

CORPORATE ENGAGEMENT PROJECT

Field Visit Report

**“New Operations in a Country at Crossroads”
Operator: Total E & P Mauritania (TEPM)**

Mauritania

March 28 – April 11, 2006

Luc Zandvliet and David Reyes

This document was developed as part of a collaborative learning project directed by CDA. It is part of a collection of documents that should be considered initial and partial findings of the project. These documents are written to allow for the identification of cross-cutting issues and themes across a range of situations. Each case represents the views and perspectives of a variety of people at the time when it was written.

These documents do not represent a final product of the project. While these documents may be cited, they remain working documents of a collaborative learning effort. Broad generalizations about the project's findings cannot be made from a single case.

CDA would like to acknowledge the generosity of the individuals and agencies involved in donating their time, experience and insights for these reports, and for their willingness to share their experiences.

Not all the documents written for any project have been made public. When people in the area where a report has been done have asked us to protect their anonymity and security, in deference to them and communities involved, we keep those documents private.

“New Operations in a Country at Cross Roads”

INTRODUCTION

The Corporate Engagement Project (CEP) is a collaborative effort involving multinational corporations that operate in areas of socio-political tension or conflict. Its purpose is to help corporate managers better understand the impacts of corporate activities on the societies in which they operate.

Against this background, David Reyes, Independent Consultant, and Luc Zandvliet, Project Director of CEP, visited Mauritania from March 28 to April 11, 2006. The CEP team was accompanied by Hyould Rajel in Ouadane and Chinguetti.

The visit started with a briefing at Total Headquarters in Paris. In Mauritania, the team visited Nouakchott, Atar, Ouadane and Chinguetti as well as a number of small villages and nomad encampments in the Ouadane and Chinguetti Departments.

The team conducted 44 interviews with union leaders, civil society representatives including human rights, development and environmental groups, people well versed in the tenets of Islam, government officials (appointed and elected), academics, journalists, gendarmes, educators, national and international business leaders, member of the diplomatic corps, contractors, lawyers, people involved in the tourist sector, tribal elders, nomadic people, and a number of expatriates who reside in Mauritania.

As only one multinational is producing oil in Mauritania, and Total Exploration and Production Mauritania (referred to in this report as TEPM) is not yet active, many stakeholders found it difficult to imagine “best practices,” stating instead what companies should *not* do. Thus, several of the options discussed in this report are based on, and should be considered in light of, experiences of the CEP project elsewhere. In addition, the visit was conducted when TEPM had one staff in country. His primary responsibility is to complete a two-dimensional seismic survey

and, depending on the result of that survey, to decide whether or not the company should continue a presence in Mauritania beyond July 2008. TEPM's capacity to implement the options discussed in this report should be seen against this background.

This report is comprised of two parts. Part I details the findings on a national level. Part II discusses observations from the Adrar region where TEPM will have its operations. Both sections follow a similar structure, first describing contextual elements relevant to TEPM, followed by general observations and operational issues for TEPM to consider.

We invite feedback on the observations laid out in this report. In all of CEP's efforts, we encourage collaboration between varied groups with the ultimate objective of increasing the positive impact that companies have, or can have, on the quality of people's lives where they operate. The purpose of this report is to contribute to broader discussions within the company and between the company and external stakeholders about options for positive corporate engagement in the Mauritanian context.

PART I: NATIONAL CONTEXT OF OPERATIONS

1. Context relevant to TEPM

The following are aspects of the national context that came up during the discussion and seem most relevant to TEPM.

- § Mauritania is, according to most people there, moving irreversibly toward democratic representation and more governmental accountability. At the time of the visit, the country had a transitional military Government that came to power in a coup d'état on August 3, 2005. Presidential elections have been scheduled for March 2007. Despite the skepticism of some who are concerned that the former ruling families are still in power, the majority of people we spoke with are confident that Mauritania has entered a new political era marked by more tolerance, transparency and responsibility. Some examples are: interruption of price-fixing meat cartel; the elimination of unofficial 'fees' on taxi drivers; increased opportunities to demonstrate against and criticize government; more public discourse about corruption; the release of political and religious detainees, judicial reforms; and, the emergence of political pluralism.
- § By and large, the population holds fast to tribal affiliations and nomadic ideals, if not practices. In 1960, around 80% of the population still lived a nomadic lifestyle. Aspects of the nomadic culture remain deeply engrained in society. For example, many urban families spend their week-ends in tents in the desert.
- § One element of nomadic society that people consider important is its openness. People tend to be highly welcoming, communicative and verbal. Western notions of privacy and secrecy are not well understood. Even Nouakchott, the capital, feels somewhat like a small town where everyone knows one another, no one's activities are private, and news travels remarkably fast.

- § Western donor funds have spurred the emergence of a young and lively civil society. However, quality and integrity vary greatly between the several hundreds local NGOs. Many are described as “briefcase NGOs,” existing only to collect money from donors, whereas others are run by motivated people who are honest and firmly committed to their respective issues.
- § Geography and history have made Mauritania a land shared by sub-Saharan black Africans and people of Arab descent. The culture was described by one Afro-Mauritanian as “one of respect for diversity, not one of assimilation.” Islamic faith, which is a requirement for citizenship, is a unifying factor; a connector.
- § In balancing moral obligations, Mauritanian society typically gives more weight to favoring family members than Western societies.
- § The Mauritanian population is comprised of Arabic, Pulaar, Wolof and Soninke speaking people. Four Arabic speaking Moor families are said to control most of the country’s wealth and power.

2. General Observations

- § The CDA team found Mauritians to be generally optimistic and hopeful about the near future. Local stakeholders universally agree that the Coup d’Etat of August 2005 has been followed by various quality of life improvements. We found expatriates in Mauritania to be much more guarded as to whether the current state of transition represents a genuine break from the past and a sustainable shift toward transparency and democracy for the future.
- § Consistently, stakeholders appreciated that TEPM invited the CEP team to Mauritania to conduct an assessment prior to starting its operations. Civil society groups said this was the first time they had been asked for their opinions about incoming foreign investment. Some contrasted this approach with having been invited to a workshop where the Environmental Impact Assessment of another company was discussed after it was written

by foreigners. They felt this latter approach used them to provide the EIA with an unfounded stamp of approval.

