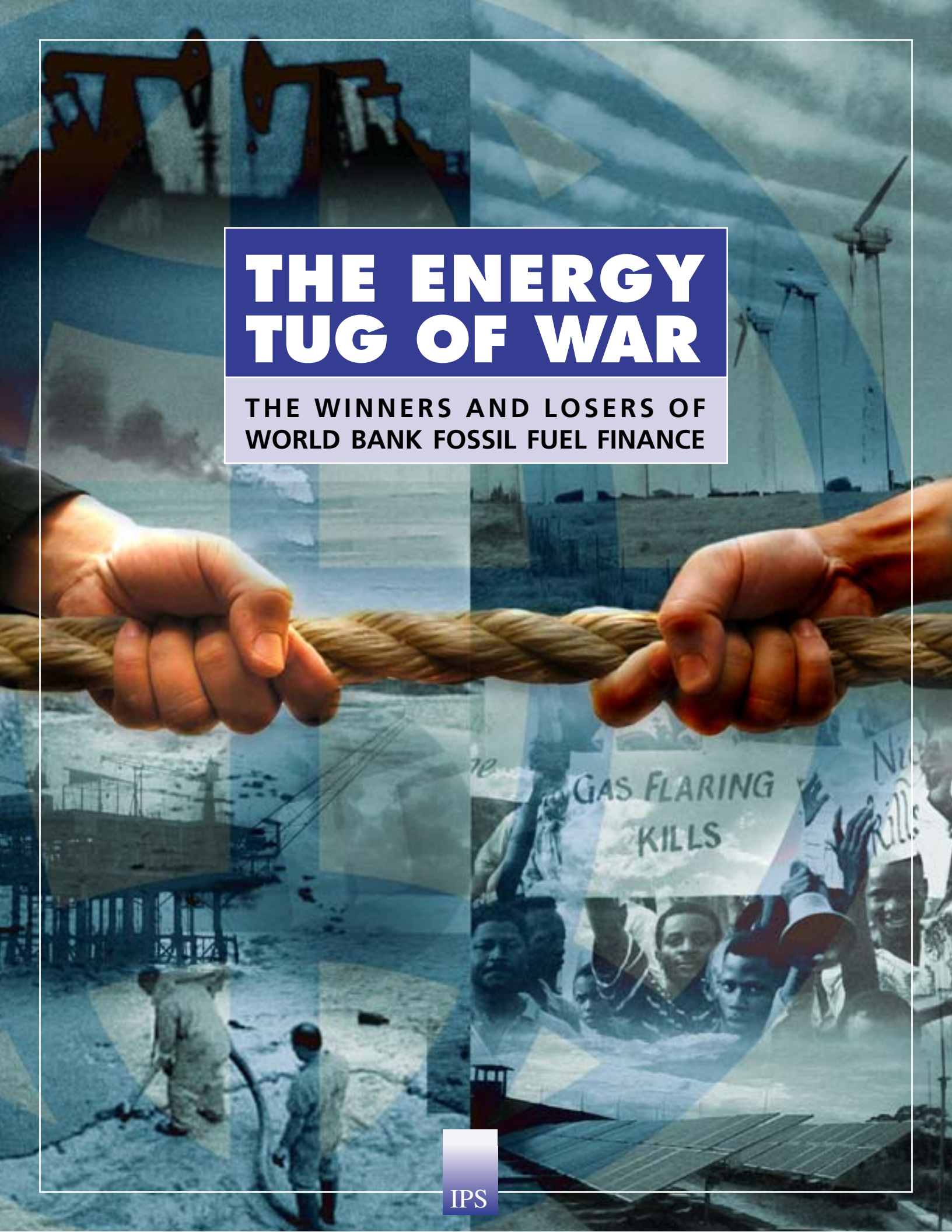

THE ENERGY TUG OF WAR

THE WINNERS AND LOSERS OF WORLD BANK FOSSIL FUEL FINANCE

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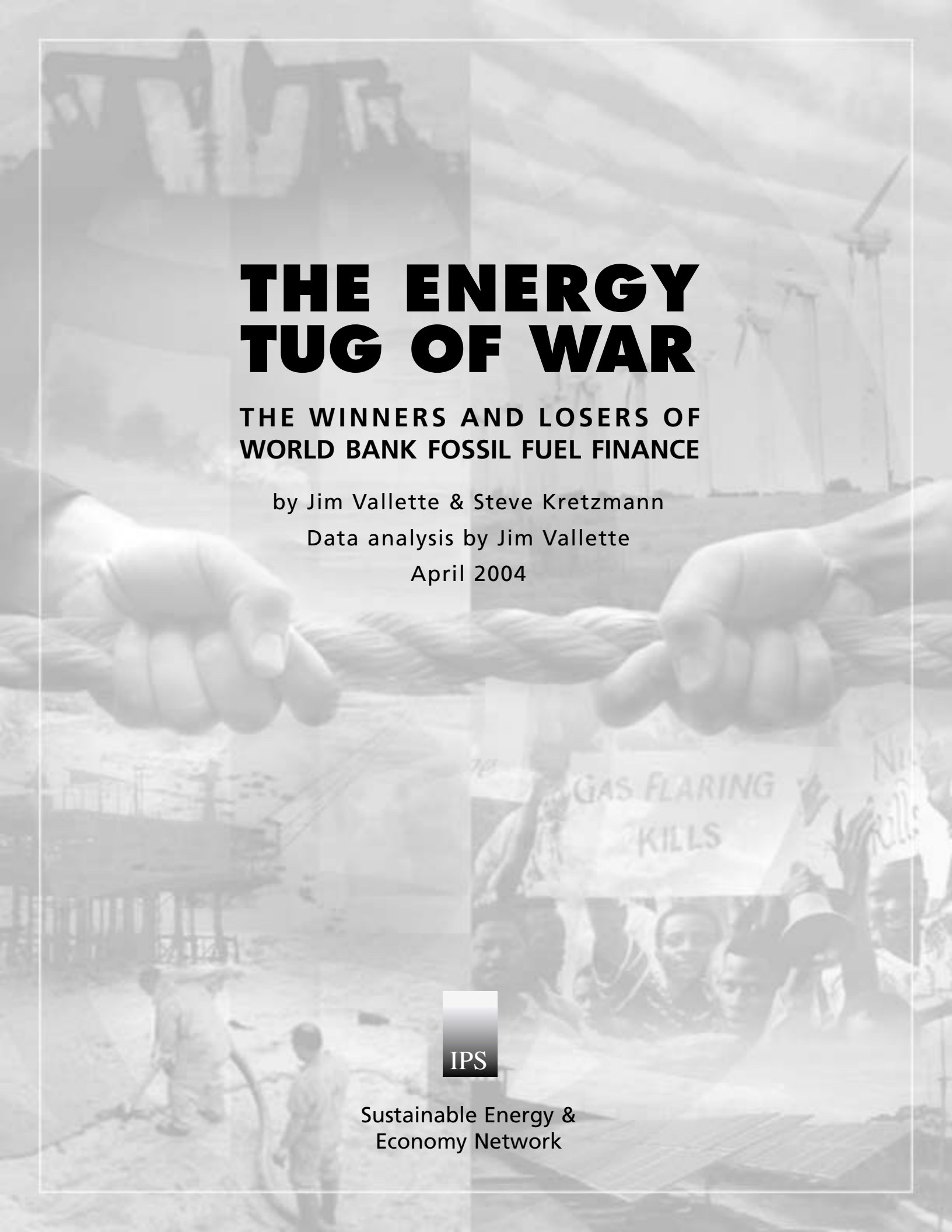

THE ENERGY TUG OF WAR

THE WINNERS AND LOSERS OF WORLD BANK FOSSIL FUEL FINANCE

by Jim Vallette & Steve Kretzmann

Data analysis by Jim Vallette

April 2004

IPS

Sustainable Energy &
Economy Network

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About SEEN

The Sustainable Energy & Economy Network (SEEN) was founded in 1996, and is a project of the Institute for Policy Studies (IPS) in Washington, DC and the Transnational Institute in Amsterdam. SEEN works in partnership with citizen groups nationally and globally on fossil fuel extraction issues and the financial institutions that make this extraction possible. We look at these issues through the lens of human rights, environmental preservation, and the right of peoples everywhere to define their development. Further details on IPS can be found at www.ips-dc.org. Further details on SEEN can be found at www.seen.org. More information on individual World Bank projects, and the precise nature of corporate involvement therein, may be found on-line, in our project finance database: http://www.seen.org/db/Dispatch .

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EXECUTIVE SUMMARY

Over the past dozen years, the World Bank Group has facilitated a massive transfer of developing countries' oil and gas resources to Northern consumers and corporations. This resource transfer has no connection to the Bank's stated mission to create a "world without poverty."

Since the 1992 Earth Summit, the World Bank Group's executive directors have approved 133 financial packages to oil, coal, and gas extraction projects. These loans, credits, grants, equity investments, and guarantees exceed US$10.7 billion. Almost every project finance package benefits Northern fossil fuel corporations, especially those based in the United States, which happens to be the Bank's largest shareholder.

The results of the World Bank's support for fossil fuel extraction are:

1. Halliburton wins. *No company has benefited more from World Bank fossil fuel extraction financing than Halliburton.* When U.S. Vice President Dick Cheney was in charge, from 1996 to 2000, he parlayed political connections and taxpayer assistance—through the World Bank, regional development banks, and export credit agencies—into a dramatic global expansion. *Our research has identified thirteen projects, supported by over $2.5 billion of World Bank finance, in which Halliburton is involved, as a contractor, developer, or investor.*

2. Big Oil from the North benefits handsomely. Other leading corporate beneficiaries of World Bank fossil fuel extraction finance include the world's largest oil and oil service companies: The second-most frequent project participant is Shell, followed by ChevronTexaco (US), Total (France), ExxonMobil (US), Bechtel (US), BP (UK), Unocal (US), Eni (Italy), BHP (Australia), British Gas, and Enron (US).

