

traversing peoples lives

how the world bank finances
community disruption in cameroon



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“The findings of the Panel will lead to improvements in the ongoing implementation of this challenging project, which has enormous potential to bring great benefits to the people of Chad and Cameroon”

World Bank President James D. Wolfensohn, quoted in press release after the Board approved the management response to the inspection panel claim on Chad, September 12, 2002



“Traversing Peoples Lives” was written by Samuel Nguiffo (Center for Environment and Development / FoE Cameroon), and edited by Johan Frijns (FoEI).

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Friends of the Earth International calls for a phase out of all public financing for fossil fuel and mining projects. FoEI believes that such projects do not contribute to poverty alleviation, nor the creation of sustainable societies, as is the stated mission of international financial institutions like the World Bank. The Chad Cameroon Oil and Pipeline project shows that such large scale projects, rather than bringing ‘development’, lead to disruption and misery for the very people that are supposed to benefit from it.

Yaounde, Cameroon

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project description

The Chad-Cameroon Oil and Pipeline Project is the biggest foreign investment project in sub-Saharan Africa today. It involves the drilling of 300 oil wells in the Doba region in the South of Chad and the construction of a 1070 km pipeline to transport the oil from Chad through Cameroon to an offshore loading facility at the Atlantic Coast. The offshore terminal facility will be connected to the port of Kribi by an 11 km underwater pipeline. The expected oil production is 225,000 barrels per day. The project is expected to start operating end of 2003.

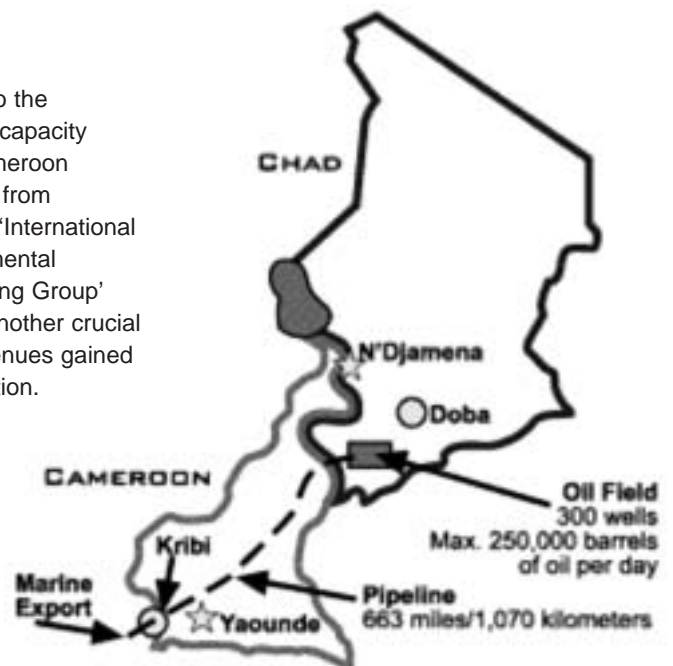
The project sponsors are ExxonMobil of the U.S (operator, with 40% of the private equity), Petronas of Malaysia (35%) and Chevron of the U.S (25%). The project is estimated to cost US\$3.7 billion. Apart from the World Bank, the project is financed by the European Investment Bank (144 million euros), US Export-Import Bank (US\$200 million), the French export credit agency COFACE (US\$200 million) and a consortium of private banks lead by Dutch ABN-Amro and Cr dit Agricole Indosuez.

world bank involvement

On June 6 2000, the Board of the World Bank and IFC approved two IBRD loans to finance the equity shares of Chad and Cameroon in the production companies TOTCO and COTCO.¹ The Board also approved a further IFC loan that would mobilize additional private support for the project. At the same time the Board approved two IDA loans for capacity-building projects in Chad and Cameroon respectively. Earlier in 2000, the Bank already approved an IDA credit for the management of oil revenues in Chad.

