

# The Chad-Cameroon Oil and Pipeline Project: *A Call for Accountability*



photo by Korinna Horta

Association Tchadienne pour la Promotion et la Défense des  
Droits de l'Homme, Chad

Centre pour l'Environnement et le Developpement, Cameroon

Environmental Defense, USA

June 2002

“

*The Chad/Cameroon project is not the help we asked for or needed. In the absence of the rule of law and respect for human rights and the environment, financing of large-scale oil development is destroying the environment and us. Help!*

”

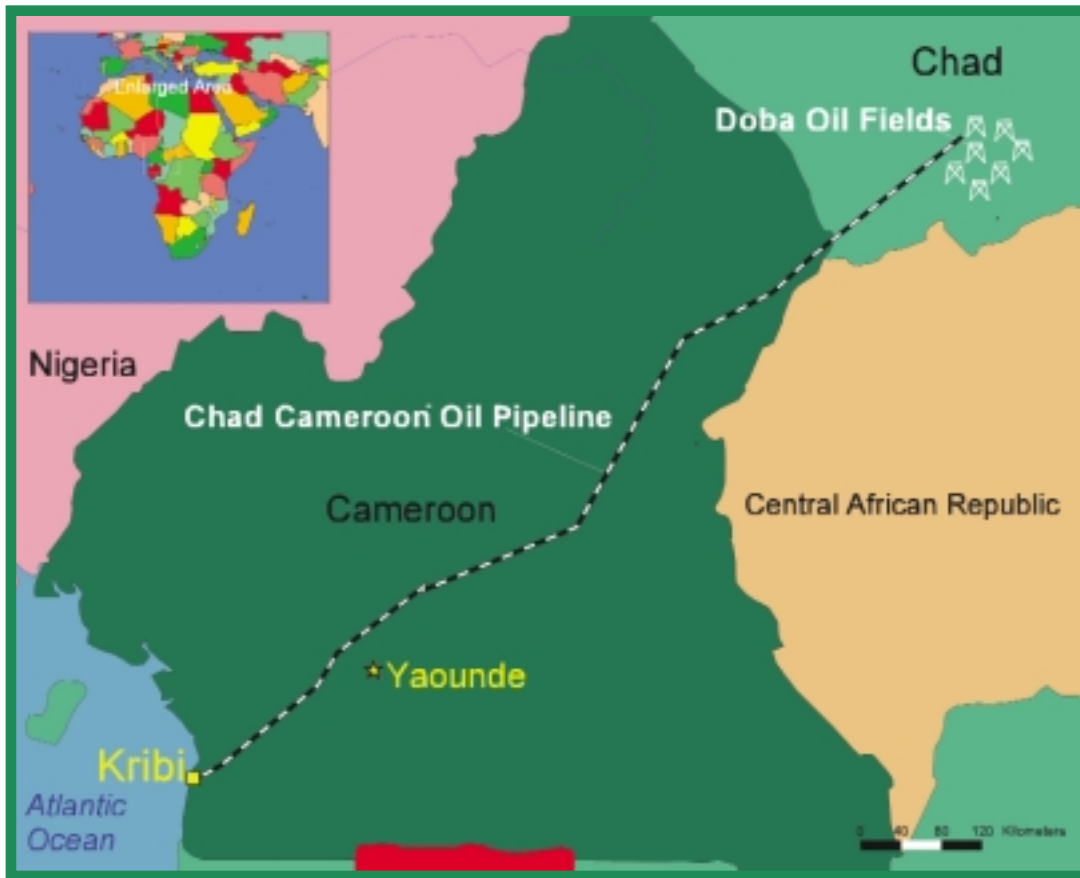
**Archibishop Desmond Tutu**

“

*We have radically transformed the way we do business. A persistent focus on quality has vastly improved the effectiveness of billions of dollars of Bank lending.*

”

**Mr. James D. Wolfensohn**  
**President of the World Bank**  
(The World Bank  
Annual Report 2001)



map by Peter Black



courtesy of Forest Peoples Programme

## At a Glance:

# The Chad-Cameroon Oil and Pipeline Project

The single largest investment in Africa today.

Total Estimated Costs US \$ 3.7 billion

### Main Activities:

- Drilling of 300 oil wells in the Doba fields of southern Chad.
- Construction of a 650-mile pipeline from Doba through Cameroon to the Atlantic.
- Building of a marine pipeline at Kribi to a floating storage offloading (FSO) vessel.
- Production of 225,000 barrels of oil per day.

### Expansion of Activities:

The built-in capacity of the pipeline is an incentive to spread oil exploration to other areas in the region. Active exploration is now occurring near Sarh in southern Chad and may move into the Central African Republic and Northern Cameroon. No comprehensive or regional environmental and social assessments have been carried out.

Project Finance (February 2002): **Africa Oil and Gas Deal of the Year 2001** "The World Bank Group had already pledged its commitment, stated as crucial in securing the other players and allowing the project to move forward."

### Financial Structure & Role of the World Bank

#### Private Sector Project Sponsors:

ExxonMobil (40%)

Petronas- Malaysia (35%)

Chevron (25%)

The Consortium has made World Bank participation a pre-condition for the project for reasons of political risk insurance and to attract financing from other public and private sources.

*"...an unprecedented framework to transform oil wealth into direct benefits for the poor"*

**World Bank Press Release  
on Approval of Project  
June 6, 2000**

### World Bank Group:

IBRD-loans : \$93 million

IFC - \$100 million direct loan and mobilization of an additional \$300 million in syndicated loans from commercial banks

### World Bank's participation led to:

European Investment Bank (EIB) loan of Euros 144 million

### Export-Credit-Agencies:

U.S. Export-Import Bank - \$200 million

COFACE (France) - \$200 million

### Commercial lead arranging banks:

ABN-Amro

Credit Agricole Indosuez

### Official Project Monitoring Reports:

A two track project in which environmental and social considerations are left behind?

International Advisory Group  
([www.gic-iag.org](http://www.gic-iag.org)).

External Compliance Monitoring Group  
([www.ifc.org](http://www.ifc.org)).

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We extend our heartfelt thanks to the contributors to this report. All of them have been active for several years to promote the inclusion of human rights, social, environmental, public health, labor and legal perspectives in the design and implementation of this project.

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Many organizations and individuals in both Chad and Cameroon are working with dedication, competence and courage to help ensure that social justice and environmental protection will not remain empty words as Africa's largest investment project is transforming their countries for generations to come. This work often involves great personal risks to the individuals involved. They and the organizations around the world which support them deserve our gratitude.

Finally we wish to thank Archbishop Desmond Tutu for his repeated expressions of concern about this project. Our deep gratitude also goes to Jeanne Noua, the admirable leader of the Bakola people in Ndtoua village in Cameroon. There are many individuals around the world who are involved in helping to ensure that environmental and social safeguards will be effective in this project. We thank them all. Amongst those who know the region well and deeply care about its people are Hans Determeyer, Sharon Courtoux, Martin Petri and Ian Gary. A special thanks to Irène Mandeau, whose dedication, wisdom and energy are a guiding light for many of us.

Last, but not least, we thank Hélène Ballande and Emily Miller of Friends of the Earth France and Ken Walsh and Bruce Rich of Environmental Defense for their support in producing both the English and French language versions of this report.

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# Taking Stock: Two Years After World Bank Approval of the Project

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Two years after approval of Africa's single largest investment, which is often considered to be a model for public/private sector partnership, it is time to take stock. The voices of the institutions and organizations

represented in this report are sending urgent distress signals from social, environmental, public health, human rights and legal perspectives. Both non-governmental-organizations in the field and official project monitoring reports agree that we are faced with a two-speed project. While construction activities by the Oil Consortium advance on schedule, regional development plans, social and environmental protections and capacity-building are seriously lagging behind and may never become effective. **The entire rationale of the project as a contribution to development of one of the poorest regions in Africa has now come into question.**

The problems described in this report require immediate remedial actions which are primarily the responsibility of the World Bank, whose financing made the project possible. Urgent remedial actions take on additional weight as the ExxonMobil-led Oil Consortium is expanding exploratory activities outside of the Doba Basin, covered by the current project. New oil development will also use the World Bank-financed pipeline and must be subject to the institution's environmental and social standards and included in the goal of transparent revenue management.

Furthermore, as this project now threatens to go "off the rail", we need to draw important lessons concerning long-overdue institutional reforms which will render the World Bank accountable for failed development promises.

A key-lesson re-emerging from the experience to date with the Chad/Cameroon project is that public financial institutions must carry out a transparent analysis of the political environment and its socio-economic and human rights dimensions in the countries where they

operate. Investment decisions which fail to do so are likely to contribute to environmental degradation and to further distorting the societies in the countries concerned.

The World Bank's willful naivete concerning endemic corruption, the lack of basic democratic rights and the violation of human rights in both Chad and Cameroon has contributed to the high risk situation the project faces now.

The following briefly reviews the background of the project, the promises made, current risks, the findings of official monitoring entities and the role of the World Bank.

## Background

On June 6, 2000 the World Bank's Board of Executive Directors approved the Chad/Cameroon Oil and Pipeline project which will have far-reaching consequences for the people and the environment of Chad and Cameroon for generations to come. On the same occasion, the Board also approved financing for the three technical assistance projects, the "Cameroon: Petroleum Environment Capacity Enhancement Project", the "Chad Management of the Petroleum Economy Project" and the "Chad: Petroleum Sector Management Capacity Building Project." The intentions of these projects are to develop the technical capacity and build the institutions in Chad and Cameroon to enable the countries to deal with budgetary issues (Chad) as well as the complex environmental and social implications of the project.

Approval of the project was preceded by two and half years of intense international controversy. Chadian and Cameroonian civil society organizations and the broad international coalition of NGOs supporting them called for a moratorium on financing the project. Our position was that the project should not go forward until the legal framework and the technical capacity had been put in place to ensure that oil revenues would be used for social development and for the protection of the environment.