3. Most of the oil is exported from the South to the North. Rather than supplying energy to the poor in developing countries, many of these projects feed the North's growing demand for oil. *SEEN's examination of the World Bank's oil portfolio finds that 82 percent of all oil extractive projects funded by the World Bank Group since 1992 are export-oriented.*

4. World Bank Group financing has catalyzed many of the world's most controversial and damaging projects, including the recent Chad-Cameroon and Baku-Tblisi-Ceyhan oil pipeline projects. This report includes three case studies of less-publicized oil and gas projects that obtained World Bank support:

- The World Bank, along with U.S. fossil fuel corporations and the U.S. government, are pressuring the government of Bangladesh to export its gas reserves, even though only 17 percent of the country has access to electricity.
- In Congo (Brazzaville), Bank financing, including equity partnerships with foreign investors, has remained in that beleaguered country's export-oriented oil fields since 1994. The Bank ignored oil-driven brutalities, deepening poverty, and a civil war in which one of the investors allegedly arranged arms deals for both sides.
- And in Kazakhstan, home to one of the world's biggest oil reserves, the World Bank ignored widely known reports of corrupt oil deals. It continues to support projects in which local communities have suffered severe health impacts, been forcibly relocated, and revenues have wound up far from the people, in Swiss bank accounts controlled by authoritarian leaders.

After studying cases like these, the World Bank-commissioned Extractive Industries Review (EIR) determined that *"The World Bank Group should phase out investments in oil production by 2008 and devote its scarce resources to investments in renewable energy resource development…"* The review also recommended an end to all coal extraction project finance.

The Extractive Industries Review (EIR) determined that World Bank Group support for these projects has not fulfilled the World Bank's stated mission of poverty alleviation. Since then, its recommendations have been endorsed by a huge and diverse cross-sector of global society. Investors, representing hundreds of billions of dollars in capital, have agreed. So, too, have development organizations, religious leaders, Nobel Laureates, human rights advocates, project-affected peoples, environmentalists, the renewable energy industry, and the European Parliament.

While it may have originated in part with the stated goal of addressing the debt crisis facing developing countries in the 1970s and '80s, theWorld Bank's other stated goal in investing in oil and gas was to provide more indigenous energy resources for developing countries. On both counts, the World Bank has failed: debt remains sky-high for developing countries, and, as mentioned above, most of the oil is for export. However, in regard to diversifying non-OPEC oil supplies for Northern consumption, and opening Southern oil and gas reserves to Northern corporate investment, the World Bank has carried out its mission with precision and success.

Four organizations under the **World Bank Group** umbrella finance fossil fuel projects. The **International Bank for Reconstruction and Development (IBRD)** and **International Development Agency (IDA)**, collectively known as the "World Bank," finance public sector projects. Two other World Bank Group organizations—the **International Finance Corporation (IFC)** and the **Multilateral Investment Guarantee Agency (MIGA)** —finance private sector projects.

Dirty Dozen:

The Top 12 Corporate Beneficiaries of World Bank Group

Fossil Fuel Extraction Finance

1992-2004

Rank	Transnational Corporation	HQ (a)	$millions (b)	Countries in which corporation benefited from WBG finance
1	Halliburton	USA	2575.8	Azerbaijan, Bangladesh, Brazil,Chad, Cameroon, Georgia, India,Kazakhstan, Mozambique, Russia, Thailand
2	Shell	Neth./UK	1888.8	Argentina, Bangladesh, Bolivia, Brazil, Cameroon, Gabon, Nigeria, PNG, Russia, Turkmenistan
3	ChevronTexaco	USA	1589.8	Cameroon, Chad, Colombia, Congo-Brazzaville, Indonesia, Kazakhstan, PNG, Russia, Thailand
4	Total	France	1402.8	Argentina, Azerbaijan, Cameroon, Congo (Brazzaville), Georgia, Russia, Thailand, Turkey
5	ExxonMobil	USA	1367.2	Argentina, Chad, Cameroon, Equatorial Guinea, Georgia, Kazakhstan, Russia
6	Bechtel	USA	1226.8	Argentina, Azerbaijan, Georgia, India, Kazakhstan, Russia, Tunisia, Turkey, Turkmenistan
7	BP	UK	1218.5	Azerbaijan, Georgia, Kazakhstan, Pakistan, PNG, Russia, Turkey
8	Unocal	USA	938.1	Azerbaijan, Bangladesh, Georgia, Thailand, Turkey
9	Eni	Italy	917.9	Azerbaijan, Ecuador, Georgia, Kazakhstan, Nigeria, Pakistan, Russia, Turkey
10	BHP	Australia	818.9	Brazil, India, Pakistan, Papua New Guinea, Russia
11	British Gas	UK	773.7	Brazil, Kazakhstan, Pakistan, Tunisia
12	Enron	USA	744.8	Azerbaijan, Brazil, China, Colombia, Georgia, Mozambique, Turkmenistan

This table reveals the identity of the primary beneficiaries of World Bank fossil fuel extraction and transportation projects, but not the precise value of these projects to these corporations. Because the World Bank Group does not publicly disclose much of its information, SEEN bases the above table on a multitude of additional sources (including corporate filings and releases, government websites, and traditional media). From these sources, we determined the major transnational corporate owners, investors, contractors, and operators of these projects.

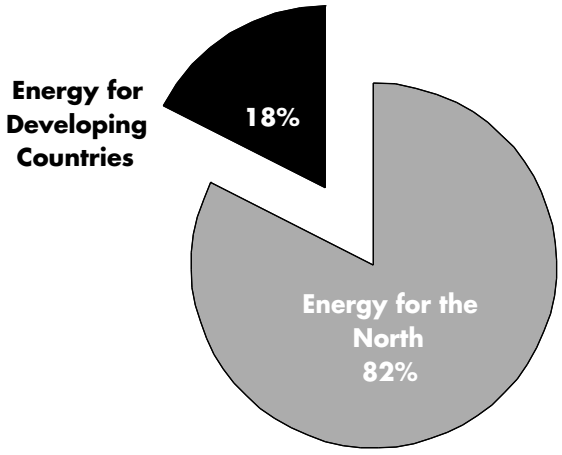
(a) Home country of transnational corporation

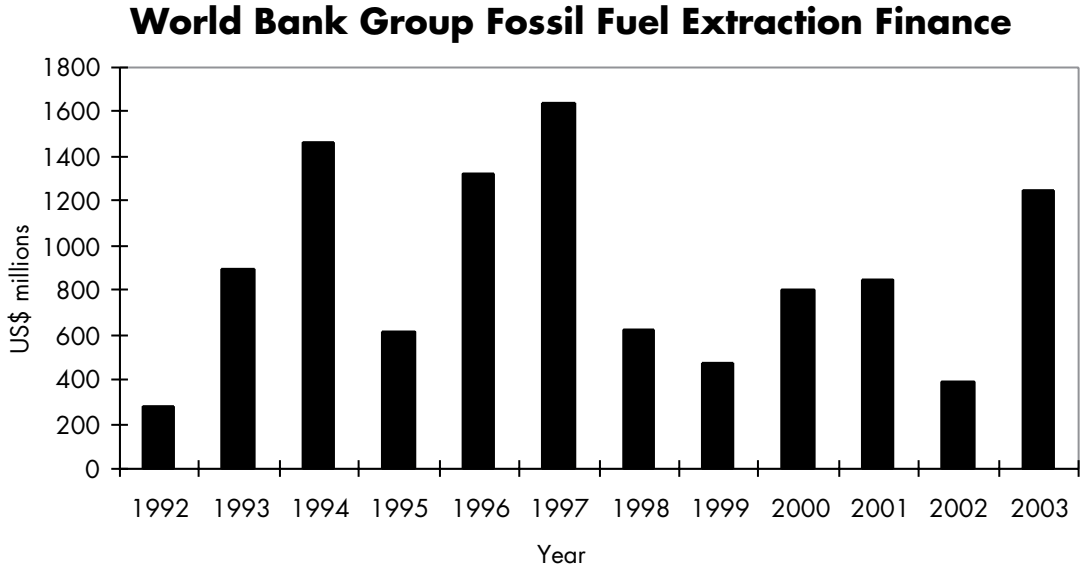
(b) The value ($millions) attached to each corporation is the total amount of World Bank Group-approved financing for projects in which the company is involved. The value does not reflect the value of each company's investments, profits, or contracts, with each project.

World Bank Group Extractive Fossil Fuel Projects, 1992 to present Financing (US$ millions)				
Fossil Fuel	**Export-Oriented**	**Domestic**	**Total**	**Export Share**
Coal	61	2523	2584	2%
Gas	25	2341	2366	1%
Oil	4058	865	4923	82%
Oil/Gas	58	787	845	7%
TOTAL	4202	6516	10718	39%

We define export-oriented projects as those where fuels extracted or transported with World Bank group assistance are primarily consumed in Western Europe, Canada, the United States, Australia, New Zealand and/or Japan. In these cases, over three-quarters of the fuels are expected to be exported to the global North. Several gas pipeline projects are internal to a given region, although gas does move between countries, and are listed here as domestic. Oil/Gas refers to projects that are designed to produce both fuels.

World Bank Oil Extraction Finance since 1992





Last year, the World Bank Group approved more fossil fuel extraction project finance than it has since 1997. Big oil and gas projects were approved for the Caspian region, southern Africa, and South America. Year 2003 data are incomplete pending the release of IFC, MIGA, and IBRD/IDA annual reports.

I. History of World Bank Group Support for fossil fuels

When the World Bank finances fossil fuel extractive projects, it enters a global energy tug-of-war. Pulling on one side of the rope is the world's poorest, the two billion people whose basic energy needs remain unfulfilled. The poor's numbers may be many, but powerful political and economic powers tug against them. Debt-driven demands for foreign cash push developing countries' governments onto the side of the industrialized world's corporations and consumers. One side is motivated by hunger; the other is hungry for profit.

The Sustainable Energy & Economy Network, a project of the Institute for Policy Studies, began tracking fossil fuel investments made by the World Bank in 1997.[1] Our latest research reveals:

- *The top corporate beneficiary of World Bank support for oil projects since 1992 has been Halliburton; and*
- *82% of all oil projects the Bank has invested in during that time are primarily designed for export of oil back to the United States, Western Europe, Canada, Australia, New Zealand, and Japan.*

This data sheds new light on the nature of World Bank Group support for oil projects, and on the possible motivations for World Bank Group management's vocal opposition to the recent recommendation by the Extractive Industries Review (EIR) that the World Bank phase out its support for oil by 2008.[2]

Overall, since the 1992 Earth Summit, the World Bank Group's executive directors have approved 133 financial packages to oil, coal, and gas extraction projects. These loans, credits, grants, equity investments, and guarantees exceed US$10.7 billion. Almost every project finance package benefits Northern fossil fuel corporations, especially those based in the United States, which happens to be the Bank's largest shareholder.

