

International Advisory Group
Chad-Cameroon Petroleum Development and Pipeline Project

**REPORT OF MISSION TO
CAMEROON AND CHAD
19 JULY TO 3 AUGUST, 2001
28 September 2001**

SUMMARY

International Advisory Group

Mamadou Lamine Loum, President
Hilde Frafjord Johnson (absent from this mission)
Jane I. Guyer
El Mazide Ndiaye
Dick de Zeeuw
Jacques Gérin, Executive Secretary

Secrétariat of the IAG

5 Place Ville-Marie, Suite 200
Montreal, Quebec
CANADA H3B 2G2
Tel : +1 514 861 0583
Fax :+1 514 397 1651
e-mail: secretariat@gic-iag.org

International Advisory Group
Chad-Cameroon Petroleum Development and Pipeline Project

September 28, 2001

SUMMARY
REPORT OF MISSION TO CAMEROON AND CHAD
19 JULY TO 3 AUGUST, 2001

INTRODUCTION

The International Advisory Group for the Chad-Cameroon Petroleum Development and Pipeline Project (IAG), made its first working visit to Cameroon and then Chad from July 19 to August 3, 2001. During this stay, which led it from Douala to the oilfields of Doba and to N'djamena, the IAG held more than 50 meetings with individuals, officials, groups and institutions. This Report is based on information gathered from these meetings and that which was available to us at the time of our visit.

GENERAL OVERVIEW

The Chad-Cameroon Petroleum Development and Pipeline Project will inevitably lead to profound changes in both countries, particularly in Chad. There is a flagrant discrepancy between the operating consortium's capacity for action and the means available to the Governments and their populations to manage, regulate, even influence the course of the project and gain maximum benefit from it. The slow implementation of programs to support administrations, civil society and the private sector, only emphasizes the gap between the means of the various parties.

Cameroon

The main challenges of the project for Cameroon involve control over non-negligible environmental risks resulting from construction and operation of the pipeline including the section off the coast, management of social impacts on communities and the possibility of the private sector benefiting from the economic opportunities.

Chad

In Chad, the project constitutes a major intervention. It is largely concentrated in a complex rural economy where administrative institutions and economic diversity are expected to change quickly in the near future, due to a series of political and administrative reforms as well as to the oil project.

It is therefore not surprising that the project evokes expectations, concerns and serious controversy at the political, economic, environmental and social levels. Meanwhile, the limited

financial, human and material resources available to the administration for facing these challenges are still cause for concern.

The World Bank

Considered to be a guarantor and a facilitator in a largely privately financed project, the World Bank must face important challenges: presence, flexibility and quick execution, and capacity to ensure that the parties respect their commitments after start-up of operations.

OBSERVATIONS, CONCLUSIONS, RECOMMENDATIONS

This section includes more than forty observations accompanied by conclusions and, when required, by recommendations, some of which are very general while others are quite specific.

Observations are grouped under the five components of our mandate: Capacity Building, Resource and Revenue Management (Economy, Finance, Poverty), Government, Environmental Management, Social Impact and Community Development.

In accordance with our mandate, we have outlined concerns and problems that need to be solved prior to installation of the pipeline and the start of operations. At the same time, we also note the general willingness of nearly all our interlocutors to address these concerns in order to contribute to the project's success as an instrument for development. We observed that follow-up and control structures are progressively being implemented and, in particular, we recognize the high professional quality and commitment of the persons responsible for these various structures.

Our six main concerns during this first working visit can be summarized as follows:

- the "two-speed" pace of advance between the consortium, on the one hand, and the public administrations and civil society on the other, and the discrepancy between their capacities;
- the risk of creating an industrial enclave that is detached from political and social realities in the two countries.
- the importance of ensuring the security of the populations with respect to project impact and to their relationship with public administrations;
- the absence of effective communication or dialogue between interested parties;
- the importance of the regional development plan for the Chad oilfield region;
- the urgent need to implement all preparations for managing the oil revenues that are expected to flow by the end of 2003.

FOLLOW-UP

The IAG will continue to focus on the subjects outlined in this report. We will return to Chad and Cameroon during the second half of November. We will notify in advance which subjects we will be dealing with during our next visit and will welcome suggestions. We will also be looking to develop and maintain a communication network to keep us as informed as possible.