In response to international pressure, including concerns expressed by several donor governments, the World Bank requested changes in project design and management from the governments of Chad and Cameroon and the Oil Consortium. In addition, the World Bank undertook new commitments of its own. The main changes to the project included the following:



- The Oil Consortium presented a new 19-volume set of environmental studies, re-routed the pipeline away from two biologically-rich areas, and promised to produce specific oil spill response plans for the oil fields, pipeline sections and the marine terminal;
- The government of Chad adopted a revenue management law and established an oversight committee, which includes representatives from civil society, to ensure transparent use of oil revenues for poverty alleviation;
- The government of Cameroon agreed to the establishment of two national parks, Mbam-Dejerem and Campo Ma'an, to compensate for biodiversity losses caused by the pipeline. In addition it agreed to set up a foundation, funded by the pipeline company COTCO, to mitigate problems faced by the indigenous Bakola people whose traditional forests will be crossed by the pipeline;
- The World Bank prepared the three technical capacity-building projects which were approved simultaneously with the Oil project.
- The World Bank established an International Advisory Group (IAG) of five independent experts to monitor the implementation of social and environmental safeguards of the project.

### Risks and Failed Promises

- Chad's Revenue Management Law lacks a clear legal framework. It allows the president of Chad to change revenue allocation rules five years after adoption of the law, *i.e.*, at a time when the stream of oil revenues will start to be very significant. There appears to be little political will to let the oversight committee do its work. Every single step in the establishment of the Oversight Committee has been a struggle and the Committee is not yet effective;
- Compensation and re-establishment of livelihoods for affected people is a serious problem and many villagers are severely impoverished after their land and other resources have been taken over by the oil project;
- Environmental problems are not adequately addressed, especially water depletion and pollution, severe dust pollution which is threatening public health, and the disappearance of forests and wildlife;
- Protection measures for the indigenous Bagyeli people have not been carried out although the pipeline is now being laid through their traditional homeland;
- Food security is becoming a serious problem as infla-

tion and demand generated by the project are putting basic food staples beyond the reach of villagers;

- The public health situation in the oil fields and along the pipeline route is becoming more serious with the in-migration of thousands of people in search of work. The situation is especially serious with regards to AIDS, other sexually transmitted diseases, malaria as well as water-borne diseases. The public health situation risks becoming catastrophic;
- Labor legislation is not being respected and the International Federation of Building and Wood Workers denounced severe exploitation of workers;
- The establishment of the foundation to finance management of the two national parks and the indigenous peoples' plan was seriously delayed. Its functioning and the question if its budget will be sufficient to fulfill its mandate remain unresolved issues. Meanwhile, a logging company is already threatening the Campo Ma'an national park and the indigenous Bagyeli are being pushed off their land;

### Official Project Monitoring

Many of the problems highlighted by the contributions to this report are also reflected in the reports by two official monitoring groups, the External Compliance Monitoring Group (ECMG), which is under contract with the International Finance Corporation to monitor compliance of the Oil Consortium with the Environmental Management Plan, and the International Advisory Group (IAG) which has been charged with independent monitoring of environmental and social safeguards by the World Bank.

The following highlights some of their findings.

#### Report of the External Compliance Monitoring Group (ECMG) Fourth Site Visit of January 2002 (D'Appolonia, March 8, 2002)

The report can be found at [www.ifc.org](http://www.ifc.org).

(Please note that many of the recommendations in this ECGM report had already been made in previous reports by the ECGM, but that no action has been taken in response)

#### Food Security

"In January 2002, the prices of grain are at least twice as high as they were in January 2000" (p. 9).

"There is growing concern among many Government officials in Moundou that the grain shortage and high prices are likely to result in a famine in southeastern Chad if vigorous action is not taken shortly" (p. 10).

#### Regional Development Plan

"In-migration is now an actuality and no mitigation plan is effective, due to various bureaucratic delays within both the Government of Chad and the World Bank" (p. 11).

#### Water Resources

"Sufficient information has not been compiled from which to make a firm determination as to whether the Project is or is not implicating water resources, particularly at the Oil Field Development Area (OFDA)... Water usage is not tracked accurately, specifically at the OFDA where significant water withdrawals are to be expected". [According to the EMP mitigation measures are required if water consumption reaches 90% of the rates estimated] ... "The ECMG was not provided evidence that this process is being followed" (p. 34).

"The placing of pipes across streams temporarily causes turbid water to flow downstream where it is used by villagers.... Although the villagers appear to have been compensated for this short-term and reversible impact, the environmental baseline surveys prior to construction did not anticipate impact to village water supplies and the Project response has been reactive, rather than proactive" (p. 35).

#### Public Health

In Kome Atan (Chad): "Garbage is not collected and sanitation is deteriorating" (p. 12).

In Bemboyo (Cameroon): "According to villagers, the water system constructed by the Project operates intermittently and is insufficient to meet increasing demand" (p. 13).

"Living quarters at building L at the TCC main camp in Kome are constructed within the minimum requirements of individual sleeping space, but the significant number of its occupants (...) and the lack of internal partitions create an environment which appears to be highly susceptible to outbreaks of respiratory diseases" (p. 26).

"The Occupational Health doctor stationed at the Bipindi camp clinic has noted that the welders working at the pipeline construction sites have a relatively high amount of acute respiratory disease, mainly bronchitis and brochospasm. ...Procedures for medical data registration,

processing and analysis do not appear to be consistently in place" (p. 27).

"The effectiveness of educational material in a complex issue as sexually transmitted diseases should be further evaluated.... The raw data are sent to EMP (Environmental Management Plan) collection points in Douala, N'Djamena and Houston, but the processed information is not sent as feedback to the health professionals in the field. The consolidated weekly and monthly reports do not provide the sufficient detail to analyze the incidence rates in the various workers and population groups" (p. 28).

#### Additional Loss of Land and Crop Damages

"Incremental land is being occupied to accommodate for the additional needs of the works ... The actual number may be higher as damaged crops are not taken into consideration in this figure" (p. 17).

#### Compensation

"Some quality problems have been experienced with bicycles served as part of the in-kind compensation [bicycles were of bad quality and have broken down after short periods of use, leading the ECMG to propose that there be a guarantee of six months] (p. 20).

"A significant part of the in-kind compensation has not yet been paid in Chad" (p. 20).

[Fewer people are requesting in-kind compensation] "It may also be the result of the concerned persons' increasing reluctance to wait a long time for delivery. This is unfortunate, as in-kind compensation is a good mitigation of such potential negative effects of cash compensation as misuse and unfair distribution of benefits within the household" (p. 21).

#### Environmental Foundation

"FEDEC (Foundation for Environment and Development in Cameroon) has the goal of providing long-term financial support to the two newly established National Parks and to the Bagyeli/Bakola community through the Indigenous Peoples' Plan (IPP). The precise nature, content and size of FEDEC activities has yet to be defined by its Management Board....

It should be noted that the FEDEC budget was never intended to cover all the costs required to operate and ensure the protection of the parks" (p. 51).

On potential adverse impacts of logging and associated infrastructure on the Campo Ma'an National Park,



which include illegal logging and poaching, the ECMG recommends:

"...the Foundation should assess the proposed management plan developed by the logging company, and screen and include suitable additional measures to minimize the impact within the FEDEC Campo-Ma'an program" (p. 53).

#### Capacity-Building Projects

"In summary, government capacity required to fulfill its obligations has not yet been put in place and the slow pace of the Capacity Building project is incompatible with the current development of the Consortium's oil field and pipeline project. Specifically, field monitoring at the work sites (roads, Mbere bridge, drilling sites, monitoring of socio-economic issues) has been minimal" (p. 46).

#### **International Advisory Group: First Mission Report 1, September 28, 2001 and Second Mission Report of December 21, 2001**

(The reports can be found at [www.gic-iag.org](http://www.gic-iag.org))

#### Two-Speed Project

"Most of the national capacity building programmes have been announced, but many have failed to develop at the same pace as the consortium's work" (Rep. 1, p. 3).

"The World Bank and both governments must accelerate the start-up of the institutional development programmes. They must also immediately design the necessary measures to ensure catching-up in the mid-term" (Rep. 1, p. 7).

"More generally, we note a lack of progress on all issues relating to capacity-building..." (Rep. 2, p. 4).

"Regional planning is still at a standstill despite hesitant progress in preparing the process" (Rep. 2, p. 5).

"The World Bank is seriously called to account in this regard: its capacity to supply the requested assistance to institutions in a timely manner, especially in Chad, could compromise the most important factor in the economic and social success of the project" (Rep. 2, p. 10).

#### Security Concerns

"Discipline and respect for law on the part of all who bear arms therefore remain a source of concern" (Rep. 1, p. 4).

"The circulation of weapons of war and uniformed

persons that seem to commit numerous exactions constitutes a source of concern for the populations who fear a return to uncertain times..." (Rep. 1, p. 14).

#### Lack of Communication

"A general and persistent problem is the absence of effective communication between the main stakeholders" (Rep. 1, p. 10).

"The level of information available to the populations and their representatives, and the degree of awareness of environmental issues related to the project as well as those of a broader nature is weak" (Rep. 1, p. 17).

"For example, partners as prominent as parliamentarians have reported a lack of information and even involvement" (Rep. 2, p. 8).

#### Access to Project Documentation

"Since these studies [baseline data] constitute the very basis of the social and environmental analysis, it is essential that they be available to interested persons and institutions, including the IAG. If there are still serious shortcomings, it is important that the gap be filled before construction activities are further advanced. Governments and the World Bank must make haste in this matter without further delay" (Rep. 1, p. 15).

"Data on water management must be consolidated to address the main concerns, including those of the fishermen at Kribi and those of the major rivers..." (Rep. 1, p. 15).

"The accessibility of project documentation to all interested parties remains inequitable. ...Certain requests for information made by the IAG to the World Bank remain unanswered" (Rep. 2, p. 5).

#### Environmental Protection/ Indigenous Peoples

"Protection for the fishing industry against the effects of a spill at sea, for example, has not been on the agenda" (Rep. 2, p. 8).

"FEDEC still lacks an action plan, which is supposed to enable the effective start-up of its activities benefiting the National Parks of Campo Ma'an and Mbam et Djerem, jointly with the Ministry of the Environmental, and those benefiting the Bakola populations, under the aegis of the Indigenous Peoples Plan (Rep. 2, p. 8).

#### Public Health/Prostitution

"Another phenomenon, which is no less important and may well take on worrisome proportions, is prostitu-

tion among young female minors. Adult prostitution already poses a control and surveillance problem for official services. Prostitution involving minors, practiced most often in an occasional manner, present even greater risks in terms of public health ..." (Rep. 2, p. 6).