The World Bank, while financing only 4% of the total cost, is the most important partner in the project. The oil consortium considered the participation of the Bank as a necessary political risk insurance which would enable them to raise more money on international capital markets. The Bank in turn embraced the project as an unique opportunity for Chad to climb out of its acute poverty, while it would generate much needed revenues for Cameroon. NGOs in the two countries and abroad have always been rather less convinced about the project benefits. Before approval they called in vain upon the Bank to postpone a decision for two years until an adequate Environmental Impact Assessment (EIA) had been conducted, and capacity building projects for Chad and Cameroon implemented.

When the Bank finally approved the project, several elements were added to the original scheme to ensure that it would achieve its development target. The capacity building projects are supposed to enable the governments of Chad and Cameroon to better implement a project of such magnitude. As a response to pressure from donor governments and NGOs, the World Bank also appointed a high-level 'International Advisory Group' (IAG) to oversee implementation of the social and environmental safeguard policies of the World Bank and the 'External Compliance Monitoring Group' (ECMG) to ensure compliance with the Environmental Management Plan. Another crucial element is the Oversight Committee established in Chad to ensure that revenues gained from the project will indeed be invested in priority sectors for poverty alleviation.



map of project area

For more information see:

www.foei.org/ifi

www.cedcameroun.org

www.edf.org

www.worldbank.org/afr/ccproj/

introduction

The history of oil exploration projects in Africa is littered with tales of corruption, human rights violations, environmental destruction, misery, and civil war. Given this history, many NGOs raised doubts about the potential of the Chad-Cameroon Oil Pipeline Project to depart from this recurring pattern, and become a project that would, as the World Bank stated, “provide a unique opportunity for IFC and the Bank to play a significant complementary role in reducing poverty in one of Africa’s poorest regions”.²

Despite all controversies that it aroused, the World Bank has made the choice to support the project. Just how determined the Bank was to do so was revealed in 1999 when, at the height of public opposition, a leaked correspondence between two vice-presidents indicated their objective to “secure support for the project” through an approach based on “buying time from critics”, so as to “push ahead with the main thrust of the campaign towards key decision makers” meanwhile convincing NGOs that “we [i.e. the Bank] are really prepared to listen, learn and eventually make some proposal that might mollify them”. The Bank was obviously less interested in finding solutions for the risks and problems identified by civil society than in assuring the approval of the project at all costs.³

To counter the critique on the project, several safeguard measures have been put in place by the World Bank, involving various monitoring mechanisms (the International Advisory Group IAG and the External Compliance Monitoring Group ECMG) and capacity enhancement projects, aimed at strengthening the ability of the governments of Chad and Cameroon to implement the Environmental Management Plan.

However, these safeguard measures are either limited in scope, as in the case of the monitoring mechanisms, or (with the

construction of the pipeline and the digging of wells now well underway) not yet operational, as is the case with most of the capacity building projects. Meanwhile, communities all along the pipeline route in Cameroon already suffer from the effects of this massive project that is literally traversing their lives.

This report illustrates the ecological and social problems generated by the project during the first two years of the construction phase. It gives an overview of what the arrival of the pipeline has meant for indigenous ‘pygmy’ communities dependent on the forest, for small farmers who have lost their land and crops, workers hoping to find decent employment, and communities facing severe problems resulting from the pollution of their water sources and the uncontrolled influx of oil workers.

The cases presented here are only a few examples of a general situation that is characterized by routine violations of commitments made by the project sponsors and their financiers.⁴ Taken together, they illustrate the difficulties involved in transforming oil corporations into ‘development agencies’, and oil exploitation projects into poverty alleviation projects, as the World Bank set out to prove was possible. It is worth mentioning that each of these cases has been brought to the attention of at least one of the authorities responsible for monitoring the project, and that none of the identified problems has been dealt with until today.

The main lesson that can be drawn from the occurrence and persistence of these social problems is that, despite all its ambitions, the World Bank is simply incapable of influencing the operations of oil companies in any meaningful way, so that they become more respectful of the environment and the rights of the affected communities and workers.



pipeline route through rainforest

It is indeed significant that even in the perception of the World Bank, the objectives of the project have shifted from the enhancement of development to the management of emergencies and risks. Already in December 2001, the IAG, after its first mission to the countries, warned about the ‘two speed development’ of the project, with the pipeline construction component advancing more rapidly than expected, while the ecological and social components (which constitute precisely the development core of the project plan as envisioned by the World Bank) were lagging behind or had not even started. The IAG concluded that this situation “dangerously compromised or mortgaged the World Bank’s bet of making it a development project”.⁵

