

Local Business Development

Long term contracts have been awarded to local vendors who will provide catering, vehicle parts, and road maintenance services to the Project in Chad. The Project spent 29.2 billion FCFA (\$45 million) purchasing goods and services from Chadian and Cameroonian suppliers during the second quarter of 2004. Total expenditures with local businesses in the second quarter were nearly equal to the previous quarter.

- Project spending with Cameroonian businesses dropped by 11% in the second quarter to 8.5 billion FCFA (\$13.1 million), continuing a declining trend that began in 2003 following the end of construction in Cameroon.
- In Chad, where construction work continues but is coming close to completion, the Project's local business spending rose slightly, by about 4% compared to the previous quarter. Project spending with local businesses increased to 20.7 billion FCFA (\$31.9 million).

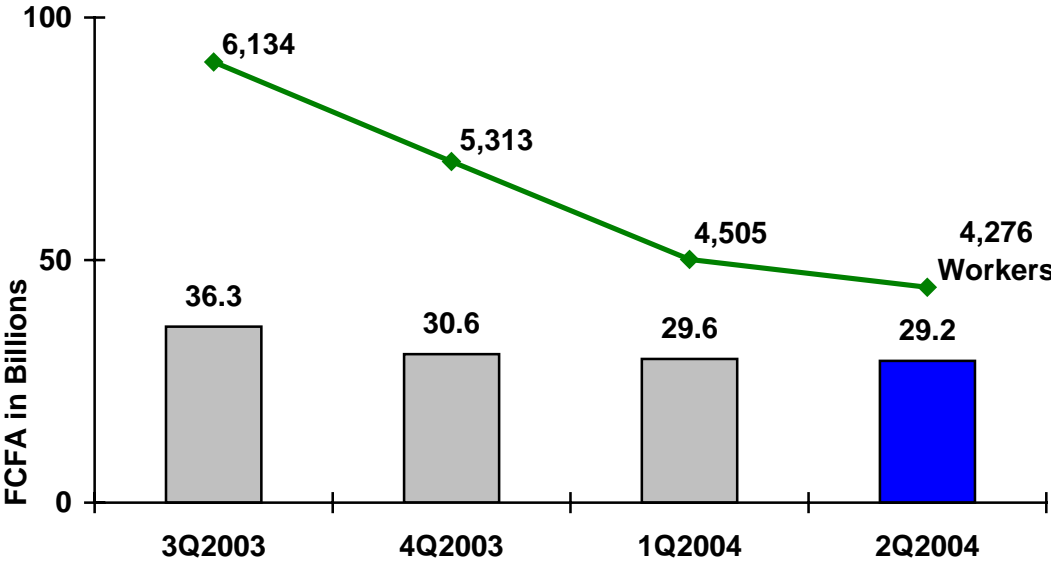
◀ Project Spending with Local Businesses

(In Billions of FCFA and Millions of US Dollars)

	3rd Qtr 2003	4th Qtr 2003	1st Qtr 2004	2nd Qtr 2004	Qtr-Qtr Change	Project to Date
Chad	21.9 FCFA (\$33.7)	17.5 FCFA (\$26.9)	20.0 FCFA (\$30.7)	20.7 FCFA (\$31.9)	4%	289.1 billion FCFA (\$444.7 million)
Cameroon	14.4 FCFA (\$22.1)	13.1 FCFA (\$20.2)	9.6 FCFA (\$14.8)	8.5 FCFA (\$13.1)	-11%	281.8 billion FCFA (\$433.6 million)
Project Total	36.3 FCFA (\$55.8)	30.6 FCFA (\$47.1)	29.6 FCFA (\$45.5)	29.2 FCFA (\$45.0)	-1%	570.9 billion FCFA (\$878.3 million)

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

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



Long Term Local Contracts

As the Project’s procurement group moves forward with long term production phase contracts, it has emphasized the importance of involving local companies. Bid packages often specify that expatriate companies seeking contracts are required to partner with local companies in order to be successful bidders.



Chadian construction company GER has won the bid for the production phase road maintenance contract and they have started work, after an extensive briefing program to learn how to comply with the Project’s safety, health, and environmental requirements.



As the quarter was ending, a partnership between the Chadian company SENEV and the construction phase catering contractor CIS won the production phase catering contract competition. CIS Country Manager Phillippe Pichon (center) is shown with SENEV Director Yaro Wangba (left) and SENEV Site Manager Awad Mahamat (right) in a dining hall kitchen, coordinating the start-up of the contract.

In other cases, local companies are winning long term contracts on their own, without partnering with expatriate companies. This auto parts store and import business in Moundou has just won the long term contract to provide parts for Project vehicles. Abderaman Issa, owner of Etablissement Taiwan, says a big part of his success has stemmed from building on the Project business he garnered during the construction phase, experience and income that allowed him to improve his import systems, move to a bigger store, and add a warehouse.





Construction continues in the oilfields and local contractors continue to pick up business even at this late stage of the construction phase. Izadine Maazal, General Manager of the Chadian company Babalkher, says he and his father began by renting trucks and other equipment to the Project. Noting that additional resources would speed the work in the oilfields, Project managers opened up opportunities for training and mentoring managers of local companies that might be able to provide the needed help. Babalkher took the opportunity and expanded its construction industry capabilities, winning a contract for laying the corrosion proof fiberglass flow line pipes that convey crude oil from wells to manifolds and gathering stations. Maazal says he has been able to staff this pipeline crew and is about to add another one, so the local contracting also yields additional opportunities for local employment on the Project. The group is celebrating because they had just set a new crew record for the amount of pipe they had laid in one day.



One of the Project's early success stories for local contracting in Cameroon has continued to grow and thrive. BOCOM International owner Dieudonné Bougne began with a small used motor oil recycling operation and with the Project's technical assistance he improved the operation's environmental performance in order to gain the Project's business. Since that time he has moved to a new expanded location in Douala, and added two hazardous waste incinerators, one of them being the largest such device in West Africa. He will soon be able to recycle lead plates extracted from the Project's construction phase batteries. That innovation has led him to install an automated battery recycling system in partnership with a company headquartered in France. The system will be able to dispose of the battery components in an environmentally proper manner at the same time it produces ingots of pure lead that the company will market for sale in Africa and Europe.