#### Abandonment of Schools

[Concerning new risks] "One of the key issues in this regard involved reported closings of several classes, especially community schools, because teacher defections and students abandoning classes, all attracted to the incomparable gains to be drawn from oil-related jobs, even temporary ones" (Rep. 2, p. 6).

#### **The World Bank's Credibility is on the Line**

The warning signs were all there: Wide-spread corruption, political repression, systematic violation of human rights and a demonstrated lack of commitment on part of the governments of Chad and Cameroon to reduce poverty and protect the environment.

During the World Bank's Board discussion of the project, some members raised significant concerns about the viability of the project as a poverty alleviation instrument. The United States representative stated that the project may well represent a *"defining moment in World Bank history"* and added:

*"On a broader plane we must expect that it [the project] will also unquestionably be a prism through which the world views the institution and, it is likely, development assistance more broadly. The stakes could not be higher"* (U.S. Statement of June 6, 2000).

Yet after receiving assurances from World Bank management that *"The project provides a unique opportunity for IFC and Bank to play a significant complementary role in reducing poverty in one of Africa's poorest regions"* (Project Appraisal Document -PAD, p. 12) and that the risks had been adequately addressed, the governments represented on the World Bank's Board unanimously, with the notable exception of Italy, approved financing for the project.

**This is not a project where Bank management can make the traditional argument that the project would have gone ahead without World Bank involvement and that its participation is improving what would otherwise be an environmentally and socially questionable project.** The Oil Consortium, the financial press, and the Bank's PAD emphasize that the private sector sponsors (ExxonMobil, Chevron and

Petronas) as well as the export credit agencies and commercial lenders would not proceed with the project without World Bank Group participation (PAD, p. 22). The Oil Consortium's reasons for World Bank Group co-financing as a pre-condition for the project were two-fold: a) it provides political risk insurance for the Oil Consortium in a volatile region and b) the World Bank's seal of approval motivates other public and private financial institutions to invest in the project.

In view of this situation, the World Bank's realistic analysis of the potential consequences of a project of this magnitude would have been of the utmost importance. The Project Appraisal Document (PAD) is meant to be a detailed and honest assessment of a project on the basis of which Executive Directors decide whether a project should be financed or not. However, the PAD for the Chad/Cameroon project appears to be more a marketing instrument for the project than an objective document. Its incomplete, if not misleading, claims deserve serious questioning on part of World Bank Board members.

Examples of this are:

#### Democratic Institutions

*"Chad has successfully put in place democratic political institutions"* (PAD, p. 121).

This claim may put a smile on the faces of Chad's dictator and his ruling clan but does not correspond to reality. Reports from national NGOs state that there is no democracy and rule of law, extra-judicial killings, unlawful arrests and insecurity are increasing. Heads of opposition political parties have been killed or arrested and tortured by government security forces.

The U.S. State Department describes the situation in the year of project approval (and in subsequent years) as one where "State security forces continue to commit extra-judicial killings, and they torture, beat, abuse and rape persons... The government threatened journalists with legal retaliation for anti-government articles... Authorities banned demonstrations critical of the government despite being notified in advance as required by law." (U.S. Department of State, Bureau of Democracy, Human Rights and Labor, 1999 Country Reports on Human Rights, 2000 Country Reports on Human Rights and 2001 Country Reports on Human Rights Practices. The reports can be found at [www.state.gov/](http://www.state.gov/)).

### Environmental Management

*"The governments will have primary responsibility for the management of the indirect impacts and for monitoring and evaluation of the environmental management plans" (PAD, p. 30).*

The World Bank and the environmental assessment studies do not, however, provide a detailed analysis of the existing capacity of both governments to deal with a project of this complexity and magnitude. In the case of Cameroon where environmental impacts as a result of pipeline construction are more severe, the World Bank ignores the findings of its own Operations Evaluation Department (OED) which documents in detail the lack of environmental credibility of the Cameroonian government and the World Bank's own strategic mistakes: "The Bank rightly recognized institutional weaknesses in Cameroon, but preferred to rely on technical assistance to deal with the issue. Failure to develop local institutions undermines the sustainability of any achievements in this context" (OED Report No. 21245, p. 50 "Cameroon Forest Sector Development in a Difficult Political Economy: An Evaluation of Cameroon's Forest Development and World Bank Assistance" 2000. The report can be found at <http://www.worldbank.org/html/oed>).

The capacity building projects which were approved simultaneously with the oil project are meant to address some of the problems. However, there is



photo by Korinna Horta

*In-migration of cattle herders*



photo by Korinna Horta

*Village near oil fields southern Chad*

broad agreement among development aid agencies that capacity and institution-building require long-term sustained efforts. Clearly, capacity building should have preceded the project and the lack of proper sequencing has now led to a two-speed project in which social and environmental measures are seriously delayed and may not become effective.



photo by Korinna Horta

*Lobe Falls near Kribi*

#### Public Consultation

According to the PAD, an essential component of addressing project risks in both Chad and Cameroon is *"...broad-based public consultation on all aspects of project design"* (PAD, p. 30). Furthermore the PAD states: *"The private sponsors and Governments have undertaken extensive consultation with local NGOs and the public" and "Consultation with potentially affected peoples, agencies and other stakeholders, including NGOs, began in this project in 1993"* (PAD, p. 32). The report fails to mention that these "consultations" in the oil producing region usually took place in the presence of armed military guards. Villagers in the region are traumatized by major massacres committed by the military in 1998 and 1999. The PAD ignores Amnesty International's reports on the killings of unarmed civilians or the general climate of fear and intimidation in the region. The PAD describes an idealized consultation process ignoring basic realities, such as the fact that EPOZOP, a local NGO working closely with affected people, was forced to suspend its activities for lack of government approval. EPOZOP had undertaken extensive surveys showing that compensation payments were dismally low.

#### A Model Project?

One of the key goals of the project listed in the PAD is that it *"provide a model for analyzing and mitigating environmental and social impacts for petroleum operations, as well as for large-scale infrastructure and other investments"* (PAD, p. 8).

We fully support this goal but it is already becoming clear that the project is turning into a model in a negative sense because institutional, environmental and social measures are seriously falling behind while construction is allowed

to go forward at a rapid pace. **The monitoring reports clearly show that the project is now shifting away from its initial poverty reduction objectives to risk management objectives.**

We must learn the lessons from the experience that the Chad/Cameroon Oil and Pipeline project provides before further oil development takes place in the region which will use the same pipeline. In Chad, oil exploration has begun in the Bassin de Dosse in the Sarh region. In addition, the President of the Central African Republic (CAR) has announced that CAR's oil will start passing through the pipeline in 2005. Certainly, World Bank environmental and social standards must be fully applied in the context of new oil development that will use the pipeline infrastructure put in place by the World Bank Group.

The present report is a contribution from civil society organizations in both North and South to show where the Chad/Cameroon project is failing. Our goal is to obtain urgent remedial measures and to help ensure that the same problems will be avoided in other large-scale investments with potentially devastating impacts on the environment and human society.



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## The Concerns of the Church

Mgr. Patrick Lafon  
*Secretary General, Catholic  
Bishops Conference of Cameroon*

Many people, even Christians, are quite unaware of the rich social teaching

of the Church. It has its roots in the Bible, and the Fathers of the Church and takes it as a given that human beings are not disembodied creatures. Christ comes to save the whole man, body and soul. The concerns of the Churches for social justice and the proper organization of society should, therefore, be seen as evangelical rather than an unwelcome intrusion into alien territory. Gradually this is being understood in Chad and Cameroon. In a joint letter released to the public in October 1999, the Christian Churches of Cameroon articulated four concerns that needed to be addressed before project approval if the Chad/Cameroon oil project was to have a hope for a positive impact on the lives of the impoverished people of these countries:

- the proper use of oil revenues for development and poverty reduction;
- the question of a just compensation for those who would lose land, property and other assets because of the project;
- the meaningful involvement of Civil Society Organizations (CSOs) including the Churches in monitoring all aspects of the project;
- the proper management of the environment given the enormous potential for disaster;

Besides our international partners, the Catholic Bishops of Chad received a copy of this document. Their Christmas-New Year Appeal of January 2000 echoed these same concerns. Before and since the approval of the project, the Catholic Churches of Cameroon and Chad have continued advocacy around the above issues. This explains the visits of the author made to the World Bank, the US Treasury Department, the US State Department and the US Catholic Conference of Bishops in May and June of 2000 and in November 2001, as well as the work of the Catholic Church in Chad, such as, the meeting between the Archbishop of N'djamena and the International Advisory Group (IAG) on the 16 November 2001.

The evolution of the project so far has proved that the Churches were right in the questions they raised:

- To the embarrassment of the World Bank, the Chadian government used \$4.5 million of a \$25 million dollar bonus given it in March 2001, by the oil consortium, to buy arms. Problems as far as revenue management is concerned are further outlined in the latest report, dated 21 December 2001, of the International Advisory Group (IAG). Every one accepts that neither in Chad nor Cameroon are we dealing with democratic and, therefore, accountable regimes, the pretense of periodic "elections" notwithstanding. Questions of governance and corruption must remain on the table.
- The compensation issue would seem to have been the best addressed so far, even if regional compensation is lagging behind, and corrupt government officials are despoiling individuals of their just dues.
- No one can question that the active involvement of CSOs especially the Churches and their partners, has considerably enhanced the quality of the project.
- In order to respond to various questions raised as to the management of the environment, various plans and projects have been mooted. So far, these are mostly on paper. Even basic information about the environmental aspects of the project remain difficult to obtain.
- When we consider that the implementation of the project is already well underway, this is disquieting and has given the Church one further responsibility. With the support of Catholic Relief Services, and in conjunction with other Cameroonian CSOs, all parishes along the entire nine hundred kilometers of the pipeline are being prepared and trained to monitor implementation of the project.

One thing is certain: the Churches are in this for the long haul and will continue to monitor the project very closely. Carrying out these responsibilities would be much more difficult and less effective if our international partners, Catholic Relief Services, the United States Catholic Conference of Bishops and others were not engaged with us.

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## The Oversight Committee: A Phantom Institution

Dobian Assingar  
*Representative of Human Rights  
Organizations on the Oversight  
Committee, Chad*

Publication  
of law #  
001/PR/99 about  
the management  
of oil revenues

was the result of

concerns expressed by civil society organizations and the World Bank about the non-orthodox management methods and practices of the Chadian government.

