Esso Exploration & Production Chad Inc.

Village Impact Quarterly Report

Land Use Mitigation Action Plan

Third Quarter 2011

Prepared by the EMP Department
November 2011

Table of Contents

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 it 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
EFC	Eligibility Factor Class
V Process	V Process refers to the monitoring of each interaction with an individual. Under this acronym the VX refers to the version of the survey for the specific individual. For example the V2 would refer to the data relating to the second survey for the individual. As a new survey takes place with each interaction/land transaction between individuals and EEPCI we thus have the basis of a continuous monitoring process.

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 Third Quarter 2011 (3Q11) Village Impact summary:

- **5** High impact villages (Poutouguem, Danmadja, Dokaïdilti, Missimadji and Béro)
- **4** approaching high villages
- **5** moderate impact villages
- **15** low impact villages

No village changed classification during the last quarter although the footprint of the project in Béro and Mbanga was reduced by more than 20 ha each. The only village impacted significantly over the last quarter is Bégada which saw the Project's footprint increase by 12.9 ha. The situation of these three villages reflects the impact of the in fill drilling process which concentrates its effort on few villages at a time. We basically see cycles of concentrated drilling (Bégada) which are rapidly followed by concentrated rehabilitation and land return (case of Béro and Mbanga)

The primary accomplishments of 3Q11 are:

EMP-IS

- Completed data collection process for fragmented land parcels, some results are presented in section 2.6.
- Completed the integration of the data from the 2010 Impact Surveys for 10 villages, only Bero and Ngalaba remain to be completed.
- Integration of land return and impact survey data is completed for the villages of Begada and Bela. Future survey in these villages will be completed in real time. Results from this work are presented in Sections 2.2 and 2.3.
- Continued integration of the Land Return data is ongoing for the other villages focusing on how the land is being used (farmed, fallow, abandoned) and by whom.

Resettlement Program

- Material and process for the Five Steps of Reflection Process reviewed as per the EMP and the Land Management Manual, in preparation for launching the process in November 2011.
- All 90 members of the 2011 class have completed the rainy season portion of the Improved Agriculture Training Program.
- 180 head of cattle were distributed to the 2011 class (2 each). All these animals were vaccinated and tagged. While livestock health has not been a concern since the distribution occurred, in the few cases were concerns were raised the suppliers remedied the situation rapidly in respect of the warranty process.

- The contractor providing the Livelihood Restoration Monitoring survey program, ISM Consult, completed the Livelihood Restoration Monitoring surveys. A summary of the findings is presented in section 2.4.
- Reviewed the design for livestock housing, forage storage and grain bins in order to ensure a better fit between the material covered in the Improved Agriculture Training and the equipment supplied to the graduates.
- Developed a plan/strategy in order to effectively deliver the 5 Steps of Reflection Process to the resettlement eligible candidates of the 2012 promotion.

Community Compensation and Supplemental Community Compensation Program

- The flour mills of Bekia II and Bekia III were completed and are presently in use.
- The 3 Classroom School of Maikeri Village was completed and handed over to the village in time for the new school year.
- The 3 Classroom School of Poutouguem was completed and handed over to the village in time for the new school year.
- Launched construction of flour mills in villages of Maïmbaye and Bedara.
- Completed a survey regarding the sustainability of a sample of community compensation management committees. A summary of findings is presented in section 2.5.
- Developed a strategy in order to address the development presently taking place in Miandoum NW as per our level of impact and the level of compensation which will best address the situation.

Work Plan for Fourth Quarter 2011(3Q11)

- Complete the integration of the land use data from the 2010 impact surveys for Bero and Ngalaba.
- Analysis of the integrated EMP IS data to determine actual livelihood restoration achieved by Improved Agriculture Training graduates. Prepare final version of the list for the 2012 class.
- Develop follow-up questionnaire and survey 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 grants.
- Complete analysis and publish results of survey on the level and type of use of Fragmented Land Parcels. A summary of findings is presented in section 2.6.
- Continue integration and development of the Land Return Surveys.
- Finalize and publish SSP for Missimadji.
- Publish 3rd Quarter 2011 Village Impact Report.
- Complete construction of flour mills for Maïmbaye and Bedara.
- Analyze and publish the results of the survey regarding the sustainability of Community Compensation Management Committees.
- Update the materials used with the eligible HHH during the 5 Steps of Reflection Process.
- Develop guidelines for dealing with multiple impacts case for both individuals who had previously benefited from the resettlement program and those that did not.

1.0 Village Classification

The village classification is calculated using 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. This process measures 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 - 3Q11	Villages – 2Q11
High	• **Poutouguem** • **Danmadja** • **Dokaïdilti** • Missimadji • **Bero**	• **Poutouguem** • **Danmadja** • **Dokaïdilti** • Missimadji • **Bero**
Approaching High (Watch List)	• **Maïkéri** • **Ngalaba** • **Dildo-Bayande** • **Bela**	• **Maïkéri** • **Ngalaba** • **Dildo-Bayande** • **Bela**
Moderate	• **Madjo** • **Mbanga** • Maïnani • Madana Nadpeur • **Begada**	• **Madjo** • **Mbanga** • Maïnani • Madana Nadpeur • **Begada**
Low	• Ndoheuri • Kaïrati • Bendo • **Mouarom** • Meurmeouel • Kome • Ndolobe • Miandoum • Morkete • Naïkam • Maïmbaye • Koutou Nya	• Ndoheuri • Kaïrati • Bendo • **Mouarom** • Meurmeouel • Kome • Ndolobe • Miandoum • Morkete • Naïkam • Maïmbaye • Koutou Nya
Low (Declared low through other processes)*	• Bedara* • Bekia 2 • Bekia 3	• Bedara* • Bekia 2 • Bekia 3

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

* Villages added to the list may have received Community Compensation but may not have lost land to the Project. When the resident of a village is impacted by the 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 Community Compensation.