- § We heard that society is delineated between Moors and Africans. Yet, in our discussions about business, we heard strikingly similar issues voiced, regardless of ethnic background.
- § There are high expectations regarding the benefits of oil/gas for the country. Many people, especially the Moors, look to the Middle-East, Dubai and Qatar were mentioned, rather than to other African countries when they consider the potential impacts of exploiting petroleum resources. They are critical of oil development in sub-Saharan Africa, suggesting that the government and companies should look South for what *not* to do.
- § Nearly every person interviewed mentioned Woodside -an Australian oil company that operates off-shore- and expressed concerns about the way the company operates. This is relevant to TEPM because Woodside has deeply influenced public opinion about the presence of multinational companies.
- § Despite the size of the country and its low population density, there are no far-away places in Mauritania. Corporate operations, no matter how geographically isolated, will be closely watched. Woodside's operations, for example, are entirely off-shore but very high profile, nonetheless. Although TEPM activities will occur deep in the Sahara, they are likely to attract a similar level of public attention and scrutiny.
- § The fact that TEPM is a French company is not perceived as a problem. If anything, people stated that they still feel quite close to the French and welcome French investments. One intellectual summarized that people prefer a Franco-German business approach over what is perceived as an "American system" that, in the public's mind, involves corrupt practices and the singular drive to maximize profits.

3. The Business environment

Stakeholders, from NGO representatives to businessmen, explained how some of the largest and highest profile companies already working in the country currently do business.

§ Economic life is dominated, and controlled, by four families. Apparently, there are smaller companies that try to establish themselves and grow, but, as one company representative remarked, “this country is built on monopolistic business practices.” For example, one hotel does not have its account with the “right” family’s bank and therefore runs into problems with the tax authorities. Other foreign companies find it difficult to get licenses from the government as they are not associated with Mauritians from the “right” family. Purchasing vehicles is another example, where Toyota vehicles can only be purchased through one family.

§ International companies largely conduct their transactions through intermediaries. These are individuals or companies tied to influential families who are able to facilitate the swift processing of administrative procedures, to identify subcontractors, and to find rental housing and vehicles. Labor

intermediaries, or ‘tâcherons’ as they are called, also select the jobseekers who most companies hire as their workforce. Companies work through tâcherons because they are seen as more efficient and avoid the management issues of directly dealing with staff.

§ Observers in Nouakchott note that some international companies working in Mauritania have little contact with civil society and the communities they work with, largely because of their reliance on intermediaries. Many in Nouakchott spoke about companies having a “bunker mentality,” raising walls and not reaching out to local stakeholders.



- § Hiring, especially at higher levels in the public and private sectors, is largely influenced by personal relations and ties with influential families. Moors and Afro-Mauritians alike acknowledge this means that Moors have the most control. However, Afro-Mauritians between the ages of 35 and 50 are often better educated than the White Moors because they saw education as a means of improving their status, whereas the Moors could count on family. The result is that an Afro-Mauritanian may have a more senior position corresponding with his level of education but still must defer to a less senior White Moor with the right connections. This dynamic may be changing somewhat with the ‘Arabization’ of education, making it less clear who, among those 35 and younger, are better educated.
- § Corruption is, apparently, widely practiced as necessary to get things done. But, at the same time, it is strongly condemned as prohibited by the Koran. People consistently distinguish between “clean” companies and individuals, and those that are not, stating an obvious preference for the former.

4. Changing society-expectations

Consistently, the stakeholders from various ethnic, social, and professional backgrounds with whom the CEP team spoke pointed to fundamental problems with the way business has been conducted in Mauritania. Corruption, nepotism, the use of intermediaries, and a distant manner of conducting business were repeatedly mentioned as the main characteristics of the current business model. People are critical with this way of conducting business because for them it represents a socially unjust, even oppressive, system enriching few families in a context of extreme poverty and enormous social need. There is a growing sense that all Mauritians are entitled to benefit more from the country’s resources. Stakeholders are particularly vocal and assertive at this time because of the following developments:

- § Changes in the political context have catalyzed the sense that people are taking control over the future of their country. Whereas in the past, people felt they had no control over

business-related matters, people now articulate feeling they have the right to assert some control over decisions that affect, or could affect, their lives.

§ Although big oil companies such as Amoco, Arco, Shell, Texaco and Mobil have had a presence in the past, major international business investments are a fairly recent phenomenon in Mauritania. They are heavily covered in the media and are a common topic of conversation. The arrival of Woodside has triggered a lively debate about corporate practices in the country. This is partly because Woodside is the first large international corporation to operate in Mauritania (over one billion US dollar investment) and because of the nature of its relationship with the previous government, which was the subject of a publicized dispute with the transitional government at the time of the CEP visit.

§ People point out that Mauritania's resources are few and the benefits are scarce. Stakeholders consistently said that the licenses for exploiting the very rich fishing grounds have been given out to foreign companies without benefiting the general public. Similar complaints were heard about the revenues from iron and other mining, which, for the most part, are thought to be used to pay the national debts. Public perception is that the first major oil investments have, again, benefited individuals and families rather than the general public. A common expression of frustration is that, "we had iron but saw no benefits; fish may stink but we didn't even get to smell them; we had better see the benefits of oil." A Nouakchott intellectual referring to higher costs of living due to the inflated rents paid by companies put it this way: "It's our money because it is our oil. They're using our money to make life more difficult for us."

These changing expectations are relevant to TEPM for the following reasons:

§ Total's downstream activities in Mauritania (gas stations) appear to be perceived as a neutral activity and as distinct from E&P activities. Thus, the reputation of Total's downstream activities is not a buffer against high public expectations. A number of intellectuals and civil society representatives expressed skepticism about TEPM's

intention to practice good corporate citizenship in Mauritania based on the company's legacy from other parts in Africa (especially Angola and Gabon) and Myanmar/ Burma. This means that TEPM will have to demonstrate to some of its national stakeholders that it is able and willing to continue the positive start of its operations beyond the CEP visit.

- § The political context has changed in Mauritania and the activities of other companies have “awakened” Mauritians, helping them identify practices that they do not agree with. The prevalent way of doing business is associated with the “old” regime, whereas people expect “clean” corporate practices associated with the current context. This is partly because stakeholders hope a more representative government will impose more responsibility. In other words, people now expect companies to meet higher standards, not just because companies will have to, but also because people now can make such demands.

