Reassessing African project’s failures

THE WORLD'S finance ministers and private bankers are in Washington for the annual meetings of the World Bank and the International Monetary Fund. The question of how to make development aid more effective in lifting poor countries out of poverty, especially in Africa, will once again be an important agenda item.

The discussions could greatly benefit from an honest assessment of Africa's largest development project now underway, which has begun to bear its bitter fruit: not regional development and improved living conditions, but hunger, disease, environmental degradation, and a host of other problems. The irony is that this project was meant to be a model of success.

In June 2000, the World Bank's board of directors, which represents the finance ministers now gathering in Washington, approved funding for a massive oil field and pipeline project, which will affect the Central African countries of Chad and Cameroon for generations. ExxonMobil leads the consortium that made World Bank support for the $3.7 billion project a precondition for moving ahead as insurance against investing in such a politically volatile region.

The Bank agreed to team with some of the world's largest oil companies in what it termed the best chance to reduce poverty in two of Africa's poorest countries, where government-sponsored violence and repression are commonplace. Chad has been plagued by civil war and Cameroon is rated among the most corrupt countries.

Citizen organizations pleaded that funding be withheld until their countries could deal with a project of this magnitude and legal frameworks were in place to ensure that the environment and human rights be protected and oil revenues managed in an equitable fashion.

In response to these protests and an international outcry, the Bank linked its support to requirements that the countries establish institutions to ensure a fair distribution of oil profits. In addition, the World Bank agreed to strict monitoring of the environmental and social impacts of the project by an independent group, an unprecedented event.

If the good intentions on paper became reality, the project could serve as a model that could rewrite Africa's tragic history of plundered natural resources and impoverishment.

Unfortunately, this has not happened. Just months after the project's launch, Chad's president was caught using part of the project's first profits to buy weapons. Two years into the project, a report by the World Bank's own inspection panel concludes that oil development is proceeding while efforts to address the environmental and social consequences lag far behind.

Other independent assessments confirm these findings and emphasize that the World Bank has made limited progress in helping Chad and Cameroon build the institutions needed to ensure project benefits. Meanwhile, the project is harming local people, with child prostitution on the rise and children and teachers abandoning schools for the promise of lucrative short-term work in the oil fields.

Local reports show that grain prices have more than doubled because of inflation and demand generated by the project, creating the risk of a famine. A public health catastrophe looms as thousands looking for work descend on the project areas, which lack adequate housing and water supplies. AIDS and other diseases are likely to spread like wildfire along the 670-mile pipeline route.

The environment is faring no better. The southern section of the pipeline crosses a largely intact area of tropical rain forest, destroying biodiversity and the livelihoods of indigenous people popularly known as Pygmies. Measures to compensate and provide benefits to the indigenous people have failed to materialize. The pipeline also crosses many important river systems. Pollution on some sites has already reduced access to drinking water since local people depend on surface water for most of their water needs.

The international financial community needs to draw fundamental lessons from this project to avoid mistakes elsewhere. Before embarking on private-public partnerships and spending hundreds of millions of development aid dollars, they must make sure that governments respect the human rights of their own citizens and assist them in building institutions to ensure that the environment is protected and that revenues are really used to alleviate poverty.

Korinna Horta is senior economist at the Environmental Defense in Washington.
Delphine Djiraibe is director of the Chadian Association for the Promotion and Defense of Human Rights.