As per the LUMAP, Site Specific Plans (SSP) were developed for the most impacted villages (12 villages). Villages for which an SSP was prepared are presented in bold in

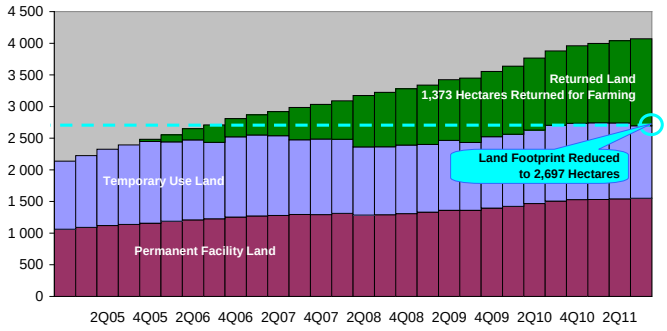
Table 1 (page 6). In all villages where SSPs were completed and fully implemented (10 villages), only low residual impacts remain. It should be noted that no village has changed position or category over this quarter.

With the completion of the construction of the schools in Maikeri Village and Poutouguem only two (2) SSP's are still in the process of implementation. For the last two villages concerned with this process (Dokaïdilti and Bero 3). At the present time the Project is in discussions to finalize their choice of Supplemental Community Compensation project. It should be noted that an SSP is in preparation for the village of Missimadji.

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.

Figure1: Land Use Status on the 6 fields impacted villages



As shown in figure 1, the footprint of permanently and still temporarily occupied acquired land (in the three original fields) was **reduced** by 43.6 ha during the 3Q11. Generally speaking the Project's footprint has not been changing significantly over the last year and a half in spite of the in fill drilling program.

The land returned is not the only factor that counterbalances the in fill land take. The second factor is due to the in fill 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 actual reduction in the area occupied by the Project 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).

During the third quarter 2011, 10 villages saw an actual reduction in the Project's footprint on their territory, 9 saw no change and only 6 villages were affected by an increase of the

Project's footprint. Of these villages only one, Bégada, saw a significant increase in the project footprint (12.9 ha). We must nonetheless note that the area occupied by the project at present is lower than the peak land use in this village (presently 329.7 against a maximum of 348 ha). The fact that the Project's impact during this quarter was mainly focused on one village does reflect the reality associated with the in filling process. Similarly land return mainly took place in Béro and Mbanga two villages targeted in the two first quarters of 2011 for in fill drilling.

Table 2: Land Use by Village in OFDA.

Village	Total Village Area (ha)	Maximum land use (ha)	Land use Q2-2011		Land use Q3-2011		Delta
			%	(ha)	%	(ha)	(ha)
Danmadja	480	63.6	13.0 %	62.2	12.9 %	62.0	-0.2
Ngalaba	2120	330.0	12.4 %	263.9	12.4 %	262.6	-1.3
Missimadji	181	60	11.4 %	20.7	11.4 %	20.7	0.0
Béro	5713	664.6	11.6 %	664.6	11.2 %	640.7	-23.9
Mouarom	1350	159.0	11.0 %	148.7	10.7 %	144.7	-4.0
Dokaïdilti	689	157.0	10.9 %	75.3	10.9 %	75.4	+0.1
Bégada	3272	348.0	9.7 %	316.8	10.1 %	329.7	12.9
Dildo-Bayande	1890	203.0	10.0 %	188.3	10.0 %	188.4	0.1
Béla	2200	225.0	8.9 %	194.9	9.0 %	197.7	2.8
Poutouguem	562	62.0	8.9 %	49.8	8.9 %	49.8	0
Maïkéri	1245	112.8	8.6 %	107.3	8.6 %	106.7	-0.6
Mbanga	3044	253.0	7.7 %	233.2	7.0 %	211.7	-21.5
Madjo	2138	148.8	6.8 %	145.5	6.4%	136.8	-8.7
Maïnani	1386	86.3	6.2 %	86.3	6.0 %	83.8	-2.5
Madana Nadpeur	295	17.0	5.7 %	16.7	5.7 %	16.7	0
Ndoheuri	708	31.0	3.1 %	21.7	3.3 %	23.3	1.6
Kaïrati	187	6.0	2.9 %	5.4	2.9 %	5.4	0
Meurmeouel	1128	22.0	1.9 %	21.4	1.9 %	21.4	0
Miandoum	4061	62.0	1.4 %	56.5	1.4 %	56.1	-0.4
Naïkam	1445	28.0	1.5 %	21.1	1.3 %	18.6	-2.5
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
Koutou Nya	1818		0.5 %	8.8	0.5 %	8.9	0.1
Mainbaye	420		0.3 %	1.3	0.3 %	1.3	0
Morkété	444	7.0	0.1 %	0.5	0.1 %	0.5	0
Total	39974		6.9 %	2745.2	6.7 %	2697	-48.0

As the Impact and Land-Return Survey processes become fully operational, identification of the impacted land users will be calculated when or shortly after the impact has taken place (real time). As part of the present work calendar, the Impact Survey (both land take and land return) data should be integrated into the system by the end of the 2011 at which time the Project should be able to make full use of the information. To date, this task has been completed for a number of villages. Section 2.2 and 2.3 highlights the impact of this updated information on the situation of the villagers of Bégada and Béla.

If we consider the maximum land use of the Project, each of the 23 villages, on which such data is presented in the table 2, has known a reduction of its footprint in relation to its land use peak. It should be noted that although 6 villages have seen the project's footprint increase, during the last quarter, the Project has returned more land over the last few years

than it is presently taking. This is the case for Bégada which experienced the most drilling activity during the third 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's Socioeconomics, we have also completed a thorough review of the processes leading to and including the Five Steps of Reflection. 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 (Table 3 on page 10) confirms that land returned more than compensated for new land take with a net footprint decrease over the quarter. During the last quarter only 29.4 ha of land was taken and compensated by the Project while 73 ha were returned to the communities. Overall, this resulted in 48 ha of net land return during this period.