Calls for the World Bank to implement the EIR's recommendations have come from U.S., Japanese, European and Latin American legislators, the European Parliament, civil society organizations from more than 100 countries, including labor, human rights, development, and environmental groups, the religious community, and investors with more than $400 billion in total assets.

The World Bank's Extractive Industries Review recommended, "*The World Bank Group should phase out investments in oil production by 2008 and devote its scarce resources to investments in renewable energy resource development…*"[3]

Although civil society groups remain hopeful that many of the recommendations of the EIR may be adopted, the phase-out proposal has been met with stiff resistance. This is particularly ironic because a central finding of the EIR was that these subsidies for oil come at a very high cost to the poorest. Increased corruption, repressive regimes, human rights abuses, environmental damage, boom-bust economies, and a lowered standard of living for average citizens are just some of the negative impacts associated with oil export dependent economies.[4] *Indeed, during the entire two-year duration of the EIR, the World Bank Group was unable to produce a single example where its support for oil had alleviated poverty.*

But while the poor are paying, someone is benefiting—and the primary beneficiaries of investments in extractive industries are the rich, Northern donor countries of the World Bank, who continue the flow of subsidized oil to their shores, and the corporations based in those countries that receive billions in subsidized loans.

This history and inventory of the World Bank's global fossil fuel projects demonstrates that often, the Bank joins the tug-of-war on the side of the rich, not the poor. Recent mega-projects like the Chad-Cameroon and Baku-Ceyhan oil pipelines

placed the Bank in partnership with repressive regimes and notorious corporations, and overwhelmed local opposition.

The "Oil Weapon" & the Rise of Neoliberalism

In the early 1970s, American oil production had reached its peak. Although the United States' reliance on foreign oil had been increasing over time, there was always the comforting notion that there was enough excess capacity in domestic production that any disruption in foreign supply could be offset by an increase in domestic production—at least for a little while. But by the early 1970's it was Saudi Arabia, not Texas that occupied the key position in the global oil economy.

On October 20 1973, Saudi Arabia, followed quickly by other Arab nations, declared an embargo of oil shipments to the US in retaliation for assistance to the Israeli military. The "oil weapon" had been used for the first time—and it was very effective. The embargo was lifted in March of the next year—but the power of the threat of that weapon has shaped U.S. energy and security policy ever since.

In Congressional testimony regarding the National Energy Act of 1977, President Carter's Secretary of Defense Harold Brown, testified: "...There is no more serious threat to the long-term security of the United States and to its allies than that which stems from the growing deficiency of secure and assured energy resources." [5]

That same year, the World Bank began to invest in oil for the first time. From 1977 to April 1981 the Bank made 27 loans for oil and gas projects, totaling roughly $1.2 billion.[6] At this point, with the new Reagan administration just beginning its term, World Bank President Robert McNamara proposed to dramatically increase Bank lending for oil andgas with the creation of an "International Energy Corporation". The IEC was proposed as an adjunct to the World Bank that would invest roughly $5 billion a year in oil and gas projects in developing countries.[7] The rationale for this investment was two-fold:

- Developing countries were paying high prices to import oil and gas from OPEC nations, making them unable to service their debt to the World Bank and other lenders, and
- Northern governments wanted to see non-OPEC countries open up their oil and gas fields to reduce OPEC control over oil prices.

The IEC proposal was ultimately rejected, but it did lead to proposed increases in the World Bank's energy lending portfolio and prompt an examination of that energy lending by the US Treasury.[8] The July 1981 report from the office of the US Treasury's Assistant Secretary, entitled "An Examination of the World Bank Energy Lending Program" was particularly concerned that the Bank was not doing enough to leverage private investment and stated that:

A major purpose of Bank oil and gas lending, in fact the formal stated policy in such lendings, is to catalyze private investment flows. However, an examination of the Bank's oil and gas loans to date shows little catalytic effect. Of these first 27 loans…none involved private oil company financial participation. (Emphasis in original.)[9]

The US Treasury was highly critical of the Bank for failing to use its lending to leverage further private investment, and emphasized that: *[t]he need for and desirability of the Bank-proposed expansion…[be] examined against the background of the following U.S. objectives:*

- *Removal of impediments—political, financial, and practical—to development of LDC [Least Developed Country] energy resources by the private sector.*
- *More generally, encouraging host countries to adopt appropriate policies to establish the necessary climate to foster private sector investment—in energy and other sectors.*
- *Where official assistance is needed, structuring such assistance in such a way as to catalyze and complement private investment, while limiting the budgetary impact and ensuring economic soundness.*

- *Expansion and diversification of global energy supplies to enhance security of supplies and reduce OPEC market power over oil prices.*
- *Structural adjustment in key countries with balance of payments disequilibria due to oil costs that threaten their participation in the international economy, including their ability to service debts to private commercial banking network.*[10]

The US Treasury Department also noted that, as opposed to the US government, *"the neutral stance of the Bank can play an important role. As a multilateral 'development advisor' it can help Least Developed Countries revise their incentive structure to encourage investment."*[11]

The World Bank apparently listened to the message from its largest and most important stakeholder, the United States. As a result, many new areas of the world have opened up their oil supplies to the North. The legislative and regulatory reforms encouraged by the Bank's legal staff have set the stage, in turn, for billions of dollars in investment from export-credit agencies, other international financial institutions, as well as from private capital. According to William T. Onorato, the Principal Counsel for Energy & Mining at the World Bank:

"Thus, since 1980, the Bank has financed PEPP's (Petroleum Exploration Promotion Projects) and other forms of petroleum sector legal reform and TA (technical assistance) with the consistent objective of acting as a catalyst to mobilize the inflow of foreign direct investment into the developing petroleum sectors of many of the Bank's borrowing members."[12]

Investments in oil and gas by the World Bank have managed to succeed according to the objectives laid out by the United States Treasury in 1981. But what about the developing countries who the Bank considers their clients and from whom the petroleum is extracted under the guise of poverty alleviation?

II. Case Studies in Extraction

Bangladesh: Pipeline Politics

In Bangladesh, politically connected companies, especially Halliburton, Unocal, and Cairn Energy, stand to gain the most from World Bank and U.S.-government demands to export the country's natural gas reserves. Cairn is a Scotland-based company headed by Bill Gammell, who happens to be a long-time friend of U.S. President George W. Bush.[13]

The World Bank Group has promoted foreign investment in Bangladesh's gas sector over the past decade. It approved: $120 million in finance for a gas pipeline network in 1996; $70 million for a Unocal gas field in 2000; and, in January 2004, supported a $40 million loan to Cairn Energy, which is the lead developer of the only producing offshore gas field in Bangladesh.

International finance brought the hope of cheap and reliable energy to Bangladesh's energy-poor. In 2000, only 17 percent (22 million) of Bangladesh's 130 million people had access to oil, gas and electricity.[14]

But the Bank has determined that local consumption is not profitable, that the country must export its gas. The country's reserves are considerable, but not enormous: current estimates are enough to supply perhaps twenty years of domestic consumption. The government prohibits exporting the gas, in order to ensure that the fields are exploited for domestic needs.

The introduction of private investment has been a double-edged sword. Gas production has increased, but at a price: private investors require Bangladesh to pay for their services with foreign currency. By May 2003, Bangladesh, one of the world's poorest countries, (East Timor and Somalia are poorer) owed Halliburton, Shell, and Cairn Energy—developers of the offshore Sangu gas field—over $74 million in past due service bills.[15]

The World Bank, in its country assistance strategy for Bangladesh, notes, "Pressure on the external sector could increase further due to foreign exchange denominated obligations to foreign investors in the energy sector resulting in an increase in debt servicing requirements."[16] In other words, Bangladesh needs foreign exchange to pay off its debts to the foreign energy investors.

The Bank determined that Bangladesh was too poor to consume gas at global market prices, and prescribed a solution that had everything to do with paying off its debts to Halliburton, et al, but nothing to do with government-set priorities of putting domestic energy needs first.

"Bangladesh's gas reserves are a major potential source of foreign exchange earnings, if opposition to their export can be overcome…. Prospects for further investment depend on the Government's willingness to allow gas exports without which the limited domestic market demand will hold back exploration and production," reads the Bank strategy.[17]

Foreign oil and gas interests echoed the sentiments of the World Bank. Cairn Energy business director Robert Jones said in 2002, "Bangladesh should examine the issue of pipeline gas export properly so that she can make maximum profit."[18]

In 2003, ChevronTexaco and Shell pulled out of the country. Industry press blamed Bangladesh's policy against exports.

The Bank and the U.S. government continue to pressure Bangladesh to make money for the remaining major foreign investors. Unocal is promoting a gas pipeline to India from its Bibiyana field, the largest in Bangladesh. Cairn and Halliburton have long planned to export gas from their Sangu field.

In August 2003, new U.S. Ambassador Harry K. Thomas plunged into the debate. "We would like to see a certain amount of natural gas to be exported, in an honest and transparent manner," said Thomas at his first press conference. "Your Finance Minister [Saifur Rahman] has [expressed his desire

to turn] Bangladesh into a middle-income country and this is one way of achieving that."[19]

His comments inflamed an already intense debate. Current government officials and opposition politicians in Bangladesh have consistently opposed exporting gas before new reserves are proved. "We don't want to see the Ambassador [Thomas] representing American business interests only, in the disguise of a diplomat," the Communist Party of Bangladesh (CPB) charged. "The United States wants to make Bangladesh a dependent nation by looting our resources and destroying our economy."[20]

In October, a citizens' movement called the National Committee for the Protection of Oil-Gas and Power-Port condemned the "imperialist" corporations that signed unfair production-sharing contracts in the 1990s. The committee organized a 7-day long, 350-kilometer march "to protect the country's valuable natural resources from the greed of a group of local and foreign vested quarters."[21]

Nobel Laureate and former World Bank chief economist Joseph E. Stiglitz, who advised Bangladesh to preserve, not export, its gas reserves, joined them in their sentiments. "It is better for Bangladesh to keep its gas reserve for the future. Gas reserve is your security against any volatility of energy prices on the international market. One should be very careful about the pace of extraction," he told reporters in August 2003. "If you exploit your reserves quickly, you will have to be dependent upon imports later."[22]

Retired Brigadier General Sakhawat Hussain noted that in Bangladesh, "the people in general are against export of gas. They are scared that Bangladesh herself may face a serious energy crisis within a couple of years if gas is exported without keeping sufficient reserves for her own consumption… The actual gas reserve is far less than what is estimated by the experts of the International Oil Companies."[23]

While Dick Cheney was Halliburton's CEO, he leveraged his global political relationships into lucrative business deals for his company. Over the years, he forged ties with Bangladesh leaders Sheik Hasina and Begum Khaleda Zia, which bore fruit in 1996. In a deal witnessed by then-Prime Minister Sheik Hasina and British PM John Major, Cheney and Cairn Energy signed a gas purchase and sales agreement with state-owned Petrobangla.[24] Halliburton took a 25 percent stake in the offshore Sangu field in exchange for building a pipeline to the coast.