For the World Bank, its involvement in this project is a matter of “providing a model for the analysis and the mitigation of social and environmental impacts of petroleum exploitation operations”.⁶ According to statements made by member companies of the Consortium, the project would not even have been possible without the participation of the World Bank.⁷ The World Bank and governments of the main donor countries that voted in favour of the project should today therefore take full responsibility in making up for the problems generated by the construction of the pipeline.⁸

overlooking the pygmies

"The compensation process treats People the same way whenever practicable"
(COTCO, Compensation Plan, 1999, p.1-4, on compensation goals and principles)

"If anything, the quality of life of the Bakola is likely to be improved by the attention they will receive under the project"
(Serge Michailof, World Bank Country Director for Central Africa)

In the region around Kribi, where the pipeline reaches the coast, Bantou populations cohabit with the Bakola/Bagyeli 'pygmies', an ethnic minority in the area. The Bantou hold customary rights over the land. Traditionally, they are sedentary farmers while the Bakola are semi-nomads, settled in small encampments on land to which they have no customary rights. For their subsistence, they depend on forest products and hunting, and have only recently started engaging in agriculture. The 'pygmy' communities are extremely vulnerable and constitute one of the principal minority groups in the forests of Central Africa.

In order to take into account the specific situation of the pygmies in the southern part of the pipeline route, the project sponsors were obliged to prepare a Indigenous Peoples Programme (IPP). They also founded an organization responsible for implementation of the plan (FEDEC). The objective of the IPP is to improve the lot of those 'pygmy' communities who find themselves on the route of the pipeline project. However, more than two years after the approval of the project, with the pipeline construction in the area almost completed, FEDEC has not even started its operations. During the construction the 'pygmies' have been subjected to all sorts of hardship and suffering, without receiving any meaningful compensation.

Moreover, the general compensation process has turned out to be discriminatory towards them. Thus, some 'pygmies' whose cultures have been destroyed did not receive individual compensation. Others were pushed off their land by neighbouring Bantous who then appropriated the compensation due to the Bagyeli for themselves. This is the case with Mr. Ekouang, living in the *Kour Mintoum* settlement. Similarly, in the *Loundabele* settlement, Mr. Mintouong Gaston complained of the payment of compensations that he was due to a Bantou woman of *Kouambo* village. Neighbouring village chiefs confirm that the crops belonged to Mr. Mintouong.⁹ In *Nkaga* camp, the 'pygmies' are complaining about the prohibition order they have received from the personnel of COTCO to fish in the river Kienké.

Mr. Mangama Ngiong Pierre summarizes some of the main grievances of the 'pygmies' with regard to the project "I think that the project does not concern us, because they have made recruitment in all Bantou villages, but not in Bagyeli, as if we were sub humans [...]. The pipeline has a negative impact on our lives. The route crosses a zone in which we practice agriculture and hunting. And when construction work started, our crops and our medicinal plants were destroyed, without compensation. Game has equally disappeared".¹⁰



Bakola woman at settlement

impoverished by the pipeline

“Before the start of the pipeline construction, all affected villagers will have been compensated”

(CPSP Newsletter, October 2001)

“Individually owned natural resources will be compensated including resources such as beehives, medicinal plants and trees, individually owned wild trees, and fisheries”
(COTCO, compensation plan, page 5-14)

The project sponsors put in place a compensation plan aimed at determining the modalities for compensating owners of goods destroyed during construction works. According to the plan, around 5,000 people are supposed to receive compensation for losing their lands and crops. The principle is that after payment of compensations, the victims should have a standard of living at least equal to that which they enjoyed before the project.

The compensation plan foresees two sorts of compensation; communities can receive compensation for damage to communally used lands or other natural resources or for the hindrance occurred during construction. These compensations are partly in cash, partly in kind, using a catalogue of options prepared by COTCO.

Individuals can also receive compensation for losses incurred by them, either in kind, or in cash. The in kind compensation consists of household or agricultural tools (saws, grinders, wheelbarrows etc) provided by a company contracted by Exxon. Many of the utensils provided have proven to be of very poor quality, failing within months, and leaving the farmers without the means to improve their lives after losing their crops.