As was the case in previous quarters, most of the land compensated during this period was for temporary use. In fact, land required for temporary use represented 65% of the quarter's land take. It must be noted that land return (71.4 ha) in this category exceeded new land take (19.2), by a significant margin. The Project actually had a net reduction in its temporary land use of 52.2 ha during the quarter.

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

	Total area (hectares)			3Q11 (hectares)	
Land us type	Compensated	Returned		Compensated	Returned
Sub-Total - Permanent with public access-	**697.8**	**33.2**	**5 %**	**3.3**	**0.6**
Sub-Total – Permanent with no Public access	**979.3**	**93.4**	**10 %**	**6.9**	**1.0**
Sub-Total Permanent	**1677.1**	**126.6**	**8 %**	**10.2**	**1.6**
Borrow Pit	530.6	412.8	78 %	0.0	4.1
Others	24.8	17.1	69 %	0.0	2.4
Sub-Total – Temporary returned without restriction	**555.3**	**429.8**	**77 &**	**0.0**	**6.4**
Underground facility	983.6	286.7	29 %	6.8	56.1
OHL	331.5	80.9	24 %	2.8	0.0
Well Pad	519.0	448.9	86 %	9.7	8.8
Sub-Total – Temporary returned with restriction	**1837.6**	**816.6**	**44 %**	**19.2**	**65.0**
Sub-Total Temporary	**2392.9**	**1246.4**	**52 %**	**19.2**	**71.4**
Grand Total	**4070**	**1373.0**	**34 %**	**29.4**	**73.0**

- 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.
- 6 fields = Kome, Bolobo, Miandoum, Maïkeri, Nya and Timbre

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 cordes 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 overstated 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.

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 Land Use Survey (VLUS) has been performed

Table 4: Percentage of Individuals Made Non-viable by Project Land Take According to the Declarative Database

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 %
Benguirakol	N/A	Benguirakol	N/A
Koutou Nya	N/A	Koutou Nya	N/A

The number of non-viable households below 2/3 cordes 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 first half of 2012. 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	11.4 %
Maikeri	11.1 %
Bero	11.0 %
Ngalaba	9.4 %
Madjo	9.3 %
Bela	5.4 %
Dildo-Bayande	4.4 %
Begada	4.3 %
Mbanga	3.5 %
Kome Ndolobe	2.3 %
Mouarom	1.3 %
Mainani	1.2 %
Naikam	0.0 %

2. Socioeconomic Monitoring

2.1. Village Surveys

Table 6: Total Number of HH Survey by Village

Village	Cadastral survey completed	Impact Survey completed		Land return survey completed		Monitoring Surveys completed total	Total HH Survey completed
		Q3- 2011	Total	Q3-2011	Total		
Bégada	**264**	**4**	**101**	**49**	**113**	**15**	**493**
Béla	**145**	**0**	**37**	**12**	**25**	**6**	**213**
Bero	**600**	**7**	**171**	**95**	**140**	**88**	**999**
Danmadja	**102**	**2**	**26**	**8**	**18**	**39**	**185**
Dildo-Bayande	**275**	**1**	**34**	**0**	**0**	**35**	**344**
Dokaïdilti	**85**	**0**	**9**	**0**	**0**	**21**	**115**
Komé	**193**	**0**	**1**	**2**	**2**	**2**	**198**
Madjo	**131**	**4**	**70**	**27**	**44**	**60**	**305**
Maikeri	**142**	**0**	**22**	**14**	**38**	**6**	**208**
Maïnani	**112**	**5**	**12**	**6**	**6**	**5**	**135**
Mbanga	**270**	**3**	**113**	**12**	**23**	**29**	**435**
Missimadji	**24**	**0**	**3**	**0**	**33**	**4**	**64**
Mouaroum	**85**	**3**	**4**	**0**	**30**	**6**	**125**
Naïkam	**54**	**0**	**0**	**0**	**0**	**0**	**54**
Ngalaba	**251**	**3**	**106**	**1**	**10**	**33**	**400**
Poutouguem	**42**	**0**	**21**	**0**	**23**	**0**	**86**
Other villages	**0**	**0**	**0**	**0**	**11**	**143**	**154**
Total	**2 775**	**32**	**730**	**226**	**516**	**492**	**4513**

* 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 they be a land take or a 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 HHs on a real time basis, integrating this information into the EMP IS is proving to be a greater challenge than initially expected. At the end of the third quarter, 57% of the Impact Surveys from 2010 (299 on 529) and 18% of the 2011 Impact Surveys had 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.

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 to them were previously surveyed using the Impact Survey basis and technique. The remaining households are in the process of being resurveyed in order to identify any changes that may have taken place within the household or to its land base.

Livelihood Restoration Monitoring: The first stage of the monitoring process is now completed. Some highlights of the results of this process are presented in section 2.4.

2.2 Impact Survey: Analysis of Begada village trends over time

Table 7: Impacted households over time	VLUS 2008	Impact 2010
Mean area (cordes)	23.39	23.22
Mean # of HHM	6.12	6.25
Mean of eligibility factor	5.49	4.95
	Last touch *	Impact 2011
Mean area (cordes)	22.72	22.57
Mean # of HHM	6.4	6.45
Mean of eligibility factor	4.74	4.64

* Last situation reported (Impact 2010 or VLUS)

In **2010,** 89 HHs were touched by the project in Begada. Of these, 86 had been surveyed in 2008 when the VLUS was completed and only three are deemed to be new households. Both # of HHM and mean land area by HH did not change significantly between the VLUS (2008) and 2010 for the impacted households. Nonetheless the mean eligibility factor (for the impacted households) appears to have changed to some extent (reduction of 11%).

