

# The World Bank : oiling the wheels of corruption in Chad

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The World Bank's bombast about good governance, corruption and reducing poverty is a farce. In reality, the World Bank is supporting an oil pipeline project that allows a notorious dictator to fill his pockets and thumb his nose at the world. Meanwhile, the people of Chad are bleeding themselves dry to repay a monumental debt without enjoying the fruits of a natural resource that is rightly theirs. We propose to take a closer look at a so-called neo-liberal model that has been forced on Chad by the international institutions for the benefit of the major powers and world finance.

From the start of the project in the mid 1990s, many organizations for the environment, human rights or international solidarity (including the CADTM) were alarmed to learn that the World Bank was supporting the construction of a pipeline linking the Doba oilfields in Chad to the coastal terminal of Kribi in Cameroon, more than 600 miles away. From the outset it was obvious that the environmental, human and financial risks were exorbitant: Shell and Elf preferred to pull out. Nevertheless, the final consortium, consisting of ExxonMobil, ChevronTexaco (United States) and Petronas (Malaysia) succeeded in completing this 3.7 billion dollar project thanks to the powerful strategic and financial backing of the World Bank.

The construction of the pipeline, completed in 2004, was carried out with a total disregard for the populations concerned. For example, the indemnities initially offered to those living in the path of the projected pipeline amounted to a mere 25 XAF (3.8 euro cents) per square meter of groundnut plantation destroyed, 5 XAF (0.8 euro cents) per square meter of millet lost, and 3,000 XAF (4.6 euros) per mango plant destroyed, whereas according to the Chad MP Ngarlejy Yorongar, the first crop of this tree alone yields 1,000 mangoes, each tradable at around 100 XAF (15 euro cents). It was only after much protest and pressure that these amounts were slightly raised.

Recent events underline Chad's troubled history. Idriss Deby, Chad's dictator president, was formerly advisor to his despotic predecessor Hissene Habre, arrested two weeks ago in Senegal. A French-trained officer, Deby seized power in 1990 after toppling Hissene Habre. He enjoys the longstanding support of France and French-African networks. His record so far: fixed elections with ballot-stuffing and vote-rigging; repression of any form of democratic opposition and free press; revision of the Constitution to allow the president to stand for a third term. The resounding failure of the lawsuit brought by Deby against François-Xavier Verschave, author of *Noir silence* - the book that recounted it all - was widely reported.

The World Bank could not openly condone such a regime. Having invested more in Chad than anywhere else in Sub-Saharan Africa, it required Deby to devote 90% of the money earned from oil sales to social projects selected with its approval and to investments in the Doba region. The remaining 10% was to be reserved for future generations: this money was deposited in a blocked account at Citibank in London, under the control of the World Bank. To manage this account, the World Bank put forward the idea of a Committee for the Control and Supervision of Oil Resources (CCSRP) composed of nine members. But five of these members were nominated by Deby himself. It was widely objected that the guarantees offered by the World Bank would not prevent Deby from

getting his hands on the oil spoils. The World Bank nevertheless pursued what is now known to be a serious mistake.

The big winner in the Chadian oil project is the consortium, but government and its cronies are not complaining either. The distribution of revenues between the Chadian State and the oil consortium seems extremely unfavourable to the State, which should get only 12.5% of royalties on direct oil sales. To this should be added various taxes and bonuses, which are paid directly into Chad's public treasury. The first bonus, paid as an advance, was not a shining example of probity: 7.4 million dollars were embezzled on this occasion. Another 4.5 million dollars were misappropriated for the purchase of helicopters by the president's son. The World Bank, being deeply involved in the project, generously closed its eyes so as not to prejudice its credibility.

This was not enough for Deby: the figures which allow the money due to him - or rather, to his country - to be calculated are provided by ExxonMobil and the consortium itself. Chad does not have the know-how nor the technical means to follow continual price fluctuations and compare them with the amounts of oil produced. This is why on October 7, 2004, the Chad President's office published a very unusual release entitled "Consortium swindle, concealment and fraud", denouncing the fact that the multinationals claim all these oil revenues and that Chad cannot control the exactness of the consortium's dubious declarations.

The situation today: as was expected, the mechanism created by the World Bank is grinding to a halt. Idriss Deby is preparing to lay his hands on money meant for future generations - some 27 million dollars at least. Made vulnerable by social tensions, attempts to overthrow him and desertions in the armed forces, Deby is not likely to use this money to increase the country's meager social budgets. His repressive military apparatus will no doubt be reinforced, as the international community is beginning to suspect.

Conclusion: the World Bank was the determining factor in a project that places Chad under a heavy burden of debt, increases poverty and corruption, damages the environment and merely extracts a natural resource without refining it on site, for the benefit of transnational corporations bent on making big profits while leaving a few crumbs for the local leaders - provided that the right to privatize natural resources remains inviolate. These natural resources should be considered as the shared heritage of the people who live there. Yet once again we have all the ingredients of a cocktail served up by the World Bank in full knowledge of the facts. It is a bitter potion that may well prove explosive.

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