



**PRACTICAL
LEARNING**
for
**INTERNATIONAL
ACTION**

**East African Crude Oil Pipeline
Site Assessment Report**

**Operator: East African Crude Oil Pipeline Project
September, 2018**

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Preface

CDA is a non-profit organization committed to improving the effectiveness of actors who provide humanitarian assistance, engage in peace practice, undertake responsible business practice, and engage in sustainable social investment and development activities. CDA engages multinational corporations that operate in areas of weak governance, socio-political tensions, instability, or conflict in order to improve understanding of the impacts of corporate operations on local people and societies. From this understanding and analysis, CDA works with companies to develop practical management approaches for addressing local challenges and to help them to establish constructive relations with local communities. CDA's work in the area of responsible business practice is a vital and ongoing source of learning about effective ways to improve corporate impacts and is the foundation of CDA's contribution to public knowledge of best practices.

In the spirit of collaborative learning, CDA has engaged with Total over a period of 16 years, visiting operations in 9 different countries. The reports of these site visits are available on CDA's web site. As part of this collaboration, Ben Miller, Associate Director, and Sarah Cechvala, Senior Program Manager, visited the operations of the East African Crude Oil Pipeline (EACOP) Project in Tanzania from August 28th – September 16th, 2018. The CDA team also included a Tanzanian independent consultant, Egidius Kamanyi.

Recognizing that we only visited two of the 8 regions and four of the 27 districts councils through which the pipeline will pass, our goal is to capture important issues and dynamics at a high level. In all CDA visits, the team makes observations and listens to stories from staff, local communities, politicians, contractors, other operators, and many other stakeholders. After cross-checking the accuracy and consistency of the feedback, the team analyzes its content and provides options to company management in a way that aims to be practical and constructive. The CDA team thus serves as an independent channel for these stakeholders to express their opinions freely and to analyze the overlap, or discrepancies, between the various opinions. Hence, this report reflects the opinions of those company staff and stakeholders who were willing to share their observations and provide suggestions.

This assessment is not comprehensive. The EACOP is 1,147 km long in Tanzania and will impact 225 villages in 115 wards, 27 districts/town/city councils, and 8 regions. We were able to gather only a small sample of perspectives from project stakeholders. The experiences and perspectives collected do, however, offer insights into existing and potential challenges facing the project. It is worth noting some of the specific gaps in this assessment. Due to time and logistical constraints, we were unable to gather the perspectives of groups that have the characteristics of indigenous peoples (such as the Maasai or the Barabaig). Nor were we able to visit areas where there are artisanal mining activities, and this report therefore does not include the perspectives of people living and working in those areas. This assessment focused on understanding key aspects of the context for the purpose of understanding both how EACOP is impacting or will impact them, and of what EACOP might do to manage those impacts.

I. The East Africa Crude Oil Pipeline

The EACOP, when complete, will connect oilfields in Western Uganda to an offshore storage facility in the district of Tanga, along a route that runs for 1,443 kilometers. 1,147 of those kilometers are in Tanzania. The route of the pipeline is south from the Lake Albert Basin, across the border between Tanzania and Uganda, around the western side of Lake Victoria, and eastward to the Tanzanian Coast. Uganda's crude oil is viscous, becoming fluid enough to pour at a temperature of 50 degrees centigrade. The pipeline itself will be capable of heating the oil electrically over the length of the route, which could become necessary to prevent the oil from solidifying in cases of production reductions or shut-downs. Infrastructure along the route will include pumping stations, pressure reduction stations, and electrical stations, and a marine storage terminal (MST) with a two-kilometer long jetty will be situated at the end of the route. During the construction phase of the project, there will also be temporary camps and a coating yard where the pipes will be insulated.

The social complexity of the project rivals the complexity of the project's engineering and construction. The pipeline will have a 30-meter corridor; over the length of the route, the total area of the pipeline corridor is approximately 3,600 hectares. The coating yard, camps, and access roads for construction will cover a total area of 325 hectares, and the permanent above-ground installations (AGIs) will add plots of about 60 hectares at points along the route. The MST will be situated on an area of 72 hectares that were acquired by the Tanzania Ports Authority in mid-2017. All told, project-affected populations will include an estimated 225 villages in 8 regions. Populations along the route include small-scale and artisanal miners, fishing communities, pastoralists, small farmers, and a small number of communities that meet the criteria that may trigger the application of IFC Performance Standard 7 on indigenous peoples. EACOP estimates that, at the peak of construction activity, the project may have a total labor force of as many as 10,000 people.

II. Observations of the National Context

The current president, of Tanzania, John Magufuli, was elected in 2015 on a platform of industrializing the country (*'Tanzania ya Viwanda'*) and fighting corruption. Despite rapid economic growth in recent years and deliberate efforts to move forward industrial projects, however, agriculture remains the biggest sector of Tanzania's economy. Roughly 80% of the population lives in rural areas,¹ and much of the rural population relies on small-scale pastoral or agricultural pursuits for their livelihoods. Rates of basic and extreme poverty are high. The export sector, too, is dominated by cash crops produced by smallholders – tobacco, coffee, and cotton, among others. In this context, the pipeline project attracts considerable public attention in Tanzania as an exemplar of the kind of development that the current government wants in the country, and President Magufuli appears to see EACOP as a flagship project within his larger policy of industrialization.