- 15 HHs changed Eligibility Factor Class.
- 8 HHs went down one class, 6 of which went from wealthy to comfortable.
- 6 went up by one class.
- 3 new households were created during ensuing period.
- Of the 86 HHs who had been surveyed previously (2008 VLUS) 82 % did not change Eligibility Factor Class (EFC).

In **2011,** 91 HHs were touched by the Project in Begada. Of these, 90 had been either surveyed in 2008 when the VLUS was completed and/or had been touched in 2010 (Impact Survey) and only one is a previously unknown household. The mean # of HHM, land area by HH and eligibility factor did not change significantly between the last data available for the impacted households and 2011.

- 8 HHs changed Eligibility Factor Class.
- Only 1 new household were created during ensuing period.
- Of the 90 HHs who had been surveyed previously (2008 VLUS or Impact survey) 90 % did not change EFC.
- We note, from Fig 4, that while most HHs were only touched once in 2011 some of them may have been touched (land take or land return) as many as 8 times. The fact that we are now able to document each of these events illustrates the dynamic nature of the tools being used.

Figure 4: Distribution of Impacted Household by number of impact in 2011 (positif and negatif)

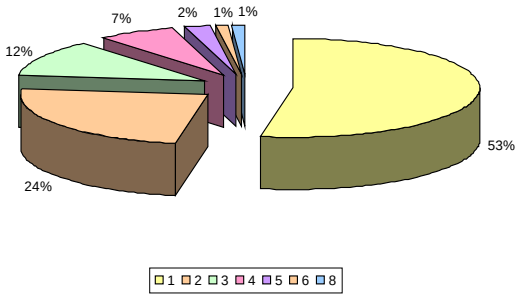


Figure: 2

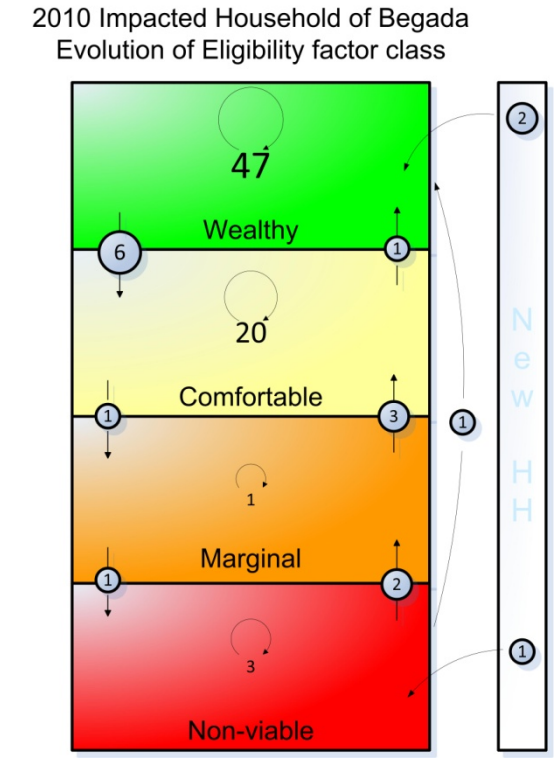
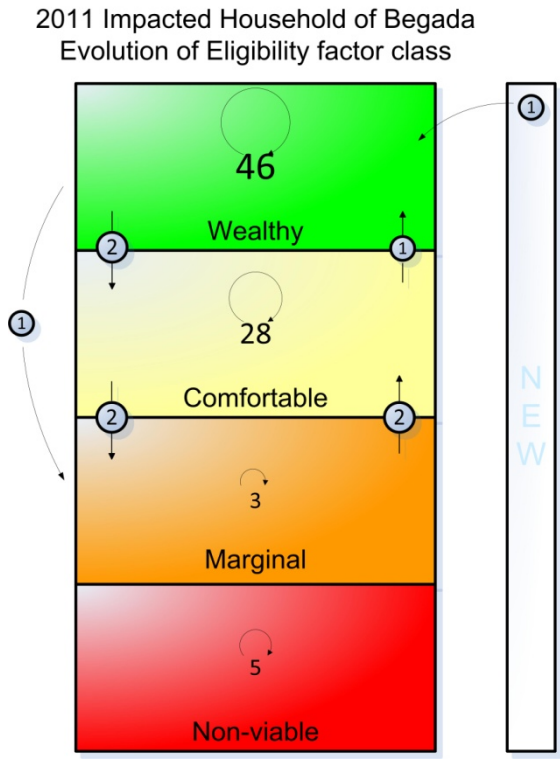


Figure: 3



2.3 Impact Survey: Analysis of Bela village trends over time

Table 7: Impacted households over time	VLUS 2009	Impact 2010
Mean area (cordes)	38.15	35.22
Mean # of HHM	6.75	7.35
Mean of eligibility factor	7.33	5.75
	Last touch *	Impact 2011
Mean area (cordes)	36.83	35.75
Mean # of HHM	8.9	8.95
Mean of eligibility factor	4.89	4.76

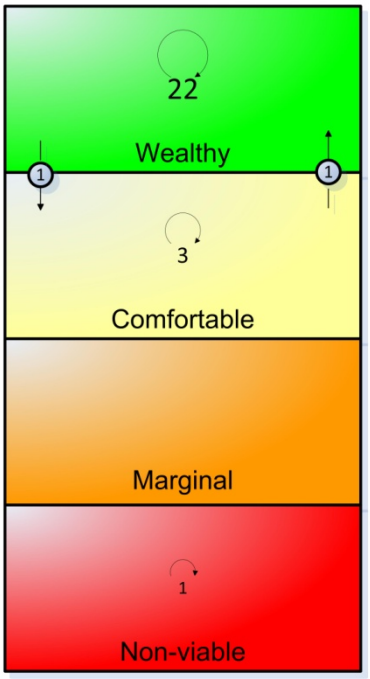
* Last situation reported (Impact 2010 or VLUS)

In **2010,** 28 HHs were touched by the Project in Bela. All of them had been surveyed in 2009 when the VLUS was completed; no new households were affected by a land take. # of HHM and mean increased by 0,6 members (8.9%) while land area went down by 2.93 Cordes/HHM (7.6 %) between the VLUS and 2010 for the impacted households. This resulted in the mean eligibility factor going down by 22%.

