

The World Bank's Great Gamble in Central Africa

Leif Brottem | July 2, 2004

The first tanker loaded with Chadian crude oil embarked from the Cameroonian port of Kribi on October 5th, 2003. The landlocked Central African nation of Chad will receive around \$2 billion over the lifetime of the oil fields developed by a consortium led by energy giant Exxon-Mobil. Through its financial backing of the project, the World Bank is putting to the test a new approach to an old African problem: the marriage of oil, embezzlement, and political corruption. Through a carefully orchestrated plan to impose transparency and good governance on the elected Chadian officials, the bank aims to ensure that the money is used to benefit the nation's people, who are among the poorest in the world.

To those eager to use the project as a beachhead into the region's oil fields, the World Bank seems to have created the perfect mechanism to deal with Africa's undemocratic governments. Yet those members of the international community that expect a willful transformation in Chad seem to ignore one potent variable: the nation's political situation. On October 10th, Chadian President Idriss Deby celebrated the oil project's inauguration, and human rights organizations observed a nationwide day of mourning. As the oil starts flowing, optimists have their fingers crossed and see it as a chance for Chad. The Chadians themselves just want to avoid the worst and, for once, live in peace and security.

Arrival in the capital of N'Djamena does not belie that Chad is one of the poorest countries in the world. The airport is a dark, low-slung building with few functioning elements. Paved roads are rare; the norm is sandy, potholed avenues flanked by open sewers. Neighborhoods of mud brick homes give the air of a vast village, not the nation's largest and ostensibly wealthiest urban center. In rural areas, infrastructure of any kind is virtually nonexistent. Village schools, where they exist, consist of branches and palm fronds. In N'Djamena, buildings pockmarked with bullet holes remind one of the not-too-distant civil war. Omnipresent armed men suggest that the fighting may never have ended.

Oil was first discovered in Chad in 1973. Barely two years later the country descended into a spiral of instability and civil war that would, over its course,

shatter this nation's social and political institutions. Thirty years later, as the country tries to put itself back together, Chad is run by a government that took power by force in 1990 and continues to rule by fear and flagrant abuses of human rights. Yet through essential involvement of the World Bank, Chad is now home to the largest private investment project on the Africa continent.

Given its ranking near the bottom of the U.N. Human Development Index, there is no doubt that Chad needs the money that oil will bring. Development assistance from foreign governments has been falling for over a decade. Chad's only other significant source of hard currency is cotton, which is controlled by a parastatal whose condition is one of terminal stagnation. In defense of its involvement, the World Bank states that the oil project will eventually raise government revenues by 40 percent to 50 percent a year.

Yet oil has a nightmarish history in Africa. In Nigeria, nearly half a century after locals harbored heady post-independence visions of surpassing the wealth of their former colonial masters, life is worse for most residents. Over half the population still lives on less than a dollar a day. Oil has entrenched corruption and contributed to the breakdown of civil society in the Niger Delta region, where it is produced. Oil has also fueled civil war in Angola, Sudan, and Congo-Brazzaville. Gabon has avoided conflict and has one of the highest per capita incomes south of the Sahara, yet its human development remains in

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the world's bottom third. Such cases have given rise to what experts call "the resource curse." What gives cause for the optimism that things will be different in Chad?

One factor is that the oil project is a crucial test piece for U.S. energy and development strategy. As the United States tries to reduce its dependence on Persian Gulf oil, it is looking increasingly to African sources. Angola, already a major U.S. oil supplier, expects to see its production dramatically increase before 2008. Within a decade, African sources could be supplying twenty percent of U.S. oil imports.

This strategic objective meshes with another: the privatization of foreign aid. In 2002, the undersecretary of State for Africa, Walter Kansteiner, described how the Bush administration would like to see the private sector "take up the mantle" of development from public sources. According to the UN Conference on Trade and Development, Africa receives less than one percent of global capital flows, the largest portion of which goes to extractive industries such as oil and gas. As government aid budgets are cut, private investment is being touted and must assume the guise of development.

According to Delphine Djiraibi, president of the Chadian Association for the Promotion and Defense of Human Rights and longtime critic of the Exxon-World Bank project, the transparency mechanism demanded by the U.S. government is not intended to assure that the money is used for development but is meant to protect the investments of Exxon-Mobil and Chevron. According to the Bush administration's logic, however, these goals are the same: profit seeking and poverty alleviation are becoming synonymous.

When I visited Chad, the political climate in the capital was my first sign that development was not the highest item on the government's agenda. A university student named Chris confided to me that, "violence occurs every night, committed by members of the president's clan." It was a theme I was to hear over and over again in Chad. I already was suspicious of the armed men patrolling the streets in unmarked Toyota Land Cruisers. As a lawyer in N'Djamena put it, "Bodies wash up on the banks of the Chari [River] all the time. If you say too much, you might disappear."

Everyday violence and intimidation reflected the instability of the government. The rebel group MPJT is still active in northern Chad. A particularly heinous government practice is the forcible recruitment of young men to fight the MPJT. I met two Chadians in a U.N. refugee camp in Benin who had fled from this impressment, and I talked with several more in N'Djamena who spent time fighting in the North.

The Exxon-led consortium is operating far from the civil conflict, although the oil region was recently home to a front of resistance against the government. Rebels operated in and even controlled parts of the region in the 1980s. A peace accord was signed with the government in 1996 yet according to Djiraibi, in 1998 the government committed a massacre to put an end to the rebellion and assuage Washington's fears of insecurity in the region.

There revealed a tragic logic to President Deby's response that security was needed before development could occur, when he spent a \$25 million bonus from the oil deal on arms and military hardware. According to that logic, resources must be used to consolidate government power before other ambitions, like development, are considered.