The following stories illustrate some of the problems communities and farmers have experienced with the compensation plan.

ruined farmers

Mr. Bissabidang is a small farmer of 69 years old. In 1974, he planted eleven *Okoumé* trees, an exotic species in the Makouré region where he resides. Six of these trees were situated on the pipeline route. Curiously, the compensation table used by the government does not provide for the payment of forest trees. Eventually, out of the six trees to be felled, only five were taken into account, and a compensation of 2.000 CFA Francs (approximately US\$2,5) per tree was offered to Mr. Bissabidang, who refused. He then referred the matter to the local office of the Ministry of the Environment and Forestry. Their estimate of the compensation to be paid ranged between 1.5 and 8.6 million CFA Francs, for approximately 40 m3 of wood.

When Mr Bissabidang raised the issue with COTCO, it did not give any reply but went ahead to compel him to accept through intimidation the sum of 350.000 CFA Francs as being “satisfactory and sufficient” and to abandon “any other claim from COTCO or from its subcontractors”.¹¹ Mr. Bissabidang reacted by writing to the Prime Minister of Cameroon to denounce irregularities in the payment of compensations.

COTCO sent an American negotiator to Mr Bissabidang, who refused to recognize the destruction, in 2001, of 98 young *Okoume* plants (regenerated thanks to adult seeds), under the pretext that they were ‘wild’ trees, i.e. they had not been planted. He proposed by way of a contract

to make an additional compensation of 300.000 CFA Francs in cash, plus 100.000 CFA Francs in kind (food and drinks) and he promised to discuss with one of the subcontractors of COTCO the possibility of employing four young family members. Once more, this amount was presented as “a real and just compensation, ... satisfactory and sufficient”.¹²

The *Okoume* trees destroyed for the pipeline constitute the inheritance that Mr. Bissabidang had intended for his children. Because of the inappropriate compensation, his entire family has thus been rendered impoverished by the project for many years to come.

Mr. Owona Nicolas is 74 years of age and lives in the village of Nkoala. He is paralyzed in his legs but is able to sustain himself thanks to his plantation. The pipeline runs straight through his plantations. The calculations for compensation made by a COTCO official, based on a count of the destroyed crops, were made while he was absent. Mr. Owona, who is illiterate, signed the contract without verifying its content but later decided to do a cross check. He found out that between 46 and 66 destroyed young palm trees had not been taken into account in the compensation he received. These trees provided valuable oil for sale and for his own consumption. They were an important source of income and the amount of palm trees destroyed were to provide around one third of the annual revenue he depends on. When he asked for an additional compensation COTCO made verbal promises that so far have not been kept.

Mr. Abega Otele Nestor resides in the small village of Nkongzok. A few years ago he planted exotic species, some of which are situated on the route of the pipeline. 105 of these trees were destroyed without payment of compensation, despite overabundant

evidence that they were planted by him and were not natural trees. The construction of the pipeline caused considerable further damage to trees outside the officially designated route of the pipeline. For this he did not receive any compensation nor explanation from COTCO.

Mr. Mora Mba is a retired man of approximately 75 years of age who lives with his wife in Ngovayang II, where he grows food crops on a few parcel of land for their subsistence. While Mr. Moro Mba was still away working in town, another couple was growing food crops on one of his cocoa plantations. These activities went on in spite of protests from Mr. Moro Mba. In 1998, the pipeline route destroyed part of the cocoa farm. COTCO erroneously identified the couple illegally using Mr. Mora's land as the beneficiaries for the compensation.

To restore his rights, Mr. Moro Mba submitted the matter to the Cameroon government. After more than two years, he received a reply from the responsible authorities, confirming that he was indeed entitled to the compensation. The matter was then referred to the traditional

authorities of the village, who also concluded that he was the rightful owner of the land and crops destroyed by the pipeline. When the matter was in turn referred to the Divisional Officer of Lolodorf, he established an attestation of ownership to the benefit of Mr. Moro Mba, and sent copies to the different institutions involved in the project. The accused persons admitted their wrongdoing, and promised to refund the money already received as compensation.