What are the consequences of these recent developments for TEPM?

TEPM has to deal with two benchmarks already established: the legacy established by Total and Elf elsewhere; and public perceptions influenced by other oil companies already operating in Mauritania. Both are perceived as negative. At the same time, Mauritians generally welcome TEPM's investment. Adhering to industry best practices would, for many people, symbolize a break with the past and hope for the future.

It will not be possible for TEPM's approach to be perceived as politically neutral. Multiple stakeholders say that TEPM has two basic options for how it operates: either to do business-as-usual; or, to work according to an alternative business model. Taking a business-as-usual approach will be perceived as reinforcing, and biased toward, the past political and business elite. On the other side, the “clean” approach will be seen as somewhat revolutionary, away from the status quo. Adopting the latter, “clean” model, based on principles such as transparency, merit, and stakeholder engagement (consistently mentioned as the most important elements) would convey that the company has the best interest of Mauritians in mind. Such an approach would, stakeholders say, justify the company's profiting from Mauritanian oil.

There appears to be little possibility for TEPM to make a soft landing, gradually introducing itself to the broader public, during the start up of production, for example. It is necessary, therefore, to demonstrate the company's principles from the outset. As one Mauritanian business man observed "You will have to manage the system. If not, the system will start to manage you."

Several observers acknowledged the opportunity for TEPM to start off in the best possible way in Mauritania. They pointed out that:

- § Contrary to the consumer or services industry, and given that TEPM already has an exploration license, "clean practices" would not cause any competitive disadvantage (although it may lead to some push-back from the political and business establishment).
- § Since the company has a long-term interest, operating "cleanly" is the best approach to earning and sustaining public and private support during future governmental and societal changes.
- § Operating cleanly will provide TEPM with overwhelming public support. People point out that a clean operation is not only correct ethically; it also corresponds with Muslim morals that prohibit corruption.

To the credit of TEPM management, the company has already started to do this in the short time since its arrival. For example, even though a number of adequate CVs for the position of Executive Secretary had been brought to the office by 'friendly' contacts, management made a deliberate effort to publicize the position in all major newspapers and TEPM's management was directly involved in the hiring process.

5. Feedback from Nouakchott civil society regarding the company's way of working

When the CEP team discussed the main elements of a "clean" model with stakeholders from a range of backgrounds, they repeatedly and consistently mentioned the following:

Business Principles Specific to Mauritania

Most people agreed that it is important for any company new to the country to show that it represents change and improvement. The significance of establishing and complying with business principles kept coming up as well.

Feedback/Observations

- § Civil society groups mentioned that if TEPM wants to be seen as different it needs to make, and be seen to make, *active* efforts to be transparent. Such an approach would help overcome existing skepticism that multinational companies are bribing officials or “stealing” that what belongs to Mauritians.

Options

- § TEPM could consult with knowledgeable Mauritians to develop a mission statement. Stakeholders pointed out that one of the first things TEPM could do is to publicize a clear and explicit formulation of the principles and objectives on which it will base its operations in Mauritania. Such a statement, presented early, would serve as a tool to help management reduce pressure to provide favors. Responding to questions about avoiding corruption, several people mentioned that, “TEPM should not start negotiating or bargaining; then it is too late. Simply explain your approach. If you’re open and transparent from the beginning, you will face fewer problems.” The iron/ore company, SNIM, provides one example. It has recently published a strategy document (<http://www.snim.com/strategie/strategieF.pdf>) explicitly mentioning some of its business principles, which serves as the benchmark for the industry in Mauritania.
- § The elements that repeatedly came up as important to include in a mission statement were:
- Two-Pronged Transparency; a) Financials; and, b) Public dialogue and communication
 - Working against corruption
 - Hiring and contracting opportunities based on merit

- Supporting smaller companies and, whenever possible, ensuring wealth distribution.
- Fair working conditions for TEPM staff and contractor staff (e.g. no exploitation by intermediaries, pay social security. Union representatives specify compliance with international norms)
- Supporting local content
- Operating in line with respect for cultural and religious values
- Maintaining proximity to stakeholders and engaging local people (grassroots and civil society) rather than relying solely on discussions with the authorities
- Stand for gender, tribal and ethnic equality.

§ One suggestion was to hire a compliance officer, someone known to be of high integrity, who can help ensure that the objectives TEPM aims to realize through its principles are achieved and that the company obtains and maintains approval from Mauritanian society over the long term.

§ Consider establishing a voluntary Advisory Board, or even a less formal advisory roster, consisting of a variety of people (to avoid dependence on very few people) that provide feedback and ideas for TEPM management navigating the Mauritanian context. Several people with whom the CEP team spoke, including a prominent Imam, expressed a willingness to be part of such a Board, probably even on a voluntary basis, as they



recognize the inevitability that foreign investment will have an impact and hope to make it a positive one. Given Mauritania's context, such an advisory board could include religious experts, sociologists, environmental experts, political observers, and people with

knowledge about customary land use and human rights issues, as well as people who know how to deal with the power establishment. The point being that the prevalent

system is a labyrinth of personal connections, making it nearly impossible to operate “cleanly” without the multifaceted advice of a group of informed people with a genuine desire for change.

- § As an explicit demonstration of the transparent approach TEPM could take, some people suggested that the company and Government agree to make public the Production Sharing Agreement. Alternatively, TEPM could take the lead approaching other companies to discuss the industry-wide possibility of public PSAs.
- § Consider establishing a TEPM website that explains policies and approaches, while posting successes and difficulties in implementation.
- § A significant step would be to sign up to the already existing, but still very young, initiative to establish an association of businesses fighting against corruption. The leader of this movement, himself a successful entrepreneur, suggests that TEPM’s sheer size would add critical momentum and send a positive message about doing business in Mauritania, thus increasing investment and encouraging smaller businesses to devote resources to building their capacity to take bigger contracts rather than corruption and maintenance of the current system.
- § Regarding recruitment for skilled positions (stakeholders agreed that all non-skilled labor must be hired locally) the following ideas were mentioned:
 - Ensure that jobs are advertised in all national newspapers
 - Make use of the national radio and TV to disseminate information. Apparently, such media are relatively cost efficient and widely accessed
 - Be sure to test possible candidates and consider making the results public
 - To avoid being accused of ethnic or tribal bias, ensure that skilled staff adequately represents the ethnic makeup of society.
 - Publish the CVs and other qualifications of people hired for skilled positions as a way of preempting complaints about unfair hiring.
 - Demonstrate a desire for gender equity whenever possible.