The efficiency of an institution like the Oversight Committee is measured by the determination of its constituent members to assume their role, the political will of the country's leaders to let this institution work, the availability of material and financial means and a clear and strong legal framework.

As a member of the Oversight Committee, I know that, of all these elements there has been a determination on the part of the members of the Oversight Committee to fulfill their role. This determination has led to the mobilization of all members around the issues and principles such as the adoption of the decree of application, the establishment of clear rules and procedures for the Oversight Committee and, above all, the need for approval by the Oversight Committee of the spending of the unspent balance of the oil bonus received by the government upon signing of the contract with the oil consortium. As long as the application decree had not been adopted, we unanimously refused to give into governmental pressure to agree to use the remaining balance of the bonus.

I witnessed, as did the World Bank, the tricks employed by the government surrounding publication of the application decree of law # 001. Under pressure from

the World Bank, the application decree was finally published but pre-dated to cover the bad intentions of the government. The application decree is far from permitting the fulfillment of the tasks of the members of the Oversight Committee who sought real independence and a strong mandate in order to be able to control all oil revenues accruing to the Chadian government and not only revenue from the three oil fields of Komé, Bolobo, and Miandoum. In the meantime, the consortium has already expanded its field activities beyond the Doba Basin.

The government clearly shows bad faith by deliberately creating obstacles for the functioning of the Oversight Committee. Everything leads us to believe that the government wants to turn this institution into a simple consultative instrument that it can use for its own benefit.

Aside from the signing bonus, the first direct oil revenues will be received in 2003. However, it is not certain that in the remaining time (one year), procedural rules and clear functioning mechanisms for the Oversight Committee will be put place to allow the Committee to effectively play its role and guarantee the good management of resources for the well-being of Chadians.

I am appealing to the World Bank to act with responsibility and to respect its commitments to turn the Chad-Cameroon oil and pipeline project into a real development project because the lives of Chadians depend on it. With uncertainty surrounding the establishment of the Oversight Committee, the backbone of the Bank's motivation for financing the Chad-Cameroon project may be broken. The World Bank must quickly propose an alternative to avoid the looming human and environmental disaster.

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## Analysis of Chad's Revenue Management Law

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### Background:

The Chad-Cameroon pipeline is a creative attempt to

render the revenue from the exploitation of natural resources accessible to poor populations that have historically derived little benefit. It involves a partnership

between private sector interests, the government of Chad, the World Bank and the monitoring efforts of the international community.

In order to satisfy the demands of the oil companies, the World Bank stepped in with loans to cover the government's share of the investment. But the choice of involving the World Bank had far broader significance. By agreeing to the loans, the World Bank has taken upon

itself the responsibility of ensuring that the revenue received by Chad will be managed equitably (such that there will be significant allocation to poverty reduction programs) and transparently (such that corruption will be minimized). While World Bank loans are frequently accompanied by "conditionalities," this was an unusual intervention into the kind of issue that the Bank generally deems to be a sovereign political (rather than economic) matter.

None of these World Bank conditions would have come into place without tremendous pressure from diverse sources in the international community, including human rights groups in Chad and Cameroon, environmental organizations and grass roots campaigns. The international community has a continuing interest and obligation in insuring that the revenue from the oil project is used to meet the needs of the Chadian population and not to enrich the country's leaders and the companies in the international oil consortium at their expense.

### **The Program of Reforms**

International pressure led the World Bank Group to insist on the establishment of several institutional mechanisms to oversee the project and to build up capacity to monitor project activities. These include support for the markets and public finance, the creation of an International Advisory Group (IAG) within the Bank, and the development of a Revenue Management Plan (RMP) under Chadian law. This memo focuses primarily on the RMP, but recognizes the potentially important link between monitoring by the IAG and the effectiveness of the internal oversight provided under the RMP.

### **Finance and Free Markets**

A number of reforms have already been effected, including the streamlining of the budgetary cycle, the adoption of two anti-corruption laws (one of which creates a High Court of Justice, while the other establishes significant financial and criminal penalties), and a reform of the Commercial Code. Nevertheless, the markets remain a source of concern for the World Bank, which has prioritized interventions in this area in the upcoming structural adjustment loan.

### **The Creation of the International Advisory Group (IAG)**

Although this body can only issue recommendations,

these have significant persuasive power. The two highly critical reports that the IAG has put forth since its creation have served to mobilize and focus international attention, and have generated enough negative publicity to force the World Bank and the Chadian government to seek remedies for some of the most pressing problems.

On the other hand, the IAG has not taken a strong stance on the broader political context of the problems - for example, its first report referred only tangentially to the violence and corruption that marked the presidential elections of May 2001 - and the issue of human rights is not expressly in its mandate. NGOs in Chad, however, insist that the IAG take up human rights violations in its future work, and the body responded favorably to this request in its Work Plan of July 30, 2001.

### **The Oil Revenue Management Plan (RMP)**

The RMP, promulgated in January 1999 as the Law Governing the Management of Oil Revenue, is the means by which Chad promises to transform oil revenue into sustainable development. The RMP reserves the bulk of revenue generated for spending on public health, social services, education, rural development and similar projects, it promises transparency in the allocation process, and it creates an independent body (the Committee for the Oversight and Monitoring of Oil Revenue) to implement these commitments.

However, there are a number of potentially problematic provisions within the RMP. To begin with, Article 8 gives the President the power to modify the allocation of revenue every five years by decree, without input from Parliament. Furthermore, the geographical jurisdiction of the RMP is limited to three known oil-bearing fields, excluding Sedigui, where drilling is currently taking place, and any potential drilling sites that are as yet untapped.

In addition, the criteria for the allocation of the revenue are extremely imprecise, both with respect to the developmental sectors to be addressed, and with respect to the regions of the country where projects will be implemented. The World Bank makes the argument that the criteria should remain flexible in order to permit them to be adapted to changing development needs and strategies. However, the need for flexibility ought to be weighed against Chad's history of corruption, and the ethnic and regional discrimination that has been a constant element in the volatile internal politics of the factions that have succeeded each other to power over the years.



## **Committee for the Control and Supervision of Oil Revenue (CCSOR; Oversight Committee)**

The Oversight Committee was envisioned by the RMP as an independent body that would monitor allocation of oil revenue to priority sectors, and authorize withdrawals of the funds for approved projects. From the outset, the composition of the Committee did not inspire confidence: it was to be dominated by members appointed by political institutions with a minority of members from outside government. Even after the law was passed, the government showed little interest in establishing the Committee and rendering it effective: Appointments were delayed, essential regulatory powers were not adopted and operating funds were not provided. On top of this, the government pressured the Committee to release funds without sufficient supporting materials.

In response to many concerns that we raised about the original law establishing the Oversight Committee, the World Bank responded that the problems could be resolved by regulation. The Decree of the Organization, Functioning, and Conditions of Control and Supervision of the Oil Revenue that established the Committee lagged behind the passing of the Plan by two years. During this period, the members of the Committee prepared their own draft, which was discarded by the government and replaced, initially, with a draft that would have significantly undermined the Oversight Committee and negated its ability to function as an independent body. For example, the Committee would only have been permitted to meet twice in a year. Following pressure from the World Bank, a modified Decree was adopted on March 26 2001, and made public on July 18 2001. The election of the Committee members - from government, parliament, the judiciary and civil society - took place in October 2001.

The Chadian government's hostile attitude to the RMP and the Oversight Committee are a continuing reminder of the fact that these measures were not adopted willingly, but rather at the insistence of the World Bank. That Bank has had to intervene at several critical moments to prevent grave setbacks. For example, it stepped in when it came to light that so-called "signing bonus" of US\$25 million received by the Chadian government was being spent by the government without oversight, including a significant portion allocated to military expenditures. The World Bank is probably best positioned to provide systematic monitoring of the government's actions under the RMP, but it is not clear that the Oversight Body possesses the independence and the

powers that would enable it to do the work on its own.

Chad's previous experiences with administrative oversight by independent bodies have largely been negative - the government systematically eviscerated the National Human Rights Commission over the past several years by co-opting its members and tight controlling the budget. Both of these strategies can be seen in the government's dealings with the Oversight Committee. For example, the committee member representing the Supreme Court was appointed mayor of N'djamena, the capital of Chad. According to other members of the Committee, he had played a key role in organizing the Committee during the struggle to elaborate suitable internal regulations. Given the strong political control over judicial bodies, he had little choice but to accept the new appointment despite its impact on the Committee.

The government has been particularly stingy with funding for the Committee. Though it eventually budgeted a small amount for the fiscal year 2002 (100 million FCFA), the money was not available to the institution as of the early May 2002.

In spite of such hurdles, the Oversight Committee has shown initial signs of integrity and resolve. On at least two occasions, the government attempted to pressure the Committee into endorsing proposed expenditures. The first request, for disbursement of the balance of the "signing bonus," was in the form of a simple oral demand and actually preceded the adoption of the Decree by which the Committee was set up. The second request, made in December 2001, was through a letter in which the government proposed the release of 1 billion FCFA to buy grain and to build a water tower, without providing any technical dossier that could have enabled the Committee to monitor expenditure. The Committee refused both requests.

The Oversight Committee was compelled to develop its own procedures for authorization, disbursement and supervision of expenditure, since none were laid out by the Decree. Many of the Committee's responsibilities were, in fact, delineated in the World Bank loan agreement. So, for example, the fact that the Committee's powers to monitor the oil revenue include powers to monitor oil production, thus permitting the Committee to ensure that the amount declared by the government corresponds to quantities produced and sold, was a direct result of the Bank's intervention.

However, without significant recognition and support from the government, the Oversight Committee's

powers are sorely limited. Article 29 of the Decree states that "the Committee is authorized to obtain, with the full cooperation of the departments and agencies concerned, the information it needs for the proper conduct of its mission." But this role is purely illusory unless and until the Committee is given powers including the ability to compel production of documents (what is referred to in common law systems as "subpoena" power), or to impose sanctions on agencies or individuals who seek to obstruct the investigation.

The role of the Oversight Committee, ultimately, can only be complementary to that of the government, rather than in opposition to it. In terms of social and economic policy, the Committee believes, for the most part, that it can only monitor its application, and can not be engaged in making it. So, for example, most of the members of the Committee to whom the Harvard Law School team spoke believed that the process of giving content to the open-ended criteria for allocation of oil revenue was a matter reserved for Parliament. For this reason, the inescapable conclusion is that the success of the Chad-Cameroon pipeline project depends on the integrity of those in power and their willingness to engage in a truly transparent and politically open process.

