

## FACT SHEET ON CHAD-CAMEROON PIPELINE

### Background

- The [Chad-Cameroon Petroleum Development and Pipeline Project](#) involves construction of a 1070 km pipeline to transport crude oil from three fields in southwestern Chad to a floating facility 11 km off the Cameroon coast. The pipeline was completed and “first oil” was achieved in July 2003, several months ahead of schedule. Revenues began to accrue in late 2003.
- IFC’s investment consists of a \$100 million loan for its own account and a \$100 million loan syndicated to over 15 commercial banks. Other World Bank Group support includes IDA loans to the governments (\$39.5 million to Chad, \$53.4 million to Cameroon) to support their equity contributions to the project companies, as well as IDA funding of over \$40 million for a capacity building program for the governments.
- The project is a pioneering and collaborative effort between IFC and the World Bank to demonstrate that large scale crude oil projects, when designed to ensure transparency and effective environmental and social mitigation, can significantly improve prospects for sustainable long term development.
- The project’s longer term sustainability will be determined in large part by the governments’ monitoring implementation and operations. The World Bank Group continues to focus on helping the governments meet their obligations.

### Economic Benefits

- The project will generate significant benefits to Chad and Cameroon. For Chad, one of the poorest countries in the world, revenues in excess of \$2 billion are expected to accrue from royalties, taxes, and other sources over the 25-year life of the project, based on World Bank estimates. Cameroon expects to generate \$500 million in revenues from transit fees and taxes.
- During the three-year construction period, the project employed over 13,000 local people from Chad and Cameroon, many of whom were unskilled and received training that has helped prepare them for future jobs.
- Since the project’s sponsors began operations locally, over \$740 million in procurement has gone to support local contractors in such activities as truck transportation, civil works, vehicle maintenance, and food catering. In Chad, where revenues will substantially boost government earnings, major civil works programs are expected in coming years. IFC is helping to ensure that Chadian businesses are well-positioned to benefit from contracting opportunities.

### Revenue Management for Chad

- An integral part of the World Bank lending package is a pioneering [revenue management program](#) in Chad to support direct economic and social benefits for the poor. The government has stuck to its commitment to prepare a strong legal underpinning for its management of oil revenues. The framework is the strongest implemented to date in a developing country with such large oil revenues.
- To promote greater transparency, an independent oversight committee was established. The nine-member body—which represents local civil society, including labor unions, religious organizations, women’s groups, and the parliament—has two main functions: to ensure that all government oil revenues are channeled into development projects in priority sectors, and to guard against waste or misuse of funds. The committee is being advised and monitored by the World Bank and the United States Treasury. Its reports will be disclosed publicly.

- All revenues (royalties, dividends, taxes, and customs duties) will be deposited into a *dedicated offshore escrow account*. The government of Chad and the oversight committee will regularly audit this account, and the audits will be monitored by the World Bank to ensure that Chad is receiving its share. Revenues will be focused on priority sectors (health, education, rural development, infrastructure, and the environment). Five percent of revenues will fund development in the oil-producing zone and a “future generation fund” will be allocated 10 percent of oil dividends and royalties to support Chad’s future development.

### **Pioneering Work on Environmental and Social Mitigation**

- The World Bank Group applied its safeguard policies to the project and related infrastructure, and worked with the sponsors to ensure that the pipeline avoided areas of high biodiversity, whenever possible. Other conservation efforts included two new large national parks in Cameroon to compensate for a small but unavoidable loss of forest. The parks, which will help protect biodiversity, are being independently managed.
- During construction, the project had a health and safety record similar to operations based in the United States. In addition to direct supervision of project implementation by the World Bank Group, a quarterly external environmental consultant review ensures compliance with the 19-volume Environmental Management Plan.
- World Bank Group work on environmental and social issues is focused on implementation, with IFC-led monitoring mechanisms and IDA assistance to build the environmental and social capacity of the governments of Chad and Cameroon.

### **Ensuring Broader Based Benefits – Supporting SME Development**

The World Bank Group launched a Small and Medium Enterprise Initiative in July 2001 to ensure that the private sector in Chad shares in the benefits of the project. The initiative is managed by a full time IFC coordinator based in Chad. Results include:

- Establishment of FINADEV, Chad’s first accredited commercial microfinance institution, in which IFC holds a stake; IFC’s technical assistance has resulted in over 3,500 micro loans.
- Establishment of the Support Training and Entrepreneurship Program (STEP), with field officers operating in Chad; about 200 entrepreneurs have been trained to date.
- Creation of an SME credit facility in partnership with the European Investment Bank and Financial Bank Chad.
- Technical assistance for agribusiness enterprise creation in southern Chad, in partnership with Africare; results include creation of seven microenterprises, training of about 400 people, and seven supply contracts for vegetable, fish, pig, poultry, sheep, and cattle farms.

### **Additional Resources**

- [Esso-Chad: ExxonMobil’s official website for the Project](#)
- [Chad-Cameroon Q&A](#)
- [Chad-Cameroon Links](#)

### **MEDIA CONTACT:**

Ludi Joseph, E-mail: [ljoseph@ifc.org](mailto:ljoseph@ifc.org), Tel: 202-473-7700