- Only 2 HHs changed Eligibility Factor Class.
- 1 HH went down one class dropping from wealthy to comfortable.
- 1 HH went up by one class, moving from comfortable to wealthy.
- Of these 28 HHs, all of whom had been surveyed previously (2009 VLUS), 93 % did not change Eligibility Factor Class (EFC).

Figure: 5

2010 Impacted Household of Bela
Evolution of Eligibility factor class

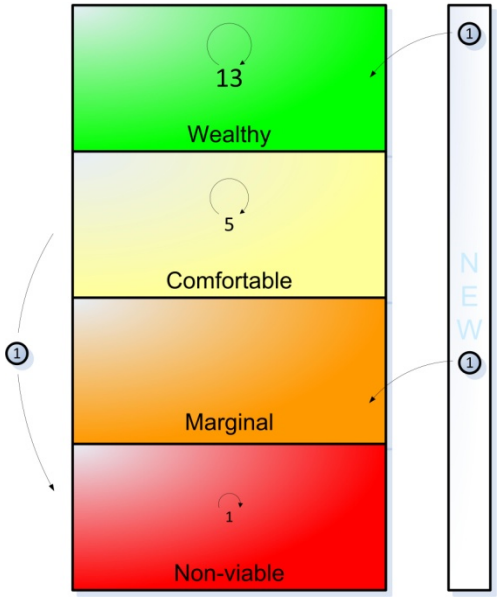


In **2011,** 22 HHs were touched by the Project in Bela. Of these, 20 had been either surveyed in 2009 when the VLUS was completed or/and had been touched in 2010 (Impact Survey) and only two were previously unknown households. The mean # of HHM, land area by HH and eligibility factor did not change significantly between the last data available for the impacted households and 2011.

- Only 1 HHs changed Eligibility Factor Class.
- This household jumped from comfortable to non-viable.
- 2 new households were created during ensuing period one being classified wealthy and the other marginal.
- Of the 20 HHs who had been surveyed previously (2008 VLUS or Impact Survey) 95 % did not change EFC.

Figure: 6

2011 Impacted Household of Bela
Evolution of Eligibility factor class



A review of the individual cases which have changed EFC in both **Begada and Bela** would lead us to believe that these changes are to a great extent due to changes in the makeup of these specific households or to changes in land area available to the household. It must also be noted that changes in the land basket of the HH would appear to relate more to transactions between individuals than to the impact of the project.

2.4. Livelihood Restoration Monitoring Survey: Where do we stand?

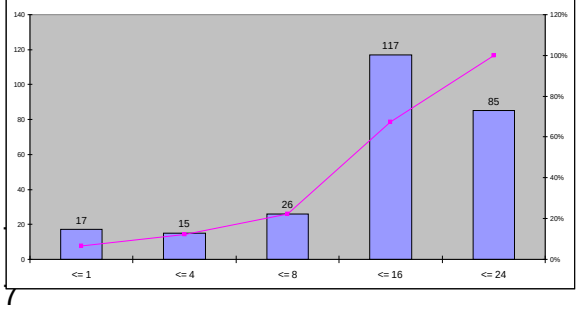
Over the first three quarters of 2011, 268 previously trained resettlement eligible candidates were surveyed. The objective of this process was to determine the extent to which the resettlement training option they chose was successful in helping them restore their livelihood to pre-impact level. Two main groups of individuals were targeted for this survey:

1. The first group is made up of impacted land users who had been deemed eligible on the basis of the declarative survey previously used. As their communities were not incorporated into the VLUS process it was impossible to validate or invalidate their status. Therefore, it was decided to monitor them.
2. The second group is made up of trained individuals who were covered by the VLUS process and identified as being non-viable or at-risk from and land agriculture point of view.

The evaluation of their level of restoration was based on their economic situation (value of the buildings owned by the HH used as a proxy), the efficiency of the training and a number of key failure factors. In general we can conclude from this work that:

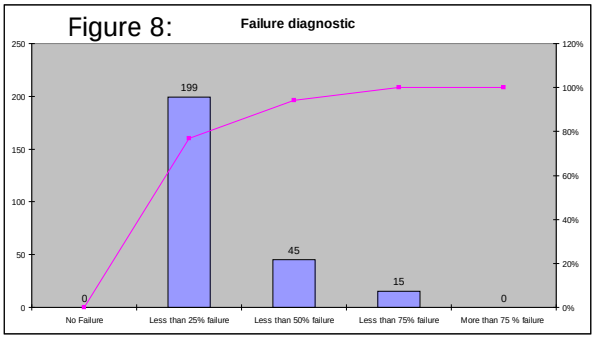
- Housing (primary asset) value among graduates is relatively high, usually higher than 800,000 FCFA.
- 76 HH (29%) appear to be in a more difficult position as they have not been able to accumulate a significant amount of wealth in the form of buildings and assets. This is indicative that they either generate little surplus after meeting basic needs or that their priorities are elsewhere.

Figure 7: Training effectiveness (scale from 1 to 24)



- Training was generally effective in that most graduates use learned knowledge and skills.
- Only 56 (24%) of the eligibles have not found the training to be effective in their case.

Figure 8: Failure diagnostic



77% of monitored eligibles triggered at least one failure indicator.

