

Esso Exploration & Production Chad Inc.

Village Impact Quarterly Report

Land Use Mitigation Action Plan

Second Quarter 2011

Prepared by the EMP Department

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Table of Contents

Executive Summary	4
1.0. Village Classification	6
1.1. Land Use Criteria and Trends	7
1.2. Compensated and Returned Land by Land Use Type	9
1.3. Socio-Economic Criteria	10
2.0. Socio-Economic Monitoring	
2.1. Surveys: Status Update	12
2.2. Missimadji: Summary of Findings	14
2.3. Impact Survey: Analysis of Madjo Village	15
2.4. Monitoring Survey: Some Sreliminary Results	16
3.0. 2Q2011 Milestones	17
3.1. Community Compensation: Process and Accomplishment	17
3.2. Basic Business Skills: Another Class Completes Training	19
3.3. The Five Steps of Reflection: A Review of the Procedure Update	20
3.4. Review of the Improved Agriculture Training Program	21
Conclusion	22
Annex 1: OFDA Village Map	23
Annex 2: Village Classification Criteria	24
Annex 3: Missimadji Thematic Maps	27

List of Acronyms & Terms Used in this Report

BBS	Basic Business Skills Training
CRCP	Chad Resettlement and Compensation Plan
CdM	Household Chief (Chef de Ménage)
EEPCI	Esso Exploration & Production Chad Inc (the Project)
Eligible	Generic term to designate an individual that may be eligible to the EMP Resettlement Program.
EMP	Environmental Management Plan
EMP-IS	EMP Information System: manages Land Acquisition, Socioeconomic and Land return data.
ECMG	External Compliance Monitoring Group
HH	Household
HHH	Head of Household
HHM	Household Member. Include the CdM and all its dependents, regardless their age.
IFC	International Finance Corporation
LCC	Local Community Contact
MARP	Participatory Rural Assessment process
NGO	Non Governmental Organization
Potential Eligible	Individual that may be eligible to the EMP Resettlement Program. Analysis must be completed.
Project Footprint	Total area occupied by the project at a given time (e.g. Compensated but not returned land)
True Eligible	Individual eligible to the EMP Resettlement Program.
VLUS	Village Land Use Survey previously called Cadastral survey. Refer to the measurement of every field, fallow & house of households.
WBG	World Bank Group

Executive Summary

The Quarterly Village Report provides information to Esso Exploration & Production Chad Inc (EEPCI) management and the International Finance Corporation (IFC) on the progress made in calculating, analyzing and reducing the EEPCI Oil Project (Project) land use impact on villages and households.

Tracking and analysis of land use impact is the purpose of Village Impact Classification and the "Watch List". The classification follows the movement of a village from one category to another in order to judge the effectiveness of Environmental Management Plan (EMP) Chad Resettlement and Compensation Plan's (CRCP) implementing procedures (e.g. the Land Management Manual) and the system improvements made through the Land Use Mitigation Action Plan (LUMAP) or to signal when ongoing Project land take requires the Project to review the situation and adjust plans as per the Environmental Management Plan (EMP) principles.

The village impact classification (high, approaching high, medium and low) is also used to:

- Improve the targeting of mitigation activities by more clearly defining an OFDA village's specific problems.
- Determine eligibility (actual versus estimated land acquisition) for Supplemental Community Compensation.

The Second Quarter 2011 (2Q11) Village Impact summary:

- 5 High impact villages (Poutouguem, Danmadja, Dokaidilti, Missimadji, Bero)
- 4 approaching high villages
- 6 moderate impact villages
- 15 low impact villages

Basis of the change in Village Classifications for Missimadji and Ndoheuri:

- A Village Land Use Survey (VLUS) was performed at Missimadji. The VLUS uncovered more accurate information regarding the village limit boundaries and population. Missimadji is a much smaller village than was previously understood. The reduced size of the village and the subsequent change in the land use ratio drives changing the village impact rating from Approaching High to High Impact. The details are presented in Section 2.2.
- The decision to use the Missimadji village boundaries as defined through the VLUS process rather than the approximate village limits previously used resulted in changes in the area of certain villages and the distribution of certain Project assets. Overall this has resulted in a number of minor changes in the relative ranking of villages. Ndoheuri was the only other village to change category. Ndoheuri changed from Moderate to Low Impact.

The primary accomplishments of 2Q11 are:

EMP-IS

- Initiated a data collection process for fragmented land parcels.
- Completed the integration of the data from the 2010 Impact Surveys (based on 2010 land acquisition for the Project as well as land return) for a number of villages. The largest village on this list is Madjo. A review of the preliminary results and analysis is presented in Section 2.3.
- Continued integration of the data arising from the Land Return Process, e.g. who is farming land returned and how the land is being used (farmed, fallow, abandoned).

Resettlement Program

- Completed the review of the Five Steps of Reflection Process Improvement Initiative by conducting workshops reviewing and validating the revised process. The improvements will ensure streamlined development of the list of eligible land users, EMP Information System as the source for generating the list of eligibles, understanding of the process by all EMP team members, understanding of roles and responsibilities by all the EMP team members, and a schedule for the execution of the program for the 2012 promotion in fourth quarter 2011. One of the key issues resolved was the procedure improvement to ensure that any Project

affected individual with a productive land base of less than 0.5 cordes per HHM will be offered the opportunity acquire/obtain additional land in order to qualify to the Improved Agricultural Training program.

- All 90 members of the 2011 resettlement promotion completed the post-literacy training portion of the Basic Business Skills training program on June 28th. Overall this program has managed to touch over 1,000 persons, of which only about 30% were actual members of a given year's resettlement class promotion, over the last three years. This initiative is a major outreach success as it has touched a large portion of the OFDA's population.
- The NGO providing the Improved Agriculture Training program, APROFODEL, initiated training for the 90 members of the 2011 promotion in preparation for the rainy season that started in June 2011. Through second quarter, 36.5 hectares (ha) of demonstration parcels have been established.
- The contractor providing the Livelihood Restoration Monitoring survey program, ISM Consult, completed 222 Livelihood Restoration Monitoring surveys. This represents 83.7% of the 265 True Eligible Graduates of the Off Farm and Improved Agriculture Training programs, to date 141 of these surveys have been entered into the EMP IS.

Community Compensation and Supplemental Community Compensation Program

- 4 MARP sessions were held in April in Mambaye, Bedara, Bekia 2 and Bekia 3 resulting in all these communities making a final choice as to their first community compensation. The enhanced process established in early 2011 made it possible to obtain a consensus around the selected option (all four resulted in a unanimous consensual decision). They all chose a Flour Mill as their Community Compensation Project. It should be noted that extensive discussions took place as to the positioning of the flour mills of Bekia 2 and 3 as to avoid excessive competition and in order to ensure that they have a sufficient client base to operate in a viable fashion. The construction of the flour mills in Bekia 2 and 3 were launched late June 2011.
- The flour mill at Morkete village was completed and is in use.
- The 3 Classroom School of Maikeri village is almost completed and the school at Poutouguem is about half way complete. Both school facilities will be ready for the students to begin school in October.

Work Plan for Third Quarter 2011(3Q11)

- Complete the integration of the land use data from all of the impact surveys completed in 2010.
- Analysis of the integrated EMP IS data to determine actual livelihood restoration achieved by Improved Agriculture Training graduates.
- Develop follow-up questionnaire in order to clarify issues that may arise with specific groups of individuals within the previously surveyed (monitoring process) population. The purpose of the questionnaire is to facilitate decision making on whether these individuals would qualify for Reinforcement Training and small equipment grant.
- Analyze results of survey on the level and type of use of Fragmented Land parcels.
- Continue integration and development of the Land Return Surveys.
- Analyze results of Village Land Use (VLUS) Survey at Missidmadji. This survey should give us a more precise idea of the impact we have had on this community and on producers of the eastern part of Begada, who appear to migrate back and forth between the two communities. This survey will provide a starting point for the development of the Site Specific Plan (SSP) for Missidmadji.
- Complete construction of the Poutouguem school and the Bekia 2 and 3 flour mills.
- Survey the OFDA village Community Compensation Management Committees to ascertain their status and if operational their effectiveness. The results of the survey will be used to develop continuous improvement steps for use in future community compensation project work with the village or community project management committees.
- Update the materials used with the eligible HHH during the 5 Steps of Reflection process

1.0 Village Classification

The village classification is calculated using a land use (area of temporary and permanent take) and two socioeconomic criteria (see annex 2 for details). Each criterion classifies a village into one of four categories: High, Approaching High, Moderate and Low. It should be noted that the socio-economic criterion made possible by investigation using the Village Land Use Survey (VLUS) methodology provides a more direct measure of impact, and that this information is continuously upgraded using the data collected through the Impact and Land return Surveys. It shows land holdings per capita and the number of currently non-viable individuals among the total population of the village. For villages where the survey is not completed or is not being implemented, we have had to rely on declarative data collected during land compensation in past years; therefore the criterion becomes individuals made non-viable by Project compared to the population of the village.