§ One of TEPM’s contractors mentioned that they are basing their policies on only two documents; 1) Mauritanian law and 2) their contract with TEPM. This signals an opening for TEPM to include its business principles in all contracts (e.g. as an Annex) to ensure that compliance with regard to external relations issues receives the same importance as, for example, safety issues. Some contractors say they appreciate this approach as it brings their standards more in line with Western oil companies, thus increasing future contracting opportunities.

Use of intermediaries

Stakeholder concerns about the use of so-called intermediaries came up consistently and repeatedly. The terms “Tâcheron” and “intermediary” are loaded and triggered strong reactions, especially as they relate to hiring labor. This is not to say that stakeholders object to the use of third parties but, rather, they object to the manner in which most intermediaries operate in Mauritania. Specifically, concerns concentrated on two aspects: 1) the exploitative nature of how most intermediaries use their staff; and, 2) the system of corruption that the use of intermediaries symbolizes.

Feedback/Observations

- § From a symbolic perspective, the use of intermediaries is particularly controversial because it represents the system of corruption and elite favoritism. Examples are excessive car leasing contracts and paying five times the market rate for rental properties (thus making it too expensive for local people to live in their own neighborhoods).

- § With regard to the provision of logistics (staff housing, vehicles, waste management, government licenses, clearing customs, etc.) several companies warned against excessive dependency on very few intermediaries. They pointed out that the system decreases competition, resulting in lower quality products, staff and services, while potentially imposing limits on the company’s flexibility in future contracting.

- § With regard to the recruitment of staff (drivers, guards, manual labor, etc.) labor intermediaries, or *tâcherons*, select who gets a job, which allegedly means that some ethnic and tribal groups are excluded and others favored in getting access to employment.
- § With regard to payment and benefits for employees, intermediaries typically pay workers only one third or even one fourth of what they receive from the client. Most staff know about this. And, most intermediaries typically do not pay social security or provide any other benefits. Instead, workers can be dismissed at will and without recourse or any form of security. Public resentment of this system is strong. As one security employee of a hotel mentioned “We hate this exploitative system.” Several prominent human rights lawyers and intellectuals call the system a form of “new slavery,” especially as many “Haratins” (freed slaves) are susceptible to working for intermediaries, thus risking “being enslaved again.”
- § On the other side, several companies say they use intermediaries to protect themselves from employees that see a company as a target for demands and claims. Employers say they feel ill protected by the country’s legal system in case of excessive demands and claim that the use of intermediaries is preferable as long as the justice system is in the process of maturing. Other institutions, such as some Embassies, are transitioning away from the use of intermediaries and towards direct employment.
- § To offset the negative aspects of the use of intermediaries, some companies (including TEPM) work with intermediaries on a commission basis while maintaining close oversight. For example, TEPM management makes the point it is directly involved in the selection process of staff for new vacancies (which are advertised in multiple newspapers) and it has agreed that 100% of the salaries given to the intermediary be paid to the employee, paying the intermediary a commission. The company carefully controls these payments. As well, intermediaries are obliged by the companies to pay social security and benefits. In discussions with civil society groups they said this was the best approach to using intermediaries they had heard of, but still preferred that companies hire directly rather than through intermediaries. The TEPM manager points out that the TEPM

staff consists of one person at the moment and that when the company will be in the position to hire a human resource manager, there will be no need to pass through an intermediary.

Options

- § Stakeholders suggest that TEPM could be transparent about why the company uses third parties, under what conditions it engages with intermediaries and what safeguards are being implemented to avoid the problems associated with the normal approach.
- § Try to ensure that contracts are based on merit and on an open tendering procedure rather than on short term efficiency.
- § Try to ensure that the company deals with multiple channels that can provide services in order to avoid dependency on only one or a few intermediaries.

Government Engagement

Feedback/Observations

- § Many people say it is important for any company, but especially one with a long term interest, to keep clean relations with those in power. Some people pointed out the persistent challenges that other companies in Mauritania face given that they are perceived as having benefited from corrupt ties with the former government. They even go further, suggesting that, having set a precedent of corruption, these companies will never be free from its demands. Others point to Nigeria where people blame outsiders (such as oil companies) for the problems they face when these outsiders are perceived as colluding with the Government.
- § Although stakeholders clearly state there is no general aversion to French companies, some were mindful that the French Government has, in the past, used companies to further political interests and that TEPM should refrain from any “political interference” with any particular regime.

Options

- § Former diplomats suggested that TEPM refrain from being too close to any government; for example, by not taking pictures of the TEPM CEO with Mauritanian officials of a certain party, and by avoiding pay-offs.

Civil Society Engagement¹

Stakeholder Feedback/observations

- § Civil Society groups responded positively to the fact that TEPM invited CDA prior to the start of activities and saw this as an acknowledgement of the importance of the social aspects of oil exploration.

- § There are several hundred “NGOs” active in Mauritania, many of which are, apparently, “briefcase” NGOs, created mainly for funneling donor money. However, the CEP team also came across a range of serious NGOs that are effective and well organized. International humanitarian and development NGOs, national development agencies, and human rights NGOs have umbrella organizations that coordinate activities. These umbrella agencies can be an effective means of communication. For example, with only one day’s notice for planning, the CEP team had a fruitful meeting with a group of twelve legitimate human rights NGOs, development NGOs and unions.

- § All civil society groups that the CEP team spoke with would welcome discussions with TEPM. One representative remarked that “Contracts are always signed between two parties, the Government and the company. But when it comes to implementation, a third party is involved: communities. Hence civil society groups should be involved in the discussion at all times and prior to the implementation of operations.” NGO

¹ Union leaders feel that, in the Mauritanian context, the concept of “Civil Society” does not always include their organizations. However, their perspectives and concerns were similar to those voiced by representatives from human rights, environmental and development NGOs, as well as by other individuals. In this report, therefore, we make no distinction between unions and the rest of civil society.

representatives explain that open communication, not avoidance, is the best strategy for limiting expectations and demands.

