

Trouble in the pipeline

The World Bank said oil from Chad would help the poor. In fact, it has only brought more social problems to central Africa.

BY KORINNA HORTA
& DELPHINE DJIRIABE

MADAME M is tearful as she talks, surrounded by other villagers: "We used to have clean water, but since the oil pipeline was built all we have is pollution," she says. The villagers agree. "Water is the biggest problem," says one. "Now we all have skin rashes, stomach pains, and unknown ailments," says another.

The only source of water in this village, a few kilometers north of Cameroon's capital of Yaound, is a small waterhole next to signs indicating the presence of an underground oil pipeline. The water seems to be covered by a milky film of grease. This is where the village's ill-nourished children, clothed in rags, line up to fetch water every day.

The source of the villagers' hardship is the Chad-Cameroon Oil and Pipeline project, the single largest investment in Africa. The multibillion dollar project came about as a public-private partnership between the World Bank and a consortium led by ExxonMobil, the world's most profitable oil company. The consortium made its investment in the project dependent on World Bank participation as an insurance policy in a politically risky environment.

Impoverished

All along the 1,000km pipeline, Cameroonian non-governmental groups have now documented what they claim are hundreds of cases of poor, rural households who have become more

impoverished as a result of a project that was supposed to bring development.

Madame M, for example, used to raise chickens, which allowed her to generate enough income to rent a room for her children in the next town where they could attend school. But construction noise in front of her home killed the young chicks, putting her out of business. She cannot afford to pay the rent and her children no longer attend school, she says.

The oil flowing through the pipeline comes from fields located in the southern region of landlocked neighboring Chad, one of the world's poorest countries. The largely Christian and animist population in the oil-producing region is mired in neglect and

suffers oppression by Chad's rulers whose power base is in the country's mostly Muslim north.

Now oil development is inflicting more pain on an already battered people. There are clouds of dust generated by project-related traffic, placing the health and subsistence livelihoods of local communities at serious risk. The thick layers of dust damage fields and crops, it affects visibility and causes eye infections and respiratory problems. Despite official recognition of the problem, few effective measures have been taken to solve it. Meanwhile, air and water pollution, hazardous waste disposal and gas flaring contribute to an increasingly toxic environment in a region where many people lack access to basic healthcare.

Then there is the question of land. Drilling additional oil wells is taking over increasing amounts of land that until now was used for farming. Official reports acknowledge that the project has so far taken twice the amount of land initially planned and that the number of families who no longer have sufficient land to ensure their survival has tripled.

Although the World Bank promised that the success of the project would be measured by effective poverty reduction and not by the number of barrels of oil exported, there is no system in place to monitor the impact on the poor, rural communities, let alone to restore their livelihoods. It has been left to Chadian human rights workers to stand up for the affected villagers, many risking jail and facing death threats.

Chad is an example of the phenomenon known as "resource curse," where badly governed countries rich in natural resources end up poorer and more prone to violent conflict than countries without such resources. Although the phrase has entered mainstream development speak, much remains to be done to address the role of international investment and the contribution of development programs in the extraction of

resources such as oil, minerals, and timber.

The World Bank hailed the oil pipeline project as a model for translating oil wealth into benefits for poor people while minimizing environmental damage. The bank, largely in response to international protests, ordered extensive environmental studies and required that the Chadian government adopt a law intended to ensure that oil revenues be primarily used for social needs. But Chadian civil society organizations and many observers were unconvinced that the measures were sufficient in the light of Chad's history of corruption, violent conflict, and human rights violations.

Still the project advanced, and in 2003 Chad became Africa's newest oil exporter. Two years later, Chad's President Idriss Deby in effect gutted the law governing oil revenues. In response, the World Bank suspended lending and froze Chad's access to royalties. But the suspension lasted only for a short period. After Mr. Deby threatened to cut off the pipeline, the bank resumed funding under a new agreement, just days before another questionable election confirmed Mr. Deby's hold on the presidency.

Armed rebels

Oil-related income is set to triple Chad's national budget next year and the proliferation of armed rebellions is not unrelated to a fight over control of the spoils. One includes members of the President's own family operating from Chad's border with the Darfur region of Sudan.

The losers of the oil project are desperately poor people, the very people the World Bank promised to help. In addition to pressing the World Bank to address the plight of the affected people, its major donors should use this case to press for more fundamental reforms in the way the institution is run.

Project risks have been entirely borne by the poor and marginalized. Creating accountability mechanisms and changing World Bank staff incentives by linking them directly to positive results is more than overdue.

In addition, the bank should engage in a transparent, public process to define minimum good governance criteria and explicitly link decision making on the financing of extractive programs to those criteria. As a minimum,

investments and development programs should no longer be able to gamble with poor people's lives.

(Korinna Horta is a senior economist at Environmental Defense, Washington DC. Delphine Djiriabe is a human rights lawyer and coordinator of the Peace and Reconciliation Committee, Chad.)