Table 1 : Village Classification Last Quarter

Categories	Villages - 2Q11	Villages – 1Q11
High	<ul style="list-style-type: none"> • Poutouguem • Danmadja • Dokaïdilti • Missimadji • Bero 	<ul style="list-style-type: none"> • Poutouguem • Dokaïdilti • Danmadja • Bero
Approaching High (Watch List)	<ul style="list-style-type: none"> • Maïkéri • Ngalaba • Dildo-Bayande • Bela 	<ul style="list-style-type: none"> • Maïkéri • Ngalaba • Bela • Dildo-Bayande • Missimadji
Moderate	<ul style="list-style-type: none"> • Madjo • Mbanga • Benguirakol • Maïnani • Madana Nadpeur • Begada 	<ul style="list-style-type: none"> • Mbanga • Madjo • Benguirakol • Madana Nadpeur • Maïnani • Ndoheuri • Begada
Low	<ul style="list-style-type: none"> • NDoheuri • Kaïrati • Bendo • Mouarom • Meurmeouel • Kome Ndolobe • Miandoum • Morkete • Naïkam • Maïmbaye • Koutou Nya 	<ul style="list-style-type: none"> • Bendo • Kaïrati • Kome Ndolobe • Meurmeouel • Miandoum • Morkete • Mouarom • Naïkam • Maïmbaye • Koutou Nya
Low (Declared low through other processes)*	<ul style="list-style-type: none"> • Bedara* • Bekia 2 • Bekia 3 * 	

Villages in bold have a Site Specific Plan (SSP).

* Villages added to the list may have received a community compensation envelop but may not have lost land to the project. When the resident of a village is impacted by a project even if impacted field is located in another village the village of residence is automatically classified as being in the low impact category and receives the corresponding compensation envelop.

Only one village, Missimadji (Section 2.2), classification increased, from the Approaching High category to the High category, following completion of the VLUS. Other villages changed their relative position some inching forward others downward. As discussed in previous reports these shifts in relative position may be due to new land take or return affecting both the Project's footprint and the number of non viable households.

Ndoheuri's overall classification reduced from Moderate to the Low impact category. This is due to the fact that it was only moderately impacted on a land use basis (last of this category), considered to be in the low category from a socio-economic category and has received its compensation.

As per the LUMAP, a Site Specific Plan (SSP) was developed for the most impacted villages (12 villages). Villages for which an SSP was prepared are presented in bold in Table 1 (page 6). In all SSPs which were completed and fully implemented (8 villages), only low residual impacts remain.

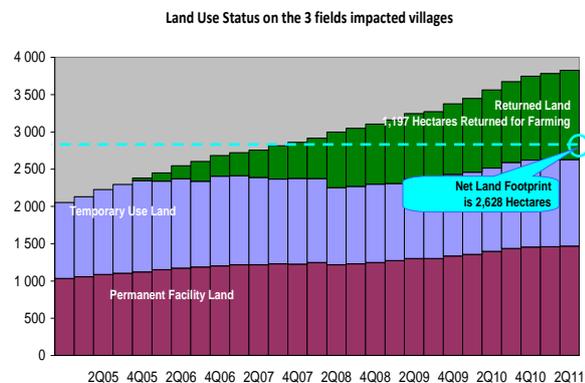
Of the four (4) SSP's that are still in the process of implementation, two(2) should be completed shortly (Maikeri and Poutouguem), as their choice of Community Compensation projects are in the final stages of construction (see section 3.1). For the last two villages concerned with this process (Dokaïdilti and Dildo) we are in discussions to finalize their choice of Supplemental Community Compensation project.

1.1 Land Use Criteria and Trends

From a land use perspective the criterion is the area of the village affected by the project, note that some villages can pass from High to Moderate or Moderate to Low as temporary land is returned, or move up as land is acquired.

As shown in figure 1, the footprint of permanently and still temporarily occupied acquired land (in the three original fields) has again known a slight increase during the 2Q11. Generally speaking the Project's footprint in this area is not changing significantly in spite of the in fill drilling program.

% of permanent + temporary not returned



The land returned is not the only factor that counterbalances the infill land take. The second factor is due to the infill wells being drilled in areas previously drilled. An area already compensated for an initial facility is simply reused for the in fill, if it has not yet been returned, without requiring much additional land acquisition. Using the fault block approach in reclaiming land i.e. postponing reclamation until the work in the fault block has been completed, reduces the risk of wasting top soil by re-acquiring newly reclaimed land. Top soil in the OFDA and elsewhere in southern Chad is a scarce resource.

Villages in the Kome oilfield continue to have the majority of land take due to in fill drilling. The calculation of additional land acquired is not straightforward as new facilities are now

overlapping old facilities. Simple addition or subtraction would compute the same area twice to determine how much land has been acquired or returned (delta column) compared to the previous quarter.

When we consider the information presented in Table 2 we can easily note that the very limited growth in the Project footprint is not only limited to the case of villages located in the three original fields (Kome, Bolobo and Miandoum) but it also reflects the situation of villages located in the newer development areas of the OFDA (Maikeri, Timbre and Nya oil fields).

Between the first quarter of 2011 and the second quarter 2011, 8 villages saw an actual reduction in the Project's footprint on their territory, 6 saw no change and 10 villages were affected by an increase of the Project's footprint.

Table 2: Land Use by Village in OFDA.

Village	Total Village Area (ha)	Maximum land use (ha)	Land use Q1-2011		Land use Q2-2011		Delta (ha)
			%	(ha)	%	(ha)	
Danmadja	480	63.6	13.3 %	63.6	13.0 %	62.2	-1.4
Bégada	2479	348.0	12.7 %	314.3	12.8 %	316.8	2.5
Ngalaba	2118	330.0	13.0 %	276	12.5 %	263.9	-12.1
Béro	5716	664.6	11.6 %	660.5	11.6 %	664.6	4.1
Missimadji	181	60.0	11.4 %	20.7	11.4 %	20.7	0
Mouarom	1352	159.0	10.9 %	147	11.0 %	148.7	1.7
Dokaïdilti	686	157.0	10.9 %	74.8	11.0 %	75.3	0.5
Dildo-Bayande	1887	203.0	9.7 %	182.2	10.0 %	188.3	6.1
Poutouguem	562	62.0	9.2 %	51.9	8.9 %	49.8	-2.1
Béla	2200	225.0	8.9 %	195.5	8.9 %	194.9	-0.6
Maïkéri	1250	112.8	9.0 %	112.8	8.6 %	107.3	-5.5
Mbanga	3068	253.0	7.6 %	232.2	7.6 %	233.2	1.0
Madjo	2148	148.8	6.9 %	148.8	6.8 %	145.5	-3.3
Benguirakol	1053	96.0	5.5 %	58.2	6.4 %	67.8	9.6
Maïnani	1386	86.3	6.0 %	83.6	6.2 %	86.3	2.7
Madana Nadpeur	295	17.0	5.7 %	16.7	5.7 %	16.7	0
Ndoheuri	708	31.0	2.1 %	14.7	3.1 %	21.7	7.0
Kairati	187	6.0	2.9 %	5.4	2.9 %	5.4	0
Meurmeouel	1126	22.0	1.9 %	21.8	1.9 %	21.4	-0.4
Naïkam	1445	28.0	1.4 %	19.8	1.5 %	21.1	1.3
Miandoum	4061	62.0	1.4 %	57.3	1.4 %	56.5	-0.8
Bendo	761	17.0	1.2 %	9.1	1.2 %	9.1	0
Komé Ndolobe	2441	81.0	1.0 %	25.2	1.0 %	25.2	0
Morkété	444	7.0	0.1 %	0.5	0.1 %	0.5	0

As the Impact and Land-Return Survey processes become fully operational, identification of the impacted land users will be calculated in real time. As part of the present work calendar, the Impact Survey data should be integrated into the system by the end of the third quarter at which time the Project should be able to make full use of the data. To date, this task has been completed for a number of villages. Section 2.3 highlights the impact of this updated information on the situation of the villagers of Madjo. Full integration of the data gathered as part of the Land-Return Survey process will probably not be possible before the end of the year.

If we consider the maximum land use, the Project has had in each village we find that in 22 villages out of 24, on which such data is presented in the table, the Project has actually reduced its footprint in relation to its land use peak. In the two other villages, the Project is presently at its maximum land use level. It should be noted that although 8 villages have seen the project's footprint increase, on a quarter to quarter basis, in the case of 6 of these villages the Project has returned more land over the last few years than it is presently taking. This is the case for Benguirakol and Ndoheuri which experienced the most activity during the second quarter.

As the integration of impact survey data is completed, all impacted individuals who are deemed to have been made non-viable by the Project or who were already non-viable before being impacted by the Project will be integrated into the roster of the 2012 Resettlement Promotion.

As we forge ahead to complete the integration of the tools and processes developed under the LUMAP into the daily routine of the EMP Socioeconomics Section, we have also undertaken a complete review of the processes leading to and including the Five Steps of Reflection (see section 3.3). This review will bring about a further integration of all of the EMP team members involved in the process such as the Local Community Contacts (LCC), the Socio-economic Monitors, EMP IS System Administrators and Database Specialists, the survey teams (Synergy, Impact, Fragmentation and Land Return), Socioeconomic Advisor, and EMP Socioeconomics Supervisors, LUMAP Project Managers and the resettlement and community compensation contractor management firm (ISM Consult). Our goal is to further enhance the interconnection between the various players and ultimately improve relations with the communities and eligible individuals to seamlessly deliver the Five Steps of Reflection Process sustainably over time.

