cities over the course of the next 12 months. The experience of Bélabo, in Cameroon, could prove instructive.*

94. *By drawing lessons from the Cameroonian experience, a comparable base study of the welfare of populations living along the pipeline could serve as a benchmark for actions to be taken over the medium and longer terms.*

- **ESSO**

95. Individual compensations Cases of mismanagement of individual cash compensations by their recipients have been noted and reported to the IAG.

96. *For upcoming compensations, it would be worth implementing incentive measures to encourage recipients toward savings and investment. Specifically, as in Cameroon, the eligibility threshold for compensations in kind in Chad could be reduced from 70,000 FCFA to 30,000 FCFA, and the domiciliation of funds with local financial institutions could be encouraged. Extension of the savings and credit structures, for example in collaboration with FACIL, could also promote the local deposit of savings.*

97. Community compensations The community compensations management process is running increasingly behind schedule. Where the awarding of the management contract to GTZ had already resulted in some delays, difficulties are now becoming apparent with recruitment by GTZ of subcontractors from among local NGOs, who would be assigned to work in the field with local populations. GTZ and the NGOs involved seem to be having difficulty agreeing on the terms of their collaboration.

98. *To meet the needs of local populations and organisations in a timely manner, ESSO and the CNPD should examine this issue and take steps to ensure broad and effective participation by local NGOs in the process set up by GTZ to manage the community compensations.*

99. Social climate As worker populations increase, the social climate on the work sites and in the Project bases de vie remains tense, as seen in the many incidents and strikes that have occurred. Tensions between national/regional workers and foreigners have cropped up from time to time, and could increase along with the proportion of foreigners in the worker population over the next new months.

100. *The difficulty that many workers have in understanding and accepting working conditions that vary depending on the contracts and subcontracts must be taken into consideration. Moreover, there is an urgent need to adopt a preventive conflict management approach based around*

*periodic joint consultations, and a simple formula whereby workers could become better informed (Consortium, Subcontractors).*

### **Consortium – Government – WB**

101. Komé Atan Although it lacks any official status, this spontaneous village near Komé Base is continuing to expand at a worrisome rate. It has no hygiene or educational infrastructures save occasional interventions by TCC.
102. *The Government must take measures to prohibit further expansion of this spontaneous settlement as a housing centre. With the support of ESSO, it must create incentives and a healthy climate at Komé village to encourage the inhabitants of Komé Atan to move there. In the meantime, the main concerns involve health standards in residential zones, upbringing of children, stabilization of security, and definition of an official status for Komé Atan, all of which must be satisfactorily addressed.*

### **Consortium – Government – WB – IFC**

103. Price increases Diversified and significant measures have been taken by the Consortium to attempt to counter price hikes, which are chiefly affecting food products and rent. These measures have been well received. However, the conditions surrounding their current implementation as well as those that will ensure their continuity in the local economy must be monitored attentively. Responses must not simply address immediate issues, but be in keeping with a development perspective: e.g. it is not only a matter of helping to meet current food requirements in the Project Zone; it is also important to strengthen, for the future, the commercial markets for staple foods as well as fruits and vegetables engendered by the Project.
104. *Management of purchases and sales of grains in the commissaries set up by the Consortium could be an effective way of reducing salaried worker pressure on the local market. These arrangements must be done carefully to avoid hindering other promising initiatives in the commercial food market (such as the Moundou women's co-operative mentioned in the IAG's first report). Specifically, the efforts to implement fruit and vegetable gardening in the Moundou region must be supported by increased access to the full market offered by the Project, by the provision of suitable infrastructure and personnel to enable production to be tripled as planned over the coming months, and by better access over the medium term to the larger regional market, following the construction phase.*
105. *As to housing, in order to encourage employees to invest in housing, the CTNSC and ESSO could conduct a study to determine the outlook for the housing economy in towns and villages near the permanent Project installations.*

## **3.4 Oil Revenue Management**

### **• Ministry of Finance**

106. The Ministry of Finance has recruited officers and is preparing their training. Instruments are being developed to enable continuous analysis and monitoring of the oil market in the future, and to ensure that this translates into accurate revenue projection.
107. *The next steps must be to finalise and validate the provisional study of staffing needs, and to train the largest possible number of Chad experts before 2004 (Government).*

108. *Precise criteria for allocation of resources to the various priority sectors (education, health, infrastructure, agriculture) must be developed to enable, from the very first year, better targeting of the qualitative and quantitative objectives to be achieved. (Government)*

- **Stratégie Nationale de Réduction de la Pauvreté (National Strategy for Reducing Poverty)**

109. The Household Budget Survey will begin in October 2002, with the final results expected in October 2003, when the national budget for 2004 is due to be tabled.