## Recommendations

### General Recommendations

- More systematic monitoring of every stage of implementation with permanent links between local monitors, international organizations, and the government of Chad. This might include
  - Massive reinforcement of the Oversight Committee under the Revenue Management Plan to enable the hiring of full time staff and acquisition of necessary technical expertise; and
  - A permanent role for the International Advisory Group, so that it can interface effectively and continuously with the local population, the Oversight Committee, and the World Bank.
- International human rights monitoring. Neither the World Bank nor other governmental and nongovernmental institutions are in a position to help insure the success of the project without better monitoring of the human rights situation in the country and its relationship to the project. The World Bank is not in a position to engage in or support systematic monitoring of human rights, but the need is vital. It could be filled by the UN Office of the High Commissioner

for Human Rights, or possibly, by an international human rights NGO, with experience both in monitoring and capacity building.

### To improve the operations of the Oversight

#### Committee :

- Grant full powers to the Committee to enable it to obtain documents and testimony or sanction directly those to refuse to comply.
- In order to increase the institutional independence of the Oversight Committee, its financial relationship to the government must be improved and clarified. One possible solution would be for the Committee to approach external funding sources. It is also the case, however, that funds are available within the World Bank loan for the specific purpose of reinforcing the functioning of the Oversight Committee. These should be placed at the Committee's disposal as soon as possible.
- While the vagueness of the criteria for the allocation of the budget ought to be left to Parliament, it is undeniable that democratic processes in Chad are compromised by corruption and ethnic and regional divisions. One way of mitigating this problem would be to give the Oversight Committee the opportunity to present its views before Parliament at the time of the preparation of the budget. Furthermore, the criteria for allocation could be indexed to studies of poverty indicators, such that poverty reduction strategies serve as the basis for the government's economic and social policies, and there is minimal deviation.

### The World Bank

- The World Bank must move beyond its essentially technical approach to the question of reforming state institutions, and acknowledge what it means to be in partnership with a repressive political regime in this project. When the Bretton Woods Institutions decided to subsidize the reduction of Chad's debt by US \$260 million in May 2001, the announcement came just a few days after the proclamation of the results of the presidential elections and the acts of violence which followed. If the World Bank ever expressed any reservations to the government, there was certainly no sense that the financial assistance that had been granted to Chad was in jeopardy.

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## Conventions of Establishment

Susan Leubuscher  
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The Conventions of Establishment which are legal agreements between the Oil Consortium and the governments of Chad and Cameroon extend vast powers to the oil consortium and have far reaching environmental implications. But their relationship to the environmental assessment studies and World Bank environmental policies has not been made explicit.

These Conventions contain provisions that supersede the national laws on the environment, permitting requirements and project revenues; international treaties on the

environment and human rights to which Cameroon and/or Chad are Party; and customary land tenure rights.

They block public access to crucial public decisions in the name of business confidentiality: as “private” contracts, the Conventions are protected from scrutiny until after they have been agreed by the corporate and Government parties.

Convention provisions may apply to any area used for project infrastructure, and they remain valid for 25 years, with an automatic 25-year renewal envisaged. They apply binding rules to the Governments involved, but non-binding “industry standards” on the private partners.

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## Environmental and Social Questions: Business as Usual?

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The environmental and social stakes of the Chad/Cameroon Oil and Pipeline project continue to be the most visible aspects of the project and reveal contradictory interests.

It is doubtlessly for this reason that the pressure of national and international public opinion led the World Bank to make its participation in this controversial project conditional on a series of commitments by the Consortium and the Chadian and Cameroonian governments.

Several structures have been put in place in order to monitor the commitments on the social and environmental questions that were solemnly made.

However, despite the triumphalist official discourse, a large number of pertinent facts and situations require that we examine what is happening in practice with reference to the environmental and social questions now that the project has been underway for over 15 months.

This contribution will present some notable cases which will serve to shed light on these painful but little known aspects of the construction project. At the same time, it will demystify the attempt on the part of the multinational companies to create ecologically and

socially responsible profiles for themselves. There is clearly a place here to inquire about the very idea of what development means in the context of this project.

The analysis focuses on some of the principal problems concerning the environment and the affected populations:

### 1. Compensation

The debate on the subject of the general conditions and the implementation of this important aspect of the project is not new. It is a debate that is never really concluded. The Consortium has chosen to “force things” leaving unanswered a large number of concerns that were frequently expressed by various civil society organizations.

The process of individual compensation, which has reached its official end, offers a highly controversial picture. This is not surprising. Nevertheless, the Consortium and the government display total satisfaction despite the numerous cases in dispute which have not been solved or were badly solved, the individual and collective frustration, the junk quality of material which was distributed as individual compensation to certain population groups and the violation of individual and collective rights, etc.

In the villages traversed by the pipeline, celebrations have been replaced by less enthusiastic attitudes. A new era of vanquished hope has been created. More than half of the monitoring reports on this subject which we have received every month since September 2001 have consisted primarily of a litany of various of grievances concern-

ing the Consortium: inaccurate counting of trees, the destruction of other economic assets, arbitrary evaluation of the age of plants for compensation purposes, other types of destruction of property which is not taken into account by the accounting operations, intimidation of individuals and families demanding fair and equitable treatment and the disappearance of claims, etc..

The communal property compensation procedure taking place is leading in almost all villages to a meeting of the deaf. Separate from the individual compensation process, communal compensation was intended to be less imposed from above and more consultative. Nevertheless, it quickly turned out to be mostly a charm operation; the communal process has not even bothered to pretend to be democratic or participatory. Everything is imposed on the communities who are forced to choose from a catalogue of options for regional compensation.

The principal reason for disagreement is the inadequacy of the amounts of compensation attributed to each village, the options in the catalogue and the real needs expressed by the affected populations.

The COTCO catalogue lists a classroom at the price of 600,000 F CFA, a health center at 12,000,000 F CFA, a water pipe at 7,500,000 F CFA, a covered market at 4,500,000 F CFA, a community house at 7,500,000 F CFA, a soccer field at 1,800,000 F CFA, etc..

All these proposals reflect the needs of the villagers that were expressed during socio-economic surveys, but how can any of this be obtained when the regional compensation amounts for a large number of concerned villages are less than one million F CFA?

For a region such as the one between Mvengue and Kribi, the majority of villages and Pygmy settlements that are traversed by the pipeline have expressed the need for rural electrification as their regional compensation. The Consortium refused to listen to this request and justified its refusal with the high costs of such an operations. The populations persist in thinking that there are alternative solutions. It is incumbent on the Consortium and the government to show more good will, especially given the fact that affected people were not informed about specific limits during the local consultations that were held to discuss their expectations in this regard. In effect, at that time we were still in the era of vastly overstated promises and propaganda which the government and the Consortium make very good use of with the surreptitious blessing of the World Bank. All this reinforces the many feelings of frustration at this stage of the project.

## **The Indigenous Peoples (Bakola/Bagyeli)**

The establishment of the Foundation for Development and Environment in Cameroon (FEDEC) within the context of this project was meant to assist with the management of two new national parks, Mbam-Dejerem and Campo M'an as well as to also handle all specific questions related to the Bakola/Bagyelo peoples.

Unfortunately, legal status as a public entity, which is necessary for the Foundation to function well and which was announced and promised by the government, was actually not obtained until about one year after construction of the pipeline had begun.

This means that before the Foundation could begin to function, a whole range of problems that should have been solved a year ago, were not handled. Only in a few cases, and because there was no possibility of waiting, did third parties which did not have this mission, nor the necessary means, handle some of the problems.

Under such conditions, one can easily imagine the fate of these populations who already are severely marginalized in Cameroon's socio-political life.

The power relationships with their Bantu neighbors and the administrative authorities which concern the access to land, civil liberties and living conditions in general, have been strongly shaken by the oil project. For example, some of the Pygmies have seen their land being snatched away from them by Bantus who were hoping to increase their individual compensation payments. It was understood that the Pygmies were excluded from the compensation process.

The recruitment on the various construction sites for unskilled workers did not take the power relationships between Bantus and Pygmies into account. As a result the ridiculously low number of Pygmy workers should not be surprising.

We may not forget that the project is moving forward in a context where the debate about citizenship of this specific group remains entirely open. Since the foundation (FEDEC) was not effectively operational, there was no interlocutor to advance the cause of these marginalized populations.

Waiting for FEDEC to enter its active phase, a whole range of claims, frustrations, violations, in short injustices, have accumulated and are waiting to be resolved in all their complexity.

## Water Pollution

Of the about one hundred villages traversed by the pipeline, less than 10% have a system for drinking water. This means that the water needs of local peoples have largely to be met by the more or less drinkable water from the water courses that traverse their villages.

We learned that in the villages of Ngovayang and Mpangou during several weeks of pipeline construction, important marshes were severely polluted as well as other sources of water for the use of animals and households in the region.

This situation is aggravated by the fact that tree trunks and branches are being left in the river beds which leads to putrefaction from organic materials. One can imagine the consequences of such a situation for people who have absolutely no alternative to obtain quality drinking water.

## Relationships with Affected People

In addition to the almost classical problems of this project, a bit like those of projects of a similar size, independently of contexts, there is a rather latent issue which puts its stamp on all these problems and which rarely gets discussed. Because truth itself is a problem.

The relationships between the Consortium and the affected people are marked by an environment of strong animosity. On a daily basis these relationships are reflected in dealings with the sub-contractors and contractors and in certain time-specific and/or continuous activities of the liaison office. Examples include the compensation process and a whole range of claims and conflicts as well as information sessions on the project and the construction itself.

This takes place in a context where local populations are not organized to defend themselves against various types of threats to their interests. Local people are true dwarfs next to the multinational corporations with their seemingly unlimited resources.

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# The Impact of the Pipeline on People and the Environment in Ocean Province

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of a large pipeline project was at first welcomed with joy because we were hoping for a reduction in unemployment, a decrease in poverty, in short an improvement of the living conditions of the local populations. In effect, the public authorities only presented the positive side of the project, never mentioning its negative aspects and the problems that pipeline construction may entail on the social, environmental, and cultural levels.