1.2 Compensated and Returned Land by Land Use Type

This section presents the compensated and returned areas. Table 3 shows the current portion of each Land Use Type out of the total Compensated Land. The "Returned" column shows the number of hectares returned (on the left) and the percentage of returned area out of the total compensated area (on the right), for each land use type. It should be noted that this data covers all of the land requirements in Bero, Kome, Bolobo, Miandoum, Maikeri and Timbre oil fields.

As was presented in Table 1 (page 5) the data presented below confirms that land returned all but compensated for new land take with a net footprint increase.

Basically, 94% of the new land required by the Project was compensated by new land being returned. If, in addition, we take into account the fact that the first quarters of the year are usually a period when construction/drilling activities are at their peak we can conclude that present trends favor a very limited growth if not an overall reduction in the Project's overall land take in 2011.

During the last quarter 44.3 ha of land was taken and compensated by the Project while 41.6 ha were returned to the communities. Overall, this resulted in 2.7 ha on net land take during this period.

Most of the land compensated during this period was for temporary use. In fact temporary land required for temporary use represented 73% of the quarter's land take. It must be noted that land return (40.8 ha) in this category exceeded new land take. The Project actually had a net reduction in its temporary land use of 8 ha.

Table 3: Compensated and Returned Land by Land Use and Facility Type

Land use type	Total area (hectares)			2Q11 (hectares)	
	Compensated	Returned		Compensated	Returned
Sub-Total - Permanent with public access-	689.2	30.3	4 %	5.8	0.3
Sub-Total – Permanent with no Public access	964.3	103.1	11 %	5.8	0.5
Sub-Total Permanent	1 653.5	134.0	7 %	11.5	0.9
Borrow Pit	479.6	360.0	75 %	0.0	18.0
Others	20.8	12.7	61 %	0.5	1.7
Sub-Total – Temporary returned without restriction	500.4	372.7	74 %	0.5	19.7
Underground facility	984.7	235.2	24 %	25.0	5.8
OHL	318.5	79.5	25 %	0.0	0.0
Well Pad	500.6	430.6	86 %	7.3	15.3
Sub-Total – Temporary returned with restriction	1 806.9	745.2	48 %	32.3	21.1
Sub-Total Temporary	2 307.3	1 117.8	48 %	32.8	40.8
Grand Total	3 960.8	1 251.8	32 %	44.3	41.6

- The column "total areas in hectares: compensated" shows the total area compensated since the project started up to the end of the quarter covered in this report.
- "Total areas in hectares: returned" shows the total area returned since the project started up to the end of the quarter covered in this report.
- "1Q2011: Compensated" shows the total hectares compensated during the quarter covered in this report.
- "1Q2011: Returned" shows the total hectares returned during the quarter covered in this report.

1.3 Socio-economic Criteria

Village level impact depends both on absolute amounts of land taken or returned and the way in which land resources are divided within the village. In some villages people depend mainly on farming for their livelihood. In others a portion of the inhabitants depend on fishing as well as farming; fishing families in these villages often have (and need) less farmland than in inland villages and may already be below the general threshold of agricultural viability (2/3 corde per HHM). Others are recently established households who will progressively gain access to land from their family land trust. These households may appear to be non-viable or marginal while in reality they are simply in a transitional phase.

Attributing all household non-viability to Project land acquisition in these villages would overstate the Project's impact.

To distinguish between these two types of situations, the social criteria using compensation database information were initially set according to 1) the number of people **already non-viable** before they were impacted by the project and 2) those that were **made non-viable** when they lost land to the project.

Completed village land surveys have demonstrated that the declarative data used to calculate non-viability often overstates the number of people dependent on the household's land and understated the amount of land available. Therefore the

number of non-viable households found through a village survey presents a more accurate picture of Project impact. Such data was not available when the Land Use Impact list was first calculated but now, as measured data has become available for most villages, the pre-Project non-viability criterion has been dropped. When the survey is complete and village is open to **reclassification** only the current but accurate criterion of currently non-viable HH (compensated and not compensated) has been used.

Table 4: Percentage of Individuals Made Non-viable by Project Land Take According to the Declarative Database (see map on p. 24)

Total non-viable individuals today	Value Now	Made non-viable by project	Value Now
Madana Nadpeur	15.9%	NDoheuri	4.7 %
Maïmbaye	13.4 %	Madana Nadpeur	3.7 %
Bendo	13.4 %	Maïmbaye	2.2 %
NDoheuri	9.3 %	Bendo	2.1 %
Morkété	7.6 %	Morkété	1.8 %
Kaïrati	5.6 %	Merméouel	1.6 %
Miandoum	5.3 %	Kaïrati	1.3 %
Merméouel	4.9 %	Miandoum	1.1 %

While no better tool, than the declarative surveys, is available for the villages presented in Table 4 it must be noted that excessive reliance on this data could lead the reader to some interpretation errors. Please note that the villages in this table are those where no village wide land survey has been performed.

The number of non-viable households below 2/3 corde of land per HHM is much more reliable in villages with complete VLUS data given the higher level of accuracy and the fact that the whole village is surveyed versus only Project affected households.

Table 5, presents the data originating from the VLUS and now incorporates the information from the impact and land return surveys. It should be noted that a complete review of the VLUS data will be done for Poutouguem during the second half of 2011. This will help us to adjust for any changes which have occurred within the village and eliminate certain households that should not have been included in the first place as they reside and farm in other villages.

Table 5: Percentage of Individuals Made Non-viable by Project Land Take According to the VLUS Database

Village	Non-Viable project affected individuals
Poutouguem	20.3 %
Dokaïdilti	15.4 %
Danmadja	15.4 %
Missimadji	12.1 %
Bero	11.0 %
Maikeri	11.1 %
Madjo	9.3 %
Ngalaba	8.7 %
Bela	4.8 %
Dildo-Bayande	4.4 %
Begada	4.3 %
Mbanga	3.5 %
Kome Ndolobe	2.3 %
Mouarom	1.3 %
Mainani	1.2 %
Naikam	0 %

2. Socioeconomic monitoring

2.1. Village Surveys

Table 7: Total Number of HH Survey by Village

Village	Cadastral survey completed	Impact Survey completed		Land return survey completed		Monitoring Surveys completed 2 nd Quarter-2011	Total HH Survey completed
		Q2- 2011	Total	Q2-2011	Total		
Bégada	264	1	97	26	64	8	433
Béla	145	2	37	12	13	3	198
Bero	600	14	164	25	45	34	843
Danmadja	102	0	24	1	10	0	136
Dildo-Bayande	275	0	33	0	0	18	326
Dokaïdilti	85	0	9	0	0	8	102
Komé	193	0	1	0	0	0	194
Madjo	131	2	66	7	17	10	224
Maikeri	142	0	22	0	24	1	189
Mainani	112	5	7	0	0	3	122
Mbanga	270	12	110	11	11	13	404
Missimadji	25	0	0	0	33	4	62
Mouaroum	85	0	1	8	30	2	118
Naikam	54	0	0	0	0	0	54
Ngalaba	251	6	103	9	9	6	368
Poutouguem	42	192	21	0	23	0	86
Other villages	0	0	0	0	11	31	42
Total	2 751	44	695	99	290	141*	3 877

* Out of 265 to be surveyed or 41.51% completed

The objective is to use the data generated by these various surveys and investigations to track each community and household over time. Ensuring that the specific impact, whether negative (land takes) or positive (land return) are accounted for and that the Resettlement option selected achieved its livelihood restoration goal. Integrating all of this information will allow tracking the communities over time ensuring that each community and individual HHH receives the kind of support which is best suited to his/her situation as well as process and performance indicators regarding the effectiveness of the Chad Resettlement and Compensation Plan (CRCP) implementing procedures.

Impact surveys: Although the Project is now surveying impacted producers on a real time basis, integrating this information into the EMP IS is proving to be a greater challenge than initially expected. At present, 57% of the Impact Surveys from 2010 (299 on 529) and 18% of the 2011 Impact Surveys have been verified, validated and fully integrated into the EMP IS. Full integration of the 2010 Impact Surveys work has been completed for five (5) villages. One of these is the village of Madjo (Section 2.3), which is used to illustrate the changes that have occurred in a single village in slightly more than one year.

Land Return: While the actual field work associated with the Land Return process is almost in real time, the integration of the data in the system is only at its initial stages. It must be noted that 112 households out of the 304 who have had reclaimed land returned were previously surveyed using the Impact Survey basis and technique. The remaining households will be resurveyed in order to identify any changes that have taken place within the household or to its land base.

Livelihood Restoration Monitoring: The monitoring process is moving at good speed and should be completed by early August. At the end of the quarter 53% (141 on 265) of the surveys had been completed and integrated into the system.

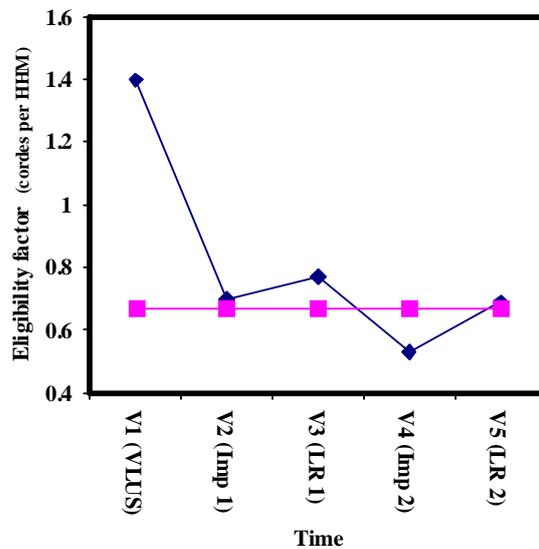
Figure 2 gives us an example of the potential of the new survey and monitoring processes. As the eligible households evolve (births, deaths, land purchases, rentals, etc) and are touched by the Project. Over time their eligibility factor is adjusted, allowing EMP to better target when and how to assist the eligible household.