The Power of the Presidency

¹ nearly 70% of Tanzanians earn less than \$2 per day.
<http://worldpopulationreview.com/countries/tanzania-population/>

The President has broad authority to set policy, and, through the regional administration, to determine how policy is implemented down to nearly the village level. The President is the head of state, the head of government, and the head of the governing political party. Most government business throughout the country is channeled and supervised through The Office of the President, particularly the Regional Administration and the Local Government Ministry. The structure of the regional administration ensures that the Office of the President has a presence throughout the country: Tanzania is divided into regions, with a Regional Commissioner and a Regional Administrative Secretary as the heads of the regional administrations. Both are appointed by the President. Regions are divided into Districts, which are headed by a District Commissioner, a District Administrative Secretary and a District Executive Director, also appointed by the President. Districts are divided into wards, which are headed by Ward Councilors (elected) and Ward officers (recruited by the District Executive Director), such as Ward Executive Officers (WEO). Wards are divided into Villages, which are headed by elected Village chair persons and elected Village Executive Officers (VEO). Hamlets, the smallest administrative division in the country, are also represented by elected Chairpersons.

The Parliament is the most noteworthy political counterweight to the President, but political opposition is fragmented into several political parties, and the ruling party holds a simple majority in Parliament. Some Members of Parliament are influential and respected in their constituencies; in some cases, they have been known to influence their constituents to support or disfavor initiatives and projects in their areas. But at the level of national policy and outside of their own constituencies, they have far less influence on Tanzanian politics than the President.

Many Tanzanians refer to EACOP as “the President’s project,” reflecting their perception of his affinity for it. The President’s public remarks about the EACOP project have fueled unrealistically high expectations of the project’s benefits to the national economy and to the livelihoods of everyday Tanzanians. One newspaper quoted the President as saying during a speech that, in the Tanga region alone, the project will benefit more than 45,000 youths. (EACOP estimates that the project may directly employ a total of 10,000 people across the project during the construction period, when the demand for labor will peak.) Local media has done little to contextualize or correct the President’s public remarks, moreover they often report as fact inaccurate statements and exaggerated claims by other members of government. Media outlets have variously implied or stated that the project’s economic benefits will be greater than they will in fact be, that the project will commence sooner than it in fact will, or that the project will take less time to complete than it in fact will. For example, the ceremony during which Presidents Magufuli and Museveni (of Uganda) laid a symbolic foundation stone in Chongoleani in August 2017 was covered by the media as a “groundbreaking ceremony”, suggesting that the purpose of the ceremony was to launch the project’s construction phase.

III. Observations of the Project

During the summer of 2018, the official position of the EACOP Project was that the Final Investment Decision (FID) would be taken in December, 2018, though by the Fall of that year, that timeline appeared likely to change. There were a range of activities that had to be completed prior to the FID, including land acquisition for the construction camps and the coating yard, the completion of the

negotiation of both the Tanzania and Uganda Host Government Agreement as well as the pipeline company shareholders agreement.

EACOP envisions the project unfolding through the efforts of distinct project teams in London, Tanzania and Uganda. EACOP plans to engage an engineering, construction, and procurement management contractor (ECPM) to oversee construction and anticipates that a large number of contractors will contribute to the project. During the construction phase of the project, there will likely be 4 simultaneous construction fronts in Tanzania (and two in Uganda). Much of the engineering and construction work that the project calls for is highly technical. While EACOP, essentially through its main contractors, will contract as many Tanzanian companies as possible, there are no national companies that have the capacities required for the most technical components of the project. Companies contracted to participate in construction works will have their own CLOs, and a contractual mandate to align their work with EACOP's policies and approaches.

The route of the pipeline avoids large urban centers, passing instead through rural areas characterized, in general, by relatively high rates of poverty and relatively low levels of formal or technical education. Most members of project affected populations will qualify only for unskilled employment with EACOP and its contractors. EACOP intends to recruit 100% of the project's unskilled labor from those populations. Laborers will be recruited from the areas surrounding the active construction fronts. They will be demobilized when the fronts move to a new location, with locals from the new area taking the place of those who were laid off as the front closed out operations in the previous area.

Approach to Land and Social Issues

EACOP's Land and Social team (LSOC) will ultimately develop 12 regional "hubs" (or "Field Offices") along the route of the pipeline. This will push resources and managerial support for CLOs closer to their areas of day-to-day work and enable them to develop a familiarity with particular areas, communities, and local and district authorities. EACOP currently has in place 12 teams responsible for 12 areas corresponding more or less to the future areas covered by the hubs, with a pair of CRC/CLO in each of those areas. A prototypical hub would be run by a field office manager, supervising at least a Community Relations Coordinator, a CLO, a Grievance Officer and some number of Land and Livelihood Restoration Coordinators. Each pipeline contracting company will have its own CLOs during construction. Currently, EACOP supervisory functions in Dar es Salaam are: Land and Social manager, Stakeholder Engagement and Social Studies coordinator, Stakeholder Engagement coordinators, Grievance Administrator, Community Health and Safety Coordinator and land and livelihoods related functions.

Grievance Mechanism

Stakeholders are able to report grievances to EACOP through a number of channels: individual CLOs, contractor CLOs, and through a toll-free call-in line. As of 2017, the toll-free number connected to a mobile phone in EACOP's Dar Es Salaam office. Complainants can also contact their village chairperson, who will in turn liaise with EACOP CRC/CLO to ensure the grievance is properly considered. Grievance management is overseen by the grievance administrator in Dar es Salaam, with respect with the project grievance management procedure.

