GLOBALISING POVERTY

The World Bank, IMF and WTO – their policies exposed

With contributions from Bruce Rich, Michel Chossudovsky, Walden Bello, Vandana Shiva and Martin Khor
FUNDING BIG OIL IN THE NAME OF THE POOR

— By Korinna Horta —

The World Bank hails its support of an African oil project as a model for the future. Given the destruction it will cause, alarm bells should be ringing.

On 6 June 2000, the World Bank decided to finance the Chad-Cameroon Oil & Pipeline project. As a result, a consortium composed of Exxon-Mobil, Chevron and the Malaysian company Petronas will go forward with a US $3.7 billion oil export project which includes the development of 320 oil wells in southern Chad and the building of a 1,070 km pipeline to off-shore loading facilities on Cameroon's Atlantic coast. In its press release announcing approval of the project, the World Bank states that the project will transform oil revenues into direct benefits for the poor, the vulnerable and the environment. There are, however, serious grounds upon which to doubt these assurances.

That the revenues raised will ever reach the poor is highly questionable. The oil producing region of Chad is the traditional stronghold of an armed rebellion against the central government and a political tinderbox. According to Amnesty International, government forces have killed several hundred unarmed civilians in the region in recent years. International calls for an investigation into these massacres have remained unanswered by the government and shrugged off by the World Bank. Cameroon, meanwhile, has been listed for two years in succession as the most corrupt country on Transparency International's annual corruption perception index. In both Chad and Cameroon, democratic processes are suppressed, and human rights abuses and environmental destruction are rampant.

Development groups, and religious and human rights organisations in Chad and Cameroon warn that under present political conditions in both countries, the project will promote corruption and repression while destroying the environment and local people's livelihoods. The Catholic and Protestant Churches of Cameroon state that the project will affect the life and survival of millions of men and women, and that the Bank has made inadequate efforts to ensure fair compensation for affected people, honest management and respect for biodiversity.

In Cameroon the pipeline will cross an area of largely intact rainforest and lead to wildlife poaching and deforestation which will destroy the livelihoods of the indigenous forest-dwelling Bagyeli people. The pipeline will make 17 major river crossings, including through some of Africa's most important river systems. Pipeline leakage, groundwater contamination and fresh and marine water pollution are ever present dangers. A leak would endanger communities all along the pipeline route because they rely on surface water systems for most of their water needs. The off-shore loading facility from which millions of barrels of oil will be transferred on to tankers is a single-hulled vessel, seriously increasing the risk of a catastrophic oil spill that would destroy the local fishing and tourism industries on which coastal inhabitants depend for survival.

Just as worrying is that the project appears to inaugurate a whole new era of the World Bank dispensing corporate welfare to politically powerful fossil-fuel-based multinationals, which are amongst the world's top producers of carbon dioxide emissions—the principal cause of climate change. Exxon-Mobil alone is estimated to produce more carbon than the combined emissions of Indonesia, Malaysia, Thailand and the Philippines. World Bank energy lending pays little attention to the emission implications of the institution's investments in fossil fuel capacity (which make up the vast majority of its total energy loans), even though predictions indicate that climate change will most severely hit the intended beneficiaries of World Bank activities: poor people in developing countries.

The World Bank claims that all concerns have been addressed in a 19-volume environmental assessment study and a revenue management law which was adopted by the Government of Chad as a result of World Bank pressure. The latter, however, was analysed by the Human Rights Center at Harvard Law School, which has shown that the revenue management law lacks safeguards to ensure that funds will be used for intended purposes. The environmental studies lack credibility.

No detailed oil-spill response plans have been provided and a general plan was only prepared after intense international pressure. Furthermore, the studies place ultimate environmental responsibility on the two governments which have neither the political will nor the capacity to deal with the complex impacts. The presence of armed guards in meetings with local people made a mockery of the consultative process, which is required by World Bank policy.

Yet the World Bank hails the project as a model for public and private sector partnership and as the new paradigm for development assistance in which lending from a public donor triggers much larger investments by private sector companies. In reality, by supporting this project, the World Bank is gambling recklessly with the lives of Chadian and Cameroonian citizens.

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