Republic of Congo (Brazzaville): Total terror

The World Bank Group, particularly the IFC, routinely boasts that its involvement in private fossil fuel projects improves the economic and environmental conditions of the host country. Rashad Kaldany, director of the IFC's oil, gas and chemicals department, said in 2001 that the IFC's "fundamental role" is to "promote economic development by encouraging private investment (foreign and domestic) in developing countries." He added that when the IFC participates in private ventures, it "benefits the host country economy, promotes high environmental standards, and provides (a) strong demonstration effect."[25]

The IFC's involvement in Congo (Brazzaville) demonstrates quite the opposite.

In 1994, the IFC approved a $141.4 million finance package that supported private investments by Elf (now part of the Total conglomerate of France) and Energy Africa (a small South African company, also known as Engen,). The IFC supported Total's development of the N'Kossa offshore oil field, and Energy Africa's shares in N'Kossa and other developments in the Haute Mer area.[26] ChevronTexaco (US) and Eni (Italy) also are major investors in these projects.

The IFC remains a stakeholder in Congo through equity in Energy Africa.[27] The World Bank Group has not withdrawn, despite a horrific war, fueled by oil that flared in the late 1990s. Nor has it been dissuaded by deepening poverty, nor corporate corruption that led Elf executives to French prison.

It has remained there despite a World Bank report in 2000 that noted: "At the height of the crisis in late 1999, an estimated 810,000 people, or approx-

imately one-third of the Congolese population, were displaced." The Bank said, *"Mismanagement of the country's rich natural resources (in particular, oil)…. caused tensions and fueled civil war*."[28]

As for the purported economic benefits of the IFC's involvement, in this project, the evidence suggests the opposite. Global Witness, a UK-based organization that promotes transparency in the oil industry, reported in March 2004: "Once one of the richest states in Africa, Congo now has the highest per capita debt in the world: according to the IMF, Congo's external debt is $6.4 billion or over twice the country's GDP, while the government itself puts total debt at $11.5 billion. One-third of government income goes to service oil-backed debt."[29]

In November 2003, a French court convicted 30 former Elf executives on charges of "misuse of company assets"; 15 were jailed. According to Global Witness, "the three top Elf executives who were convicted in the trial enjoyed particular influence in Congo." Many of the crimes took place before the IFC entered in 1994, but then reached a new atrocious level in 1997, as civil war broke out. "Evidence in the indictment suggests that the company… supported both sides of the developing conflict," reports Global Witness, by facilitating arms deals. Now, in 2004, the watchdog group added, "payments by companies like Total remain totally opaque," and human rights abuses endure.[30]

"Since the early 1990s, struggle for control of oil revenues in Congo has gone hand-in-hand with armed struggle for control of the state, leaving in its wake a brutalized population and ever-deepening poverty," Global Witness concludes.[31]

The brutalities have taken many forms. Amnesty International reported that several hundred Congolese refugees were "disappeared" by security forces upon their return in mid-1999.[32] Violence against civilians flared again in 2002. Amnesty said, "In early June (2002), dozens of people in the villages of Zandu and Matoumbou were killed when government helicopters bombed the village, after which soldiers machine-gunned houses and fired on people fleeing into the forest. Dozens of people were killed and at least 10,000 people fled following two days of fighting in mid-June between government forces and *Ninja* militias in Brazzaville."[33]

Shortly after the IFC entered Congo (Brazzaville), as the N'Kossa field started operation, a resident foretold a bleak future. "It's not the first time that there has been an oil boom in our country," he said. "I remember the boom in the 1980s as a result of which Congo was labeled a middle-income country instead of a poor one. A quarter of a century from now you and I will see that the country has sunk further into poverty. What has been done with the income from oil?"[34]

A 2003 Catholic Relief Services report confirmed the prediction: "More than 70 percent of the population of this resource-rich country lives on less than $1 per day and half do not have access to clean water. Despite the country's exceptional revenues, infant mortality is unusually high and life expectancy is around the relatively low sub-Saharan average. As military expenditures increase, medical equipment and structures fall into disrepair and medicines are not always available due to budgetary shortfalls."[35]

Such is the demonstrative effect of the World Bank Group's oil extraction finance in the Republic of Congo.

The World Bank and "Kazakh-gate"

A government or corporation's past or current behavior appears to have little impact on World Bank Group oil extractive financing decisions. Take Kazakhstan, into which the Bank continues to pour financing despite the bizarre actions of President Nursutan Nazarbayev and the ongoing trials, in the U.S. and Europe, of his Western associates.

Kazakhstan holds more oil than any other country in the world's hottest oil-rush region: the Caspian. This inland sea is ringed by former Soviet states now ruled by former Soviet henchmen. The KGB-rooted Aliyev dynasty in Azerbaijan has been particularly popular among the oil jet set; cozy Western relations led the World Bank to approve the massive Baku-Tblisi-Ceyhan project last November. This pipeline, according to economists

and geologists, needs more oil than Azeri fields can provide; eventually, Kazakh oil likely will pour across the sea into this trunk line.

As in many other countries, the World Bank Group's Kazakhstan projects have followed a predictable pattern: first, the Bank opens a previously-nationalized petroleum sector to foreign investments; then, it infuses these investments with loans and equity, regardless of on-the-ground realities.

The Bank opened its oil dealings with Kazakhstan in 1994, when the IBRD approved a $15.7 million loan for the petroleum sector. This assistance, indeed, helped Kazakhstan attract foreign investments, like bears to a pot of honey. Much of this honey has spread into foreign hands, and Swiss bank accounts.

In 1994 and 1996, the IFC approved its first investments in Kazakhstan's oil fields.

At some point in the 1990s, the World Bank must have known with whom they were dealing. An oil industry journalist in 1997 called Nazarbayev's government "notoriously corrupt." But the Bank kept the finance flowing.

In 2000, the IFC backed a $12 million loan to a joint venture developing the Sazankurak oil field, and bought a 3 percent, $8 million, share in the lead developer, First International Oil Corporation (FIOC, U.S.). FIOC owned 97.5% of Sazankurak venture, with the balance held by a state company.

Surely, the IFC probed the financials of the parties to this transaction. Their research staff must have come across an oil industry article published in 1997. James Norman, writing in *Platt's Oilgram News* examined the curious rise of "little-known" FIOC, "the biggest winner in (a) scramble for Central Asia's oil wealth…. [D]eep pockets and big names in the background no doubt helped." Norman found deep background backing from former President George W. Bush, and the Rockefeller and Oppenheimer families.

"Would the notoriously corrupt Kazakhstan government of Nursultan Nazarbayev, eager to cement Western political ties, be aware of FIOC's ultimate beneficiaries?" he wondered.[36]

The inverse question is also appropriate: would not FIOC's beneficiaries (former President Bush, and the IFC, to name two), be aware of Nazarbayev's notorious corruption?

A scathing, unpublished World Bank background report[37] drafted in January 2003 charges that the World Bank should have known. "Kazakhstan has serious core governance problems," said the Bank's Operations Evaluation Department. Yet "Bank assistance in the extractive industries sector predated the Bank's sharpened focus on governance."

The OED concluded that the Bank placed itself in a weak position that likely will not improve governance in ongoing programs, like the Uzen oil project. It failed to challenge Nazarbayev. The "postponement of the Bank's dialogue on core and sectoral governance does not seem to be the result of an explicit strategic choice. If it was, it may not have been a good one. By the time the Bank sought to broach these difficult issues, it was no longer a major source of finance in Kazakhstan, having been supplanted by foreign direct investment."

The department added that the Bank should not believe that it could eliminate corruption "in the absence of system-wide checks and balances (notably a weak civil society and legislature, and lack of freedom for the media, lack of an external accounts committee)."

Throughout this period, from the mid-1990s onward, Nazarbayev has taken the World Bank's prescription for economic success (selling out the country's resources to the highest bidder), and turned it into personal luxury. On April 3, 2002, a scandal dubbed "Kazakh-gate" exploded into public view. Kazakh Prime Minister Imangali Tasmagambetov announced, on the parliament floor, the existence of a secret Swiss account holding a recent $1 billion oil contract payment. A web of offshore accounts has emerged from the darkness, holding billions of oil field payoffs for Nazarbayev, his relatives, and colleagues, despite the president's best efforts to keep a secret.