For example:

- V1: Initial VLUS survey. (Comfortable 1.4)
- V2: Land take by Project and birth of new child (drops at 0.7, remains viable)
- V3: Land return (increases to 0.77, remains viable)
- V4: New land take (drops below threshold 0.53, no longer viable, eligible for resettlement)
- V5: New land return (increases to 0.69, considered viable but retains his eligibility).

Viability threshold has been set at 0.67 (2/3) Cordes per households member.

Figure 2: Example of Eligibility Factor of a Farmer Changing Over Time (Viability Threshold at 2/3 cordes /HHM)



2.2 Missimadji summary of findings

Created in 1986, Missimadji (Bero canton) is the latest of 16 OFDA villages to be surveyed using the Village Land Use Survey technique. It is the smallest of the villages surveyed up to this point, both in terms of area and population. The village has been impacted by the mining of laterite from Kome Borrow Pit 2.

Table 8: Distribution of Households and Individuals by Eligibility Factor

Range	Nbr HH	Nbr Individual
0.000 – 0.667	4 (17%)	24 (18 %)
0.668 – 0.999	2 (8 %)	11 (8 %)
1.000 – 2.499	13 (54 %)	80 (61 %)
2.5000 -	5 (21 %)	17 (13 %)
Total	24 (100 %)	132 (100 %)

With an average household size of 5.7 persons and an average population age of 18, it is in general fairly representative of the villages of the OFDA. Some notable facts can nonetheless be outlined:

- 29% of households are headed by women. This is particularly notable if we consider that this is almost double the average number of women headed households in small villages (less than 150 households) averages 12.8 %.
- 103 individuals or 78% of the population have received a form of compensation at one time or another. This is fairly representative of the situation in the OFDA region where about 70% individuals have received a form of compensation
- 84 % of the area of the village is either actively cultivated or in fallow. It should be noted that on average most households actively farm almost as much land outside the village's territory as within. This explains the fact that HH's have on average access to 9.36 cordes or 1.7 cordes per household member.
- With 12.1 % of its population made up of non-viable project affected individuals, this village is now at the top of Approaching High category for the socio-economic criteria.

While the original land take was fairly significant in view of the size of the village, (48.9 ha representing 27 % of the village's area) 28.1 ha have since been returned or 57% of the original land take. At present the Project's land take stands at 20.8 ha or 11 % of the village area. It should also be noted that the land take is essentially all attributable to Kome Borrow Pit 2.

As expected moving from far less accurate declarative data to the VLUS resulted in a significant reduction in the percentage (going from 42.2 % to 17.0 %) of households that are deemed to be non-viable (below 0,67 cordes per household member).

Table: 9 Number of Non-viable households as per declarative VS VLUS data

	Total non-viable	Non-viable project affected
Declarative data	42.2%	14.7%
VLUS data	17.0%	12.1%

The reduction was not as dramatic if one considers the effect of the new data on the percent of non-viable that have been affected by the Project. Being in the Approaching High category in terms of the social criteria and in the High category in terms of the land take we felt it necessary to raise its overall position in the village classification. **A Site Specific Plan will be developed for this village.**

2.3 Impact Survey: Analysis of Madjo Village

During 2010, 66 households were impacted and resurveyed as their latest survey was slightly more than a year old. The goal of this survey was to update all of the social and land availability/use information related to the Project affected households.

Table 10: Evolution of impacted households

	VLU 2009	Impact 2010
Mean of area (cordes)	18.9	18.6
Mean of HHM	7.32	8.97
Mean of eligibility factor	3.02	2.13

We are thus able to identify changes which have occurred within individual households and improve understanding of the changes which have occurred within the community. A number of conclusions can be drawn from this new data, namely:

- The mean area of land available to these household was reduced from 18.9 to 18.6 cordes due to in fill drilling land take in northern Kome oilfield. Little if any inter-household transactions in the village took place with these households during this time frame.
- On average each household has gained 1.65 new members. While some of this growth is due to a number of births, it has also been influenced by a number of cases where the size of the household was affected by the association of other siblings or the addition of an additional wife. Growth is usually found to be between 1 and 3 new members over this one year period.
- Mean eligibility factor was reduced from 3.02 to 2.13 cordes per HHM. While this is a significant drop the average remains well above 0.67 cordes per HHM or the non-viability threshold. From our discussion above we can conclude that this reduction is mainly due to an increase in HH size and not to the land take.

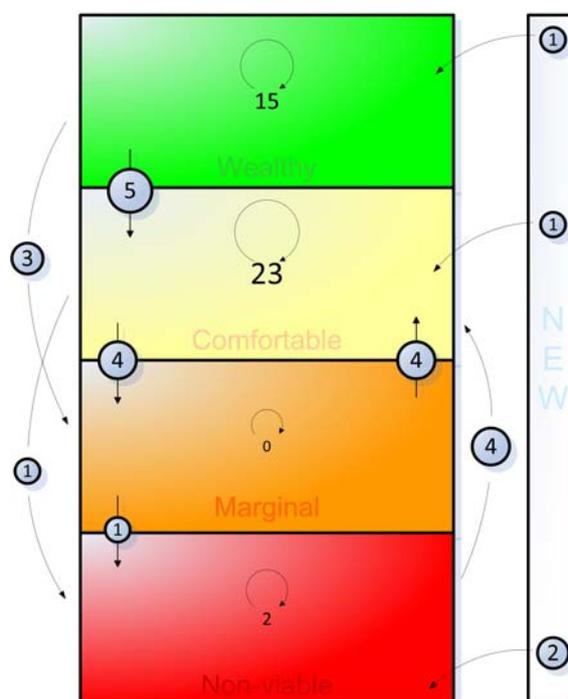
While these global trends are interesting we must not forget that ultimately we are most concerned with the individuals being affected. Figure 3 gives us an illustration of the movements which have occurred between categories.

- 4 new households were created during this period.
- The number of non-viable went from 2 to 6. This increase came from 2 of the new households, a marginal who became non-viable and a comfortable who became non-viable.
- 8 upgrade their eligibility class.
- 14 downgraded their eligibility class.
- 40 remained within the same class.

Overall we can conclude that this process is highly dynamic and that the new

Figure 3:

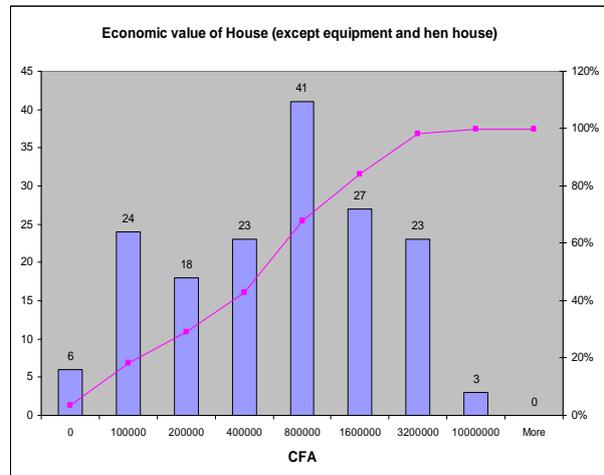
2010 Impacted Household of Madjo
Evolution of Eligibility factor class



surveying/monitoring strategy allows us to keep track of impacted communities and households.

2.4. Livelihood restoration monitoring survey: Some preliminary results

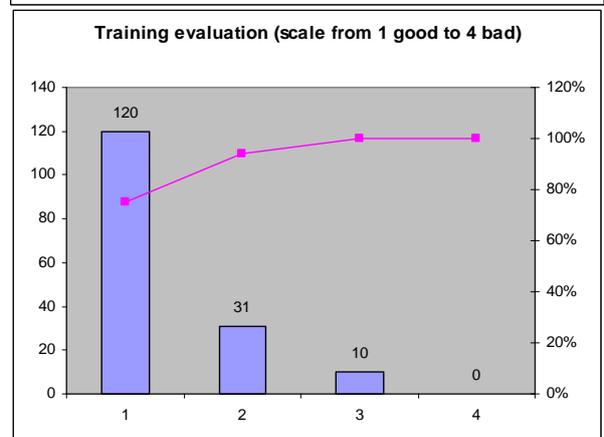
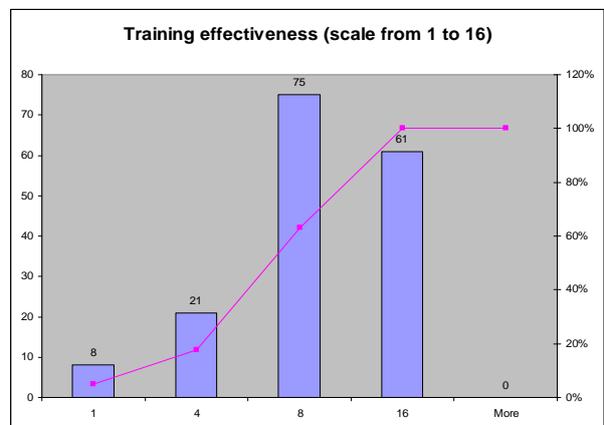
While eligible's who had selected Improved Agriculture have been monitored in a relatively continuous fashion over the years, the monitoring procedure was not adequate. In late 2010, the procedure was updated. In late January, a new round of monitoring was launched with the objective of establishing the actual level of restoration of the livelihood of 265 HHHs who were deemed to be either at risk or vulnerable based on the VLUS or the original declarative study, and who had received training in Improved Agriculture between 2002 and 2009.