Options

- § Consider meeting regularly with various civil society groups. A first step might be to attend meetings of umbrella organizations where many NGOs meet. For example, TEPM's Managing Director could contact the chair of the umbrella organizations to explore the possibility of discussing TEPM's plans at a scheduled NGO meeting.

- § Alternatively, a representative of an environmental group suggested that TEPM should organize a workshop to present a plan of action and invite newspapers and NGOs. This workshop would serve two purposes: 1) it would serve as a venue to disseminate the company's policies; and, 2) it would identify potential groups TEPM could partner with around issues of mutual interest (such as community monitoring).

Involvement of women

Several stakeholders (both men and women) urged TEPM to acknowledge the importance of women in their operations. They pointed out that:

Feedback/Observations

- § Before the Moors, cultural groups in the area were predominantly matrilineal. This history still influences Mauritanian society. While Mauritania is Islamic, it is also very tolerant. There is room, therefore, to design company policy to advance the status of women without offending local values.

- § In this traditionally nomadic society, women have run the households as men were with their animals in the desert. Currently, around 35% of Mauritanian households are headed by women. In the NGO community people joke about the following truism: if you want to know what the community wants, ask the men. They will delay responding, providing answers later after consulting with their wives.

- § Although some people pointed out that White Moor women do not work, especially those from the upper middle class, in Nouakchott many women were seen working in the services industry.
- § Some say that Mauritanian women are treated respectfully, putting them “on a pedestal.” But, that giving them the right of way in traffic or excusing them for being late to work does not signify equality, true independence, or respect. Another related comment was that, until now, the role of women in politics has been only for “cinema,” putting on a show of equality.
- § Access for girls to education is a common problem. However, in Mauritania many families are not ideologically opposed to sending girls to school. Rather, “poverty and early marriage are the main reasons girls don’t get education.” Given the costs, families often cannot afford to keep their girls in school. Hence, building schools, funding teachers, and providing other education resources are not strategies likely to solve the problem.

Options

- § TEPM could approach the several women’s groups in Nouakchott to discuss its policies and to ensure that women’s perspectives are represented in its policies.
- § There is an opportunity for TEPM to implement an explicit equal opportunity policy for women. Several stakeholders mentioned that either TEPM will reinforce a continuation of gender inequity, or it can proactively design and implement a more balanced model.
- § Consider supporting training and education. One possibility is to provide a scholarship program for girls/woman wanting to enter the oil industry (e.g. for the Ecole National de Petrol). Another is to combine income generating activities with any project meant to improve girls’ access to education.

6. Future Issues

Although production of oil/gas will not occur for a number of years, during discussions two issues in particular came up as important for TEPM to consider for the future:

- § Revenue transparency. Mauritania recently signed to the Extractive Industries Transparency Initiative (EITI) which provides opportunities for TEPM to engage with the Government about issues of revenue transparency.
- § Domestic use of the oil/gas produced by TEPM. Some people pointed out that it would matter to the Mauritanian people that the oil/gas produced by TEPM be used for domestic purposes, given the need for energy inside the country.

PART II LOCAL CONTEXT OF OPERATIONS

Since the discussions with stakeholders in the local area of operations were quite different from the conversations we had in Nouakchott, here we separately discuss local perspectives.

1. Local Context (Adrar Region: Atar – Ouadane – Chinguetti)

- § The Adrar region, where TEPM is licensed to explore, is populated primarily by Moors. It is home to many of the country's wealthy and influential people, including the previous President. In terms of livelihood opportunities, livestock (primarily camels, goats and sheep) and date palm cultivation are the most important traditions. Government jobs are also important. And, the country's largest iron ore mine is located in the Eastern part of the region.

- § Tourism is also becoming a dominant factor in Adrar's economy. Since the mid 1990's, the region has been readily accessible for tourists. There are weekly flights from France (Marseille and Paris) to Atar, the regional capital. These flights bring around 9,000 tourists per year to the area. While traditional caravans using camels to transport salt and other goods have disappeared, camel troops are maintained largely to serve tourists. Besides the economic impact, some say contact with tourists has had an impact on the mentality of the local population. Intellectuals in Nouakchott say the Adrar people have become more open-minded. Nomads and hotel owners say it has not affected them other than financially. Whereas, some inhabitants of Ouadane express concern that the more touristed city of Chinguetti has started to lose its Islamic values.

2. General Observations

- § The desert is NOT empty. As one young nomadic man put it, "if you do not want to sleep alone, you will always find a family." The nomadic lifestyle is alive, not disappearing, and younger nomads we spoke with live the way they do by choice. Apparently, only the area of the dunes has no inhabitants.

- § All land is ‘owned,’ either by a tribe or a family. Reliable access, especially to pasture lands, is of obvious importance for the nomadic population to sustain their livelihoods.
- § At least in the Ouadane – Chinguetti area, people are constantly traveling between their families in the surrounding villages, their tents in the desert and their houses in town. They move when they need to. For example, between Ouadane and Chinguetti, the CEP found a cluster of seven permanent villages (complete with brick school buildings and date gardens) each consisting of about 20-50 families. All families in the area appear to be connected. This implies that for TEPM’s purposes, it is safer to assume that all people in the area should be approached with the same sensitivity as the nomadic population rather than to assume there are “town people” and “nomads.” For example, the leaders of the main nomadic tribes reside in larger towns like Ouadane and Chinguetti, and in cities, primarily Nouakchott and Atar.
- § Population figures for the Ouadane – Chinguetti area are known. The (official) population figure of the Chinguetti Department is 5300 out of which 3500 live in town. The Ouadane Department figures are between 4000 and 5000 people of which 50% live in the Ouadane area, 25% in villages between Ouadane and Chinguetti and the remaining 25% in the desert.
- § The desert is not an isolated place. People are surprisingly well informed. The more permanent settlements have radio contact twice daily, whereas nomads receive news via national radio, via their families in town or through the local government (often also tribal leaders) who frequently connect with nomadic groups sending cars to their tents in the desert.
- § The overwhelming majority of the people we spoke with in the Adrar region welcome a possible oil development, provided that a company give due consideration to the following:
- The environment

- Islamic and cultural norms and values
- Working through the authorities
- Local employment

§ As main advantages of a corporate presence, people note the economic impact of the project as well as increased transportation to and from the area, especially Ouadane. Some people also noted that investment in the area would bring back some of the youth who had left town to search for job opportunities elsewhere.