In spite of all these confirmations of his rights, the Consortium did not decide to pay the compensation sum to the legitimate beneficiary, who proceeded to file a court case on the matter. The court declared itself incompetent to handle the matter. The administration then proposed an amicable settlement to Moro Mba who had the choice between abandoning the totality of the compensation, or sharing it with an improper beneficiary who is known only by COTCO. Finally, an agreement was reached to share the compensation amount between Mr. Moro and the users of his land. The compensation he finally received almost equalled the cost he had made to seek his rights.



farmer posing for his ruined land

community compensation: exxon decides for you

“The process of community and regional compensations is participatory”
(The Newsletter of CPSP, N°2, January 2002, p.2)



fisherfolk at Kribi, worried future oil spills

According to the compensation plan, the communities who have lost natural resources or traditional land usage rights because of the pipeline will be compensated with social development projects, identified by the communities themselves in a consultation process. Nevertheless, some projects requested by the communities do not figure on the restrictive list of options proposed by COTCO.

In *Saballi*, COTCO thus tried to oblige the village to choose a community hall, a project, which the inhabitants considered as ‘not a priority, because it would make the existing hall redundant.’ They rather wished to have a connection to the electrical network, the construction of wells, or a press used for making earth bricks. Although each of the solicited projects costs less than the amount of the community compensation that is due to the village, COTCO did not approve of any of the alternative projects proposed.

In *Nkongzok*, a locality just a stone’s throw away from the regional administrative centre of Lolodorf, part of the village wished to allocate the community compensation that it is due to the financing of the electrification of the locality. The inhabitants made financial contributions that completed the insufficient compensation amount proposed by COTCO. Yet the company is opposed to the realization of this project, simply because it does not figure on the list of possible options.

The compensation plan also provides for compensation resulting from the loss of fish catchments. According to the plan “Compensation associated with fisheries will be paid for any clearly demonstrated decline in subsistence and market catch will be compensated for based on applicable market rates”.¹³ This only applies for river fish, not to the catchments of the communities of fisherfolk in the Kribi area, who fear diminishing catches as a result of oil and waste water spills from tankers at the offshore loading platform.

Many villages indeed suffered from losing this important food source. In the village of *Mpango*, because of the decline of the rate of flow of the river Pembo due to pipeline construction, the inhabitants were obliged to reduce the volume of their fish catches. COTCO was informed about the matter, but so far no solution has been proposed.

polluting our rivers

“Prior environmental studies had not anticipated these problems...”

(Report of the External Group for Monitoring Environmental Compliance, fourth visit, January 2002, p.35)



woman from Bidjouka showing skin infections

Because of construction work on the pipeline, villages have lost their access to drinking water. Most communities are entirely dependent on rivers or traditional wells for their potable water and household needs. If the river becomes polluted as a result of construction work the community is left without drinking water sometimes for months, with no alternative source at hand.

In *Mpango*, the lone water source of the village was destroyed in 1998 (before the formal approval of the project by the World Bank) by construction works on the pipeline storage area in Kribi. The consortium then promised the inhabitants of Mpango a supply from the wells that were supplying the base. Four years later, the promise still has not been kept, and the inhabitants of Mpango are still waiting for a solution.

In *Mbikiliki*, the river gave its name to the village of 450 inhabitants that it crosses. It provides water both for consumption and for domestic usages. The pipeline crosses the village upstream. The ongoing construction work has polluted the river for many months, exposing inhabitants to many illnesses related to polluted water to water (diarrhoea, skin diseases etc.) COTCO was informed about the situation. They made promises to address the problem, but so far nothing has been undertaken to improve the quality of the water in the village.

In nearby *Bidjouka* (1400 inhabitants), water for the village was provided by a small artificial diversion of water from the Bili-bi-Tchop river. That system

unfortunately broke shortly before the beginning of the project, obliging people to resort to the second river of the village, the Mougoué. When construction started, dynamite blasting and heavy engines used to destroy the rocks in the river bed polluted the water of the river, which has now become unfit for drinking. As in Mbikiliki, many people developed serious health problems (diarrhoea and skin itches). The local people were not informed of the risks of pollution of their river, and no measures were taken to supply them with drinkable water during the construction phase.