IV. Process to Date

EACOP has prioritized work that lies along the critical path to the FID, and this has shaped the way that EACOP has developed as an organization. Some of EACOP's functions continue to be shared between Uganda and Tanzania; to illustrate, EACOP's Public Affairs Department is currently headquartered in Uganda, whence it provides oversight of EACOP Tanzania's Communications. In mid-2018, the Communications Department trained two Tanzanians and posted them to Dar Es Salaam, but prior to this, there were no staff in Communications with experience in Tanzania or responsibilities that were exclusively in Tanzania. Until early 2018, the Land and Social (LSOC) team in both countries was managed by one person; the country-level LSOC responsibilities were separated in mid-2018.

LSOC

Within the domain of LSOC's responsibilities, the prioritization of work necessary for the FID has entailed a focus on land acquisition and the development of procedures, policies, and staffing arrangements required for land acquisition and for surveying and assessment activities. As of the Fall of 2018, community engagement had been largely driven by surveys and assessments, though these have been numerous and extensive. The ESIA and the HRIA engaged a total of about 40 villages. Geological and geophysical surveys were conducted from December 2016 to April 2018 over the area of the Marine Storage Terminal (MST) and the pipeline route, giving EACOP a sustained presence in the area of the MST for a little over two years, as well as engagement with 43 villages elsewhere. The geotechnical survey of the pipeline route started in August 2018, and EACOP expects it to be complete in April 2019. Land acquisition surveys for the priority areas – the camps and coating yard – started in March 2018, and acquisition surveys for the pipeline started in May 2018. Every village on the pipeline route was engaged during this process. EACOP has also completed a Community Mapping exercise, which engaged village assemblies and councils in 187 villages end 2018. All told, EACOP has counted 45,000 meeting participants (some of whom may have attended more than one meeting) end 2018.

For the purposes of stakeholder engagement and supporting technical field activities, the project started to hire Community Liaison Officers (CLOs), in June 2017; by October 2017, EACOP had 6 CLOs. Three additional rounds of recruitment were conducted in March, September, and November of 2018, bringing the number of Community Relation Coordinators (CRCs) and CLOs to 24.

In the Fall of 2018, EACOP Tanzania's LSOC stakeholder engagement team included 24 CRC/CLOs, who were managed directly by two Stakeholder Engagement Coordinators, one Grievance Administrator and one Community Health and Safety Coordinator with one Stakeholder Engagement and Social Studies (SESS) Coordinator responsible for the team as a whole.

The LSOC land team includes the LSOC RAP planning team consisting in 4 individuals, and the RAP implementation team which has grown to 14 staff.

The land and the stakeholder engagement teams report to the head of LSOC, Tanzania, who reports to the Project Representative in Tanzania. Two experienced, senior consultants support LSOC. In the Fall of

2018, one of these was supporting the development of a social investment strategy, doing capacity development work with CLOs, and supporting the development of an NGO strategy, and the second was advising on land issues.

Despite the presence of a handful of large-scale industrial projects in Tanzania - notably an industrial gold mine and a liquified natural gas project – EACOP has found it challenging to identify individuals who have the industry experience and qualifications to be effective CLOs. As a result, EACOP has engaged as CLOs individuals with a wider-than-usual range of professional backgrounds, and anticipates a need for significant staff development as the project unfolds.

Despite significant engagement through awareness raising efforts and surveying activities, by the Fall of 2018, EACOP had yet to establish a sustained presence in communities or constructive relationships with communities. Communities were hopeful that EACOP will benefit them economically, but these hopes were in many cases unrealistic. In some areas, communities were experiencing negative impacts linked to the project. In some of the areas CDA visited, relatively few people had reliable knowledge of the project’s plans for future activities. NGOs that had visited pipeline communities also indicated that communities demonstrated relatively little knowledge of the project.

V: Analysis

The Central Government and the Regional Administration

Anticipating the FID and the need to attract capital, EACOP is intent on meeting the IFC Performance Standards and the requirements of the Equator Principles Financial Institutions on issues such as resettlement, compensation, and livelihood restoration. In its own public projects, the GoT applies national regulations set out in Tanzanian law, which do not correspond completely to the International Standards. For example, GoT compensation rates for land and crops have not been updated since 2012 and are substantially lower than the market rates required by international lenders. In principle, the GoT accepts the need to adjust these rates for inflation. It has been reported that in the case of some industrial projects, however, that the government has refused to allow implementing companies to make up the difference between Tanzanian rates and market rates. Tanzanian land law allows the government to acquire land by compulsory acquisition for projects declared under the Land Act as being in the public interest, but it also requires compensation to be paid and statutory notice periods to be respected. In the case of the EACOP project, the Intergovernmental Agreement signed by the Governments of Uganda and Tanzania in 2017 stipulates that the project will be executed according to International Environment Social and Human Rights standards.

Chongoleani and Putini

The villages of Chongoleani and Putini, in the Chongoleani peninsula, to the North of Tanga, are in the onshore area that EACOP identified for the construction of a Marine Storage Terminal (MST) at the downstream end of the pipeline. The site itself was under the authority of the Tanzania Ports Authority (TPA). The TPA took the decision to acquire the land shortly before the pipeline inauguration ceremony – a process that left little time for consultation or for people losing land to plan for the change. Further,

the TPA acquired a total of 200 hectares of which only 72 hectares is required for the EACOP MST, envisioning an industrial and commercial zone adjacent to the MST. Compensation for land and crops was ultimately given to people who had lost land, but amounts were reportedly calculated on the basis of out-of-date rates². Some people who used the compensation money to buy land and build houses locally may have incurred a significant loss of wealth in the process; some are reported to be now living in poverty as a result. People who lost land through this process are bitterly angry at the government. One villager expressed this trenchantly: “The President told us that this project is for the benefit of Tanzanians. Am I not a Tanzanian?” In order to fulfill the international standards requirements, EACOP wishes to undertake an analysis of the process undertaken and compensation paid to identify if additional entitlements are due to those people displaced from the MST site. Residents of Chongoleani and Putini gave us no indication that they were aware of this.

