

THE POTENTIAL OF AID TO BREAK THE ‘CURSE OF OIL’: THE CASE-STUDY OF THE CHAD-CAMEROON OIL PIPELINE PROJECT

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2008

Abstract

This paper analyses the feasibility of aid as an effective instrument to break the ‘curse of oil’ and contribute to poverty alleviation in oil-rich but dirt-poor African countries. The analysis applies insights from research on the “curse of oil” and aid effectiveness to the World Bank-sponsored Chad-Cameroon Oil Pipeline Project (CCOPP) with a focus on issues of good governance and economic growth. Firstly, this paper shows, at the theoretical level, that aid is a rather unviable instrument to break the ‘curse of oil’ and reduce poverty unless good governance is in place. Secondly, this paper investigates the kind of aid the CCOPP implied. Although aid was dispersed in conditions of bad governance, the World Bank applied a number of specific capacity-building instruments aimed at improving the quality of governance in Chad. However, in spite of these instruments, the quality of governance in Chad has not improved and seeds for sustainable economic growth have not been planted. On the basis of these findings, this research paper concludes that aid cannot be regarded as a viable instrument to break the ‘curse of oil’ and promote sustainable development as much in practice, as it is in theory, at least in the shape and form it was provided to Chad.