Among these problems, we cite conflicts within families and villages, between families, people and villages, air, water and soil pollution, and the destruction of fauna and flora. And even this list is not exhaustive.

This text aims to identify some of the problems.

## SOCIAL ASPECTS

In its preliminary phase, the Chad-Cameroon pipeline construction project did not encounter resistance from the populations along the pipeline route. But after

The announcement of the construction

the initial identification of the pipeline route and the evaluation of what would be destroyed, the problems began. During these operations, we became aware of several conflicts between people arguing over the same piece of land or between two or more families over a part of the forest, or between two villages deciding their boundaries. This incited tensions that, in certain cases, turned into lawsuits. The verdicts sometimes provoked hate between parties. Thus today, people who were once friends are now ready to kill each other. There have even been mysterious deaths.

## ECONOMIC ASPECTS

With regard to the economic situation, large financial resources were put at the disposition of the Société Nationale des Hydrocarbures to pay for compensations for the destruction (close to 200,000,000 FCFA for the Ocean Province, including the regions of Kribi, Bipindi-Lolodorf, and Mvengue). Around 458 individuals were concerned with the compensation payments. Before the operation, these individuals had an average income of

200 FCFA per day which, for a local peasant, is sufficient. However after the payment, some of the beneficiaries receive less than 15 FCFA per day. The causes are simple: the first lies in the fact that the income sources of some people (cocoa producers, coffee producers, etc.) were destroyed. For others, the received sums were used for non-profitable ends, such as beverages. Finally for the last group, this situation is due to the lack of good management. How can one give important sums of money to people without offering training in financial management or without profitable micro-projects to invest in? The result is that people are poorer than they have ever been. This poverty carries with it the abandonment of traditional cultural values and an unhealthy climate in the villages.

## CULTURAL ASPECTS

The cultural values of certain tribes are in danger. The project has caused the Bagyieli people to lose certain practices. Several types of animals and vegetables have disappeared from the encampments and neighboring villages. Some traditional dances can't be practiced anymore because of the hate in the villages. The evenings of storytelling have also vanished.

## ENVIRONMENTAL ASPECTS

The project is having a large impact on the environment. At present, the stripping work along the embankment and the soldering of the pipeline are being completed. During this phase, several species of animals and trees have disappeared from the project area. The animals fled, frightened by the sounds of the engines. As for the trees, many have



photo by Korinna Horta

*Forest clearing for pipeline infrastructure*



photo by Korinna Horta

*Increased poaching for the bushmeat trade*

been knocked down during the stripping work. The watercourses have been either altered from their normal routes or dried by the electrical pumps. We equally note the appearance of floating greasy materials in the water, a sign that oils and liquid fuels have escaped from time to time from the motors. Aluminum and other wastes are being left along the roads, even in the areas in restoration.

From the beginning of the project, COTCO assured that there would not be any displacement of populations or individual people in Cameroon. But now, in





photo by Korinna Horta

*A "Gas Station" in Doba*



photo by Korinna Horta

*Esso Trucks*

the Ocean Province, we note four cases of people that have been displaced. For one of these people the pipeline passes just 12.5 meters from his former house. Another case in the village Madoug II is more serious: The pipeline runs two meters from a kitchen!

COTCO isn't reacting to these situations. Instead COTCO asks the affected people to destroy their houses themselves without compensation.

The Bagyelis are being left in this situation with no help. There was a lot of talk about a plan for the vulnerable indigenous people, but COTCO has taken no action in the field. We think that these populations have the same rights as the Bantus but they are not treated the same way by the consortium. No compensation has been given to them, even when their fields have been destroyed. It is only the Bantus who have been compensated. As for the Pygmies, we have been asked to wait for the plan for the vulnerable indigenous populations.

An important question however poses itself around this plan: who will benefit from it? Those from the Bagyeli tribe affected by the pipeline or all the Bagyelis? Up until now, no clarification has been made on this subject.

In conclusion, we think that there is still time to review the commitments made by the various parties to the project and to see if they are being implemented. This is essential if we want a pipeline that will benefit the people and that can truly contribute to the fight against poverty in our country.



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## Impacts on the Bagyeli People in South West Cameroon

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F o r e s t  
Peoples Project  
(FPP) and  
Planet Survey

staff carried out fieldwork with Bagyeli communities during February and March 2001 to consult with the Bagyeli and other actors involved with the pipeline construction in South West Cameroon, to carry out preliminary mapping of the pipeline's impacts on Bagyeli lands, and to document Bagyeli concerns about the pipeline's construction. This work concluded that no Bagyeli had received, or were likely to receive, individual compensation for the effects of the pipeline crossing their lands, even though we established that the pipeline will cross Bagyeli lands and damage resources upon which they rely.

To quote one Bagyeli man:

*"We live by the hunt but we get nothing for the destruction of the forest. They pay compensation only according to the way of life of the Myi (Bantu). That which is paid to the Myi is not paid to the Bagyeli"*

We also found that some Bagyeli had been pushed off their lands by their neighbours, who appropriated the compensation due to the Bagyeli for themselves. As one Bagyeli elder described:

*"The Myi (Bantu) have taken our land so that the Myi can get the compensation. They harassed us by force because we were Bagyeli. The Myi knew that the problem would come, so they cultivated the land that had belonged to the Bagyeli, in order to get the compensation."*

The report of this consultation is contained in the briefings section of the FPP website ([www.forestpeoples.org](http://www.forestpeoples.org)). This work's findings validate earlier concerns raised by FPP, Planet Survey and many others about the quality of the community consultations carried out during the design of the compensation programme and Indigenous Peoples Plan, and highlight how the pipeline's compensation process is deepening the inequality and conflicts between the Bagyeli and their Bantu village neighbours. Further, the GEF funded Campo Ma'an National Park, which is outside of the pipeline zone, but which forms part of the environmental offset for the pipeline project to compensate for its negative environmental impacts, has led to increased pressure on local Bagyeli communities who have customarily practised their livelihood strategies within the area now covered by the park. Hence Bagyeli communities from all over South West Cameroon are coming under increasing pressures on their access to lands which they have customarily used, due primarily to the arrival of the pipeline, whose route is now being cut through the forest. There is a great worry that future processes to allocate community compensation as part of the Indigenous Peoples Plan and the work of FEDEC will not involve adequate involvement of Bagyeli communities, and that their aspirations for secure access to their natural resource base, which is essential for them to secure their livelihoods, will not be met. Further work to document the impacts of the pipeline on Bagyeli communities will be carried out by FPP and Planet Survey during February 2002, and updates will be made available on FPP's website

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## A Silenced Public Health Disaster

Hélène Ballande  
*Friends of the Earth, France*

The impact  
of the Chad  
C a m e r o n  
pipeline project

on the health of the exploitation site's population and on the construction zones were identified at the very beginning when the project's preliminary plans first being were developed. NGOs alerted the World Bank to the fact that if the project was to move forward, the Bank would carry responsibility for a health catastrophe. The most impor-

tant risk concerns the explosion of sexually transmitted diseases (STDs), notably AIDS, as a result of the flood of single men into the construction areas.

Eighteen months after the World Bank gave the green light to the pipeline project, the state of affairs is alarming. A three-part force consisting of local public authorities, oil consortium companies, and the World Bank is supposed to be addressing the serious impacts on the health of the Chadians and Cameroonians living in the petroleum zone. However it is really just a three-player

game in which, in order to hide those guilty of this social catastrophe, none of the players will give the others away.

The Chadian and Cameroon governments are facing a general collapse of their health systems. Health infrastructures are sporadic, insufficiently funded for adequate functioning and there is a serious lack of personnel. This crisis is largely the result of structural adjustment programs imposed by the World Bank and the IMF in the 90s that drove these countries to cut personnel budgets for hospitals and privatize the health services. Furthermore, corruption extends into all aspects of the health system. World Bank technical assistance projects for these governments were thus designed to face such potential disasters before the pipeline construction began. However, as predicted, the technical assistance projects are seriously delayed while the construction of the pipeline is advancing speedily.

The International Advisory Group (IAG) charged with monitoring the Chad-Cameroon project underlines in its last report the slowness of capacity-building and the inertia of World Bank services, characterize this situation as one of prolonged lethargy. Given the consequences in terms of human lives and the AIDS explosion in northern Cameroon and Chad, it seems criminal in today's world that the launching of the project was not postponed until suitable structures were in place to prevent and control the explosion of sexually transmitted diseases.

The consortium is also associated with efforts aimed at the prevention of diseases their personnel might face upon arrival. Here again, the state of affairs published by the experts of the External Compliance Monitoring Group (ECMG), an organization charged by the World Bank Group with the periodic evaluation of the Chad-Cameroon project, is distressing. COTCO and TOTCO prepared a health plan with the physicians of Exxon, who are based in Houston. But it is important to note the lack of expertise of these physicians who are experts in work-related medical fields but who are now faced with the specific health context of tropical countries like Chad and Cameroon. As far as we know, these physicians were not trained in tropical medicine or public health. The health plan which was developed is a secret document that has not been evaluated by specialized services at the World Bank, and there were no efforts to consult with NGOs who are recognized for their work in public health.. In any case, the local population has no information about the responsibilities of the consortium concerning the protection of public health.

It appears in fact that COTCO and TOTCO are not capable of assuring a sufficiently serious follow-up to the project's impact on the health of the local populations. In epidemiological terms, no data are actually available and the consortium has reportedly developed a database that is less effective than similar databases proposed by internationally renowned research centers such as the Center for Disease Control in Atlanta, or the World Health Organization (WHO).

Large sums of money have been spent by the consortium to hold meetings and colloquiums in the grand hotels in Yaoundé and Douala, but the on-site follow-up has been incomplete. Exxon appears to be more concerned about protecting itself than about carrying out effective health programs in the field. For example, every person who has the most rudimentary information on the health situation in tropical regions knows that it is necessary to have a laboratory to confirm medical diagnoses. But the consortium does not plan on having a bush laboratory on-site in their work-health plan. A lab was put in place around 2001 on the Domptia site, but then closed for budget reasons. This point was emphasized by the ECMG in its evaluation report, but the consortium and the World Bank have so far failed to act on the concerns expressed.

