

Local Business Development

Since construction started, the Project has purchased over 445 billion FCFA (\$684 million) in goods and services from Chadian and Cameroonian businesses. Overall Project spending with local businesses this quarter continued the downward trend that began at the end of 2002. The decline corresponds to the level of construction activity, which has dropped sharply with the completion of the pipeline and several other Project facilities.

Total expenditures with Chadian and Cameroonian suppliers in the second quarter of 2003 were 48.7 billion FCFA (\$74.9 million), down by about 3% compared to the previous quarter.

- In Chad, Project spending with local businesses increased by 22% this quarter to 31.5 billion FCFA (\$48.5 million).
- In Cameroon, Project spending with local businesses dropped by 30% this quarter to 17.2 billion FCFA (\$26.4 million).

Cameroon



These two men have opened roadside shops in Koman, Cameroon, near Pump Station 2. They financed their businesses using wages they earned as temporary Project construction workers. Their stores provide grocery and other items to the village, where people once had walked many kilometers to obtain basic items such as tea and rice. Timothy Koulangna (left) worked five months as a brush cutter and general workman. In addition to financing his shop, he

was able to buy seven goats and two oxen to help him work his fields. André Baba (right) worked for a total of three months. In addition to financing his shop, he paid for schooling for his son, and bought a motorcycle and two oxen.



Capacity building efforts came to fruition this quarter and a Douala-based company passed inspection to begin disposing of solid hazardous waste generated by the Project in Cameroon. This local business development effort has been underway for many months and helped the company meet the Project's standards for incinerating solid hazardous waste. "The Project has

enabled me to grow,” reports Dieudonné Bogne, General Director of BOCOM International. “At the beginning, my company was only treating oil. But today, we treat oil and do waste incineration. So, we’re growing. I’m buying equipment. I’ve also grown intellectually. I’ve gotten training. So, it’s a big thing for me.”

Chad



Amir Artine (white hard hat) owns a water well drilling company that does work for the Project. His business has grown rapidly since he was interviewed for a Quarterly Report two years ago. “Esso helped us. At first, we weren’t in a position to do this work because we didn’t have the right equipment and the right training. Esso agreed to work with us. They gave us a series of training sessions. They gave us substantial advances, knowing that we didn’t have the capacity,” Artine reports. “The importance of this Project for us, for our company Geyser, is that at the beginning we were a small company. Now we have an investment of 1.5 billion FCFA. We think that’s pretty good for a company that only saw the light of day three years ago.”



Abdelkader Badaoui, the owner of Etablissement ALIF in N'Djaména, has been building furniture for the Project. He says “Since the oil project, we have been working with Esso. It has enabled us to get much more money and to expand the company. The Project has enabled us to hire many more people.”



These local business people are bidders working in collaboration with GTZ, the German development agency that has taken on the job of helping the Project implement its community compensation program in Chad. Dozens of community micro-development projects will be built under the program, each one chosen by the local community through a consensus-building consultation process. In this case the bidder conference is being held in the village of

Bolobo II, where a new brick school will be built to replace the community's thatched-roof, open-sided classroom. (For more on this micro-development project see the section on *Compensation*.)

Context:
Oilfield Area
Agricultural
Initiatives

Although the Project has the potential to reshape the economy of Chad, experts agree that agriculture will remain the primary livelihood for most of the Chadian people. For that reason, a number of agricultural development and improvement programs are underway in southern Chad.



One of the most extensive of the Project's agricultural improvement initiatives is the local business development outreach being conducted by the catering contractor for most of the Project's construction camps in southern Chad. The contractor, CIS, estimates that it purchases about three-fourths of its food supply locally. A primary source has been the agricultural cooperatives it helped develop by bringing in agronomists to work with local farmers. CIS spent 197 million FCFA last year with 20 cooperatives established through the program. The cooperatives include 800 farms and benefit an estimated 8,000 people. Now that the program has matured, the contractor continues its support by supplying seeds, training, and advice.



The Project provides several alternatives to households eligible for resettlement. One popular option is the improved agriculture training program, which is aimed at helping farmers improve crop yields from their remaining land as an alternative to moving. The organization ORT, an NGO under contract to the Project, provides training and on site advice, and helps organize grower cooperatives. This improved farm field is located near the village of Madana Natpeur.



In addition to the Project-sponsored agricultural development programs, other agencies have been working to help oilfield area farmers. The NGO Africare has had an eight site model program underway and has recently decided to expand the program to more than 50 locations. This pig farmer operates one of the model sites. The project has been financed by the International Finance Corporation (part of the World Bank Group) and Africare to help local farmers take advantage of market possibilities arising out of the Project.

◀ Project Spending with Local Businesses

	3rd Qtr 2002	4th Qtr 2002	1st Qtr 2003	2nd Qtr 2003	Qtrs 1 to 2	Project to Date
Chad	32.9 billion FCFA (\$50.6 million)	27.2 billion FCFA (\$41.8 million)	25.7 billion FCFA (\$39.6 million)	31.5 billion FCFA (\$48.5 million)	22%	209.0 billion FCFA (\$321.5 million)
Cameroon	32.6 billion FCFA (\$50.1 million)	31.6 billion FCFA (\$48.6 million)	24.6 billion FCFA (\$37.8 million)	17.2 billion FCFA (\$26.4 million)	-30%	236.2 billion FCFA (\$363.4 million)
Project Total	65.5 billion FCFA (\$100.7 million)	58.8 billion FCFA (\$90.4 million)	50.3 billion FCFA (\$77.4 million)	48.7 billion FCFA (\$74.9 million)	-3%	445.2 billion FCFA (\$684.9 million)

This table was prepared using the latest available data. Data for previous quarters has been updated to include late reported data.

◀ **Trend of Total Project Spending with Local Businesses Compared to Project Activity (Indicated by Total Project Workers on the Job)**

