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OPINION

# The Wolfowitz pattern at World Bank

By Korinna Horta

THE PAUL WOLFOWITZ saga at the World Bank demonstrates in microcosm the more worrisome picture of how the World Bank operates at the global level. It follows the same pattern of obfuscation and denial that Wolfowitz, who resigned on Thursday, displayed in his handling of personnel matters. Unfortunately, there is no outcry from World Bank staff and senior managers -- who rightly criticized Wolfowitz on his management practices -- about the Bank's ill-conceived and badly implemented projects that are driving poor people into destitution while destroying the environment.

Consider the World Bank-supported Chad-Cameroon project, which includes oil development in landlocked Chad and a 620-mile-long pipeline to the coast of Cameroon. It is also the single largest on shore investment in Africa. In the past, the Bank often cited the project as a model for using oil revenues to reduce poverty and protect the environment, brushing over the fact that both Chad and Cameroon are governed by dictatorships among the most corrupt in the world. Now that construction of the project is complete and oil has been flowing for several years, the Bank's own staff acknowledges that this multi billion-dollar project has failed to achieve the Bank's primary stated goal of reducing poverty.

But this admission is not leading to changes in the way the Bank approaches support for oil, gas, and mining projects.

A chief beneficiary of the Chad-Cameroon project is Exxon-Mobil, which depended on World Bank financing as an insurance policy against political risk and to secure additional financing on favorable terms from a host of other public and private financial institutions. Another beneficiary is President Idriss Déby of Chad, who siphoned off parts of the initial payment by the oil consortium to buy weapons and has shown little interest in using the windfall oil income to reduce poverty.

In 2006, the Bank temporarily halted payments to Chad, but quickly resumed them once Déby threatened to cut off the oil pipeline.

Today, an internal power struggle over control of the oil revenues is exacerbating the dire security situation on Chad's border with Sudan's Darfur region -- from where members of Déby's own ethnic group have launched an armed rebellion against him. Déby is reportedly using oil income to fund militias to fight the rebellion, and the suffering refugees from Darfur are getting caught in the cross-fire.

Meanwhile, since the project construction began in 2000, Chad -- a wretchedly poor country by African standards -- has slipped further behind on the United Nations Human Development Index measuring basic indicators of human well-being such as health and education. Among the hardest hit are the poor rural communities in the oil-producing region whose land has been expropriated for the drilling of oil wells. There is no system in place to ensure that affected people can restore their lost livelihoods. Nor do they have any legal recourse. Human-rights defenders taking up their cause receive death threats.

Shortly before reaching the Cameroonian coast, the 620-mile pipeline traverses a tropical rainforest that is home to indigenous people, the Bagyeli, whom we usually refer to as Pygmies. To comply with World Bank policy requiring special protection of indigenous peoples, ExxonMobil set up a trust fund to finance programs to benefit the Bagyeli. Unfortunately, the trust fund of $600,000, which is to cover protection of the Pygmies over the 28-year lifetime of the project, has accomplished very little. Then again, compare this amount with the $400 million retirement package of former ExxonMobil CEO Lee Raymond, who headed the company at the time.

When the World Bank decided to support this project, it gambled with the lives of some of Africa's poorest people. Until today, the Bank has not tried to learn what went wrong here in order not to repeat the same mistakes elsewhere.

Beyond the Wolfowitz saga, the World Bank needs to straighten out its broader affairs, making sure its lending solves problems rather than creates them.

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