110. *The Government must see to the respect of the survey timetable—preliminary results in April 2003, final results in October 2003—so that the 2004 implementation of the Strategy can be based on the survey, and contribute to development of the oil revenue allocation criteria.*

### 3.5 Governance

- **Government**

111. Governance structures are, by and large, in place or on the way to being so. Vigilance and significant progress are still required, however, in terms of specific actions and activities.

112. The IAG remains forceful in its recommendations regarding the challenges that demand vigorous action on the part of the Government.

113. **Security** of people and goods must be the prime focus of the Government's concerns: the means for settling chronic conflicts (farmers/herders) and incidents involving individual security must be identified and dealt with.

114. *In view of the direct impact of **judiciary power** on the security and well-being of individuals, the Government must find the means to significantly reinforce judiciary and penal administration by providing suitable personnel, materials and premises. Specific action should be taken in the matter of the correctional services at Doba.*

115. **Management of the public contracts**, which has been the focus of recent incidents, must reconcile good governance and accountability procedures with the need for rapid action, especially given the context of overall delays on all fronts.

116. *In spite of recent progress, there is still a lack of good relations between the Consortium and its subcontractors on the one hand, and with the devolved local authorities on the other.*

117. *The CTNSC should be brought in as a facilitator in improving relations between the local authorities and the Consortium so as to raise the level of collaboration and to profit from the experience of successful dialogue achieved thus far.*

- **Local Collectivities**

118. **Local collectivities** are being called upon to play an increasingly important role, supported by the power of popular elections. In the Project Zone, they will play an active part in drafting and managing the Regional Development Plan, an experiment that could be repeated in other regions.

119. *In spite of the multitude of other reforms under way, implementation of the regional and local structures emerging from the electoral process must remain a priority, among other reasons to give them the means to play the key role to which they are entitled in the drafting and management of the Regional Development Plan. This will give local elected officials—and by extension the populations—the power to effectively influence how the oil resources dedicated to the region are to be used.*

#### 4. GENERAL CONCLUSIONS

120. As is its practice, the IAG draws from this visit some principal conclusions derived from the main issues identified at the start and from the information obtained concerning specific topics which are material to the Project's success.
121. We have noted progress in several areas. But the essential elements of the most important actions are yet to come in the next 12 months of increasing project activity.
122. Thus the "two speed regime" remains a major challenge demanding development of capacities. There have been some starts and some advances but overall progress is not adequate. Actions that have been planned must be made operational as soon as possible and concrete results obtained for all to see. Specifically, the Government of Chad and the World Bank are called upon to do better and faster, without precipitation or compromising transparency.
123. The enclave syndrome, isolating the Project from the local context, can reasonably be expected to be averted if the Consortium's current efforts towards greater openness are maintained in a spirit of good citizenship without compromising quality and security.
124. Steps have been taken to reduce the communications gap and these are beginning to bear fruit. Particular care must now be given to implement the complementary information activities that are being prepared for the villages, to consolidate what has already been achieved and to pursue efforts to involve all interested parties, notably the NGOs, in an open and structured framework for dialogue.
125. In addition to these systemic challenges, the IAG must point out two risks that can be avoided but for which there are already some precursor signs:
- The first would be a relaxation of efforts arising from an implicit reduction of the initial goals, for the sake of "realism" as deadlines become closer;
  - The second is to give precedence to short-term actions rather than to development perspectives, under the pressures of the day. A vision, strategies and medium- long-term approaches are essential to generate sustainable benefits to the populations. This long-term vision remains the fundamental criterion for any intervention.

## IN CONCLUSION

The International Advisory Group thanks the Chad Government, in particular the CNPD and CTNSP, whose Site Supervisor accompanied its members on site visits.

We thank the Consortium operator, ESSO Chad, for its participation and logistical support, and the World Bank for its support and contribution.

We extend particular thanks to those persons who came to meet us in N'Djaména and in the Project Zone: they made themselves available in spite of shifting schedules; their contributions make up of the bulk of our information and of this Report.

Several individuals and groups provided the IAG with written comments and suggestions that were germane to its discussions, and to them the Group extends its thanks.

The IAG welcomes written reactions and comments pursuant to its reports. In particular, it encourages the institutions to which its recommendations are addressed, the Government and the World Bank, to provide information on actions taken as follow-up prior to the Group's next working visit.

This report of the IAG's third working visit to Chad, as well as previous reports, are available on the IAG web site, at [www.gic-iaq.org](http://www.gic-iaq.org), and on the World Bank web site, at [www.worldbank.org/afr/ccproj](http://www.worldbank.org/afr/ccproj).

