

MEDIATION PROCESS
CHAD-CAMEROON PIPELINE PROJECT

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE KRIBI FISHING COMMUNITY
Acting collectively under the CDDM + 10 Fishermen
Cooperative

AND

COTCO

Between,

The 11 fishing villages in Kribi involved in the complaint, acting as a collective under the CDDM + 10 Fishermen Cooperative, and represented by Mr..... duly mandated for these purposes, holding National ID #..... issued on.....

in and attached to this Memorandum of Understanding.

And

The Cameroon Oil Transportation Company S.A. (COTCO), a Cameroonian limited liability company headquartered at 164 rue Toyota (Rue 1.239), Bonapriso, B.P.3738, Douala, Republic of Cameroon, represented by its Chief Executive Officer, Mr. Johnny Malec, hereafter referred to as "COTCO"

Together referred to as "the Parties"

Preamble:

Residents from the 11 following fishing villages in the Kribi area: Nlende – Dibe, Bongahéle, Luma, Lobe, Eboudja (I and II), Ndoumale, Mboamanga, Bwambe, Ebome, Mbekaa and Bongandoue filed a complaint against the Chad-Cameroon Pipeline Project with the World Bank and the International Finance Corporation (IFC) who financed the project. These communities allege that they have been directly affected by the oil drilling and pipeline project between Chad and Cameroon, which has had an impact on fishing activities and therefore on the local economy.

The CAO (Compliance Advisor Office) was tasked with helping resolve this complaint through mediation. The choice was made to seek a dialogue among the Parties with the assistance of CAO mediators in order to find solutions to issues raised.

Following several discussions in the presence of representatives of the following nongovernmental organizations (NGOs): RELUFA, CED and CARFAD, the Steering and Pipeline Monitoring Committee, and the CAO, the communities of the 11 relevant villages and COTCO jointly decided to close this case under the terms outlined below:

Article I:

This Memorandum of Understanding provides for the final and comprehensive settlement of any complaint filed by the 11 villages and related to environmental and social impacts of the Chad-Cameroon Pipeline Project on fishing activities in Kribi and economic losses incurred by these populations.

ARTICLE II:

The Parties hereby agree that the case filed by the 11 villages is closed through implementation of their respective commitments described below.

II.1. Commitments of the Fishing Community

When creating the Kribi Fishermen Cooperative (CDDM+10 Fishermen Cooperative), representatives of said Cooperative committed to:

- Provide funding for the sensitization and mobilization of fishermen (see Annex to this Memorandum)
- Provide funding for logistics and coffee breaks for workshops held to draft the technical documents of the Cooperative.
- Provide funding to prepare and hold the constituent general meeting of the Cooperative.
- Secure the site and installations of the cold chamber, the fuel bunker and the fishermen shop.

These commitments made by the fishermen must be executed by October 31, 2016 to allow COTCO to implement its own commitments and close the case.

II.2. COTCO's Commitments

As soon as the Fishermen Cooperative is created and operational, COTCO commits to:

1. Transfer to the above-mentioned Cooperative the rest of the equipment required to bring it to the norms of the unit in charge of security in the high seas. This includes:
 - the transfer of remaining supplies to paint the canoes, i.e.:
 - 33 SIGMA cans, 7238 S'RINE, 48 20 liter BLEU RAL 5015
 - 33 SOL cans, PRIM 696, 25 kg CHAMOIS
 - 23 SIGMA 2005 cans, 5 kg THINNER
 - 22 flat paint brushes with wooden handles, reference 37060.
 - provision of a heat lamination machine and accessories to make badges;
 - provision of a machine to produce license plates and a drill to install them.
2. Under the project to create a Kribi Fishermen Cooperative, COTCO commits to support the following items related to the start-up and operation of the Cooperative:
 - Fund the work of an expert consultant for the project. He will be tasked with preparing the technical documents for the creation of the Cooperative, as well as training its members. He will also support and assist the creation of the Cooperative;
 - Cover the proposed estimated cost of the cold chamber.

- Provide the initial stocks of the Fishermen Shop.
- Resupply the shop if it is properly managed (measurable results and needs)
- Contribute to the working capital, based on a review of the comprehensive budget proposed by the fishermen and for a realistic fund management period until it can be replaced by sales of the cooperative;

ARTICLE III

The Parties state that they have freely reached this agreement, with full knowledge of the evidence, and commit to implement it in good faith and to give it the effects enshrined in the Civil Code about transactions.

Therefore, they request and authorize the CAO to:

- Close the case and monitor the implementation of these commitments made by the Parties as described in this Memorandum of Understanding
- Transfer generated results to the Tripartite COTCO/CPSP/NGO for capitalization, with the CAO as observer.

Representative of the Fishermen's Cooperative

COTCO