Would advancement occur, if the government used at least some of the money as intended? Oil has become a frontline globalization issue, not only because of the corruption and conflict it breeds but due to the negligible development contribution it tends to make in poor countries. It is not labor-intensive and thus creates few jobs and secondary industries. Its sole potential benefit for the poor is the money that goes straight into government coffers.

In the absence of transparency, this money is easily embezzled. The London-based group Global Witness revealed that in 2001 around \$1.4 billion in oil revenue and bank loans were unaccounted for in Angola. A coalition led by Friends of the Earth is demanding that the World Bank halt investment in oil and gas projects anywhere. Partly in response to such criticism, the World Bank is attempting its experiment in Chad, where eighty percent of the revenue is planned for development goals—and five percent for the oil region itself.

In the town of Bebedjia, located 25 km from the drilling sites, a construction boom has come and gone. At its peak several thousand Chadians, mostly men, were employed. Many stayed in the zone, hoping to find more work. Since operational positions number only a few hundred, security jobs are the only option for the mostly uneducated population.

With two security companies fielding workers in blue coveralls and safety goggles, Bebedjia has the air of a company town. Exxon trucks pass every few minutes, and businesses have names such as “Esso 1” and “Petrolia.” One man I spoke with had quit school to look for work and found a job as a guard, but his wages supported an extended family of 20. At 70,000 CFA (\$115) per month, a guard’s salary surpasses many times over the national per capita income. If creating wage-earning jobs was the Bush administration’s development vision, it was happening, even if most security jobs last for only a few weeks.

Despite the local boom in the security industry, most of the ubiquitous young males were still jobless. Everyone displayed the same frustration, many accusing the government or “foreigners” of leaving them out once again. One man who had worked for a time, but had nothing to show for it, said, “Those of us who came here to look for jobs should have continued to do traditional things, like farming.” When I asked people if they could protest to demand their share of the country’s new oil wealth, the response was that any public demonstration would be met with gunfire.

The oil fields are a short drive from Bebedjia. One passes mud-brick villages, herds of cattle, and incongruously for Central Africa: high-tension wires. The power plant at the mine site produces 125 megawatts, five times as much as in the capital city. The site itself has the appearance of “Soweto and Johannesburg” as my companion put it—a thoroughly modern and heavily guarded facility facing a squalid shantytown made of scraps of leftover material.

The oil pipeline runs west toward Cameroon, and villagers who lost land have been compensated. Remuneration packages reached upwards of 7,000,000 CFA (approx. \$13,000), which is a small fortune for a subsistence farmer. Some displaced resi-

dents purchased plows or bicycles; others have bought milling machines to start small enterprises.

Despite the windfall from cash settlements, a local employee told me life in that village had not really changed much. “When the consortium handed them money, people thought they would continue to receive it,” he explained. “Now that the money is gone, they say that it was not enough.”

Compensation may also be given to communities in the form of a school building, a water pump, or a water tower. The German agency GTZ is administering such a project and works with eighty-two villages. In an approach unfamiliar to Chadians, communities have made democratic decisions about what to build. Normally, only the traditional authorities would make those decisions.

Such grassroots involvement could prove crucial to the success or failure of the World Bank project. Individual remuneration was mainly a gesture, but a steady flow of revenue will have a lasting impact on the region. Local officials and stakeholders are currently crafting a regional development plan to be overseen by state and civil society representatives. In the absence of democratically elected local government, this is as close to an accountable body as citizens will have. Local authorities are normally appointed by the central government, since the ruling party is “afraid” of what local elections might bring.

Chadian nongovernmental organizations have a tremendous challenge in front of them vis-à-vis the oil project, given that civic organization is a nascent activity in the country. “Civil society is weak,” according to Djetodojide Fidele, the Director of the Association for Local Development Initiatives in Moundou. Most organizations have sprung up since 1999 and lack technical capacity and experience. A Bebedjia resident told me: “People do not concern themselves with public affairs. Issues like the oil project are seen as the domain of the state.”

Yet given the weaknesses in the official management system, nongovernmental oversight will be essential. The national monitoring body, much heralded for its independence, has also been criticized for being stacked with the president’s allies and including only three members from civil society in its nine-person

panel. Its work, I was told, has been obstructed from day one.

Although transparency is ostensibly the most important aspect of the World Bank's approach in Chad, the Fidele reports that there is still no way of finding out exactly how much money the government is receiving in oil revenue. As a counterweight to potential bias in the official supervisory body, a nongovernmental network funded by Intermon Oxfam has been set up to monitor and share information on the project.

It is too early to tell what kind of impacts oil will have on Chad and whether the World Bank's experiment will bring positive results, but the Chadian experience will set a precedent in a region where more oil development is almost certain to occur. Despite almost universal cynicism, there are signs of hope. A map drawn by members of a village displayed their vision 100 years down the road. Their dream included an agricultural research station, a university, and a main street named "Avenue World Bank."

The most common opinion that I heard concerning the project, however, is reflected in an African proverb: "The dog barks and the caravan passes." Civil society may bear witness and even demand change, but is there really anything to stop business as usual from continuing?

As I left the oil drilling site, our vehicle was forced off the road several times by trucks carrying Kalashnikov-wielding and banner-waving members of the president's Popular Salvation Front. Symbolically, the group's local branch, a nearly empty two-room building, directly faces the entrance of the main oil facility. Exxon-Mobil may be one of the largest corporations in the world, and the project itself may be under the watchful eye of the international community, but Idriss Deby still calls the shots in Chad, and his party's overriding goal for the foreseeable future seems to be its own political survival.

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