

Local Business Development

The Project spent nearly 30.6 billion FCFA (\$47.1 million) purchasing goods and services from Chadian and Cameroonian suppliers during the fourth quarter of 2003.

The amount spent this quarter continues a downward trend that coincides with the transition from the construction phase to the operations phase. The Project's total expenditures with local businesses in the fourth quarter fell nearly 16% as compared to the previous quarter.

- Project spending with Cameroonian businesses dropped from the third quarter to the fourth quarter but the downward trend slowed as compared to the sharper drops that took place in late 2002 and early 2003 following the completion of major construction activities. Spending with local businesses in Cameroon dropped by 9% in the fourth quarter to 13.1 billion FCFA (\$20.2 million).
- In Chad the intense economic activity of the construction phase began later and is thus ending later than in Cameroon. However, the drop in Project spending with local businesses has been accelerating during the last two quarters of 2003. Project spending with local businesses dropped by 20% in the fourth quarter to 17.5 billion FCFA (\$26.9 million).

Local Business Case Studies: Post Construction

As indicated, the Project's requirements for locally provided goods and services have significantly declined as the construction phase nears its end. The case studies in this section visit businesses used by the Project to examine the questions: How are local suppliers coping with the drop in business? How well did the business owners follow the Project's advice to be prepared to shift gears when the high level of economic activity associated with the construction phase comes to an end?

Most of the following case studies involve return visits to businesses whose stories appeared in previous Quarterly Reports. As expected, all of the contacted business owners reported their business has fallen off since they were last interviewed. Some owners are still searching for ways to leverage their gains from the construction period. However, in general, the business owners contacted report that they have developed new post-construction business opportunities using the profits, skills, and reputations they gained through their work with the Project.



Jean-Pierre Jahengue, owner of Eagle Construction & Contractors, says he began with almost nothing and was poor, but he now operates a thriving business in Kribi, Cameroon. He started by landing a small catering contract with the Project at the beginning of construction. Building on the proceeds from that initial work, he was able to secure other contracts and go on to build a major relationship with the Project. He now owns a fleet of trucks and an assortment of construction equipment and he has enough business to retain 69 permanent employees from his peak of 300 workers during the construction phase. Recently, he began construction of offices at a new location (top). At this location, he has started diversifying his business by establishing a furniture factory that houses used, industrial-quality woodworking equipment imported from France (bottom). According to Jahengue, the standard of living of his employees has improved because they now can afford to get married, support their families, and build houses.



Couture Itallienne owner Esther Ngonzo says she expected the fall in business after the Project's construction work was finished in the B elabo, Cameroon area. With that in mind, the seamstress planned ahead to expand her business in the local community. She connected with the Project three years ago by securing a contract to make coverall uniforms. From her beginning as a one-person shop, she has now built her business up so that she has half a dozen employees and she has had to rent a second shop stall adjacent to her main location so she can have enough workers and sewing machines to be able fill all her orders. She says, because of her contracts with the Project, she has been able to provide education and health care for her children. In addition, Ngonzo reports that she has had a house built for herself and she has also opened a restaurant since the last time she was interviewed.



Also in B elabo, the exterminator business CPLAV (Centre Promotion de Lutre Anti-Vectorelle), has downsized its business. CPLAV had to leave behind the large office they had rented during the peak of their work with the Project and move to a smaller location, although it is still not as small as the tiny cubicle where the business began. Business administrator Jean-Pierre Mpeck reported that the owner of CPLAV, his brother, was away working on ways to expand their business outside the B elabo area. He indicated that they have been getting some business from local people who, because of their exposure to the Project, are now more educated about the importance of ridding their homes and businesses of insects and other vermin.



In Moundou, Chad, the repair and fabrication business ECFM provided machine repair services to subcontractors who worked for the Project's main contractors during the construction phase. To cope with the fall off in business in the post-construction period, ECFM has opted to go into manufacturing. Director of sales Paulin Masuaku says he has identified two promising markets — agricultural equipment and ice machines. He believes people really want ice machines in subtropical Chad, and they also need tools to work their fields. The yellow machine with wheels (top) is a prototype of a combination harrow and seed planter designed at ECFM. Masuaku and fellow employees check a test run of blocks of ice (bottom) made in a prototype machine on a day when midday temperatures reached 38 degrees Centigrade (100 degrees Fahrenheit).



The businesses 3A and Encobat in Moundou, Chad, have been very active suppliers of construction services and hardware to the Project throughout the construction phase. Owner Ali Ahmat Ali reports that sales have declined lately, but he believes the decline is only natural because the construction work has nearly ended. He says his business has grown thanks to its contracts with the Project. The Project work has increased his companies' expertise in importing goods, marketing, and construction. Ali says he has built up capital to go forward with and he is confident about the future. As to specific plans, he has shifted his emphasis to the construction side of his business with an eye to getting government contracts as oil revenues are allocated for development projects in the oilfield area. At one point during construction, Ali put 100 people to work at least on a temporary basis. His permanent staff has grown to 20, four times the staff of five he had when he began working with the Project.

Annual Summary: Local Business Development

Since construction started, the Project has purchased over 512 billion FCFA (\$788 million) in goods and services from Chadian and Cameroonian businesses.

Project spending has been declining in recent quarters and is headed towards a much lower steady state level that should continue for the projected 25 to 30 year life of the Project. Based on the results of independent economic impact studies, this long term level of economic activity generated by ongoing Project purchases of goods and services from local suppliers will have a significant positive effect on the economies of Chad and Cameroon. (For information on a recent study of the Project's effect on the economy of Chad, see the *EMP Monitoring & Management* section of this report. For information on a similar earlier study of the Project's effect on the economy of Cameroon, see Quarterly Report #7 for the second quarter of 2002.)

◀ Project Spending with Local Businesses

	1st Qtr 2003	2nd Qtr 2003	3rd Qtr 2003	4th Qtr 2003	% Change Qtrs 3 to 4	Project to Date
Chad	25.7 billion FCFA (\$39.6 million)	31.5 billion FCFA (\$48.5 million)	21.9 billion FCFA (\$33.7 million)	17.5 billion FCFA (\$26.9 million)	-20%	248.4 billion FCFA (\$382.1 million)
Cameroon	24.6 billion FCFA (\$37.8 million)	17.2 billion FCFA (\$26.4 million)	14.4 billion FCFA (\$22.1 million)	13.1 billion FCFA (\$20.2 million)	-9%	263.7 billion FCFA (\$405.7 million)
Project Total	50.3 billion FCFA (\$77.3 million)	48.7 billion FCFA (\$74.9 million)	36.3 billion FCFA (\$55.8 million)	30.6 billion FCFA (\$47.1 million)	-16%	512.1 billion FCFA (\$787.8 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 (As Indicated by Total Project Workers on the Job)**