Global Witness describes "appalling intimidation and violence directed at those within the country who are trying to investigate Kazakhstan's missing

money." In May 2002, an opposition paper writing about the scandal received a funeral wreath; then, a headless dog was tied to the *Respublika* newspaper's office window; then, someone incinerated the office.[38]

Karachaganak—Scandal on the Steppes

Despite these disturbing developments, the World Bank, namely the IFC, has kept the money train rolling. On May 30, 2002, eight days after the *Respublika* burned, the IFC approved a $150 million loan for the Karachaganak oil field in northwest Kazakhstan. Karachaganak, which holds an estimated 300 million tons of oil reserves, is being developed by a consortium of British Gas, Eni, ChevronTexaco, and Lukoil, which are known collectively as the Kazakhstan Integrated Organization (KIO). Halliburton and Bechtel are field engineers to KIO.[39]

Surrounding Karachaganak are the villages of Tungush and Berezovka, former collective farms created by the Soviets on the harsh steppes. Located partially on the field itself, these villages lack basic amenities: electricity is intermittent; there are no phone lines; the only paved road is owned by KIO, which requires a permit to travel in a private vehicle; livestock perish from the sparse, toxic vegetation; and family gardens yield an increasingly toxic harvest. Childhood illness is the norm, the mortality rate is higher than the birth rate in both villages, and all but one of last year's recruits were turned down for the country's mandatory 2 years of military service. Until May of 2003, the residents of Tungush and Berezovka had lived for 15 years with the unfulfilled promise of relocation by their government and, now, the owners of KIO. (Tungush was suddenly and improperly relocated in May 2003.) [40]

Beyond the health and human rights impacts, other scandals surround Karachaganak. On April 2, 2003, a federal grand jury in New York indicted U.S. businessmen James Geffen on charges that he made "more than $78 million in unlawful payments to two senior officials of the Republic of Kazakhstan in connection with six separate oil transitions, in which the American oil companies Mobil Oil [now ExxonMobil], Amoco [now BPAmoco], Texaco [now ChevronTexaco], and Phillips Petroleum acquired valuable oil and gas rights in Kazakhstan."[41]

The indictment charged that Geffen bribed officials in the course of two Karachaganak transactions: "Mobil Oil's 1995 agreement to finance the pro-

Crude Accountability, an NGO dedicated to environmental and social justice for communities impacted by the oil industry in the Caspian region, conducted environmental health trainings in Tungush and Berezovka in November 2002. Their report notes:

…Svetlana Anosova (the leader of the initiative group in Berezovka) and her initiative group colleagues conducted a house-to-house environmental survey of Berezovka (approximately 400 homes), which demonstrated clearly that the residents of the village suffer from severe health impacts directly related to KIO's activities on the Karachaganak field. The village is comprised of 1,286 residents, of which approximately 400 are children…

According to Anosova's survey results..688 members of the adult population suffer from headaches and memory loss. Five hundred and ninety-nine have muscular-skeletal problems, 423 suffer from significant hair loss and are losing their teeth; 413 suffer from vision loss; 401 have cardio-vascular difficulties; 375 have serious gastroenterological problems; 308 have upper respiratory illness; and 260 suffer from skin ailments. Anosova plotted all the illnesses on an environmental health map; she included each house in the village, the school, other public buildings, the river, the plant, and the direction of prevailing winds. The map is multi-layered: plastic sheets demonstrate respiratory, heart, skin and other ailments, the result of which is a powerful visual demonstration of the prevalence of toxic exposure in the village.

cessing and sale of gas condensate from the Karachaganak oil and gas field" and "Texaco and other oil companies' purchase of a share in the Karachaganak oil and gas field in 1998."[42]

These indictments raise questions about what constitutes "due diligence" at the World Bank. The track record of such projects, as the OED asserts, proves that "the Bank should not have as its objective increasing extractive industries investment in countries whose governments lack the capacity to benefit from or manage such investment."[43]

As the World Bank's experience in Kazakhstan demonstrates, the infusion of such investments, in fact, exacerbates corruption. "Economists have long known that resource wealth can have perverse economic effects," according to the OED. The department also noted that such wealth increases corruption, makes governments less accountable, and correlates with authoritarianism.[44]

III. Evaluating Extraction

"*What we see looking forward is large investments in the oil sector*" —Rashad Kaldany, Director, Oil, Mining, Gas, IFC, June 2002

In the early 1990s, academics were noticing that a puzzling thing was happening: Glancing around the global economy, it seemed that for every resource-poor country that had grown rich, there was a resource-rich country that had grown steadily poorer. From the resource-impoverished East Asian countries, an "economic miracle" was emerging; but from oil-rich Mexico, Venezuela, Nigeria and Russia, there were only wild lurches from one crisis to another.

In 1995, economists Jeffrey Sachs and Andrew Warner decided to investigate this strange phenomenon. Drawing on data for 97 developing countries, they confirmed that there was indeed a *negative* relationship between a country's dependence on natural resource exports beginning in 1971—captured by their share in GDP—and its later growth performance.[45] Further research by other academics confirmed that oil export-dependent states tend to suffer from unusually high rates of corruption, poverty, authoritarian government, government ineffectiveness, military spending, and civil war.[46]

By 1997, the World Bank's leading role in public finance for fossil fuels was beginning to attract criticism.[47] That year, over 200 organizations endorsed the Oilwatch Declaration on Public Finance and Fossil Fuels, which called for an end to public funding for fossil fuels and was released in Kyoto at the climate negotiations. Three years later, at the World Bank Annual Meetings in Prague in 2000, President James Wolfensohn responded to the mounting critiques by pledging to evaluate the impact of lending for oil, gas, and mining on poverty alleviation. The Extractive Industries Review (EIR) was born.

After almost three years, in December 2003, Dr. Emil Salim, the Eminent Person selected by the Bank to head the EIR, delivered his final report. Among the strong recommendations was the following:

- *The World Bank Group should phase out investments in oil production by 2008 and devote its scarce resources to investments in renewable energy resource development, emissions reducing projects, clean energy technology, energy efficiency and conservation, and other efforts that de-link energy use from greenhouse gas emissions.*

Despite the fact that this recommendation has been decried by Bank staff as unrealistic, the phaseout of support for oil and increase in support for renewables is a logical conclusion of the EIR process. *Over the course of two years of examination, the World Bank Group (WBG) was unable to provide an example of a single instance where an oil project alleviated poverty. Many examples were provided of oil projects that exacerbated poverty.*

Academic studies, personal testimonies, and governmental data were submitted to the EIR that establish a clear correlation between a country's reliance on oil exports and its levels of poverty, child mortality, child malnutrition, civil war, corruption, and totalitarianism. Although the EIR made important recommendations in the areas of governance, revenue management, and human rights that should be considered as *preconditions* to lending for the extractive industries, it goes further for oil (and coal) because consumption of oil (and coal) will inevitably be significantly reduced due to environmental concerns surrounding climate change.

Oil companies, like Halliburton, know the value of World Bank Group support. In those areas where

governance is poor, and human rights abuse or other forms of political risk are a very real possibility, the Bank's backing does a lot to calm nervous investors. However, for those countries with minimal commercial and political risk, corporations do not necessarily desire nor need public support from the World Bank Group. These are, after all, some of the most mature and profitable industries on the planet. In other words, the phase-out means phasing out public financial support for corrupt governments and human rights abusers. *Oil companies have both the desire and the means to invest in developing countries with good governance structures in place; where they need and want the backing of the World Bank is in areas where governance is weakest.*

Both the EIR and the Bank Group's own internal report on the extractive industries wisely recommends improving governance and transparency as *preconditions* to lending for these extractive projects.[48] If the Bank Group focuses its efforts on *sequencing* by first improving the institutions of governance globally, the perceived need for direct project support will then greatly diminish.

Finally, numerous studies, including the World Bank's own, have identified the poor as the group that is most vulnerable to climate change. In this sense, the Bank's financing of fossil fuels is putting its own clients at greater risk. Many governments have stated that global average surface temperatures must stay below a two degree Celsius increase above pre-industrial levels if we are going to avoid the worst impacts of climate change. In order for this to be achieved, global emissions must start a downward trend in the next ten to fifteen years. It is clear that the North must take the lead with deep carbon dioxide cuts. *Because the Bank's lending for oil primarily supplies energy to Northern consumers, a phase-out of Bank support for oil projects is consistent with international agreements and strategy.* It is also clear, however, that a de-carbonization strategy for the South, while also meeting the energy needs of the poorest, is essential. The Bank should be a main financier of these changes, thereby providing the base for affordable and sustainable change while protecting the poorest from the worst impacts.

Spin Control: Rebutting World Bank Management's arguments against the 2008 phase-out, and other contentious issues:

In late January 2004, an early draft of the World Bank Group management's response to the EIR was leaked to the media and civil society. Although undoubtedly this document was an early first take on many of the issues, it provides a sample of some of the arguments that may be used by management in responding to the EIR. This first draft management response paid particular attention to the phaseout issue. Management's arguments against the phaseout are presented and responded to below.

1. "Adopting this policy [2008 phase-out] would not be consistent with the WBG mission of helping to fight poverty and improve the living standards of people in the developing world"[49]: Bank staff argues that the revenue generated from oil "fight[s] poverty and improve[s] living standards", but this is demonstrably false. *Bank staff was unable to provide a single example during the EIR of an oil project that had alleviated poverty.* Outside of the Middle East there are no examples of successful oil-based economic development, and even those countries exhibit many of the other characteristics of oil export dependency (e.g. autocracy, human rights violations).[50] The record supports the contention that oil development is in fact *antithetical* to the WBG mission.

In contrast, renewables and energy efficiency are development policies that support poverty alleviation goals while also providing many ancillary benefits such as reducing air and water pollution. A recent UN publication noted:

> *"…developing countries may stand to benefit unexpectedly over the long term from international policies on climate change, particularly from the use of the renewable energy technologies now emerging from the energy research, development, and demonstration (RD&D) programs of the industrial countries. In fact, some countries, such as Brazil, China, and India, have themselves begun to put resources into the development of renewable energy…What*

makes the technologies promising is the abundance of renewable energy resources and the falling costs being brought about by technical progress…[51]

In addition, energy efficiency can save large amounts of money for economies as a whole. The technologies are often community-based and often much more relevant for local populations than large oil pipelines.

Bank Management will also often argue that continued lending for coal and oil is necessary to meet the energy needs of the poor. However, as shown in this report, 82% of the World Bank Group's support for oil projects in the last decade have been export-oriented oil projects, primarily supplying consumers in North America, Western Europe, Japan, and Australia.[52]

2. "It [2008 phase-out] would not have any effect on the global use of oil"[53]: Agreed. Phasing out the fraction of funding for the oil industry that the World Bank Group provides would indeed have very little impact on the global market for oil –at first. It would however be a critical market signal that renewables are indeed ready, and that public money from the world's largest development institution will no longer be used to subsidize the oil and coal industries, but instead to benefit the poor, to advance clean, emerging technologies and to correct market distortions.