§ However, we also spoke with one semi-nomadic woman who was adamantly opposed to foreign investment and did not want to speak with us, without giving any reason for her position. When we discussed this with local experts, they pointed out that a small minority of the population, especially among the older generation, fears a loss of Islamic values due to foreign influence. We point this out as it indicates sensitivity to corporate activities (and tourism) among some segments of the population.

§ Local expectations about oil exploration are high. This is in part because an oil company that conducted exploration activities in the 1970's employed about 15 people from Ouadane, several of whom still live in town. There are a number of assumptions with regard to the E&P operations:

- People in Ouadane are certain that oil was found in 1973, as wells were drilled and the company announced it had found oil.
- TEPM will simply open these old wells (as former president Taya announced there will be E&P activities 12km east of Ouadane), and it takes 3-4 months to begin oil production.
- Apparently, the oil company provided free transportation for Ouadane civilians to and from Atar, as well as food supplies to the community. People are expecting similar benefits from companies coming to the area.

§ Local citizens are highly respectful of official power structures. This includes the Governor (Walie) on a regional level as well as the Prefet or Hakim (who is appointed) and the Mayor (elected) on a town level.

§ People of the desert have an open, hospitable culture (“that is why a tent has no doors”) and wish to know what is going on. Some people explained that Mauritians do not understand secrecy. If they only hear part of a story, they will invent the rest. Obviously, this leads to wild rumors and makes the case for TEPM to be transparent in its communications with local people.

3. Issues/ Options relevant to TEPM’s day-to-day operations

Based on discussions with local stakeholders, the following issues are most relevant for TEPM’s day-to- day operation on a local level. We first discuss the observations and stakeholder feedback and then provide options for TEPM’s management.

Environment

Feedback/Observations

§ Consistently, and surprisingly to the CEP team, different stakeholder groups, from nomads to local government officials, named the environment as their foremost concern in relation to corporate operations. Environmental issues varied from waste management, to air and water pollution, to the fear of poaching because of increased road access, to fear over byproducts from refining activities. Explaining the relative importance of the environment, nearly all stakeholders expressed a heavy reliance on nature: Nomads linked the well being of their animals (their livelihood as well as food) to nature. Others made the link to the fact that in a country where wealth is by no means distributed equally, “The desert is for everybody.” Still others described the desert as a fragile place where the delicate balance can be easily disrupted, making human survival more difficult.

§ Apparently, the perceived lack of environmental concern of another oil company has been discussed broadly by the media and has reinforced the sentiment that oil companies pursue short term financial interests at the expense of long term environmental interests. One person commented, “If oil gives short term benefits but damages the environment, we would prefer no oil at all,” to summarize a common sentiment.

Options

§ Consider working with nomads and other local experts to develop an environmental policy. Be explicit about its objectives and disseminate it widely, both locally and nationally (e.g. workshops, press, etc).

§ Based on the successes of other companies participating in the Corporate Engagement Project, TEPM could establish a community monitoring program. The company could engage an independent and credible

environmental NGO to train local people to become environmental surveyors who monitor the environmental impact of TEPM and its contractors. Such a program would serve the following four purposes:

1) Increase the capacity of local stakeholders to develop informed opinions about TEPM’s environmental

impact, and thus to reduce the need for outside NGOs to speak “on behalf” of the local population;

2) Increase the trust between TEPM and its local stakeholders;

3) Increase the capacity to monitor practices of TEPM’s contractors.

4) Instill a sense of community inclusion or “ownership” that can provide a buffer if there ever is an environmental problem.



- § One Mayor suggested that TEPM could drill water wells in the desert, making them available to the public. Such wells would increase the quality of life for nomads and their livestock (the wells nearest to Ouadane are 12 km and 300 km away) as well as attract more nomads, thus increasing surveillance to counter illegal hunting.
- § Local government representatives suggested that TEPM could support the efforts of Mayors in waste collection efforts, environmental awareness campaigns and other environmental protection projects.

Local recruitment

Local employment is consistently mentioned as one of the key benefits expected from the corporate presence.

Feedback/Observations

- § All local stakeholders the team spoke with insist that local people should be employed for jobs they are able to perform and that they will not accept outsiders taking such jobs.
- § “Locals” are generally defined as the inhabitants of the village (Chinguetti, Ouadane) or as those from the larger Department. All other Mauritians, even those from the same region but from outside the Department are considered outsiders. As well, stakeholders mentioned that preference should be given to Mauritians over foreigners from Mali, Senegal and other countries who may be better educated or cheaper.
- § In the event TEPM has operations between towns, local stakeholders would consider it fair if employment opportunities were shared.

Negotiations based on mutually agreeable criteria

A Chinguitti Government official mentioned that the town had recently run into problems when it tried to allocate non-skilled labor between local tribes for an EU funded project according to tribal population figures. It became problematic when tribes started to quarrel about relative population sizes.

The issue was solved when the selection criteria shifted from “tribal background” to “families in need” which was a criterion all tribes could agree on as it is found in the Koran. Despite the fact that some tribes got more job opportunities than others, there were no complaints as it would be shameful for leaders to favor people of their own tribe over more needy people from other tribes.

- § Within the categories of “local” and “outsider,” people speak about a hierarchy. As for “locals,” people state that preference should be given to those that have stayed all their lives and have “suffered” in places like Ouadane or Chinguetti. This reasoning stems partly from frustration that those who stay withstand great difficulty, keeping their towns and villages alive. Meanwhile, outsiders and those who left are free to pursue personal gain without experiencing similar difficulties. In Chinguetti, in particular, there is a degree of resentment amongst the native population that lacked the money to invest in the tourism sector and benefits only nominally by selling souvenirs, while outsiders who could afford more investment reap the biggest rewards. Local people want to avoid a comparable situation where outsiders and those returning to their native communities gain the most from oil development.
- § Technically, employment is supposed to pass through the Hakim via the *Inspection du travail*, a Government office responsible for maintaining lists of people seeking employment and for orchestrating the hiring of employees. However, while both the Hakim and the Mayor’s office offered their assistance to TEPM by announcing vacancies locally and selecting people based on their background and behavior, neither mentioned the *Inspection du travail*. Furthermore, numerous accounts of how people are recruited make it clear that this mechanism is not commonly used. If involved in the recruitment procedure, authorities also mentioned that they could help explain to communities that some job requirements exceed the skills of those locally available.

