

CAO PROGRESS REPORT

*Chad/Chad-Cameroon Pipeline-03/Chad
September 2016*

Background to the Complaint

The Chad-Cameroon Petroleum Development and Pipeline Project was launched in October 2000 and consisted of the construction of a 1070 km pipeline to transport crude oil from three fields in southwestern Chad to a floating facility 11 km off the coast of Cameroon. Tchad Oil Transportation Company (TOTCO or the consortium) - a special purpose company incorporated in Chad as a joint-venture between affiliates of ExxonMobil, PETRONAS, Chevron and the Government of Chad, owns and operates the Chadian portion of the pipeline.

In October 2011, Groupe de Recherches Alternatives et de Monitoring du Projet Petrole Tchad-Cameroun (GRAMPTC), in collaboration with six other organizations, filed a complaint to the CAO on behalf of local farmers and other community members affected by oil development and production and the pipeline. The complainants highlighted a number of alleged environmental and social issues relating to poverty exacerbation, the reduction of arable land, loss of livelihood, land and water pollution, inadequate compensation and the lack of adequate monitoring and assessment mechanisms. The complainants are located on the Chadian side of the project and their concerns relate to the Chadian project sponsor, TOTCO and the associated upstream development.



Community members meet with CAO in southern Chad.

CAO Action

Eligibility and Assessment

In January 2012, the CAO found the complaint eligible for further assessment. During the CAO assessment, affected community representatives and Esso Exploration and Production Chad, Inc. (EEPCI) agreed to engage in a consensual dispute resolution process, and ground rules governing the process were discussed and agreed. This is captured in CAO's Assessment Report (also available on CAO's website at www.cao-ombudsman.org).

Preparing for dialogue

Following the assessment, CAO initiated and completed a community awareness program to inform community members and local stakeholders about the agreement to seek negotiated solutions in May 2013. The CAO mediation team has worked extensively with the parties and more particularly the affected community representatives to ensure they have the requisite capacity to participate in the mediation process. This has included the provision a comprehensive negotiations skills training. Further, a group made up of moral observers has been formed, consisting of senior clerics representing the main faiths of

the region and a Canton leader, to observe and accompany the process.

In April 2013, the parties drew up an official categorized agenda of issues for negotiation and a tentative itinerary within which to complete the work. Five priority sectors were identified:

- Land use by EEPCI,
- Compensation,
- Access to jobs and in-migration of people,
- Environmental impact,
- Insufficient concrete signs of sustainable development.



NGO and EEPCI representatives accompany a complainant to the field in the context of one of the individual complaints.

The dialogue process

Since July 2013, regular plenary sessions have been held to discuss the issues identified in the complaint. In plenary, the parties shared their knowledge and perspectives about the

identified priority sectors. With the CAO acting as facilitator, these meetings gave the consortium an opportunity to detail further how it operates and implements its commitments on the ground. The complainants had an opportunity to share the findings of their field-based studies and household surveys. Further, future working arrangements were discussed.

Two sub-committees were created to examine the complaints, conduct in-depth field surveys. The two (socio-economic and environmental) subcommittees operated simultaneously: one focused on individual and collective complaints; the other on environmental issues.

For more than two years, the socio-economic subcommittee examined individual compensation claims and community compensation claims. The sub-committee examined each individual compensation claim and drew related conclusions. Where necessary, with the CAO acting as facilitator, members of the joint subcommittee visited, repeatedly in some cases, sites where complaints were made to observe the facts and the situations, and identify their exact location. The sub-committee members then examined and discussed the collected data, and the consortium's databases and archives were used to analyze each specific situation.

Decisions and recommendations about most individual compensation questions that were addressed using this survey-based approach in the field were mutually agreed by the members of the sub-committee.

The subcommittee in charge of community complaints was able to establish a shared diagnosis of community requests related to infrastructure or development, based on information about the consortium's initial consultation process and about activities implemented to date.

As far as the subcommittee in charge of environment is concerned, experts hired jointly by the parties were able to examine, based on opposing expert reports, various environmental issues raised in the complaint.

In one specific case, a specialist was hired to carry-out technical studies and offer an opinion on the best way to address issues raised in the complaint.

Current Status

As the dialogue is nearing its end, a number of field visits are planned in 2016 to address outstanding questions, and to support the parties as they are seeking final agreement. After the dialogue process worked to establish a joint basis of understanding regarding the issues raised in the complaint, negotiations aimed at reaching a mutually acceptable settlement were initiated in early 2016, including on the question how to continue the successful practice of working together to seek solutions jointly to identified problems, independent of CAO, in future.