It must be noted that some of these producers (HHH) had not been formally contacted for many years. The survey presently being performed will give us the ability to evaluate the level of recovery of these producers. In the future the process will be done in a more structured fashion whereby at-risk or non-viable producers who have received training will be systematically visited 1 y, 2 y and 5 years after completing their two year training program.

The goal of this survey is to look at their level of recovery through a number of indicators suggested by Barclay and Koppert in 2006. It must be noted that 165 surveys (62%) were completed at the time of writing this document. Key findings to date include:

- **Wealth accumulation:** Using as a proxy the value of their house one can get an estimate of the capital a person has been able to accumulate. Of the 165 households surveyed 57% have a house which is worth more than 800,000 FCFA.
- The training program was found to be ineffective or very ineffective in less than 20% of cases, and very effective in almost 40% of cases. This is based on the level of retention and use of the concepts learned.
- 73% of surveyed eligible's declared the Improved Agriculture training program to be good, while none (0%) rated it as bad.



3.0 Milestones of Q2-2011

3.1 Community Compensations

3.1.1 Morkete

Catherine Madjitonoum (a mother of 10 children) had to spend more than four hours per day to mill the grain needed to prepare her family's meals using the traditional mortar and pestle technique. That is before the construction of a flour mill under the community compensation program at Morkete village.

The construction, in June, of a flour mill in this community made it possible for hundreds of women such as Ms. Madjitonoum to reduce their work load and have more quality time for themselves and their family.

The community made this choice following the completion of a consultation process which resulted in a unanimous decision. This decision was not only made by the women's focus group but also by the men's and children's focus groups..



Although the mill has only been operating for a few weeks it is starting to attract clients from surrounding villages. Some days as many as 100 clients come to the mill to have their grain processed. Ms. Madjitonoum says the mill has changed her life and his delivering exactly what the village expected.



3.1.2 Maikeri

The three classroom school construction is completed at Maikeri village. On June 24th, the children of the village visited their new school building for the first time.

Following the visit Mr. Elysée Djikoldingam, the school's director and one of its teachers, stated that this facility will offer Maikeri's children a proper and safe learning environment. The days when the children had to sit on log benches rather than proper seats and the school year interrupted by the advent of the rainy season which usually ended up blowing down the old thatch school house are over.



“In the future our children will be able to concentrate on the important thing, learning and preparing for the future.”

3.1.3 Poutouguem



Poutouguem village also chose a three classroom school as their Community Compensation project. The public consultation process took place in late March and the construction of the school building began in April. The construction and furnishing will be completed during the third quarter making it available for the start of the new school year.

As explained by Mr. Honore Djirambaye,(site manager, Solvet Chad) in addition to the establishment of a new school in this community, a number of individuals were given the opportunity to earn some additional income. In fact most of the work force involved in the project came from within the community. In



addition to the money they earned some of these workers were able to improve their skills as brick layers and masons. Skills which they will be able to use for a long time after the project as ended.

Clearly the village workers are proud to be contributing to the construction of their children’s future school.

3.1.4 Bekia 2 and 3

Following the completion of their respective consultation processes, the villages of Bekia 2 and 3 opted for flour mills as their Community Compensation projects. The two flour mills will serve all four villages of Bekia. Construction of the buildings and installation of the equipment should be completed by the middle August. This will give the millers plenty of time to hone their skills before the next harvest and the advent of the peak milling season.



The chief of Bekia 2, Mr. Esaie Ndilmbang, visits his community’s mill everyday to ensure that it will meet his community’s expectations. In this way, he and his community are demonstrating their willingness to take ownership of the project. Taking ownership is a key factor for such a project to be successful.



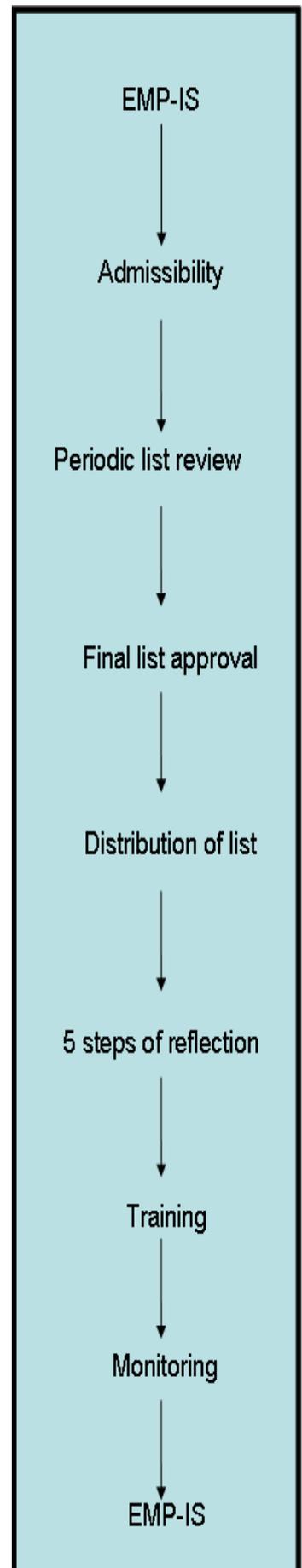
3.2. The Five Steps of Reflection: A Review of the Procedure Update

In 2005 EMP established a consultation and awareness building process called the Five Steps of Reflection. The goal of this process is to guide the resettlement eligible HHH toward the selection of the resettlement option best suited to their needs. While this process is still a requirement much has changed over the years and it was time to review what we do. In this process we had two priorities:

- Learn from our successes and also our mistakes.
- Adapt the process to the new tools available.

A series of workshops were held during the first two quarters of 2011 with Local Community Contacts, EMP Socioeconomic Monitors, Advisor and Supervisors and EMP resettlement and community compensation contractor management consultant resulting in the following recommendations that have been validated and integrated into to process that will be used for the 2012 class.

1. The only entry point into the system will be through the EMP-IS system. Now that the data base is able to follow eligible's through the course of their life stages and the various interaction that they have with the Project it is essential that it becomes the point of entry.
2. Admissibility criteria's will be more carefully monitored and adhered to, some automation will ensure full adherence.
3. While most of the selection process will be done using a systematic computer based sorting procedure we must recognize that some human intervention is required in order to deal with the rapidly changing situation of individuals and to give some opportunity to deal with special cases on an exception basis. We are dealing with humans with human needs and our system must not lose this perspective. Any errors or changes which are identified will result in a review of the survey data and a return to the EMP-IS (the entry point).
4. Once lists are checked and approved they will be distributed through the Local Community Contacts to chiefs and eligible's in an approach designed to respect local sensibilities and culture.
5. At this point the identity of each eligible will be established and a picture ID will be prepared. This will ensure that we can identify eligible participants through-out the process.
6. From this point on the eligibles will go through the Five Steps of Reflection process. In this area it will be necessary to update all of the documents and presentation support material in order to avoid information gaps and to ensure full integrity with the newly revised Land Management Manual (LMM).
7. Those who choose Improved Agriculture Training as their resettlement option will be registered into the Basic Business Skills Training (BBS) program. Upon successful completion of BBS they will then move on to the two year Improved Agriculture Training program.
8. Following completion of the training portion of the program they will enter its monitoring phase. The goal of the last portion of the process is to monitor them on a more or less continuous fashion (1, 2 and 5 years after graduation) the level of livelihood restoration and identify any need for further intervention in the form of reinforcement or targeted assistance which they may require in order to return to a more normal level of livelihood.
9. Finally the data collected on each person will be integrated into the EMP-IS database in order to ensure tat we keep up with the ever changing situation of eligibles/graduates.



3.3 Review of the Improved Agriculture Training Program

The Improved Agriculture Training program has been a significant part of the resettlement program since the advent of the Project. Over this time the Project and the population of the region have gone through many changes. During this period 504 HHH have received this training and the grant equipment and livestock through a number of sub-contractors.



Over this period, the program has evolved and adapted itself to the reality and needs of the eligible's and communities. An example of the changes which have occurred is found in the increasing use of animal power for land preparation work. Although a novelty in the 1990s, this technology is becoming fairly common in the Oil Field Development Area (OFDA). As the situation changes and as changes appear to be happening at a more rapid pace it is important that we learn and adapt ourselves to these changing realities.

In early 2011, a series of workshops were held in order to review the content and approaches of the Improved Agriculture Training Program the Local Community Contacts, EMP Socioeconomics Section, Resettlement contractor management firm (ISM Consult), and the NGO providing the training program. From these workshops a number of improvements were developed for integration into the program. In this area the quality of the equipment and livestock procured before 2010 are still identified as a major source of concern. In order to better deal with this concern, a number of new steps and items have been integrated into the procurement process. It should be noted that, while this process puts a number of new obligations on the suppliers it also makes the eligible responsible for the proper use and care of the equipment and livestock granted to them.