3. "It would unfairly penalize small and poor countries that need access to the revenues from their oil resources to stimulate economic growth and alleviate poverty"[54]: One of the key findings of the EIR, as well as scores of recent academic studies, is that countries that rely primarily on extractive industries tend to have higher levels of poverty, child mortality, civil war, corruption, and totalitarianism than countries that have more diversified economies. Management's response completely ignores this point, which was central to the EIR, and to the request for the review in the first place. *"In a few cases, where marginal projects in high risk countries are concerned, projects may not proceed at all if WBG finance is not available to the private sector or a government partner,"*[55] WBG management complained in their report. This, of course, is the point—because it is precisely these "high risk countries," where the danger of exacerbating conflict and poverty is greatest, that should not be encouraged to add fuel to the fire with World Bank loans for extractive projects. And it is precisely these "high risk countries" where the WBG's own internal OED/OEG/OEU report concurred with the EIR in noting that the governance issues needed to be fixed *before* any extractive lending was considered.

4. On renewables targets and timetables— Management responds to the EIR recommendation to increase renewable lending to 20% of the total energy portfolio annually by saying *"If WBG financing for alternative energy is constrained, this is because of an absence of projects that meet the WBG criteria for economic and financial return, as well as continuing market distortions and energy policy failure in client countries"*[56] This response conveniently ignores the WBG's own significant role in distorting the market, and refuses to recognize that renewables are ready today. It is also a predictable response when coming from managers who are comfortable with extractive industries and unfamiliar with renewable energy financing. Yet the World Bank, if staffed with appropriate renewable energy experts, is the perfect institution to help shift energy markets toward renewables.

The World Bank is ignoring initiatives coming from developing countries on renewable energy. For example, the declaration of the "Brasilia Platform on Renewable Energies," sets as a target of 10 per cent of Latin America's total energy consumption to be derived from renewable energies by the year 2010. Yet the World Bank is not leading the way by assisting Latin America in achieving this goal; instead, it continues to finance business as usual.

A recent study published by Harvard University concluded that *"The World Bank and IFC would be appropriate agents for working with host developing country governments to put into place concession frameworks or other mechanisms for mobilizing remote wind energy resources…[and] that if*

the world PV industry could be given assurances (e.g., by the IFC) that there would be a sustained global market of several hundred MW of grid-connected PV systems per year, the prospects would be moderate to high that PV system costs of $3,000 per kW could be reached in 3 to 5 years, a price at which there may be substantial developing-country markets where grid-connected PV systems would be competitive."[57]

World Bank management dismissal of targets and timetables for renewables (while readily providing plenty of targets and timetables for fossil fuel financing) also ignores the fact that many developing countries either are already implementing renewable energy strategies and policies or are on their way. From India to China to the Philippines to Brazil, many developing countries have identified renewables as a way forward that are much more in line with sustainable development goals. The challenge thus far in many cases has been creative financing—something the World Bank could provide.

5. On methodology for counting greenhouse gas emissions: Management contends that the *"distinction between the direct and indirect contribution of extractive industries to greenhouse gases is important, because it frames much of the debate surrounding the link between investment in oil, gas and coal production, and climate change. At issue is the question of whether investment in oil, gas and coal production in some sense encourages the consumption of these fuels, and can thus be directly implicated in raising GHG emissions."*

This paragraph is footnoted:

> *"It should [be] noted that this issue has been resolved within the mainstream global approach to climate change. Thus, the principles of GHG accounting adopted by the UN Intergovernmental Panel on Climate Change, attribute emissions resulting from energy sources to the consuming nation and not the producing nation. GHG from fossil fuel use are counted at the point of consumption, not at the point of production of the fuel. For the purposes of analyzing emissions and formulating policy on climate change, the IPCC requires detailed information on how and where GHG are generated. Information on how and where fossil fuels are produced is not deemed useful for policy."*

There are several problems with this reasoning. First, as stated before, because the Bank's lending for oil primarily supplies energy to Northern consumers, a phase-out of Bank support for oil projects is consistent with international agreements and strategy. When talking about phasing out Bank support for oil, we are primarily talking about reducing emissions in the North, where 82% of the oil is consumed.

Second, the IPCC methodology that Bank management mentions is designed to prevent double counting of emissions in national inventories. An accurate global accounting of GHG emissions is vital for global science and policy-making. In this context, the point-of-consumption exclusivity is logical.

This logic, however, does not automatically transfer to the political level of institutional transnational actors. The World Bank Group does not report emissions to the IPCC. In this respect, their global position is more similar to that of a corporation than a nation state.

The Greenhouse Gas Protocol Initiative developed jointly by the World Business Council for Sustainable Development and the World Resources Institute contradicts the WBG's assertion—that accounting for indirect emissions is inconsistent with international accounting standards.

This Initiative states that," unlike for financial accounting and reporting, there are no 'generally accepted accounting and reporting practices' for corporate GHG emissions."[58] The WBCSD/WRI report further notes that accounting for indirect emissions can be a useful assessment of a company's climate change exposure. "An inventory of direct GHG emissions, **as well as emissions occurring up- and downstream of operations,** will provide an assessment of the company's GHG exposure. It will help the company respond more effectively to any move toward regulations and caps governing GHG emissions, as well as toward

shifts in consumer preferences based on corporate GHG performance and reputation."[59]

The corporate protocol adds that "to ensure maximum flexibility and clarity, companies are encouraged to account and report relevant… emissions from the use and end-of-life phases of products and services produced by the reporting company."[60]

The World Bank Group's position, therefore, is a "lowest common denominator" approach, which conveniently claims that the nation state accounting system of the IPCC applies to it, a transnational institution. By counting only on-site emissions, the Bank is denying its own significant climate footprint to the peril of a sound GHG policy and to the detriment of those it claims to serve, the poorest.

APPENDICES

A. World Bank Group-financed extractive oil, coal and gas projects in which Halliburton is involved (since 1992)

Country	Project	WBG Agency	Year Approved	$Millions (a)	Halliburton involvement	Other TNCs
Azerbaijan	Azeri, Chirag, Gunashli oil fields	IFC	2003	60	ACG Phase 1 developer	BP, ExxonMobil, Lukoil, Statoil, Unocal, TPAO
	Early Oil field and pipeline development	IFC	1998	200		
	Guneshli oil field restructuring	IBRD/IDA	1995	20.9		
Bangladesh	Gas pipeline network	IBRD/IDA	1996	120.8	Gas field owner (25% stake in joint venture with Cairn)	Cairn Energy, Occidental, Ocean Energy, Shell, Unocal
Bangladesh, India	Cairn Energy oil and gas developments	IFC	2004	40		Cairn Energy
Brazil	Barracuda-Caratinga oil field	MIGA	2001	72	Lead contractor	Itochu, Mitsubishi, Mitsui
Brazil	Bolivia-to-Brazil gas pipeline	MIGA	1999	14.8	Pipeline builder	BHP, British Gas, El Paso Energy, Enron, Shell, Murphy Bros.
		IBRD/IDA	1997	130		
		IBRD/IDA	2001	180		
Chad, Cameroon	Chad (Doba) oil field, pipeline through Cameroon	IBRD/IDA IFC	2000 2000	151.3 400	Project developer	ChevronTexaco, ExxonMobil, Petronas
Georgia	Early Oil pipeline study	IBRD/IDA	1997	1.4	Field developer	BP, ExxonMobil, Lukoil, Statoil Unocal
India	Coal India mining expansion	IBRD/IDA	1997	532	Equipment supplier	Atlas Copco, Ingersoll-Rand, Komatsu, Penske
Kazakhstan	Alibekmola oil fields	IFC	2002	3.6	Field developer	Nelson Resources
Kazakhstan	Karachaganak oil field	IFC	2002	150	Field engineer	Eni, British Gas, ChevronTexaco, Lukoil, Schlumberger, Texaco, ExxonMobil
Kazakhstan	Uzen oil field	IBRD/IDA	1996	109	World Bank contractor	China National Petroleum Corp., Ferrostaal, Spig Interpipe, Bonus Resources, SNC Lavalin
Mozambique	Pande gas fields	IBRD/IDA	1994	30	Enron contractor	Enron
Russia	East Orenburg oil and gas field (ZAO Stimul)	MIGA	2001	100	Production design	Avalon Int'l, Victory Oil
Thailand	Gulf of Thailand gas pipeline	IBRD/IDA	1993	105	Gas field contractor	ChevronTexaco, Mitsui, Total, Unocal
		IBRD/IDA	1995	155		
GLOBAL		**WBG financing, 1993-2003**		**2575.8**		

This table describes the World Bank Group fossil fuel extractive projects in which Halliburton is involved. By examining World Bank Group, corporate, and news sources, we determined the major transnational corporate owners, investors, contractors, and operators of World Bank Group projects approved since 1992.

(a) The value ($millions) listed is the total amount of World Bank Group-approved financing (loans, equity investment, credits, or guarantees) for projects in which Halliburton is involved. The value does not reflect the value of each company's investments, profits, or contracts, with each project.