Options – Central Government and Regional Administration

EACOP engages the central government directly in the Land and Resettlement Working Group, which includes the Ministry of Lands, Housing, and Human Settlement Development, the Ministry of Energy, and the Tanzania Petroleum Development Corporation. Meetings of the Working Group occur every 2-4 weeks. EACOP indicates that the Working Group has thus far been a useful engagement and problem-solving forum.

In its engagement with the GoT, EACOP has to its credit taken a strong position relative to meeting the IFC Performance Standards, and has made clear to interlocutors in government that project financing, and therefore successful implementation, may depend on meeting those standards. To date, this approach has demonstrated some success in EACOP’s discussions and negotiations with government.

With that said, EACOP should continue to be mindful of the risks inherent in partnership with the GoT. EACOP might consider a two-pronged approach to dealing with these risks: 1) differentiating itself from the GoT in the eyes of Tanzanian communities and civil society, and 2) maintaining its strong position about the importance of meeting the IFC Performance Standards.

EACOP might consider seeking to differentiate itself from the GoT in the following ways:

- Develop communications and messages for the media and for communities that distinguish EACOP’s roles and activities from those of the GoT. “Workshop” messages and language with the GoT itself, prior to the implementation of any public messaging. Other industrial projects in Tanzania have found the GoT to be responsive to requests to discuss and review language and messaging and have found this approach to be a useful one for ensuring that the GoT did not interpret the messaging as disparaging.
- Consider branding EACOP’s offices, sites (such as camps), vehicles, and staff gear conspicuously. A number of EACOP’s external stakeholders in areas frequented by EACOP staff, and in one

² The land acquisition process was implemented by TPA, and the compensation rates and amounts have never been disclosed to the EACOP team.

instance in an area where EACOP has an office, noted to us that EACOP has very little visibility in their areas (“we never see them”). EACOP logos on vehicles, signboards outside of offices, staff field gear such as reflective vests, hard hats, baseball caps, and so on, may help external stakeholders to differentiate between EACOP and the GoT. This may contribute to reducing the risk that communities, the media, and advocacy organizations attribute to EACOP adverse impacts that may be caused by GoT actions.

Other multi-national corporations that have had operations in Tanzania have sought to mitigate the unpredictability and relative slowness of GoT agencies in ways that may prove to be useful for EACOP.

- One company developed a unified project plan that portrayed both steps to be taken by the company and steps to be taken by the GoT along a single, simplified timeline. The company started each meeting with the GoT by identifying recent and current operational activities along the timeline. It closed each meeting by going over immediate next steps in the project plan, indicating what it would need from the GoT within the subsequent weeks. This approach to managing the GoT might prove useful for several of the project’s discrete processes, such as land acquisition and resettlement.
- In its engagement with the GoT, EACOP is encouraged to maintain its position on the importance of compliance with the standards of major international financial institutions, at least until land acquisition and resettlement are complete.

Community Presence

EACOP has convened a number of large community meetings for the purposes of awareness-raising, and has engaged community members and representatives for the purposes of operational needs such as land access for technical surveying. As noted above, this approach has yielded individual engagement with all landowners along the route of the pipeline and a large number of contacts with members of project-affected populations. At the time of CDA’s visit, however, community members indicated to us that they had infrequent and irregular contact with EACOP personnel and in only one area – the vicinity of the MST – knew an EACOP CLO. CLOs themselves indicated to us that they had yet to establish predictable, routine engagement or other channels of two-way communication between themselves and communities that will be affected by the project. The focus of EACOP’s engagement with communities has been on locations where critical infrastructure will be situated or support to contractors were required. In these areas, too, however, the timing and frequency of visits by EACOP CLOs were unpredictable to community members.

Experience suggests that conflict between companies and communities is a characteristic of the overall relationship between a company and local communities. It emerges from an accumulation of minor grievances over time, rather than from discrete incidents, and is a more significant risk if the company is unwilling or unable to respond to community needs and concerns as they arise. Responding, and being seen to respond, to community concerns and questions builds the community’s confidence in the company. A regular, predictable company presence in communities, and modalities of community engagement that offer community members opportunities to raise issues that are important to them, are necessary for the development of constructive relationships between company and community.

Such relationships with communities take time to establish, and are easier to achieve in the absence of complex, high-impact construction works. While EACOP has demonstrated diligence in managing the social impacts of its pre-FID activities, in the Fall of 2018, EACOP was also aware of the need to develop constructive relationships with communities that would sustain its social license to operate. Over the last several months, LSOC has quadrupled the number of full-time CLOs, and has started to prepare for the implementation of the regional “hub” structure. The Stakeholder Engagement team is currently moving to a more structured approach to communities, with regular meetings and the aim of establishing two-way relationships with a range of stakeholders with different interests in the project. These measures should allow for sustained, strategic engagement with local communities and local political authorities. EACOP will be well-served by making as much progress as it can towards this objective before the FID and the onset of works. EACOP should consider focusing its community engagement efforts on addressing emergent risks that are discernible in some of the project-affected communities.