In *Ebomé*, on the coast, the inhabitants of the village expressed in a 1998 letter addressed to COTCO their worries about losing the only source of drinking water. They asked COTCO “to consider humanitarian measures” to solve this problem, either by establishing others water points, or by connecting the village to the water supply network of the neighbouring town. The only compensation COTCO provided was a poorly constructed well that contained water unsuitable for human consumption. In 2002, the inhabitants of Ebomé are still waiting for a solution to their problems.

The reports of ECMG observed that “a certain number of villages in other parts of Cameroon (Dimako, So-Ondene, Ngamba I, Ngamba II and Mbinam) have complained that their sources of water were affected by construction works on the pipeline”.¹⁴ It is thus not an isolated phenomenon.



house of mr. Savah

putting up with a pipe

At the start of construction work, the consortium promised that there would be no involuntary resettlements for the pipeline. However, in some cases the pipeline route is situated so closely to people's houses that they will either have to move elsewhere, or somehow live with the pipeline for at least thirty years. During this entire period they are not allowed to use the land on the route, as this risks damaging the pipeline.

Mr. Savah is the chief of the Mpango village. When he settled in his village after his retirement from a Douala school, he was soon informed that the pipeline would cross his concession. After verifying the information he noticed that his house was situated exactly on the route of the pipeline, 12 meters from the pipe itself, and only 3 from the route. In 1998, he became worried about this proximity and he inquired with COTCO workers, who indicated to him that the route would be diverted around his concession. Based on this promise, Mr. Savah carried out new investments on his land, to be confronted later with the fact that the pipeline was not diverted at all. It now runs just behind his

house. Strangely enough, the value of the investments made during this period was not taken into account in the calculation of compensations.

The proximity of the pipeline has caused many problems for the Savah family. During the four month construction period the ongoing resonance of heavy equipment and rock blasting took away the former rural tranquillity of his concession. After the pipe was laid his once secluded house stands exposed on the edge of the pipe. The access to the family home has been destroyed by the employees working on the construction of the pipeline. The promise made to Mr. Savah to repair his foot bridge has not been honoured. The construction work has also affected the flow of the river Pembo that crosses the concession. As a result a swamp has developed near his house, with the near stagnant water creating health problems.

catering for oil workers; the spread of prostitution and aids

“The project is about [...] the improvement of people’s lives”
(Serge Michailof, Country Director for Central Africa, the World Bank, 1999)

“An important phenomenon that risks taking very worrying dimensions is the prostitution of minor girls”
(IAG, Mission Report to Chad and Cameroon, December 2001, p.7)

The project has attracted large numbers of migrants, workers or jobseekers, most of them male adults, to the often remote areas where the pipeline is being constructed. As early as 1997, NGOs warned of the emergence of widespread prostitution that has now developed in the rural areas all along the pipeline route, with all the related problems of AIDS-HIV and other Sexually Transmitted Diseases (STD).

Because of the high level of HIV infection in some regions, sexual intercourse with young girls who were previously not sexually active is considered, by some men, an efficient prevention against HIV-AIDS. Many cases of prostitution of minors involved with foreign employees of the project have been identified. In some cases, this particularly lucrative form of prostitution is encouraged by parents or relatives who see it as a means of getting access to part of the economic fall out from the project. This situation is also found in Chad. In its last report, IAG recalled that “the problem of the prostitution is not only a health issue but equally concerns the application of laws on the protection of minors”.¹⁵ The World Bank, Exxon and the governments have so far ignored the rise of this particular phenomenon.

The village of *Bemboyo* provides a clear illustration of the situation in the communities. With an initial population of approximately 50 inhabitants, this village nowadays has approximately 6,000 inhabitants although it lacks any social infrastructure. The delay in the implementation of education and prevention programmes for STDs has transformed Bemboyo into a source of propagation of the said infections.

The case of Bemboyo is not an isolated one. The Advisory Group observed that “various construction sites of the pipeline had already been established in Bipindi, Lolodorf and Belabo without the

authorities taking special measures concerning direct health education to local populations.”¹⁶ While the health risks were clearly identified, the project has been incapable of mitigating them, and it did not collect a database to enable an adequate quantitative monitoring to be conducted.