1. Equipment procurement:

- a. A precise technical description of each piece of equipment required was prepared providing detailed specifications.
- b. A review and monitoring process of the manufacture and procurement was introduced in order to ensure that the selected supplier does not deviate from the required standards.
- c. The supplier is required to offer a 1 year warranty on assembly and parts to EEPCI on any and all equipment supplied.
- d. Users will be given some training (through the Improved Agriculture Training program) regarding proper use and maintenance of the equipment. Basically this means that the warranty will not apply in cases where the equipment has been abused or misused.



2. Livestock procurement:

- a. Producers are given the opportunity to select the color and breed of the livestock they are to receive.
- b. All animals supplied will be vaccinated and a 3 month warranty covering infectious diseases and/or chronic disabilities.
- c. A veterinarian will be retained to vaccinate all livestock and review any declared cases of diseases.
- d. Each large ruminant granted will be tagged in order to ensure proper identification.
- e. As was outlined for the equipment, eligibles will be trained in the proper care and husbandry of their livestock and will be obliged to do so in order to validate their warranty.

3.4. Basic Business Skills Training - 2011

With the end of the second quarter also comes the end of the BBS training program for the 2011 promotion, their spouses and many auditors who decided to take advantage of this program.

Of the 433 who participated for the program less than 25% (90) were eligible's for whom participation was a prerequisite to qualify for the two year Improved Agriculture Training program. The 343 other participants were spouses of the eligibles and other people from the villages that were interested in the training. Of the 1 000 villagers who completed this training program, since 2009, more than 70% have been either spouses or auditors who chose to do so for personal reasons, without having any obligation to do so. This is a significant trend which has been growing since the onset of this new program three years ago. It must be noted that spouses and auditors who participate receive no advantage of any kind in addition to the simple fact of gaining a new skill set.



One of these is **Ms. Martine Denehib** an eligible and farmer from the 2006 class who chose to take advantage of this program which was not available when she received her resettlement package. She thus chose to invest part of an already very busy schedule in learning new skills.

A teacher herself, she teaches Sunday school at her parish, and as a mother of 6 she is driven by the will to help educate others. Completing this training program gave her a better understanding of written Ngambaye. In addition to gaining better reading and writing skills the material covered in this class helped her to improve her life and that of her daughters in many different ways (hygiene, management and math). She plans to return next year in order to further improve the skills already gained and if possible gain new ones.

Mr. David Ngarari, participated in this program as an auditor for two years. He is driven by the will to learn to read and write, and his desire to share what he learns with other members of his house hold.



He feels that what he learned has helped him to become a better husband, father and farmer. He strives to apply these skills and knowledge in his daily life. Concepts such as hygiene, both personal and domestic, have made it possible to reduce the incidence of certain diseases in his family. Having learned to read, he is now in a better position to follow the prescription when the need arises to administer medicine, and thus take better care of his family.

From these two dedicated participants we have learned that not only do they have the will to invest a significant amount of time in learning these new skills but that they have accepted to live with the mockery of many villagers who simply do not understand their wish to better themselves in this way. As Mr. Ngarari puts it, these comments reflect the lack of maturity of certain villagers, a situation which he cannot change but that he has learned to cope.

Conclusion

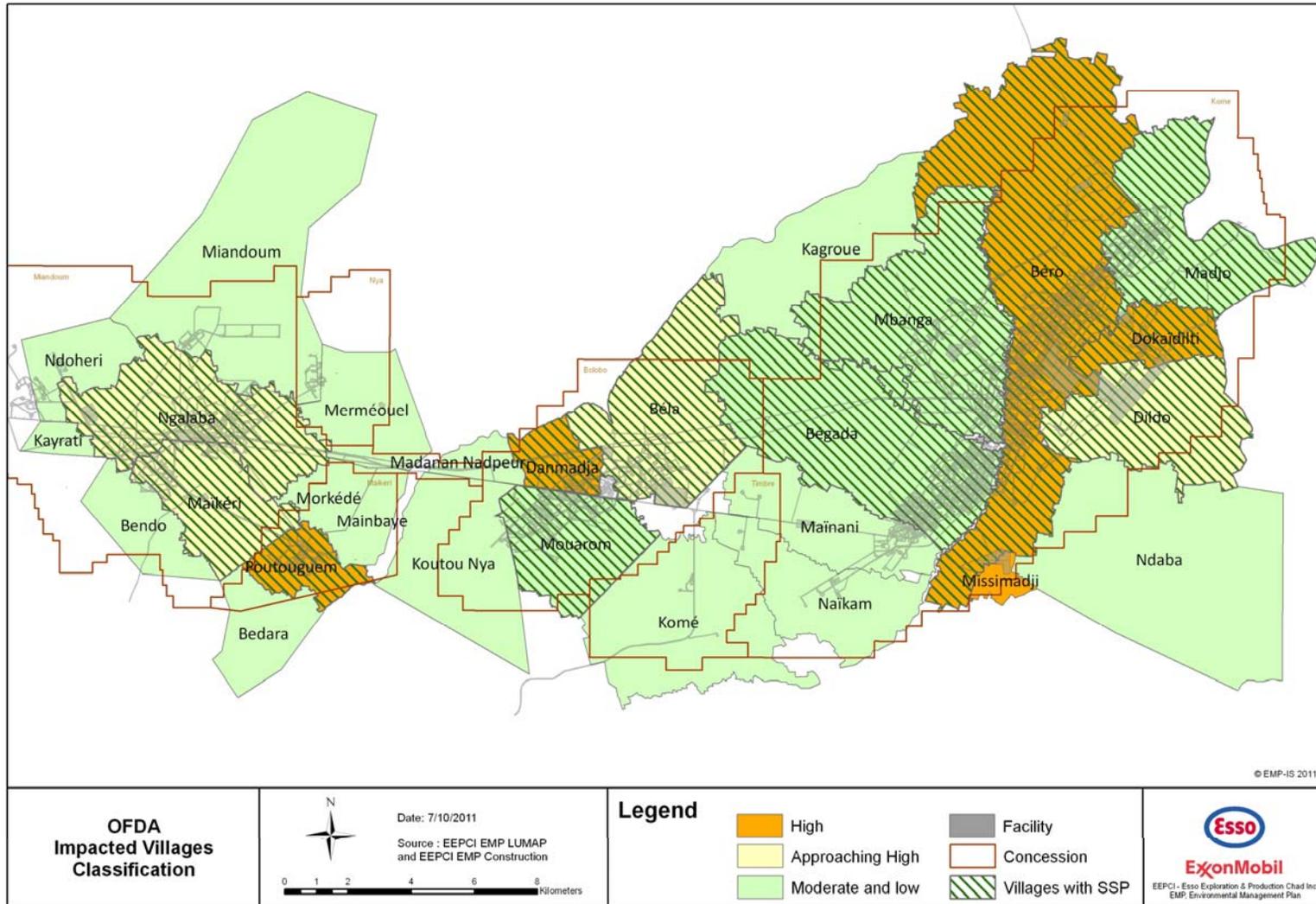
This report constitutes a turning point in terms of format and content. Starting with this quarter we will progressively incorporate data from the Impact Surveys and Land Return Surveys (V1, V2, V3, etc.), Fragmentation Surveys and Livelihood Monitoring surveys. While the VLUS data has allowed us to gain a very good understanding of the processes taking place in the field, incorporating data from these new sources will give us a much more dynamic tool to monitor the impact of the Project on both the communities and individual land users.

From this report we can make the following conclusions:

1. Land reclaimed and returned is all but keeping pace with in fill drilling program land take.
2. The new village land use survey (VLUS) completed in Missimadji allowed us to gain a better understanding of the situation of this village and adjust its classification accordingly.
3. Community Compensation projects in villages of the Maikeri Oilfield and Supplemental Community Compensation at the village of Maikeri are advancing rapidly, confirming that the revised MARP process made it possible to respond to the needs of the villages much more efficiently and effectively.
4. The project is having important positive effects on communities and many individuals whether they are Project Affected and eligible for resettlement or not.
5. The data management systems being developed and integrated are allowing us to keep pace with a highly dynamic situation, and to adapt ourselves the changing needs of individuals and communities.

Annex 1

OFDA Village Impact Map



Annex 2: Village Classification Criteria's

Land Use Criteria

The criteria concerning Land Use impact represents the percentage of village area used by the project within each village. The boundaries of the village used to set the village area are not official and are computed based on a global survey of the village limits. The thresholds between levels of impact represent "natural breaks" or large numerical gaps in between villages.

Calculation of Land Use Impact

The final percentage used to classify the village's level of impact is computed by adding the "temporary" land not yet returned land to the land permanently used by the project:

$$\frac{\sum \text{Permanent Not Returned} + \text{Temporary Not Returned}}{\sum \text{Village Area}}$$

Thresholds	
High	≥11%
Approaching High	7% - 10.9%
Moderate	3% - 6.9%
Low	0% - 2.9%

Initial Classification with Compensation Data

Criterion 1: % all non-viable individuals/all individuals in the village

Description: Percentage of all project-affected individuals in the village currently below the resettlement factor of 2/3.