Information

Despite significant contact between EACOP and communities through a range of channels, the CDA team found that levels of understanding about aspects of the project that impact communities are uneven across and within communities. A representative of a prominent international NGO also indicated to us that he was surprised by the relative lack of knowledge of the project that existed in communities that will be affected by the project.³

Thanks to the RAP survey, all landowners along the route of the pipeline are aware of the project, and of how much of their own land will be acquired. As of Fall 2018, no landowners, however, knew how much they will be compensated for land and crops, when information about compensation would be forthcoming, or why it was not already available to them.⁴ Communities are also uncertain about a number of issues that are clearly of concern to them: how unskilled labor recruitment will be managed, about EACOP’s intention to restore livelihoods following relocation, and about the grievance mechanism. In many cases, community members did not have a clear sense of the distinction between EACOP and the GoT.

When communities do not have reliable information about a corporate project, it is easier for parties whose interests diverge from the company’s and from its stakeholders’ to manipulate their perceptions of the project as well as the company’s own processes. In EACOP’s case, many project stakeholders are concerned that in the course of political campaigns, candidates may make false promises about compensation and jobs to their constituents. The lack of a sustained EACOP presence in communities and the relatively low public profile of EACOP personnel may also enable bad actors to pursue self-interested aims in ways that may affect EACOP’s reputation. For instance, CDA was informed that, in a

³ As noted in the Preface, CDA did not conduct a comprehensive survey of the project’s stakeholders and therefore cannot speak with exactitude about the level of community awareness about the project across its full geographical scope.

⁴ They have since been informed of compensation rates.

large town near the route of the pipeline, a con man posing as an EACOP recruiter had defrauded a number of people of small sums of money to “register” them as candidates for employment at EACOP.

The lack of reliable information about the project within communities is having ramifying social impacts in several areas.

- *Land Use*

Local people indicated that they have received a range of different messages about whether or not, following the RAP survey, they are permitted to plant on land that will be acquired for the project. In some areas, people have stopped planting on surveyed land. In the Kagera region, community members noted that, between the RAP survey and CDA’s visit, a complete planting season had elapsed during which they had neither planted nor been compensated. In some areas, fallow land is becoming overgrown, to which local people attribute increased risks of encountering snakes and other dangerous, wild animals. Some people expressed concerns about food insecurity. In one of the MCPY areas, community members noted that the Fall of 2018 would be the second consecutive planting season that they had missed. One person living near the MCPY area explained, “If you plant, and people come for your land, you lose it. It feels like a game. We are starving here.” Many people we spoke with used the Swahili term ‘*kucheza kamali*’ meaning “to gamble”, to explain how they felt about using their land following the survey. One community member noted, “I like the idea of the pipeline, but I don’t know when it will happen. And we had lives before the pipeline.”

Options – Land Use

EACOP should consider ways of making information about the project more widely available, and should consider focusing in particular on ensuring that communities where land will be acquired for the project understand how land acquisition will proceed.

- EACOP should develop messages relating to the use of land that has been surveyed and it should communicate them widely and publicly. “Plant this season”, suggested by the head of LSOC, seems appropriately clear and direct.
- EACOP should consider developing and communicating messages about the *right* to use surveyed land, which does not seem to be clearly understood in all project-affected communities.
- EACOP should consider providing communities with updates about approximate dates when the project may start. If the expected date changes, EACOP should provide communities with the new information as soon as it is feasible to do so.
- When a final date for land acquisition is set, EACOP should communicate that information widely in order to minimize the number of people who are unable to harvest crops due to the timing of land acquisition.

- *Expectations of Economic Opportunities*

In the absence of accurate information about employment, contracting opportunities, and indirect economic benefits, local communities are forming unrealistic expectations based on public

comments by government officials and on speculative village gossip. The President has been widely quoted in Tanzanian newspapers exaggerating the economic benefits that the project will offer to the whole country. His view is echoed by the regional administration. Regional, district, and ward level leaders who we spoke with all mentioned the economic growth and advancement that is expected for their communities from the project. One ward-level leader explained, “People will be happy from the project, and will get economic improvement. The community is expecting employment when the project starts.”

This understanding of community expectations is consistent with what we observed in the field. In several community focus group discussions, participants were nearly unanimous in their expectation of direct employment. In more than one women-only focus group, 100% of the participants indicated that they expected to have new economic opportunities as a result of the project. They mentioned selling local tomatoes and onions to the project and being employed as cooks, while men and many youth expected to participate directly in construction teams or work as service providers to those teams. In some cases, community members demonstrated an understanding that most of the jobs with EACOP will be temporary. In some cases, however, youth indicated that they did not have enough information from EACOP about employment expectations. One youth explained, “The youth are the expectation for the future. Therefore they should talk to us about our future.”

Options - Expectations

- In the Land and Resettlement Working Group and in engagement with the regional administration, communicate that elevating expectations for employment and other benefits will deepen risks ranging from population influx to community-level discontent at key stages of the project - in the aftermath of unskilled labor recruitment and following the demobilization of unskilled labor, for instance.
- In dialogue with local communities, indicate EACOP’s commitment to filling 100% of unskilled labor positions with local labor, but emphasize the limited number of available positions and the temporary nature of employment opportunities at EACOP.
- Work with CLOs to collect ways of expressing the above that are particularly effective in conveying to local authorities and community members information that would temper expectations of employment and participation in the local supply chain.

One EACOP CLO had a particularly useful way of addressing expectations about employment: “The project might employ 10,000 people, but there are 60 million people in Tanzania. Should anyone feel certain of getting a job?”
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Support for the Social Function

New CLOs have all gone through a one-week training. As noted above, EACOP also retains the services of an experienced consultant whose role includes coaching and mentoring CLOs, partly in recognition of the need to continue to develop the capacities of CLOs even as the project unfolds. Even with a fully staffed and resourced group of CLOs, however, the sheer scale of the project presents challenges to achieving a degree of community engagement that will consistently meet the needs of the project.