The increase of HIV and other sexually transmissible infections will thus be a direct consequence of the project. Moreover, the impunity that surrounds the beneficiaries of the prostitution of minors is not acceptable; in Cameroon, as in the countries of origin of the member companies of the consortium, these acts are punishable by law.



young prostitute in makeshift bar

workers abused

When the project had yet to be approved by the World Bank, it was portrayed as a supplier of jobs to Cameroon, with the consortium announcing that “During the construction phase, 7,000 persons will be hired”.¹⁷ When the construction phase began, it soon became clear that the promises made about employment were much exaggerated. Most jobs provided to the local population were limited to unskilled positions for a short period of time, with the better paying positions reserved for workers from the cities or even from abroad, like some of the welders that were brought in from Colombia.

The situation of the workers employed by the subcontractors of COTCO is far from a success story. The Advisory group in April 2002 observed that “labour conditions on the work site.. are still a source of dissatisfaction. [] Many doubts persist as to contract duration, payment terms and training provided by the employer [...]”.¹⁸ This dissatisfaction has already often resulted in strikes.

salary disputes

Cameroonian law provides for relatively higher salaries for people working in the construction and exploitation pipelines, compared to those doing similar work in other sectors. However, these favourable provisions have so far not been applied by the companies involved in the construction. Trade unions have tried to force COTCO, its subcontractors and the Cameroon Employment Ministry to respect the law, without any success.

In March 2002, Doba Logistics Company, one of the subcontractors for COTCO, signed an agreement with its workers to improve their working conditions. More than two months later, the agreement between Doba Logistics and its workers had not been honoured, and the workers decided to go on strike to demand that the terms of the agreement be respected, and also to demand respect of the provisions of the labour law, especially regarding registration the personnel for social security and the payment of overtime. The company is equally accused by workers of “abandoning sick workers or victims of industrial accidents or work accidents”.¹⁹ In reaction to these accusations, Doba Logistics has fired 18 employees, amongst them all representatives of the workers.



angry workers at compound gate

work accidents

On paper, COTCO has very strict regulations concerning worker security. On the ground, these regulations are often violated, leading to accidents and sometimes the subsequent dismissal of workers affected by these accidents.

Mr. Simon Mba Odou (age 20) was employed by ATM services on the pipeline site from 17 March 2002 to 5 May 2002, the date of the ‘termination of his registration’. Approximately a month after he was hired, he was hit by an oil pipe and hospitalised. During his absence from work he received his dismissal letter, which simply stated as motive for firing him ‘end of your task’.²⁰

Mr. André Kouom, a worker in Mbikiliki had a fracture on his arm from a falling tree. During his hospitalization in Douala, he was promised employment after his recovery. In spite of these promises he has been dismissed without any compensation a little before his complete recovery.

There are also many cases in which workers have been fired without providing clear reasons, as was the case with *Mr. Charles Chuanso*. He was employed under a two year contract starting January 22nd 2001 but he was fired already in May 2001, The date of dismissal coincided with a strike of the personnel of his camp which was aimed at having the employer respect their contractual arrangements. His subsequent protests did not pay off.

conclusions

Four conclusions can be drawn from the observations made in this report:

First, although the amount of loss, and the compensation claimed sometimes appears modest by Western standards, for those involved the situation poses a veritable drama. The losses they face sometimes wipe out the savings of a lifetime and push people who have no safety net to fall into deep poverty.

By contrast, properly compensation would not significantly dent the profits that the consortium stands to gain from the project. The expected revenues from the project are astronomical, if one compares them to the claims of those affected; some sources estimate total revenues after 30 years at 9 billion US\$: 0,5 billion US\$ for Cameroon, 1,7 billion US\$ for Chad, and no less than 6,8 billion US\$ for the consortium.²¹

Second, given all the problems the project has created in the communities along the pipeline route, it is difficult to see the World Bank as a credible institution that is able to steer a project of this magnitude to the desired outcome of poverty alleviation. If it declares that it was not aware of the problems, then it recognizes the failure of its mechanisms for project supervision. If it was aware but knowingly let these situations persist, then it has given up on its initial commitment to fight against poverty.

