

# **Chad – Cameroon Petroleum and Pipeline Project**

## **ICR Workshops**

### **Summary**

---

The Bank having decided to make the ICR of the Chad-Cameroon Petroleum and Pipeline project a learning ICR, two workshops took place from the 10<sup>th</sup> to the 11<sup>th</sup> and from the 13<sup>th</sup> to the 14<sup>th</sup> of October 2005 in N'Djamena, Chad and Yaounde, Cameroon in that order.

#### **I – Objectives of the Workshops**

These workshops had as main objectives:

- To permit parties either interested or implicated in the project to exchange their related lived or acquired experiences;
- To draw lessons from these experiences towards not only optimizing performance during the exploitation phase of the project but equally to improve on future projects in these two countries or those financed by the Bank in other countries.

Participants were representatives from the two governments, the consortium of petroleum companies, the World Bank Group, both national and international NGOs, the private sector, trade unionists, parliamentarians, opinion leaders.

These workshops centered around five themes which were presented by various partners and followed by intense debates. These themes were on:

- Technical aspects, including Oil production and sale,
- Environmental and Social aspects,
- Institutional arrangements, Capacity Building and Supervision of the project,
- Economic impacts for the two countries and,
- Petroleum Revenue Management in Chad.

#### **II - General Observations**

In a general manner, the following points stand out from both workshops;

- There was a great mobilization from both countries and the participation of each party was intense,
- If one were to consider the quality of the presentations, the intensity of the debates, the commitment of the participants, one would conclude that these workshops were timely. There was a latent expectation which was henceforth met,
- One of the principal revelations was the preparation and participation of the national NGOs of Chad and Cameroon. They held a preparatory meeting in Yaounde, Cameroon on the 23<sup>rd</sup> and 24<sup>th</sup> of August. The objective was to adopt a common strategy. Apart from the N'Djamena workshop, these NGOs organized from the 6<sup>th</sup> to the 11<sup>th</sup> of October

a forum on “*Social Closure of the petroleum project: the World Bank faced with its responsibilities*”,

- Even though the Bank is the object of a lot of criticism, notably by civil society, all the parties, particularly the NGOs recognized the very important role that the Bank has played within the framework of this project and wish that she remains present and active. With insistence, these NGOs requested that the ICR concept be clarified. To them, this is tantamount to the withdrawal of the World Bank. It is their wish that the supervision of the Bank continues after the ICR,

- Some antagonisms maintained around this project, are essentially due to a communication deficit. These workshops did not only bring to light the fact that the different parties concerned could speak to each other in a polite manner without necessarily agreeing on every point, but more important, the obligation to speak to each other. Both vertical and horizontal communication needs must be met.

### **III - Lessons drawn from each theme discussed**

#### **Technical aspects (Oil production and sale)**

Participants brought out some gains and deficiencies

#### ***Gains***

- Chad is henceforth a country that produces and exports Oil,
- The implementation of the Doba project without disturbance ought to arouse the anxiety for the exploration of Oil fields in Chad,
- The project gave room for the transfer of technology and know-how.

#### ***Deficiencies***

- The drop in the level of production which is being noticed and decried is as a result of among other things, an error in the evaluation of the petroleum fields by the consortium;
- This error of appreciation is seen in the heavy quantity of water during pumping;
- The calculation of the discount is not understood by all the parties. Especially because the present discount is almost three times more than what was originally estimated as contained in the PAD;
- The cost of transportation by pipeline also has to be clarified.

#### ***Lessons learned***

- Even though the technical aspects present some hazards as a result of either geological conditions or market uncertainties, the consortium has to be more transparent and communicate more so as to wipe out suspicions.
- Projects of this nature ought to be better evaluated, notably by the World Bank so that realizations would be in conformity with the information contained in the PAD.

#### **Environmental and Social Aspects**

Beyond the convergences and divergences observed, the following points stand out in both countries:

- The concept of social closure needs to be clarified. This concept has to go beyond observations and define a referral mechanism for the populations who would disagree with the operators,
- The notion of non compliance and related levels should equally be clarified,
- Interested parties and/or implicated parties in the project should have regular consultation meetings within the framework of a platform,
- An external supervision mechanism like the ECMG type should be extended to all petroleum projects in Chad,
- The World Bank should help the countries to anticipate on the capacity needs for the supervision of environmental and social aspects of big projects,
- A mechanism to accompany the populations should be put in place to ensure that they make good usage of compensation received,
- Provisions be made in the EMP of future projects for a mechanism for resolving non-anticipated problems.

### **Institutional arrangements, capacity Building and Supervision Aspects**

- The institutional framework put in place has allowed for the preservation of the interests of the countries,
- Structures such as the National Coordination in Chad or the Pipeline Steering and Monitoring Committee (PSMC) in Cameroon are more effective if they are lodged at the level of the Prime Ministry or the Presidency of the Republic so as to play more effectively the role of inter-ministerial structure.
- Capacity building projects should continue and even intensify in order not only to permit a better supervision of the exploitation phase but equally to facilitate a better follow up of future projects,
- For a better supervision and evaluation of the project, it is strongly recommended to have baselines notably on the social level,
- Communication has to be reinforced between the parties and particularly between Government and the Civil Society and between the Consortium and the Civil Society. On this subject, it was suggested that a permanent consultation platform be put into place,
- Civil Society should be involved as much as possible in some of the capacity building programs,
- Governments do not only have to anticipate on their capacity building needs, but they have to use in an optimal manner capacity acquired within the framework of the project.

### **Economic impacts of the Project**

- The economic gains of the project are undeniable both on the micro and macro economic levels. But these gains are only implied, therefore the need to conduct a study to permit the bringing out of more precise indications.
- The two Governments with the assistance of the World Bank ought to be able to capitalize on the opportunities offered by the optic fiber cable placed along the pipeline route by the consortium,
- Within the framework of future projects, there ought to be more and more consultation between Government and the Private sector so as to capitalize on the opportunities offered to national economic operators,

- The project revealed the lack of competitiveness of some local enterprises. They have to draw lessons and better organize themselves for future projects. The notion of competitiveness ought to be a permanent preoccupation of enterprises.

### **Petroleum Revenue Management**

Debates on this issue were some time stormy. It came out that:

- Communication and information sharing has to be reinforced so as to permit a better understanding of the content and the implementation of the Petroleum Revenue Management Law
- The Civil Society would not want some provisions of the law amended as foreseen by the Chadian Government. To NGOs, if the law has to be amended, the amendment has to be based on extending the existing law to all petroleum fields in Chad.
- Within a very short period of time, the *College* has proven itself, but its recommendations have to be applied,
- The reinforcement of public administration notably those in charge of managing public finances is an absolute necessity.

### **IV - Conclusion**

Three strong messages emerged from the two workshops in Chad and in Cameroon:

- Communication and Information sharing should be improved,
- The social impact of a project such as the CCPP should be clearly designed and closely monitored particularly the need of populations affected by the project,
- The Government monitoring/supervision capacity as well as civil society capacity should be properly strengthened as much as possible before the project begins.