- 60 (23%) triggered two or three indicators indicating that they are facing a real challenge.
- A review of the data indicates that it is usually the same individuals who are underperforming under the three indicators previously described.

Over the next few months we will:

- Through a more open ended surveying process, identify those (out of those previously identified) who could benefit from further support and customized solutions which present the best likelihood of enhancing their livelihood.
- Identify key success factors/indicators to be brought forth in order for the solution to have the required impact.
- Evaluate performance of selected customized solution on the basis of indicators, and adjust strategy as needed.

2.6. Monitoring the Sustainability of Community Compensation Management Committees: Trends and Best Management Practices

EEPCI's Community Compensation Program is managed by the EMP Department. The purpose of this program is to offset the cumulative loss of productive capacity of a community's population through the establishment of an asset, usually taking the form of a building or a community level service. Over the last 10 years EEPCI has supported the establishment of over 100 such initiatives covering a wide range of needs (water towers, schools, multi-purpose room, flour mills, community grain storage and markets).

In order to sustain themselves these initiatives require the presence of a community based management committee which will ensure the operation, maintenance and development of these, often essential, services. Over the last few months a survey was launched in order to measure the level of sustainability and the challenges which are faced by these local organizations.

A random sample of 36 management committees was identified for interview. Following the interview of members of these committees a number of key findings were noted:.

1 **Sustainability**: 91% of Management Committees are still operational.
2 **Stability**: While 52 % of original committee members are still present, 53% of committees have sought new members over the years. This denotes that committee membership is relatively stable while maintaining a sufficient level of turn over to bring in new ideas. Stability should never be equated to stagnation.
3 **Representation on committees:** While most of the projects selected by communities have targeted the needs of children (schools) and women (flour mills and water supply systems), these user groups have very limited representation on these committees.
4 **Structured processes:** With the exception of the parent teacher associations (usually is the management committee for the schools) who have a charter dictated through Chadian legislation; most management committees do not have a formal documented process. Such documents would usually deal with issues such as membership, representation, decision making processes and management systems. While this is a concern, 94% of committees confirm that decisions are taken in a consensual fashion.
5 **Literacy:** Main challenge encountered by management committees, results from the limited skills of the members in terms of writing, reading and accounting. Some challenges also arose because of the limited skills of committee members and staff in equipment maintenance.

Following completion of this diagnostics a number of changes will be implemented in dealing with the establishment of future compensation projects and their respective management committees.

1 Provide Management Committee Members with some basic literacy and small business management training. This will be integrated as part of the ongoing activities of the BBS program.
2 Propose a pro forma charter to assist Management Committees in establishing an appropriate operating structure.
3 Provide a training program to Members of Management Committees and some of their staff in the maintenance and operation of the equipment.

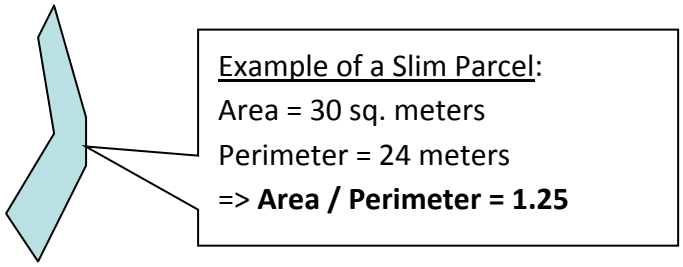
2.7. Fragmentation: Some Preliminary Results

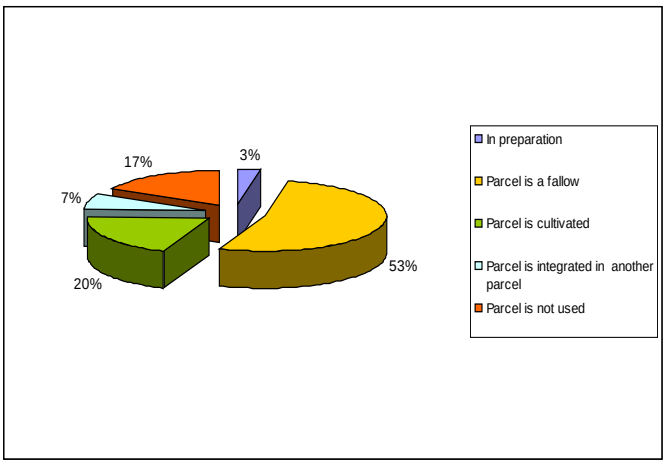
Over the years concerns have been raised over the willingness/ability of producers to gainfully use parcels of land which are considered to be fragmented. A fragmented parcel is usually a relatively small land parcel whose shape and size make it difficult to cultivate. While concerns relating to this issue have been expressed by many, little solid data exist as to the presence of these parcels and in regards to the willingness/ability of producers to use them.

The objective of this initiative was to select 200 such parcels in four fault blocks (FB9, FB5 Bolobo central and Miandoum FB4/7) and inspect them in order to determine if they are being actively used. Parcels selected were parcels which arose from the activities of the Project and not through normal land transfer processes.

We defined two types of parcels that are difficult to cultivate :

- Slim parcels (parcels that have ratio: Area / Perimeter < 10)
- Small parcels (area < 625 sq. meters, 1/8 corde)





Key findings:

1 From these verification we noted that 83% of all parcels have been integrated into the agriculture production system (fallow (rest period), in preparation, actively cropped or incorporated into a larger parcel). Only 17 % have been declared abandoned by the users.

2 While 63% of abandoned land parcels are associated with flow lines or power lines, 78 % of all land returned after the installation of flow lines have been incorporated into the agricultural production system.

3 More than 80 % of the land which had been declared to have been used in agriculture, before the construction took place, have been returned to active agricultural production after having been returned to the producer by the project.