B. Alphabetical List of Known Transnational Corporate Beneficiaries of World Bank Group Fossil Fuel Finance since 1992

Transnational Corporation from	HQ (a)	$millions (b)	Countries in which corporation benefited WBG finance
Alstom	France	250	Argentina, Chile
Amerada Hess	USA	285	Azerbaijan, Georgia, Kazakhstan, Turkey
Aminex	Ireland	23.3	Russia, Tunisia
Anadarko Petroleum	USA	401.9	Madagascar, Venezuela
Anglo-Suisse	USA	170	Russia
Apache Corp.	USA	92.5	Egypt
Asian American Coal	USA	32	China
Atlas Copco	Sweden	532	India
Avalon International	USA	100	Russia
Baker Hughes	USA	170	Russia
BASF	Germany	70	Argentina
Bechtel	USA	1226.8	Argentina, Azerbaijan, Georgia, India, Kazakhstan, Russia, Tunisia, Turkey, Turkmenistan
Benton Oil & Gas	USA	158	Russia
Bergossen	Norway	11.7	India
BHP	Australia	818.9	Brazil, India, Pakistan, Papua New Guinea, Russia
Bitech	Canada	25	Russia
BJ Services	USA	564.8	Russia, Tunisia
BOC Holdings	China	30	Venezuela
Bonus Resources Service Corp	Canada	109	Kazakhstan
BP	UK	1218.5	Azerbaijan, Georgia, Kazakhstan, Pakistan, PNG, Russia, Turkey
British Gas	UK	773.7	Brazil, Kazakhstan, Pakistan, Tunisia
Cairn Energy	UK	160.8	Bangladesh, India
Calgary Overseas	Canada	272	Russia
Canadian Fracmaster	Canada	511.5	Russia
CanArgo	Canada	6	Georgia
Caterpillar	USA	115	Colombia, Mongolia
Cepsa	Spain	60	Algeria

ChevronTexaco	USA	1589.8	Cameroon, Chad, Colombia, Congo-Brazzaville, Indonesia, Kazakhstan, PNG, Russia, Thailand
China National Petroleum Corp.	China	109	Kazakhstan
Clough Engineering	Australia	205	Indonesia, Pakistan
CMS Energy	USA	597.4	Argentina, Chile, Equatorial Guinea, Venezuela
Comatsu	Japan	20	Mongolia
ConocoPhillips	USA	490	Russia
Consolidated Contractors International	Greece	415.5	Azerbaijan, Georgia, Mozambique, South Africa, Turkey
Credit Lyonnais	France	80	Africa (regional)
Dana Petroleum	UK	272	Russia
Day & Johnson	UK	25	Poland
Drummond Coal	USA	35	Colombia
Edison Electric	USA	5	Indonesia
El Paso Energy	USA	496.4	Argentina, Brazil, Chile
Endesa	Spain	250	Argentina, Chile
Energy Africa	South Africa	141.4	Congo (Brazzaville)
Eni	Italy	917.9	Azerbaijan, Ecuador, Georgia, Kazakhstan, Nigeria, Pakistan, Russia, Turkey
Enron	USA	744.8	Azerbaijan, Brazil, China, Colombia, Georgia, Mozambique, Turkmenistan
Europipe	Germany	150.5	Mozambique, South Africa
ExxonMobil	USA	1367.2	Argentina, Chad, Cameroon, Equatorial Guinea, Georgia, Kazakhstan, Russia
Ferrostaal	Germany	109	Kazakhstan
First Calgary Petroleum	Canada	60	Algeria
First International Oil (FIOC)	USA	20	Kazakhstan
Fluor	USA	150.5	Mozambique, South Africa
Foster Wheeler	USA	181.9	Argentina, Mozambique, South Africa
General Electric	USA	275	Argentina, Azerbaijan, Chile, Turkmenistan
Globex Resources	Canada	2.4	Equatorial Guinea
Greka Energy	USA	30	Colombia
Grinaker-LTA (Aveng)	South Africa	150.5	Mozambique, South Africa
Group 5/ Commercial Metals Company	USA	150.5	Mozambique, South Africa
Hall & Longmore	South Africa	150.5	Mozambique, South Africa

Halliburton	USA	2575.8	Azerbaijan, Bangladesh, Brazil, Chad, Cameroon, Georgia, India, Kazakhstan, Mozambique, Russia, Thailand
Hardy Oil	UK	180	Pakistan
Harken Energy	USA	55	Colombia
Harvest Natural Resources	USA	158	Russia
Hunt Oil	USA	51.9	Madagascar
Hurricane Hydrocarbons	Canada	123.2	Kazakhstan
Ingersoll-Rand	USA	532	India
International Power	UK	54.1	Pakistan
Itochu	Japan	487.5	Azerbaijan, Brazil, Georgia, Mozambique, South Africa, Turkey
Itoh	Japan	170	Russia
Ivanhoe Energy	USA	265	China
Joy Mining Machinery	USA	60	Russia, Zimbabwe
Kat Oil	Germany	272	Russia
Kerr McGee	USA	10	Ecuador
Komatsu	Japan	532	India
Lazard House	UK	8	India
Lukoil	Russia	437.1	Azerbaijan, Georgia, Kazakhstan, Tunisia
Lundin Petroleum	Sweden	31	Venezuela
McConnell-Dowell	Australia	150.5	Mozambique, South Africa
Melrose Resources	UK	20	Bulgaria
Mine Engineers Inc.	USA	25	Colombia
Mitsubishi	Japan	79.1	Brazil, Papua New Guinea
Mitsui	Japan	619	Brazil, Russia, Thailand
Murphy Bros.	USA	324.8	Bolivia, Brazil
Nelson Resources	Canada	3.6	Kazakhstan
Neste (Fortum)	Finland	272	Russia
New Hope	Australia	5	Indonesia
Niko Resources	Canada	40	India
Nissho Iwai	Japan	7.1	Papua New Guinea
Norsk Hydro	Norway	272	Russia
Norwest Corporation	USA	25	Colombia
O.W. Bunker and Trading	Denmark	60	Turkey
Occidental	USA	521	Argentina, Bangladesh, Ecuador, Pakistan

Ocean Energy (Devon Energy)	USA	512	Bangladesh, Cote d'Ivoire, Egypt, Pakistan
Omimex Resources	USA	30	Colombia
OMV	Austria	180	Pakistan
Osprey Oil	UK	0.25	Africa (regional)
PanAfrican Energy	UK (Jersey)	221	Gabon, Tanzania
Parsons Group	USA	74.3	Ethiopia
Penske	USA	532	India
Petrobras	Brazil	350	Venezuela
PetroCanada	Canada	123.2	Kazakhstan
Petrofac	USA	265	Azerbaijan, Georgia, Turkey
Petronas	Malaysia	731.3	Cameroon, Chad, Pakistan
Premier Oil	UK	118.5	Albania
Preussag Energie	Germany	118.5	Albania
Primagaz	France	20	Kazakhstan
Quintana Petroleum	USA	158	Russia
Ramco	UK	500	Russia
ROC Oil	Australia	0.25	Africa (regional)
Rolls Royce	UK	64.8	Tunisia
Sasol	South Africa	18	Gabon
Schlumberger	France/ USA	650	Kazakhstan, Russia
Shell	Neth./UK	1888.8	Argentina, Bangladesh, Bolivia, Brazil, Cameroon, Gabon, Nigeria, PNG, Russia, Turkmenistan
Siderca	Argentina	170	Russia
Siemens	Germany	64.8	Tunisia
SNC Lavalin	Canada	109	Kazakhstan
Spie Capag	France	265	Azerbaijan, Georgia, Turkey
Spig Interpipe	Ukraine	109	Kazakhstan
Statoil	Norway	487.3	Azerbaijan, Georgia, Turkey
Sumitomo	Japan	15	Brazil
Technip	France	141.4	Congo (Brazzaville)
Tecpetrol	Argentina	31	Venezuela
The Williams Companies	USA	5.2	Bolivia
Tomen	Japan	100	Colombia
Total	France	1402.8	Argentina, Azerbaijan, Cameroon, Congo (Brazzaville), Georgia, Russia, Thailand, Turkey
TPAO	Turkey	220.9	Azerbaijan

TransCanada Pipelines	Canada	314.4	Argentina, Chile, Tanzania
Ultrapetrol	Bahamas	118	Brazil
Union Pacific	USA	45.8	Guatemala
Unocal	USA	938.1	Azerbaijan, Bangladesh, Georgia, Thailand, Turkey
Vaalco	USA	18	Gabon
Walter International	USA	2.4	Equatorial Guinea
Washington Group	USA	35	Mongolia
Willbros Group	USA	551.3	Cameroon, Chad

NOTES:

(a) Home country of transnational corporation

(b) The value (US$millions) attached to each corporation is the total amount of World Bank Group-approved financing for projects in which the company is involved. The value does not reflect the value of each company's investments, profits, or contracts, with each project.

This table reveals the corporate beneficiaries of World Bank fossil fuel extraction and transportation projects approved since 1992. Because the World Bank Group does not publicly disclose much of its information, SEEN bases the above table on a multitude of additional sources (including corporate filings and releases, government websites, and traditional media). From these sources, we determined the major transnational corporate owners, investors, contractors, and operators of these projects.

Further information on these corporations and the nature of their project involvement may be found in the SEEN database, at: http://www.seen.org/db/Dispatch .

C. Summary Table of World Bank Fossil Fuel Extraction Project Finance since 1992

Country	Project	WBG Agency	Year Approved	$Millions (a)	CO-2 emissions (b)
COAL - Export-Oriented					
Colombia	Carbones del Caribe coal mine, port	IFC	2003	25	325.2
Colombia	Drummond coal mine	MIGA	1997	35	3,956.60
Mozambique	Maputo coal terminal expansion	IFC	1995	1.3	163
			Sub-total	61.3	4444.8
GAS - Export-Oriented					
Turkmenistan, Azerbaijan, Georgia, Turkey	Trans-Caspian Pipeline (gas) preparations	IBRD/IDA	1999	25	592
			Sub-total	25	592
OIL - Export-Oriented					
Africa (regional)	Sub-Saharan Petroleum Trade	IFC	2001	80	U
Albania	Patos Marinza oil field	IFC	2001	10	11
Albania	Patos Marinza oil field	IFC	1998	108.5	
Algeria	Rhourde Yacoub Block 406A	MIGA	1997	10	17 0
Algeria	Rhourde Yacoub Block 406A	MIGA	2003	50	
Azerbaijan	Azeri, Chirag, Gunashli oil fields	IFC	2003	60	(Early Oil)
Azerbaijan	Early Oil field and pipeline development	IFC	1998	200	356.5
Azerbaijan	Guneshli oil field restructuring	IBRD/IDA	1995	20.9	(Early Oil)
Azerbaijan, Georgia	Major Export Pipeline (oil) studies (Az., Georgia)	IBRD/IDA	1997	5	(BTC)
Azerbaijan, Georgia	Major Export Pipeline (oil) studies (Az., Georgia)	IBRD/IDA	2001	10	(BTC)
Azerbaijan, Georgia, Turkey	Baku-Tblisi-Ceyhan oil pipeline	IFC	2003	250	3,100
Cameroon	Rio del Rey - Lokele field	IFC	1994	105	
Cameroon	Rio del Rey - Mokolo oil field	IFC	1998	265	
Cameroon	Rio del Rey oil field	IFC	1997	95	356
Cameroon	Sodetran-Cam oil pipeline contractor	IFC	2003	0.8	(Doba)
Chad, Cameroon	Chad (Doba) oil field, pipeline through Cameroon	IBRD/IDA	2000	151.3	446

1 *Annual reports of the IBRD/IDA, IFC, and MIGA; Project information documents published by IBRD/IDA and IFC MIGA quarterly newsletters IBRD/IDA, IFC, and MIGA submissions to the Extractive Industries Review.*