- § Because of the considerable importance of a new employer in poor communities, and because there is little clarity about the proper, legal methods of hiring, TEPM might be well advised to seek clarification from a labor law expert and from the company's counterparts in the Ministry to avoid potential disputes regarding recruitment practices.
- § Make efforts to ensure that, as much as possible, all non-skilled labor is "local." Ensure that TEPM staff is, and is seen as being, directly involved in the selection procedure rather than leaving it to outsiders or intermediaries.
- § Emphasize training. Some people mentioned that TEPM has time to train local people to become skilled laborers so that a larger part of the workforce could be from the local area rather than recruiting already skilled outsiders. TEPM could also start a collaboration with the school to provide internships, as part of the curriculum of the training centre. Currently, most interns end up with SNIM.
- § The Adrar region has a vocational training center (Centre de Formation Professionel) based in Atar. The school director mentioned that the school would be willing and able to start a program designed to suit TEPM's staff's needs. When the CEP asked whether youth from Chinguetti/Ouadane might find it difficult to finance training in Atar, he mentioned that it would be possible for the school to organize courses locally to make them accessible for the largest possible group of local youth.
- § In the short term, TEPM and its contractors could also make use of the school's alumni database, which is maintained as part of their statistical analysis.
- Note:** We heard a concern from several people associated with other companies that TEPM might hire skilled workers away from other industries, diminishing the country's benefits from oil development. This could be countered by increasing the pool of skilled workers by lending support to training efforts.
- § Some diplomats and NGO representatives say that poverty in Mauritania is largely caused by a system of social injustice. Their argument is that poverty is only a symptom

and thus a foreign investor like TEPM should not focus on poverty alleviation as such. Rather, it should focus in social justice by working for greater wealth distribution and for the elimination of systemic factors that keep people from improving their own lives. Examples include; providing contracts to smaller companies and helping them to grow, and, helping to remove the limitations on poor people's opportunities accessing jobs.

Making theoretical stakeholder feedback practical; an example

The observations in this report are aimed to serve as input in the development of TEPM policies and approaches. As the company was only in country for two months at the time of the CEP visit, some observations in this report may initially seem "theoretical" although they are based on discussions with stakeholders.

An example of how to merge stakeholder perceptions in day-to-day operational policies occurred during the visit when TEPM staff and its seismic survey contractor mentioned the practical constraints of hiring staff locally. All staff would be selected and medically checked and trained in Nouakchott. The initial idea was to hire non-skilled labor through intermediaries in Nouakchott, making it unlikely that people from the Adrar region would get a job. Some staff feared that squabbles between communities over Departmental quotas would lead to more difficulties for TEPM. Hiring people from the Nouakchott area would prevent such problems.

After discussing some of the local expectations and perceptions, the TEPM staff suggested they would postpone a scheduled caravan in order to have time to meet with the Walie (Governor) and the various Hakims to discuss TEPM's intention to hire local staff. The idea was to ask the local authorities to 1) agree on a formula or quota per community and 2) to request the assistance of the authorities to disseminate the criteria for job seekers within their community. If local jobseekers would be able to make it to Nouakchott on the recruitment day and they would be sufficiently qualified, TEPM (and its contractor) would give preference to people from the Ouadane, Chinguetti and Tidjikja areas. TEPM staff would also look into the possibility of supporting these applicants in terms of transportation to and from Nouakchott as those most in need of jobs would find it financially difficult to go to the capital.

Local Contracting

Feedback/Observations

§ Local suppliers and tribal leaders say they expect the opportunity to do business with TEPM and that preference should be given to them since TEPM operates in their area. They say that, given adequate notice, they would be able to provide materials such as cement, food and other goods. However, they are realistic and say they would understand not getting contracts for reasons related to capacity or cost, provided they have an open opportunity to compete.

§ Similar to the logic with regard to recruitment practices, local suppliers request that TEPM not simply buy supplies elsewhere if local suppliers are unable to meet specifications. Instead, the company could help local suppliers reach the requisite standards and specifications, especially since current business in the area occurs in an informal economy lacking comparable standards.

Options

- § Consider conducting an assessment of the goods and services that can be purchased locally (defined as Departmentally, Regionally and Nationally respectively) to do business with the most local contractors and suppliers as much as possible. A representative of an international company in Mauritania stressed the importance of being seen as having given the opportunity to local or national suppliers before purchasing internationally.
- § As a follow-up on the assessment, TEPM could also organize a pre-qualification session for contractors and suppliers that explains TEPM's requirements, policies and steps for interested contractors to follow if they want to be considered by TEPM.
- § In Nouakchott TEPM has the opportunity to coach the industry about how to tender based on commercial grounds rather than on relationships.

Land Ownership

Feedback/Observations

§ According to a 1983 law abolishing traditional land tenure, all non-productive land belongs to the Government. However, those that make land productive can own it. The Government can take such land if it needs it for purposes of "national interest." In that case, the Government can take the productive land and only needs to compensate for fixed assets such as permanent buildings.

§ However, local people still say, “You will not find any land that has no owner,” even where it is not in productive use. This refers to continuing recognition of customary ownership with well known boundaries established over centuries of traditional use. Maintaining access, especially to pastureland, is critical for nomads to sustain themselves. And, it is of psychological importance for other, more stationary Mauritians who still consider themselves nomads and who return to the desert whenever they have the opportunity. People may make use of each other’s land, traversing it or setting up temporary encampments, but they may not cultivate it or construct permanent assets, thus creating a basis for a claim to legal ownership.