In addition to the general problems, there are other technical problems that will have dramatic impacts on the health of the populations in the project zone. For example, the treatment for sleeping sickness that strikes thousands of victims each day in Africa is still inadequate. Access to treatments, notably for children, in health centers managed by the consortium and its sub-contractors is insufficient. Finally, the AIDS prevention program in Northern Cameroon was entrusted to a false NGO run by the Lamido of Rey Bouba, which according to its own words is specialized in "reflection about the management of natural resources"!

Turning to the World Bank, its silence and inertia are again in evidence. Its commitments on paper and in speeches are as large as the size of its inertia and the extent of the AIDS deaths that we are counting on in the coming years. However, the World Bank continues its media tour visiting the governments asking them to contribute money to the launching of the World Bank program on AIDS.

In the medical domain, the Chad-Cameroon project is marked by scandals that so far have been silenced for the profit of multinationals and their shareholders.

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## The Human Rights Situation in Chad and Cameroon

Irène Mandeau  
*Amnesty International, Germany*

**CHAD.** The former French colony of Chad has experienced continual and severe armed conflicts since its independence in 1960. This state of affairs has led inevitably to violations of fundamental rights such as, for example, extra-judicial executions and torture. Moreover, persons responsible for serious human rights violations committed under the regime of former president Hissein Habre, including thousands of extra-judicial executions, enjoy total impunity to this day. Some of those responsible for these violations have regained their former positions under the current president Idriss Deby. Torture continues to be regularly used during interrogations and as a means of intimidation. Amnesty International has knowledge of cases in which people have been subject to such treatment.

In addition, human rights workers continue to be threatened on account of their activities in the area of

human rights but also for their involvement in monitoring the Chad-Cameroon oil and pipeline project. In fact, for several years, human rights workers have fought to obtain better management and better environmental protection and have criticized the project on account of its potential economic, social, ecological and human rights consequences.

**CAMEROON.** Human rights violations are the order of the day. Amnesty International regularly denounces extra-judicial executions, the use of torture and inhumane treatment, the disastrous conditions in the prisons, the lack of equitable judicial process, which sometimes takes place before military tribunals, and the imposition of the death penalty.

Amnesty International is campaigning against restrictions on freedom of expression and most particularly against incarceration of non-violent political prisoners.

Investigative journalists, human rights workers, opposition politicians, and Anglophone minorities have been particularly singled out for abuse.

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## Chronology of a Badly Managed World Bank Project

Marion F. Hellmann-Theurer and  
Geneviève F. Kalina,  
*International Federation of  
Building and Wood Workers,  
Switzerland (IFBWW with a total  
of 10 million affiliated members).*

The primary objective of the Chad-Cameroon oil pipeline project, co-funded by the World Bank, involving

ExxonMobil, Chevron, Petronas, was to improve the living conditions of people on the path of the project in both countries. Since the beginning of the construction activities in November 2000, unions reported that the companies involved in the project have been using the economic situation in these countries to exploit workers.

Already in November 2000, construction workers unions asked the IFBWW to assist them in organizing a social dialogue between the consortium COTCO (Cameroon Oil Transportation Company), TOTCO (Tchad-Oil Transportation Company), the World Bank and the trade unions. The main contractors involved in the construction work have been Doba Logistics S.A

(SDV), David Terrassement (Bouygues), Satom S.A (Sogea), Subsahara Services Inc (KBC) and Willbross & SPIE-Capag. They have been suspected of either imposing unfavorable working conditions or simply disrespecting the text governing work in Chad and Cameroon.

An IFBWW delegation visited the construction sites in December 2000 and many workers complained about bad wages, poor working conditions and the lack of adequate housing and food. Since then, the IFBWW has been urging Vice-President of Esso responsible for the project and the General Director of COTCO to accept a social dialogue and collective bargaining on wages and working conditions. Due to his persistent refusal, workers went on strike at several construction sites. For example hundred forty workers laying pipes to convey Chadian oil from Doba to Kribi in Cameroon were reported on strike in the locality of Nkongmeyos in Cameroon's Center Province requesting increases of their hourly wages and daily food ration, job guarantees, an end to arbitrary and unfair dismissals. The local district administrator mediated a compromise in which the strik-

ers agreed to resume work after they were promised a 27 per cent salary increase, alongside guarantees that they would keep their jobs for the entire eight-month duration of work in Nkongmeyos.

In October 2001, the IFBWW in cooperation with the Friedrich Ebert Stiftung (FES) carried out an evaluation workshop in Yaoundé. Once again, workers' representatives indicated that the consortium had not taken their demands into consideration including poor wages; discrimination between whites and blacks; access of workers to their contract forms; the organization of a campaign against the spread of HIV/AIDS; and freedom of association. COTCO and the World Bank never reacted to these requests. Against this background, the construction unions decided to impose an ultimatum by 31 December 2001 calling on the consortium to immediately improve the working conditions, provide workers with decent salaries and enter into a social dialogue.

IFBWW asked its affiliates in France to support the workers in Cameroon and Chad. French affiliate Force Ouvrière (FO) has been very supportive because of the involvement of French companies in this project. FO has met the Director for Human Resources of VINCI in Paris (Sogea, belongs to VINCI) who promised his rapid intervention to improve working conditions and the relations with the union. Unfortunately, the directors for Human Resources of SPIE S.A. (belongs to Bouygues) and Bouygues have always refused to meet FO.

The IFBWW launched a solidarity campaign for the start of a social dialogue with the unions. At the beginning of January 2002, the Minister of Labor had invited the consortium, the World Bank and the trade unions to negotiate an agreement to be examined by the newly established ad hoc Committee.

Some days later FTBAC reported that the parastatal company LABOGENIE suspended Jean Mechel Mbag's

labor contract arbitrarily for a limited time due to his trade union activities in Cameroon. The IFBWW Secretariat protested strongly to the President of Cameroon and many affiliates joined its solidarity chain. Jean Michel Mbagha has been the Inter State Coordinator for trade union follow-up in the Chad-Cameroon Oil Pipeline Project.

On 28 January 2002, the Trade Union Center in Cameroon, CSTC (Confédération Syndicale des Travailleurs du Cameroun) wrote to the Minister of Labor and Social Affairs in Cameroon urging the different companies involved in the project to react.

Finally on 6 March 2002, after long negotiations and industrial actions the first company, Doba Logistics, signed a collective agreement with the confederations and the Inter State Coordinator. It applies retroactively to the 1st of February 2002 and includes a salary scale; unemployment benefits; transport allowance; health and safety and training allowance; and a solidarity fund. Extra working hours and housing are now applied in conformity with the country's legislation. The employer has agreed to subscribe to a health insurance for workers and their families.

This agreement is a victory for the workers at Doba Logistics and a big help for the workers at other companies to struggle for their rights. Companies involved in this project must also learn their lessons and should quickly sign a collective agreement without delay. The World Bank must review their policy on social, labor and trade union rights. The right to organize and collective bargaining are not often observed in many countries. However both rights are prerequisites for social dialogue and proper management at work sites. There are hopes for change: The International Advisory Group which was established by the World Bank met trade union representatives in April in order to evaluate the socio-economic situation in Cameroon.

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## The World Bank Response: PR replaces analysis

Susanne Breitskopf  
*Urgewald, Germany*

and the Oil Companies - at least on paper - have tried to build in certain so-called "safeguards": "Capacity building" projects for Chad and Cameroon should ensure that both governments are able to adequately protect the inter-

In response to the criticisms, the World Bank

ests of the people and the environment. A "contractual undertaking" should ensure that any oil to be shipped through the pipeline, no matter where it comes from, should be produced in accordance with the Environmental Management plan. Finally, a group of donors made their approval of the project conditional to the establishment of an International Advisory Group

(IAG) that should monitor all aspects of implementation.

For those who have continued to follow the project development and the situation on the ground closely, it is obvious that these and other so-called safeguards have been but idle exercises in paperwork. After all, no binding guarantees have been provided and the situation on the ground remains worrisome.

An internal email communication between the World Bank's vice president for Africa, Jean Louis Sarbib, and the Head of the Environmental and Social unit, Ian Johnson, clearly demonstrated the Bank's preoccupation with public relations at the expense of true safeguards: Instead of objectively evaluating the merits of the mega pipeline, the Bank managers wanted to "secure support for the project". Sarbib and Johnson agreed on a an approach to "buy time from critics" and "push ahead with the main thrust of the campaign towards the key decision makers and opinion makers": According to the leaked document, Mr. Wolfensohn had suggested "building a strong case for use with the media, parliamentarians and national administrations". The oil companies needed to be convinced to "make statements to protect our (the Bank's) reputation." Finally, NGO critics needed to be convinced "that we [*i.e.*, the Bank] really are prepared to listen, learn, and eventually, make some proposals that might mollify them".

### Today's dismal reality

One of the "mollifying" measures was the establishment of the International Advisory group (IAG). IAG members today confirm almost all the concerns that had been raised years ago. In their latest report they found that "social dangers are already present, while minimization programmes have yet to be implemented".

The much praised "capacity building" turned out to be nothing but a smokescreen: While the World Bank had assured in their written reply to the German Government that "under no circumstances would the pipeline project proceed without the capacity building projects in both countries being made effective", the IAG recently stated "a lack of progress on all issues relating to capacity building." It added, "the commercial project is moving forward while the institutions are limping along".

Whereas the World Bank's conclusion that all risks have been mitigated to a manageable level might be true for the oil companies, the risk carried by the population remains enormous, and appears far from "manageable". With the construction activities now fully underway, prob-

lems that have long been foreseen are on the rise as is the frustration among the population that still sees no tangible benefits from the project. Prostitution among minors has become one of the major "economic activities" in the project area and the incidence of AIDS spread has increased significantly. Conflicts over jobs between migrants and local residents have become common as have strikes all along the pipeline route. Classes have been shut down because teachers and students have abandoned schools to seek work with the oil consortium; farmers have left their fields behind in order wait at the gates of the base camps in the hope of getting jobs with the oil project. "Only the fields cultivated by the women are still being tilled", reports a development consultant from Germany who visited the Doba region in October 2001. Dust pollution from heavy vehicles using the deteriorating roads with high speed is making local residents sick.

### Nobody is liable

With the project moving ahead the situation for local residents is only getting worse. The IAG and other monitoring bodies can certainly be helpful in documenting the complex situation, but what eventually counts is adequate action to meet the agreements made. The crucial problem here appears that none of the agreements made seem to be legally binding. Who is liable in case of damage done to any Chadian or Cameroonian citizen? Do affected people have adequate - if any - remedy? If not, what can be done to protect them and their environment before major catastrophes happen?

