

Local Business Development

Project expenditures during the second quarter of 2002 with Chadian and Cameroonian suppliers of goods and services totaled over 60 billion FCFA (over \$92 million), an increase of nearly 14% over the previous quarter.

- In Chad, Project spending with local businesses increased 12% to 27.5 billion FCFA (over \$42 million) due largely to the rising level of construction activity at the central oilfield facility.
- In Cameroon, Project spending with local businesses rose 16% over the previous quarter to 32.6 billion FCFA (over \$50 million).

Context:
Business
Development
Process

Although the details vary from contractor to contractor, the Project follows a basic set of local business development principles. The principles have been described in the Environmental Management Plan and in the contractors' Socioeconomic Action Plans. These principles, which are aimed at maximizing local business involvement in the Project, include the following key points:

- Giving priority to host country subcontractors and suppliers who meet competitive standards of quality, cost, reliability, schedule and payment terms.
- Conducting outreach to recruit host country businesses through advertising, one-on-one contacts, seminars and workshops.
- Identifying and qualifying potential local businesses, registering their qualifications in a searchable database so bid invitations can be given to companies based on their areas of expertise.
- Breaking jobs into smaller increments when possible, so that host country businesses have a better chance to bid competitively and so opportunities can be distributed fairly.
- Monitoring adherence to the Project's EMP and contractor Socioeconomic Action Plans by compiling data on local business development practices.

Local Business Development: Chad



The electrical supply and installation company MED began in 1974 with three employees. Technical manager Haroun Ramat says the company now has 43 permanent employees and 20 temporary employees. Some of its largest clients include Esso and Project contractor TCC.



This foundry, a cooperative of craftsmen located at Moundou, has made arrangements to recycle some of the Project's scrap metal. The 20 members of the Groupement des Fondateurs d'Aluminium de Moundou began working with aluminum a few years ago but now have branched out into other metals. They make cooking pots, craft articles, hoes, and plows. The bellows that fire their forges are animal skin air bags not unlike those used thousands of years ago in iron smelters discovered in the area by the Project's archaeology team.



Quincaillerie de la Mosquée does hardware and import business with many of the Project contractors working in Chad through the company's locations in Moundou and N'Djaména. Manager Ahmat Omar has expanded his business by partnering with foreign companies in Houston and France on large orders to gain the benefit of their financial strength, technical support, and experience working with large pipeline projects.

Local Business Development: Cameroon



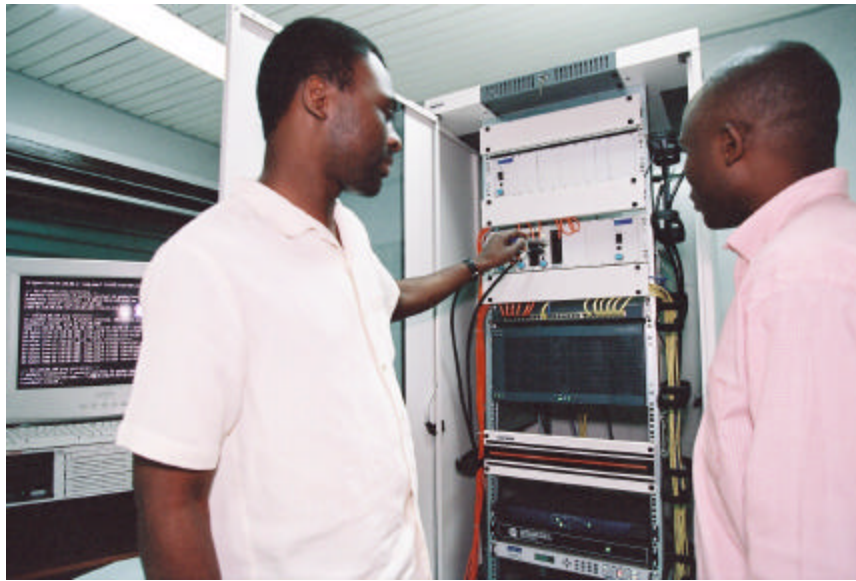
Jean Marie Kamwa owns the carpentry and furniture shop Société Bois-Cam in Douala. He has supplied approximately 500 pieces of furniture to offices and residences of the Project and his shop has doubled its staff to 12 people. According to Kamwa, life is much better for his family because they get regular meals and he has been able to renovate his house and get a tutor for his children after school. He has also been able to buy health insurance for his family.



The temporary employee and payroll company Service Emploi has placed 1,500 people in jobs with the Project. Owner Colette Minka and Director Hubert Nana say that they started with three people in the company in 1997 and that Project work has made it possible for them to expand to 29 fulltime employees. Hubert says they have discovered new ways to manage their business because Service Emploi had to comply with the reporting rules and other requirements set out by the Project.



Valère Tchumtchoua (right) began his company, Cross Consulting, about three years ago, and now has 18 permanent and temporary employees. In this photo he is showing some figures to the Project's coordinator of supplemental compensation, having been hired to perform cost and engineering assessments of structures such as schools and market halls being offered to villages. He says working for the Project has opened new doors of opportunity because people have confidence in him now that he has shown he can do the level of work required by the Project. He is now bidding for a major job with the Cameroonian railroad that would have been beyond his reach a few years ago.



Entrepreneur George Tuma had an Internet services company in New York up until two years ago when he decided to come back to his native Cameroon. Tuma began Douala1.com, a new Internet service provider company, by establishing a direct link to the Internet via satellite and then providing local businesses with Internet connections using microwave links. The company has quickly grown to 25 employees and has been providing supplemental digital communications links to the Project's pipeline contractor and primary links to the national railway company to support Project-related operations. He believes the Project has been a catalyst that has created a legacy of improved technology in many areas for Cameroon.



Owner Jean Pierre Jahengue (right), of Eagle Catering and Construction in Kribi, has been working on several jobs at the Pressure Reducing Station and pipeline construction camps for the Project. He

began his career as a driller, working in a number of African nations, including Cameroon. Eventually he set out to create his own business. He started with no employees when he first began providing services to the Project for the groundbreaking ceremonies in October 2000. Today, he has about 70 permanent and temporary employees, some of them standing with him here at a waste storage building his business built at the Pressure Reducing Station. Jahengue says he has a wife and five children and has sent the two oldest children to school in France. He says his family will never know poverty again because the Project has helped him build a solid business. He believes his business has gained a good reputation by being able to perform Project-level work. He and his workers have also gained essential construction skills, as well as revenue that has financed the purchase of equipment that will serve his business for years to come.

Local Business
Expenditure
Tabulations

◀ Project Spending with Local Businesses

	3rd Qtr 2001	4th Qtr 2001	1st Qtr 2002	2nd Qtr 2002	% Change 1st to 2nd Qtrs	Project To Date
Chad	11.0 billion FCFA (\$17.0 million)	14.1 billion FCFA (\$21.7 million)	24.6 billion FCFA (\$37.2 million)	27.5 billion FCFA (\$42.4 million)	12%	90.6 billion FCFA (\$139.4 million)
Cameroon	20.6 billion FCFA (\$31.6 million)	22.0 billion FCFA (\$33.7 million)	28.1 billion FCFA (\$43.2 million)	32.6 billion FCFA (\$50.2 million)	16%	130.5 billion FCFA (\$200.8 million)
Project Total	31.6 billion FCFA (\$48.6 million)	36.1 billion FCFA (\$55.4 million)	52.7 billion FCFA (\$80.4 million)	60.1 billion FCFA (\$92.5 million)	14%	221.1 billion FCFA (\$340.2 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)