§ People universally say the Government can take any land if necessary for purposes of “national interest,” which they agree, includes oil and mining activities. There is some expectation, though, that replacement land will be available. Thus, no one expressed concern or opposition to TEPM’s using or taking “their” land. We discuss the topic, nevertheless, because in other contexts studied by CEP, companies have mistakenly assumed there were no competing land claims and found themselves embroiled in time consuming controversies.

Options

§ As the exploration block is not “empty” and, in fact, has multiple traditional owners, consider commissioning a study to identify owners and map traditional boundaries.

§ Consider traditional land owners as one important stakeholder group. Engage to inform them about upcoming activities. As the Government may state it is their responsibility to liaise with the landowners, TEPM could explain that such engagement is expected by the Company’s international stakeholders.

§ Discuss with the landowners about the possible arrangements under which they would find it acceptable, or even beneficial, to have TEPM assets on their land. For example, TEPM could balance the land use with the construction of water wells at other locations on the tribe’s land.

- § There are a number of symbols on the land that are important to local people. In its engagement, TEPM needs to be aware of such symbols, for example by mapping them and ensuring they are dealt with in a culturally appropriate manner.

Values and norms – Local Stakeholder Engagement

Feedback/Observations

- § The authority of local civil leadership (the Hakem –“who is not elected but accepted”- and Mayor) is strong. This contrasts with the diminished trust the nomads have for the national government. They say affairs surrounding Woodside make the national Government less credible. However, nearly everyone, including nomadic people, refer to the Hakem as representing their interests. As we entered their tents, the first question of many nomads was whether the CEP team had been introduced to, and received the approval of, the Hakim.
- § At the same time, tribal leadership plays a very important role. Tribal leaders are, generally speaking, based in towns such as Ouadane and Chinguetti. All tribes meet in the main town during religious festivals, offering an opportunity to identify and communicate with tribal leadership.
- § TEPM already has conducted a workshop in Atar and Tidjikja for the authorities and some civil society groups. These workshops were well received but focused largely on the Atar civil society groups (as there are a few in Chinguetti and Ouadane). As well, the information provided to the Hakem and Mayor during these meetings was not shared with their own community. Even close advisors to the Mayor were not aware of the workshops and we saw no indication among the public in Chinguetti or Ouadane that the information had “trickled down.”
- § To the local community, TEPM and its contractors are all the same company. This is reinforced by some contractor staff who accidentally, due to a flat tire, ended up in

Ouadane at the time of our visit, and reportedly introduced themselves as TEPM employees. Because of this event, it became evident that the contractors had wanted to pass by Ouadane without announcing themselves to the local authorities, which is generally considered to be inconsiderate, disrespectful and a mistake.

- § Dignity and honesty are two key aspects for speaking/engaging with the nomadic population. It was explained that honor still plays an important role in the way people behave. This is relevant to TEPM in the following setting: If TEPM enters an area it would need to visit the government representatives first, followed by a visit to the traditional leadership. Respecting their dignity, for example by bringing a goat, eating together, or sharing tea, will oblige the chief to act in a reciprocal manner; the chief will protect the interest of the company to honor the dignity and consideration the company has shown. Alternatively, if nomadic leaders do not feel respected or dignified, there is no reason for them to reciprocate. In fact, this creates an opening for the population to seek benefits from the company, as the company is perceived as taking benefits from them.

- § Although the authorities of the towns closest to TEPM's operations acknowledge the possibility that people will migrate to their area in search of job opportunities, there are no plans in place about how to deal with this influx of people and how to mitigate its possible negative impacts.

Options

- § Many stakeholders point out the importance of visiting the Hakim and Mayor, as well as the traditional leadership, each time the company passes by towns such as Ouadane and Chinguetti. Alternatively, if the frequency becomes too much, establish a



protocol by which the civil and traditional leadership are involved and informed.

- § To manage expectations, consider conducting follow-up workshops for stakeholders in Ouadane and Chinguetti (and Tidjikja) that are open for the public. People are eager to learn about the upcoming activities and this would provide them with a better sense of what can, and cannot, be expected from the company. A public awareness campaign would focus on TEPM's policies and procedures as well as the technical process of oil exploration (e.g. how do seismic surveys work?).
- § Ensure that the company knows the cultural norms and values in the communities. For example, TEPM could provide cross cultural training and awareness to all company and contractor staff not from the area. Ensure that short term business interests do not supercede cultural and religious values and norms (e.g. time pressures versus recognizing the importance of time to pray or to drink tea).
- § Given the sensitivity of following protocol and respecting cultural values and norms, TEPM will need to take responsibility for all activities concerning communications with local communities and the government, also on behalf of contractors. One government official mentioned that "Even if one thousand workers follow, the first ten that arrive will determine the impression you make." Another person observed that employing a "professional tea drinker" would be a worthwhile investment to ensure cordial stakeholder relations.
- § Consider discussing with local authorities plans to address the possible influx of migrant workers and, if needed, assist the Government's drafting an influx management plan.

Public Communication Strategy

The following was proposed by a prominent Mauritanian sociologist as a general, 2-step strategy for communicating with communities:

1) Meet with formal and informal leaders including the Wali, the Mayor, tribal chiefs, village's heads, and perhaps the heads of important families, limiting the overall number to less than fifteen. Allow sufficient time for them to disseminate information to their respective constituencies.

2) Conduct larger group meetings announced well in advance and open to the general public. Self restraint will be typical in such meetings as it is understood that only recognized leaders should speak. However, members of the general population may speak if they feel the leaders are being dishonest or not representing their concerns.

There will be timid individuals as well as women, particularly Moors, who will not voice their concerns in such a forum. They should be made aware of other avenues of communication.

CONCLUSION

As much as the situation in Mauritania is new for TEPM, it is also new for the Mauritanian Government, which has little experience with major multinational companies. This represents an opportunity for TEPM to help the Government improve its capacity to provide a good investment climate and be responsive to the needs of its constituency. It also provides an opportunity for TEPM to introduce Government officials to the ways these large companies operate and the rules, codes and initiatives they must adhere to. Familiarizing the Government with the international scene would provide value to the Government, making it better able to engage with the mining and oil companies that have started to show interest in the country's resources. If TEPM demonstrates new approaches in Mauritania based on its experiences elsewhere, it can create, together with the Mauritanian Government, a working environment of best corporate practices that allows the Government to adhere to best governance practices.