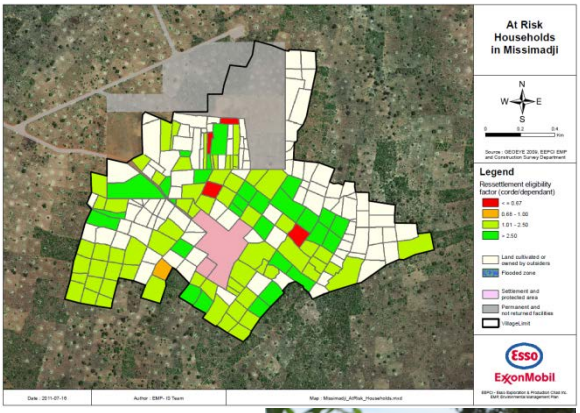
4 The main issues raised as to why land was abandoned are:

- Surrounded by facilities, which makes use and access difficult.
- Distance from home. In view of relatively small size of parcel traveling from home is viewed as not being reasonable.
- Some laterite (clay soil) has been brought to the surface as part of the trenching process. The lateritic content of the subsequent surface soils could not be completely corrected through the rehabilitation process.

From this exercise we can conclude that in general even small parcels are being reintegrated into the agricultural production system. Notwithstanding this reality a more complete review of the few cases where this is not the case will have to be done in order to ascertain if any solutions can be brought forth by the project to correct the situation.

3.0 Milestones of Q2-2011

3.1 Missimadji, 7 Years After the Community Compensation



In July 2001 a borrow pit was established near the village of Missimadji. The borrow pit and its associated access road covered an area of 60 ha. Since then and even if parts of the Borrow are still actively being used for the extraction of lateritic material more than 40 hectares have been reclaimed and returned to the communities involved.

As explained by M. Ngarnaissem Ngarndolé Prosper, chief of the village of Missimadji the land which has been reclaimed and returned has been put in production and is being actively farmed by members of his community and farmers from neighboring villages. This land has brought an important contribution to the ability of his community to feed itself and sustain the local economy.

In compensation for the original land take the community opted for a school. The two class school room, which was obtained and established at the time, is still actively being used to educate the children of the village.

The head master of the school, M. Nguirengar Roger, explained that prior to the construction of their school, in November 2003, only the three first years of the primary cycle (CP1, CP2 and CE1) were offered at the village's traditional school. In addition to the lack of comfort present in the old straw building they were not able to respect the school calendar as recommended by the Department of Education. In fact, school rarely started before November (waiting for the dry season to gather the required construction materials) and often ended at the end of the month of April with the advent of the rainy season. In short, children did not get the basic education required to continue their learning in neighboring villages. The greatest impact of the new school is the fact that children now complete the program required to move on to the sixth grade and high-school. While a small number abandon school because of the pressure from the family to contribute to field chores and herding, many now complete their primary school education. While fees remain very reasonable at 2 000 FCFA per year a reduced rate of 1 500 FCFA was introduced in order to incite parents to send their girls to school.

Of the last graduating class, 5 students managed to successfully write the admission exam for the 6th grade at Bero's College. For this head master, this is clearly a huge improvement which will contribute to the long term development of his community of adoption.

3.2 Poutouguem and Maikeri Get New Schools

On September 28th 2011, the schools of Maikeri and Poutouguem were officially inaugurated. These two activities marked the end of a 10 month process which started with a series of public consultations in the first weeks of 2011.

For these two communities, the official inauguration of their schools marked a milestone in the development of their community. The importance of the granting of these schools to their respective communities was underlined by the presence of many elected officials and representatives of the civil society. Many and very diverse interest groups, ranging from sport teams to women groups, representing the whole of these communities, were present to mark these events.

It must be underlined that the choice made by these communities to select a three room school building as a community compensation measure arose through a collaborative process which made it possible to achieve a broad consensus. The opinion of each segment of the community whether they be man, women and the children was sought. It is noteworthy that the ultimate choice was a unanimous one.

The fact that these new schools were inaugurated less than 6 months after a choice being made denotes of the importance given by EEPCI to the need of these communities. The presence of three senior managers of EEPCI (Mr. Joe Paige SHE Manager, Mr. Dingamyo Mbao EMP Manager and Yolla Zongré Public Affairs manager) further underlined the importance of this event.

Starting in early October around 600 children will have access to these new facilities. We must not forget that the establishment of these two new schools will give the children of these villages a more suitable learning environment in order to prepare them for the challenges of the future. This is a huge improvement over the reality that they had to endure in the past, when the only option they had was to be schooled in straw sheds which offered little protection from the environment.

They will thus embark on a road that will bring some of them to develop skills and knowledge that will open the way to a brighter future for themselves, their families and their communities as a whole.

3.3 Improved Agriculture Training

In 2008, Latel Dile who had been impacted by the Project opted for Improved Agriculture Training as a restoration option. Seeing an opportunity to gain more knowledge her husband, Jasson Mbairamadji, opted to join the class as an auditor. While this training program was structured specifically for the needs of impacted eligibles it has always been open to the community at large.

Through this program they have been able to greatly enhance their overall production and the contribution of their land based activities to their quality of life. Not only are they now more able to meet their dietary requirements, they also generate a fair surplus that they can market. As Jasson puts it, the training program has brought about two major consequences of his operation.

Intensification: By adopting better practices such as composting and the use of manure from his livestock operations they have been able to increase their expected yield. The following table gives us some indication of his yields versus that of producers who use traditional unimproved practices.

Table X: Jasson's Yield vs. that of untrained farmers

Crop	Average yield*	Jasson's yield**
	KG/HA	KG/HA
Peanuts (with shell)	900	3840
Sorghum	900	1700
Millet	550	1100
Rice (Paddy)	1000	3000

*Data supplied by the ONDR reflecting traditional production techniques.

** Yield for 2010

In general his yield compare very favorably with those of the eligibles who took the improved agriculture class and got all of the advantages of the program even exceeding the yield of the best performing pupils in peanut production.