There are a number of ways in which EACOP might complement the efforts of CLOs to communicate with communities affected by the project. To this end, EACOP should consider adopting other interactive communication media for specific project-related purposes. Community members and CLOs who met with the CDA team suggested some of the following themselves:

- *Toll-Free, Targeted SMS messaging:* Tanzanian mobile telecommunications companies can arrange for text messages to be sent via specific cell towers, so that they are received by all phones within range of that tower and by no other phones. They can also arrange for menu-driven, interactive SMS communications, in which the recipient is offered a list of categories about which to receive additional information. EACOP might use this method to disseminate messages about the grievance mechanism, the timing of the arrival of construction fronts in particular locations, the process and timing of applying for unskilled positions, and so on.

One of EACOP's current CLOs previously worked on an agriculture project in which the implementing agency used targeted, interactive text messaging to get information about market prices for specific crops to farmers in real time. On a daily basis, the CLO's previous employer sent text messages alerting the farmers that that day's crop prices were available. The farmers were invited to reply "1" to receive that day's maize price, "2" for that day's bean price, and so on. The interactive format also made available to the agency data relating to usage, and the service was used by a large portion of the project's intended beneficiaries.

- *Toll-Free, SMS Suggestion Box:* EACOP might also consider developing SMS-based "suggestion boxes". This would allow for both anonymity and personalized follow-up, and would provide an additional channel for communities to share their perspectives with EACOP.
- *Local Language Radio:* Consider using local language FM radio stations as a channel for disseminating information to communities. EACOP might do this through purchased advertising, public service-type announcements, and in some cases longer, interview-based formats.
- *Printed Materials – fact sheets, FAQs, newspaper advertisements:* EACOP has developed a Swahili-language FAQ document, a glossy booklet providing answers to over 30 questions about the project, as well as a project brochure, a project leaflet, and leaflets explaining specific project activities (e.g. the ESIA, Geophysical and Geotechnical surveys). EACOP should continue this practice in some form, such as concise FAQs that address specific issues that are relevant to specific communities at specific times. For instance, in the weeks leading up to the arrival of a construction front in a particular location, EACOP might distribute FAQs sheets informing resident about how to apply for a job, the number of jobs that will be available, the nature of the unskilled work opportunities, and the expected duration of contracts.
- *Ward notice boards:* EACOP has installed 115 notice boards in all impacted wards, in order to display communication material and messages to local communities. This will not remove the need to disseminate this material at the village and hamlet levels, as ward offices can be very far from villages and hamlets.

Time

CDA's experience elsewhere suggests that when communities wait too long for engagement by companies, for the redress of issues, and for information about the project, it has adverse impacts on communities' perceptions of the company that build as time elapses. In this connection, it is useful to recognize that impacts are already occurring in communities affected by the EACOP Project.

As is conventional with such projects, the EACOP Project is understood to be uncertain until the FID is finalized. The project has incurred a high financial cost to date, and will not generate revenues until oil starts to flow through the pipeline. With final investment uncertain, it is understandable from a financial perspective that EACOP would wish to avoid incurring additional expenses unless they make a positive FID more likely. From the same perspective, the possibility of substantial additional delays to the FID is a reason to avoid initiating any activities that may ultimately be rendered moot by a negative FID. While EACOP is making every effort to resolve all of the issues necessary for the FID to be taken, the estimated timing of the FID has already been changed several times and may change again.

EACOP would hope to launch construction works as soon as possible after the FID is confirmed. Yet EACOP would also be well served by reinforcing the CRC/CLOs efforts to establish constructive relationships with communities prior to the onset of construction. Further, there will be continuity before and after the FID in EACOP's relationships with affected communities. Launching construction works with only modest preliminary engagement should be understood as incurring significant risks to the project's social license to operate. The time prior to the FID, and any future delays in the FID, represent an opportunity to establish constructive relationships with communities.

Working with Local Government

Village- and ward-level government institutions play important roles in EACOP's plans. Ward Committees have been a lynchpin in the recruitment of unskilled labor for the geophysical and geotechnical surveys and, Village-level authorities have an important role in the grievance mechanism. The manner in which they work with EACOP, on the one hand, and with local communities, on the other hand, will be fundamental to outcomes in communities, particularly if local authorities play a role in recruiting unskilled labor and disseminating information during construction. To date, EACOP has used ward and village officers to communicate information to communities. Community members in several locations, however, communicated to us that their local authorities are not reliable channels of communication between EACOP and communities. Many community members who met with CDA demonstrated and expressed that they had relatively little knowledge of key aspects of the project, suggesting that information about the project does not in all cases pass transparently from local authorities to community members. Community members indicated that local government authorities – both within the regional administration and among elected Village Chairpersons – are a heterogeneous group in terms of their capacities, professional integrity, and attitudes towards their responsibilities and communities.

In the communities we visited, we observed the following:

- In one community, residents understood that they could continue to use land that had been surveyed and allocated to the project until such time as that land was formally acquired. They

knew that they would not be compensated for any improvements made or crops planted after the RAP survey. GoT notices to this effect were visible on bulletin boards at the WEO's office.