Chad, Cameroon	Chad (Doba) oil field, pipeline through Cameroon	IFC	2000	400	
Colombia	Omimex oil fields	IFC	2002	30	20
Congo-Brazzaville	N'Kossa oil field	IFC	1995	141.4	1,364
Gabon	Etame Marin oil field	IFC	2002	18	26
Georgia	Early Oil pipeline study	IBRD/IDA	1997	1.4	(Early Oil)
Indonesia	PT Saripari Pertiwi Abadi oil services	IFC	2003	8	1,911
Kazakhstan	Akshabulak oil field	IFC	1994	57.5	72
Kazakhstan	Akshabulak oil field	IFC	1996	65.7	
Kazakhstan	Alibekmola oil fields	IFC	2002	3.6	101.5
Kazakhstan	Karachaganak oil field	IFC	2002	150	3,428
Kazakhstan	Sazankurak oil field	IFC	2000	20	62
Kazakhstan	Uzen oil field	IBRD/IDA	1996	109	361
Nigeria	Bailey Bridges oil field ferry	IFC	1996	0.1	(Niger Delta)
Nigeria	Bailey Bridges oil field ferry	IFC	1998	0.8	(Niger Delta)
Nigeria	Niger Delta oil - Shell contractors	IFC	2001	15	1,720
Russia	Bitech - Silur oil field	IFC	1999	25	19
Russia	Kirtayel oil field	IFC	1999	0.1	14
Russia	Kirtayel oil field	IFC	1996	20.1	U
Russia	Polar Lights (Ardalin) oil field	IFC	1995	60	47
Russia	Western Siberia oil fields	IBRD/IDA	1994	500	4,574
Russia	Western Siberia oil fields (Kogalymneftegaz portion)	IBRD/IDA	1993	272	
Russia	Western Siberia oil fields (Purneftegaz portion)	IBRD/IDA	1993	158	
Russia	Western Siberia oil fields (Varyeganneftegaz portion)	IBRD/IDA	1993	170	
Venezuela	Acema, La Concepción, Oritupano, Mata oil fields	IFC	2003	350	114
Venezuela	CHP oil refinery hydrogen plant	MIGA	1996	30	U
Venezuela	Colon oil field	IFC	1996	31	248
			Sub-total	**4058.2**	**18520.5**
OIL/GAS- Export-Oriented					
Africa (regional)	Osprey oil and gas prospecting	IFC	2002	0.3	U
Colombia	Harken oil/gas field	IFC	1999	55	10.1
Equatorial Guinea	Alba oil and gas field	IBRD/IDA	1993	2.4	19
Equatorial Guinea	Zafiro offshore field	MIGA	1998	0	170
Tunisia	El Biban oil/gas project	IFC	1997	3.1	2.1
			Sub-total	**57.7**	**201.2**

COAL - Domestic					
China	Daning coal mine	IFC	2001	32	222
India	Coal India mining expansion	IBRD/IDA	1997	532	3,794
India	Coal India mining resettlement	IBRD/IDA	1996	63	
India	Sarshatali coal mine	IFC	2000	35	206
Indonesia	Dianlia coal transportation (Adaro)	IFC	2001	5	2,728
Mongolia	Coal and copper mining	IBRD/IDA	1994	20	1,984
Mongolia	Shivee-Ovoo/Baganuur coal mining	IBRD/IDA	1996	35	(Coal mining)
Poland	Hard coal sector adjustment	IBRD/IDA	2001	100	U
Poland	Hard coal sector adjustment	IBRD/IDA	1999	300	
Russia	Coal sector reforms and mining expansion	IBRD/IDA	2000	50	6,775
Russia	Coal sector reforms and mining expansion	IBRD/IDA	1996	525	
Russia	Coal sector reforms and mining expansion	IBRD/IDA	1997	800	
Ukraine	Coal mining sector reform	IBRD/IDA	1996	15.8	U
Zimbabwe	Wankie Colliery2 coal mine	IFC	1993	10	818
			Sub-total	2522.8	16527
GAS - Domestic					
Indonesia	Petrosea coal, oil & gas extraction	IFC	2000	25	41
Bangladesh	Gas pipeline network	IBRD/IDA	1996	120.8	1,100
Bangladesh	Occidental/Unocal - Jalalabad gas project	IFC	2000	70	(gas pipeline network)
Brazil	Bolivia-to-Brazil gas pipeline	MIGA	1999	14.8	405
Brazil	Bolivia-to-Brazil gas pipeline	IBRD/IDA	1997	130	
Brazil	Bolivia-to-Brazil gas pipeline	IBRD/IDA	2001	180	
Brazil	Cabiunas/Campos gas processing plant	MIGA	2000	15	79
Bulgaria	Galata gas field	IFC	2002	20	34
Chile, Argentina	GasAndes pipeline/field	IFC	1994	80	153
Chile, Argentina	GasAtacama pipeline, 757MW gas power	IFC	2003	250	86
Chile, Argentina	GasPacifico pipeline	MIGA	1999	31.4	54
Colombia	Promigas gas pipeline	IFC	1996	35	390
Colombia	Promigas gas pipeline	IFC	1994	65	
Cote d'Ivoire	Block CI-11 (Foxtrot) gas field	IFC	1993	11.4	109

Cote d'Ivoire	Block CI-11 (Foxtrot) gas field	IFC	1995	97.3	
Cote d'Ivoire	Block CI-11 (Foxtrot) gas field	IFC	1997	5	
Cote d'Ivoire	Block CI-11 (Foxtrot) gas field	IFC	1998	5	
Ecuador	Tripetrol exploration (gas)	IFC	1993	10	9
Ethiopia	Calub gas field	IBRD/IDA	1994	74.3	137
Korea	Gas system expansion	IBRD/IDA	1992	100	U
Mozambique	Pande gas fields	IBRD/IDA	1994	30	131
Mozambique, South Africa	SASOL gas pipeline	IFC	2003	150.5	(Pande)
Pakistan	Bhit gas field	IFC	2001	40	58
Pakistan	Pakistan oil and gas joint ventures, gas pipelines	IBRD/IDA	1992	180	U
Pakistan	Sui natural gas field	IFC	1995	2	62
Pakistan	Sui natural gas field	IFC	1994	52.1	
Papua New Guinea	PNG gas development	IBRD/IDA	2000	7.1	786
Russia	Tomsk (Vasyugan) gas field	IFC	1994	11.5	67
Tanzania	Songo Songo gas pipeline, power plant	IBRD/IDA	2001	199	52
Tanzania	Songo Songo gas pipeline, power plant	IFC	2001	4	
Thailand	Gulf of Thailand gas pipeline	IBRD/IDA	1993	105	139
Thailand	Gulf of Thailand gas pipeline	IBRD/IDA	1995	155	
Tunisia	Miskar gas field	MIGA	1995	64.8	63.4
			Sub-total	2341	3955.4
OIL - Domestic					
Argentina	Diadema (Capsa) oil field	IFC	1993	40	23.8
Argentina	Diadema (Capsa) oil field	IFC	1996	60	
Argentina	Diadema (Capsa) oil field	MIGA	1998	40.2	
Argentina	Neuquen oil field	IFC	1999	5	(San Lorenzo refinery)
Argentina	Neuquen oil field	IFC	1996	26.4	
Argentina	San Lorenzo oil refinery	IFC	1996	50	130
Bolivia	Port Aguirre diesel terminal	IFC	2001	5.2	U
Brazil	Barracuda-Caratinga oil field	MIGA	2001	72	347
Chad	Energy privatization, pipeline to N'Djam.	IBRD/IDA	2002	54.8	(Doba)
Egypt	Qarun oil field	IFC	1996	92.5	34
Georgia	Ninotsminda oil field	IFC	1998	6	14
Guatemala	Basic oil field	IFC	1994	20	28
Guatemala	Basic oil field	IFC	1997	25.8	

India	Triveni II - RI oil services	IFC	1993	0.7	U
India	Varun LPG ship	IFC	1996	11.7	U
Kazakhstan	Alautransgas LPG	IFC	1999	20	U
Korea	Dae Han Oil Pipeline	IBRD/IDA	1993	120	577
Poland	Gaspol LPG terminal	IFC	1996	25	19
Thailand	Star Petroleum refinery	IFC	1994	100	403
Turkey	Opet Petrolcülük petroleum terminal	IFC	2004	60	U
Zambia	Tazama oil pipeline from Tanzania	IBRD/IDA	1994	30	68
			Sub-total	**865.3**	**1643.8**
OIL/GAS - Domestic					
Argentina	Bridas oil and gas field	IFC	1995	70	29
Brazil	Queiroz Galvão oil and gas production	IFC	2003	40	15.3
Brazil	UP Offshore: ten oil and gas supply ship s	IFC	2002	118	U
China	Sichuan hydrocarbons development	IBRD/IDA	1994	265	725
Croatia	Victor Lenac offshore oil and gas vessels	IFC	2003	21.5	U
Croatia	Victor Lenac offshore oil and gas vessels	IFC	2000	32.5	U
India	Cairn Energy oil and gas developments	IFC	2004	40	21.2
India	Niko Resources oil and gas field	IFC	2003	40	131
India	Oil and gas venture fund	IFC	1996	8	U
Madagascar	Petroleum sector privatization	IBRD/IDA	1994	51.9	453
Russia	East Orenburg oil and gas field (ZAO Stimul)	MIGA	2001	100	181
			Sub-total	**786.9**	**1555.5**

(a) – Financing is the amount of loans, credits, equity, or guarantees approved by the World Bank Group for this project, in millions of US dollars.

(b) -- Estimated amount of carbon dioxide that will be released from the consumption (burning) of fuels extracted or transported from a financed project. For further background on SEEN's carbon dioxide emissions estimates, visit web site: http://www.seen.org/pages/db/method.shtml

U = Undeterminable emissions

Export-Oriented versus Domestic projects: We define export-oriented projects as those where fuels extracted or transported with World Bank group assistance are primarily consumed in Western Europe, Canada, the United States, Australia, New Zealand and/or Japan. In these cases, over three-quarters of the fuels are expected to be exported to the global North. Several gas pipeline projects are internal to a given region, although gas does move between countries, and are listed here as domestic.

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