

OFFICE MEMORANDUM

DATE: November 7, 2012

TO: Ms. Meg Taylor, Compliance Advisor/Ombudsman

FROM: Rashad R. Kaldany, CGIVP

EXTENSION: 36787

SUBJECT: CAO Assessment Report: Complaints Regarding the Chad-Cameroon Pipeline Project in Chad (IFC Project #11125)

Thank you for providing us with your Ombudsman Assessment Report on the Chad-Cameroon Petroleum Development and Pipeline Project in Chad. We appreciate having had the opportunity to provide information to the CAO team prior to their visit and to be able to provide comments on the subsequent assessment report.

Since construction of the project began in 2000, IFC has been consistently monitoring the project with the help of an independent environmental and social expert, the consulting firm of D'Appolonia of Italy, known as the External Compliance and Monitoring Group (ECMG). We are therefore aware of the issues raised by the NGOs on behalf of the communities and have been working with TOTCO and the oil field operator, Esso Exploration and Production Chad Inc. (EEPCI) to address community concerns and grievances over the years.

IFC is pleased to learn from the CAO that all parties involved in this case have agreed to engage in a voluntary dispute resolution process, wherein the CAO will continue to work with the parties and help design a process that will assist them to jointly find collaborative solutions to some of the issues raised. Our view is that setting the ground rules to guide the process is the key challenge to this task, given the range of issues that has been raised and the diverse views that the various stakeholders may have formed over the long history of the project.

Regarding the complaints of the communities, it is our view that long-standing cases involving individuals, households and specific communities may need to take priority as these present the best opportunities for resolution under the CAO's efforts. Broad-based issues such as lack of public social services, decline of agricultural productivity, and regional development plan using 5% of oil revenues, are complex issues which would be difficult to measure and resolve in an objective and equitable manner, given the absence of reliable baseline information. These present a greater challenge and will likely require more extensive methods and expertise from external resources as well as the involvement of local and national government authorities.

We also suggest that, in the course of resolving the complaints of the communities, the CAO looks at developing a grievance mechanism that can be supported by all stakeholders. Whilst such mechanisms are already currently in place, results are mixed and the CAO may wish to review these to determine where there are weaknesses, where improvements can be made, and how these can be consolidated to simplify the process for use by the communities and other stakeholders, while enhancing the efficacy of the mechanism.

We welcome the opportunity to further discuss this response with the CAO team, if such discussion will prove to be helpful. Should IFC's participation be required in the Ombudsman process that will take place, IFC, in general, and the project team, in particular, are prepared to assist at the CAO's request.

Cc: Messrs/Mmes. Sheahan, Gouarne, Duhem, Bulmer, Mahidhara, Rahill, Crist, Rabarijohn, Dermendjieva, Reyes, Orellana, Baird, Chan