When analyzing the written statements made by the World Bank, little can be found that would satisfy the demand for actual and legal guarantees and remedies for the population. Instead, the documents are characterized by phrases referring to "creation of ownership" in the Chadian government, "continued dialogue with the population", "responsibility of the oil companies" and the like. But, who among the principle actors in this project is ultimately responsible - and for what?

According to the "Conventions of Establishment", which provide the legal basis for this project and were passed into law in Chad and Cameroon, the companies are legally entitled to transport oil from areas other than the Doba basin. The Conventions, which in case of conflict supersede the national legislation, set out a wide range of rights for the companies. In Cameroon, the convention lists ten national laws that do not apply to this project. Commenting on the liability on the part of the companies,

the international lawyer Saman Zia Zarifi found that "the MNCs (Multinational Companies) involved in the pipeline project bear very little, if any, legal responsibility for any impact their activity may have on the people and living environments of Chad and Cameroon." Because the standards and guidelines set out in the Environmental Impact Assessment are far too vague to be a basis for any legal action. Zarifi concludes: "The MNCs are for all intents and purposes operating outside the bounds of any legal system".

Theoretically, the governments carry the bulk of responsibility in this project. They are at the same time executor (as part of the pipeline company) and monitor (in their function as a government). This situation poses a conflict of interest. The judiciary in both countries is highly inefficient and corrupt, interventions for political reasons are common. Both governments have shown no will to enforce their laws and to protect their people. On the contrary, government officials have continued to intimidate critical citizens and reportedly even stolen parts of the compensation payments. Where the rule of law is being replaced by the rule of the gun, citizens are deliberately denied access to basic civic rights.

The existence of the Inspection Panel notwithstanding, the nature of the World Bank is such that it can never be held liable for any harm it may cause citizens of the world let alone for environmental damage. Yet as an institution claiming to fight poverty and using public money, the Bank, to a certain extent is accountable to the general public. This explains its strong reaction to public criticism and its many press releases and its development of intense PR activities in recent years. The Bank is, in theory, accountable to its "shareholders" (*i.e.*, the national governments, who take the final decisions on its projects and policies). While it remains highly influential in indebted countries

such as Chad and Cameroon, it is in fact not accountable to anybody in these countries. While there are some weak formal internal mechanisms, no legal remedies exist to bring the World Bank to justice - the institution follows its own rules.

### **The Citizen's Dilemma: Zero Remedy**

In conclusion, the local population is facing three powerful promoters of the oil development - the oil consortium, the governments and the World Bank -- none of whom can ultimately be held liable for damage.

The World Bank's loan agreement for the pipeline project illustrates the dilemma for the affected people: Under "conditions" it states, among others, that all non-project oil that will flow through the pipeline must be developed "in accordance with the Environmental Management Plan with respect to environmental analysis, protection and consultation". Is this document legally binding? How will the Bank enforce it? In fact, oil companies have already cleared land outside the project area and established a base camp near SARH in southern Chad. No environmental assessment was provided before these activities started which constitutes a clear breach of the loan agreement. However, no action can be expected, since neither party to the agreement -- the World Bank or the oil companies -- seem to have an interest in enforcing it. And the Chadian citizens cannot take legal action on the basis of an agreement that they are not part of.

The citizen's dilemma: While local people are being mollified by promises and goodwill declarations, they are systematically being excluded from any type of legal agreement that would provide them access to their civic rights in the scope of this project.

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## **Six Months after the Ground-breaking Ceremony, Chadians file a Complaint to the World Bank's Inspection Panel**

Emilie Thenard  
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recourse to ensure that their rights and their environment are respected in the development of a World Bank-financed project, particularly in countries, like Chad, where freedom of expression is severely curtailed. In March of 2001, in

Once the Bank approves a project, locally affected people have little

spite of severe threats to their security, 296 Chadians, represented by the elected député of the oil region, Mr. Ngarlejj Yorongar, filed a complaint to one of these recourses, the World Bank Inspection Panel ("the Panel"). The complaint raised concerns over protection of the local environment, resettlement and compensation issues, protection of indigenous peoples, cultural property, use of oil revenues, governance and human rights.

Created in 1993, the Panel is a unique approach intend-

ed to increase accountability at the World Bank. Through the Panel, locally affected people can request an independent analysis of the Bank's role in a project and demand that their rights under the Bank's own policies and procedures be respected. At the time of writing, the Panel is still conducting its investigation. After three trips to Chad, it is expected to submit the report of its findings to the Bank's Board of Directors in April 2002. So far the Bank's reaction has been to claim that all the concerns had been addressed or are not within the Bank's purview.

Regardless of the Panel's actual findings, the filing of the complaint itself less than six months after the groundbreaking ceremony, and after five years of intense debate with local and international civil society presents a troubling question to the Bank. Despite volumes of documents and many resources and time devoted to project preparation, the complaint questions basic elements of the Bank's management of the project. Local people are concerned about the compensation scheme, the lack of information and risks to the water supply. As the reports of the International Advisory Group (set up to monitor the pipeline implemen-

tation) have noted, the Bank has so far failed to integrate the extraction and pipeline project with development improvements for the people on the ground and in the region. Basic capacity-building projects, for example, are continuously delayed. This two-speed approach between the development of the consortium-driven infrastructure and the Bank and government-driven capacity building and other development projects is repeating itself, just like in many other Bank-financed projects in the past.

Whether the Panel judges that the Bank has complied or not with its safeguard policies, some issues outside of the policies but that are even more central to how the World Bank accomplishes its mission. For example, there are no policies that address the issue of human rights, yet the Chadians being consulted do not have the choice but to acquiesce to the wishes of the government regardless of the hardships that are imposed on them. While it is still arguably early to tell how this project will harm or benefit local people because the oil and its revenues have not started to flow, the local people's complaint to the Panel questions the fundamental premise of the Bank's efforts in this project.

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## Report on Visit to the three Oilfields under Construction in the South of Chad, Miandoum, Bolobo und Komé (February 2002)

Martin Zint  
*Erdoel AG, Germany*

General  
observations: the  
traditional bush

areas, crossed by small unpaved roads, have taken on the mood of an industrial compound. Many of old roads are now twice as large as they were formerly while many new roads now service the various construction sites. The affected populations have not received any compensation as some local experts travelling with me explained since Chadian law does not provide for compensation for land used for the construction of public roads. A question remains: are those roads public roads or are they infrastructure components for a private construction site? The benefits provided by those roads to the local population are likely to be minimal if not negative.

There is heavy traffic on the roads throughout the day, mainly by trucks. The unpaved roads generate large plumes of dust. A layer of red dust extends about a hundred yards on to either side of the road. This dust has become a principal complaint of the local people. Agriculture is now limited to areas far from the road. Concern about this problem was repeatedly raised by our partners. The consortium

promised to water the streets regularly but nothing happens. Here is the actual response of the world-straddling multinational Exxon: flagmen stand beside the roads waving their flags if a vehicle is driving too fast and then disappear for minutes at a time under a cloud of dust.

Due to the lack of other ways to earn money in the area, the job of a flagman is very popular. Many teachers leave their schools to work as flagmen. Students drop their studies to work as a flagmen or guards. We stopped at several places and spoke to the guards and flagmen. Most of them spoke French which in Chad is a clear sign of educational attainment. The situation is completely crazy: As a result some of the better educated people of Chad now stand along the roads doing stupid jobs. At the same time workers from all over the world are doing the more specialized construction work of the pipeline. Many Chadians would have liked to have received specialized training during the preparatory phase of the project but they were not given the opportunity.

The majority of the generally uneducated people of the area will have to move away from the areas of the oil-production-plant. The farming methods of the past will no longer work. My local companions showed me some of



first signs of decline in the neighbouring villages. The people realize that their traditional ways of earning their livelihoods will not last and they are losing the vital energy that is necessary to survive in this region. Many more than the officially named number of 150 families will be displaced - or moved "voluntarily" as living conditions become unacceptable, local experts say.

The locations of the future boreholes are already cleaned from vegetation and levelled in a scale of approximately 100 x 100 meters. Where drilling is already done, the extracted mud and the used and polluted water is stored in basins, covered by plastic sheets. Many basins are dry. It is not clear, if the water seeped away or evaporated. The guards think, that the waste and the water is toxic. It is their task to prevent people from approaching the storage sites. The guards are protected by dust-masks and helmets. After public complaints, Esso now starts to protect the sites by fences. But in view of the quantity of such areas and other facilities, including an international airport and the Esso base camp, you continuously run into fences. There is a visible contradiction between the arithmetically small scale of land used by the project-facilities and the reality of the areas where fences no longer allow free-movement

In front of the Esso base camp, a crowd blocks the

road. They are workers on strike and are demanding wage increases of 50% and a reduction of the workweek from 60 to 39.5 hours which would match the situation in Cameroon. The mood is tense and I've been advised not to stop, but to go on another some hundred meters.

A big village has arisen from nowhere, completely without planning or accompanying infrastructure. There is no water supply nor provisions for wastewater. Latrines are open holes with simple straw mats to protect the place from indiscreet views.

The people who live there are looking for jobs. The village is called "Satan" which derives from the French phrase *ça attend* (literally, "it waits") but the name is also a play on the word for devil. Many people offer such products and services as home made millet beer and prostitution. But when our car broke down as we left the village, a car mechanic was found within five minutes who repaired the car on the spot. This incident indicates the high standard of education of some inhabitants of Satan. A Catholic priest (Père Enzo, Italian) and a Protestant pastor provide with very modest means for the inhabitants of Satan. One hundred and fifty kilometers to the south a second Satan has arisen near the town of Bâm through which the pipeline passes.

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# FINANCIAL TIMES

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## **Chad arms purchases show limits of donors' oversight**

Chad has embarrassed the World Bank by spending part of the \$25m signature bonus for the Chad-Cameroon oil pipeline on arms before a committee to supervise the use of oil revenues has been set up.

The Bank had promised to establish mechanisms to ensure the money was spent on badly needed health, education and infrastructure projects.



photo by Korinna Horta

*Women near the oil fields in southern Chad.*



photo by Korinna Horta

*Village near the Doba oil fields with mango trees essential to local livelihoods.*

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