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## APPENDIX 1

### CHRONOLOGY OF MEETINGS

#### **Tuesday 4 June – N'Djaména**

- World Bank
- FMI
- CCSRP
- CNPD

#### **Wednesday 5 June – N'Djaména**

- TOTCO and contractor (TCC)
- Cellule économique
- Ministry of Public Health
- Ministre of Decentralisation

#### **Thursday 6 June – N'Djaména**

- GTZ and DED
- NGOs
- Diplomats
- Ministre des Finances
- Ministre de la Promotion Économique et du Développement

#### **Friday 7 June – N'Djaména**

- Economic Operators
- Groupe de Recherches Alternatives et de Monitoring du Projet Pétrole
- Centre National d'Appui à la Recherche
- Chamber of Commerce
- SENAREC
- Comité de Pilotage de la Stratégie de la Réduction de la Pauvreté

#### **Saturday 8 June – Komé\***

- Travel N'Djaména-Komé by air
- Komé Base :
  - Presentation by TOTCO and contractors (Pride Forasol and Schlumberger)
  - Visit of Pride and Schlumberger operations
  - Visit of oil rig 340 construction site (Forage Komé 406)
- Komé Atan

#### **Sunday 9 June – Komé-Bébedjia\***

- Travel Komé-Bébedjia
- FACIL representatives
- FACIL beneficiaries
- CTNSC
- EPOZOP
- Sous-Préfet of Bébedjia
- Direction du Pétrole

**Monday 10 June – Komé-Doba-Moundou\***

- Travel Komé-Doba
- Secretary General of the Department of Eastern Logone and Sous-Préfet of rural Doba
- Président du Tribunal of Doba
- Visite of Court and Penitentiary of Doba
- Mayor of Doba
- Doba NGOs
- Travel Doba-Moundou

**Tuesday 11 June – Moundou\***

- Secretary General of the Department of Western Logone
- Regional delegations of Western Logone
- Chamber of Commerce of Moundou and Collectif des Opérateurs Économiques des Logones
- GTZ in Moundou : Assistant technical coordinator of community compensation project
- JMN Consultant: Sub-contractor to CIS on the Économats and PEPFL projects

**Wednesday 12 June – Moundou-N'Djaména\***

- TCC : Regional administrator of commercial affaires, Moundou
- Site visit of the PEPFL market-gardens with JMN
- Travel Moundou – N'Djaména

**Thursday 13 June – N'Djaména**

- Opposition parties and Forces Vives
- Ministère de l'Eau et de l'Environnement
- TOTCO : Public Relations Coordinator
- ESSO reading-room
- University researchers

**Friday 14 June – N'Djaména**

- Commission Électorale Nationale Indépendante
- The Prime Minister
- World Bank Resident Representative
- Working session with WB, CNPD and the Consortium

**Saturday 15 June – N'Djaména**

- Internal working session
- Media representatives

**Sunday 16 June – N'Djaména**

- Internal working session
- IFC

**Monday 17 June – N'Djaména**

- Two debriefing sessions:
  - o TOTCO/BM/CN
  - o TOTCO/BM/CN/ONG/ADH/Patronat/CCSRP
- President of the National Assembly (former National Coordinator)

\* : IAG accompanied by representatives of TOTCO and CTNSC

**ANNEXE 2****ACRONYMS AND INITIALISMS**

ACODE	Action et Coopération pour le Développement
CCSRP	Collège de Contrôle et de Surveillance des Ressources Pétrolières
CNPD	Coordination Nationale Projet Doba
COEL	Collectif des Opérateurs Économiques des Logones
CTNSC	Comité Technique National de Suivi et de Contrôle
DAI	Development Alternatives Inc.
DED	Deutscher Entwicklungsdienst (German Development Service)
DP	Direction du Pétrole
EEPCI	Esso Exploration and Production Chad Inc.
EMP	Environmental Management Plan
FACIL	Fonds d'Actions Concertées d'Initiatives Locales
HRA	Human Rights Association
GEEP	Projet de Gestion de l'Économie à l'Ère Pétrolière (Management of the Petroleum Economy Project)
GTZ	Gesellschaft für Technische Zusammenarbeit (German-government-sponsored cooperative development agency)
IAG	International Advisory Group
NGO	Non-Governmental Organisation
RDP	Regional Development Plan
PEPFL	Projet d'Encadrement des Producteurs de Fruits et Légumes
PNLDAH	Plan National de Lutte contre les Déversements Accidentels d'Hydrocarbures (National Accidental Oil Spill Response Plan)
TOTCO	Tchad Oil Transportation Company
TCC	Tchad-Cameroun Constructors
USAID	United States Agency for International Development
WB	World Bank