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Africa's Dangerous Treasure

Recently Chad, one of the poorest nations in Africa, received its first income from the massive Chad-Cameroon oil and pipeline project, the continent's largest current investment. That ought to be a good thing. But unfortunately, oil production in African countries has often brought, instead of prosperity, greater poverty, destruction of the environment and violent conflict. All the more reason to wonder what will happen in Chad, a central African nation governed by a dictatorship best known for corruption and human rights abuses.

The initial indicators are troubling. Soon after the project's official inauguration last October, the government closed down the country's only independent radio station, FM Liberté, which had close ties to the country's human rights organizations. Then residents of the capital city, Ndjamena, witnessed the first public executions in more than a decade. According to Chadian human rights advocates, the brief trial of some of the executed was a sham - a sad chapter in the power struggle within the oil sector -- and was meant to send a clear message to critical voices in the country to be silent or risk their lives.

This oil project was supposed to be different, thanks to an innovative partnership between the World Bank and an international consortium led by Exxon Mobil Corp. The consortium made construction of the project dependent on the World Bank's participation as an insurance policy for its investments in a region that is a potential political powder keg. The World Bank, the single largest source of funding for development, co-financed the project, hailing it as a groundbreaking initiative in which oil wealth would be translated into direct

benefits for the poor, while any damage to the environment would be repaired.

Citizen organizations pleaded with the World Bank to postpone funding until Chad had built the capacity and established legal frameworks to ensure environmental protection, respect for human rights and transparent management of oil revenue. In response to these protests, the World Bank called for environmental studies, passage of a law in Chad to ensure transparency in the use of oil revenue and establishment of an oversight committee to monitor implementation of the law. These were indeed innovative and welcome measures.

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But Chadian human rights and development organizations feared that these good intentions alone were insufficient and called for more time to build government capacity. They also insisted on some solid demonstration of the government's commitment to reduce poverty.

Their concerns were more than justified. During the construction period, the World Bank's internal watchdogs and project monitors warned consistently about serious delays in capacity-building efforts, the lack of public health studies to monitor the spread of HIV-AIDS and other infectious diseases along the pipeline route, and the failure to consider the project's regional environmental impact. Massive migration to the project area has disrupted local communities. Inflation has led to the threat of famine, and water and sanitation problems have

endangered public health. Damage to crops, the contamination of water sources and the chronic problem of dust generated by the massive transport and construction activities have inflicted further suffering on an already impoverished countryside.

Despite these serious problems, both the World Bank and Exxon Mobil continue to tout the Chad project as a model for investments elsewhere. The World Bank claims that the project is a prototype of a new kind of extractive program that benefits the poor.

Time is running out for Chad, but it is not too late. Measures to mitigate the environmental and social problems can still be taken and have become more pressing as new oil is being discovered in the region and will eventually flow through the same pipeline.

Most critically, now that oil revenue has begun to arrive in Chad, the World Bank must use its leverage to ensure that these funds will be used to improve the well-being of some of world's poorest people. It is also critical that information on the vast new oil exploration efforts being undertaken in great secrecy is made public. The World Bank's institutional slogan is "Our Dream Is a World Without Poverty." It should not allow the Chad project to turn this sentiment into a sad mockery.

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