- In one community, local authorities told community members that they could not continue to use land at all once it had been surveyed. Community members had let fallow the land demarcated by the RAP team; some community members complained about risks arising from an increasing number of wild animals (notably snakes) living in fallow areas, and some complained about no longer being able to feed their families.
- In one community, community members asserted that they had not seen printed material about the project that EACOP had made available through the ward office. When asked about this, the WEO indicated that he had made the material available in his office, but had not made any proactive efforts to distribute the material or to make people aware that he was in possession of the material.
- In one of our meetings with ward authorities, officials openly mocked the “backward” nature of the local population and dismissed the idea of sharing information with the community. The officials doubted that the community would be able to use accurate information about the project even if it were provided to them.
- We heard unconfirmed rumors about solicitation of bribes and nepotistic practices among officials in some locations.
- One community member explained, “We don’t feel like [local authorities] are representing us or our concerns.” Some community members in the same location speculated that this had to do with manipulation at the village level to advantage one political party at the expense of another.

It is reasonable to anticipate that these issues and sentiments will persist into the construction phase of the project and affect issues such as the recruitment of unskilled labor and the effectiveness of the grievance mechanism.

Local elections are scheduled for 2019. As they approach, information flows to communities through local authorities are likely to be affected negatively. Community members, EACOP CLOs, and local leaders all expressed concerns that local elections might take place before compensation is paid out. Of particular concern was the possibility that candidates for office might withhold information in order to mislead the population for political advantage, with each party claiming that it can deliver more benefits from EACOP than its opponents can, falsely elevating the expectations of community members with the goal of winning political support.

Options – Local Government

The LSOC team should continue to engage local authorities about the project as a way of acknowledging their authority, but should develop engagement and information dissemination strategies that are based on the assumption that local authorities will not effectively execute responsibilities that fall to them as part of their roles in the EACOP project. Accordingly, EACOP should ensure that local communities have all of the information that would enable them to minimize the impacts of land acquisition, that would moderate community expectations, and that would enable community members

to take advantage of opportunities for employment and contracts. The widespread availability of accurate and timely information in communities also provides a measure of transparency that may make it more difficult for local authorities – including MPs – to use information, control over information, or misinformation, in the service of their personal or political interests.

- Best practices in this connection call for using multiple, overlapping channels of communication including text messaging, radio, newspapers, fliers and leaflets, social media, and in-person community meetings.
- With a full complement of CLOs, it may be possible to develop a degree of familiarity with local authorities within their areas of responsibility. In some areas, it may on this basis be possible to develop approaches that are more tailored to particular officials and office-holders.
- Continue conducting meetings with ward- and village-level officials as public meetings whenever possible. In such cases, ask the officials to inform villagers that they are permitted to attend.

Managing and Developing CLOs

EACOP provided recent CLO recruits with a week-long training and induction, but it seems reasonable to expect that some of the dilemmas and challenges that arise during the course of the project, particularly in view of the distinctiveness of the activities and impacts occurring during different stages of the project, will be unforeseen. Options for ongoing development of CLOs are below.

Collect and Disseminate Best Practices from the Field

Individual CLOs have already developed practices that might be very useful to their colleagues and that may not be known to them or to LSOC's management. Though CLOs exchange information and ideas with one another regularly using WhatsApp, formal, structured discussion of challenges and solutions may also be beneficial to them, as a way of systematizing and cementing good practices and constructive insights across the group.

- Consider including on weekly reporting templates a section for CLOs to describe a good practice or an instructive experience from their work week. Select the best of these (e.g. particularly effective ways of ensuring that contractors follow protocols; ways of responding to statements that reflect inflated expectations about jobs; ways of conveying technical information about the project in “everyday” language). Dar Es Salaam-based staff can articulate the kernel of each example, compile the examples in a copy-paste exercise, and send them out to all CLOs in a group email.
- Use best practices selected by LSOC management to demonstrate to less qualified and less experienced CLOs what the management of LSOC expects and finds exemplary, to give those CLOs concrete ideas about solutions to particular challenges, and to reinforce good practice among CLOs whose ideas are identified as good practices.
- This approach might help LSOC identify CLOs whose understanding of their responsibilities and roles are less apt than those of their colleagues. The LSOC management team might also use this feedback from CLOs as an element of needs and/or performance assessments to inform staff professional development.

Workshops

For the purposes of quality control, professional development, and incident management, consider convening monthly or bi-weekly, 2- or 3-hour videoconference workshops amongst subgroups of CLOs. Spend the time workshopping challenges that are experienced by more than one CLO, and sharing good practices and intelligence (e.g. any challenges with specific contractors or their CLOs) across the team.

Grievance Mechanism

Experience from other projects suggests that grievances will spike near construction sites as construction fronts are established and advance, and that grievances are likely to persist at an elevated rate in those locations until sometime after the fronts have closed-out. Construction activity itself can be predicted to drive grievances relating to noise, dust, vehicle traffic, and the conduct of technical teams in the field. EACOP is also likely to receive via the grievance mechanism many complaints that are not grievances as such - complaints in the wake of unskilled labor recruitment by people who did not get jobs, for instance, and complaints by people who have lost jobs following the retrenchment of unskilled laborers. Though these are not grievances *per se*, they can nevertheless place a substantial burden on the grievance mechanism and the individuals responsible for managing it.