Rule:

$$\frac{\sum (\text{All individuals below } 2/3 \text{ corde after land take})}{\text{Village Population}}$$

Threshold:

Threshold Criteria 1		
	Min	Max
High	50.1%	100%
Approaching High	30.1%	50%
Moderate	20.1%	30%
Low	0%	20%

This criterion includes people who were already non-viable before the Project.

Criterion 2: % individuals in the village made non-viable by project land take/all individuals in village

Description: Percentage of the number of individuals that were economically viable before surrendering land/feeling any project impact (the resettlement factor > 2/3) but who became agriculturally non-viable upon surrendering land/ after project impact (the resettlement factor < 2/3 corde).

Rule:

$$\frac{\sum (\text{All individuals that were not eligible before land take \& are eligible after Land take})}{\text{Village Population}}$$

Village Population

Threshold:

Threshold Criteria 2		
High	20.1%	100.00%
Approaching High	15.1%	20.00%
Moderate	9.1%	15.00%
Low	0%	9%

This criterion cannot be calculated with village land survey results and is no longer applied when a change in village impact classification is calculated.

Criterion 3: Reclassification with Village Survey data

Description: When a village reclassification is calculated and village survey data is available, a single criterion is used. This criterion represents all the members of the non-viable compensated households compared to the population of the village:

Rule:

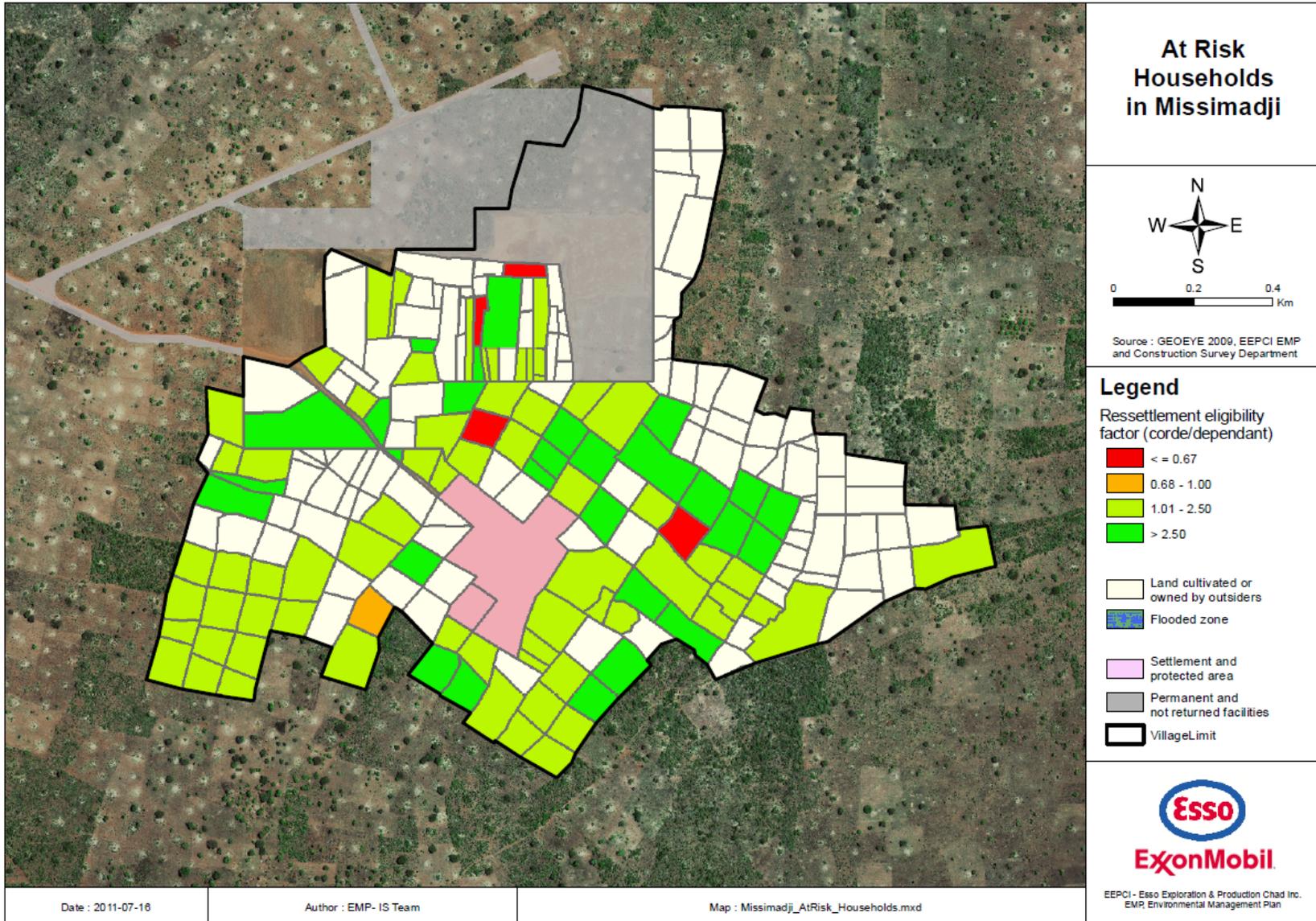
$$\frac{\sum \text{All members of non-viable compensated Households}}{\text{Village Population}}$$

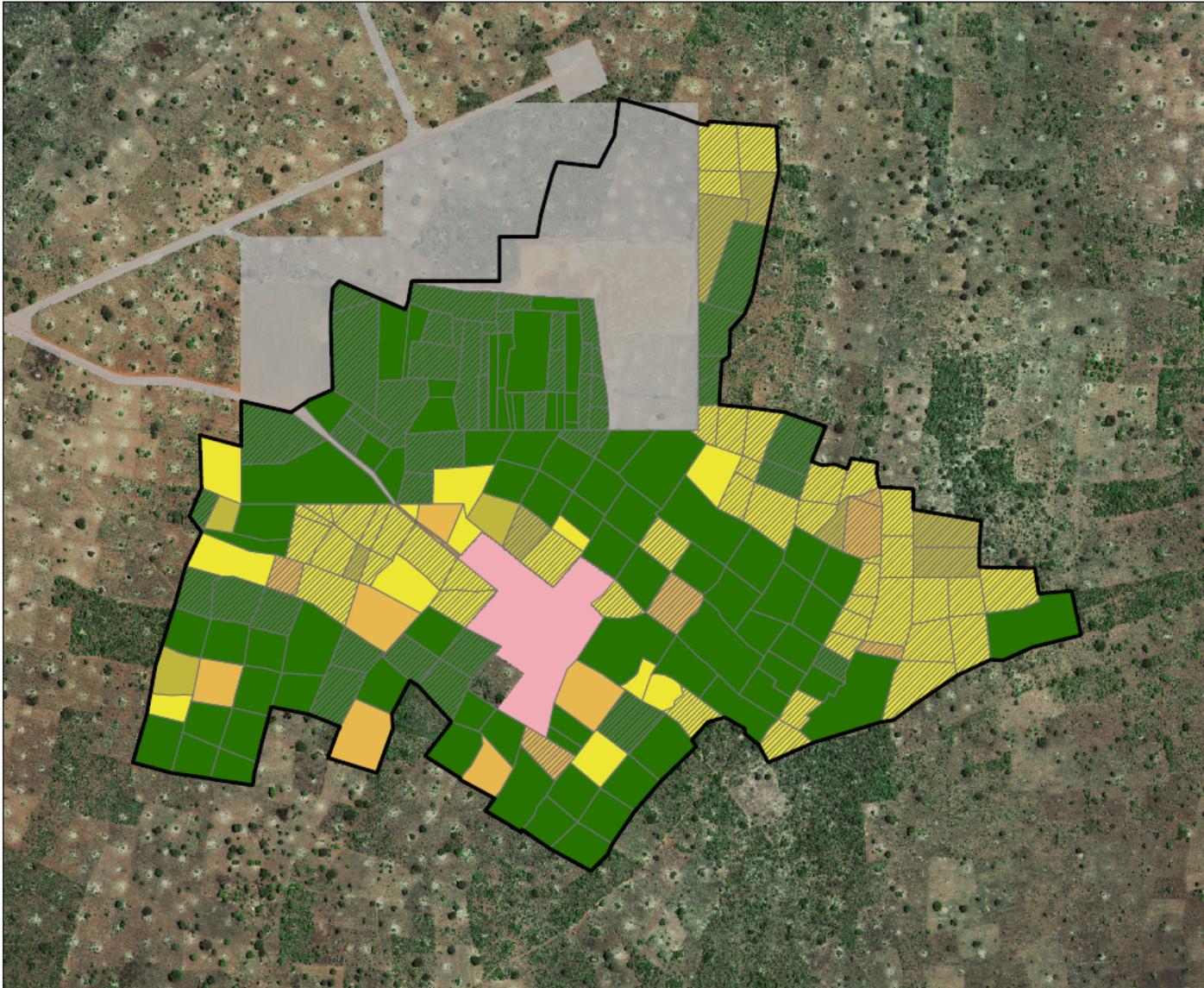
*This statistic excludes non-viable households with resettlement options

Threshold:

Threshold Criteria 3		
High	15.1%	100.00%
Approaching High	10.1%	15.0%
Moderate	5.1%	10.0%
Low	0%	5.0%