The failure of the social and environmental components of the project are directly attributable to the World Bank, which stated in 1998 that "We will not proceed with this project unless we are satisfied that our policies are respected, that the objective of poverty reduction can be met, and that the interests of the people of Chad and Cameroon are adequately protected".²²

Third, the Chad Cameroon Oil Pipeline Project cannot be considered the model project that the Bank claimed it to be when it approved the project. Despite the unprecedented amount of safeguard policies, oversight committees, compensation plans, capacity building projects and mitigation measures added to it, there is so far no sign that the project is significantly different from any ordinary oil drilling or pipeline construction project going on elsewhere.

The project therefore can not be used as a blueprint for Bank operations in the oil sector elsewhere, like in the Central Asian region where it intends to become one of the major financiers of oil extraction projects.

The World Bank would do well to draw its conclusions from the unfolding failure of the Chad-Cameroon Oil Pipeline Project, and acknowledge that if even its model project cannot deliver on poverty reduction, it should better withdraw from the financing of oil projects altogether.



children of Mpango village

abbreviations

CFA Franc: Currency of countries of the French-speaking Africa franc zone. 1 US dollar is around 700 CFA Franc.

COTCO: Cameroon Oil Transportation Company. The company specifically created to construct and operate the pipeline project. Shareholders are Exxon, Chevron and Petronas plus the states of Cameroon and Chad.

CPSP: Permanent Monitoring Committee for the Pipeline.

ECMG: External Compliance Monitoring Group. A monitoring mechanism of the project set up by the World Bank. It has been entrusted to the Italian consulting firm Appolonia.

FEDEC: Foundation for Environment and Development in Cameroon, set up by COTCO to oversee the implementation of the Indigenous Peoples Plan and the establishment of national parks created to compensate for environmental damage resulting from the pipeline construction.

IAG: International Advisory Group. A five member high level group of independent experts put in place by the World Bank to monitor the project.

IDA: International Development Association, soft loan window of the World Bank for Less Developed Countries.

IFC: International Finance Corporation, section of the World Bank dealing with the Private Sector

NGO: Non-Governmental Organization.

PAD: Project Appraisal Document. A document prepared by the World Bank to assess the effects of a project before approval.

TOTCO: Tchad Oil Transportation Company. See COTCO.

endnotes

¹ See glossary

² World Bank, Project Appraisal Document, p.12

³ Email correspondence between Jean Luis Sarbib, vice president for Africa and Ian Johnson, head of environment department; Bank Information Center

⁴ Many of these violations were already documented in an earlier report of FoEI/CED: 'Broken Promises. The Chad-Cameroon Oil Pipeline Project, Profit at any Costs?'. See www.foei.org/ifi

⁵ IAG, report of first field mission to Chad and Cameroon, November 14 to 25 2001, p.11.

⁶ PAD, p.8

⁷ PAD, p.22

⁸ The United States, France, the United Kingdom, the Netherlands, Germany, Canada and Japan all voted in favour of the project.

⁹ Information collected as part of monitoring project CED.

¹⁰ Interview July 9th 2002

¹¹ Agreement between Mr. Bissabidang and COTCO of November 29 2000.

¹² Agreement between Mr. Bissabidang and COTCO of December 29 2001.

¹³ COTCO, Compensation Plan, 1999, p. 5-15

¹⁴ ECMG, report of fourth visit, January 2002, p.35

¹⁵ IAG mission report, April 7-18 2002, p.7

¹⁶ Idem

¹⁷ COTCO presentation project 2001, p.6

¹⁸ IAG, mission report April 7-18, p.6

¹⁹ Report of workers association meeting Doba Logistics, May 15th 2002

²⁰ Letter of 03 May 2002 of ATM Services to Mr. Mba Odou Simon

²¹ Estimates vary according to sources. See for example Antoine de Ravignan; Tchad Cameroun; pour qui le petrole coulera-t-il?", FIDH, Paris July 2000

²² letter of Mr. Jean Luis Sarbib, vice president for Africa, to Mrs Korinna Horta, Environmental Defense Fund, July 20th 1998



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