While Sorghum, Millet and Rice are mainly grown as a staple in order to meet the needs of his family, peanuts are produced mainly as a cash crop. Over the years he has progressively changed his cropping system to put more emphasis on peanuts (a high value cash crop).

While he had been raising cattle for a number of years Jasson picked up some additional skills in terms of livestock husbandry such as selection and feeding (introduction of some supplements in the diet such as salt and bran). This has helped him yet again to become more productive.

Diversification: Seeing new opportunities in raising chickens they selected this option for dry season training. They are one of the few households who have sustained their breeding stock. Not only are they now selling chickens and thus helping to feed their neighbors they also sell breeding pairs of chickens to those who want to enhance the quality of their flocks. Seeing still more potential for growth they have added sheep, goats, pigeons, honey bees and guinea fowl to their business.

The profit they have generated from these various operations has been reinvested into the purchase of more land and the construction of buildings to house additional people or domesticated livestock.

Conclusion

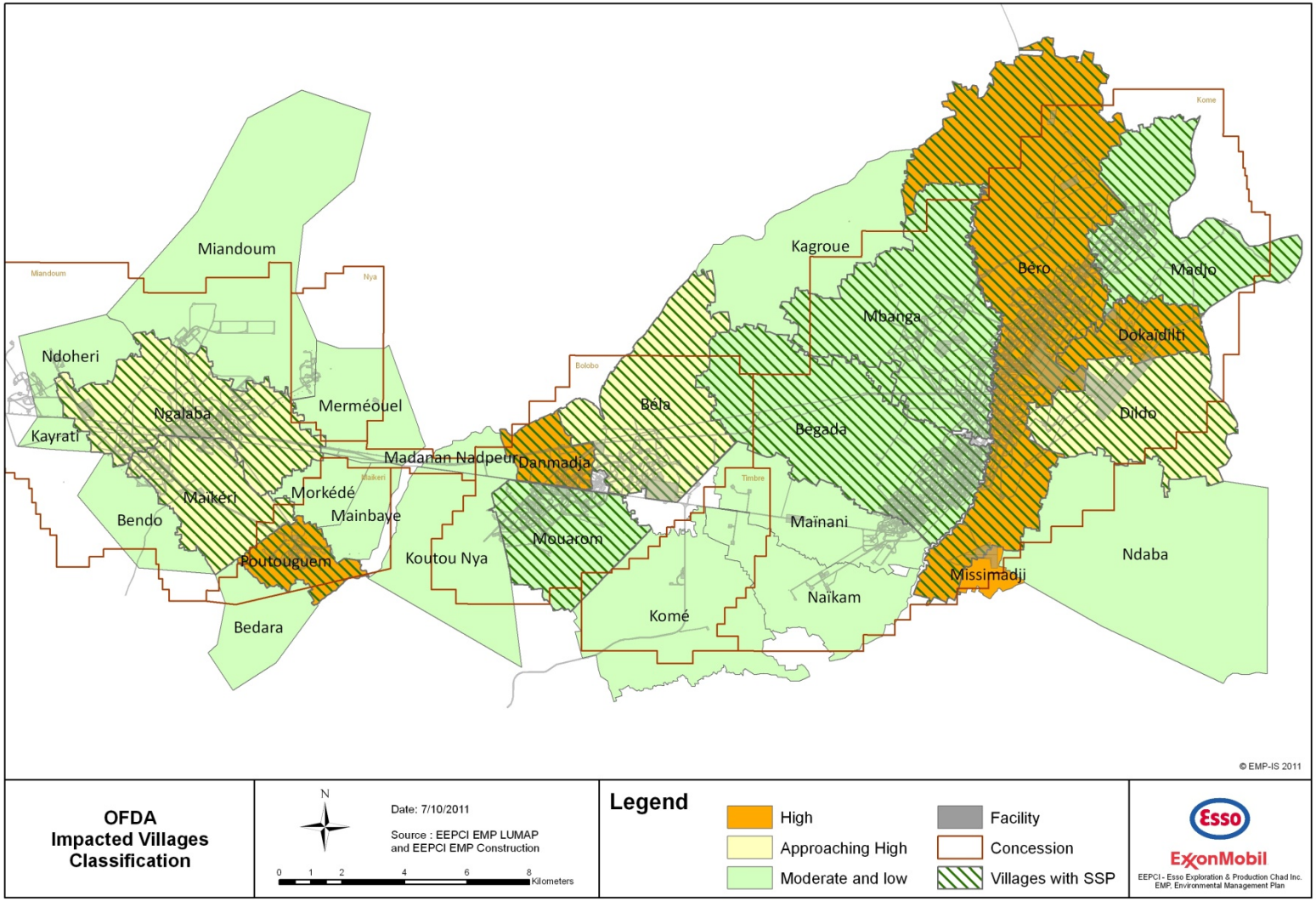
As was started in last quarter's report (2Q-2011) EEPCI will progressively incorporate data from the Impact and Land Return Surveys (V Process), Fragmentation Surveys and Livelihood Monitoring surveys in the Quarterly Village Impact Report. While the VLUS data has allowed us to gain a very good understanding 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. We will also continue to provide case histories of resettlement graduates and the people and communities who receive support from the Project's Resettlement and Compensation Plan.

From this report we can make the following conclusions:

1. Land reclaimed and returned has exceeded the Project land take.
2. 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.
3. The project is having important positive effects on communities and many individuals whether they are Project affected and eligible for resettlement or not.
4. 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.
5. Completion of the monitoring process with the Community Compensation Management Committees as made it possible to demonstrate that these groups have done reasonably well over the years. With 91% of committees still operating it is clear that the projects selected by communities are to large extent sustainable.

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:

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

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 cordes).

Rule:

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

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%**