Options – Grievance Mechanism

- Consider establishing a small switchboard to receive calls on the toll-free grievance line. Have the switchboard operators report daily to the Grievance Administrator. Relieve the SE Coordinator of the responsibility for taking calls on the grievance line before further land acquisition takes place.
- Once construction activities commence, the workloads of local government authorities whose wards are affected by construction are likely to increase dramatically. As a consequence, those officials may face challenges managing grievance filings by community members in their areas. EACOP may wish to consider proactively engaging responsible local authorities on a regular basis to request information about grievances that have been filed at their offices.
- Alternately, “help desks” (see below) near the offices of those authorities may help avoid this potential bottleneck.
- Alternatively, consider relieving Village Chairpersons of the responsibility for receiving grievances and ask them instead to provide information to complainants about the other channels through which they can register a grievance.
- To reduce the number of spurious grievances, sensitization of communities about what grievances are and are not, about their options for filing grievances, and about how grievances will be managed, should consistently be part of engagement and communication strategies.

“Help Desks”

- Consider setting up conspicuously-branded “help desks” in settlements near construction fronts prior to the arrival of construction teams, so that EACOP has a noticeable physical presence in communities where construction will take place. “Help desks” might consist of tables set up near locations that people frequent, such as schools, markets, or offices of Ward and Village Chairmen.

- Staff “help desks” with LSOC personnel from the nearest hub. Consider rotating “help desks” through communities according to a weekly schedule, e.g. Mondays in Chongoleani, Tuesdays in Putini, and so on, so that direct access to LSOC staff is regular and predictable.
- While “help desks” might be very helpful in easing the receipt of grievances, they would also provide a valuable channel of two-way communication between EACOP and communities in which operations are taking place. CLOs staffing “help desks” should be given topical FAQs to distribute and should be prepared to provide information and brief community members about a range of topics other than the grievance mechanism.
- To be most effective, the introduction of “help desks” in a particular location should be timed to coincide with project activities in that location that have significant impacts. For example, it might be useful to establish help desks in a particular location a couple of weeks before the recruitment of unskilled labor takes place in that location, and when unskilled laborers are demobilized; or to establish “helpdesks” in resettlement areas as people are resettled there.

Risk Register

LSOC has developed an environmental and social risk register as a way to communicate to the rest of the organization about consequential issues within LSOC’s sphere or responsibility that require attention. In an example of good practice, the register includes risks to the project and also risks to actors in the external environment. The register includes several risk areas that are also flagged in this report (e.g. the risk that GoT land acquisition and clearance processes lead to adverse human rights impacts).

Options – Risk Register

- LSOC should consider adding to the register risks to and consequences for the social license to operate. In some cases, the register already identifies such risks, but does not link them to their consequences for the social license to operate. For example, risk D11, “land speculation,” has as its “Top event/aspect” the “displacement of land owners, coercion, unfair land prices, land price inflation.” There is a high likelihood that such outcomes would in turn undermine support for the project and generate discontent among communities, and this might also be added to the register. In other cases, relevant risks are not included in the register. For example, the risk that authorities responsible for generating lists of interested candidates for unskilled labor positions fail to ensure equitable access to employment opportunities by failing to disseminate information or by favoring some individuals or groups over others.
- The risk register might be used to communicate areas of particular concern, as well as EACOP’s preferred mitigation approach, to the ECMP contractor.
- EACOP should consider including the risks identified by LSOC during routine risk analysis sessions.

Social Investment

EACOP is currently in the process of developing a social investment strategy and has engaged a consultant who contributes to this task. It is not yet clear, however, how EACOP's final decision about a social investment approach will be made.

Social investment represents an opportunity for the company to work towards several strategic goals that ultimately benefit both the company itself and the communities affected by its operations:

1. **strengthen the social license to operate** by addressing underlying or predictable causes of community discontent with the company. For example, in areas where local economies are marginal and there is significant pressure and local attention focused on the company's contribution to the local economy, companies might use social investment to stimulate sectors of the economy that are not related to the industry.
2. **foster constructive community relationships** by engaging communities in participatory visioning and planning processes. For example, a company might use social investment as an opportunity to engender inclusive community discussions about needs, options, implementation modalities, and so on.

Total E&P Bolivie

Total E&P Bolivie (TEPBO) engaged the non-profit international development organization SNV to engage local communities and facilitate a series of participatory baseline surveys, needs assessments, and planning workshops as a way of identifying and validating community priorities for local development. TEPBO planned to commit funds to those projects, and hoped to use the plans and assessments developed by the community as a means for attracting international donors and NGO partners to fund and support implementation of projects that the community itself had prioritized.

3. **involve entities and agencies other than the company in local development** through partnerships. For example, a company might identify an NGO, government, or donor agency whose mandate aligns with the company's chosen course of action and invite it to merge its own efforts with the company's, thus enhancing the company's own financial resources with an additional pool of funds, and capitalizing on other entities' capacities for implementation of the project.
4. **draw government institutions into appropriate roles** in planning and implementing local development. For example, a company might align its social initiatives with existing local development plans and contribute technical expertise, capacity building, and matching funds to an ongoing effort run by the local government.

EACOP Tanzania should consider launching social investment initiatives ahead of the FID. Social investment, if managed in a relatively participatory manner, can be a useful driver of engagement with communities and other stakeholders.

V. Conclusion

The EACOP project presents enormous challenges in a number of areas, not least of which is the management of social impacts. LSOC has developed thoughtful mechanisms to manage its pre-FID

activities and impacts, but, at the time of our visit, had yet to establish a consistent presence in communities that will be affected by construction activities. Recruitment and development of new staff and a plan for LSOC “hubs” at points along the pipeline route will enable EACOP to engage communities and other stakeholders in a manner that supports the development of a social license to operate.

Establishing constructive relationships with communities takes time, and EACOP will be well served in the long term by acting in the short term to begin forging such relationships. Delays to the FID and to the onset of construction might be seen as opportunities for LSOC to move forward its plans without the pressures that will come with construction.