Annex 3: Thematic Maps of Missimadji





Missimadji survey and arable land



0 0.2 0.4 Km

Source : GEOEYE 2009, EEP/CI EMP and Construction Survey Department

Legend

Fallow Duration

- 2 years
- 3 - 5 years
- 6 - 10 years
- 11 years +

- Field
- Village limit
- Land cultivated (field) or owned (fallow) by outsiders
- Permanent and not returned facilities
- Flooded zone
- Settlement and protected area



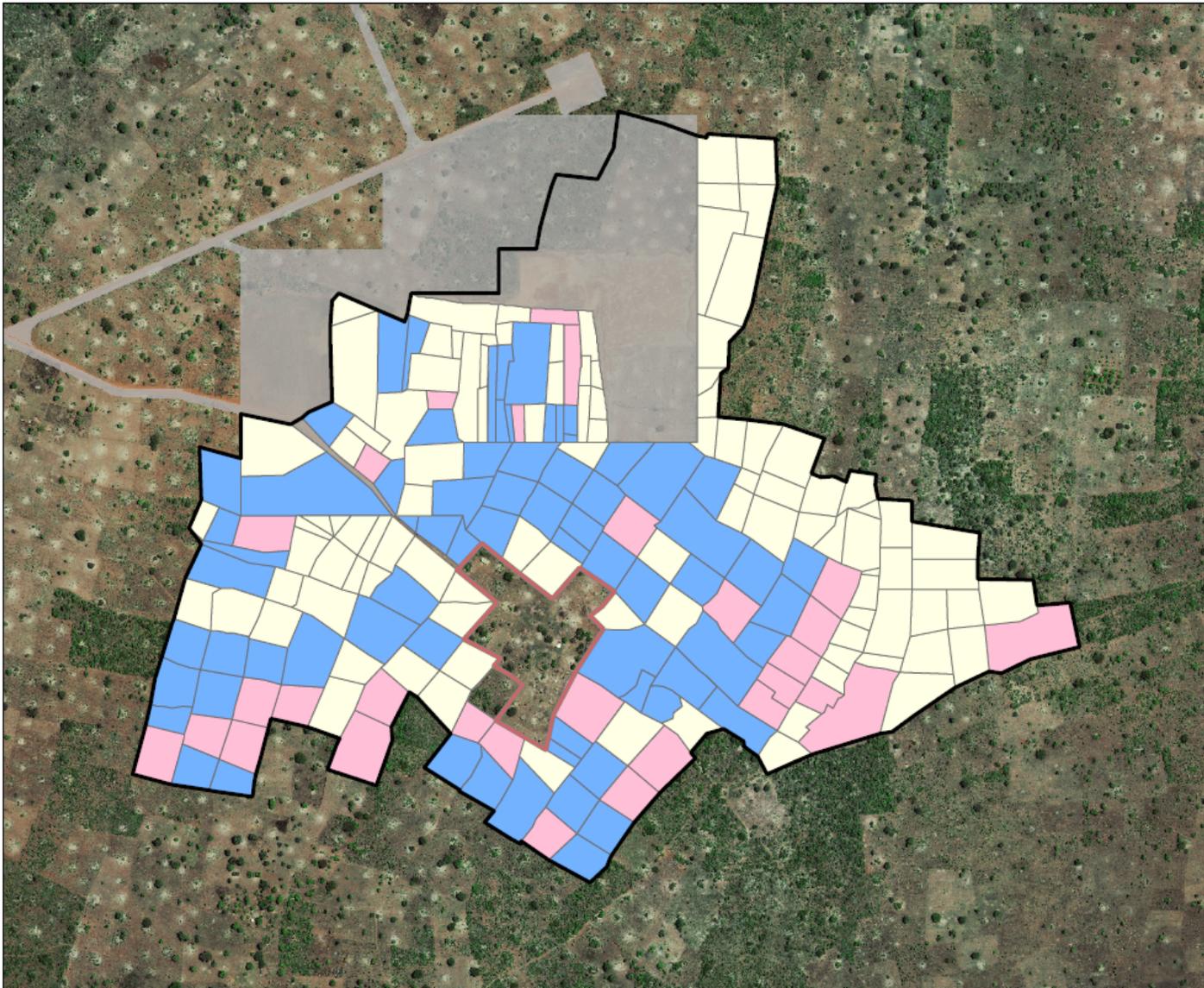
ExxonMobil

EEP/CI - Esso Exploration & Production Chad Inc.
EMR Environmental Management Plan

Date : 2011-07-16

Author : EMP- IS Team

Map : Missimadji_ArableLand.mxd



Owner's Gender in Missimadji



0 0.15 0.3
Km

Source : GEOEYE 2009, EEPCI EMP and Construction Survey Department

Legend

Gender of cultivator

- Man (115 ha - 76%)
- Woman (37 ha - 24%)
- Land cultivated or owned by outsiders

- Flooded zone
- Permanent and not returned facilities

- Settlement and protected area
- Village limit

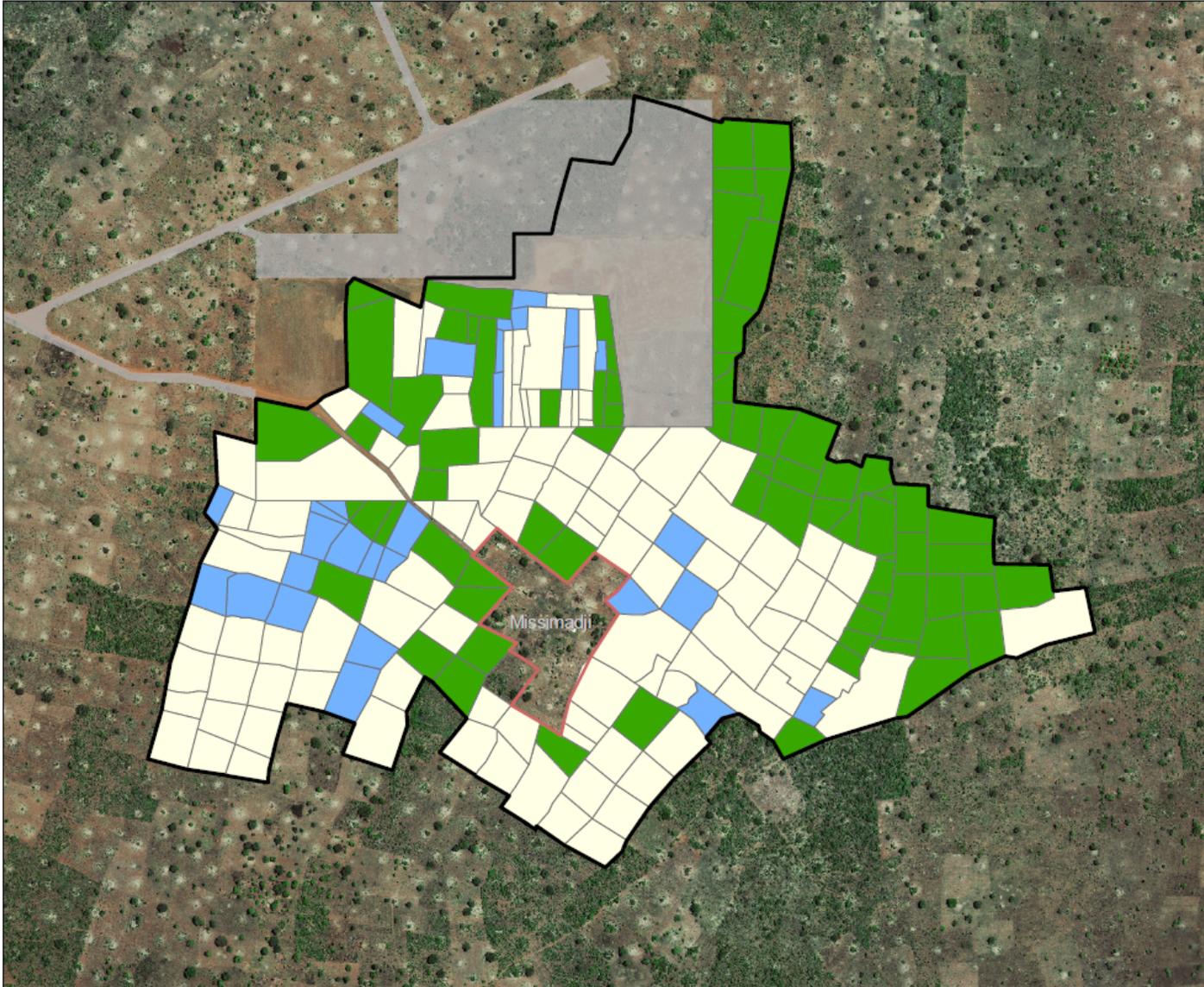


EEPCI - Esso Exploration & Production Chad Inc.
EMP, Environmental Management Plan

Date : 2011-07-16

Author : EMP-IS

Map : Missimadji_OwnerGender.mxd



Farmer's Residence in Missimadji



Source : GEOEYE 2009, EEPIC EMP and Construction Survey Department

Legend

- Residency village of farmers
- Missimadji (101 ha - 55.6%
17 ha outside the village)
 - Doba (15 ha - 9.6%)
 - Other villages (53 ha - 34.8%)

- Settlement
- Village limit
- Flooded zone
- Permanent and not returned facilities



ExxonMobil

EEPIC - Esso Exploration & Production Chad Inc.
EMP, Environmental Management Plan

Date : 2011-07-16

Author : EMP-IS

Map : Missimadji_FarmerResidence.mxd